

## London Borough of Waltham Forest

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Report Title	Budget Monitoring – Month 3
Meeting / Date	Cabinet, 10 <sup>th</sup> September 2024
Cabinet portfolio	Councillor Paul Douglas Portfolio Lead Member for Finance and Resources
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Wards affected	None specifically
Public access	Open
Appendices	None



### 1. Summary

- 1.1 The Council approved its Medium-Term Financial Strategy for 2024/25 to 2026/27 and the detailed budget for 2024/25 at Budget Council on 29<sup>th</sup> February 2024. This report updates Cabinet on the latest forecast outturn position for revenue and provides an updated forecast for the Housing Revenue Account (HRA).
- 1.2 The month 3 forecast for Revenue Expenditure shows a net overspend of £14.038 million, this is predominantly in relation to Adults Social Care (£8.924 million) and SEND (£3.983 million), with smaller overspends in Children's Social Care, Selective Licenses and Residents and Culture.
- 1.3 The month 3 forecast for the HRA shows a net nil variance.
- 1.4 The transformation programme is currently underway and to date £5.612 million from the Budget Strategy Reserve (BSR) has been allocated to support the programme.

### 2. Recommendations

- 2.1 Cabinet is recommended to:
  - 2.1.1 Note the forecast outturn position for revenue of £14.038 million overspend.
  - 2.1.2 Note the forecast outturn position for the HRA of a net nil variance against budget.

- 2.1.3 Approve the use of £1.943 million from the contract inflation allocation of £4.4 million within contingency to fund the following inflation required by the specific contracts; Urbaser – Street Cleaning £0.469 million, Street Cleaning budget £0.02 million, Urbaser – Grounds Maintenance £0.146 million, Urbaser – Waste Collection £0.526 million, Riney – Highways £0.168 million, Riney – Street Lighting £0.071 million, NSL – Parking (provisional) £0.512 million, G&T – Arboriculture £0.031 million, as detailed in paragraph 3.65.
- 2.1.4 Note the use of £0.044 million from the contingency budget to fund additional resources to clear the backlog in Financial Assessments (approved by Director of Resources under delegated authority).
- 2.1.5 Approve the use of £0.170 million from the Budget Strategy Reserve (BSR) in 2024/25, to fund the Inclusion Action Plan.
- 2.1.6 Approve the request for £0.392 million from the BSR to fund 3 new posts in Business Intelligence across three years 2024/25, 2025/26 & 2026/27.
- 2.1.7 Approve the request for £0.015 million from the BSR to fund the Mosaic Health Check.
- 2.1.8 Approve the use of £0.258 million from the BSR in 2024/25 to fund further serious violence initiatives.
- 2.1.9 Approve the following allocations from the BSR to fund the transformation programme as detailed in paragraph 3.57.
- £0.831 million in 2024/25, as agreed by the Council Modernisation Board, to fund additional resource to support the delivery of the transformation programme.
  - £1.837 million for the Resident Experience programme which focuses on the transformation of the Council’s website and digital self service capabilities.
  - £0.426 million investment from the BSR to support the delivery of the Family First programme, approved on 19 March 2024.
- 2.1.10 Note the forecast commitments and balance on the BSR of £9.611 million in paragraph 3.56.

### **3. Proposals**

#### *Revenue Expenditure*

- 3.1 The month 3 revenue projection is a forecast overspend of £14.038 million against budget. The highest proportion of the overspend is in Adult Social Care and is related to care packages. The forecast for each service area assumes that all planned savings and management actions are delivered in full. The other significant overspend is against SEND services. Further detail is provided in the following paragraphs, the table below summaries the position by Directorate.

<b>Directorate</b>	<b>2024/25 Latest Budget £'000</b>	<b>Projected Outturn Month 3 £'000</b>	<b>Variance from budget £'000</b>
Chief Executives	3,939	3,939	0
Adult Social Care	74,470	83,393	8,923
Children's and Education	66,654	71,603	4,949
Stronger Communities	19,226	20,199	973
Neighbourhoods and Environment	31,374	32,574	1,200
Place	17,340	17,556	216
Resources	6,741	6,843	102
Corporate Expenditure	(219,744)	(219,744)	0
Social Care Grant (not allocated to services)		(2,325)	(2,325)
<b>Total</b>	<b>0</b>	<b>14,038</b>	<b>14,038</b>

3.2 Services are required to develop mitigations to resolve all overspends and any unresolved pressures could require a drawdown from reserves at year end.

3.3 Additional on-going social care grant of £3.161 million was confirmed as part of the 2024/25 financial settlement and as part of the final settlement, a subsequent one-off allocation of £2.268 million was agreed. It was agreed by SLT, that the one-off element would be ring-fenced for change / transformation activity. To date, the interim Strategic Directors for Childrens and Adult Social Care have agreed that the inflation cost for Foster Carers £0.836 million would be funded from the on-going grant and therefore the balance of £2.325 million is available to offset the total social care overspends and will be used for this purpose in subsequent months.

3.4 The current forecast overspend is subject to a number of risks, in particular for:

- Adult Social Care as the provision to fund any increases in client numbers or need has been utilised.
- Children Social Care as the forecast position is subject to the delivery of MTFS and transformation savings in year.
- An increasing pressure in SEND both in transitions within the General Fund and increasing costs within the High Needs Block.

### **Chief Executives**

3.5 The Chief Executives Directorate is currently forecasting a breakeven position, the table below provides a breakdown of budgets and variances by Service Area.

<b>Chief Executive</b>	<b>2024/25 Latest Budget</b>	<b>Projected Outturn Month 3</b>	<b>Variance from budget</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Chief Executive	12	12	0
Communications and Leadership	587	587	0
Culture and Workforce Development	2,182	2,182	0
Change	1,158	1,158	0
<b>Chief Executive Directorate</b>	<b>3,939</b>	<b>3,939</b>	<b>0</b>

### **Adult Social Care**

- 3.6 Adult Social Care (ASC) are forecasting an overspend of £8.924 million at month 3, the table below, provides a breakdown of budgets and variances.

<b>Adults Social Care</b>	<b>2024/25 Latest Budget</b>	<b>Projected Outturn Month 3</b>	<b>Variance from budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Home First	10,399	11,046	524
Care & Quality Standards	64,071	72,347	8,400
<b>Total</b>	<b>74,470</b>	<b>83,393</b>	<b>8,924</b>

- 3.7 The overspend is predominantly related to pressure from care placements and packages across all adult cohorts, both 18 to 64 and 65 plus, totalling £8.9 million.

- 3.8 There are several assumptions built into the forecasts at this early stage in the year. These will be reviewed monthly with the service and include.

- All rolled over existing placements from 2023-24, including the full year impact of those that started part way through last financial year. As at month 3, the estimated full year impact of those that started last year is approximately £1.3 million and included within the overall projection.
- Agreed inflation awards for 2024-25, approximate £1.5 million and a provision for existing placements that move services (i.e., changes in needs / providers etc) – around £0.380m.
- All the above assumptions will be reviewed ahead of month 6, as more information on numbers and costs becomes available.

- Overall, staffing costs are projected to be on budget for 2024-25.
- All MTFS savings/cost avoidance proposals for 2024-25 still to be verified for delivery (approximately £1.1 million) are included in the overall projection. It should be noted that despite some of the savings already being signed off and those reductions included in the forecasts, there are other pressures that will potentially offset them in the bottom-line forecasts. Such as in-house homes income.

3.9 The adults overspend is driven by increased demand, higher needs, and an ageing population. High volumes of people, approximately 100 referrals for care are received weekly by adult social care. The referrals are to provide intensive nursing care either in a person's own home, or, in a care home.

Discharge to Assess

3.10 Three years ago, the NHS introduced the discharge to assess practice. This means that rather than assessing a patient at home prior to their discharge, they're assessed after discharge to social care to support. This has caused significant financial pressure on adult social care as the Council is providing nursing care for 600 new residents.

Increase in fees and inflation.

3.11 Care costs have also been increased through inflation, the Fair Cost of Care Funding exercise has increased provider fees and the increase in the minimum wage, whilst the right approach to take, has also driven up care provider fees. The Cost of Living Crisis has also increased care costs.

**Children's and Education Directorate**

3.12 The month 3 position for the Children's Services Directorate is a projected overspend of £4.949 million. Children's Social Care is forecasting a £1.271 million overspend and SEND Services is forecasting an overspend of £3.983 million. These overspends are offset by an underspend of £0.309 million in Traded Services. Further detail is provided in the paragraphs below, with a summary shown in the table;

Childrens and Young People/Persons	2024/25 Latest Budget	Projected Outturn Month 3	Variance from budget
	£'000	£'000	£'000
Children's Social Care	36,961	38,232	1,271
Education	1,686	1,687	1
School Support	17,578	17,581	3
Waltham Forest Traded Services	2,998	2,689	(309)
SEND Services Division	7,431	11,414	3,983
<b>Total</b>	<b>66,654</b>	<b>71,603</b>	<b>4,949</b>

### Children's Social Care

- 3.13 Children's Social Care is forecasting an overspend of £1.271 million against budget. The service is working to address the overspend in 4 key areas: placements, legal, staffing and s17 payments. There is programme of activity to reduce spend in all areas and to embed transformational changes and to consolidate and sustain the reductions in expenditure.
- 3.14 For placements, the forecast includes progress made with reductions in the total number of children in care, the Edge of Care and family reunification work; collaboration with DWP to mitigate Local Authority costs post-18 and the continued drive to ensure appropriate levels of care through the care package review panel process.
- 3.15 In relation to staffing, the agency ratio has reduced from 28% to 25% (78 agency to 63 agency) with further permanent appointments in the pipeline. Similarly, work is ongoing with Legal colleagues to reduce the legal overspend.
- 3.16 Finally, section 17 is forecasting an overspend of £1.433 million, which is £0.300 million less than the 2023/24 outturn position. There is ongoing review and analysis of the associated costs of the provision, with the aim of delivering sustainable cost reductions whilst continuing to meet the council's statutory obligations.

### Special Educational Needs and Disability Service

- 3.17 The SEND service is forecasting an overspend of £3.970 million for 2024/25. The main reasons for this pressure are provided below.
- 3.18 Travel assistance is forecast to overspend by £2.103 million. The overspend relates primarily to the impact of increased demand and operational costs of providing the service via the contracted provider and additional costs for taxis for the more complex cases. The Home to School transport service is being reviewed in preparation for re-procurement and the plan is for this exercise to identify opportunities for efficiencies to help mitigate spend in delivering the statutory function.
- 3.19 Preparing for Adulthood services is forecasting a net overspend of £1.358 million, which is due to increased activity carried over from the prior year. Work is ongoing to understand the extent any action can be taken to help mitigate the position by year end.
- 3.20 Expenditure on Education Psychologists is forecast to overspend by £0.136 million, due to increased demand. Review of this service and its effectiveness will take place over the next two months to explore and develop a more efficient way of working within the capacity constraints of the service.
- 3.21 Other spend pressures on agency spend, legal costs and therapy support. Agency staffing is under review, working towards more permanence in staffing. Increased mediation and mitigation with SEND

cases will be promoted to reduce the number of cases requiring legal support or intervention.

#### Traded Services

- 3.22 Traded Services are projected to underspend by £0.313m largely due to underspends on salaries.

#### **Stronger Communities**

- 3.23 The Stronger Communities Directorate is currently forecasting an overspend of £0.973 million, this is predominantly in relation to the Residents, Communities and Culture Service (£0.750 million) and an overspend within Early Help and Prevention (£0.229 million). The table below provides a summary by service area, with further narrative below.

<b>Stronger Communities</b>	<b>2024/25 Latest Budget £'000</b>	<b>Projected Outturn Month 3 £'000</b>	<b>Variance from budget £'000</b>
Director of Stronger Communities	(243)	(243)	0
Commissioning	1,598	1,598	0
Public Health	(284)	(284)	0
Early Help and Prevention	11,902	12,131	229
Digital, Data and Technology	3,293	3,287	(6)
Resident Strategy, Community and Culture	2,960	3,710	750
<b>Total</b>	<b>19,226</b>	<b>20,199</b>	<b>973</b>

#### Early Help and Prevention

- 3.24 Early Help and Prevention is forecasting an overspend of £0.229 million, all this is attributable to the Libraries, Registrars and Ceremonies service.

#### *Libraries, Registrars and Ceremonies*

- 3.25 Libraries are projecting repairs expenses of £0.246 million for maintenance across eight assets, and the new Lea Bridge Garden. The overspend is further compounded by a shortfall in income of £0.122 million, primarily due to the transition to a digital parking model that no longer requires library resources. These overspends are offset by a staffing underspend of £0.191 million; achieved through various management actions including library shift coverage which utilise staff from Early Help and Employment, Business, and Skills however this model needs to be tested before rolling out further.

#### *Employment, Business and Skills*

- 3.26 Adult Skills Fund allocation remains static year on year, but staff and overhead costs continue to rise with inflation which is creating

pressures within this part of the service to be mitigated by a reorganisation.

- 3.27 Uncertainty of other external income in 2025/26 e.g. UKSPF and s106 Employment and Training contributions will require a service wide reorganisation in 2024/25 to ensure service keeps within its income limits. A new Target Operating Model is being developed to deliver efficiencies within new Stronger communities' context with anticipated reorganisation to launch in September.

Resident Strategy, Community and Culture

*Resident Experience and Business Support*

- 3.28 The service is forecasting a net overspend of £0.400 million across the Families & Corporate Business Hub, mainly due to salary overspends and software.

- 3.29 The overspends in this area are mainly due to demand where posts for short to medium term work (which was an additional recharge) were historically permanent recruited to rather than fixed term. Additionally, part of the overspend relates to the ongoing costs for the software for Mobility Services which aids in application management for Blue Badges, Disabled Person's Freedom Pass and Taxi Cards.

*Culture and Heritage Services*

- 3.30 The Service is forecasting an overspend of £0.350 million. This is in relation to staffing overspends and to underachievement of the projected income in the Destinations Business Plan.

**Neighbourhoods and Environment Directorate**

- 3.31 The Neighbourhoods and Environment Directorate is forecasting £1.2 million overspend at month 3 relating to the final year of the Selective Licensing Scheme.

Neighbourhoods & Environment	2024/25 Latest Budget	Projected Outturn Month 3	Variance from budget
	£'000	£'000	£'000
Strategic Director	(7)	(7)	0
Neighbourhood Services	26,644	26,644	0
Regulatory Services & Contingency Planning	2,265	3,465	1,200
Community Safety	2,472	2,472	0
	<b>31,374</b>	<b>32,574</b>	<b>1,200</b>

- 3.32 Regulatory Services & Contingency Planning

- 3.33 Regulatory Services are forecasting £1.200 million overspend at Month 3 from the forecast shortfall of income from the Selective Licensing scheme.



3.34 Selective Licensing is a ring-fenced account with strict conditions. There continues to be income from licence applications (part A) and licence issues (part B). There has also been an increase in the issue of CPNs during the past year which following any representation by the landlord, will be confirmed as potential income.

3.35 Community Safety and Resilience

3.36 Community Safety and Resilience is forecasting a breakeven position. Funding has reduced for the year and so costs have been reduced to manage spend within the approved budget.

3.37 A request for £0.258 million from the BSR is included within the recommendations towards of implementation the serious violence strategy (paragraph 2.1.8). This paper is also being reported to this Cabinet meeting.

3.38 **Place**

3.39 The Place Directorate is forecasting a net overspend of £0.216 million, mainly relating to Property and Delivery. The Housing General Fund forecast includes a £4.5 million use of the homelessness reserve relating to the cost of temporary accommodation. The Housing Revenue Account is forecasting a breakeven position.

Place	2024/25 Latest Budget	Project ed Outturn Month 3	Varianc e from budget
	£'000	£'000	£'000
Strategic Director	108	108	0
Property & Delivery	5,497	5,797	300
Regeneration Planning and Delivery	3,519	3,519	0
Housing General Fund	8,216	8,132	(84)
Housing Revenue Account	0	0	0
<b>Total</b>	<b>17,341</b>	<b>17,555</b>	<b>216</b>

3.40 Property and Delivery

3.41 Property & Delivery is forecasting overspend of £0.300 million for month 3. The main variance relates to income from commercial property, which is impacted by the current market conditions. It is hoped that this will be recovered from rent reviews of other commercial properties during the year. In addition, there is an overspend reported for the security cost for vacant properties and potential compliance works required.

Regeneration Planning and Delivery Services

3.42 At Month 3, the forecast position is breakeven. Planning fee income will continue to be the key risk to achieve a balanced budget position

across RPD. Planning fee income (including Development Performance Agreements (DPAs)) is monitored robustly on a monthly basis, with a pipeline of individual sites and development proposals set out for both DPAs and subsequent planning fee income.

#### Housing General Fund

- 3.43 The Housing General Fund is forecasting an underspend of £0.084 million. This is mainly a result of the additional income expected from solar panels. The cost of temporary accommodation continues to be the main pressure within the homelessness service, the forecast includes a contribution from a specific reserves of £4.5 million.
- 3.44 There are projects within the pipeline, such as the acquisition of in-borough self-contained temporary accommodation, the second joint venture with Mears to deliver settled accommodation, and an increase in prevention work that will assist with reducing the cost of temporary accommodation. This will continue to be monitored closely.

#### Housing Revenue Account

- 3.45 The HRA is forecast to come in on budget overall. There are some known pressures within areas that are currently mitigated from other underspends.
- 3.46 The main pressure is expenditure on legal disrepair costs within Repairs and Maintenance. The current cost is due to a back log of claims, high number of new cases and compensation payments made in respect of successful claims. Disrepair has been identified as a priority under workstream one of the Housing Transformation programmes. This approach is being reviewed and an improvement plan will be developed. In the meantime, spend will continue to be monitored closely.
- 3.47 Special services overspend relates to Waking Watch, the removal of the service for some blocks has slipped in year however, the programme overall is ahead of schedule. Therefore, spend in future years is currently expected to be significantly lower.
- 3.48 Additional income is forecast following a thorough actualisation process for leaseholder service charges.
- 3.49 Both HRA capital and revenue budgets for housing delivery and asset management are monitored monthly through the Housing Investment Group (HIG). Whilst HIG was originally set up to monitor capital expenditure and budgets, it was noted late in 2023/24, that there would be a significant revenue overspend in Repairs and Maintenance. New processes have therefore been put in place with additional finance support. This is to monitor the repairs and maintenance works instructed, to identify the risk of any overspends early, to allow time to mitigate these risks and to enable the Council to meet its obligations within budget.
- 3.50 The table below, shows the breakdown of budgets and variances against the categories of income and expenditure.

<b>Housing Revenue Account</b>	<b>Budget 2024/25</b>	<b>Month 3 Forecast</b>	<b>Variance from Budget</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Income</b>			
Dwelling Rents	(69,065)	(69,065)	0
Non Dwelling Rents	(530)	(530)	0
Tenant Service Charges	(6,337)	(6,363)	(26)
Leaseholder Service Charges	(2,525)	(3,167)	(643)
Other Charges for Services and Facilities	(455)	(426)	29
<b>Total Income</b>	<b>(78,911)</b>	<b>(79,551)</b>	<b>(640)</b>
<b>Expenditure</b>			
Repairs and Maintenance	14,752	15,772	1,019
Special Services	10,060	10,314	254
Supervision & Management	21,820	21,168	(652)
Rents, Rates, Taxes & Other Charges	974	992	18
Provision for Bad Debts	583	583	0
Cost of Capital	13,421	13,421	0
Depreciation	13,868	13,868	0
<b>Total Expenditure</b>	<b>75,478</b>	<b>76,118</b>	<b>640</b>
<b>Net cost of Service</b>	<b>(3,433)</b>	<b>(3,433)</b>	<b>(0)</b>
RCCO	3,000	3,000	0
Contribution to/from Reserves	433	433	0
<b>HRA Surplus/Deficit</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>

3.51 The Resources Directorate is currently predicting an overspend of £0.102 million, the overspends are in the Return on Investment and the Governance and Law service areas.

<b>Resources</b>	<b>2024/25 Latest Budget</b>	<b>Projected Outturn Month 3</b>	<b>Variance from budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Strategic Director of Resources	(135)	(135)	0
Financial Services	322	322	0
Internal Audit and Anti-Fraud	(113)	(113)	0
Revenues and Benefits	4,428	4,407	(21)
Treasury and Pensions	163	163	0
Governance and Law	1,744	1,783	39
Return on Investment	332	416	84
Commissioning	1,598	1,598	0
<b>Total</b>	<b>6,741</b>	<b>6,843</b>	<b>102</b>

### Governance and Law

- 3.52 The service is forecasting a small net overspend of £0.039m, mostly made up of an overspend in the coroner's service of £0.105m, offset by an underspend in Information Governance and Data.

### Return on Investment

- 3.53 Return on Investment are forecasting an overspend of £0.084 million, due to staffing pressures but are currently holding vacancies to mitigate the risk.

### **Inflation Commitments**

- 3.54 The total provision in the budget to fund inflation is £10.779 million based on an assumption of 4% for both contract and pay. The provision for contract is £4.451 million and £1.943 million has been allocated to date and therefore the balance is £2.508 million. The provision for pay is £6.328 million and is dependent upon the final pay settlement.
- 3.55 Paragraph 2.1.3 includes a recommendation to transfer an element of the contract inflation to cover uplifts in various contracts within the NED Directorate.

### **Budget Strategy Reserve (BSR)**

- 3.56 The balance on the BSR was £25.416 million on the 1<sup>st</sup> April 2024 and the current planned use is £15.805 million leaving a balance of £9.611 million. This includes £5.039 million agreed as part of the 2024/25 budget to fund the budget gap, £5.154 million of service commitments and £5.612 million to fund the transformation programme as detailed below.
- 3.57 In addition to the £2.518 million approved by the Cabinet on 22<sup>nd</sup> February 2024, the following amounts have also been allocated from the BSR.
- £0.831 million as agreed by the Council Modernisation Board, to fund additional resource to support the delivery of the transformation programme as follows; Adult Transformation £0.2 million, SEND & Education £0.17 million, Stronger Communities.
  - £1.837 million investment for the Resident Experience programme which focuses on the transformation of the Council's website and digital self service capabilities, previously approved by SLT on 12<sup>th</sup> March 2024.
  - £0.426 million to support the delivery of the Family First programme, approved by SLT on 19 March 2024.

3.58 The Council maintains a BSR as it facilitates the management of budget risk and the investment in transformation programmes. The current planned use of the BSR does not include any funding for service overspends or to reduce the budget gap in future years.

*Council Tax and Business Rates*

**Council Tax**

3.59 The table below summarises the council tax collection rates. The current collection rate of 28.1%, is approximately 0.34% lower than this time last year and is on target for this year. Work is ongoing to increase rates of collection and tackle outstanding council tax income.

	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
<b>In year</b>	%	%	%	%	%	%	%	%	%
<b>16/17</b>	96.1								
<b>17/18</b>	97.4	96.1							
<b>18/19</b>	97.9	97.3	96.0						
<b>19/20</b>	98.2	97.8	97.1	95.8					
<b>20/21</b>	98.0	98.0	97.5	96.5	93.8				
<b>21/22</b>	98.6	98.2	97.8	97.2	96.2	94.9			
<b>22/23</b>	98.7	98.4	98.0	97.5	96.7	96.3	95.3		
<b>23/24</b>	98.8	98.6	98.3	97.8	97.3	96.9	96.5	95.2	
<b>24/25</b>	98.9	98.6	98.3	97.8	97.4	97.1	96.8	95.5	28.1

**Business Rates**

3.60 The table below summarises the collection rate trend for Business Rates. The current collection rate is 29.4% which is approximately 1.72% lower than this time last year and 2.21% less than the target for this year. This recent reduction will be closely monitored to better understand the situation and act as appropriate.

	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
In year	%	%	%	%	%	%	%	%	%
16/17	97.2								
17/18	98.4	97.5							
18/19	98.7	97.7	97.0						
19/20	98.8	98.4	97.6	96.0					
20/21	98.8	98.0	97.2	95.3	78.7				
21/22	99.1	98.5	98.0	96.8	91.0	91.5			
22/23	99.2	98.8	98.6	97.7	94.9	95.7	95.1		
23/24	99.3	99.0	98.8	98.1	95.7	96.6	96.6	93.5	
24/25	99.3	99.0	98.8	98.1	95.9	96.8	97.0	94.3	29.4

#### 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 Meetings were held between Budget Holders and Finance colleagues and much of the narrative for this report was provided by the relevant Service leads.

#### 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