


LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	Cabinet 4 November 2021	
Report Title	FINANCIAL MONITORING: MONTH 6 (September)	
Cabinet Portfolio	Councillor Grace Williams Leader of the Council	
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Wards affected	None specifically	
Public Access	OPEN	
Appendices	1 - Savings schedule	

1. SUMMARY

- 1.1 This report presents the forecast year-end position in respect of the Council's revenue expenditure. The month 6 monitor currently identifies net pressures of £9.510 million, an adverse movement of £53,000 from month 5, this mainly relates to a combination of pressures in school support, traded services and SEND, offset by a reduction in Children's Social Care.
- 1.2 The breakdown between business as usual (BAU) of £4.184 million and Covid-19 in year pressure of £5.326 million is shown in table in 3.1 also shows potential risks for further in year pressure or future year pressure resulting from Covid-19 which totals £13.263 million.
- 1.3 Service pressures identified at month 6 are:

Directorate	Variance BAU	Variance Covid-19	Variance Total
	£000's	£000's	£000's
Chief Executive	0	0	0
Corporate Development	0	0	0
Economic Growth	86	407	493
Families	4,572	3,211	7,783
Finance & Governance	368	262	630
Residents Services	(842)	1,446	604
TOTAL	4,184	5,326	9,510

- 1.4 It should be noted that the financial impact on not just Waltham Forest, but the whole local government financial landscape is very uncertain and therefore the current position is subject to change as lockdown restrictions change over the coming months.
- 1.5 As the UK comes out of lockdown there remain a number of unknowns around impact on job losses, older people and vulnerable people who has been shielding. These will all have an impact on the demand for services, as well as potentially impact on the Council ability to collect income from council tax, business rates, rents and other fees and charges.
- 1.6 As per the Council's financial ground rules, which were reaffirmed with the month 5 monitor, service directors have been instructed to implement management actions to mitigate any pressures outlined in paragraph 1.1 before the use of corporate or reserves items are made.

2. RECOMMENDATIONS

2.1 Cabinet is recommended to:

- 2.1.1 **Agree** that Strategic / Executive / Service Directors continue to identify management actions to mitigate any reported pressures and report those mitigations to the Director of Financial Services, which is in line with financial ground rules reaffirmed by Cabinet in July 2021 budget monitoring report.
- 2.1.2 **Note** that the anticipated outturn at month 6 shows £9.510 million in-year pressure. This will be considered over the coming months to achieve a balance position for the year end following service mitigation / plans provided (agreed in 2.1.1), and the potential use of corporate resources to maintain a balanced position at year-end.

3. REPORT

- 3.1 For 2021/22, the projected outturn will be a pressure of £9.510 million, rising to £13.263 million when remaining risks are included. The Council is monitoring and reviewing how the pressure can be managed to achieve a balance position by the year end with directorates identifying plans **to eliminate within the directorates, in line with the financial ground rules.**

	A	B	C	D	E = B+D	
	BAU Net Year End Forecast Month 6	Covid- 19 Net Year End Forecast Month 6	Net Year End Forecast Month 6	Covid- 19 risk costs not included in monitor	TOTAL COVID- 19 specific cost risk	Adverse / (Favourable) change in Net Forecast
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	0	0	0	0	0	0
Corporate Development	0	0	0	0	0	0
Economic Growth	86	407	493	0	407	1
Families	4,572	3,211	7,783	191	3,402	54
Finance & Governance	368	262	630	439	701	(14)
Resident Services	(842)	1,446	604	1,289	2,735	12
Corporate			0	6,018	6,018	0
TOTAL	4,184	5,326	9,510	7,937	13,263	53
HRA	0	0	0	0	0	0

Savings Programme

- 3.2 The total value of residual savings to be delivered has remained unchanged at £979,000 compared to month 5, with £282,000 relating to 2019/20 and the balance of £697,000 for 2020/21. There are no savings programmed for 2021/22.
- 3.3 The RAG status proposals that are still to be delivered; £42,000 are RAG rated "Amber" and £937,000 are RAG rated "Red".

	2019/20 Savings	2020/21 Savings	Total Savings	Previous Month	Change
	£'000	£'000	£'000	£'000	£'000
Total Proposals in Delivery	6,248	4,916	11,164	11,164	-
Closed Savings (Delivered)	5,966	4,219	10,185	10,145	40
Green	-	-	-	40	(40)
Amber	42	-	42	42	-
Red	240	697	937	937	-

- 3.4 The savings RAG rated Red relate to Families and alternative proposals to deliver is being developed.

ECONOMIC GROWTH – Stewart Murray

Economic Growth is forecasting a £493,000 pressure as at month 6, this is a change of only £1,000 from Month 5.

Economic Growth	Annual Budget	Projected Outturn	Variance BAU	Variance Covid-19	Variance Total
	£'000	£'000	£'000	£'000	£'000
Strategic Director	0	0	0	0	0
Property & Delivery	726	1,192	190	276	466
Regeneration Planning and Delivery	8,792	8,819	(104)	131	27
Inward Investments	257	257	0	0	0
Housing Delivery	3	3	0	0	0
Total	9,778	10,271	86	407	493

Property and Delivery (Aiden McManus)

- 3.5 Property & Delivery Services is projecting to overspend by £466,400. This is a small improvement from M5 of £1,814.

Property & Development	Annual Budget	Projected Outturn	Variance BAU	Variance Covid-19	Variance Total
	£'000	£'000	£'000	£'000	£'000
Commercial Director of Property & Delivery	1,054	1,054	0	0	0
Capital Strategy	361	306	(55)	0	(55)
Capital Delivery	386	401	15	0	15
Major Projects	31	31	0	0	0
Commercial Property Investment	(1,106)	(600)	230	276	506
Total	726	1,192	190	276	466

- 3.6 The pressure relates to:

- Bad Debt pressure amounting to £366,115, of which £334,957 sits within Commercial Property Investment. The Council continues to deliver a robust rent deferral policy to effectively manage its Commercial Estate during the Covid-19 whilst supporting the long-term viability of local business tenants. Structured plans to repay deferred rent will see delays to rent being received but secures long term income streams for the Council. The policy will continue to be implemented during 2021/22 and reviewed as national restrictions are eased.
- Pressures amounting to £307,000 which relate to increases from rent reviews on three industrial estates for which the Council is the tenant. The

service has engaged specialist rent review consultants to ensure the increases are minimised so far as possible and continue implementing action plans to increase rent from new and existing tenants on the estates.

- This position includes achieving an £80,000 uplift in rent on The Sidings Industrial Estate last financial year which has been incorporated into the projections and reducing voids by securing four new lettings on Lockwood Way Industrial Estate which will bring in £300,000 pa in rent once rent free periods have expired. Reducing voids on Lockwood estate from 56% to 18%, therefore the rent review pressure only relates to this financial year only. In addition, across all the estates the service is securing uplifts in rent from upcoming rent reviews and lease renewals.

3.7 There is a clear current risk regarding volatility in wholesale energy costs could lead to significant increases to the Council's gas and electricity costs:

- Volatility in the global energy market has seen the cost of wholesale gas rise by c.300%. The wholesale price increases are leading to significant rises in both residential and Commercial energy consumer prices. Whilst new prices are yet to be formally confirmed Laser Energy (as of 08/01/21) - the Council's energy provider for corporate estate & street lighting – are forecasting significant prices increases over the next two years.
- The Council's electricity contract is in a fixed arrangement until 01 April 2022. The Council is not exposed to immediate cost increases but a risk remains that prices rise from April 2022.
- The Council's fixed term price agreement for gas ended on 30 September 21. Price rises can be expected from 01 October 21 onwards.
- On confirmation of new energy prices, the Council's Energy Team will provide revised in year and future year spend projections which will be reported via monthly budget monitoring. It should be noted that many of the budgets are held in individual service areas outside of Property.

Regeneration Planning and Delivery Services (Ian Rae)

3.8 At month 6, the projected outturn position for 2021/22 is an overspend of £27,000, this is the same as projected at month 5 outturn, all of which relates to Culture and Heritage. The projected overspend includes £131,000 of the Covid-19 related costs and the business as usual projected outturn position is an underspend of £104,000. The assumption is that the Covid-19 expenditure would be compensated by MHCLG. However, the compensatory income received by the Council will be held centrally until the expenditure is approved by MHCLG.

Regeneration, Planning & Delivery Services	Annual Budget	Projected Outturn	Variance BAU	Variance Covid-19	Variance Total
	£'000	£'000	£'000	£'000	£'000
Commercial Director of Regeneration Planning and Delivery	627	554	(73)	0	(73)
Area Regeneration Delivery	1,814	1,814	0	0	0
Planning, Strategy & Development	1,214	1,287	63	10	73
Employment Business and Skills	2,565	2,565	(70)	70	0
Culture & Heritage	2,572	2,599	(24)	51	27
TOTAL	8,792	8,819	(104)	131	27

- 3.9 **The Commercial Director Regeneration, Planning and Delivery** is forecasting an underspend of £73,000. This is mainly due to committing budgets to overcome overspends within the wider service area.
- 3.10 **The Area Regeneration Service** is forecasting to breakeven; there are budget pressures in some service areas which are mitigated by underspends within the service.
- 3.11 **Planning Strategy and Development service** is forecasting a £73,000 pressure due to the Geographic Information System (GIS). The team are preparing a strategic business case for the future of a sustainable GIS service.

Developer Contributions

- 3.12 On 24th September 2021, we received £749,783.66 in CIL from the first phase of 2c Fulbourne Road (Homebase) scheme.
- 3.13 **Employment, Business and Skills** is forecasting to breakeven.

Culture and Heritage (Lorna Lee)

- 3.14 Culture and Heritage is projecting to overspend by £27,000 after incorporating £51,000 of net loss of income due to restriction in place and the Museum and Gallery being closed the first part of the finance year as a result of the pandemic. The service has been through a redesign on how it delivers its services and functions and a subsequent restructure. All these changes have been incorporated into the figures.

FAMILIES – Heather Flinders

- 3.15 The month 6 position is an adverse net variance of £7.783 million and excluding Covid-19 costs of £3.211 million, it is a business as usual pressure of £4.572 million. Compared to month 5, this is an overall increase of £54,000.
- 3.16 The increased forecast pressure for month 6 is a combination of pressures in school support and SEND, offset by a reduction in Children's Social Care and Traded Services. The net forecast for Adult Social Care is stable and is unchanged from that reported in Month 5.

3.17 The forecast for Traded Services, in particular Catering will be reviewed in more detail over the next month to fully understand the current impact on Covid and assumptions on trading activity from October half term.

Families Directorate	Annual Budget	Projected Outturn	Variance BAU	Variance Covid-19	Variance Total
	£'000	£'000	£'000	£'000	£'000
Adult Social Care	72,165	78,605	4,690	1,750	6,440
Children's Social Care	38,814	40,433	1,498	121	1,619
Early Help	5,683	5,724	0	41	41
Learning	1,487	1,487	0	0	0
School Support	17,369	17,623	29	225	254
Public Health Ring Fenced	75	75	0	0	0
Public Health Ring Other	313	313	0	0	0
Traded Services	3,057	3,615	(396)	954	558
SEND Services (General Fund)	7,765	9,036	1,151	120	1,271
Families Centrally Retained	(702)	(3,102)	(2,400)	0	(2,400)
Total Families	146,026	153,809	4,572	3,211	7,783

3.18 **Adults Social Care –Darren McAughtrie** – forecast £6.440 million pressure including Covid related costs of £1.750 million, leaving a business as usual position of £4.690 million.

Adults Social Care	Annual Budget	Projected Outturn	Variance BAU	Variance Covid-19	Variance Total
	£'000	£'000	£'000	£'000	£'000
Wellbeing & Independence	11,387	12,427	790	250	1,040
Care & Support / Quality	60,778	66,178	3,900	1,500	5,400
Total Adult Social Care	72,165	78,605	4,690	1,750	6,440

3.19 The total in-year, business as usual Adults gross pressure before mitigations as at month 6 is £4.690 million: this is an improvement of £250,000 from month 5 mainly due to a switch of Community Equipment costs to Covid related expenditure.

- Staffing £0.633 million – there is a small increase of £33,000 from month 5 due to a revision of the forecasts.
- Net Placements, Packages and Other (including Equipment Spend) £4.057 million. This is an improvement of £250,000 from month 5 due to

the switch of Community Equipment costs to Covid related expenditure. There continues to be significant pressure on the Adults placements numbers and costs into 2021/22, especially in Home Care packages and also increasing numbers of Hospital discharges. The forecast includes:

- The full year impact of the net increase in client numbers during 2020/21 of 62 to 2,950 (i.e. 110 net increase for working age and 48 net reduction in 65+).
- Increases in costs due to complexity in need for this year. This includes more people requiring 24 hour or 121 support for periods whilst their ongoing needs are assessed and more people requiring double handed packages of care in their own homes.
- Any increased costs that will arise from the retenders of Home Care and Supported Living retenders, including the impact of applying the London Living Wage.
- Further net increase in client numbers of 156 since April 2021.

3.20 The volume data for discharges from Hospital to social care have not as yet been received from Performance for September. However, data received from NELFT indicated that the volume discharged increased for the last two weeks in September, from an average of 54 for the previous 4 weeks to 74.

3.21 The service is in discussion with Health to mitigate the pressures from discharges and this includes funding for equipment for both Children and Adults.

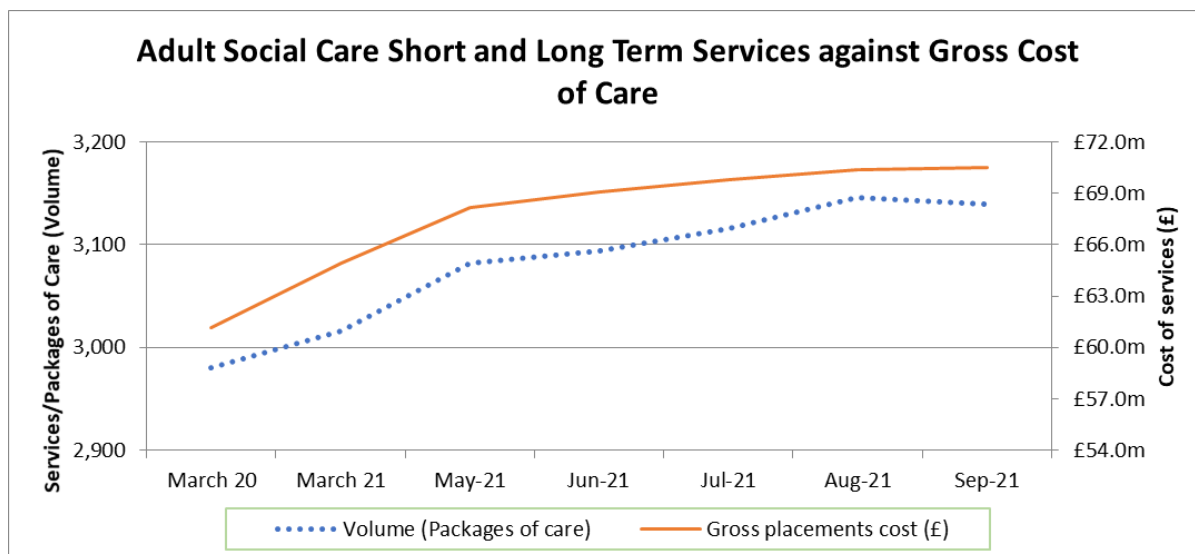
3.22 The outstanding saving of £937,000 are also reflected within the above pressure and actions to mitigate will be developed by the directorate.

Hospital Discharges – Scheme 3 NHS/CCG Funding – Included in BAU Forecast

3.23 As part of the continuing funding arrangements for Hospital Discharges, Scheme 3 allows Local Authorities to claim for up to 6 weeks costs after discharge between April and July, reducing to 4 weeks from July to the end of September. The recent Government funding announcement states that there will continue to be some funding for Hospital Discharges available till March 2022, details of the scheme and process are yet to be finalised.

3.24 As at month 6, the forecast for funding discharges in the monitor is £1.1 million and includes the April to September claims already submitted of £709,000.

3.25 Graph showing overall External Placements care packages and spend in Adults Social Care.



Adult Social Care – Covid-19

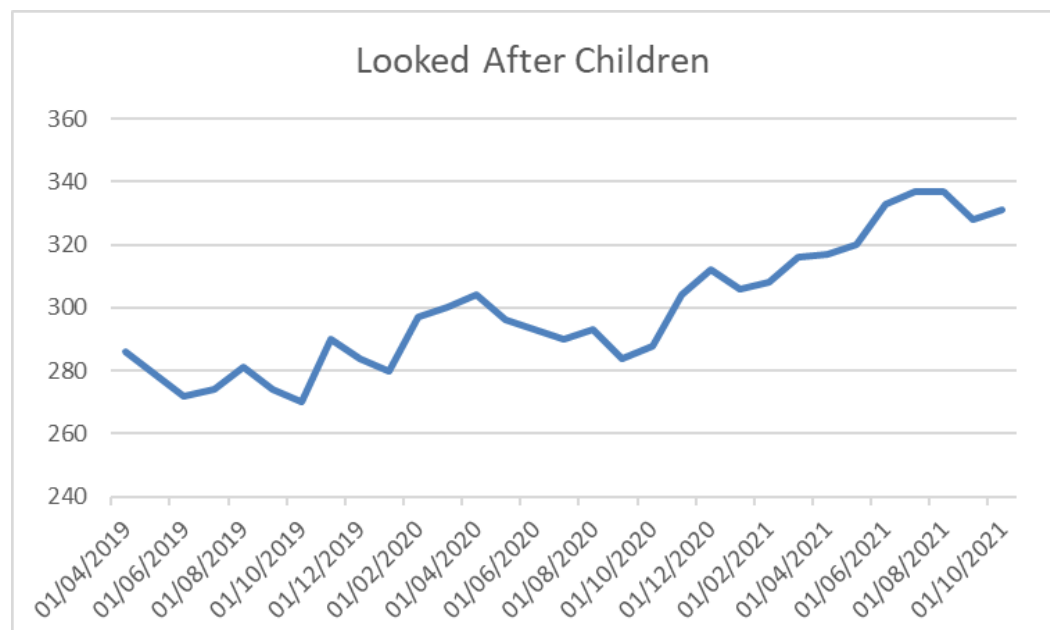
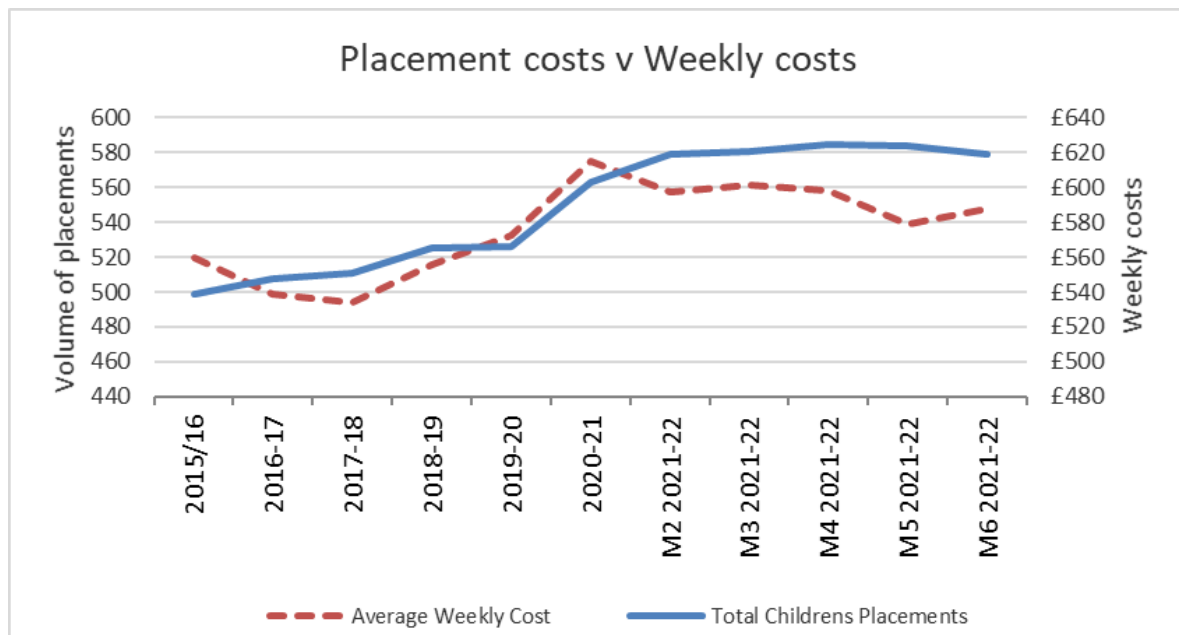
- 3.26 As at month 6, the forecast for Covid related expenditure is £1.750 million. This reflects the ongoing placements costs from Hospital Discharges as well as the cost of reduced occupancy within the in-house residential home required to meet social distancing. The increase of £250,000 relates to the reclassification of some Community Equipment costs.

Children's Care & Support (Daniel Phelps) forecast pressure of £1.619 million including Covid-19 pressures of £121,000, leaving a business as usual position of £1.498 million. This is a decrease of £181,000 compared to month 5.

- 3.27 Placement costs have increased by £116,000 principally relating to a new very high-cost placement and a Remand to Local Authority care which are partially offset by further successful service actions.
- 3.28 This forecast assumes the following ongoing mitigations:
- Use of the unallocated Remand Grant: £85,000; Adoption Reform Reserve: £110,000; the Controlling Migration -UASC reserve: £30,000 and the Early Years funding reserve: £136,000.
 - Placement costs will be further reduced by £300,000 following additional action around the drive to get post 18 young people into their own Tenancies with floating support, if needed and further discussions with Housing around Unmet Housing needs for families.
- 3.29 Placement costs will be further reduced by £300,000 following additional action around the drive to get post 18 young people into their own Tenancies with floating support, if needed and further discussions with Housing around Unmet Housing needs for families.
- 3.30 The forecast cost pressure for Leyton Green Road is offset by £232,000 predicted income from selling one placement to Barking & Dagenham and there are plans for a Waltham Forest young person to move into this provision from

Private Residential accommodation.

- 3.31 Unmet housing needs of citizens are currently forecast to overspend by £616,000 a decrease of £18,000 on month 5. This is offset by an increase of £24,000 for families with NRPF.
- 3.32 As shown in the first graph below overall placement numbers decreased by 4 but average placement costs increased from £579 pw to £587 pw largely as a result of the aforementioned high cost Residential placement.
- 3.33 Overall, as shown in the second graph below, the number of Looked After Children (under 18's) increased from 328 on 5 September to 331 on 3 October 2021. The increase of 3 relates to UASCs.



- 3.34 Asylum net costs decreased in the month by £425,000. Expected grant income increased by £452,000 following feedback from the Home Office, this is offset by increased costs of £27,000 due to the recent increase in UASC numbers.
- 3.35 Remand costs increased by £57,000 relating to one new remand to Youth Justice Provision, however sentencing is due in November and another young person has just been released so costs are expected to reduce in month 7s forecast. Taking into account the above there are currently 4 young people on Remand.
- 3.36 Covid-19 costs relate to additional staff costs in MASH and Youth and Family Resilience Service, lost BACME Penalty income and a one-off payment to a Residential provider for a new placement. The £15,000 reduced costs in Month 6 relates to delayed staff recruitment.

Children's Early Help: Alastair Macorkindale - Break Even (excl. Covid-19 costs)

- 3.37 Excluding the impact of Covid-19 the Early Help Division expects to break even in 2021/22. Covid-19 related costs of £41,000 relate to the first quarter of the year and include £10,000 loss of income at Queens Road, loss of student social worker income and additional training requirements for parents.

Special Educational Needs and Disability Service: David Kilgallon – forecast pressure of £1.271 million, including a Covid related pressure of £120,000, leaving a business as usual pressure of £1.151 million. Compared to the month 5 position there is a total increase of £78,000.

- 3.38 Staff costs are expected to overspend by £134,000 which is £30,000 adverse to month 5. £12,000 relates to increased sickness cover and £18,000 to agency vacancy cover.
- 3.39 Under 18 year old Domiciliary care, Short Breaks and Direct Payments are forecast to overspend by £107,000 which is an increase of £1,000.
- 3.40 Preparing for Adulthood is forecast to overspend by £732,000 which is an increase of £50,000. This relates to 3 new placements offset by one transfer to CLDT.
- 3.41 The £120,000 Covid costs relate to sustainability payments to be made to the bus provider during the summer term.

Learning and Systems Leadership: David Kilgallon

- 3.42 The Learning Directorate is projected to break-even.

School Support: David Kilgallon - forecast pressure of £254,000, including Covid-19 pressure of £225,000, leaving business as usual pressure of £29,000

- 3.43 Schools Support is projected to overspend by £29,000 excluding Covid pressures. This is an adverse movement comprising a shortfall of £25,000 in DSG Retained Duties funding and £4,500 irrecoverable pension arrears.
- 3.44 The Covid-19 pressure of £225,000 relates to the contributions from schools towards Early Help and Community Safety services which were suspended in September 2020 due to Covid. A decision is required to resolve future funding.

Traded Services: David Kilgallon

- 3.45 Traded Services is forecasting a surplus of £396,000 excluding Covid pressures which predominantly relates to Catering and an increased level of activity from October half term. This forecast will be reviewed in more detail over the next month and therefore may alter for month 7.
- 3.46 The Covid impact has increased from £430,000 in month 5 to £954,000 in month 6. Lost music tuition fees continue at £166,000 but the impact on Suntrap has increased by £223,000 to £489,000 and there is a new impact of £298,000 on Catering.
- 3.47 For Suntrap, there has been a reduction of 71% in expected income. This was outside the control of Traded Services and due to the new site not being ready at the proposed date and snagging issues which have impacted service delivery. To allay concerns of customers and retain custom, bookings have been offered at significantly reduced prices and in some cases offered free.
- 3.48 For Catering, there is a new Covid pressure of £298,000. The service had previously anticipated that the Autumn term would have returned to the normal level of activity. However, to date, the take up of meals is 11% below the pre-Covid levels of September due to a rise in Covid cases within schools, staggered return of secondary pupils over the first two weeks of term, some schools still not being back to pre-pandemic meal service levels and still using alternative methods of classroom-based dining via hot boxes which impacts on service uptake by parents/carers. This has been partially mitigated by a corresponding reduction in initially expected food costs of 11% and reducing salary costs by 5%, through staffing efficiencies and the cutting back on agency costs and overtime.

Public Health: Joe McDonnell – nil variance

- 3.49 Public Health (ring-fenced) division continue to forecast a break-even position as at month 6. The grant for 2021/22 is £16.537 million. Any changes to the forecast that results in an under or overspend will be transferred to the ringfenced Public Health reserve. The reserve currently is £2.6 million.

Families Centrally Retained £2.4 million favourable

- 3.50 The Families Centrally Retained budget has a favourable variance of £2.4 million which includes £1 million of the Social Care Grant held back as a general contingency and a further £0.9 million held back as a specific contingency to cover risks in the procurement of new contracts.

CORPORATE DEVELOPMENT – Rhona Cadenhead

- 3.51 Corporate Development is projecting to come in on budget at year end. The department will continue to review all areas of spend to ensure that any efficiencies are identified and implemented.

Corporate Development	Annual Budget	Projected Outturn	Variance BAU	Variance Covid 19	Variance Total
	£000's	£000's	£000's	£000's	£000's
Strategic Director	376	417	41	0	41
Communications & Communities	1,011	1,003	(8)	0	(8)
Digital & ICT	6,455	6,509	54	0	54
Employee Experience	1,869	1,862	(7)	0	(7)
Connecting Communities	1,609	1,609	0	0	0
Strategy and Change	3,894	3,814	(80)	0	(80)
Total	15,214	15,214	0	0	0

RESIDENT SERVICES – Michele Moloney

3.52 Residents' Services is forecasting a £604,000 pressure at month 6, an adverse movement of £13,000. The service has experienced £1.446 million worth of direct cost pressures and loss of income as a result of Covid-19 including £245,000 loss of income in Street Trading. When the Covid-19 related pressures are removed, the business-as-usual forecast position is an underspend of £842,000.

Resident Services	Annual Budget	Projected Outturn	Variance BAU	Variance Covid-19	Variance Total
	£000's	£000's	£000's	£000's	£000's
Strategic Director	9	9	0	0	0
Highways & Traffic Management	5,310	4,949	(661)	300	(361)
Neighbourhoods Service	17,096	17,096	0	0	0
Commercial Services	615	615	0	0	0
Regulatory Services	2,353	2,353	(245)	245	0
Customer Services & Business Support	5,728	6,388	0	660	660
Former N&C Services	31,111	31,410	(906)	1,205	299
Leisure	2,885	3,120	(6)	241	235
Forest Venues	792	913	121	0	121
Facilities Management	3,818	3,818	0	0	0
Housing General Fund	9,379	9,328	(51)	0	(51)
Total Resident Services	47,985	48,589	(842)	1,446	604
Housing Revenue Account	0	0	0	0	0

Highways and Traffic Management – Vala Valavan

3.53 The service has been successful in being awarded £2.5 million TfL funding for 2021/22 which will allow the service to deliver the on-going Highways programme; £125,000 has been allocated to support drainage works. The

increase in the forecast underspend is largely due to Parking continuing to recover to pre-Covid-19 levels, providing there are no further lockdowns. However, three car parks continue to be used for Covid-19 related activities which has reduced parking capacity.

Neighbourhood Services (inc. Leisure Services) - Jarlath Griffin

- 3.54 Neighbourhood Services are forecasting a balanced budget.
- 3.55 Sports and Leisure are forecasting an overspend of £235,000, an increase of £77,100. Sports and Leisure have applied for grants to offset some of the pressures whilst the pressure has also been partly mitigated through income for the use of leisure centres for Covid vaccinations and a control on general expenditure.

Customer Services and Business Support – Louise Duffield

- 3.56 The £660,000 Covid-19 income pressure relates to libraries, ceremonies and registrations.

Commercial Services – John Hubbard

- 3.57 Commercial Services are forecasting an overspend of £122,000 largely due to unavailability of Halls for Forest Venues.

Regulatory Services – David Beach

- 3.58 Regulatory Services has a forecast balanced budget.

Housing General Fund - Darren Welsh

- 3.59 The latest Housing General Fund (HGF) position is shown in the table below and is currently forecasting an underspend of £51,000. 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 2020/21 and has continued to reduce in each month of 2021/22 so far.

Housing General Fund	Annual Budget	Projected Outturn	Variance BAU	Variance Covid-19	Variance Total
	£000's	£000's	£000's	£000's	£000's
Housing Advice, Prevention & Supply	3,909	3,862	(47)	0	(47)
Nightly, B&B & PSL / Property Mngt	1,711	1,734	23	0	23
Private Lettings WF	1,432	1,432	0	0	0
Rough Sleepers	136	136	0	0	0
Other	1,308	1,269	(39)	0	(39)
Overheads & ICT	883	895	12	0	12
Housing General Fund Total	9,379	9,328	(51)	0	(51)

- 3.60 It is expected that the wider impact of Covid-19 will significantly increase

demand on the Homelessness Service in 2021/22, with estimates between 10-25% (approx. £1m-£1.3m). However, extensions to the eviction freeze and furlough scheme mean that this is unlikely to begin to materialise until at least the second half of the current financial year. Whilst this reduces the potential financial impact in 2021/22, it remains a key risk for the medium-term. In addition, the service is now projecting a small underspend on salaries in-year which has generated a slight improvement in the outturn forecast.

- 3.61 The over-arching strategy to mitigate future demand increases is to accelerate the Council's acquisition programmes and provide a ready supply of housing to support households to exit TA (and reduce the net cost to the HGF budget). The More Homes Waltham Forest joint venture is expected to complete its programme of acquisitions by the autumn. A second joint venture is also being pursued to follow on from the first and ensure a stream of properties continue to be made available throughout the year.

Housing HRA (Darren Welsh)

- 3.62 The Housing Revenue Account (HRA) position is detailed in the table below and is currently projecting to break even for 2021/22. The key pressure on the HRA remains the provision of Waking Watch across the Housing estate for all blocks higher than 18m, which was rolled out in December 2020. Spend in 2020/21 totalled £2.1m and an allowance of £3m was included in the HRA budget for 2021/22. However, the revised cost estimates for Waking Watch provision to remain in place across all blocks for the duration of 2021/22 is £4.8m (at a cost of c.£400k per month). This creates a budget pressure of £1.8m which the HRA is currently mitigating through a number of measures, but the primary offset remains a reduction in interest costs due to HRA borrowing being behind the profile that was included in the most recent iteration of the HRA business plan.

HRA Service	Annual Budget	Projected Outturn	Variance BAU	Variance Covid-19	Variance Total
	£000's	£000's	£000's	£000's	£000's
Rents	(59,188)	(57,688)	1,500	0	1,500
Right to Buy	(718)	(1,430)	(712)	0	(712)
Total Income	(59,906)	(59,118)	788	0	788
Asset Management	14,707	16,707	2,000	0	2,000
Housing Operations	6,437	6,723	286	0	286
Housing Strategy & Options	8,670	8,161	(509)	0	(509)
Corporate Items	30,092	27,527	(2,565)	0	(2,565)
Total Expenditure	59,906	59,118	(788)	0	(788)
HRA Total	0	0	0	0	0

- 3.63 The other key risk to have materialised on the HRA is the outcome of the appeal on the Thames Water test case involving the Royal Borough of Kingston (back in October 2020). The Council has reviewed its position and is currently mobilising a team to administer the agreed approach, with the cost of this supernumerary team included in the forecast.
- 3.64 Some estimates in relation to depreciation, inflation and interest have been revised versus the assumptions included in the business plan which has helped to offset the cost of the Waking Watch provision. In addition, underspends on staff budgets while the service recruits to posts created in the recent redesign is also providing some mitigating cost savings.
- 3.65 The dispute with the former repairs contractor is still ongoing and there are increased consultant and legal costs to support this included in the projection.
- 3.66 The rent increase for the year equated to an average of 1.5%, which represents the second year of rent increases under the current rent regime. Covid-19 is expected to have an on-going impact on rental income. Collection figures will be closely monitored throughout 2021/22 to assess the impact on the need to make greater provision for bad debt on both HRA income and rent collection for TA.

FINANCE AND GOVERNANCE – John Turnbull

- 3.67 Finance & Governance is forecasting a pressure of £630,000 at month 6, a favourable movement on month 5 of £14,000. The service is forecasting £262,000 pressure because of Covid-19. When covid-19 related pressures are removed, the business as usual forecast position is a pressure of £368,000.

Finance and Governance	Annual Budget	Projected Outturn	Variance BAU	Variance Covid 19	Variance Total
	£000's	£000's	£000's	£000's	£000's
Strategic Director	0	5	5	0	5
Financial Management	0	0	0	0	0
Audit & Anti-Fraud	44	44	0	0	0
Revenues & Benefits	5,251	5,379	0	128	128
Treasury & Pensions	6	12	6	0	6
Return on Investment	2,043	2,074	31	0	31
Governance	1,308	1,768	326	134	460
Total	8,652	9,282	368	262	630

Revenues & Benefits

- 3.68 Revenues and Benefits is forecasting £128,000 pressure at month 6 which relates to the backlog of work due to the pandemic. This overspend is due to projected agency staff cover for Covid-19 work.

Legal & Governance

- 3.69 The overspend in month 6 of £460,000 is mainly due to legal & professional costs for inquests in the Coroners service, along with costs for the Port inquest, expected to be heard in October 2021. Further costs within Coroners are payable to LB Barking & Dagenham to secure space for inquests during their de-cant this year.
- 3.70 There are also overspends on Mortuary, being residual Covid-19 related costs falling to the service. These are partly offset by underspends elsewhere within Governance & Law.

Corporate Expenditure, Non-Service items and Contingency

- 3.71 This heading includes interest costs, capital charges and other costs not directly attributable to services such as members' allowances and is projected to spend to budget. Contingency is forecast to be fully utilised. If there is any call on reserves for one-off items, then this must follow the financial ground rules.
- 3.72 The Council have Covid-19 funding carried forward from 2020/21 of £9.186 million available in 2021/22.

Council Tax / Business Rates Collection

- 3.73 The modelled forecasts for 2021/22 have been impacted negatively by the Covid-19 and are unlikely to achieve the original targets. The situation remains fluid. This will continue to be monitored closely.
- 3.74 Government has provided support for the retail and nursery sectors through reducing their business rates bills in the current year. Government then paid Councils Section 31 relief payments to compensate for the loss of income. Below are the current collection rates for Council Tax and Business Rates.

Council Tax

	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
In year	%	%	%	%	%	%	%	%	%
13/14	95.3								
14/15	97.1	95.5							
15/16	97.8	97.3	96.0						
16/17	98.2	98.1	97.4	96.1					
17/18	98.6	98.4	98.0	97.4	96.1				
18/19	98.7	98.6	98.3	97.9	97.3	96.0			
19/20	98.9	98.7	98.5	98.2	97.8	97.1	95.8		
20/21	99.0	98.9	98.7	98.0	98.0	97.5	96.5	93.8	
21/22	99.0	98.9	98.7	98.5	98.1	97.6	96.8	95.1	44.9

Business Rates

	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
In year	%	%	%	%	%	%	%	%	%
13/14	95.7								
14/15	98.0	96.9							
15/16	98.8	98.4	97.2						
16/17	99.3	99.2	98.6	97.2					
17/18	99.5	99.4	99.0	98.4	97.5				
18/19	99.5	99.4	99.1	98.7	97.7	97.0			
19/20	99.6	99.5	99.3	98.8	98.4	97.6	96.0		
20/21	99.6	99.4	99.2	98.8	98.0	97.2	95.3	78.7	
21/22	99.6	99.4	99.2	98.8	98.1	97.4	95.9	83.6	38.9

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. SUSTAINABLE COMMUNITY STRATEGY 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. RESET

- 7.1 In July 2021 the Council approved Strategic Reset priorities and delivery programme to recover from the pandemic and build a bright future for all in Waltham Forest.
- 7.2 The financial monitoring referred to in this report, in mitigating any financial pressures the Council faces, is key to allowing the investment in the various Reset projects across its seven Delivery Areas.
- 7.3 This monitoring compliments Reset, enabling the programme to create a culture where everyone reaches their potential in an environment that is healthy, safe, green, and more equal.

8. IMPLICATIONS

8.1 Finance, Value for Money and Risk

- 8.1.1 The whole report is of a financial nature. The key purpose of the report is to monitor the Council's overall financial performance against the 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.

- 8.1.2 Given the nature of the Covid-19 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.
- 8.1.3 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. At present, the c£13.0 million financial exposure that the Council currently estimates outstrips the £9 million grant available. 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.
- 8.1.4 Many of the pressures other than Covid relate to demand led services. There is a risk that these costs become on-going and will take up future provision for demand growth in the MTFS leaving further risk in future years. 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.

8.2 Legal

- 8.2.1 There are no direct legal implications.

8.3 Equalities and Diversity

- 8.3.1 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.

8.4 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.

8.5 Council Infrastructure (e.g. Human Resources, Accommodation or IT issues)

- 8.5.1 There are no direct council infrastructure implications.

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

None