APPENDIX 1

Analysis of Service Variances 2025/26

1. Adults Directorate

1.1 The final outturn position for Adults Social Care (ASC) is an overspend of £6.742m, representing an improvement of £0.743m from month 9. The overspend is primarily driven by pressures within externally purchased placements, partially offset by underspends in staffing, in-house services and income.

Adults Social Care	Latest Budget	Actual	Variance	Month 9 Variance	Variance from Month 9
	£'000	£'000	£'000	£'000	£'000
Provider Services - In House	7,659	7,718	59	135	(76)
Home First Services **	14,106	13,744	(362)	(243)	(119)
Mental Health Service (Staffing and Placements)	10,243	12,591	2,348	2,050	299
Learning Disability Service (Staffing and Placements)	23,016	24,825	1,809	2,412	(603)
Adult Care and Quality Standards Management	2,355	1,971	(384)	(306)	(78)
Physical, Sensory and Memory with Cognition Service (Staffing and Placements)	22,928	26,673	3,745	3,529	216
Adult Safeguarding and DOLs	1,633	1,270	(363)	(152)	(209)
Integrated Commissioning and Brokerage	2,315	2,203	(112)	60	(172)
Total Adult Social Care 25/26	**84,253**	**90,995**	**6,742**	**7,485**	**(743)**

** Includes Concessionary Fares (Budget and Actuals, of £9.305m)

1.2 The favourable movement of £0.743m from month 9 is due to a combination of:

- £0.241m favourable movement in staffing, in-house services and non-placement budgets
- £0.502m favourable movement in net external placements.

1.3 Key drivers of the movement between month 9 and outturn are:

- Provider Services – £0.076m favourable movement predominantly due to an increase in assessed client contributions.
- Home First Services - £0.119m favourable movement reflecting delayed recruitment within the Hub and Community Active Recovery Teams during the final quarter of the financial year. Posts were either unfilled or filled later than planned. This position was further improved by additional Telecare income.
- Adult Care and Quality Standards Management - £0.078m favourable movement due to underspends in training and contracts.

- Adult Multi-Agency Safeguarding Hub (MASH) and Deprivation of Liberty Safeguards (DoLS) - £0.211m favourable movement from staffing vacancies and reduced DoLS assessments.
- Integrated Commissioning & Brokerage - £0.172m favourable movement from vacancies and operational underspends linked to restructuring.
- Non-Placements spend in Mental Health, Learning Disability, Physical, Sensory and Memory with Cognition Service - £0.414m adverse movement, driven by increased bad debt provision and Direct Payments management costs, partly offset by staffing underspends.
- Mental Health, Learning Disability, Physical, Sensory and Memory with Cognition Service - £0.502m net favourable movement, as shown in the table below. This reflects a £0.103m reduction in gross expenditure, alongside increased income of £0.399m from the month 9 position.

External Placements Movement	Forecast Month 9	Outturn	Movement
	£'000	£'000	£'000
Expenditure	114,741	114,638	(103)
Income	(56,258)	(56,657)	(399)
Net Placements	**58,483**	**57,980**	**(502)**

1.4 Placement pressures remain the key driver of the overspend, with both activity and unit costs exceeding budget assumptions.

Analysis of Gross Placements Expenditure between Month 9 and Year-end

1.5 The table below sets out the movement in the gross expenditure for placements between Month 9 and outturn, resulting in an overall reduction of £0.103m.

ASC Gross Placements	New Purchases	Ended Care Packages	Net (New and Ceased)	Other *	TOTAL
	£'000	£'000	£'000	£'000	£'000
Residential Care - long term	429	(272)	**157**	0	**157**
Nursing Care - long term	(70)	(59)	**(129)**	91	**(38)**
Short Term Residential/ Nursing	88	5	**93**	151	**244**
Supported Accommodation	410	(64)	**346**	157	**503**
Day Care	(81)	(35)	**(116)**	11	**(105)**
Direct Payments	(121)	9	**(112)**	(23)	**(135)**
Home Care	(30)	(678)	**(708)**	22	**(686)**
Respite	(56)	3	**(53)**	10	**(43)**
Reablement	0	0	**0**	0	**0**
TOTAL	**569**	**(1,091)**	**(522)**	**419**	**(103)**
*Increases, Decreases and Changes to existing Placements					

1.6 **Changes in new and ceased placements:**

- The net movement from new and ceased placements between Month 9 and year-end is a reduction of £0.522m.
- This reflects higher levels of ceased care packages (£1.091m) compared to new placements (£0.569m) over the period.
- Overall volumes reduced slightly, with cessations exceeding new starts, particularly within Home Care (£0.708m favourable) and Day Care (£0.116m favourable).
- These favourable movements were partially offset by pressures arising from Residential Care (£0.157m adverse) and Supported Accommodation (£0.346m adverse), indicating continued demand for higher cost placements.
- Between December 2025 and March 2026, total active adult social care packages reduced marginally from 3,848 to 3,783 (-65 services, 1.6%). Predominantly, the reduction was under Home Care, reflecting data cleansing rather than a change in underlying demand. Overall, there was a sustained increase in demand over the year, with volumes increasing from March 2025 through to year end.
- While the rate of growth has moderated compared to the previous year, demand for care and support remains high and ongoing, with increasing complexity and continued pressure across higher cost settings remaining a key driver of social care expenditure.

1.7 **Changes to existing care packages (‘Other’):**

- Movements within existing placements resulted in an overall adverse movement of £0.419m between month 9 and year-end. The key drivers of this movement include:
  - ➢ Increases in package costs due to changes in complexity and care need, particularly within Supported Accommodation (£0.157m) and Short-Term Residential/Nursing (£0.151m).
  - ➢ Uplifts and variations to existing placements, including agreed provider rate changes.
  - ➢ Accruals and backdated costs for commitments not previously reflected on the system.
- These pressures have more than offset the favorable impact of reduced volumes, resulting in an overall £0.103m adverse outturn movement.

1.8 **Client Contributions Income Movements – Month 9 Outturn**

- The Income has improved by £0.399m between month 9 and outturn, reducing the net placements position. The improvement is primarily driven by increased client contributions (£0.492m favourable). This reflects the completion of new and amended financial assessments, ensuring client charges more accurately reflect assessed ability to pay and securing of Deferred Payment Agreements (DPAs) on eligible properties, particularly for clients entering residential care, resulting in improved and more sustainable income levels.

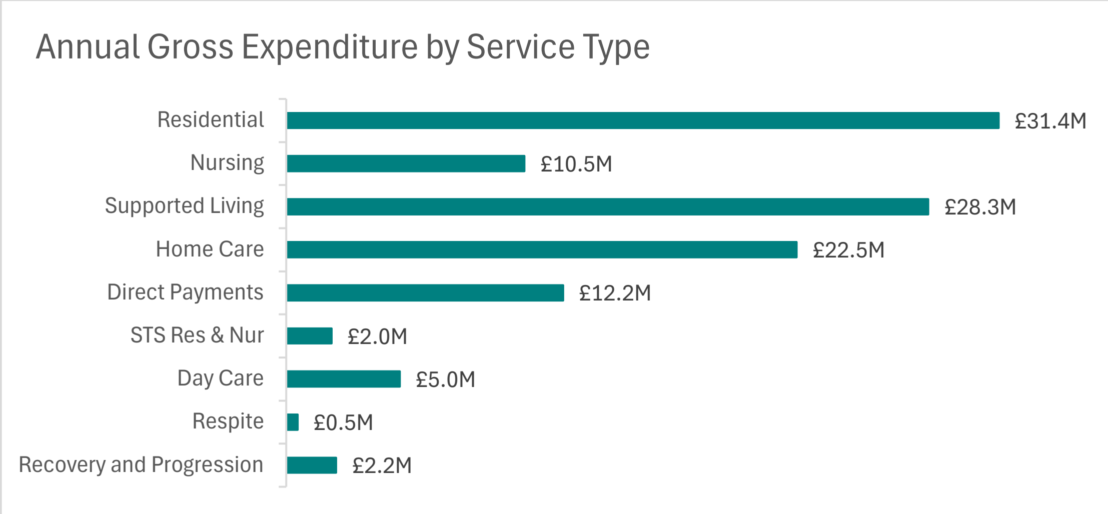
- The improvement reflects the significant and sustained effort by the service, as part of the wider transformation programme, to strengthen the financial assessment process, improve timeliness, and ensure income is accurately and consistently charged in line with national guidance.
- The favourable movement was partially offset by other in-year income fluctuations, mainly relating to adjustments to prior-year and in-year Direct Payments clawbacks, including reconciliation of overpayments and revised recovery expectations.
- Overall, the improved income position reflects stronger financial assessment activity and improved recovery of client contributions, helping to mitigate expenditure pressures arising from continued demand and complexity within adult social care.

2025/26 In-Year Variance

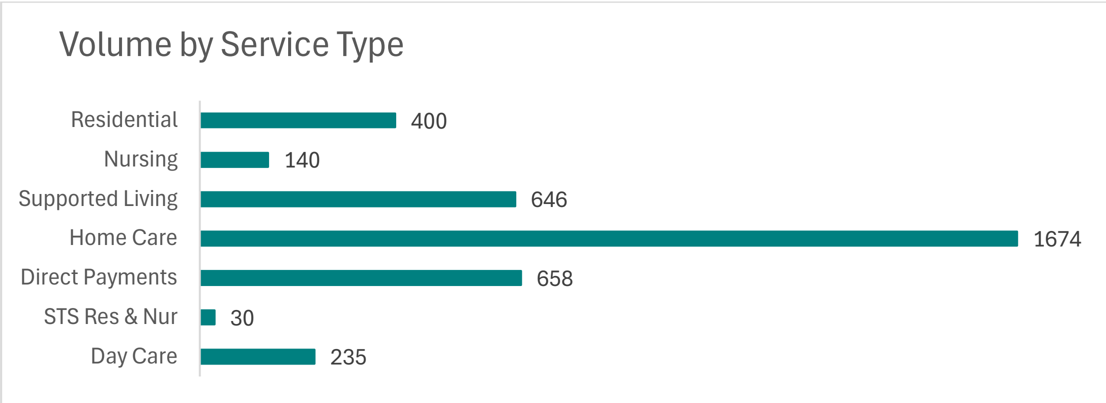
1.9 The £6.742m 2025/26 overspend is predominantly driven by a £7.608m overspend against budget in externally purchased placements, with both activity levels and unit costs exceeding budgeted assumptions. This pressure is partially offset by underspends across other areas of the ASC budget, including staffing, in-house provision, and non-placement budgets.

1.10 The overall gross expenditure in 2025/26 across external placements is £114m (£103m 2024/25), a 10% increase from the previous year.

1.11 The illustration below shows the £114m gross spend across the different services with the highest spend being in Residential Care of £31.4m and Supported Living with a spend of £28.3m.



1.12 The illustration below shows the volume of active clients, by service type, that are included in the finance spend.

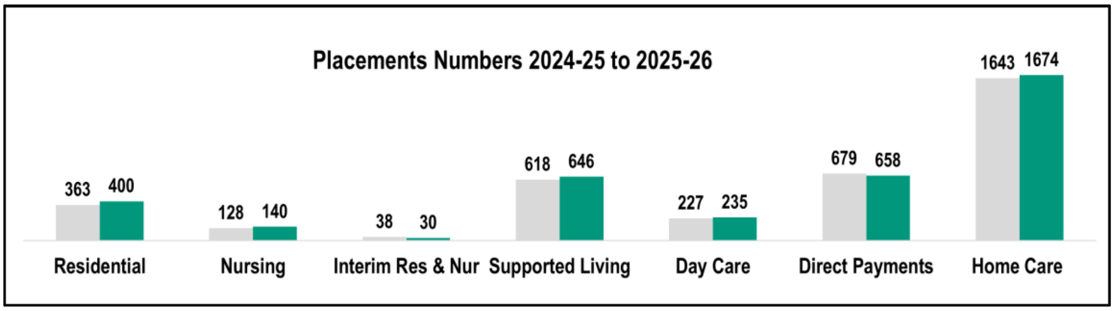


1.13 The placements pressures observed are structural in nature, rather than short-term fluctuations. Gross expenditure on long-term placements overall is up by 10%, as seen in the table below.

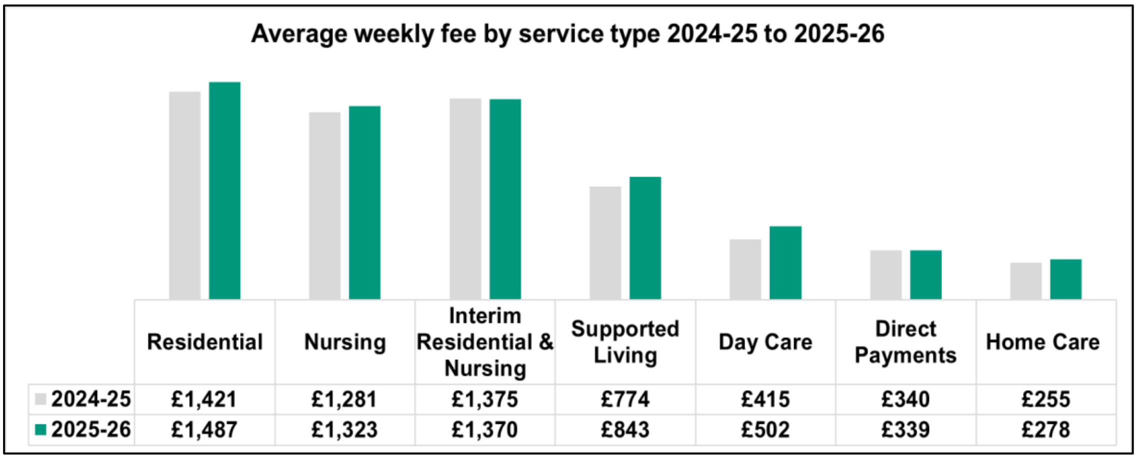
All Primary Support Reasons	**Net Expenditure - External Placements**		
Service Provision	**2024-25**	**2025-26**	**% Change**
Residential	27,327	31,365	15%
Nursing	8,972	10,495	17%
Interim Residential & Nursing	2,654	2,045	-23%
Supported Living	25,640	28,292	10%
Day Care	3,581	4,993	39%
Direct Payments	12,778	12,239	-4%
Home Care	20,009	22,462	12%
Long-term placements	**100,962**	**111,892**	**10.83%**
Respite	388	545	
Reablement	2,501	2,201	
Total Gross Spend on External Placements	**103,851**	**114,638**	**10.39%**
Income from client contributions	(10,745)	(14,694)	36.76%
Total Net Spend on External Placements	**93,106**	**99,944**	**7.34%**

Of the increase in client contributions £2.468m relates to savings of which £0.800m is one off

1.14 The overall growth in service users during 2025/26 was 2%. The illustration below compares the volume of service users between 2024/25 to 2025/26 by service type (note one service user may have multiple services).



1.15 Placements unit costs have increased by approximately by 8% between 2024/25 to 2025/26.



1.16 The table below shows the movement between the 2 financial years:

- Service User numbers up by 2%
- Across the service areas Unit costs up by 8%

All Primary Support Reasons	Service Users - Finance Activity			Average Weekly Fees		
Service Provision	**2024-25**	**2025-26**	**% Change**	**2024-25**	**2025-26**	**% Change**
Residential	363	400	10%	1,421	1,487	5%
Nursing	128	140	9%	1,281	1,323	3%
Interim Residential & Nursing	38	30	(21%)	1,375	1,370	0%
Supported Living	618	646	5%	774	843	9%
Day Care	227	235	4%	415	502	21%
Direct Payments	679	658	(3%)	340	339	0%
Home Care	1,643	1,674	2%	255	278	9%
Long-term placements	3,696	3,783	2%	£530	£574	8%

1.17 This illustrates that there are several variables leading to an increase in gross expenditure and that it is not just demand related.

1.18 During 2025/26, overall long-term placement volumes grew by 2%. Within this, there was a notable increase in permanent Residential and Nursing placements, partly offset by a reduction in Interim placements, alongside growth across Supported Living, Day Care and Homecare. This change in placement mix has contributed to ongoing cost pressures despite relatively modest overall volume growth.

1.19 The significant increase in average weekly costs within Day Care reflects changes in service models following the closure of Markhouse Road, provider pricing, and higher-needs cohorts, rather than volume growth.

1.20 Despite some moderation later in the year, placement volumes remained above the levels assumed in the budget, reflecting:

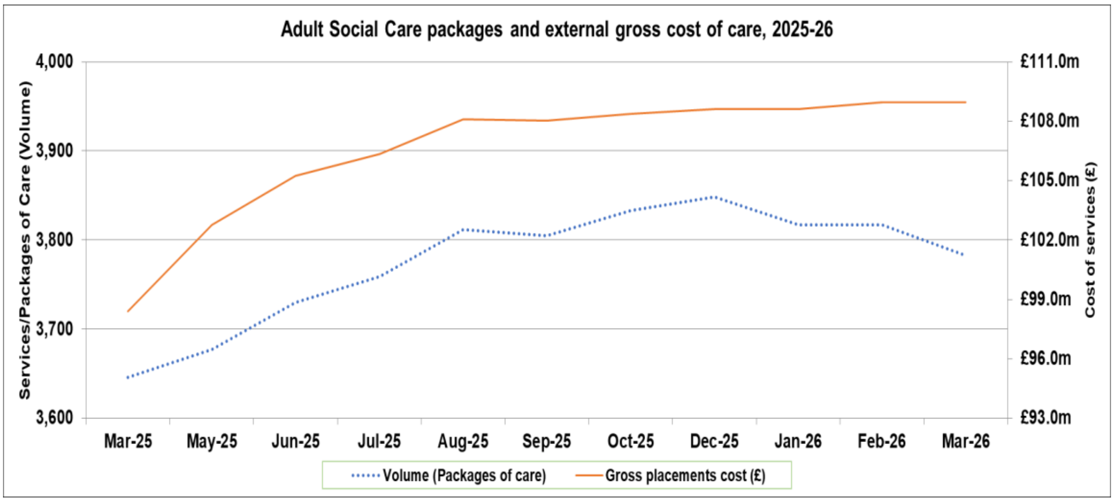
- Demographic growth
- Hospital discharge pressures
- Increasing complexity and acuity of need
- Flow from community-based support into higher-cost placements

1.21 Rising average weekly costs of 8% have arisen from unit cost inflation and changes in placement mix and are a major in-year driver of the overspend. Market pressures including workforce shortages, provider sustainability concerns and inflationary uplifts have resulted in:

- Significant cost increases in Residential, Nursing, Supported Living, Home Care, and Day Care
- A greater prevalence of higher-cost bespoke and specialist packages

1.22 Even where activity growth has been modest, unit cost inflation has materially increased financial exposure, particularly across large-volume services such as Home Care and Supported Living as illustrated in the table above, where a 2% increase in long-term placements has translated into an 11% increase in gross expenditure due to higher average weekly costs.

1.23 The chart below shows the monthly relationship between adult social care package volumes and external gross cost of care during 2025/26. It illustrates how overall costs continued to rise despite relatively stable placement volumes, reflecting increases in unit costs and placement mix. It is intended to support understanding of the relative movement in activity and cost over time and does not, in isolation, attribute causation.



Notes and assumptions:

- The chart includes externally purchased adult social care packages, including long-term placements and interim care.
- Volumes represent active packages of care in each month and exclude in-house provision (Council run care homes, in-house day services, and shared lives).
- Gross expenditure reflects external placement costs only and excludes any health / ICB funded elements.
- Costs are shown on a gross basis, before income from client contributions.
- Monthly movements reflect changes in volume, placement mix, and average package costs, rather than demand alone.

1.24 Gross income performance improved during 2025/26, driven primarily by strengthened financial assessments, increased client contributions, and deferred payment agreements. This reflects significant service effort as part of the transformation programme. However, the pace of income growth has not been sufficient to offset the scale of placement-driven expenditure growth.

1.25 In addition to the above business-as-usual activity, income and charging work within ASC delivered an overall overachievement of £2.467m against the 2025/26 target of £1.700m. This has helped to offset areas where delivery has been delayed or reshaped as part of the revised ASC Transformation Programme. Of this £0.900m is one-off income, relating to historic backdated client contribution invoicing, and will therefore not recur in 2026/27.

1.26 The overall savings target for 2025/26 for ASC of £4.050m has been 95% delivered, achieving £3.856m in year. This includes the Charging and Income overachievement of £2.467m referenced above, alongside additional delivery achieved through demand management activity, including Promoting

Independence Reviews and prioritisation under the strengths-based framework.

Managing Overspends	£'000's	%
Target	4.050	100%
Delivered	3.856	95%

1.27 While mitigation activity and income improvements have reduced the overall position, these have not been sufficient to offset structural cost pressures within externally purchased placements, resulting in a total of £0.194m of savings being undelivered against the target.

Other major financial spend / income included in ASC overall outturn 2025/26:

1.28 Overall, outside of placements and packages budgets, Adult Social Care has reported a £0.865m underspend. The main variances are:

- Staffing – £0.316m net underspend across services, primarily due to recruitment delays and organisational restructure activity.
- Other – £0.550m net underspend, mainly driven by higher client contributions within in-house residential services.

Other Information – Sources of other Funding

1.29 Also, included in the outturn for adults are several health and grant funding arrangements that offset the underlying pressures in ASC.

1.30 There are two Section 256 (S256) agreements in place with the Integrated Commissioning Board (ICB) covering 2025/26.

Scheme	Opening Balance	Additional Funding in 25/26	Spend in 25/26	Carry Forward
	£'000	£'000	£'000	£'000
S256 Innovation Pot	613	0	527	**87**
S256 Health Inequalities	492	432	559	**365**
Total	**1,105**	**432**	**1,086**	**452**

1.31 The £0.452m balance will be carried forward into 2026/27. The use of this funding is agreed through the WF Place-Based Partnership.

1.32 There were several other funding arrangements with North-East London (NEL) ICB in 2025/26:

Description	£'000	Time Period	Comments
Staffing Costs - Ageing Well	106	Recurrent	Staffing Social Workers in Rapid Response
Community Transformation	227	Recurrent	Staffing Social Worker posts in Hub and Community teams
Learning Disability Transformation	95	Ended	Staffing and Placements

Additional Equipment Contribution	1,400	Recurrent	Part of total contribution - based on s75 agreement
Continuing Health Care Recharges (Direct Payments)	36	Ended	Now Ended - ICB makes its own arrangements
S117 Cases (Mental Health & Learning Disabilities)	2,912	Recurrent	Based on agreed s117 split funding
Better Care Fund (BCF) Net to LBWF	9,854	Recurrent	Overall BCF Plan includes BCF £26m

1.33 Other major funding sources included in the ASC outturn for 2025/26 are:

Description	£'000	Arrangement
Market Sustainability Grant & Improvement Fund	4,763	LA Government Grant
Local Reforms Grant	161	LA Government Grant
Improved Better Care Fund & Discharge Fund	11,146	LA Government Grant
Social Care Grant (ASC)	17,097	LA Government Grant - Adults Part
ASC Precept	3,178	MTFS Budget Setting 2025/26 - Base Budget Increase

Adults Reserves

Adults Reserves	Opening Balance 1st April 2025	New Funds	Use of Funds	Closing Balance 31st March 2026
	£'000	£'000	£'000	£'000
Older People's Homes	15	0	0	15
Adults	0	341	0	341
Total Adults	15	341	0	356

2. Chief Executives Directorate

2.1 The Chief Executives Directorate is reporting an underspend of £0.742m, which is an improvement of £0.625m since month.

Chief Executive's Directorate	Latest Budget	Actual	Variance	Month 9 Variance	Change Since Month 9
	£'000	£'000	£'000	£'000	£'000
Chief Executive	49	51	1	0	1
Resident Experience and Digital	4,370	3,995	(375)	(121)	(254)
Communications	252	318	67	67	0
Culture and Workforce Development	3,266	2,858	(407)	(48)	(359)
Strategy and Change	1,466	1,438	(28)	(15)	(13)
Total Chief Executive	**9,403**	**8,661**	**(742)**	**(117)**	**(625)**

2.2 Compared to the previous financial year, where the outturn was an underspend of £0.547m, this is a favourable movement of £0.195m. These figures are like-for-like, since Leadership and Democracy moved from Chief Executive to

Resources, and Resident Experience and Digital moved from Stronger Communities to Chief Executive during 2025/26.

Residential Experience and Digital

2.3 There is an underspend of £0.375m against budget and compared to the month 9 forecast, a favourable movement of £0.254m.

2.4 Resident Experience and Digital include a cost centre that was transferred from Stronger Communities in month 10. Historically this was a net-nil balanced budget, however, at outturn this was overspent by £0.244m in relation to associated Transformation Programmes. As there were wider underspends in the service, one-off funding for this work was not drawn down from reserves. This overspend is netted off by other underspends as detailed below.

2.5 Residents Experience and Business Support underspend includes timing underspends of £0.110m on the mobility contract, £0.159m relating to the delivery of the Customer Resolution Centre (CRC) saving and £0.150m on the telephony project. In September 2025 the CRC saving target was re-profiled from 2025/26 into 2026/27, however as it has been delivered in-year, this drives the underspend.

2.6 There are also underspends in Digital (£0.127m) and Technology (£0.094m) against budget which relate to staffing and other smaller contract spend savings.

Culture and Workplace Development

2.7 The underspend is £0.407m and compared to the month 9 position is a favourable movement of £0.359m. This is due to the re-profiling of vacancies and early delivery of 2026/27 MTFS savings targets.

Chief Executive Reserves

2.8 At the start of the financial year there were £0.071m in reserves. There was a drawdown of £0.025m during the year and no added new funds, as seen in the table below. This resulted in a closing reserve balance of £0.045m.

Chief Executive Reserves	Opening Balance 1st April 2025	New Funds	Use of Funds	Closing Balance 31st March 2026
	£'000	£'000	£'000	£'000
HR Health Related Expenditure	30	0	(6)	25
ICT Public WiFi	40	0	(19)	20
Chief Executive total	**70**	**0**	**(25)**	**45**

2.9 The HR Health-Related Expenditure reserve holds income received from the Health and Safety Executive (HSE) in relation to the previous Chief Executive's role as a non-executive director. This funding has been earmarked to part-fund the Edinburgh Fringe Bursary, delivered in partnership with Soho Theatre Walthamstow. The bursary aims to widen access to the Edinburgh Fringe Festival by supporting diverse local young people. £0.006m will be allocated annually over five years, with the first instalment being paid in 2024/25.

2.10 The ICT Public Wi-Fi reserve is earmarked to support the Digital Inclusion Projects mentioned in the Digital Strategy.

3. Children's Services Directorate

3.1 The final outturn position for Children's Services is an overspend of £7.527m, a favourable movement of £2.354m from month 9.

Children's Services	Latest Budget	Actual	Variance	Month 9 Variance	Variance from Month 9
	£'000	£'000	£'000	£'000	£'000
Children's Social Care	40,004	40,058	54	1,938	(1,884)
Transitions	1,466	5,628	4,163	4,280	(117)
Dedicated Schools Grant	0	0	0	0	0
Education	1,936	1,852	(84)	204	(288)
School Support	7,499	7,308	(191)	(208)	17
SEND Services Division	6,471	10,129	3,658	3,887	(229)
Strategic Director Children's	151	639	488	32	456
Waltham Forest Traded Services	3,215	2,654	(561)	(252)	(309)
Schools REFFCUS	204	204	0	0	0
Total Children's Services	**60,946**	**68,472**	**7,527**	**9,881**	**(2,354)**

3.2 The main areas of overspend are in SEND (£3.658m), Transitions (£4.163m) and Children Social Care including the Strategic Director of Children's Services (£0.542m). This is offset against underspends in Education general fund services (£0.275m) and Traded Services (£0.561m).

3.3 The main areas of movement from the month 9 position are improvements in Children Social Care (£1.884m), in SEND (£0.229m), Transitions (£0.117m), in Education general fund (£0.271m) and Traded Services (£0.309m). The Strategic Director Children Services positioned worsened by £0.456m.

Children's Social Care (CSC)

3.4 The Children's Social Care service overspent by £0.054m, which is a favourable movement compared to what was reported at month 9 of £1.884m. This is an overall improvement of £1.646m on the 2024/25 overspend outturn variance. Children's Social Care including Transition overspent by £4.217m.

3.5 The main drivers of the overspend are highlighted in the table below. The main area of overspend are in Children's Care and Placements, Transitions, LAC Teams and legal spend.

Transitions & Children’s Social Care – Category of Spend	Latest Budget	Actual	Variance	Month 9 Variance	Variance from Month 9
	£’000	£’000	£’000	£’000	£’000
Transitions	1,466	5,628	4,163	4,280	(117)
Children’s Social Care Children's Care & Placements	14,173	15,345	1,173	2,129	(957)
S17 Spend Including Staffing	5,224	5,249	25	967	(942)
LAC Teams	5,180	5,671	491	478	13
Safeguarding & Family Support Teams	984	1,085	101	206	(104)
Youth and Family Resilience Service	1,422	1,396	(26)	116	(142)
Permanence & Resource Team	1,148	1,047	(102)	5	(106)
Leyton Green Road	718	704	(15)	(30)	15
Children's Day Centre	770	948	178	161	16
Protection and Partnership Teams	1,670	1,540	(131)	(22)	(108)
MASH	1,218	1,230	12	20	(8)
Emergency Duty Team	307	305	(2)	(14)	12
Contact Service	457	300	(157)	(114)	(43)
Specialist Resources	1,134	998	(136)	(133)	(3)
Virtual School	470	381	(88)	(264)	176
Director of Children Social Care	5,129	3,859	(1,269)	(1,566)	297
Total Children's Social Care	**40,004**	**40,058**	**54**	**1,938**	**(1,884)**
Total Children's Social Care & Transitions	**41,470**	**45,687**	**4,217**	**6,218**	**(2,002)**

3.6 Children’s Care and Placement outturn spend decreased marginally by £0.013m compared to 2024/25, as shown in the table below. While overall spend remains broadly stable year on year, there continues to be significant underlying pressure within placements.

Category of Spend:	24-25 (£'000s)	25-26 (£'000s)	Year on Year Movement (£'000s)	25-26 Variance to Budget:
AO, CAO & SGO	2,603	2,783	180	298
IFA	4,921	5,158	237	(629)
In-House Fostering Inc Connected Persons	3,597	3,485	(112)	700
LAC 16-18 Expenditure	(80)	142	222	(68)
LC 18+	271	290	20	116
Residential	6,044	7,180	1,136	2,313
Secure	1,346	686	(660)	430
Semi-Independent	4,673	3,754	(919)	415
Staying Put	512	396	(116)	(7)
Grand Total	**23,887**	**23,874**	**(13)**	**3,567**

3.7 The table shows year-end snapshots of active service users and weekly costs across each year. Secure placements are an exception, with figures reflecting total activity across the year rather than a snapshot, due to there being no active placements at year-end (25/26).

Total LAC and Non-LAC Placements - Snapshot	Service Users - Finance Activity	Average Weekly Fees

at Year End for 2024-25 vs 2025-26						
Service Provision	2024-25	2025-26	% Change	2024-25	2025-26	% Change
AO, CAO & SGO	194	198	2%	210	215	2%
IFA	93	78	(16%)	1,081	1,162	7%
In-House Fostering	181	151	(17%)	367	433	18%
Residential	15	22	47%	5,871	6,519	11%
Secure	9	8	(11%)	10,272	4,379	(57%)
Semi-Independent	102	107	5%	665	642	(3%)
Staying Put	38	20	(47%)	294	260	(12%)

3.8 Excluding the impact of grant income, health contributions and income relating to Unaccompanied Asylum Seekers, the variance across care and placements is £3.567m. The most notable year-on-year increase relates to Residential placements, which continues to be both the fastest growing area of expenditure and the largest contributor to the overall overspend.

3.9 Transitions is reporting an overspend of £4.163m, representing an increase of £1.888m compared to 2024/25. This pressure is primarily driven by the transfer of a number of high-cost care packages from Children's Social Care, particularly within Supported Accommodation. In addition, there has been a year-on-year increase in Residential Educational placements, further contributing to the overall overspend. These factors reflect both the complexity of need as young people transition into adult services and the continued reliance on high-cost provision.

Service	2024/25 Outturn £'000s	2025/26 Outturn £'000s	Movement Year on Year
Day Care	698	911	213
Homecare	14	28	14
Residential	345	849	504
Supported Accommodation	2,820	4,266	1,446
Direct Payments	610	603	(7)
Other Spend	93	118	28
Income	(840)	(1,147)	(306)
Total	**3,740**	**5,628**	**1,888**

3.10 Legal Services is reporting an overspend of £0.532m. However, this position reflects positive progress arising from collaborative work to manage and reduce legal costs, with year-on-year expenditure decreasing by £0.416m compared to 2024/25. While pressures remain, the reduction in overall spend demonstrates that cost control measures and closer joint working are beginning to have a mitigating impact.

3.11 The Looked After Children (LAC) Teams are reporting an overspend of £0.491m. This pressure is primarily driven by increased use of commissioned family support hours to meet the needs of children in care, alongside additional non-placement support that is not currently captured within Mosaic. These costs reflect the complexity of need and the requirement to sustain stability and outcomes for children, but they continue to place pressure on the overall budget position.

3.12 The Prevention Grant (In Director of Children Social Care) has helped to mitigate overall spend within Children's Social Care by supporting existing activity and demand rather than funding new areas of spend.

Outturn movement compared to month 9

3.13 The most significant movements from the month 9 forecast relate to Children's Care and Placements (£0.957m) and Section 17 spend (£0.942m). At the beginning of the financial year, both areas included assumptions for growth driven by increased demand, rising complexity of need and ongoing inflationary pressures. While these pressures remained a risk throughout the year, the anticipated level of growth did not fully materialise as expected during the financial year, resulting in a reduction against the month 9 forecast in both areas.

3.14 At the start of the financial year, care and placements growth of £3.700m was built into the forecast, based on an assumed Looked After Children (LAC) level of 293. By month 9, £2.700m of this forecast growth had been released, leaving £1.000m to support any further increases in demand or complexity.

3.15 However, this remaining growth did not materialise during the final quarter of the year. As shown in the table below, LAC numbers reduced over the course of the year, falling to 263 at the start of January 2026. Although it was anticipated that numbers would rise, they remained broadly stable until March, when LAC numbers began to increase, reaching 284 by May 2026. However, as demonstrated by the graph below, LAC numbers are rising which highlights that the originally anticipated growth did materialise, just at a later stage. Had this increase in LAC numbers occurred earlier in the year, the remaining £1.000m growth would have been required. Instead, the later-than-anticipated increase meant that overall activity levels remained within the growth already realised, resulting in the unutilised balance of planned growth.

3.16 While the Council's Looked After Children (LAC) numbers have reduced over the year, pressures within the wider children's social care market continue to intensify. Demand remains high, particularly for specialist and complex placements, and this is being compounded by ongoing inflationary pressures across the provider market. As a result, placement costs are increasing, driven by workforce shortages, higher operating costs, and limited availability, even in the absence of significant growth in LAC numbers. These market conditions mean that financial pressures persist despite stable activity levels, and costs remain sensitive to changes in placement mix rather than overall volume.

3.17 At the start of the financial year, the Section 17 forecast included assumed growth, reflecting historic year-on-year increases in expenditure and anticipated growth in demand for Children in Need services.

3.18 The forecasted growth in Section 17 expenditure did not materialise during the year due to a combination of demand-led and management factors. Support for two large families, which had previously driven significant expenditure, ended during the year, reducing overall costs. In addition, effective changes to the commissioning of family support hours through a framework which drove efficiencies has helped to bring down family support expenditure, supported by improved demand management and more effective early intervention.

3.19 Furthermore, a greater proportion of support has been appropriately funded through the Household Support Fund compared to the previous year, reducing pressure on the core Section 17 budget. Collectively, these factors contributed to lower-than-anticipated spend against the forecast growth.

3.20 By month 9, the forecast included an assumed £0.700m of additional expenditure, reflecting anticipated costs rather than confirmed spend. This was largely based on the assumption that a backlog of costs would emerge due to late invoicing by providers, a pattern observed in previous financial years.

3.21 At month 10, the expected growth assumptions for both Children's Care and Placements and Section 17 were reviewed and revised. As a result, the growth provision for Children's Care and Placements was reduced to £0.750m, while the Section 17 growth forecast was reduced to £0.350m.

Special Educational Needs & Disabilities (SEND)

3.22 SEND, excluding Transitions, is overspent by £3.658m, which is a favourable movement compared to the month 9 forecast of £0.229m. The is an increase of £0.026m on the 2024/25 outturn.

SEND – Category of Spend	Latest Budget	Actual	Variance	Month 9 Variance	Variance from Month 9
	£'000	£'000	£'000	£'000	£'000
Home to School Transport	3,158	5,526	2,367	2,259	108
SEND Core & Staffing	1,740	2,177	437	508	(70)
Short Breaks	559	949	390	383	7
Children with Disabilities S17	323	394	71	338	(267)
Education Psychology	502	843	341	353	(11)
SEND Social Work Team	179	240	61	57	4
Home to Hospital Teaching Service	10	(0)	(10)	(10)	(0)
Total	**6,471**	**10,129**	**3,658**	**3,887**	**(229)**

3.23 Home to School Transport service is reporting an overspend of £2.367m. This pressure is primarily driven by a combination of increased demand, rising complexity of pupil needs, and inflationary cost pressures within the transport market. There has been continued growth in the number of pupils requiring eligible transport, particularly those with Special Educational Needs and Disabilities (SEND). In addition, this had led to an increased reliance on higher cost provision such as taxis and specialist vehicles. This represents an increase of £0.108m compared to the month 9 forecast. The movement reflects revised assumptions for the final quarter of the year, with higher than anticipated payments driven primarily by increases in fuel costs. These inflationary pressures were factored into the updated forecast to reflect the impact of rising market costs on transport expenditure in the latter part of the financial year.

Home To School Transport	No of YP being transported			Current unit cost		
Service Provision	2024-25	2025-26	% Change	2024-25	2025-26	% Change
Bus	406	378	(7%)	9,428	10,104	7%
ITT	4	7	75%	6,154	8,167	33%
Personal Budget	152	173	14%	1,470	1,757	20%
Taxi	73	81	11%	22,972	23,059	0%

3.24 SEND Core and staffing is reporting an overspend of £0.437m, an improvement of £0.070m compared to the month 9 forecast. The improvement on the month 9 position is through a reduction in legal spending. Staffing pressures account for £0.203m of the overspend, after taking account of £0.936m of one-off funding from the Budget Strategy Reserve approved to support the business case for the backlog clearance of High Needs (HNB) payments to schools and other service improvement activity. Outside of staffing, there is a combined overspend of £0.234m. This is primarily driven by increased legal fees and recharges (£0.100m), the unbudgeted cost of the SEND Information, Advice and Support Service contract (£0.090m), and additional Occupational Therapy expenditure of £0.044m above the levels funded through the Dedicated Schools Grant and Social Care Grant. These pressures reflect ongoing demand, statutory requirements, and the cost of sustaining service capacity.

3.25 Educational Psychology is reporting an overspend of £0.341m, representing a £0.011m improvement compared to the month 9 forecast. The overspend is primarily driven by a reduction in income from the traded service charge. This pressure has been partially mitigated by lower staffing expenditure, which has helped to offset some of the loss of income.

3.26 Short Breaks and Children with Disabilities (CWD) Section 17 commissioned services had an overspend of £0.461m. This represents an improvement of £0.260m compared to the month 9 forecast. The improved position is primarily due to the processing of direct payment claw backs after month 9.

Education Services

3.27 Education Services have an underspend of £0.084m, an improvement of £0.290m since the month 9 forecast. This is primarily driven by increased grant funding from the Department for Education towards centrally employed staff.

School Support

3.28 School Support services underspent by £0.191m, this is due to increased grant funding and an underspend on premature retirement costs.

Strategic Director – Children’s Services

3.29 The Strategic Director of Children’s Services is reporting an overspend of £0.488m, representing an increase of £0.456m compared to the month 9 forecast. This movement is largely attributable to an increase in the bad debt provision relating to Children’s Services as a whole, which has been centrally charged to this budget area.

Schools REFFCUS

3.30 This is the technical accounting treatment for capital investment in schools. When the Council does not own the asset, the expenditure is chargeable to revenue, but is funded via corresponding income, namely ring-fenced capital school funding. There is no impact to revenue outturn because of this.

Traded Services

3.31 Traded Services reported an underspend of £0.561m, representing a £0.309m favourable movement compared with month 9. The improvement was driven primarily by the Catering Service, where costs were lower than anticipated due to staff leaving earlier than expected and the completion of final invoicing.

Children's Services – Reserves

3.32 The table below shows new additions to reserves of £0.252m in relation to the DfE Extension of Virtual Head role grant conditions and balance of reserves of £0.662m.

3.33 As the catering service has now ceased trading, the schools' kitchen reserve is reallocated to the schools' in financial difficulty reserve.

Children's Services Reserves	**Opening Balance 1st April 2025**	**New Funds**	**Use of Funds**	**Closing Balance 31st March 2026**
	£'000	**£'000**	**£'000**	**£'000**
School Kitchen Reserve	143	0	(143)	0
Children's Services Total	**143**	**0**	**(143)**	0
Grant Related Reserves				
London Childcare	79	0	0	79
NAAS early adopters reserve	22	0	0	22
DFE Innovation grant reserve	7	0	0	7
DFE School Improvement Brokering grant reserve	95	0	0	95
DFE Extension of Virtual Head role grant reserve	207	252	0	459
Total Grant Related Reserves	**410**	**252**	**0**	**662**
Total	**553**	**252**	**(143)**	**662**

4. Stronger Communities

4.1 Stronger Communities underspent by £0.805m, which is an improvement of £0.792m since month 9.

Stronger Communities	**Budget**	**Actual**	**Variance**	**Month 9 Variance**	**Variance from Month 9**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Early Intervention and Communities	13,139	12,664	(475)	(1)	(474)
Public Health and Prevention	3,268	2,913	(355)	0	(355)
Public Health Ringfenced	(118)	(118)	0	(12)	12
Communities & Family Help Division	335	360	25	0	25
Total Stronger Communities	**16,624**	**15,820**	**(805)**	**(13)**	**(792)**

Early Help, Intervention and Communities

4.2 Overall, the service underspent by £0.475m in comparison to the net nil variance forecast as at month 9.

4.3 Early Help - underspent by £0.430m, representing an improvement of £0.430m compared with the month 9 forecast. This improvement was largely driven by an additional £0.330m of Supporting Families Grant being rebadged to Early Help, which offset further general fund expenditure. A further £0.100m improvement relates to reduced non-statutory spend across the four Family Hubs.

Public Health and Prevention

4.4 Overall, the service reported an underspend of £0.355m in comparison to the net nil variance forecast as at month 9

4.5 Culture & Registrars - the service underspent by £0.104m, which is a favourable movement of £0.092m from the month 9 forecast. This is due to additional income compared to month 9 in the Registrars service alongside a reduction of sessional staff.

4.6 Public Health - there is an underspend in Children and Adolescents Mental Health CAMHS of £0.168m predominantly due to an accrual raised in 2024/25 for a contract which ultimately resulted in no payments due to non-delivery.

4.7 The final outturn position for Public Health Grant is a balanced budget, after planned one-off transfers to reserves of £0.546m and transfers from reserves of £0.570m, as agreed contributions towards Public Health eligible expenditure in other directorates.

Stronger Communities Reserves

4.8 The directorate started the year with reserves of £6.007m, £0.092m was allocated to reserves, and £0.192m were utilised, given net usage of £0.100m and a carried forward balance of £5.907m.

Stronger Communities Directorate	**Opening Balance 1st April 2025**	**New Funds**	**Use of Funds**	**Closing Balance 31st March 2026**
	£'000	**£'000**	**£'000**	**£'000**
Volunteer Programme	35	0	0	35
Leytonstone Library Donations	10	0	0	10
Arts Development	33	0	0	33
Culture VAT Risk Reserve		20	0	20
Boc Regeneration & Growth Legacy - Reserves	169	0	(20)	149
Stronger Communities Directorate total	**247**	**20**	**(20)**	**247**
Grant Related Reserves				
DH Public Health	1,630	0	(24)	1,606
Early Help 0-18	863	0	0	863
MOPAC Reserve	249	0	0	249
GLA-Greener City Fund Leyton Jubilee	12	0	0	12
GLA-Young Londoners	386	0	0	386
Home Office-Syrian R	1,331	50	0	1,381
Home for Ukrainian	1,201	0	(148)	1,053

MHCLG - Connecting Communities	30	22	0	52
HG - Switchboard Studio - Reserve	58	0	0	58
Total Grant Related Reserves	**5,760**	**72**	**(172)**	**5,660**
Total Stronger Communities	**6,007**	**92**	**(192)**	**5,907**

4.9 The Volunteer Programme Reserve holds funding to support The Waltham Forest Voluntary and Community Sector (VCS).

4.10 The Library Reserve are donations received in 2019/20 ringfenced for libraries events.

4.11 The MHCLG Connecting Communities Reserve holds ringfenced grant funding from Phase 1 and Phase 2 of the Connecting Communities programme. This funding is designated to support initiatives that promote stronger, more integrated local communities. In 2025/26, the remaining balance of £0.030m from the reserve was utilised to fund community engagement roles and deliver a range of projects, including Welcome Hubs, the ESOL Single Point of Contact (SPOC), and various community events.

4.12 The final outturn position for the Public Health Grant is on budget, after planned one-off transfers to reserves of £0.546m, and transfers from reserves of £0.570m, as agreed contributions towards Public Health eligible expenditure in other directorates.

4.13 The Early Help and refugee funding streams are utilised to support the cost of the service and is linked to the multi-year reserves strategy.

5. <u>Neighbourhoods and Environment Directorate</u>

5.1 The Neighbourhoods and Environment Directorate (NED) underspent by £1.484m at 2025/26 outturn, representing a £0.933m improvement compared to the month 9 position, when a £0.551m positive variance was forecast. This improvement reflects increased certainty at year-end and the resolution of risks and assumptions outstanding at month 9.

Neighbourhoods & Environment	Latest Budget	Actual	Variance	Month 9 Variance	Variance from Month 9
	£’000	£’000	£’000	£’000	£’000
Strategic Director Neighbourhoods	446	417	(29)	0	(29)
Community Safety & Public Protection	6,255	6,116	(139)	13	(152)
Highways	1,074	163	(911)	(286)	(625)
Neighbourhoods	29,122	28,717	(405)	(278)	(127)
Grand Total	**36,897**	**35,413**	**(1,484)**	**(551)**	**(933)**

Community Safety and Public Protection Division

5.2 Community Safety and Public Protection Division underspent by £0.139m, representing an improvement of £0.152m compared to month 9. This reflects the utilisation of contracted services and year-end resolution of CCTV recharge allocations, more than offsetting staffing and recruitment pressures and including a £0.120m contribution to earmarked reserves for future Food Safety legal costs.

5.3 The Private Sector Licensing (PSL) scheme underspent by £0.102m, as per the month 9 forecasts, driven by higher-than-anticipated licence applications compared with the original business plan. This surplus has been transferred to the PSL reserve and will support the financial self-funding position of the scheme over its five-year life. The PSL scheme is expected to deliver a fully balanced position over the full five-year period, contributing towards corporate overheads throughout the life of the scheme.

5.4 Civil Penalties: The outturn position is neutral. Across the scheme from 2017/18 to 2025/26, a total of 983 notices have generated £11.9m of proposed penalties, of which £8.8m (74%) has been imposed. Given this profile, the continued application of a status weighted accrual methodology remains appropriate. Applying evidenced recovery assumptions by enforcement stage, results in a projected non-recovery of approximately £1.75m, reduced to £1.4m following a 20% prudence adjustment. This remains consistent with observed recovery trends, comparable national evidence, and audit expectations.

Highways Division

5.5 The NED underspend is predominantly driven by the Highways Division, which reported an underspend of £0.911m, representing a £0.625m improvement compared to the month 9 position. This reflects confirmed year-end positions within Parking Services and New Roads Street Works Act (NRSWA), together with reduced overhead costs within Active Travel, which more than offset late-emerging pressures in Highways Services and Traffic and Projects.

5.6 Parking has underspent by £0.928m, representing an improvement of £0.696m from the £0.232m favourable position reported at month 9. The underspend reflects stronger than forecast parking income, primarily driven by the uplift of Penalty Charge Notice (PCN) charges to £80 and a higher volume of PCNs issued. While the Secretary of State–approved increase in PCN charges was expected to improve compliance and reduce PCN volumes, enforcement activity and PCN issuance increased further compared with previous financial years, resulting in higher receipts.

Neighbourhoods

5.7 Further improvement was delivered across the Neighbourhoods Division. The directorate reported a £0.405m underspend, representing an improvement of £0.127m compared to month 9, driven mainly by an improved position within Sports and Leisure following the correction of previously under invoiced management fees and an underspend in the Climate service due to and alternative funding sources. These were partially offset by overspends in Parks & Open Spaces, Waste & Recycling.

5.8 Sports and Leisure: reporting an underspend of £0.617m is primarily attributable to a surplus from the Leisure contract, partially offset by lower utility rebates. **Neighbourhood and Environment – Reserves**

5.9 The table below outlines the variance movements within the Neighbourhood and Environment Directorate's earmarked reserves for the 2025/26 financial year. Total reserves increased by a net £0.366m, driven by in-year funding contributions of £0.529m which offset planned drawdowns of £0.163m. This leaves a closing balance of £3.201m to meet future ring-fenced service liabilities.

Neighbourhood and Environment Directorate Reserves	Opening Balance 1st April 2025	New Funds	Use of Funds	Closing Balance 31st March 2026
	£'000	£'000	£'000	£'000
Street Trading	50	120	0	170
S38 & S278 Agreements	1,790	0	(153)	1,637
Parking	374	0	0	374
CPZ Programme	61	0	0	61
Selective Licensing	0	103	0	103
Commuted Sums - 458 Forest Rd Pocket Living	8	0	0	8
Commuted Sums - Marlowe Rd Regeneration	130	0	0	130
Commuted Sums - Osier Way Pocket Living	13	0	0	13
Ching Culvert	184	0	(10)	174
Climate Change	41	3	0	44
Community Safety Issues - Reserves	9	303	0	312
Lawn Tennis Association	175	0	0	175
Total	**2,835**	**529**	**(163)**	**3,201**

Contributions to Reserve:

- **Food Safety**: A £0.120m allocation to insulate core service budgets against volatile future Food Safety legal costs.
- **Selective Licensing:** A £0.103m Year 1 surplus driven by higher-than-anticipated private landlord licence applications against the original business plan. This has been transferred to the PSL reserve to secure its five-year self-funding model.
- **Community Safety Issues:** A £0.303m of project funding carried forward for specific area Community Safety projects to be delivered in 2026/27.

Contributions from Reserve:

- **S38 & S278 Agreements:** A planned drawdown variance of £0.153m deployed to fund targeted highways works.
- **Ching Culvert:** An active drawdown variance of £0.010m utilised.

Static Portfolios: Parking (£0.374m), CPZ Programme (£0.061m), and the Lawn Tennis Association (£0.175m) recorded no movement.

6. Place Directorate

6.1 Place was overspent by £14.083m, an improvement of £2.006m compared to the month 9 position, the improvement driven primarily by Property Services (£0.704m) and the Housing General Fund (£1.299m).

Place Directorate	Latest Budget	Actual	Variance	Month 9 Variance	Change Since Month 9
	£'000	£'000	£'000	£'000	£'000
Strategic Director of Place	121	73	(48)	(51)	3
Property Services	2,582	3,980	1,398	2,102	(704)
Regeneration, Planning and Strategic Property	2,253	2,247	(6)	0	(6)
Housing General Fund	10,376	23,115	12,739	14,038	(1,299)
Housing Revenue Account	0	0	0	0	0
Total Place Directorate	**15,332**	**29,415**	**14,083**	**16,089**	**(2,006)**

Property Services

6.2 Property Services (Corporate and Commercial) was overspent by £1.398m, representing an improvement of £0.704m compared to the month 9 position. The overspend is primarily driven by a shortfall in commercial rental income arising from property voids and agreed rent free periods. However, the improvement since month 9, reflects the application of £0.480m of general funding budget agreed to mitigate security and facilities management demand driven cost pressures, alongside a £0.224m net favourable movement, arising mainly from the allocation of corporate utilities funding not assumed in earlier forecasts (£0.167m). Further improvements relate to minor areas, alongside the Russell Road Resource Hub backdated rent (£0.057m). These factors have significantly reduced the previously forecast pressure, although a residual adverse position remains at outturn.

Regeneration, Planning and Strategic Property

6.5 Regeneration, Planning & Strategic Property was underspent by £0.006m, with no material movement compared to the month 9 position.

6.7 There is an underspend of £0.009m within the Corporate Director area, was due to cost recovery achieved through the Building Control trading account, partially offset by an overspend of £0.003m within Development Management & Building Control.

6.8 For all other services, including Area Regeneration and Place and Design, the outturn position match the budget, , supported by secured grant funding, agreed internal funding arrangements, and reserve drawdowns, with no underlying budget pressures identified and no movement from the month 9 forecast. The Area Regeneration team drew down £0.444m of Community Infrastructure Levy (CIL) funding, as per the funding arrangement of this service, with a remaining balance of £0.113m available for future regeneration activity.

Housing General Fund

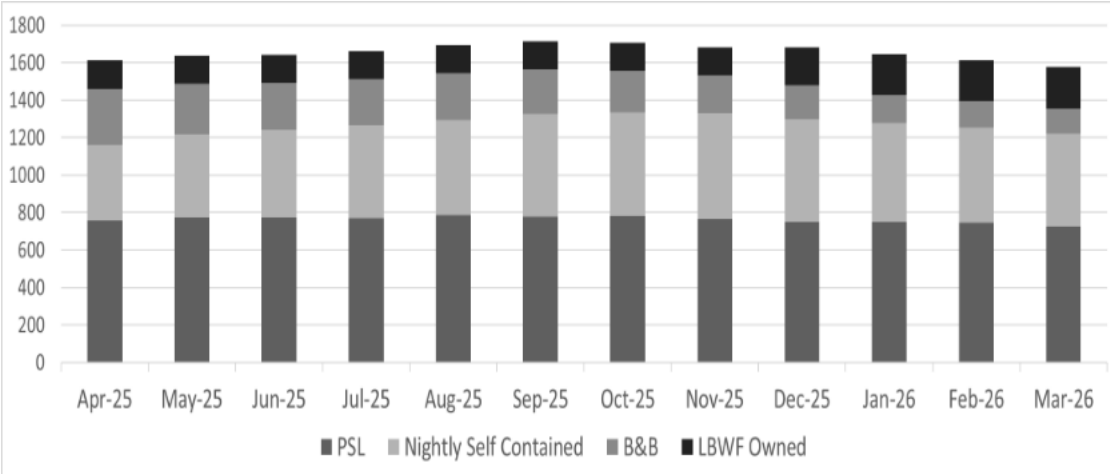
6.9 The Housing General fund overspent by £12.739m, a decrease of £1.298m since month 9.

Housing General Fund	Latest Budget	Actual	Variance	Month 9 Variance	Change Since Month 9
	£'000	£'000	£'000	£'000	£'000
Housing Options & Support Service					
Net Cost of TA	8,531	21,402	12,871	14,452	(1,581)
Property Management (incl. Mears, Capital Letters, Local Spaces)	2,129	3,766	1,638	36	1,602
Staff costs for Housing Options & Support	6,450	5,707	(743)	(689)	(54)
Bad Debt Provision	300	341	41	0	41
Rough Sleepers Initiative	1,225	988	(237)	(104)	(133)
Other Expenditure (incl. Legal Fees & Families in Housing Need)	1,308	1,067	(241)	(201)	(40)
Total Expenditure	**19,942**	**33,271**	**13,329**	**13,494**	**(165)**
Grant (Homelessness Prevention Grant & Rough Sleepers Initiative)	(10,223)	(10,413)	(191)	47	(238)
Other Income	(148)	(166)	(18)	5	(23)
Reserves (Homelessness & Families in Housing Need)	(694)	(812)	(118)	0	(118)
Total Income	**(11,065)**	**(11,391)**	**(326)**	**52**	**(378)**
Under/overspend	**8,877**	**21,880**	**13,003**	**13,546**	**(543)**
Other HGF					
Travellers	(85)	(32)	52	59	(7)
Solar Panels	140	(99)	(239)	139	(378)
Recharges	724	880	156	0	156
HGF Dwellings	(100)	(178)	(78)	0	(78)
Other HGF Services incl. staff costs (Housing Strategy & ICT)	819	664	(155)	293	(448)
Total Housing General Fund	**10,376**	**23,115**	**12,739**	**14,038**	**(1,298)**

6.10 The outturn on the **Net Cost of Temporary Accommodation** (TA) was an overspend of £12.871m. This is an improvement of £1.581m since the month 9 forecast. This reduction reflects the success in reducing the number of households in TA which fell to 1,577 at the end of March 2026 from 1,644 at the end of December 2025 and from a peak of 1,705 in October 2025.

6.11 The financial modelling used for TA forecasting makes allowances for the volatility / instability of TA volumes and trends that we have seen in recent years. Whilst numbers were starting to reduce, allowances were made for potential fluctuations and anticipated lag in the timing for benefits to be received but as lower numbers were sustained from the mid-year high, this resulted in an overall improvement at outturn when compared to the month 9 forecast.

6.12 The graph below shows the volumes of TA by type for 2025/26:



6.13 The stabilisation of TA numbers in 2025/26 is the result of targeted interventions, including:

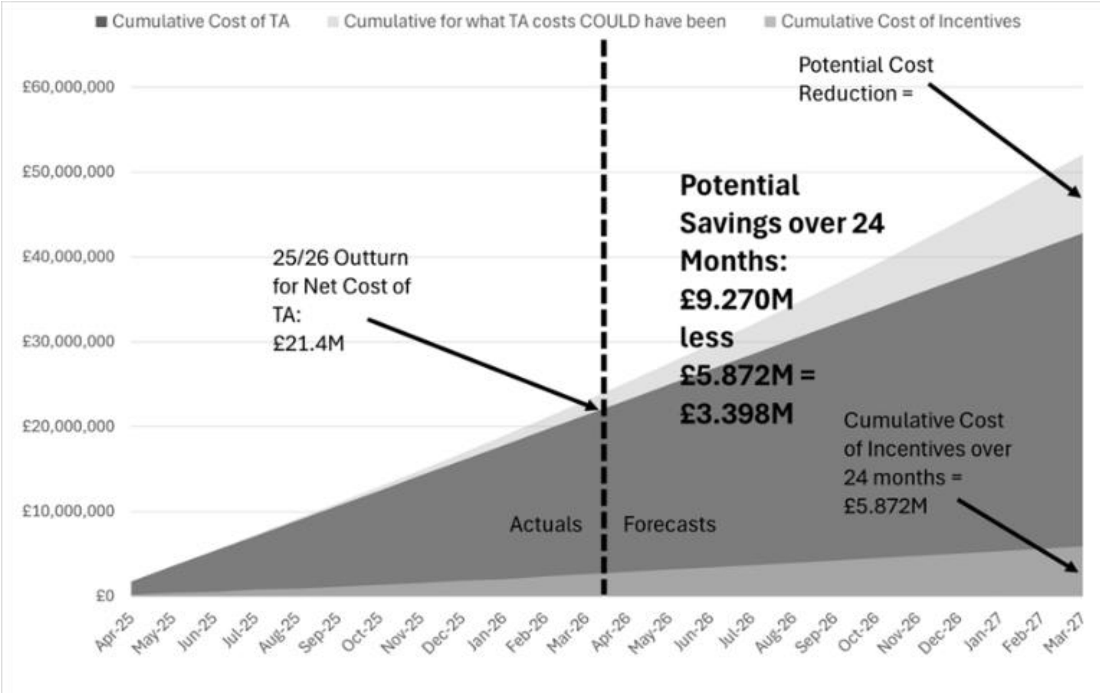
- A change in allocations policy, seeing a higher proportion of acquisitions and re-lets being allocated to TA than in previous years.
- The acquisition of units on the Fellowship Square development has facilitated the move-on into settled permanent social housing.
- The use of relatively expensive block-booked hotels has been rationalised and there has been a programme to hand them back and between June and September 2025, this amounted to 137 rooms. The impact of this measure has been to reduce the fixed costs that were being incurred.
- There has been a targeted reduction of high-cost placements in larger properties where costs are approximately 120% higher than the average TA placement numbers. Between September 2025 and January 2026, the cost of the 200 most expensive placements reduced by 7%. This has contributed to a 3.5% decrease in the average cost of a TA placement between the mid-year high and the end of March 2026.

- The "TA to Settled Homes Strategy" was agreed in November 2025. This reinforced the focus on procuring private rented sector (PRS) accommodation to discharge the council's homelessness duty. This not only allows households currently in TA to move into settled housing, but also prevented new TA placements, by providing PRS homes to families facing eviction, and to whom the council would otherwise owe a homelessness duty. Based on current average TA annual costs of £14,000 per year, it is estimated that the procurement of private rented accommodation has:
  - Reduced TA costs by approximately £0.761m by moving 130 households out of current TA placements, and
  - Avoided TA costs of £0.989m by placing 171 families at risk of homelessness in private tenancies rather than TA.

6.14 In the 2024/25 financial year, there were 53 weeks of rental income into the HRA / GF. This is due to the number of Mondays that fall between the start of April 2024 and the end of March 2025. Having an additional week of income in year is something that happens every five or six years and is a normal part of the rent cycle. During the closing of the 2024/25 accounts, the additional income from week 53 was not adjusted for, which resulted in it being included in the 2025/26 financial year. Additional rental income for TA properties of approximately £0.630m was included in the 2025/26 financial year which also adds to the favourable movement since month 9. This was not forecast earlier in the year due to ongoing work with asset mapping (GF vs HRA units) which is now resolved.

6.15 The total outturn position for the Net Cost of TA in 2025/26 was £21.402m. This is up slightly from an outturn of £20.410m in 2024/25. The increase of £0.992m represents an increase of 4.86% year on year. This was to be expected as average monthly volumes of TA placements (1,417 in 2024/25 rising to 1,655 in 2025/26) and average weekly costs of TA placements (£222 in 2024/25 rising to £283 in 2025/26) have both increased between years.

6.16 The full-year outturn for **Property Management** costs was an overspend of £1.638m. This was an increase from the forecast position in month 9 of £1.602m. This is due mainly to incentives payments made to secure settled homes for 301 households in the private rented sector (PRS) as part of the TA to Settled Homes Strategy.



6.17 We incurred £2.677m of up-front payments for incentives to secure settled homes for the 301 households referred to above. The up-front costs compare favourably to the significantly higher on-going costs of TA placements. Over a two-year period, the savings generated from moving households out of TA, or from preventing new TA placements altogether, are expected to exceed the initial expenditure by £3.720m. This strategy therefore limits exposure to rising TA costs and supports better long-term outcomes for households by providing a settled home.

6.18 Outside of Net Cost of TA and Property Management, the outturn was a net underspend of £1.769m with total overspends of £0.250m mitigated in full by total underspends of £2.019m. The main items that contributed to the gross outturn overspends of £0.250m were:

- £0.156m pressure in Recharges. This was mainly due to lower than budgeted recharges from the HRA.
- £0.052m pressure in Travellers because of historic Thames Water charges for Travellers Sites paid in 2025/26.
- £0.041m pressure from an increase in the Bad Debt Provision which is mainly as a result of marginally higher former tenant arrears at March 2026 compared to March 2025

6.19 The largest elements that generated gross underspends of £2.019m included:

- £0.743m underspend on staff costs for the Housing Options and Support team due to lower than budgeted costs on salaries. There has been an on-going lag in recruitment and active management of vacancies. The underspend has increased by a further £0.054m since month 9.

- £0.241m underspend on Other Expenditure includes £0.107m underspend on software within Families in Need. The annual service costs for the "Policy in Practice" software was lower than originally expected. In addition, there were other underspends totalling £0.052m on the Flexible support budget, and the contribution to Capital Letters where the scheme has been brought in-house and a reduction to the cost of security at Leyton Library.
- £0.239m underspend on Solar Panels. This is mainly because of higher income relating to the charges received from Solar Panels. The additional income was not previously included in the forecast which accounts for a large majority of the £0.378m favourable movement from month 9. The other factor in the movement from month 9 was lower than previously forecast costs for repairs and maintenance.
- £0.237m underspend on Rough Sleeping Initiative because of lower than budgeted spend on Rough Sleeping external contracts (£0.062m), salaries for Rough Sleeping Prevention (£0.061m) and other smaller underspends totalling £0.115m.
- £0.191m additional unbudgeted grants were received during 2025/26. This was mainly an additional £0.178m that was received adding to the Homelessness Prevention Grant late in the financial year. This was used to fund spend on TA.
- £0.155m underspend in Other HGF Services mainly due to lower than budgeted internal recharge costs.
- £0.118m higher than budgeted Reserves were used in 2025/26. This relates to an allocation of funding for winter pressures received at the end of March 2025. It was drawn down this financial year to support Rough Sleeping costs incurred.

Housing Revenue Account (HRA)

6.20 The Housing Revenue Account achieved a total surplus of £6.732m in 2025/26, compared to a budgeted surplus of £1.120m a positive movement of £5.612m.

Housing Revenue Account	**Budget**	**Actual**	**Variance**	**Month 9 Variance**	**Change Since Month 9**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Income					
Dwelling Rents	(70,222)	(72,797)	(2,575)	(563)	(2,012)
Non-Dwelling Rents	(732)	(694)	38	(12)	50
Tenant Service Charges	(6,982)	(8,590)	(1,608)	(838)	(770)
Leaseholder Service Charges	(3,119)	(3,786)	(667)	(672)	5
Other Charges for Services and Facilities	(275)	(108)	166	(76)	242
Total Income	**(81,330)**	**(85,976)**	**(4,646)**	**(2,161)**	**(2,485)**
Expenditure					
Repairs and Maintenance	15,891	17,035	1,143	1,496	(353)

Special Services	9,350	7,598	(1,752)	(1,218)	(534)
Supervision & Management	22,314	21,423	(891)	(658)	(233)
Rents, Rates, Taxes & Other Charges	1,003	2,042	1,039	285	754
Provision for Bad Debts	583	791	208	0	208
Cost of Capital	14,964	14,443	(521)	(1,172)	651
Depreciation	14,104	13,912	(192)	0	(192)
Total Expenditure	**78,210**	**77,244**	**(966)**	**(1,268)**	**302**
Net Cost of Service	**(3,120)**	**(8,732)**	**(5,612)**	**(3,430)**	**(2,182)**
RCCO (Contribution to Capital)	2,000	2,000	0	0	0
Contribution to/(from) Reserves	1,120	6,732	5,612	3,430	2,182
HRA Surplus/Deficit	**0**	**0**	**0**	**0**	**0**

6.21 The Housing Revenue Account has a £5.612m underspend against budget driven by income overachievement (£4.646m) and expenditure underspends (£0.966m). This surplus is being transferred to the general HRA reserve through an increased contribution to reserves, therefore the statutory HRA outturn remains balanced.

<u>HRA Income</u>

6.22 The actual outturn for Dwelling Rents was £2.575m above budget. This reflects a £3.391m improvement on gross rent income, partly offset by £0.816m of higher than budgeted rent voids.

6.23 Of the gross rent variance, £1.433m relates to Week 53 rent income from 2024/25. This should have been accrued in the prior year and is therefore an accounting/timing adjustment, not recurring income growth. Excluding this item, the remaining favourable position mainly reflects updated property records and higher expected annual rent income from social rented, hostel and shared ownership properties.

6.24 Since Month 9, Dwelling Rents moved favourably by £2.012m, mainly due to the Week 53 timing adjustment. The remaining movement reflects updated rent assumptions and income from new build properties, including Lotus Point. The outturn review has highlighted the need to strengthen rent reconciliations, accruals and classification checks so future monitoring clearly separates recurring income performance from timing adjustments.

6.25 **Tenant Service Charge income** was £1.608m above budget at outturn, with a £0.770m favourable movement since Month 9. This mainly reflects charges to tenants for communal heating, water and other recoverable communal services. These charges fund the cost of services provided to tenants and should not be treated as discretionary HRA income.

6.26 **Leaseholder Service Charge income** was £0.667m above budget, reflecting additional income recognised through the finalisation of prior-year leaseholder charges. These charges recover leaseholders' share of relevant service where rechargeable under the lease.

6.27 Overall, the HRA income outturn is favourable, but it should not be interpreted as a full recurring improvement in the income base as a material element relates to prior-year timing and reconciliation adjustments.

HRA Expenditure

6.28 Total HRA expenditure is less than budget by £0.966m but has increased since month 9 by £0.302m.

6.29 **Repairs and Maintenance** was overspent by £1.143m, £0.353m lower than previously forecast, mainly due to lower than forecast Mechanical and Electrical (M&E) repairs spend. However, the service remained materially overspent, with continuing pressures in responsive repairs, legal disrepair and compliance activity. The £1.143m outturn overspend is summarised below:

- Responsive repairs: £0.686m overspend. This was driven by a combination of one-off accounting adjustments, contractual pressures and higher than expected repairs activity. This includes a £0.357m prior-year adjustment relating to Morgan Sindall, processed as part of the SAP to Oracle migration. This was a one-off accounting adjustment to correct historic differences between receipting and invoicing on migrated purchase orders and did not represent new cash payments to suppliers. The overspend also includes £0.094m of redundancy costs agreed to reduce future preliminaries, and the March Price Per Property (PPP) Exclusions application being £0.200m higher than expected. In addition, the renegotiation of the responsive repairs contract from December 2025 increased the cost of PPP repairs, creating an ongoing contractual pressure.
- **Legal disrepair: £0.584m overspend.** Legal disrepair actuals totalled £2.035m, compared with a budget of £1.451m. This includes legal fees and Legal Services recharges for staff time. Spend was lower than the Month 9 forecast and reduced compared with last year's spend of around £2.600m, but it remains a significant budget pressure. The outturn included compensation paid on 240 legal disrepair cases, at an average of around £6,500 per case. A further 290 cases are currently being managed by the Council's Legal team, creating an ongoing pressure for 2026/27.
- **Compliance: £0.391m overspend.** This reflects the final cost of fire risk assessments, compliance activity, inspections and Health and Safety Executive-related fees. These costs relate to statutory and regulatory activity and therefore represent limited discretion for the service.
- **Mechanical and Electrical repairs: £0.604m underspend.** M&E repairs were the main offsetting variance. These are cyclical repairs undertaken by the service. The month 9 forecast assumed spend of around £0.596m per month from December to March, but actuals averaged around £0.440m per month. The variance was mainly due to the forecast overestimating costs

associated with new build properties coming online. Works were undertaken on those units, but the final cost was lower than assumed. The 2026/27 forecast will need to be reviewed to ensure future monitoring reflects a more realistic run-rate and demand profile.

6.30 The net overspends in Repairs and Maintenance reduced by £0.353m compared with the Month 9 forecast, mainly because M&E repairs were lower than forecast. This reflected an overestimated run-rate and lower than assumed costs for new build maintenance. The improvement was partly offset by responsive repairs worsening after month 9 due to the one-off Morgan Sindall adjustments, redundancy costs and higher than expected March PPP Exclusions. The final position contains both one-off items and recurring pressures, with responsive repairs, legal disrepair and compliance remaining key areas for 2026/27 monitoring.

6.31 **Special Services** had an underspend of £1.752m, mainly driven by lower estate energy costs. Gas and electricity costs were £1.555m below budget, with actual spend of £2.746m against a budget of £4.302m. The budget had been increased following the significant energy price rises seen in 2023/24, particularly for gas and electricity, but prices have since settled below those levels. The final position was £0.534m better than the Month 9 position, as actual energy costs remained below the level previously assumed.

6.32 **Supervision and Management** underspent by £0.891m. This was mainly due to a £1.013m underspend on staffing costs, net of agency costs, reflecting continued recruitment delays across HRA services. This was partly offset by £0.355m of overspends across membership subscriptions, court costs and valuation fees. While the staffing underspend has reduced the overall outturn pressure, continued vacancies may create capacity and delivery risks if recruitment delays persist into 2026/27.

6.33 Rents, Rates, Taxes & Other Charges is overspent by £1.039m. This is mainly because of higher costs for Premises Insurance on HRA properties of £0.647m. There were also higher water charges on Estate Energy of £0.271m. These additional costs should be recovered in the future by increased income in Tenant Service Charges. The movement in variance from month 9 was caused by the increased costs for Premises Insurance.

6.34 The HRA movement in Provision for Bad Debt was overspent by £0.208m. Total debt provided for increased from £5.750m to £6.499m with £0.042m debt written off in year.

6.35 Following a review by Treasury Management of costs for 2025/26, the outturn for interest payable was £16.170m with interest receivable to the HRA of £1.927m. The net position against budget for Cost of Capital is an underspend of £0.521m. The month 9 forecast was an underspend position of £1.172m which represents an adverse movement of £0.651m. This position is not ongoing as cash balances and grants held in advance are spent, which will reduce interest income into the HRA.

Place Reserves & Provisions

6.36 The table below shows the opening balances of reserves within the directorate, contributions to reserves / new funds and then the balance of reserves.

Place Directorate	Opening Balance 1st April 2025	New Funds	Use of Funds	Closing Balance 31st March 2026
	£'000	**£'000**	**£'000**	**£'000**
Building Regulations	157	68	0	225
UDP or Local Development Framework	67	0	(67)	0
Blackhorse Lane	133	0	0	133
HEAT Networks Delivery Unit	11	0	0	11
Property Reserves	30	0	0	30
Local Community Infrastructure Levy BS	0	114	0	114
Total	**397**	**182**	**(67)**	**513**
**Lammas PFI ** **	**2,445**	**1,368**	**0**	**3,813**
**Grouped Schools PFI ** **	**(2,207)**	**414**	**0**	**(1,793)**
**Frederick Bremer PFI ** **	**559**	**0**	**(31)**	**527**
Schools PFI**	**797**	**1,782**	**0**	**2,547**
Salix Energy Financing Fund	125	0	0	125
Place Directorate Total	**1,319**	**1,963**	**(97)**	**3,185**
Housing Reserves				
Rough Sleeping Grant	269	0	(269)	0
Place General Fund Total	**1,588**	**1,963**	**(366)**	**3,185**
HRA General Reserve	**6,905**	**6,732**	**0**	**13,637**

6.37 The Salix reserve fund has largely been fully utilised in prior years leaving a balance of £0.125m to fund committed future projects.

6.38 The area Planning service had to drawdown £0.066m from an agreed UDP/Local Development reserve to fund the overspend mainly in salaries.

6.39 A £0.069m contribution was made to the Building Control reserve, bringing the cumulative reserve balance to £0.226m. In line with statutory requirements, Building Control charges may only be used to fund Building Control activities; transferring surpluses to a dedicated earmarked reserve ensures these funds are appropriately ring-fenced for this purpose.

6.40 The combined Schools PFI current balance stands at £2.547m.

6.41 In the Housing General Fund, the balance of £0.269m Rough Sleeping Grant from 2024/25 was drawn down in full to fund Rough Sleeping Prevention activity in 2025/26 (eligible spend within the Net Cost of TA).

6.42 In the HRA, surplus for the year of £6.732m was transferred into the HRA General Reserve at the end of 2025/26 and the balance in March 2026 is £13.637m.

7. Resources Directorate

7.1 The Resources Directorate is reporting an underspend of £0.089m, compared to an overspend forecast at month 9, representing a favourable movement of £0.287m from month 9.

Resources	Latest Budget	Actual	Variance	Month 9 Variance	Variance from Month 9
	£'000	£'000	£'000	£'000	£'000
Strategic Director of Resources	252	247	(5)	0	(5)
Financial Services	491	710	219	200	19
Governance and Law	2,789	2,391	(398)	(51)	(347)
Internal Audit and Anti-Fraud	722	718	(4)	(0)	(4)
Revenues and Benefits	4,479	4,622	143	9	134
Return on Investment	(149)	(146)	3	40	(37)
Treasury and Pensions	188	141	(47)	0	(47)
Total	**8,772**	**8,683**	**(89)**	**198**	**(287)**

Financial Services

7.2 Financial Services were overspent by £0.219m, an increase of £0.019m on the month 9 forecast. The overspend is due to key positions being covered by interim resource, due to difficulties in recruiting finance staff with the appropriate skills, although this has reduced substantially in year.

Governance and Law

7.3 Governance and Law were underspent by £0.398m, a favourable movement against a month 9 forecast underspend of £0.051m and this is due to underspends in Leadership and Democracy of £0.165m, Mortuary Services of £0.157m and £0.025m in other areas.

7.4 The Leadership and Democracy Service were underspent by £0.165m, which includes savings under contingency, members expenses and other areas. Mortuaries were underspent by £0.157m which relates to an increased movement on external income and cost savings from agency staff.

Revenues and Benefits

7.5 Revenues and Benefits were overspent by £0.143m, against a month 9 forecast overspend of £0.009m, and this is due to an overspend in the Revenue Service of £0.126m.

7.6 The Revenue Service overspend includes a shortfall in court fees income and contract costs.

Resources Reserves

7.7 The Directorate reserve movement included £0.179m use of funds from earmarked reserves and £0.900m from grant reserves. New funds added in 25/26 were £0.261m to earmarked reserves. Further details are provided below.

Resources Directorate	Opening Balance 1st April 2025	New Funds	Use of Funds	Closing Balance 31st March 2026
Earmarked Reserves	**£'000**	**£'000**	**£'000**	**£'000**
Audit and Investigations	159	0	(57)	101
Discretionary Housing Payments	265	0	(100)	165
FIDAS Procurement	64	0	0	64
Financial Exercise (Audit)	607	48	0	655
Finance and ROI	73	2	0	75
Ward Forums	299	72	0	371
Total	1,467	**122**	**(157)**	**1,432**

Revenue Grant Reserves	£'000	£'000	£'000	£'000
Tenancy Fraud	(18)	0	0	(18)
Council Tax Localisation Grant	(215)	0	116	(99)
Social Fund	(904)	0	181	(723)
DWP HB Transition Funding	(297)	0	0	(297)
DWP Additional Transitional Funding	(478)	0	249	(229)
DWP FERIS	(354)	0	354	(0)
DWP Individual Electoral Registration	(50)	0	0	(50)
Total	**(2,314)**	**0**	**900**	**(1,414)**

7.8 The Discretionary Housing Payments reserve of £0.165m is a revenues and benefits reserve, to fund cost of living and rising household costs, funding for contracts Welfare Together, NFI recharge and to cover overspend in resilience.

7.9 Financial Exercise of £0.655m is an Internal Audit reserve of funds used for Audit contract extension and contract fees.

7.10 Municipal Elections reserve of £0.389m is for the annual contribution towards the cost of local elections, drawn down every four years.

7.11 Social Fund Reserves of £0.723m is set up to fund the Council's Local Welfare Assistance scheme, funding the crisis payments made to households in financial difficulties by the revenues and benefits team.

7.12 DWP HB Transition Funding Reserves of £0.297m is a revenues and benefit reserve earmarked to cover contract costs arising from procurement of the revenues and benefits Capital One core calculation system systems and Civica Document management systems used for council tax, business rates and housing benefit.

7.13 DWP Additional Transitional Funding Reserves of £0.229m is a revenues and benefit reserve required to meet expenditure for debt recovery and to fund additional contracts related to HB overpayment collection.

8. Savings Delivery 2025/26

8.1. Against the agreed savings target of £16.639m for 2025/26, £16.461m (99%) has been fully delivered.

RAG	Savings Target by RAG 2025/26	Saving Outturn 2025/26	%age of Savings Target
	£'000	£'000	£'000
Delivered	£15,276	£16,461	99%
Low Risk	£0	£0	0%
Medium Risk	£0	£0	0%
High Risk	£1,364	£624	4%
	£16,639	£17,085	103%

8.2. All Directorates, apart from Adults and Children's, have exceeded their savings target for 2025/26, as seen in the table below. £15.276m of the savings target has been fully delivered and achieved an actual delivery of £16.461m against this target. Against a total savings target of £1.364m identified as Red, £0.624m has been achieved, £0.144m has been carried forward for delivery in 2026/27 and £0.596m has been part delivered or undelivered against the target.

	Total Savings Target & Outturn by Directorate 2025/26			Analysis of Savings - Blue (Fully Delivered)			Analysis of Savings - Red (Part Delivered/Offset & Carried Forward)				
Directorate	Savings Target 2025/26	Total Saving Outturn - Actual 2025/26		Savings Target Blue Savings	Saving Outturn - Actual 25/26	Actual Outturn as % of Total Target 25/26	Savings Target Red Savings	Saving Outturn - Actual 25/26	Actual Outturn as % of Total Target 25/26	Carried Forward to 26/27	Part Delivered / Undelivered
	£'000	£'000	% of Savings Target	£'000	£'000	%	£'000	£'000	%	£'000	£'000
Adults	£5,013	£4,819	96%	£4,713	£4,713	28%	£300	£106	1%	£0	£194
Chief Exec	£1,455	£1,469	101%	£1,395	£1,469	9%	£60	£0	0%	£60	£0
Childrens	£4,133	£4,329	105%	£3,225	£3,811	23%	£909	£518	3%	£39	£352
NED	£2,496	£2,496	100%	£2,496	£2,496	15%	£0	£0	0%	£0	£0
Place	£1,805	£2,210	122%	£1,760	£2,210	13%	£45	£0	0%	£45	£0
Resources	£1,738	£1,763	101%	£1,688	£1,763	11%	£50	£0	0%	£0	£50
Total 2025/26	£16,639	£17,085	103%	£15,276	£16,461	99%	£1,364	£624	4%	£144	£596

8.3. Adult Social Care had a savings target of £5.013m for 25/26, of which £4.819m of the savings target has been completely delivered and £0.300m categorised as unachieved. Some of the unachievable savings have been offset against over-delivery against other savings lines, resulting in a net under-delivery of savings of £0.194m in relation to income and charging projects.

8.4. The Chief Executive Directorate has achieved £1.469m savings delivery against a target of £1.455m. The unachievable saving of £0.060m in the Chief Executive Directorate, associated with systems and licence fees, will be delivered in 2026/27.

8.5. Total savings delivery in Children's Services has over-achieved against its 2025/26 target, by achieving £4.329m in total against the target of £4.133m.

Against the unachieved savings of £0.909m, £0.518m have been delivered by over-delivery against other savings.

8.6. NED has fully achieved its savings target of £2.496m in 2025/26.

8.7. Place has achieved £2.210m against its savings target of £1.805m. An unachievable saving of £0.045m associated with strategic asset review will be delivered in 2026/27. The saving was dependent upon the release of buildings through the Community Spaces Programme, which was redesigned and rephased to 2026, pushing the timescales. As such, the delays in the release of buildings, has held up the reduction in running costs and therefore resulted in the red status of this saving.

8.8. In Resources, £1.763m has been delivered against a target of £1.738m. A saving of £0.050m associated with the use of AI in back-office functions has not been delivered in 2025/26.