

## London Borough of Waltham Forest

Report Title	Budget Monitoring – Month 9
Meeting / Date	Cabinet, 19 <sup>th</sup> February 2026
Cabinet portfolio	Councillor Paul Douglas, Portfolio Lead Member for Finance and Resources
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Wards affected	None specifically
Public access	Open
Appendices	Appendix 1 – 2025/26 Period 9 Capital Monitoring Update Appendix 2 – Capital Tables



### 1. Summary

- 1.1. The Council approved its Medium-Term Financial Strategy (MTFS) for 2025/26 to 2027/28 and the detailed budget for 2025/26 at Budget Council on 27<sup>th</sup> February 2025. This report updates Cabinet on the latest forecast outturn position for revenue for 2025/26, as well as providing the latest position for the Housing Revenue Account (HRA) and the Dedicated Schools Grant (DSG).
- 1.2. The month 9 forecast for Revenue Expenditure in the General Fund includes a service overspend of **£32.973 million**.
- 1.3. The month 9 forecast for the Housing Revenue Account (HRA) shows a net nil forecast variance after additional transfers to reserves of **£3.430 million**, to reflect revenue underspends.
- 1.4. The month 9 forecast for the Dedicated Schools Grant (DSG) shows an in-year deficit of **£9.464 million**, all within the High Needs Block. This would take the cumulative deficit in the high needs block to **£18.336 million** at the end of March 2026.
- 1.5. The capital programme forecast at month 9 for 2025/26 is **£171.958 million**, against the revised budget of **£239.845 million**. The variance of £67.888m underspend is a result of budget corrections and adjustments to forecasts to align planned expenditure with the latest delivery plans. Appendix 1 Capital Narrative provides a detail analysis by service.

## 2. Recommendations

- 2.1. Cabinet is recommended to:
- 2.2. **Note** the forecast outturn position for Revenue, HRA and DSG as at month 9.
- 2.3. **Note** the revised capital programme forecast for 2025/26 of £171.9 million (table 2 appendix 2), made up of £106.403 million General Fund forecast, and £66.555 million HRA forecast, as well as the 2025/26 forecast funding use (table 2 appendix 2).

## 3. Proposals

### Revenue Expenditure

- 3.1. The Council is operating in exceptionally difficult circumstances with increasing demand and costs, and in line with other local authorities are seeing increasing costs in relation to Adults and Children's Social Care, Special Educational Needs and Disabilities (SEND) and Temporary Accommodation (TA). These are driven by increases in demand, complexity, inflation and market challenges.

### General Fund

- 3.2. The month 9 revenue projection is a service forecast overspend of **£32.973 million**, a reduction of **£2.120 million** since month 6. As in previous months the overspends are within Adults and Children's Social Care; Special Educational Needs and Disability (SEND); Temporary Accommodation and the Property service.
- 3.3. The service overspend decrease from month 6 of £2.120 million is due to reductions in Children's Services, Neighbourhoods and General Funding Housing.
- 3.4. The table below summarises the position by Directorate, with high-level narrative below.

Revenue Expenditure	Latest Budget	Current Month Forecast	Current Forecast Variance	Forecast at Month 6	Movement since Month 6
	£'000	£'000	£'000	£'000	£'000
Chief Executives	8,025	7,908	(117)	(92)	(25)
Adult Social Care	84,304	91,789	7,485	7,285	200
Children's Services	70,937	80,820	9,883	11,047	(1,164)
Stronger Communities	15,561	15,548	(13)	73	(86)
Neighbourhoods & Environment	36,430	35,879	(551)	(246)	(305)
Place	19,615	35,704	16,089	16,826	(737)
Resources	7,337	7,534	197	200	(3)
<b>Total</b>	<b>242,209</b>	<b>275,182</b>	<b>32,973</b>	<b>35,090</b>	<b>(2,120)</b>

3.5. The service overspends of £32.973 million will be mitigated by underspends or additional income of £17.658 million in corporate budgets and therefore the net pressure is £15.315 million. The mitigations included a potential £12.000 million underspend in corporate contingency; £3.658 million income from the Eight Borough Business Rates Pool and £2.000 million from additional Section 31 grant, all of which are one off in nature. Due to the Business Rates reset in 2026/27, the Eight Borough Business Rates Pool is no longer viable. It is anticipated that the net forecast pressure of £15.315 million for 2025/26 will be funded from a drawdown in reserves.

3.6. The delivery of savings is monitored as part of the assurance process and reported to the Transformation Board. The forecasts include all savings and mitigations that will realistically be achieved but where savings are delayed or actions not yet delivered, the forecast takes this into account.

3.7. The forecast by service area also includes specific assumptions about service demands, for social care and temporary accommodation. Any additional demands to services could increase the forecast overspend reported as part of this monitor.

3.8. For the remainder of the financial year, the services that fell within the Stronger Communities directorate will continue to be reported within that Directorate.

3.9. The 2026/27 Budget will be reported to Cabinet in February 2026 and as part of the 2026/27 Budget Report, will include the MTFS position for the three-year period, 2026/27 to 2028/29. This MTFS will also include the Council's funding position determined by the Fair Funding Review and the Provisional Settlement, as well as the strategy to deliver a balanced budget position for 2026/27.

### **Chief Executive Directorate**

3.10. The Chief Executive Directorate is forecasting an underspend of £0.117 million at Month 9 in contrast to the £0.092 million reported at month 6. The main pressure is a £0.067 million overspend in Communications Services, offset by underspends across other service areas. The improvement is due to revised salary forecasts for Culture and Workforce Development for part-year vacant posts. A detailed breakdown by service area is provided in the tables below, with narrative commentary on key issues, risks and pressures.

Chief Executive Directorate	Latest Budget	Current Month Forecast	Current Forecast Variance	Forecast at Month 6	Movement since Month 6
	£'000	£'000	£'000	£'000	£'000
Chief Executive	50	50	0	0	0
Residents Experience & Digital	3,366	3,245	(121)	(114)	(7)
Communications Services	12	79	67	47	20
Culture & Workforce Development	3,248	3,200	(48)	(9)	(39)
Strategy and Change	1,349	1,334	(15)	(16)	1
<b>Total</b>	<b>8,025</b>	<b>7,908</b>	<b>(117)</b>	<b>(92)</b>	<b>(25)</b>

### **Communications Services**

- 3.11. The Communications Service is forecasting a £0.067 million overspend at Month 9. This is an adverse movement of £0.020 million on the overspend of £0.047 million reported at month 6. This change is down to revised income forecast for Waltham Forest News income.
- 3.12. The Waltham Forest News income target has a risk of £0.180 million, due to continued resource pressures within the advertising function and a reduction in Public Notices advertise.

### **Adult Social Care (ASC)**

- 3.13. The ASC Service is forecasting an overspend of £7.485 million as at month 9. This is an adverse movement of £0.200 million from the reported month 6 position. However, this increase, (which relates to transition cases from children's), is mitigated by the equivalent reduction in Children's forecasts.
- 3.14. The current forecast reflects the value of savings that Finance believe can be delivered considering overall increases in demand and cost.

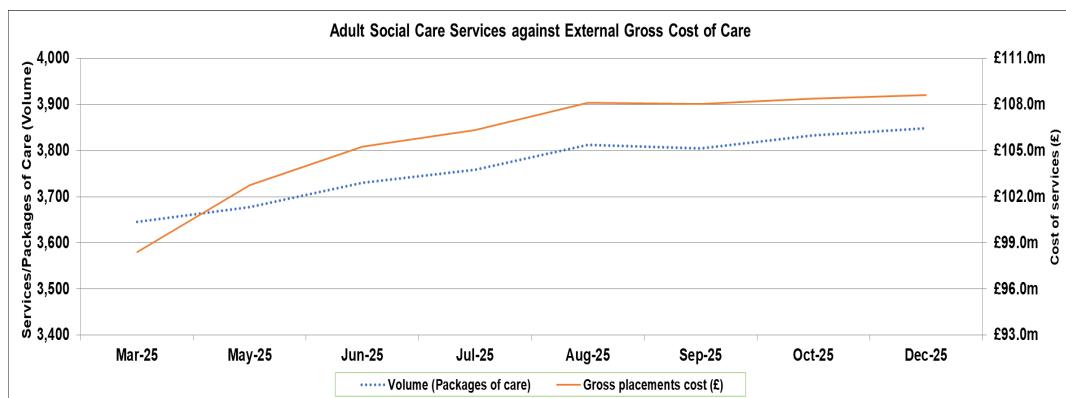
Adult Social Care	Latest Budget	Current Month Forecast	Current Forecast Variance	Forecast at Month 6	Movement since Month 6
	£'000	£'000	£'000	£'000	£'000
Provider Services - In House	7,758	7,893	135	215	(80)
Home First Services	14,085	13,842	(243)	(199)	(44)
Mental Health	10,285	12,335	2,050	1,701	349
Learning Disability	22,986	25,398	2,412	1,915	497
Adult Care & Quality Standards	2,381	2,075	(306)	(276)	(30)
Physical, Sensory & Memory with Cognition Service	22,928	26,458	3,529	4,001	(472)
Adult Safeguarding & DOLS	1,634	1,482	(152)	(120)	(32)
Integrated Commissioning & Brokerage	2,247	2,306	60	48	12
<b>Total</b>	<b>84,304</b>	<b>91,789</b>	<b>7,485</b>	<b>7,285</b>	<b>200</b>

- 3.15. There are some increases in the underlying placements forecast, which predominantly relates to existing placements costs, due to changes in need and services required. These increases are already covered by the contingency built into the overall ASC placements forecast.
- 3.16. There has been a steady increase in demand and costs in placements in 2025/26. This is currently under review. Part of the increase is potentially relating to the processing of legacy and /or backdated cases by the Brokerage Service.
- 3.17. As a result of the increase in placements, an assumption of future demand was built in and is reviewed each month. After utilising some of this, to cover monthly movements in placements as mentioned above, around £0.450 million remains in the forecast, based on an estimate of

potential volume and costs increases for the rest of the financial year. Further analysis is required to ascertain how much, if any of the increases, is part of an ongoing demand or just related to a clearance of backlog by Brokerage.

3.18. The total underlying forecast overspends in ASC of £7.485 million is predominantly related to pressure from care placements and support packages. The number of external commissioned services at month 9 is 3,848, an increase of 202 compared to the 31st of March 2025. It should be noted that this increase includes the 50 existing service users moving from Markhouse Road, so the net increase in placements overall is 152. This is a snapshot at a point in time.

**3.19. Snapshot of active care packages at Month 9**



The table below shows the monthly activity data from Mosaic which does not include adjustments or payments outside of Mosaic.

	Month 12 24/25		Month 9 25/26		Movement 25/26	
	Average Weekly Fee	Active Package	Average Weekly Fee	Active Package	Average Weekly Fee	Active Package
Residential	£1,421	363	£1,459	409	3%	13%
Nursing	£1,282	128	£1,314	143	2%	12%
Short Term Res & Nur	£1,375	38	£1,323	20	-4%	-47%
Supported Living	£863	618	£832	652	-4%	6%
Day Care	£432	227	£495	227	15%	0%
Direct Payments	£340	679	£341	657	1%	-3%
Home Care	£255	1643	£281	1740	10%	6%
	<b>£530</b>	<b>3969</b>	<b>£566</b>	<b>3848</b>	<b>7%</b>	<b>4%</b>

### ASC Savings Progress

3.20. The table below outlines the current progress on savings and how they are reported in the monitoring.

Monitoring Overview - ASC Savings 25-26 (M9)	£'000's
Original Target	4.050
Delivered - Signed Off	1.492
Deliverable	861

<b>Total in Monitoring</b>	<b>2.353</b>
<b>Balance - Not in Monitoring</b>	<b>1.697</b>

3.21. As at month 9, the service has delivered around £1.492 million of savings. However, rather than reducing the overall overspend position, it has primarily mitigated the increased budget pressure across the service. It is hoped that, if most of the increases in 2025/26, are a result of the legacy issues, then future savings delivery will start to reduce the current forecast.

3.22. However, there is some significant progress on the 'service contributions savings programme' and the financial impact of the programme is being reviewed, and as a result of this work an assumption of future delivery of some of these savings is included in month 9 of around £0.861 million, this is in addition to the savings that have been signed off as delivered above.

3.23. Due to the significant increases in assumed income in future months, an increase in the bad debt provision has been built into the forecasts of £0.206 million.

3.24. Overall, given the assumptions above, there remains around £1.697 million of the savings target to deliver. This will be reviewed monthly.

#### **Other pressures**

- In addition to the above assumptions there are other risks that may have an impact on the financial position for 2025/26: The Community Equipment forecast remains consistent with previous months. The previous provider has entered into administration , and several new contractual arrangements have had to be put in place in a very short timescale to ensure continuity of service. The financial impacts of all the new contracts are being worked through to quantify any potential changes or risks to the forecasts.
- One of the fundholders organisations who manage service user's Direct Payments on their behalf, have recently entered into administration after reporting significant financial issues. The service, to minimise any service delivery issues, have taken the management of these Direct Payments back in house. However, there is potential for adverse financial impacts, relating to monies held by the previous provider and money still owed to the council. An early estimate is that it could impact between £0.4 million and £0.8 million in year. The work continues and will be updated monthly. This issue is affecting several London Boroughs.
- The financial future of the NHS ICB. The ICB is required to make a 50% plus reduction in costs. There may be risks to the council in terms of delivery of services and withdrawal of resources or funding.

#### **Children's Services**

3.25. The Children's Service is forecast to overspend by £9.883 million, this is a favourable movement £1.164 million from the month 6 forecast. The main movement is in Children's Social Care, which is primarily due to the reductions in Placements, Section 17 and legal spend.

Children's Services	Latest Budget	Current Month Forecast	Current Forecast Variance	Forecast at Month 6	Movement since Month 6
	£'000	£'000	£'000	£'000	£'000
Strategic Director Children's Services	151	184	32	32	(0)
Children's Social Care	40,071	42,009	1,938	2,718	(780)
Transitions	1,466	5,746	4,280	4,248	32
Education	1,960	2,164	204	284	(80)
School Support	17,578	17,370	(208)	(58)	(150)
Waltham Forest Traded Services	3,228	2,976	(252)	(221)	(31)
SEND Services	6,483	10,371	3,887	4,043	(156)
<b>Total</b>	<b>70,937</b>	<b>80,820</b>	<b>9,883</b>	<b>11,047</b>	<b>(1,164)</b>

3.26. Education and Schools Support has seen a favourable movement since month 6, through an increase in Dedicated School Grant funding and in-year Department for Education Grants.

3.27. There has also been a favourable movement in SEND through a reduction in Home to School Transport and legal spend.

#### ***Children's Social Care (CSC)***

3.28. Children Social Care is reporting an overspend of £1.938 million and Transitions an overspend of £4.280 million, a combined overspend of £6.218 million. This is a favourable movement of £0.749 million compared to month 6. The Children's Social Care reported overspend position is an improvement of £1.609 million compared to the 2024/25 overspend.

3.29. The main drivers of the overspend in CSC are children's care and placements spend, driven by inflation and market pressures, statutory Section 17 (S17) costs and legal pressures. The Transition placement overspend pressure is now reported against Children's Social Care (previously SEND).

3.30. The key favourable movements from month 6 are a reduction in the overall placement forecast of £0.646 million, an overall reduction in S17 of £0.285 million and a reduction in legal spend of £0.228 million. The favourable movements have been offset by a net increase of £0.379 million mainly for staffing, because of realignment of budgets and the revision of previous income assumptions. However, the in-year spend on agency staff has reduced by over 40% compared to 2024/25.

#### **Children's Care & Placement Spend**

3.31. The overall pressure in Children's Social Care and Placements is £2.053 million. The placement forecast includes assumptions built in for future in-year demand, inflation and cost increases, internal movements within services and mitigations.

3.32. There has been an overall increase in costs and placement activity of £0.801 million since month 6. The main increases in placement activity have been due to an increase in the number of residential placements from 22 to 29 from month 6 to month 9. In-House Fostering including Connected Persons packages has increased from 136 to 160 (whilst IFA's have reduced from 100 to 80). There have also been a further 5 new Secure placements.

3.33. The increase in placement activity combined with the reconciliation of all payments has led to the contingency allowance for demand to reduce from £2.477 million in month 6 to £1.676 million. After a review of the contingency allowance for the remaining 3 months of the year the forecast has further reduced by £0.676 million from month 6. This leaves a final contingency as reported at month 9 of £1.000 million.

3.34. The allowance in the forecast for future demand was based on high level estimates and trend data across placements. This is reviewed monthly alongside changes in placement activity given the volatile and unpredictable nature of the service and is realigned across placement types, to help give assurance (or assess risk) of the forecast position. There will be further analysis in month 10 to analyse and provide a detailed breakdown of the growth assumptions to understand which element is demand growth, inflation and other known movements as we approach year-end.

3.35. See below the level of demand and the impact on the forecast from September to December.

#### Activity Data Snapshot

3.36. The table below shows the monthly activity data from Mosaic which does not include adjustments or payments outside of Mosaic.

Category of Spend:	M6 (September)		M9 (December)		Movement	
	Open Packages	Average Weekly Cost (£)	Open Packages	Average Weekly Cost (£)	Open Packages	Average Weekly Cost (£)
LAC 16-18	22	77	33	58	11	(19)
Semi Independent	101	601	98	631	(3)	30
In House Fostering	136	431	160	411	24	(20)
Residential	23	5,967	29	5,887	6	(80)
Secure	2	6,395	5	2,471	3	(3,924)
AO, CAO & SGO	202	235	201	227	(1)	(8)
IFA	100	1,062	80	1,086	(20)	24
Leaving Care 18+	23	71	24	103	1	32
Staying Put	25	256	24	248	(1)	(8)
<b>Total:</b>	<b>634</b>	<b>15,095</b>	<b>654</b>	<b>11,122</b>	<b>20</b>	<b>(3,973)</b>

#### ***Section 17 (S17) Spend Including Staffing***

3.37. S17 spend which includes staffing and costs of supporting children and their families under our statutory section 17 duty. This is forecast to overspend by £0.961 million which is an improvement of £0.285 million from month 6. The forecast also includes £1.209 million of spend which is being funded through the Household Support Fund (HSF).

3.38. The main driver of the overspend is in relation to the provision of family support hours, which on some occasions can be court mandated. Whilst there is an overspend, family support work does often prevent admissions to care and high-cost placements, which is evidenced in our Children in Care numbers. Other support includes transport, accommodation and general household and support services. We are focusing on areas of potential cost reduction but also how we commission family support hours to drive reductions in spend.

#### ***Other areas of overspend***

3.39. There is an overspend on Looked After Children (LAC) Teams mainly through commissioned family support hours for LAC and additional non-placement support outside of Mosaic of £0.569 million. There is also pressure from legal & court spend of £0.793 million which is an improvement £0.228 million from month 6. Whilst here has been lots of positive collaborative work to try to reduce legal costs, based on the year to date spend, this saving will be partly delivered with an overall reduction of £0.165m from the 24/25 outturn overspend.

#### ***SEND***

3.40. SEND is forecast to overspend by £3.887 million. This is a favourable movement of £0.156 million compared to the month 6 variance to budget. This favourable movement is due to the reduction of £0.347 million in Home to School Transport offset by an increase of £0.175 million in Education Psychology and £0.042 million in Short Breaks Direct Payments. The forecast assumes the incorporation of one-off funding requested to support Education and Health Care Plan (EHCP) backlogs which was approved by SLT in June 25. The forecast therefore assumes planned use of £0.922 million for SEND staff and £0.150 million for Education Psychology.

3.41. The main drivers of the overspend are the Home to School Transport Contract and Short Breaks Packages which are driven by the increased numbers of children in receipt of EHCPs, together with overspends on staffing areas due to use of agency staff.

#### ***Transitions***

3.42. Transitions, which includes placements for young people over 18 that have not yet transitioned to ASC is forecast to overspend by £4.280 million which is an adverse movement of £0.032 million. Similar to social care packages, the overall placement forecast is now based on a set of agreed principles and includes assumptions for built in demand, inflation, internal movements within services, mitigations, and mis-codings. There is no contingency allowance for growth left within the forecast.

3.43. A deep dive case review is underway to understand client transition planning and potential step downs, cost reductions and health income opportunities and is anticipated to result in a reduction in costs. Once the review is substantially complete (or sufficient to extrapolate assumptions), the forecast will be reviewed. To date there have been 5 cases transferred over to Adult Social Care.

#### ***Waltham Forest Traded Services***

3.44. The Catering service has experienced several staff retirements and natural turnover who will not be replaced due to the service ceasing trade in March 2026. This will lead to an underspend in salary costs against the budget. Reserves held for match funding of school kitchen investment and costs will also no longer be needed and can be returned to general corporate reserves (£0.143 million).

### **Stronger Communities Directorate**

3.45. The Stronger Communities Directorate is currently forecasting an underspend of £0.013 million at month 9, a decrease of £0.086 million since month 6. The detailed breakdown by service area is provided in the tables below, accompanied by narrative outlining reason for variances, key issues, risks, and pressures impacting service delivery.

Stronger Communities	Latest Budget	Current Month Forecast	Current Forecast Variance	Forecast at Month 6	Movement since Month 6
	£'000	£'000	£'000	£'000	£'000
Director Stronger Communities	(275)	(275)	0	0	0
Early Intervention & Communities	13,387	13,386	(1)	109	(110)
Public Health Ringfenced	(127)	(127)	0	0	0
Public Health and Prevention	2,576	2,264	(12)	(36)	24
<b>Total</b>	<b>15,561</b>	<b>15,548</b>	<b>(13)</b>	<b>73</b>	<b>(86)</b>

### ***Early intervention and Communities***

3.46. Libraries, Learning and Skills (inc. Complaints) is now forecasting a nil variance compared to £0.085 million at month 6. A recovery fund of £0.132 million has been built into the Complaints service to help deal with the backlog. The Adult Learning Service is anticipated to forecast to budget, however there is a £0.113 million pressure initially expected to be mitigated through restructuring and is being covered by the Employment & Business Sector service up to year end 2025/26.

3.47. Children and Families Early Help and Supporting Families and Communities are both forecasting a net nil position in line with month 6. There are no immediate risks in these areas, both areas are grant and reserve funded. Children's and Families Early Help includes grant funding including Family Hubs, Supporting Families, Public Health and Social Care Grant. The planned in-year use of reserves is £0.267 million. Supporting Families and Communities includes grant funding including Supporting Families, Household Support, Homes for Ukraine, Asylum and Refugee grants. The planned in-year use of reserves is £1.185 million.

### ***Public Health Ringfenced***

3.48. Public Health is reporting a nil variance to budget, with no change from month 6. The overall grant for 2025/26 is £19.2 million. Work to realign budgets to accurately reflect spending profiles is complete.

3.49. Any variance to budget at the end of the year will be transferred to or from the Public Health Reserve. The reserve stands at £1.6 million at the start of the year, approximately £1 million is earmarked against various

commitments, which mostly is supporting other council departments, primarily linked to MTFS savings proposals.

#### *Emerging Risks*

- As the Sexual Health contracts are activity based, there is the ongoing risk of the activity increasing to an extent that there is a financial pressure on the budget. Activity and spend are being investigated monthly to ensure that any pressure is covered in the overall forecasts.

#### **Place Directorate**

3.50. The financial forecast for Place indicates an adverse variance of £16.089 million at month 9, a decrease of £0.737 million since month 6. The largest element of the decrease has been in Housing General Fund. The largest overspend relates to Temporary Accommodation, with the remaining overspend in Property Services.

Place	Latest Budget	Current Month Forecast	Current Forecast Variance	Forecast at Month 6	Movement since Month 6
	£'000	£'000	£'000	£'000	£'000
Strategic Director of Place	122	71	(51)	0	(51)
Property Services	5,697	7,799	2,102	1,999	103
Regeneration Planning & Delivery	3,520	3,520	0	0	0
Housing General Fund	10,276	24,314	14,038	14,827	(789)
<b>Total</b>	<b>19,615</b>	<b>35,704</b>	<b>16,089</b>	<b>16,826</b>	<b>(737)</b>

3.51. The Place General Fund (excluding Housing General Fund and HRA) is forecasting an overall adverse variance of **£2.052 million**. Against the latest budget of £9.338 million and a projected outturn of £11.390 million. This reflects a movement of £0.053 million compared to month 6, primarily driven by further reviews across the Property Portfolio.

#### **3.52. Divisional Reported Position**

- **Property Services:** Property Services is facing several financial pressures:
- **Commercial Rental Income:** Forecast shortfall of **£1.160 million** due to voids that are now being filled but with necessary rent-free periods. Mitigation actions are underway for the current and next financial year.
- **Workforce Costs:** Pressure of **£0.337 million** driven by a mid-year restructure and prior agency spend.
- **Security Costs:** Additional **£0.268 million** due to increased requirements at Fellowship Square. A paper presented to SLT on 11/11/25 on a revised security policy and contract management protocols recognised that the current security budget of £0.300m is insufficient to manage the current security requirements at Fellowship Square, Cedarwood House, North Birkbeck Road and Low Hall Depot (costing £0.568m). Alternative security arrangements will be

developed for 25/26. It has been agreed that costs for any new security requirements over and above current arrangements will need to be met by requesting services.

- **FM Maintenance:** Higher-than-expected maintenance costs of **£0.212 m** across the corporate estate.
- **Other Pressures:**
  - Rent payable of **£0.089m** linked to retained income target for leasing 1 Hoe Street, which is currently used as council office space on an interim basis.
  - Income gaps of **£0.322m** related to capitalisation and insurance recovery.
- **Mitigations:** Minor favourable variances across the division, totalling approximately **£0.285m**.

### 3.53. Property Financial Outlook and MTFS Mitigations for 2026/27:

The 2026/27 Property budget reflects both ongoing rent roll improvement work and approved MTFS growth for Facilities Management (FM) and Security. Actions to reduce arrears, minimise voids, and accelerate lease completions are expected to strengthen the net income position and reduce current pressures through improved collection and occupancy. And the FM and Security pressures are fully mitigated from 2026/27 through MTFS growth, aligning funding with service demand and preventing recurrence of the in-year shortfall. Overall, these measures place the Property service in a more sustainable financial position for 2026/27, improving both cost control and income performance.

### 3.54. Regeneration, Planning & Strategic Property

- **Area Regeneration:** Forecasting break even for financial year - this position is considered relatively low risk as the vast majority of funding is secured for the financial year with this predominantly covering salary costs. £540k recharge to Govt Fund/Levelling Up grant, £500k allocated CIL. The balance to be made up from smaller contributions from wider developer contributions (esp. COF), external grant (including UKSPF and GLA) and potential further capitalisation on projects.
- **Development Management & Building Control:** The service anticipates covering costs through planning fee income and Pre-Application (PPA/DPA) income. Forecasts indicate potential income exceeding budget, with planned support for Place & Design services.
- **Investor Partnerships:** Any grants/contributions or other income to fund salaries and revenue expenditure. There is a risk of not getting a total of £150K income from 2 London Boroughs, as previously expected. This could potentially result in an adverse position of £129K.

- **Place and Design:** Break even projected, subject to use of reserve funding (UDP and Neighbourhood Planning Ear Marked reserves), and income from planning fees, DPA charges and CIL and S106 admin fees. Planning and DPA fees are forecast in partnership with Development Management service and Corporate Director Regeneration, Planning and Strategic Property.

### 3.55. **Housing General Fund**

The Housing General Fund (HGF) is currently forecasting an overspend of £14.038 million, a reduction of £0.789 million since Month 6.

Housing General Fund	Latest Budget	Current Month Forecast	Current Forecast Variance	Forecast at Month 6	Movement since Month 6
	£'000	£'000	£'000	£'000	£'000
<b>Housing Options &amp; Support Service</b>					
Net Cost of TA	8,531	22,982	<b>14,452</b>	14,447	5
Property Management (incl. Mears, Capital Letters, Local Spaces)	2,129	2,165	<b>36</b>	34	2
Staff costs for Housing Options & Support	6,450	5,760	<b>(689)</b>	(497)	(192)
Bad Debt Provision	300	300	<b>0</b>	0	0
Rough Sleepers Initiative	1,225	1,121	<b>(104)</b>	(47)	(57)
Other Expenditure (incl. Legal Fees & Families in Housing Need)	1,308	1,107	<b>(201)</b>	(208)	7
<b>Total Expenditure</b>	<b>19,942</b>	<b>33,436</b>	<b>13,494</b>	<b>13,729</b>	<b>(235)</b>
Grant (Homelessness Prevention Grant & Rough Sleepers Initiative)	(10,223)	(10,176)	<b>47</b>	47	0
Other Income	(148)	(143)	<b>5</b>	7	(2)
Reserves (Homelessness & Families in Housing Need)	(694)	(694)	<b>0</b>	673	(673)
<b>Total Income</b>	<b>(11,065)</b>	<b>(11,013)</b>	<b>52</b>	<b>727</b>	<b>(674)</b>
<b>Under/overspend</b>	<b>8,877</b>	<b>22,423</b>	<b>13,546</b>	<b>14,456</b>	<b>(910)</b>
<b>Other HGF</b>					
Travellers	(84)	(25)	<b>59</b>	(9)	68
Solar Panels	154	293	<b>139</b>	139	0
Recharges	724	724	<b>0</b>	0	0
HGF Dwellings	(100)	(100)	<b>0</b>	0	0
Other HGF Services incl. staff costs (Housing Strategy & ICT)	706	999	<b>293</b>	240	53
<b>Total HGF</b>	<b>10,276</b>	<b>24,314</b>	<b>14,038</b>	<b>14,827</b>	<b>(789)</b>

3.56. The improvement in the forecast is due mainly to the decision to retain the planned drawdown of £0.673 million from corporate reserves to mitigate pressures arising from temporary accommodation costs. These reserves were originally earmarked to fund the Housing Sustainment Team, which will now be financed through the Homelessness Prevention Grant to comply with the broader conditions of that grant.

3.57. There was also a reduction in the forecast within staff costs for Housing due to continuing issues and delays with recruitment across the service (£0.192 million). The underspend on staff costs (net of agency costs) is currently forecast to be £0.768 million for 2025/26.

3.58. The full-year forecast continues to reflect an overspend on the net cost of temporary accommodation (TA), which remains broadly in line with the position at month 6; an overspend of £14.452 million. The number of families housed in temporary accommodation increased by approximately 124 in year, rising from 1,581 in March 2025 to 1,705 at the end of October 2025. Since then, there has been a steady reduction of households in TA and, by the end of December 2025, the number of households in TA fell to 1,644.

3.59. This reduction is due partly to households who have moved to settled social housing, with the handover of 53 units following the acquisition from the Fellowship Square development. Some of these homes were allocated in December. Outside of this a level of stability has largely been achieved by the strategy of procuring private rented sector (PRS) properties to provide permanent homes to enable the council to discharge its homelessness duties. The impact is two-fold; households currently housed in temporary accommodation are able to move into long-term housing and families facing homelessness are provided with settled housing when they are eventually evicted, thereby avoiding a temporary accommodation placement.

3.60. Procurement of private rented accommodation involves paying private landlords to agree to reduce rents to levels affordable to homeless households. Whilst the payment is made at the start of the tenancy, when households move out of temporary accommodation the council subsequently avoids the significantly higher costs associated with temporary accommodation. In addition, the council will also avoid the cost of housing families by preventing new placements.

3.61. Based on current average TA annual costs, it is anticipated that the procurement of private rented accommodation has reduced TA costs by £0.600 million by expecting to move 122 households out of current TA placements by March 2026 and estimated avoided future TA costs of £0.783 million by placing 156 families at risk of homelessness in private tenancies rather than TA. There will also be further benefits in terms of cost reduction and avoidance in future financial years as a result of this procurement.

3.62. Outside of TA there was a net underspend of £0.414 million, as total overspends were £0.580 million mitigated in full by total underspends of £0.994 million. These are further explained below:

3.63. Gross overspends of £0.580 million were recorded; the main items were:

- £0.293 million overspend on “Other HGF services”; this includes consultancy costs for the TA Mission Board, cancellation of funding the Fuel Poverty contract, pressure for software costs, and membership fees for London Councils and Climate Change.

- £0.139 million overspend on Solar Panels because of the need to meet new compliance requirements for annual inspections and maintenance checks.

3.64. Gross underspends totalling £0.994 million were recorded the largest of which were:

- £0.689 million underspend on staff costs for the Housing Options & Support team where vacancies have not been filled throughout the year and start dates for successful recruitment has been delayed. The further lag in recruitment has increased the underspend by £0.150 million since month 6.
- £0.201 million underspend on “Other Expenditure” includes £0.108 million of budget released in relation to software within Families in Need. In addition, an underspend on the Flexible support budget, the contribution to Capital Letters where the scheme has been brought in house and a reduction to the cost of security at Leyton Library totalled £0.087 million.

### **Neighbourhood and Environment Directorate (NED)**

3.65. The Neighbourhood and Environment Directorate (NED) is forecasting an overall favourable financial position at Month 9. Against the latest budget of £36.430 million, the projected outturn is £35.879 million, resulting in a £0.551 million favourable variance. This represents an improvement of £0.304 million from the month 6, driven primarily by the strong performance of the Sports and Leisure contractual surplus-share, linked to the finalisation of the 2024/25 accounts. The position reflects robust financial management across the directorate, supported by positive trends in both income generation and expenditure control.

Neighbourhoods and Environment	Latest Budget	Current Month Forecast	Current Forecast Variance	Forecast at Month 6	Movement since Month 6
	£'000	£'000	£'000	£'000	£'000
Neighbourhoods & Climate	30,160	29,596	(564)	(232)	(332)
Community Safety & Resilience	3,470	3,133	(337)	0	(337)
Regulatory & Contingency Planning	2,800	3,150	350	(15)	365
<b>Total</b>	<b>36,430</b>	<b>35,879</b>	<b>(551)</b>	<b>(246)</b>	<b>(304)</b>

### **Divisional Reported Position**

3.66. NED reports a £0.551 million favourable outturn at Month 9, led by the Sports & Leisure surplus share uplift and Active Travel income growth. Favourable movements include the ASB salary underspend and ongoing Civil Penalties accrual reduction, while pressures remain in Parks & Open Spaces and Public Protection (CCTV pressure). Other areas, including Waste & Recycling (DEFRA funded) and Highways staffing, remain stable, supporting the improved overall position.

### **Community Safety and Public Protection**

3.67. Anti-Social Behaviour (ASB): The ASB service is reporting a favourable variance of £0.346 million. This position is mainly due to a £0.398 million underspend on salaries, reflecting vacancies and recruitment delays. These savings are partly offset by increased legal costs and other minor variances, but the overall favourable position is expected to remain stable through yearend.

3.68. Community Safety Team: The Community Safety Team is forecasting a neutral year-end position with no significant variances recorded at Month 9.

3.69. Private Sector Licensing: Private Sector Licensing is forecasting a neutral position at Month 9. The service remains on track to deliver a balanced outturn both this year and across the five year scheme.

3.70. Public Protection: Public Protection is forecasting a £0.350 million adverse variance at Month 9, largely driven by uncertainties relating to CCTV income and forecasting of engineering and equipment costs. The position includes a £0.123 million provision for potential prior-year unpaid invoices, and the final year-end position remains uncertain and may fluctuate further.

3.71. Other Public Protection Services: which include Street Trading, Trading Standards and Food Safety, show an underlying favourable position of £0.128 million. However, the service is reporting a neutral forecast because any surplus must be set aside in reserves to support future Food Safety legal prosecution costs.

### **3.72. Highways and Neighbourhoods**

3.73. *Corporate Director of Highways*: The Corporate Director of Highways is forecasting a £0.051 million adverse variance driven by staffing overspends, with no further material changes expected for Month 9.

3.74. *Active Travel*: Active Travel is forecasting a £0.104 million favourable variance. Income from Cycle Hubs and bike hangars has increased, supported by CIL -funded installations that have reduced associated costs. This favourable position is moderated by reduced Car Club income following operator issues, as well as increased cycle fleet maintenance costs and additional gas and grounds maintenance at Suntrap Forest Education.

3.75. *Highways Service*: The Highways Service is reporting a neutral position at Month 9, with no significant variances expected to impact the outturn.

3.76. *Climate*: The Climate service is forecasting a neutral position at Month 9, with grant and other income aligned to salary and operational expenditure. A potential £0.030 million drawdown from reserves may be required at year-end to support final commitments.

3.77. *Parks & Open Spaces*: Parks and Open Spaces is forecasting a £0.275 million adverse variance at Month 9. The position is driven by a £0.112

million income shortfall and operational pressures within Cemeteries, along with £0.154 million essential tree -related works in Arboriculture. Smaller pressures across Lloyd Park, Aveling Park Hub, Parks Play Equipment and Parks and Open Spaces also contribute to the variance. These pressures are partially offset by favourable performance in Community Engagement Parks and Allotments.

3.78. *Sports & Leisure*: Sports and Leisure is forecasting a £0.540 million favourable variance at Month 9. The Leisure contract contributes a net favourable movement of £0.855 million, reflecting the finalised 2024/25 surplus net of VAT and a favourable adjustment to the 2025/26 management fee. These are partly offset by VAT adjustments, the Score Centre management fee and other minor changes. Sports and Activities is reporting a £0.269 million adverse variance due to programme delivery costs, while Pitches and Sites is reporting a £0.234 million adverse variance due to utilities and grounds maintenance pressures and income shortfalls, partly offset by strong performance at several youth and leisure sites.

3.79. *Waste & Recycling*: Waste and Recycling is forecasting a neutral position at Month 9. A £0.300 million pressure arising from vehicle workshop activities and liner delivery is expected to be funded by DEFRA, resulting in no net variance for the service.

### Resources Directorate

3.80. The Resources Directorate is currently predicting an overspend of £0.197 million, a £0.003 million favourable variance from month 6. The overspend is mostly related to increased agency staff costs to manage the restructure within Finance.

3.81. The forecast includes the changes in structure for Governance and Law and Return on Investment following the senior management restructure. Further explanation on the variance is provided below. The budgets and forecast are inclusive of £1.738 million of in-year savings.

Resources	Latest Budget	Current Month Forecast	Current Forecast Variance	Forecast at Month 6	Movement since Month 6
	£'000	£'000	£'000	£'000	£'000
Strategic Director of Resources	19	19	0	0	0
Financial Services	433	633	200	131	69
Governance and Law	2,781	2,730	(51)	0	51
Internal Audit and Anti-Fraud	(282)	(282)	0	0	0
Revenues and Benefits	4,348	4,357	9	31	22
Return on Investment	(153)	(113)	40	38	(2)
Treasury and Pensions	190	190	0	0	0
<b>Total</b>	<b>7,336</b>	<b>7,533</b>	<b>197</b>	<b>200</b>	<b>(3)</b>

### Financial Services

3.82. Financial Services is forecasting an overspend of £0.200 million and a movement from month 6 of £0.069 million and is related to agency staff costs due to key positions being covered by interim resource. Phase 1

restructure is now complete and new permanent staff are in place. The phase 2 restructure is expected to be completed by the end of February.

### Internal Audit and Anti-Fraud

3.83. Annual Insurance claims forecast of approximately £1.200 million will impact the existing provision balance in the balance sheet.

### The Housing Revenue Account (HRA)

3.84. The Housing Revenue Account is forecasting an underspend of £3.430 million, with an over achievement of income by £2.161 million added to by an underspend on expenditure of £1.268 million. The surplus has been offset by an increased contribution to the general HRA reserve, leading to a balanced position.

Housing Revenue Account	2025/26 Latest Budget	Projected Outturn Month 6	Variance from Budget	Forecast at Month 6	Movement since Month 6
	£000s	£000s	£000s	£000s	£000s
<b>Income</b>					
Dwelling Rents	(70,222)	(70,786)	(563)	(1,037)	473
Non-Dwelling Rents	(732)	(744)	(12)	(277)	265
Tenant Service Charges	(6,982)	(7,820)	(838)	(827)	(11)
Leaseholder Service Charges	(3,119)	(3,791)	(672)	(664)	(8)
Other Charges for Services & Facilities	(275)	(350)	(76)	(47)	(28)
<b>Total Income</b>	<b>(81,330)</b>	<b>(83,491)</b>	<b>(2,161)</b>	<b>(2,852)</b>	<b>691</b>
<b>Expenditure</b>					
Repairs and Maintenance	15,891	17,387	1,496	1,274	222
Special Services	9,350	8,132	(1,218)	(1,140)	(79)
Supervision & Management	22,314	21,656	(658)	510	(1,168)
Rents, Rates, Taxes & Other Charges	1,003	1,288	285	57	228
Provision for Bad Debts	583	583	0	0	0
Cost of Capital	14,964	13,792	(1,172)	0	(1,172)
Depreciation	14,104	14,104	0	0	0
<b>Total Expenditure</b>	<b>78,210</b>	<b>76,942</b>	<b>(1,268)</b>	<b>701</b>	<b>(1,969)</b>
<b>Net cost of Service</b>	<b>-3,120</b>	<b>-6,550</b>	<b>(3,430)</b>	<b>(2,151)</b>	<b>(1,278)</b>
RCCO	2,000	2,000	0	0	0
Contribution to/(from) Reserves	1,120	4,550	3,430	2,151	1,279
<b>HRA Surplus/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

3.85. Dwelling rents are forecast to exceed the budget by £0.563 million. This is largely attributable to an overachievement of hostel rents and rents on shared ownership properties, offset by levels of void properties that are higher than anticipated in the budget. Initial results from the review of the status of properties has identified some that have been incorrectly classified as hostels. Though small in number, they are in the process of being corrected on the Housing System. Forecast Dwelling Rental income has reduced by £0.473 million since period 6 as a result of the

current forecast being informed by more accurate stock information and rent levels.

- 3.86. Whilst non-dwelling rents are £0.012 million above budget and are forecast to generate £0.744 million, this is a reduction of £0.265 million since period 6. This reflects the result of an exercise to review the status of current garage stock levels.
- 3.87. Leaseholder services charge income now reflects the additional service charges recovered during the process to finalise charges for 2023/24. Income is £0.672 million above budget.
- 3.88. Total expenditure is under budget by £1.268 million reflecting a reduction in costs of £1.969 million since month 6.
  - Repairs and Maintenance are forecast to overspend by £1.496 million. This includes the impact of additional costs for responsive repairs which are £1.200 million above budget and an overspend of £0.250 million on Legal Disrepair Claims. The net overspend in Repairs and Maintenance has increased by a net £0.222 million since month 6, largely due to higher responsive repair costs. However, the increase has been partly mitigated by increased forecast capitalisation of Fire Risk Assessment costs of £0.447 million and a £0.200 million reduction in expected Legal Disrepair costs.
  - Special Services is forecasting an underspend of £1.218 million, largely attributable to an underspend on the cost of utilities reflecting the on-going benefit of renegotiated contract prices for gas and electricity. The forecast has reduced by £0.079 million since month 6, where the forecast for fuel and vehicle maintenance costs has been reduced. The latter recognises the benefits of an upgraded fleet with fewer repair and maintenance issues.
  - Supervision and Management is forecasting a net underspend of £0.658 million. This is mainly as a result of underspends on staff costs (net of Agency) across HRA services of £1.307 million, caused by continuing issues and delays with recruitment across the service. These underspends have been partly offset by overspends in membership subscriptions, court costs and valuation fees, together totalling ££0.665 million.
  - Rents, Rates, Taxes & Other Charges is reporting an adverse variance of £0.285 million due to higher than budgeted Water Charges on Estate Energy. These additional costs should be recovered by Tenant Service Charges.
  - The forecast for interest payable has reduced by £1.172 million following a review Treasury Management of expected costs for 2025/26, resulting in an underspend against budget.

### **The Dedicated Schools Grant (DSG)**

- 3.89. The DSG nets to nil in the general fund revenue account as any surpluses or deficits are carried forward on the Balance Sheet. The

overall forecast deficit is £9.464 million in year, all in the High Needs Block, taking the total DSG deficit to £14.843 million, a favourable movement from Month 6 of £0.048 million. This favourable movement is caused by an increase in allocation for the High Needs Block.

3.90. There were some favourable movements in expenditure forecast in the High Needs Block, but they have been offset by historical SEND top up payments. Further work is being carried out to address this, and any additional expenditure should be contained within the current forecast outturn. However, surpluses in the early years, schools and central schools block are masking the material deficit in the high needs block of £18.336 million. The breakdown of the DSG across funding blocks is shown in the following table, with a second table showing the overall deficit breakdown forecast at year end:

DSG Block	2025/26 DSG allocation	2025/26 Forecast Spend	In-year (surplus) / deficit	M6 In-year (surplus) / deficit	Movement
	£'000	£'000	£'000	£'000	£'000
Schools	253,854	253,854	0	0	0
High Needs	62,418	71,881	9,464	9,512	(48)
CSSB	1.69	1.69	0	0	0
Early Years	46.32	46.32	0	0	0
Total	<b>316,320</b>	<b>325,784</b>	<b>9,464</b>	<b>9,512</b>	<b>(48)</b>

DSG Block	Cumulative (surplus) / deficit at 1.4.2025	In-year (surplus) / deficit	Cumulative (surplus) / deficit 31.3.2026
	£'000	£'000	£'000
Schools	(1,041)	0	(1,041)
High Needs	8,872	9,464	18,336
CSSB	(62)	0	(62)
Early Years	(2,390)	0	(2,390)
Total	<b>5,379</b>	<b>9,464</b>	<b>14,843</b>

3.91. Schools block funding and Central School Services block is forecast with nil variance as the expenditure is mainly formula driven or fixed expenditure with few risks.

3.92. The Early Years block is forecast net variance at this time as the outturn is dependent on actual in year delivery of Early Years provision / take up and adjustments made by the Department for Education (DfE) in July each year.

3.93. The High Needs Block forecast is a deficit of £9.445 million due to increase in demand, complexity and cost pressures linked to the increasing number of Education & Health Care Plans (EHCP's) and increasing complexity against a backdrop of limited funding increases. Cost pressures occur throughout the block on top up payments in special and alternative provision, independent provision and post-16.

3.94. Following the Budget announcement in November 2025, the government expressed a commitment to fund SEND centrally from 1st April 2028. Details of the treatment of current deficits should be included in the White Paper due this spring.

## **Capital Expenditure**

3.95. The overall forecast for the 2025/26 capital programme is £171.958 million, made up of £106.403 million General Fund forecast and £65.555 million HRA forecast. This is a decrease of £43.837 million compared to the 2025/26 budget of £215.795 million approved by Cabinet in December 2025. The reasons for the decreases are as follows:

- £67.888 million slippage from 2025/26 budgets, into future years details in Appendix 1 - 2025/26 Period 9 Capital Monitoring Update.
- £24.051 million Q3 budget additions approved by Cabinet and/or Capital Strategy and Asset Management Group (CSAMG).
- The above budget additions are offset by £67.888 million adjustments to forecasts. These adjustments reprofiled forecast project expenditure into future years, aligning planned expenditure to the latest approved project and programme budgets and delivery plans

3.96. At £171.958 million, the forecast 2025/26 capital programme is higher than the council's average capital annual expenditure over the past five years by c.£40 million, despite the programme contracting as a result of budgetary constraints. This is due to a significant programme of property acquisitions taking place this financial year, including forecast spend of £6 million on the TA acquisition programme (part-funded by GLA grant), £18.5 million on the acquisition of affordable housing units at Fellowship Square (funded via Right-to Buy receipts), and £10.8 million forecast spend on MHCLG Acquisitions Programme Phase 3. In addition, £17 million spend is forecast on delivery of the Priory Court regeneration scheme, which is currently in construction phase, with practical completion expected in summer 2026.

3.97. The Total Capital Programme to 2035/36 is being updated as part of the Capital Strategy work that will be presented at next Cabinet, the current draft forecast position, which is subject to approval, is detailed in Appendix 2 table 1 Total Forecast, table 4 Forecast by year and table 5 Additions and Virements.

3.98. Table 1 below sets out the forecast capital programme 2025/26 by directorate against the December 2025 approved budgets and recent budget additions approved by CSAMG since September 2025. A detailed breakdown of the forecast and funding by service area is provided in table 2 and 3 of Appendix 2, respectively. Table 6 in appendix 2 details the slippages, accelerations, deletions and virements for 2025/26 variance.

**Table 1**

Directorate	Revised Budget 2025-26	Forecast 2025- 26	Forecast Variance	Actuals Q3
	£m	£m	£m	£m
Chief Executive's	0.923	0.682	(0.241)	0.044

Adults Services	3.498	3.895	0.398	1.942
Children's Service	0.868	0.868	(0.000)	0.311
Resources	0.078	0.077	(0.001)	0.000
Neighbourhoods and Environment	23.800	17.835	(5.966)	6.076
Place (General Fund)	136.060	82.796	(53.263)	44.414
Contingency (General Fund)	4.661	0.250	(4.411)	0.000
Subtotal General Fund	169.886	106.403	(63.483)	52.787
Place (HRA)	69.959	65.555	(4.404)	42.798
Capital Programme with Appropriations	239.845	171.958	(67.888)	95.585
<b>Less Appropriations</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Total Capital Programme</b>	<b>239.845</b>	<b>171.958</b>	<b>(67.888)</b>	<b>95.585</b>

## Council Tax and Business Rates

### Council Tax

3.99. The table below summarises the council tax collection rates. The current collection rate of 70.06%, is 0.49% lower than this time last year and 0.30% lower than the target for this year. There are various barriers to collection but the Revenues Team are working to ensure prompt actions and also to put in place clear action to aid recovery as well as make payments manageable payment plans for residents that are struggling.

	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
In year	%	%	%	%	%	%	%	%	%
<b>17/18</b>	96.1								
<b>18/19</b>	97.3	96.0							
<b>19/20</b>	97.8	97.1	95.8						
<b>20/21</b>	98.0	97.5	96.5	93.8					
<b>21/22</b>	98.2	97.8	97.2	96.2	94.9				
<b>22/23</b>	98.4	98.0	97.5	96.7	96.3	95.3			
<b>23/24</b>	98.6	98.3	97.8	97.3	96.9	96.5	95.2		
<b>24/25</b>	98.8	98.4	97.9	97.6	97.4	97.3	96.6	95.0	
<b>25/26</b>	98.8	98.5	98.1	97.8	97.6	97.5	96.9	96.0	70.1

### Business Rates

3.100. The table below summarises the collection rate trend for Business Rates. The current collection rate is 71.64% which is approximately 2.1% lower than this time last year and 2.31% lower than the target for this year. There are various issues which has impacted collection rates including reductions to statutory retail relief which has left many small businesses struggling to pay their bill. The valuation office also has a backlog in valuing new properties, which in turn delays the collection of business rates for these premises. The Revenues team have systems in place to ensure recovery including a structured recovery schedule and targeting high value debts.

	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
In year	%	%	%	%	%	%	%	%	%
<b>17/18</b>	97.5								
<b>18/19</b>	97.7	97.0							
<b>19/20</b>	98.4	97.6	96.0						
<b>20/21</b>	98.0	97.2	95.3	78.7					
<b>21/22</b>	98.5	98.0	96.8	91.0	91.5				

<b>22/23</b>	98.8	98.6	97.7	94.9	95.7	95.1			
<b>23/24</b>	99.0	98.8	98.1	95.7	96.6	96.6	93.5		
<b>24/25</b>	99.1	99.0	98.4	96.7	97.3	97.6	97.4	95.7	
<b>25/26</b>	99.2	99.0	98.5	96.9	97.5	97.9	97.8	96.9	71.6

#### **4. Options & Alternatives Considered**

4.1. Much of this report is concerned with provision of information, for which alternative options is not a relevant consideration.

#### **5. Council Strategic Priorities (and other National or Local Policies or Strategies)**

5.1. The entire content of this report contributes to the corporate priority to Achieve Excellence and Ensure Value for Money.

#### **6. Consultation**

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

#### **7. Implications**

##### **7.1. Finance, Value for Money and Risk**

7.1.1. The whole report is of a financial nature. The key purpose of the report is to monitor the Council's overall financial performance against assumptions contained in the MTFS. To maintain the robustness of the Council's finances and budget plans, effective budgetary control by services will continue to be essential and will help the Council to maximise the resources available to meet its priorities.

7.1.2. In the current global landscape, the risks associated with international conflicts have become increasingly pronounced. Geopolitical tensions in various regions have the potential to disrupt global supply chains, impact energy prices, and create economic instability and have significant economic repercussions that can affect local economies. Locally, the UK faces its own set of economic challenges and inflation rates have been persistently high, driven by increased energy costs and supply chain disruptions. The cost-of-living crisis continues to strain household budgets, with many families struggling to meet their basic needs. The potential impact of local government funding reform also represents a risk to the level of funding received locally.

7.1.3. Given these risks and the estimated and potential 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 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.

- 7.1.4. 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.

## **7.2. Legal implications**

- 7.2.1. There are no direct legal implications

## **7.3. Equalities and Diversity**

- 7.3.1. An initial equality analysis was undertaken, and it determined there was no negative impact arising from the information or changes proposed in this report on the advancement of equality. The support of No Recourse to Public Funds clients are areas that continue to contribute to the Council's commitment to protecting the most vulnerable and help meet the equality duty.

## **7.4. Sustainability (including climate change, health, crime and disorder)**

- 7.4.1. A stable financial position means that the Council is more able to fund urgent health priorities as they arise. Services to older people experienced pressures and needed careful management.

## **7.5. Council Infrastructure**

- 7.5.1. There are no direct council infrastructure implications.

## **Background Information (as defined by Local Government (Access to Information) Act 1985)**

None