


Cabinet 11 September 2024	 TOWER HAMLETS
Report of: Julie Lorraine, Corporate Director of Resources	Classification: Unrestricted
Budget Monitoring 2024/25 Quarter 1	

Proposed Decision Path (indicate) – Delete Section Before Publication:

	Step [Delete as applicable]	Date
DLT Level (Tier One)	CD Resources	29/07/2024
CMT Level (Tier Two)	CMT	20/08/2024
Member Level (Tier Three)	MAB	21/08/2024
Member Level (Tier Three)	CPAP	28/08/2024
Decision (Tier Four)	Cabinet	11/09/2024

Proposed Decision Path (indicate) – Delete Section Before Publication:

Lead Member	Cllr Saied Ahmed, Cabinet Member for Resources and the Cost of Living
Originating Officer(s)	Abdulrazak Kassim – Director of Finance, Procurement and Audit Ahsan Khan – Strategic Head of Finance (Chief Accountant)
Wards affected	All wards
Key Decision?	No
Forward Plan Notice Published	N/A
Reason for Key Decision	N/A
Strategic Plan Priority / Outcome	All Strategic Plan 2022-26 priorities

Executive Summary

As reflected across the country, and particularly in London, nationally recognised demand driven pressures in Homelessness (£7.6m), Adult Social Care (£3.5m) and Special Education Needs and Disabilities (SEND) (£2.2m) are currently significantly impacting Tower Hamlets quarter 1 forecast outturn position of a £13.3m net overspend for the financial year ending March 2025. These pressures are all national issues that the council has been sighted on and as a result has made adequate risk provision within our MTFs should we need to call on it. By definition, the nature of such demand led pressures impacts hardest on areas such as Tower Hamlets with a high population density. Given the national context of the specific issues, and the considerable amplification of the impact across London, further context is detailed in Appendix 1.

Forecasts are an important tool for predicting an expected year end position. By their nature they tend to be more accurate across the passage of time, which is why we always base the setting of the new budget on the quarter 3 forecast position. Typically, across all LA's, Tower Hamlets included, we see a reliable historical trend pattern that illustrates this point in table below. There is a clear trend that illustrates that over the past few years Tower Hamlets has been increasingly able to take the necessary corporate and cross-directorate management actions to deliver a downward movement in directorate overspend positions by the end of the financial year – particularly in the most recent previous year where a favourable movement of £7.0m was achieved from the quarter 1 forecast to the final outturn position.

2021/22 (£m)			2022/23 (£m)			2023/24 (£m)		
Q1 Forecast Over Spend	Final Outturn (Under) Spend	Favourable movement	Q1 Forecast Over Spend	Final Outturn (Under) Spend	Favourable movement	Q1 Forecast Over Spend	Final Outturn (Under) Spend	Favourable movement
0.1	(0.2)	(0.3)	2.8	(0.6)	(3.4)	6.7	(0.3)	(7.0)

The forecast allows us time to focus on the specific drivers of financial challenge at the earliest point in a planned and measured way. This quarter 1 forecast outturn position prepared is based on departmental predictions relatively early in the 2024/25 financial year. As such it provides all Corporate Directors the opportunity to identify, agree and implement mitigating actions in-year, to improve the forecast out-turn position. All such in year mitigating actions will be reported as part of the quarter 2 budget monitor.

The Dedicated Schools Grant (DSG) quarter 1 forecast outturn is an overspend of £2.6m at year-end, largely due to pressures in the High Needs Block.

The Housing Revenue Account (HRA) quarter 1 forecast revenue outturn position is an in-year overspend of £3.9m. As the HRA is a ringfenced account, this overspend will need to be funded from HRA general reserves at year-end.

Of the £37.4m in-year savings target, £13.4m (36%) of savings are reported as already achieved. £14.2m (38%) of savings are on track to be realised by the end of the financial year. £9.3m (25%) of savings may have some risk involved, but there is

generally high confidence that they will be realised by the end of the year. £0.5m (1%) of savings are reported as delayed.

The General Fund quarter 1 capital forecast outturn for the year is £92.0m, which represents 70% of the revised 2024/25 capital budget of £131.9m, resulting in a forecast variance of £39.9m at year-end, largely related to forecast slippages on key projects, including, but not limited to, St. George's Leisure Centre (£17.8m), The Institute of Academic Excellence (£8.5m), Lochnager Bridge (3.7m), Culturally Sensitive Misuse Recovery Centre (£1.5m) and Cherry Trees (£1.0m). A dedicated resource has been allocated to accelerate delivery of the Mayors priority capital projects, including the Institute of Academic Excellence and Culturally Sensitive Misuse Recovery Centre projects, improvements are expected to be reported in quarter 2.

The Housing Revenue Account quarter 1 capital forecast outturn for the year is £114.7m, which represents 96% of the revised 2024/25 capital budget of £119.7m, resulting in a forecast variance of £5.0m at year-end, largely related to slippages on the council's New Build programme (£5.7m). Due to the previous year's outturn position of (£60.7m) across the HRA, a deep dive review of these forecasts will be carried out, which will be informed by a due diligence exercise currently being undertaken by a specialist third party.

Whilst the forecast position presented is a potentially challenging one, for context it represents 3% of our net budget well within our agreed resilience indicator threshold of 8%. We remain well placed to meet the challenge should it materialise and remain confident the council can take the agile mitigating actions needed to minimise the risk of the forecast levels of overspend being realised at year end.

Recommendations:

Cabinet is recommended to:

1. Note the council's quarter 1 forecast outturn position as at 30th June 2024, against the approved General Fund budget (£13.3m overspend), Housing Revenue Account budget (£3.9m overspend), and Dedicated Schools Grant (DSG) budget (£2.6m overspend). This is a relatively early forecast in the 2024/25 financial year, affording us an opportunity to implement mitigating actions for forecast overspends which will be reported as part of the quarter 2 budget monitor.
2. Note the council's quarter 1 forecast outturn position as at 30th June 2024, against General Fund and Housing Revenue Account capital programme revised budgets for 2024/25.
3. Approve £6.1m of capital growth and £1.6m capital reductions, as detailed in paragraph 7.18 below and Appendix 7, as previously reported to Capital Strategy Board.

4. Note the progress made against the 2024/25 savings targets, based at 30th June 2024.
5. Note that there are no equalities implications directly resulting from this report, as set out in Section 10.

1 REASONS FOR THE DECISIONS

- 1.1 The regular, timely and accurate reporting of Revenue and Capital Budget Monitoring information through the year is a key financial control. It makes visible variations to budget to inform decision making and enable the council to take timely mitigating actions.
- 1.2 It is important that issues driving variations to budget are understood, challenged and addressed so that the council remains both within the approved budget envelope and on track to delivering the plans Members budgeted for.

2 ALTERNATIVE OPTIONS

- 2.1 The council could choose to monitor its budgetary performance against an alternative time frame, but it is considered that the reporting schedule provides the appropriate balance to allow strategic oversight of the budget by Members and to manage the council's exposure to financial risk. More frequent monitoring is undertaken by officers and considered by individual service directors and the council's CMT including approval of management action.

DETAILS OF THE REPORT

3 Revenue Summary

- 3.1 The total council General Fund (GF) approved revenue net expenditure budget for 2024/25 is £462.6m. The General Fund Quarter 1 forecast outturn is £475.9m after the net drawdown of earmarked reserves of £16.7m requested by directorates. This results in an overall forecast £13.3m General Fund overspend variance. A summary position of the 2024/25 GF financial position is shown in Table 1 below, with breakdown by services and individual variances in Appendix 2 and 3.

Table 1 – Quarter 1 GF Forecast Outturn as Overspend/(Underspend) (£m)

Directorate	2024/25 Net expenditure budget (£m)	Forecast outturn (£m)	Net variance over / (under) spend (£m)
Housing and Regeneration	37.7	44.8	7.1
Health and Adult Social Care	174.3	178.4	4.1
Communities	58.0	61.2	3.2
Resources	46.0	46.7	0.7
Chief Executive's	15.3	15.8	0.5
Children's Services	94.1	92.3	(1.8)
Sub-total Directorates	425.4	439.2	13.8
Corporate	37.2	36.7	(0.5)
Total General Fund	462.6	475.9	13.3

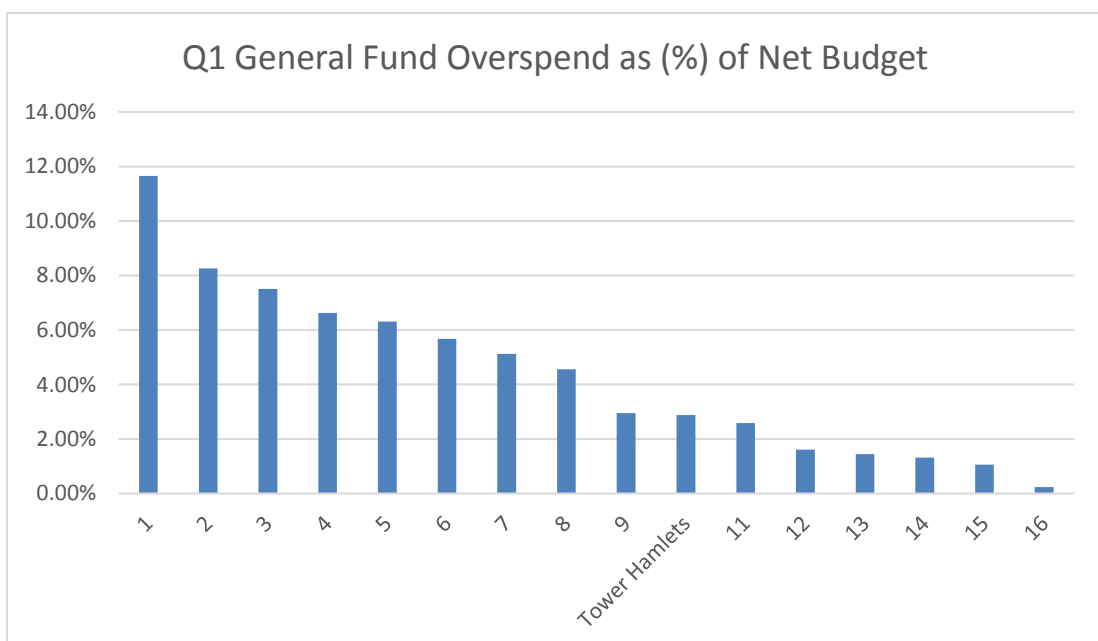
- 3.2 By comparison, an overall £6.7m General Fund forecast overspend variance was reported this time last year as part of the 2023/24 quarter 1 budget monitor. The council's eventual final outturn position for 2023/24 was an overall £0.3m underspend. Hence, as demonstrated over the last financial year, there is a strong expectation that corporate and cross-directorate management actions will deliver a downward movement in directorate overspend positions by the end of the financial year. This will significantly mitigate the risk of any overall forecast net overspends of £13.3m reported at Quarter 1 of this year will need to be balanced from the council's purposefully held risk reserve by year-end.
- 3.3 A fundamental element of the robustness of the council's annual budget and MTFs is the level of contingency budget, earmarked reserves and the GF balance. Based on Quarter 1 forecasts at 30th June 2024, total General Fund balance and earmarked reserves are projected to remain within tolerable limits at a total of £148.4m by the end of the year. The position includes budgeted net drawdown from earmarked reserve of £14.7m, reported as part of the 2024/25 budget approved by full council, and the planned net drawdown of earmarked reserves of £16.7m from services which had been set aside for specific purposes from previous years. Drawing on unplanned general and earmarked reserves will significantly restrict the council's ability to increase financial resilience through the Medium Term Financial Strategy (MTFS). The Quarter 1 General Fund and earmarked reserves forecast position is summarised in table 2 below and further detailed in Appendix 4. These balances will be reviewed in light of updated CIPFA guidance (minimum 5% of net budget – this is a generic rule of thumb, the actual amount in any organisation is a matter of informed professional judgement by the section 151 officer, which is an annual risk based assessment).

Table 2 – General Fund and Earmarked Reserves (£m)

Reserve	2024/25 Opening reserves (£m)	Forecast in-year increase / (decrease) (£m)	2024/25 Forecast closing reserves (£m)
General Fund balance	21.2	0.0	21.2
Earmarked Reserves without restrictions	70.9	(26.6)	44.3
Sub-total	92.1	(26.6)	65.5
Earmarked Reserves with restrictions	101.0	(18.1)	82.9
Total General Fund and Earmarked Reserves	193.1	(44.7)	148.4

- 3.4 At the time of writing, of the other 32 local authorities across London, 16 had responded to the quarter 1 Budget Monitoring Survey produced by London Councils. By way of comparison (with the exception of the City of London - an outlier in the only authority reporting an underspend position) all respondents across London have or are expected to report a forecast overspend position for quarter 1, with a large portion being significant overspends.
- 3.5 By definition, the nationally recognised demand driven pressures faced by the council in Homelessness (£7.6m), Adult Social Care (£3.5m) and Special Education Needs and Disabilities (SEND) (£2.2m), impacts hardest on areas such as Tower Hamlets with a high population density. Chart 1 below illustrates how the council remains in a comparatively strong position compared to some of our nearest neighbours when comparing quarter 1 forecast General Fund overspend as a percentage of net budgets.

Chart 1 – General Fund Overspend as (%) of Net Budgets



4 General Fund

- 4.1 The detailed directorate monitoring, setting out the provisional outturn against revised budgets and the reasons for the variances are set out in the following paragraphs and within Appendix 2 and 3.

Housing and Regeneration – £7.1m forecast overspend

- 4.2 The Housing and Regeneration directorate forecast is an overspend of £7.1m after net transfer from earmarked reserves of £4.2m.

Economic Development – £0.2m forecast overspend

- 4.3 Unbudgeted recharge for works undertaken by the Strategy, Policy & Improvement team. Options for mitigating this pressure are being considered.

Housing & Regeneration – £0.1m forecast underspend

- 4.4 Vacant posts within the Housing Regeneration & New Build team.

Housing Options – £8.1m forecast overspend

- 4.5 The Homelessness service is forecasting to overspend against budget by £7.6m after applying growth of £8m, use of Government grants totalling £9.5m and proposed reserve drawdowns of £1.1m.

- 4.6 Homelessness numbers remain high and have continued to rise in Q1 of 2024/25. There are currently 3,075 tenants in Temporary Accommodation (of which 704 are in Bed & Breakfast accommodation). This compares with 2,677 at Q1 in 2023/24, an increase of 398 tenants (14% increase). The main reasons for people presenting homeless are family evictions, domestic abuse and private tenancies that have been terminated. The cost-of-living crisis has increased family exclusions and reduced accessibility of private tenancies.

- 4.7 New bookings continue to rise, with 416 in Q1 of this year compared with 341 in Q1 of 2023/24. A lack of suitable accommodation resulted in 376 of these new placements being into Bed & Breakfast accommodation.

- 4.8 This is placing pressure on accommodation budgets. A lack of move on options and suitable T.A. is resulting in high use of expensive nightly booked accommodation. Rents remain above 2011 LHA rates, resulting in a Housing Benefit Subsidy loss on each placement, with this loss being greater where expensive nightly booked accommodation is sourced.

- 4.9 Recruitment is underway to 34 new posts and 43 temporary posts have been made permanent with the aim of preventing homelessness. The placements policy has been updated allowing placements further from borough to reduce reliance on B&B accommodation within Tower Hamlets. Incentive schemes have been introduced to retain existing landlords, attract new ones and prevent friend and family evictions. Promotional campaigns have been undertaken to increase the numbers of private landlords.

- 4.10 A further pressure of £0.4m relating to the lettings service where the recharge to the HRA has reduced, based on the actual number of lettings.

Planning & Building Control – £1.6m forecast underspend

- 4.11 Key variances include vacant posts across planning & building control with a number of posts being difficult to recruit too, particularly within building control where the recruitment of registered building inspector posts as part of the Council's response to the Building Safety and Fire Safety Acts.
- 4.12 Additional CIL income is being forecast for the year which will be applied in line with legislation within Development Management, reducing the burden on the General Fund. There is risk around the timing of the receipt of CIL as it is reliant on developers reaching milestones. The income will be closely monitored over the year.
- 4.13 These underspends are being partially offset by an ongoing shortfall in planning fees. Development has slowed down for a number of reasons, including the state of the economy which impacts all of Planning & Building Control income streams as the service covers the whole development pipeline and amendments to building regulations requiring two staircases for residential buildings above 18m which has caused a number of schemes to stall, again reducing the number of applications and start on sites. Local Land Charge service will transfer to Central Government in Q4 of 2024/25, having a small impact on income in year.

Property and Major Programmes – £0.2m forecast overspend

- 4.14 Vacant property costs including security, insurance, utilities, rates and general maintenance are being incurred, creating a budget pressure of £0.5m relating to four schools (Cherry Trees, Guardian Angels, Shapla and Bromley Hall) and Mile End playgroup. These properties are empty and declared surplus to requirements without any financial provision being made as part of the decision-making process when declaring them as surplus. These sites are being reviewed as part of the property asset management plan, which is currently being drafted and assumes these sites will no longer be vacant properties by quarter 4.
- 4.15 This pressure is being partially mitigated by vacancies and higher than budgeted recharges to the HRA based on actual work undertaken.
- 4.16 The electricity charge for the Town Hall is £2.1m lower than budgeted. This is being offset by a slipped saving relating to letting floor space in the Town Hall and a higher than budgeted business rates charge on this building. This charge has been appealed.

Resources – £0.3m forecast overspend

- 4.17 Employee related costs are higher than budgeted resulting from agency costs and supernumerary posts.

Health and Adult Social Care (HASC) – £4.1m forecast overspend

- 4.18 The Health and Adult Social Care directorate forecast is an overspend of £4.1m after net transfer from earmarked reserves of £3.5m.

Adults Social Care – £3.5m forecast overspend

- 4.19 Adult Social Care represents 70% of total HASC budget. The service is currently predicting an overspend of £3.5m of pressures showing against Home Care and Supported Living Services. The pressure is currently expected to be against Learning Disability & Mental Health Services.
- 4.20 There has been a significant reduction in Home Care commitments recorded on Mosaic system, with 78 care packages closing at the end of last financial year, producing a reduction of £6.6m in demand. However, the current forecast is based on the expectation that the demand will continue to increase during the year especially during winter months.
- 4.21 In aid of closer scrutiny of changes in demand and prices which are the main cost drivers throughout the financial year, the department is undertaking a detailed scrutiny of overspending budgets namely Home Care and Supported Living, with a view to manage inflationary pressures and gain a better understanding of demand behaviour.
- 4.22 This exercise will also represent an opportunity to manage demand and increases in prices closely and take timely remedial action to bring expenditure in line with allocated funds for the services.

Integrated Commissioning – £0.6m forecast overspend

- 4.23 The Service is overspending by £0.6m due to pressures within Transport Service budgets. The service is working closely with the Communities department to identify actions to mitigate this pressure, which will be reported in quarter 2 budget monitoring.
- 4.24 Tower Hamlets Together (THT) partnership spend is also recorded against the IC accounts. However, there is no expenditure to report in this period, any future expenditure incurred will be met from S256 reserve, which will not impact on the Council's budgets.

Public Health – nil variance

- 4.25 Public Health grant for 2024/25 is £39.2m. Currently, GUM and Sexual Health is forecast to overspend by £0.3m, which will be funded from the public Health reserve should the forecast trajectory continue.

Communities – £3.2m forecast overspend

- 4.26 The Communities directorate forecast is an overspend of £3.2m after net transfer from earmarked reserves of £1.8m. In order to inform mitigation actions for overspends being reported by the directorate, a zero-based budget approach will be adopted as part of budget setting.

Community Safety – £1.7m forecast underspend

- 4.27 Recruitment processes for both THEO's and Police Officers is ongoing. However, due to some progress challenges and pauses with the recruitment of THEO's and challenges in recruitment and retention of police officers in London in the current climate is resulting in the Underspend against budget.

Culture – £0.8m forecast overspend

- 4.28 The Leisure Service were insourced on 1st May 2024, and this represents the first reported budget monitor since the Council has run the service. The business rate charges on the leisure centres are £0.5m higher than budgeted. There is also a business rate charge on a void property on the St George's leisure centre site, which was not budgeted for.
- 4.29 It is projected that £0.2m of income will be foregone whilst essential refurbishment takes place at York Hall Spa and the facility is closed.
- 4.30 Unachievable income target of £0.1m relating to a profit share with GLL.
- 4.31 There are risks associated with this forecast, particularly around income projections. Work is still ongoing around the collection of direct debits for memberships and the posting of income into the ledger. The service has only been in-house for eight weeks and therefore there is limited data available against which to base future forecasts. As a result, leisure income will be closely monitored, and forecasts refined throughout the year.
- 4.32 A £0.3m adverse variance is forecast against the leisure insourcing programme budget. Additional agency and consultancy costs are being incurred to ensure the Council has the specialist skills required to programme manage and aide the insourcing programme. These costs will be funded from a drawdown against the leisure insourcing reserve.

Public Realm – £4.1m forecast overspend

- 4.33 Public Realm Management has a number of vacant posts that are resulting in a £0.5m Underspend.
- 4.34 Within Highways & Traffic Management budget pressures relating to the capitalisation of salaries and sunk costs associated with the partial completion of the TFL capital programme are being offset by underspends on insurance (reduced numbers of claims), electricity costs for street lighting (reduced unit price) and posts being held vacant across the service. It is also planned to use historic s278 balances that are held on the balance sheet to offset general fund budgets, resulting in a £0.3m Underspend.

- 4.35 Waste Operations is forecasting a £4.5m overspend, primarily the result of higher than budgeted employee related costs (unbudgeted posts that were made permanent and overtime costs covering weekend shifts and sickness) and insurance and repairs and maintenance costs for the fleet of vehicles. This is partially offset by £0.2m underspend for the sale of recyclable materials. The service is currently reviewing the staffing structures with a view to mitigating this overall overspend.
- 4.36 A shortfall of £0.3m against the income target for commercial waste. Customers were lost during the pandemic and the service has yet to build the customer base back up to these levels.
- 4.37 There are mitigating actions being undertaken to manage this ongoing cost pressure. These include targeting illegal waste through increased enforcement activity; improve the commercial waste offer to increase market; reducing contamination through identification of hotspots followed by targeted communication (education/advice/enforcement); targeting rogue landlords through policy change/interventions; route optimisation and increased staff training to reduce vehicle damage / insurance claims.
- 4.38 Slippage of a saving reducing costs through electrification of the fleet resulting in an overspend of £0.3m. Procurement of these vehicles is underway. The Mayor of London has frozen freedom pass fares resulting in a £0.4m underspend against budget.
- 4.39 Parking services are forecasting additional income of £1.5m from additional enforcement activity, the impact of the diesel surcharge on casual parking income and increased demand for visitor vouchers. Unbudgeted costs relating to parking stress survey work and parking enforcement plan reduce the underspend to £1.3m. This underspend will be transferred to the Parking Control reserve, resulting in a nil variance.
- 4.40 Vacant posts and additional Housing of Multiple Occupancy income within the mandatory licensing service is resulting in a forecast £0.1m underspend.
- 4.41 The Street Trading account is forecast to be £0.5m overspent due to a higher than budgeted recharge for waste collection and street cleansing.

Resources – £0.7m forecast overspend

- 4.42 The Resources directorate forecast is an overspend of £0.7m after net transfer from earmarked reserves of £0.3m.

Customer Services – £0.4m forecast underspend

- 4.43 This is due to a combination of part-year vacancies in the Residents' Hub, staff not in the pension scheme in both the Residents' Hub and Customer Contact Centre, savings on Telephony and a senior post being kept vacant. Idea Stores Learning – £0.1 million underspend. This is due to part-year vacancies in the Skills for Life budget.

Finance Procurement and Audit (FPA) – £0.6m forecast overspend

- 4.44 There is a forecast overspend in staffing for the Procurement Team of £0.5m due to the current high number of procurements occurring, including social care homecare contracts and a high level of agency staff usage. This area is currently going through transformational work to ensure the requirements and obligations of the new Procurement Act 2023 which comes into effect in October 2024 are implemented and embedded.

- 4.45 Finance and Audit are currently forecasting a breakeven position. There is £0.1m staffing pressure in the other areas of FPA, mainly due to agency cover for Payroll.

Workforce OD and Business Support – £0.5m forecast overspend

- 4.46 Business Support Service £0.6m overspend. This is because of a delay in implementation of savings which are new to this financial year reduced by £0.1m drawdown from the Transformation reserve for four temporary business support officers in the Recruitment and Retention team.

Chief Executive's Office – £0.5m forecast overspend

- 4.47 The Chief Executive's Office directorate forecast is an overspend of £0.5m after net transfer from earmarked reserves of £2.2m.

Legal and Monitoring Officer Services – £0.5m forecast overspend

- 4.48 Legal Services continues to report significant pressure to the budget of circa £0.5m this is in the main due to the workload and the associated agency costs. A review of the service is underway and will form the basis of a future growth bid. Democratic Services projecting a very small underspend due to the current Members Allowance pay scale of £0.06m.

Strategy, Improvement and Transformation – nil variance

- 4.49 The mayor's new community grant programme is funded through the Neighbourhood Community Infrastructure Levy (NCIL) monies. An underspend of £0.5m is anticipated for this service area after costs related to the grant programme of £3.0m are funded from reserve. The underspend will be put in reserve to support costs which cannot be paid through NCIL.

Children's Services – £1.8m forecast underspend

- 4.50 The Children's Services directorate is forecasting an underspend of £1.8m after net transfer from earmarked reserves of £2.5m. This forecast includes underspends including £2.3m within the supporting families division and £1.8m within Education Resources division. In order to inform mitigation actions for overspends being reported by the directorate (particularly SEND overspends), a zero-based budget approach will be adopted as part of budget setting.

Commissioning – £0.1m forecast overspend

- 4.51 £0.2m overspend on staffing, resulting from employees being at the top of the scale and the use of agency staff for strategic and policy projects. £0.1m underspend due to additional catering income. Contract pressures are a risk due to rising inflation. Caution is warranted as specific contracts are due for renewal next year and potential growth bids hinge on the contract bidding process.

Education – £2.2m forecast overspend

- 4.52 There is a £1.6m forecast overspend on SEN Transport (£1.4m external and £0.2m internal). This is a result of continued increases in the costs of SEN transport, driven by both the rising volumes of children accessing transport and the substantial increase in fuel costs, along with London ULEZ surcharges for private hire vehicles. There is also a £1.1m SEND overspend, driven by rising pressures and the need for additional staff in Education Psychology and SEN casework. There are also £0.3m forecast overspends related to lower income projections in Gorsefield and Safeguarding services as well as pupil admissions. These pressures are being offset by a £0.8m underspend in Community Languages service which is currently paused.
- 4.53 Mitigations to help reduce travel pressures include encouraging use of personal travel budgets, renegotiation of taxi prices where possible and promotion of independent travel training. Additionally, the in-house passenger transport service has targets around optimisation of bus seats and adhering to the Green Agenda which should alleviate pressure on external transport if they are able to receive more pupils within their quota.

Supporting Families – £2.3m forecast underspend

- 4.54 The significant underspend of £2.4m is forecast in the new youth provision due to ongoing recruitment. There is also a forecast £0.1m overspend on No Recourse to Public Funds (NRPF) expenditure, driven by statutory requirements and a growing number of assessed families. Placements remain volatile, demand pressures are currently managed well. Various mitigations have been implemented, including strategic allocation of social care grant funding and careful management of social care grant reserves as well as ensuring the number of children looked after and residential placements remain minimal.

Education Resources – £1.8m forecast underspend

- 4.55 The forecast underspend within the division is after the drawdown of £1.8m of free schools meals earmarked reserves.

Corporate – £0.5m forecast underspend

- 4.56 The Corporate directorate forecast is an underspend of £0.5m. Forecast overspends in the directorate relate to a pay provision of 3% which was provided for pay inflation. Based on the latest pay offer there will be a pressure of £1.2m. The offer has not been accepted by the Unions. The cost of the Best Value Inspectors is estimated to be £0.4m and following a significant national increase in external audit fees due to the issues in the sector there is an overspend of £0.2m forecast.

Dedicated Schools Grant (DSG) – £2.6m forecast overspend

- 4.57 The Dedicated Schools Grant (DSG) quarter 1 forecast outturn is an overspend of £2.6m at year-end. The in-year forecast movement in DSG balances is shown in table 3 below.

Table 3 – Forecast year-end DSG balances (£m)

	Schools block (£m)	Central block (£m)	Early years block (£m)	High needs block (£m)	Total (£m)
Opening deficit balance	0.0	0.0	0.0	15.8	15.8
In-year DSG (surplus) / deficit	(2.0)	0.1	(1.7)	6.2	2.6
Forecast closing deficit balance	(2.0)	0.1	(1.7)	22.0	18.4

- 4.58 Pressures are primarily within the High Needs Budget. This is due to increased demand for Education Health and Care Plans (EHCPs), rising costs of specialist placements, and insufficient funding to meet the complex needs of pupils.
- 4.59 As a result of the overall savings in the Schools and Early years blocks, it is proposed that subject to School forum approval these are used to reduce the High Needs overspend as in previous years. This overspend is a burden to all schools and pupils in the borough, so reducing it benefits the whole education community.
- 4.60 Services are undertaking a comprehensive review of Service Level Agreements to optimise and streamline banding rates. Additionally, Children Services are in the initial phases of implementing the Department for Education's (DfE) Delivering Better Value (DBV) programme, which aims to enhance financial efficiency and improve outcomes for children and young people with special educational needs and disabilities (SEND). The DBV programme will potentially provide significant benefits, including more effective resource allocation, better financial planning, and improved support for high-needs pupils.

5 Housing Revenue Account (HRA)

- 5.1 The Housing Revenue Account (HRA) quarter 1 revenue forecast outturn position is an in-year variance of £3.9m. As the HRA is a ringfenced account, this overspend will be transferred to HRA general reserves at year-end. There are a number of under and overspends making up this position which are summarised below. Further, the HRA general reserves are also budgeted to be used to fund the HRA capital programme, the quarter 1 forecast is that £9.1m will be required for the year.

Income - £2.4m Overspend

- 5.2 Under recovery of income relating to dwelling rents and service charges of £1.3m due to a high number of voids, both general voids and properties held vacant following policy decisions for decant purposes, for example resulting from major works at Maltings & Brewster. Delays in new build units being let.
- 5.3 Under recovery of leasehold service charge income totalling £1.8m where the budgeted insurance charge to leaseholders was over inflated. This will be corrected ahead of Q2 budget monitor.
- 5.4 Additional unbudgeted income of £0.3m from non-dwelling rents (shops, garages) with a lower number of voids than were budgeted.
- 5.5 The number of leasehold enfranchisements is significantly higher than budgeted resulting in additional income of £0.4m.

Expenditure - £7.3m Overspend

- 5.6 Repairs and Maintenance is forecasting an overspend of £2.5m due to the continued increase in materials and labour costs; unbudgeted costs for emergency works, damp and mould remedial work and electrical testing. The stock is ageing resulting in increased costs for mechanical breakdowns including boilers, lifts and pumps, both through repairs and ancillary associated costs (scaffolding, security and specialist equipment).
- 5.7 Building Safety costs are forecast to overspend due to the wide-ranging requirements of the safety works to be undertaken to ensure the stock is compliant from a building and fire safety perspective. This includes surveys and assessment works at a cost of £1.4m in year. A further £1m overspend relating to cyclical and preventative work, including asbestos works, servicing visits, programme fire detection and waking watch. It is proposed to fund £2.4m of these additional works from the earmarked building safety risk reserve, resulting in a net overspend of £0.3m.
- 5.8 An overspend of £2.5m for Communal energy costs. The energy budget was inflated in 2022/23 and 2023/24 to reflect market conditions through temporary growth. It was expected that costs would be lower in the current year and the budget reflected this reduction. However, the latest information indicates that although costs are forecast to fall, it will not be to the level built into the budget.
- 5.9 A £0.2m adverse variance relating to Tenant Management Organisation allowances. The budget was based on an estimated figure, whereas the actual negotiated levels are higher. Salary costs relating to building safety leads is

forecasting an underspend of £0.3m. The posts are difficult to recruit too with all local authorities competing for a limited resource.

- 5.10 A £0.8m adverse variance on repairs and maintenance costs relating to non-dwelling properties. This includes additional security costs and business rate charges on void properties.
- 5.11 Capitalisation shortfall of £0.9m due to slippage within the HRA cyclical capital programme and a change in calculation from a flat fee of 13% to a timesheet approach, in line with other Council services following the insourcing of THH. An adverse variance of £0.4m against insurance premiums for dwellings with costs rising at a higher percentage than was budgeted.

Technical Adjustments - £5.8m Underspend

- 5.12 An underspend of £1.5m against the depreciation charge for HRA dwellings and non-dwelling properties.
- 5.13 An overspend of £3.7m for the Item 8 debit and an underspend of £8m for the item credit resulting from increased interest rates on both debt and investments (net favourable variance £4.3m). These figures are based on budgeted borrowing and reserve balances.
- 5.14 The HRA quarter 1 forecast net transfers from reserves for the year are summarised in Table 4 below.

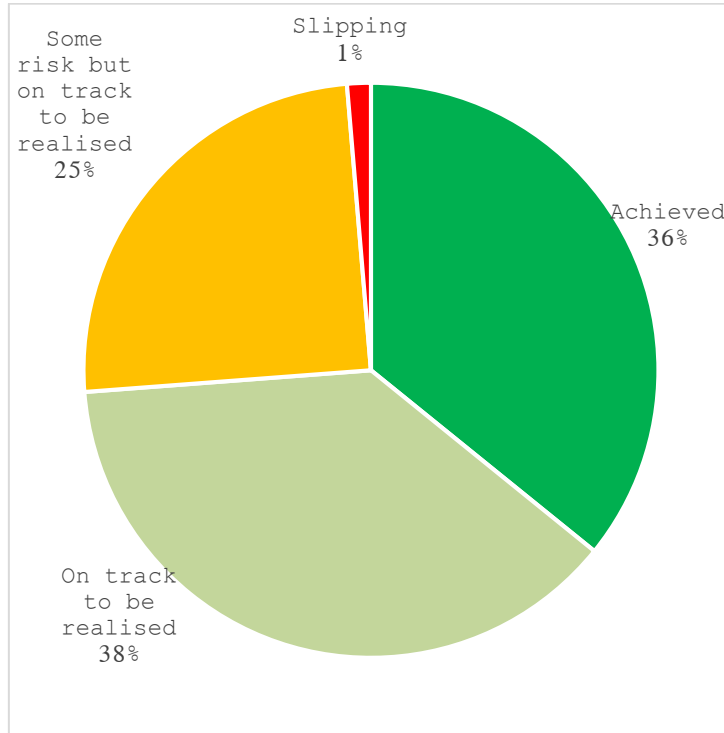
Table 4 – Forecast Housing Revenue Account and Earmarked Reserves (£m)

Reserve	2024/25 Opening reserves (£m)	Revenue in-year increase / (decrease) (£m)	Capital financing (£m)	2024/25 Forecast closing reserves (£m)
Housing Revenue Account balance	24.3	(3.9)	(9.1)	11.3
Earmarked Reserves without restrictions	2.4	(2.4)	0.0	0.0
Total Housing Revenue Account and Earmarked Reserves	26.7	(6.3)	(9.1)	11.3

6 Savings

- 6.1 In the 2024-27 MTFs, Tower Hamlets Council plans to realise £37.4m in the 2024/25 financial year. The below chart 2 displays the latest distribution of 2024/25 savings target;

Chart 2 – forecast savings tracker (%)



- 6.2 Of the £37.4m in-year savings target, £13.4m (36%) of savings are reported as already achieved.
- 6.3 The task remains realising the remaining savings with monetary value of £24.0m. £14.2m (38%) of savings are on track to be realised by the end of the financial year. £9.3m (25%) of savings may have some risk involved, but there is generally high confidence that they will be realised by the end of the year. £0.5m (1%) of savings are reported as delayed.
- 6.4 A complete listing of remaining savings to be delivered organised by RAG rating can be found in Appendix 5.

7 Capital Programme

General Fund (GF) Capital Programme

- 7.1 The General Fund quarter 1 capital forecast outturn for the year is £92.0m, which represents 70% of the revised 2024/25 capital budget of £131.9m, resulting in a forecast variance of £39.9m at year-end, summarised in table 5 below and detailed in Appendix 6.

Table 5 – Quarter 1 GF Capital Forecast Outturn (£m)

Programme / Directorate	Revised Budget (£m)	Actual (£m)	Q1 Forecast (£m)	Forecast Variance (£m)	(Slippage) / Acceleration (£m)	(Under) / Overspend (£m)
Approved Programme						
Children's Services	35.2	3.8	25.5	(9.6)	(10.2)	0.6
Communities	45.9	1.2	22.4	(23.5)	(23.9)	0.4
Housing & Regeneration	20.6	(1.6)	19.3	(1.4)	(1.4)	0.1
Health and Adult Social Care	3.2	0.4	0.7	(2.5)	(2.5)	0.0
Resources	2.2	0.0	2.0	(0.2)	(0.2)	0.1
Approved Programme Total	107.0	3.7	69.9	(37.2)	(38.2)	1.1
Approved Rolling Programme						
Children's Services	3.0	0.3	4.1	1.1	1.1	0.0
Communities	9.2	0.6	9.2	0.0	0.0	0.0
Housing & Regeneration	3.7	0.5	3.7	0.0	0.0	0.0
Resources	3.0	0.0	1.1	(1.9)	(1.9)	0.0
Approved Rolling Programme Total	18.9	1.3	18.1	(0.8)	(0.8)	0.0
Invest to Save Programme						
Communities	4.0	1.3	2.2	(1.8)	(1.8)	0.0
Housing & Regeneration	1.1	0.0	1.1	0.0	0.0	0.0
Invest to Save Programme Total	5.1	1.3	3.3	(1.8)	(1.8)	0.0
LIF Programme						
Communities	0.8	0.3	0.7	(0.1)	(0.1)	0.0
LIF Programme Total	0.8	0.3	0.7	(0.1)	(0.1)	0.0
GF Grand Total	131.9	6.6	92.0	(39.9)	(40.9)	1.1

- 7.2 The forecast variance of £39.9m is composed of £40.9m net slippages and £1.1m net overspends. Of the £40.9m net slippages, five key projects account

for £32.3m of the overall forecast net slippage. Key reasons for these net slippages are detailed as follows.

Key Capital General Fund Net Slippages

- St. George's Leisure Centre (Communities) - £17.8m slippage
- 7.3 The project has a 2024/25 revised budget of £19.1m, the project is forecast to spend £1.3m (7% of the revised budget) slipping £17.8m into future years. The hard strip to St George's has not been completed yet. The scheme been through a number of design changes. The planning submission is due in mid-August 2024 with main contractor procurement commencing in late 2024. It is expected that the slippage of £17.8m will be spent in 2025/26 financial year.
- The Institute of Academic Excellence (Children's Services) – £8.5m slippage
- 7.4 The project has a revised budget of £9.0m and is forecast to spend £0.5m (6% of the revised budget) this year, resulting in a slippage of £8.5m. Following the earlier feasibility, the project is now proceeding as a remodelling/refurbishment scheme. When the budget was originally set it assumed a full demolition and rebuild and that works would commence this year. However, the latest position assumes that a refurbishment only scheme will be required, and that works are now anticipated to commence later in the overall timescales for the project and to a lower expected cost compared to the original £15.0m previously agreed lifetime budget based on refurbishment and a significant element of newbuild. A dedicated resource has also been allocated to accelerate to delivery of the project and costs of the scheme will be monitored throughout the year and once confirmed, funds will be appropriately released.
- Lochnager Bridge (Communities) - £3.7m slippage
- 7.5 This project is causing the significant variance within the New Infrastructure programme. The revised budget for the year is £3.7m, however £0.2m spend is forecasted (5% of the revised budget) slipping £3.5m into future years as the Council cannot enter main contract works until certain key risks are resolved such as securing the land and completing the Bridge Development agreement with London Borough of Newham who is delivering the project.
- Cherry Trees and Culturally Sensitive Misuse Recovery Centre (HASC) - £2.5m slippage
- 7.6 The £2.5m variance within HASC is due to two projects approved in principle yet to go through the capital governance process. Day Provision at Cherry Trees has a budget of £1.0m and Culturally Sensitive Misuse Recovery Centre has a revised budget of £1.5m. The projects will commence once they have been formally approved at capital governance hence the forecast spend against the project budgets have been prudently set to nil for now and will be reviewed throughout the remainder of the year.

Key Capital General Fund net overspends

- 7.7 Of the £1.1m forecast overspend, three key projects accounts for £0.8m of the overall forecast net overspend. Key reasons for these forecast overspends are detailed as follows.

Beatrice Tate Expansion (Children's Services) - £0.4m overspend

- 7.8 This project has a revised budget of £4.1m and is forecasting to spend £6.1m resulting in a net acceleration of £1.6m and a overspend of £0.4m. An overspend is forecast on the scheme due to the amount of risk that is sat with the Council, with the contractor requesting an additional c£240k to hold their prices. There is a risk the scheme could increase but there is no certainty currently.

The Transformation of CCTV systems (Communities) - £0.3m overspend

- 7.9 This project has been beset with cost problems, with all contract awardees coming in with values significantly higher than original estimates and additional costs due to changes in location for the hub from the original plan being for the hub to be located at the New Town Hall.

Hermitage Temporary SEND unit (Children's Services) - £0.1m overspend

- 7.10 The project has a revised budget of £2.3m and is forecasting to spend £2.7m resulting in a net acceleration of £0.3m and an overspend of £0.1m. This is due to identifying a number of unexpected objects below ground as well as asbestos resulting in further costs and so an additional budget request will be required.

- 7.11 Other notable net slippages and overspends relating to the general fund capital programme are detailed below based on programme and directorate and within Appendix 6.

Approved Programme

Children's Services

- 7.12 Harpley School Key Stage 1 & 2 has a revised budget of £1.1m and currently has no forecasted spend slipping £1.1m into future years. There is no major works expected this financial year due to planning applications being rejected for the expansion programme. They are currently undergoing a procurement process for feasibility so a masterplan can be obtained from external providers to determine how best to utilise the buildings and provide better provision.

Communities

- 7.13 The other significant programme within the Communities Directorate is the Parks Programme, with a total revised budget allocation of £3.0m for the year. The forecast outturn for the year is £1.5m, resulting in a net variance of £1.5m slipping into next year. There are several smaller schemes forming this programme, including the Quality Parks projects which is forecast to slip £0.7m from a revised budget of £1.1m due to Allen Gardens still being subject to planning and options appraisals by external third parties.

Housing and Regeneration

- 7.14 The Carbon Offsetting Programme has a revised budget of £2.7m and is forecasting to spend £2m (75% of the revised budget). There are two projects that make up most of the slippage, they are the Bio-Solar Installation Project. The funding for Bio-Solar Installation Project will be reallocated to other projects as Housing are unable to deliver the scheme. Some of the programme slippage is expected to be re-allocated to a school funding project and a new tranche of projects for the net zero partnership to be delivered from 2024-27.

Approved Rolling Programme

Children's Services

- 7.15 The Conditions and Improvement for Schools' project with in-year budget allocation of £3.0m is forecast to spend £4.1m resulting in accelerated spend of £1.1m from future years. The programme reacts across the maintained school estate on conditions need requirement. Two project which had unsuccessful procurements in 2023/24 were re-profiled for delivery in 2024/25. These essential heating pipework replacement projects have experienced price increases due to the cost of materials.

Resources

- 7.16 The IT Rolling Programme has a revised budget of £2.7m and is forecasting to spend £1.1m (40% of the revised budget) resulting in a forecast net slippage of £1.6m. The forecast includes upgrade of Telecare Equipment (£0.6m), which is currently progressing through the councils internal governance process.

Invest to Save

- 7.17 The Street Lighting Replacement project is forecasting spend of £1.9m (45% of the £3.7m revised budget), resulting in a forecast slippage of £1.8m. It is anticipated that 2,000 lighting columns will be delivered this financial year.

General Fund capital growth and reductions

- 7.18 Capital projects listed below within table 6 and 7 are proposed growth and reductions respectively to the councils existing approved capital programme. Further details on spend profile and funding is contained in Appendix 7.

Table 6 – Growth to capital programme (£m)

Project Additions	Total Growth (£m)
Wood wharf expansion	2.199
Whitechapel Road Tensile Structure	1.838
Leisure Centre Investment Works	0.762
Youth Provision (Phase 2)	0.488
School Super Zone	0.250
Idea Stores IT Hardware	0.212
Sewardstone Road (Adult Social Care)	0.114
Public Realm Improvement (New Town Hall)	0.096
Historic Water Fountains	0.090
Poplar Baths Gaming Pitch	0.065
Petticoat Lane Heritage Trail	0.028
Total Additions	6.143

Table 7 – Reductions to capital programme (£m)

Project Additions	Total Reductions (£m)
Public Safety Improvement Programme (LIF 3)	(0.800)
Victoria Park Mini Golf	(0.455)
Maroon Street Pocket Park	(0.350)
Total	(1.605)

Housing Revenue Account (HRA) Capital Programme

7.19 The Housing Revenue Account quarter 1 capital forecast outturn for the year is £114.7m, which represents 96% of the revised 2024/25 capital budget of £119.7m, resulting in a forecast variance of £5.0m at year-end. This position is summarised in the table 8 below.

Table 8 – Quarter 1 HRA Capital Forecast Outturn (£m)

Programme / Directorate	Revised Budget (£m)	Actual (£m)	Q1 Forecast (£m)	Forecast Variance (£m)	(Slippage) / Acceleration (£m)	(Under) / Overspend (£m)
Approved Programme						
New Council Homes	93.3	8.2	88.2	(5.1)	(5.7)	0.6
HRA - Projects	3.4	0.2	3.6	0.1	0.1	0.0
Approved Programme Total	96.7	8.3	91.7	(5.0)	(5.5)	0.6
Approved Rolling Programme						
HRA - Rolling Programme	23.0	(1.6)	23.0	0.0	0.0	0.0
Approved Rolling Programme Total	23.0	(1.6)	23.0	0.0	0.0	0.0
HRA Grand Total	119.7	6.7	114.7	(5.0)	(5.5)	0.6

Approved Programme - New Council Homes - £5.1m variance

7.20 The Council's revised New Council Homes capital programme budget for 2024/25 amounted to £93.3m with the latest HRA business plan and the capital New Build programme aligned to reflect the latest plans and time frames for the programme.

7.21 Housing with Extra Care has a revised budget of £5.0m but currently has no forecasted spend as no schemes have been approved yet. Candy Street is forecasted to slip £2.5m from a revised budget of £7.0m due to changes in procurement strategies.

7.22 Other reasons for slippages across the programme include on site difficulties with contractors e.g. experiencing labour and material supply issues, inflationary cost pressures, cash flow and actual contractual performance. Further, a number of schemes are going through re-design, some already with planning consent at the request of the Administration to try get an increase in larger sized homes.

Approved Programme – Projects - £0.1m variance

7.23 The introduction of new off street parking arrangements, which has a revised budget of £1.5m and is forecasting to spend £1.6m, resulting in a net acceleration of £0.1m. The projected spend is higher to complete the full roll out by March 2025.

HRA – Rolling Programme – nil variance

7.24 An uplift of budget to £27m is expected as a full re-programme of all the projects is currently underway and a vast number of surveys for roofs, windows, doors and concrete work is being carried out.

7.25 The process to procure two new contracts is also in progress as the Better Neighbourhood Framework expires in November 2024. This should cover all requirements for capital delivery. However, the tender process cannot start until cabinet approval is received.

7.26 As a back-up arrangement, there is a form of a third-party framework in place but there are limitations with this as it is geared up for general major works and may not fully cover fire safety requirements.

8 Treasury Management

8.1 The nominal value of Council’s investment at the end of June 2024 was £211.9m (a decrease of £27.7m from June 2023 and an increase of £7.7m from Q4 2023-24). The market value of investments at the end of the quarter was £209.5m, as detailed in table 9 below.

Table 9 – Value of Council Investments (£m)

Investment Category	June 2024 Nominal Value (£m)	June 2024 Fair Value (£m)
Internally Managed Investments		
Banks	1.000	1.000
DMADF	37.613	37.613
Money Market Funds	97.350	97.350
Externally Managed Pooled Funds		
Cash Plus & Short Bond Funds	20.000	19.978
Strategic Pooled Funds	56.000	53.581
Total	211.963	209.522

8.2 External borrowing was £68.709m and no new external borrowing took place during the year.

8.3 The Council's investment balance at the year-end remains higher than the Arlingclose pool of 20 London and Metropolitan Boroughs average balance of £86.4m, and pool of 119 local authority average of £76.1m.

Income Position

8.4 The yield of the internal portfolio at the end of the quarter was 5.22%. The portfolio was mostly invested in money market funds and with the DMADF, so the return reflected the high interest rates across shorter durations. The income returns of the entire portfolio, including the Council's external investments during the quarter was 5.09% while total return including changes in the value of externally managed pooled funds was 6.41% (capital gain on cash plus pooled funds was 2.43% and strategic funds 4.28%).

Benchmarking

8.5 According to the June quarter benchmarking information received from Council's treasury advisor, Arlingclose Ltd, average income return of 5.09% slightly underperformed against both a group of 20 London and Metropolitan Boroughs (5.18% average income return) but outperformed that of 119 national local authorities (5.06% average income return).

Liquidity

8.6 65% of Council's invested cash at the end of the quarter is available within 7 days ensuring adequate cash is available to meet daily expenditure payments. This compared to the average London and Metropolitan Boroughs of 70% and 119 Local Authorities in the Arlingclose pool of 52%.

8.7 74% of funds were available within 100 days of maturity compared with a London and Metropolitan Borough average of 85% and local authority average of 71%.

8.8 Overnight liquidity at the end of June was £98.3m which is 100% of the internal portfolio. The average days to maturity of the internal portfolio at the end of the quarter was 33 days (44 days March 2024) which reflects the underlying weighted average maturities of the money market funds.

Security

8.9 The investment average credit rating of AA- represents a secured portfolio compared to the average rating for Arlingclose pool of 20 London and Metropolitan Boroughs of A+ and A+ average for pool of 119 local authorities.

8.10 At the end of June 2024, the Council had £1m invested with Santander and £97.35m in MMF's. The Council therefore had minimal exposure to a single financial institution. Whilst the Council's investment portfolio's bail-in risk is 100%, this is all available overnight through MMFs.

Inflation

- 8.11 Inflation continued to decline from the 7.9% rate seen in June 2023. During the quarter, consumer price inflation (CPI) had fallen from 3.2% in March 2024 to 2.0% in June 2024, reaching the Bank of England's 2% target at the end of the period.
- 8.12 Inflation rates are expected to move lower over the next 12 months. In the near term, interest rates are expected to dampen activity along with inflation through the supply chain. There are upside risks from geo-political issues and stronger domestic activity. With continued policymaker fear around the persistence of underlying inflationary pressure, particularly services inflation, Bank Rate is forecast to reduce slowly initially, summarised in table 10 below.

Table 10 – Interest rates forecasts (%)

	Current (%)	Sep-24 (%)	Dec-24 (%)	Mar-25 (%)
Official Bank Rate Central Case	5.25	5.00	4.75	4.25
3-month MMF rate Central Case	5.40	5.15	4.80	4.30
5yr gilt yield Central Case	3.95	3.90	3.70	3.50
10yr gilt yield Central Case	4.09	4.05	4.00	3.80
20yr gilt yield Central Case	4.55	4.45	4.40	4.20
50yr gilt yield Central Case	4.16	4.05	4.00	3.80

Borrowing

- 8.13 The Council has Public Works Loan Board (PWLB) loans totalling £51.2m and fixed rate bank loans totalling £17.5m. No external borrowing took place during the quarter as the capital program is temporarily funded using cash reserves, thereby saving on external borrowing costs in the short-term.

9 Collection Fund

- 9.1 This section shows the amount of money the council has collected from tax payers of the borough, and the split between the amount that is retained and the amounts paid over to central government and the GLA.

NNDR Business Rates

- 9.2 The council is expected to collect £450m in 2024-25 for total Business Rates income (30% retained by the Council and 37% passported to the GLA and 33% central government), excluding business rates supplement. Collection levels continue to be impacted by the economic impacts from the cost-of-living pressures, although collection rates are starting to return to pre-pandemic levels.
- 9.3 There is a provisional (subject to audit) accumulated Business Rates Collection Fund deficit to the end of 2023-24, of which the estimated Council share is

£19.4m. The Council is utilising its Collection Fund Smoothing Reserve to align the government grant funding of business rates reliefs with the timing of deficit payments.

- 9.4 The accumulated deficit to the end of 2023-24 continues to include a significant loss allowance (bad debt provision) for potential non-payment of debts, of which the Council share is £4.6m, to allow for the on-going potential impacts of cost-of-living pressures.
- 9.5 To the end of quarter 1, the council collected £143.9m of £459.8m billed (31.31% in-year collection rate) compared to 30.29% for 2023-24, which is an improvement on last year. This includes collection of the Business Rate Supplement (BRS) for the London Crossrail development.

Council Tax

- 9.6 The council is expected to collect £192.2m by the end of 2024-25 (both GLA 28% and Council 72% shares). Collection levels continue to be impacted by the economic impacts of the cost-of-living pressures.
- 9.7 There is a provisional (subject to audit) accumulated Council Tax Collection Fund deficit to the end of 2023-24, of which the estimated Council share is £5.5m. There is a loss allowance (bad debt provision) of £18.2m to allow for the potential impacts of cost-of-living pressures.
- 9.8 The cost of the Local council Tax Reduction Scheme (LCTRS) scheme continues to rise, up slightly from £32.4m in 2023-24 to £34.3m in 2024-25. The level of claimants has reduced slightly from the increased pandemic level. The 2024-25 forecast at Quarter 1 is £34.3m.
- 9.9 To the end of quarter 1 the council collected £45.5m of the £188m Council Tax bills raised (26.54% in-year collection rate) compared to 25.86% for the same period in 2023-24, which is an improvement on last year but slightly lower than pre-pandemic collection levels. Future years' collection rates could continue to be negatively affected by wider economic impacts being experienced by residents (including inflationary and market pressures on energy and food costs).

10 EQUALITIES IMPLICATIONS

- 10.1 There are no equality implications directly resulting from this report.

11 OTHER STATUTORY IMPLICATIONS

- 11.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,

- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

11.2 There are no other statutory implications contained in this report.

12 COMMENTS OF THE CHIEF FINANCE OFFICER

12.1 The attached report is primarily financial in nature and the financial implications of the issues raised have been included in the report and its associated appendices.

13 COMMENTS OF LEGAL SERVICES

13.1 The council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The council's chief finance officer has established financial procedures to ensure the council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Cabinet to receive information about the revenue and capital budgets as set out in this report

13.2 The monitoring of financial information is also a significant contributor to meeting the council's Best Value legal duty and therefore this report complies with that legal duty.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Appendix 1: Nationally Recognised Demand Driven Pressures
- Appendix 2: 2024/25 Quarter 1 General Fund Revenue by Service Area
- Appendix 3: 2024/25 Quarter 1 General Fund Variances
- Appendix 4: 2024/25 General Fund and Earmarked Reserves
- Appendix 5: 2024/25 Savings Tracker
- Appendix 6: 2024/25 Q1 General Fund Forecast Outturn Capital Programme Monitor
- Appendix 7: 2024-25 Q1 Capital Growth and Reductions 2024-2027

Background Documents – Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012

- None

Officer contact details for documents: N/A