London Borough of Waltham Forest

Report Title	Financial Monitoring – 2024/25 Month 9
Meeting / Date	Cabinet, 20th February 2025
Cabinet portfolio	Councillor Paul Douglas Portfolio Lead Member for Finance and Resources [On behalf of Cllr Douglas]
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Wards affected	None specifically
Public access	Open
Appendices	Appendix 1 – Summary Capital Programme Month 9 Appendix 2 – Capital Narrative 2024-25 Month 9

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 February 2024. This report provides an update on the latest forecast outturn position for revenue expenditure for 2024/25, as well as providing the latest position for the Housing Revenue Account (HRA), Dedicated Schools Grant (DSG) and the Capital Programme.

1.2. The month 9 forecast for Revenue Expenditure shows a net overspend of £20.522 million, which is an increase of £4.265 million since month 6. The overspends are predominantly in relation to Adults Social Care (£7.585 million), Housing General Fund (Temporary Accommodation) (£6.570 million), SEND (£4.655 million) and Children's Social Care (£1.887 million).

1.3. The month 9 forecast for the HRA shows an overspend of £3.026 million, an increase of £1.629 million from month 6. This will be funded by a reduction of £3.000 million in the Revenue Contribution to Capital Outlay (RCCO), reducing this to zero, and a reduction in the general contribution to reserves of (£0.026 million), reducing this to £0.407 million.

1.4. The month 9 forecast for the 2024/25 DSG indicates a projected in-year deficit of £7.059 million, taking the total cumulative deficit to £7.958 million, most of which is in the High Needs Block. This is an increase in the deficit of £2.458 million since month 6.

1.5. The month 6 Capital programme is forecasting an underspend of £26.48 million against this year's budget of £161.35 million. Most of the underspend is due to delays in several programmes across the HRA, Place and Neighbourhoods and are slippage into future years. There is total forecast underspend across the

10-year programme of £12.36 million when compared to the re-baselined budget. Further details are provided in Appendix 1 and 2.

2. Recommendations

2.1. Cabinet is recommended to:

2.1.1. Note the forecast revenue outturn position.

2.1.2. Note the forecast Housing Revenue Account (HRA) outturn position.

2.1.3. Note the forecast Dedicated Schools Grant (DSG) outturn and cumulative deficit position.

2.1.4. Note the forecast Capital Programme outturn position.

2.1.5. Approve the adjusted capital programme budget of £161.35 million for 2024/25 (an increase of £6.35 million) and £656.73 million for the 10-year programme (an increase of £24.94 million).

2.1.6. Approve the use of £3.644 million of the Budget Strategy Reserve (BSR) to fund improvement and transformation costs to deliver the scale of change required in the organisation and to manage the Medium-Term Financial Plan. All requests are supported by business cases and scrutinised by SLT.

- SEND improvement – to manage caseload backlogs and improved commissioning arrangements (£0.718 million).
- Business support – to conclude and implement the final phases of the review (£0.654 million).
- Family first transformation for 2025/26 to enhance practices and create resources for children on the edge of care (£0.252 million).
- ASC transformation delivery (commissioning, technology, brokerage, and financial assessment resources) (£0.440 million).
- Oracle stablisation (£0.354 million).
- Resources to deliver transformation (£0.900 million).
- Feasibility studies for asset transformation programmes (£0.240 million).
- Development of the Place target operating model (£0.050 million).

3. Proposals

3.1. The approach adopted to deliver the monitor is to allow the budget holders, with support from Finance where appropriate, to determine the full year forecast. For social care placement spend, Finance have developed the forecast but agreed all assumptions with the services.

3.2. The month 9 revenue projection is a forecast overspend of £20.522 million against budget, this is an increase of £4.265 million since month 6. The highest proportion of the overspend is in Adult Social Care and is related to care packages. The other significant overspends are against Children’s Social Care, Housing General Fund (Temporary Accommodation) and SEND services.

3.3. The table below summarises the position by Directorate, with further detail provided in the following paragraphs.

Revenue Expenditure	2024/25 Latest Budget £'000	Projected Outturn Month 9 £'000	Variance from budget £'000	Previous Variance £'000	Movement £'000
Chief Executives	4,519	4,201	(318)	45	(363)
Adult Social Care	78,830	86,415	7,585	7,393	192
Children's and Education	70,377	76,699	6,322	6,938	(616)
Stronger Communities	18,896	19,169	273	344	(71)
Neighbourhoods and Environment	36,658	36,580	(78)	909	(987)
Place	17,597	24,465	6,868	330	6,538
Resources	7,115	7,235	120	298	(178)
Corporate Expenditure	(233,992)	(234,242)	(250)	0	(250)
Total	**0**	**20,522**	**20,522**	**16,257**	**4,265**
HRA	0	0	0	1,399	(1,399)

3.4. In response to the overspend a new financial strategy has been put in place to identify £10 million savings, in-year, to reduce this overspend. Services are currently working on proposals and to date, proposals totalling £6.574 million have been designed. This has decreased from £9.074 million (£2.500 million) due to a detailed review of ASC savings, which are not achievable in-year but reprofiled to future years.

3.5. The current forecast overspend of £20.522 million, includes in-year savings of £5.033 million and assuming that all current proposed savings are delivered in full, the forecast overspend would be £18.981 million.

Revenue Expenditure	In-Year Savings			Forecast Should These be Achieved
	Proposed	Included in Latest Forecast	Balance to be Delivered	
	£'000	£'000	£'000	£'000
Chief Executives	431	431	0	(318)
Adult Social Care	1,700	628	1,072	6,513
Children's and Education	1,825	1,825	0	6,322
Stronger Communities	528	528	0	273
Neighbourhoods and Environment	1,000	1,000	0	(78)
Place	578	248	330	6,538
Resources	262	123	139	(19)
Corporate Expenditure	250	250	0	(250)

Total	**6,574**	**5,033**	**1,541**	**18,981**

3.6. The final overspend position will be funded from several one-off sources including corporate balances such as contingency, unallocated grant funding, anticipated surplus from the eight-borough business rate pool, business rates levy announced as part of the provisional settlement and any balance from the Budget Strategy Reserve (BSR).

3.7. 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 it is predicated on maintaining the mitigations assumed and savings delivered in- year.
- The increasing demand for Temporary Accommodation as placements across London has increased by 10% over the last 12 months. Households are also staying in Temporary Accommodation longer due to the lack of affordable Private Sector homes and social housing.
- An increasing pressure in SEND both in transitions within the General Fund and increasing costs within the High Needs Block.

Chief Executive

3.8. The Chief Executive’s Directorate is currently forecasting an underspend of £0.318 million. The forecast includes in-year savings proposals of £0.431 million. The change since month 6 is due to in-year savings which have been achieved, mostly attributable to freezing recruitment to some vacant posts. These underspends are offset by a small pressure in the Communications team due to the use of interim resource to fill vacant posts. Permanent recruitment to the Head of Communications post has now taken place. The table below provides a breakdown by service area.

Chief Executive	2024/25 Latest Budget	Projected Outturn Month 9	Variance from Budget	Projected Variance Month 6	Movemen t
	£000	£000	£000	£000	£000
Chief Executive	17	17	0	0	0
Communications and Strategy	1,032	958	(74)	102	(176)
Culture & Workforce Development	2,302	2,102	(200)	0	(200)
Strategy and Change	1,168	1,124	(44)	(57)	(13)
Total	**4,519**	**4,201**	**(318)**	**45**	**(363)**

Adult Social Care

3.9. The service is projected to overspend by £7.585 million as at month 9, an adverse movement of £0.192 million since month 6. The overspend is driven by increased demand, more complex needs, an ageing population, and limited options within current commissioning arrangements.

Adult Social Care	2024/25 Latest Budget	Projected Outturn Month 9	Variance from Budget	Projected Variance Month 6	Movement
	£'000	£'000	£'000	£'000	£'000
Total	**78,830**	**86,415**	**7,585**	**7,393**	**192**

3.10. The main reasons for the adverse movement are:

- Net Care Packages and Placements, a net increase of £0.192 million. There are a variety of reasons which include, several high cost, backdated cases, changes in need, requiring increased care costs and some new demand in home care.
- It should be noted that there have been some favourable movements as well over this period. The main reasons are some reviews of high-cost packages and securing additional funding relating to S117 cases.
- A significant proportion of the remaining MTFS savings have been delivered during the last three months, reducing the risk in the current monitoring in this area to around £0.130 million from over £0.600 million in month 6. Overall, the total MTFS savings now signed off in 2024/25 is over £2 million.

3.11. The total overspend in ASC is predominantly related to pressure from care placements and support packages. The number of services users at month 9 is 3,651 an increase of 128 compared to the 31 March 2024 (an increase of 73 since month 6) and average unit prices have increased by 5%.

3.12. In addition to expenditure on placements, there is an increase in expenditure on community equipment activity contract. It has been identified that the Integrated Care Board (ICB) are allocating significantly more equipment than the value they have placed in the joint fund. The ICB will be required to balance this position by year end.

3.13. There are several assumptions built into the forecasts. These are reviewed monthly 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 9, the estimated full year impact of those that started last year is approximately £1.300 million of the overall projection.
- Agreed inflation awards for 2024/25, around £0.600 million not yet input against individual care packages.
- All the above assumptions will be reviewed in future monitors, as more information on numbers and costs becomes available.
- All relevant additional funding (Government Grants etc) has been included in the forecasts.

- Staffing costs will be in budget for 2024/25.
- All MTFS savings/cost avoidance proposals for 2024/25 still to be signed off and delivered in 24/25 (around £0.130 million left to be completed) are included in the overall projection.
- The In-year reductions target was revised to £1.7 million, to date £0.628 million has been signed and this is included in the forecast position.

Children's Services Directorate

3.14. The month 9 position for the Children's Services is a projected overspend of £6.322 million, this is a favourable movement of £0.616 million since month 6. Children's Social Care is forecasting an overspend of £1.887 million, SEND Services is forecasting an overspend of £4.655 million and Education services is forecasting an overspend of £0.274 million. These overspends are offset by an underspend of £0.494 million in Traded Services. Further detail is provided in the following paragraphs, with a summary shown in the table below:

Children's Services	2024/25 Latest Budget	Projected Outturn Month 9	Variance from Budget	Projected Variance Month 6	Movement
	£'000	£'000	£'000	£'000	£'000
Children's Social Care	39,172	41,059	1,887	2,398	(511)
Education	2,277	2,551	274	26	248
School Support	18,226	18,226	0	0	0
Waltham Forest Traded Services	3,067	2,573	(494)	(328)	(166)
SEND Services Division	7,635	12,290	4,655	4,842	(187)
Children's Total	**70,377**	**76,699**	**6,322**	**6,938**	**(616)**

<u>Children's Social Care</u>

3.15. The Children's Social Care is forecasting an overspend of £1.887 million for 2024/25 at month 9, this is a favourable movement of £0.0.551 million since Month 6.

3.16. There is a forecast overspend of £1.249 million in the provision of Alternative Homes, reflecting an increase in the forecast of £0.586 million from the month 6 position. These movements are specifically in the use of external fostering agencies, mother and baby units, and remand costs. This increase is despite successes through innovative work with our in-house foster carers being supported to care for children with complex needs that would otherwise have to be met within costly residential settings. Furthermore, the forecast is built on the successful "right-sizing" of other residential care packages as several of our children prepare for adulthood and independence. There are currently 270 Looked After Children (as of December 2024), costing an average of £1,039.45

per week. This is a decrease of 10 since July 2024, and average costs have remained broadly in line with July 2024, which is part due to managing the number in children in residential provision.

3.17. The Alternative Homes forecast includes assumptions and mitigations, that 33 children are leaving our care due to their age this financial year, plus an additional 15 children achieving permanency through either Adoption or Special Guardianship. Nevertheless, there remains an unpredictable and unknown element in forecasting expenditure for Alternative Homes and there is also a known pressure for a small number of children who are anticipated to require Residential packages of care. For month 9, an additional provision of £0.117 million in additional income is included for packages yet to be presented to the complex care panel.

3.18. This month's forecast includes a reduction in the projections from month 6 of £0.255 million for staff costs, including £0.275 million in relation to holding staff vacancies.

3.19. There has also been an increase in the forecast since month 6 of £0.257 million on supporting families with no recourse to public funds, contact services and children's residential homes.

3.20. The in-year mitigations for children's social care comprise of three key elements: Social Worker headcount reduction, return of transformation monies for Family Group Conferencing and allocation of Household Support Funding Grant (HSF). This forecast also assumes achievement of prior month mitigations of £0.200 million for a planned reduction in use of Family Support hours and reductions in taxi usage in S17 expenditure. Included in the latest forecast is the use of £1.100 million of Household Support Fund (HSF) grant to mitigate relevant S17 spend. The overall impact is a reduction in the overspend in S17 by £1.129 million, to £0.097 million.

<u>Education</u>

3.21. The Education service is forecasting an overspend of £0.274 million at month 9, an adverse movement of £0.248 million. This is due to the additional cost of agency staff covering critical roles and a shortfall in income.

<u>Special Educational Needs and Disability Service</u>

3.22. The SEND service is forecasting an overspend of £4.655 million for 2024/25 at month 9, this is a favourable movement of £0.187 million since Month 6.

3.23. Travel assistance is forecast to overspend by £1.939 million, an improvement of £0.199 million since month 6. 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. Work is in progress to review and monitor these services, working towards greater efficiency and cost effectiveness, which accounts for the positive movement since month 6.

3.24. There is a forecast overspend in Transitions / Preparing for Adulthood of £2.336 million which is due to increased activity, carried over from the previous year, together with new demand and with smaller reductions in direct payment recoupment. These costs are being reviewed and a more robust approach to monitoring spend is being developed to analyse the factors contributing to the overspend which will lead to proposing mitigation steps. The forecast has not changed since month 6.

3.25. The Transformation plan proposes changes in the 'Business as Usual' of SEND statutory services, which will reduce dependency on agency and reduce complaints and legal costs. Also, the development of a SEND commissioning function will be more cost effective in the procurement of therapy support, which will also have a positive impact on spend in the High Needs block.

Traded Services

3.26. Traded Services are projected to underspend by £0.494 million at month 9 largely due to underspends on salaries and improved income, which is an increase in the underspend of £0.166 million from month 6. The improvement mainly relates to one off increases in income due to an increase in the funding rate for the Universal Primary Free School Meals programme. The service is carrying several vacancies and despite the positive movement in the forecast, the service still requires subsidy from the Council. The budgeted cost to the Council is £3.067 million per annum net of income, and the forecast is a net cost of £2.573 million to the Council this financial year - this includes corporate overheads of £2.1 million.

Dedicated School Grant (DSG)

3.27. The month 9 forecast for the 2024/25 DSG indicates a projected in-year deficit of £7.059 million (an increase in the forecast since month 6 of £2.648 million. This takes the total forecast deficit carry forward at the end of the financial year to £7.959 million.

3.28. The overspend mostly occurs in the High Needs block (£6.219 million), with a smaller amount in the early years block (£0.778 million). The early years block movement is due to the normal adjustment / clawback from the DfE based on actual claims. In 2023/24 the in-year deficit on the High Needs block was just £0.500 million, therefore the 2024/25 position reflects an increase of £5.719 million, compared to 2023/24.

Dedicated Schools Grant - Block	2024/25 DSG Allocation	2024/25 Forecast Spend	2024/25 Forecast in-year	Opening Position Apr-24	Forecast Cumulative Closing Position Mar-25
	£'M	£'M	£'M	£'M	£'M
Schools	239.600	239.600	0.000	(0.900)	(0.900)
High Needs	58.500	64.719	6.219	5.000	11.219
CSSB	1.638	1.700	0.062	(0.100)	(0.038)
Early Years	35.222	36.000	0.778	(3.100)	(2.322)
Total	**334.960**	**342.019**	**7.059**	**0.900**	**7.959**

* (Surplus) / Deficit

3.29. The main reasons for the increase in High Needs expenditure from last year are:

- £2.900 million due to a lower level of HN DSG funding increase from the DFE in 2024/25; this follows a years of large funding increases. The funding increase for 2023/24 was £4.800 million (11%) whereas the increase for 2024/25 was only £1.900 million (4%).
- £3.319 million due to an increase in the numbers of pupils with complex needs.

3.30. Expenditure on the High Needs block must continue to be monitored carefully as the Council continues to develop its strategy to contain costs within the DSG High Needs Block for 2024/25 and beyond. Without mitigations this annual pressure on the High Needs block will continue and would lead to very significant cumulative deficits in future years. The DfE are due to meet council officers in January 2025 for an update on the Council's High Needs DSG position and its plan to mitigate future deficits.

Stronger Communities

3.31. The Stronger Communities Directorate is currently forecasting an overspend of £0.273 million, a reduction of £0.071 million since month 6. The change is by various factors explained in more detail below. The month 9 forecast is inclusive of in-year savings totalling £0.528 million. The overspend is in relation to the Residents, Communities and Culture Service and the Digital, Data and Technology service. The table below provides a summary by service area, followed with further explanations.

Stronger Communities	2024/25 Latest Budget	Projected Outturn Month 9	Variance from Budget	Month 6 forecast Variance	Movement
	£'000	£'000	£'000	£'000	£'000
Director of Stronger Communities	(237)	(237)	0	0	0
Public Health RF	(225)	(225)	0	0	0
Early Help and Prevention	12,245	12,245	0	3	(3)
Digital, Data and Technology	3,455	3,532	77	(40)	117
Residents, Community & Culture	3,658	3,854	196	381	(185)
Total	**18,896**	**19,169**	**273**	**344**	**(71)**

Public Health Ringfenced Grant

3.32. The overall grant for 2024/25 is £17.8 million. Public Health (ring-fenced) is forecast to require usage of the public health reserve of approximately £0.300 million as at month 9 to meet cost pressures in 2024/25. This cost pressure is primarily relating to out of borough sexual health costs, extrapolated from the latest information, and is currently being reviewed.

3.33. Any variance to budget at the end of the year will be transferred to or from the Public Health Reserve. The reserve stands at £3 million at the start of the year, approximately £1.500 million is earmarked against various commitments for the year, together with a further £1.000 million committed for 25/26.

Digital, Data and Technology (DDaT)

3.34. The Digital, Data and Technology Service are forecasting an overspend of £0.077 million, a movement of £0.117 million since month 6. This is largely due to a lack of chargeable work, from across the Council coming into the team to cover the cost of staff that rely on funding from this recharge model.

Resident Strategy, Community and Culture

3.35. The service is forecasting an overspend of £0.196 million due to salary overspends and software costs. This is a reduction of £0.185 million since month 6, which has been achieved by freezing vacant posts and some additional recharges.

Neighbourhoods and Environment Directorate

3.36. The Neighbourhood and Environment Directorate is forecasting an underspend of £0.078 million as at month 9. This is a favourable movement of £0.987m from the previously reported at month 6.

Neighbourhoods & Environment	2024/25 Latest Budget	Projected Outturn Month 9	Variance from Budget	Previous Month Projected Variance	Movement
	£'000	£'000	£'000	£'000	£'000
Strategic Director	(7)	(7)	0	0	0
Neighbourhood Services	30,778	30,000	(778)	(201)	(577)
Regulatory Services and Contingency Planning	2,491	3,191	700	1,200	(500)
Community Safety	2,544	2,544	0	0	0
Climate and Behaviour Change Service	852	852	0	(90)	90
Total	**36,658**	**36,580**	**(78)**	**909**	**(987)**

3.37. Neighbourhood Management

3.38. The Neighbourhood Service have implemented their 2024/25 in-year savings, and this has generated a forecasted underspend of £0.778m, including the GLL management fee for 2022/23 and 2023/24 of £0.325 million.

3.39. Regulatory Services & Contingency Planning

3.40. Regulatory Services are reporting an overspend of £0.700 million position at Month 9. This significantly improved position of £0.500 million reflects the impact of management interventions taken to address the previously forecast shortfall in income through the operation of the Council's property licensing schemes.

3.41. The management interventions mean that the Council is now predicting that the administration and operation of its discretionary licensing schemes will be delivered on a cost-neutral basis over the full life of the schemes.

Community Safety and Resilience

3.42. At month 9, 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. There remains a significant pressure for future years due to funding streams ending and we are considering options for how to manage.

Place

3.43. For month 9, the Place directorate is forecasting a net overspend of £6.868 million, mainly relating to the cost of Temporary Accommodation in the Housing General Fund. This is an adverse movement of £6.538 million since month 6. The Housing General Fund forecast includes £4.838 million use of the homelessness reserve relating to the cost of temporary accommodation.

3.44. The Housing Revenue Account is forecasting a nil variance for month 9, however this is after reducing planned contributions to capital and reserves to offset increases in service expenditure.

Place	2024/25 Latest Budget	Projected Outturn Month 9	Variance from Budget	Previous Month Projected Variance	Movement
	£'000	£'000	£'000	£'000	£'000
Strategic Director	112	112	0	0	0
Property & Delivery	5,534	5,832	298	298	0
Regeneration Planning and Delivery	3,640	3,640	0	0	0
Housing General Fund	8,311	14,881	6,570	32	6,538
Total	**17,597**	**24,465**	**6,868**	**330**	**6,538**
Housing Revenue Account	0	0	0	1,399	(1,399)

Property and Delivery

3.45. Property & Delivery is forecasting overspend of £0.298 million for month 9, in line with the month 6 position. A thorough review is underway on the property budgets, for operational (including Facilities Management and compliance), Voluntary and Community Sector and income producing assets. The latter has growth potential in rent reviews, lease renewals and back dated rents, this is an ongoing exercise as part of Property Transformation. However, there remain some uncertainties on projections and the portfolio approach to date has not considered voids (loss of income and further landlords' liabilities – i.e. service charges and Business Rates) which is being addressed as part of this current service transformation.

Regeneration Planning and Delivery Services

3.46. Although Regeneration Planning & Delivery are reporting a nil variance as at month 9 (in line with month 6), Planning fee income will continue to be the key risk and variable 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. The pipeline reflects the site-specific nature of planning income, with peaks and troughs of income throughout the year. The pipeline of income projected throughout 23/24 had a high degree of accuracy, so it is important that this is carried through to income forecasts in 24/25, which is currently demonstrating that income targets can be met. However, if there is a shortfall in the income, this will be mitigated by drawing down Community Infrastructure Levy (CIL) admin fees or service reserves.

Housing General Fund

3.47. The Housing General Fund is forecast to overspend by £6.570 million, an increase of £6.538 million since month 6 and the forecast is net of a contribution from reserves of £4.838 million. Without the use of reserves, the overspend would be £11.376 million. The overspend is due to increase in demand for Temporary Accommodation (TA) and additional inspections and repairs on solar panels required to ensure compliance with legislation offset by a small underspend within Housing Advice, Prevention and Supply.

3.48. The cost of TA continues to be the main pressure within the homelessness service. The issues with affordable accommodation supply in the Private Rented Sector has led to the need to use high-cost temporary accommodation, such as commercial hotels, to fulfil our legal duty. The reduction in supply has also led to households remaining in TA for longer as there is limited availability of affordable accommodation for the service to move households on from temporary accommodation. A five-year lease of the London Walthamstow Hotel was signed in November 2024, providing an addition 221 units of temporary accommodation at significantly reduced cost in comparison to commercial hotels. This has reduced the number of households in hotels and bed and breakfast from 135 (October 2024) to one (January 2025).

3.49. There are other projects in the pipeline, such as the second joint venture with Mears to deliver settled accommodation, and an increase in prevention work that will assist with reducing the spend on temporary accommodation. This will continue to be monitored closely.

3.50. As reported in the month 6 report, the Housing Options and Support service alongside Finance have been working together to review the model for temporary accommodation forecasting, which is now in place and will enable more accurate forecasting.

Housing Revenue Account (HRA)

3.51. The HRA is forecasting a nil variance to budget, however this has been achieved by reducing the revenue contribution to capital and contributions to reserves totalling £3.026 million. The main movements from month 6 are due to a detailed analysis of income (including voids), increases in capital charges and increased costs of disrepair. The table below provides a summary by service area, followed with further explanation.

The Housing Revenue Account (HRA)	2024/25 Latest Budget	Projected Outturn Month 9	Variance from Budget	Previous Month Projected Variance	Movement
	£000s	£000s	£000s	£000s	£000s
Income					
Dwelling Rents	(69,065)	(68,674)	391	0	391
Non-Dwelling Rents	(531)	(270)	260	12	247
Tenant Service Charges	(6,531)	(7,420)	(889)	168	(1,057)
Leaseholder Service Charges	(2,525)	(3,129)	(605)	(649)	45
Other Charges for Services and Facilities	(261)	(244)	17	(693)	710
Total Income	**(78,912)**	**(79,738)**	**(826)**	**(1,162)**	**335**
Expenditure					
Repairs and Maintenance	14,752	17,188	2,435	2,767	(331)
Special Services	10,060	10,723	663	569	94
Supervision & Management	21,821	22,742	921	317	605
Rents, Rates, Taxes & Other Charges	974	1,228	254	332	(78)
Provision for Bad Debts	583	583	0	0	0
Cost of Capital	13,421	12,999	(422)	(922)	500
Depreciation	13,868	13,868	0	0	0
Total Expenditure	**75,479**	**79,331**	**3,852**	**3,062**	**790**
Net cost of Service	(3,433)	(407)	3,026	1,900	1,126
RCCO	3,000	0	(3,000)	0	(3,000)
Contribution to/from Reserves	433	407	(26)	(503)	477
HRA Surplus/Deficit	**0**	**0**	**0**	**1,397**	**(1,397)**

3.52. Tenant Service Charges is showing an improvement of (£1.057 million) due to the realisation of heat metering income from 2022/23 and 2023/24.

3.53. Leaseholder Service Charges income is forecast following a thorough actualisation process for leaseholder service charges and has not changed materially since month 6. Other income lines have been reviewed in detail since month 6 and have moved adversely by £0.677 million.

3.54. Repairs and Maintenance - the position improved by £0.331 million following a comprehensive review of the responsive repairs programme. The current forecast on legal disrepair is based on a similar profile of spend to date, projected to the year end and is due to a back log of claims, high number of new cases and compensation payments made in respect of successful claims. A detailed piece of work is currently underway with legal services to robustly forecast future spend based on the number of outstanding cases, given they are all at various stages of the process, therefore there is a risk that the forecast may change. Disrepair has been identified as a priority under workstream one of the Housing Transformation programmes. Our approach is being reviewed and an improvement plan will be developed. A project manager is now in place to lead on this piece of work and spend will continue to be monitored closely.

3.55. Special services – following updated advice from the fire safety consultant and the London Fire Brigade, the waking watch service has been extended for all blocks which will increase expenditure by circa £0.750 million in 2024/25. The increase in waking watch costs is largely offset by a reduction in the utility forecast due to renegotiated gas and electricity contract prices.

3.56. Supervision and Management - the forecast has increased from month 6 mainly due to the cost of temporary accommodation used either for decanting social housing residents when urgent repairs are required or where a permanent move has been agreed but in the meantime it is not safe for the household to continue living at their current address, for example in cases of domestic abuse or serious harassment. Due to accommodation supply issues, the available options are usually high-cost commercial hotels, however, the Housing Management team is working to mitigate the overspend.

3.57. Cost of Capital - the forecast for the interest charge within the cost of capital has increased by £0.5m following an update from treasury and revised assumptions for borrowing rates.

Resource Directorate

3.58. The Resources Directorate is currently predicting an overspend of £0.120 million. This is a decrease of £0.225 million on the month 6 forecast. The forecast is inclusive of £0.123 million of in year savings within the Return-on-Investment Service. Further explanation on the major variances and changes since month 6 are provided below.

Resources	Latest Budget	Projected Outturn	Current Month Forecast Variance	Previous Month Forecast Variance	Movement

	£'000	£'000	£'000	£'000	£'000
Strategic Director of Resources	(113)	(113)	0	0	0
Financial Services	431	672	241	241	0
Internal Audit & Anti-Fraud	(118)	(118)	0	0	0
Revenues and Benefits	4,501	4,602	101	(15)	116
Treasury and Pensions	183	183	0	0	0
Governance and Law	1,865	1,865	0	145	(145)
Return on Investment	366	144	(222)	(26)	(196)
Total	**7,115**	**7,235**	**120**	**345**	**(225)**

Financial Services

3.59. Financial Services are forecasting an overspend of £0.241 million in line with the figure reported at month 6. The overspend is due to a number of key positions being covered by interim resource as a result of difficulties in recruiting calibre Finance staff with the appropriate skills.

Revenues and Benefits

3.60. Revenues and Benefits are forecasting an overspend of £0.101 million in contrast with the underspend of £0.015 million reported at month 6. The change is due to additional costs incurred within the Financial Assessment unit (FAU) and Debt Recovery teams over and above what was transferred from Business Support, plus a delay in the Meritec Benefits Resilience contract coming online which replaces several temporary/contractor roles.

Governance and Law

3.61. The service is forecasting a net nil variance in contrast to the overspend of £0.145 million reported at month 6. The change is mainly due to a review of the Coroners service budgets to ensure full cost recovery.

Return on Investment

3.62. Return Investment are forecasting an underspend of £0.222 million, an increase of £0.196 million since last month. The change is due to a recruitment freeze and deletion of some posts within the service.

Corporate Budgets

3.63. Corporate Budgets are currently forecast to underspend by £0.250 million due to the inclusion of in-year savings in relation to the prepayment of the pension deficit lump sum totalling £0.250 million, as well as a reduction of £0.050 million in relation to External Audit costs.

Council Tax and Business Rates

Council Tax

3.64. The table below summarises the council tax collection rates. The current collection rate of 62.1%, is approximately 0.1% 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
In year	%	%	%	%	%	%	%	%	%
16/17	96.1								
17/18	97.4	96.1							
18/19	97.9	97.3	96.0						
19/20	98.2	97.8	97.1	95.8					
20/21	98.0	98.0	97.5	96.5	93.8				
21/22	98.6	98.2	97.8	97.2	96.2	94.9			
22/23	98.7	98.4	98.0	97.5	96.7	96.3	95.3		
23/24	98.8	98.6	98.3	97.8	97.3	96.9	96.5	95.2	
24/25	98.9	98.7	98.4	97.9	97.5	97.2	97.1	96.2	62.1

Business Rates

3.65. The table below summarises the collection rate trend for Business Rates. The current collection rate is 66.9% which is approximately 3.3% higher than this time last year and 2.22% higher than the target for this year.

	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	99.4	99.1	98.9	98.3	96.5	97.1	97.3	96.6	66.9

Capital Programme

3.66. The Capital Programme is aligned to the priorities established in Mission Waltham Forest and is transformational for the borough, delivering investment into schools, highways and streetlighting, property, area regeneration, the delivery of new and affordable homes, our response to the Climate Emergency and investment into council-owned homes.

3.67. The current capital programme for 2024/25 totals £161.35 million and the overall budget covering 2024/25 - 2033/34 is £656.73 million (including appropriations).

3.68. An additional £6.73 million has been added to the programme in-year, increasing the 2024/25 budget to £161.35 million and an additional £24.94 million to future years increasing the overall budget to £656.73 million (including changes to appropriations), from the month 6 position. A breakdown of the programme by service area is included in Appendix 1 and the changes are as follows:

- Neighbourhoods and Environment Service budget increasing by £1.632 million for additional projects funded by grant or developer contributions.
- Place Service budget increasing by £20.597 million for various small additional property planned maintenance costs, Chestnuts House, Chingford Mount Crematorium, Leyton Underground Station and the Housing Service's acquisition and refurbishment of street properties, funded from a combination of borrowing, developer contributions and grants.
- Children's Services increasing by £0.964 million for the Music Hub Investment Programme, funded by grant.
- Stronger Communities budget increasing by £0.251 million as a budget correction to Lea Bridge Library Garden project.
- Housing HRA budget increasing by £1.5 million for the acquisition of street properties approved by Cabinet in October 2024, funded from a combination of grants and borrowing.

3.69. Capital Projects are currently forecasting an underspend of £26.48 million against this year's budget of £161.35 million, with a total forecast underspend across the 10-year programme of £12.36 million. Further details are provided in Appendix 2 on individual service areas.

3.70. The total expenditure within the Capital Programme as at month 9 totals £85.86 million, this represents 53% of the current year budget compared to 69% at this stage in 2023/24. Comparable to the forecast, 64% of expenditure has been incurred.

4. Options and 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 Directors manage this risk by exploring changes to service delivery that will reduce demand pressures in future and efficiently manage the pressures that we are experiencing (both cost and volume) to protect the provision of services generally.

7.1.4. In relation to sanctions against Russian companies and individuals, the council have taken a high-level approach but have identified no direct link between

Russia and the supply chain. The council have also looked at the pension fund and have not identified direct investments in Russia other than a small amount invested through the London Collective Investment Vehicle which is being managed.

7.2. **Legal**

7.2.1. There are no direct legal implications.

7.3. **Equalities and Diversity**

7.3.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

7.3.2. An Equalities Impact Assessment is not required in relation to this report, because the report is for information purposes only.

7.4. **Sustainability (including climate change, health and 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.