ISLINGTON
For a more equal future

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Wards:	All
Report of:	Executive Member for Finance and Performance
Report No.	N/A

Subject: Budget Monitoring 2024/25 Quarter 1

1. Recommendations

1.1. To note the breakdown of the forecast General Fund (GF) outturn by variance at Appendix 1 and service area at Appendix 2. (Section 4, Table 1, and Appendices 1 & 2)

1.2. To note the forecast outturn 2024/25 GF position. (Section 4 and Table 1)

1.3. To note, and where necessary agree, the virements and budget adjustments. (Paragraphs 4.88 to 4.89, 6.55 to 6.60 and Appendix 2, Section 4)

1.4. To note the Collection Fund estimated outturn position for council tax and national non-domestic rates (NNDR). (Paragraphs 4.90 to 4.103)

1.5. To note progress on delivering the 2024/25 agreed budget savings. (Appendix 3)

1.6. To note the HRA forecast outturn. (Section 5 and Appendices 1 & 2)

1.7. To note the forecast capital outturn at Q1 of £291.627m for 2024/25 which includes an overspend of £0.300m on the revised 2024/25 budget (Section 6, and Appendix 4) and the revised multi-year capital programme and how it will be financed. (Appendix 5)

1.8. To agree the requested capital reprofiling with future financial years and budget adjustments, and to note the further capital reprofiling and budget adjustments which will be reported to Full Council for agreement via the paper Capital Programme 2024/25 Quarter 1 Budget Changes on 19th September 2024. (Section 6 and Appendix 4)

1.9. To agree changes in capital financing for ongoing schemes which will lead to a net reduction in the borrowing requirement of the capital programme by £0.135m. (Paragraphs 6.23 and 6.43)

1.10. To note, and where necessary, agree to debt write-offs (Section 7)

2. Report Summary

2.1. This report presents the Quarter 1 (Q1) budget monitoring forecast position for the 2024/25 financial year. The net forecast GF position is an in-year budget overspend of +£0.648m. This is comprised of:

- An overspend at directorate level of +£9.814m,

- Offset by a corporate budget forecast underspend of -£5.008m, primarily in relation to delayed borrowing costs for the capital programme and increased investment income due to higher interest rates.
- Application of all the Inflation, Energy and Demand Contingency budget of -£3.596m.
- Application of -£0.562m corporate budget provision for the revenue impact of capital projects reflected in directorate forecasts.

2.2. The forecast outturn position for the HRA is an in-year deficit of £5.400m. As the HRA is a ringfenced account, any deficit at the end of the financial year will be transferred from HRA reserves.

2.3. Appendices 1 and 2 detail all of the variances forecast across the GF and HRA. The key variances and planned mitigations are:

- Unavailability of care homes within Islington and the cost of providing bed spaces out of the borough has resulted in a cost pressure of +£1.065m. Private provider agreement is due to be reached in this financial year and will not result in ongoing pressure in future years.
- +£1.180m pressure from a shortfall in commercial rent due to historic underlying shortfall in rent roll forecast and notice recently being given on two large leases at Old Street. Negotiations are underway to secure early continued full commercial income at one property.
- +£0.626m pressure from a shortfall in planning income due to continued downturn in planning activity. An invest to save proposal is being developed to enable Services to reduce their costs through further automation. Recruitment is also underway to replace the small number of remaining agency staff with permanent officers.
- Parking income shortfall of +£1.550m predominantly due to a delay to the implementation of extended CPZs (Controlled Parking Zones) and an increase in general expenses (including software, printing, CCTV maintenance) due to increased activity. CPZ extensions were due to be implemented in 2024/25 but have been delayed by the two elections (which in turn delay consultations).
- Street Operational Services is forecasting an overspend of +£0.790m primarily due to a shortfall in income across enforcement (+£0.358m shortfall in income from environmental enforcement activities from Kingdom Contract), containers (+£0.237m shortfall in sale/rent of containers) and commercial waste (-£0.237m overperformance following various mitigating actions including increased sales and savings on levy.)
- Leisure is forecasting an overspend of +£0.336m due to the partial closure of Sobell Leisure Centre for an estimated 7 months. Rent losses to July are expected to be covered by insurance and uninsured losses from August will form part of a claim to Thames Water.
- Temporary Accommodation (TA) is reporting an overspend of +£1.399m. Numbers in TA are rising faster than initial assumptions due to the large and increasing number of people presenting as homeless. The department is acting to mitigate through the Property Acquisition Programme, adapting the allocations policy, and developing prevention programmes such as deposit incentives.

- The current local government pay offer for the period 1 April 2024 to 31 March 2025 is a flat rate increase of £1,575 on Inner London pay points up to and including spine point 50. Above these pay points on the respective London pay spines an increase of 2.5% will apply. At the time of writing, the offer has not been accepted by the unions. Initial high-level estimates are that this offer would result in a budget pressure of +£0.799m which is reported in the Corporate Items forecast outturn.
- An underspend -£4.260m is forecast for GF interest payable due to a reduction capital expenditure being financed through borrowing.
- A +£3.500m pressure is assumed in the HRA position due to energy costs. Energy costs continue to be volatile.

2.4. Directorate forecasts include forecasts for delivery of the £10.770m savings that were agreed in the 2024/25 budget reports. Detail of individual savings can be found at Appendix 3. Of the savings agreed:

- 71% (£7.643m) are forecast to be delivered in full in 2024/25.
- 2% (£0.253m) are forecast to be undelivered but will be offset by other management actions and favourable budget variances.
- 27% (£2.874m) are forecast to be undelivered in 2024/25. The impact of these on the future year budget will be assessed to distinguish between savings that are delayed and those that are undeliverable and to identify offsetting management actions.

2.5. As at the end of Q1, total capital expenditure of £38.756m has been incurred against a 2024/25 revised forecast of £291.627m, representing 13% of spend against forecast. The 2024/25 forecast includes an overspend of £0.300m, actions are being taken to manage this and an update will be provided at Q2.

2.6. Capital slippage requested at Q1, and the total of the year to date, is £108.756m. This represents 29% of the 2024/25 revised budget after 2023/24 outturn.

2.7. The largest scheme in the Capital Programme is the Finsbury Leisure Centre Redevelopment (FLCR). A paper was taken to Executive 18 July 2024 with the latest updates and financial position, including an increase in costs for the leisure centre and a change in HRA financing. This report requested a budget increase for FLCR of £6.115m from a virement which was approved by the Executive. The virement is referenced in paragraph 6.58. A value engineering exercise has already been undertaken to identify areas where costs could be reduced and significant amounts have been built into the budget for optimism bias, inflation, and other risks. This paper also requested a £4.600m budget addition. After subsequent review, this budget addition will not be taken to Full Council for approval at this time, the virement agreed provides sufficient budget for the project to proceed to the next stage.

2.8. Individual school balances ended 2023/24 with a total balance of £5.986m. The ratified schools' forecasts received from individual schools during May 2024 indicate there will be an in-year reduction of £5.100m, which would result in a year-end net balance of £0.886m.

2.9. Debt write-offs of £1.846m are recommended for authorisation in this report, of which £1.617m relate to Business Rates debtors going into liquidation or administration.

3. Revenue Summary

3.1. A summary position of the 2024/25 GF financial position is shown in Table 1, with a breakdown by individual variance in Appendix 1.

Table 1 – 2024/25 General Fund Over/(Under)Spend

	Q1 Variance Over/(Under) Spend £m
Adults Social Services	1.065
Chief Executive’s	0.010
Children & Young People	0.000
Community Engagement & Wellbeing	0.557
Community Wealth Building	3.298
Environment & Climate Change	3.093
Homes & Neighbourhoods	1.791
Public Health	0.000
Resources	0.000
Total: Directorates	**9.814**
Corporate Items	(5.008)
Total: General Fund	**4.806**
Less: Inflation, Energy, and Demand Contingency	(3.596)
Less: Corporate budget provision for the revenue impact of capital projects	(0.562)
Net: General Fund	**0.648**

3.2. The 2024/25 Budget made provision for an Inflation, Energy and Demand Contingency of £3.596m. The Q1 forecast assumes that this will be utilised in full to offset pressures within directorate positions relating to demographic growth, non-pay inflation and energy.

3.3. Budgetary provision was made in the 2024/25 budget for unbudgeted revenue costs associated with delivery of the capital programme, for example some staffing costs that cannot be capitalised. This impact is reported in the Environment & Climate Change and Community Wealth Building positions and offset corporately by the application of the budgetary provision set aside for this purpose.

4. General Fund

Adult Social Services +£1.065m overspend

4.1. The Q1 forecast for Adult Social Services is a net overspend of +£1.065m, which is detailed by key variances in Appendix 1.

Unavailability of Care Home Beds +£1.065m

4.2. The unavailability of beds in care homes within Islington and the cost of providing bed spaces out of borough has resulted in a cost pressure of +£1.065m. This pressure should be resolved this financial year and not result in an ongoing pressure in future years.

Placement Pressures

4.3. Adult Social Services continues to be impacted by wider demographic pressures across all primary support reasons (Memory and Cognition, Physical Support, Learning Disabilities and Mental Health), including increased demand for services, the need for acute care and increases in acuity of need of existing service users.

4.4. Management actions to mitigate these pressures include:

- Using the Integrated Quality Assurance Meeting (IQAM) to focus on promoting independence and maximising enablement. IQAM is a panel process led by senior managers in Adult Social Care to ensure care packages both meet resident needs and deliver value for money.
- Operational Social Work Management are working with the Finance team and Data Intelligence to capture further information on the pressures to be able to focus targeted work on areas of growth earlier.

Figure 1 - Quarterly Snapshot of people accessing Homecare over the past three financial years

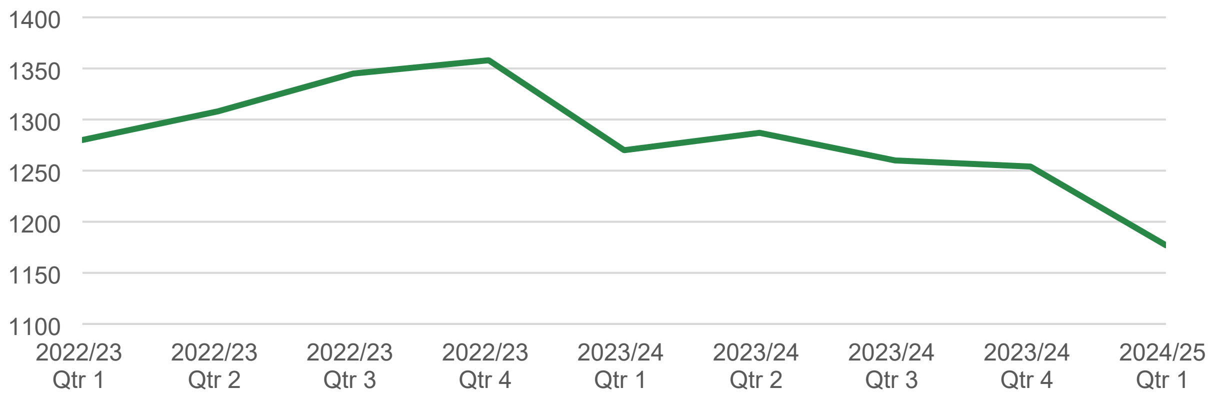
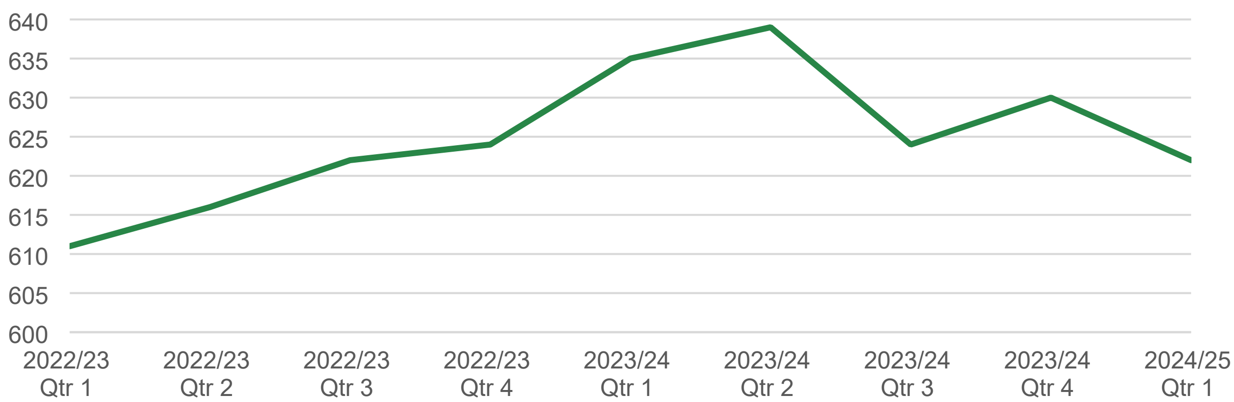


Figure 2 - Monthly Snapshot of people accessing Residential and Nursing beds over the past three financial years

4.5. This graph shows that since the pandemic, demand for residential and nursing beds has been steadily increasing.



Savings delivery

4.6. Currently the service is on track to deliver agreed savings however due to the large value and the involvement of other bodies such as the NHS there is a risk of savings slippage.

4.7. Management actions to monitor and deliver savings include:

- Service directors convene weekly meetings to address issues and risks.
- Improved communications to the teams highlighting the benefits of the Reablement, Assistive Technology and the Take Home and Settle Service,
- Production of a weekly performance dashboards to inform progress,
- Further Continuing Health Care (CHC) training to support staff.
- A weekly steering group instigated to support the delivery of Reviews, Reablement and Take Home and Settle savings.
- A programme group across Adults and Children's Services to better understand and manage progression to adulthood/transitions.
- The position assumes the remaining savings are achieved going forward.

Risks and Opportunities

4.8. Inflationary Pressures – Adult Social Services faces a significant risk from inflationary pressures exceeding the departmental market inflation allocation resulting in an on-going pressure in Adult Social Services budgets. Uplift requests are being managed within the established Adults uplift process.

4.9. Savings - Adult Social Services have a significant amount of savings and management actions (£6.656m) to be delivered in 2024/25. To mitigate this risk, the service has put in place regular monitoring of savings and identification of mitigations early to offset any slippage. This report assumes that all savings will be delivered.

4.10. NHS funding changes - Changes in the funding of pooled budget and joint funding arrangements will have an adverse impact on Adult Social Care. Currently there are on-going discussions regarding the 2023/24 ICB (Integrated Care Board) Discharge Funding contribution. The service is continuing to work with NHS partners to maintain good working relationships and ensure they better understand the importance of the NHS investment in Social Care, and its benefits for the wider Health economy.

4.11. Delays in the opening of Adults Social Accommodation (Beaumont Rise & Windsor St) – The delay in the opening of a new residential Mental Health care home, Beaumont Rise, because of construction work delays. Due to this accommodation not being available, the service is incurring additional costs to support service users in their current accommodation. To mitigate this risk, the service is negotiating with providers, using one-off resources, and working with NHS partners to fund pressures.

Chief Executive's Directorate +£0.010m overspend

4.12. The Q1 forecast for Chief Executive's directorate is a net overspend of +£0.010m, which is detailed in Appendix 1.

Children & Young People £0.000m overall balanced position

4.13. The Q1 forecast for Children & Young People overall is a balanced budget position. Key variances within service areas are shown in Appendix 1.

4.14. Within the Learning & Achievement Division, the Schools' Traded Services are forecast to overspend by +£0.200m. This is due to a forecast schools' income shortfall against budgets. A review of the Schools' Traded Services has commenced, which will then make recommendations for changes to the traded offer required for schools going forwards. This should have the impact of reducing the present budget pressure for future years.

4.15. The Early Years Service is forecasting a £0.300m underspend against the Children's Centres' budgets. This is partly due to a forecast underspend against the staffing budgets, and a forecast above budget income from parents for childcare fees. This is consistent with the level of underspend experienced during 2023/24 and is presently expected to continue based on present staffing costs and parental income levels.

4.16. The Special Education Needs (SEN) Transport budget overspent in 2023/24 but is forecast to come in on budget during 2024/25, despite a forecast increase in above inflation and demand pressures. These pressures are forecast to total £0.430m but will be offset by an anticipated increase in the budget.

4.17. Within the Safeguarding & Family Support Division, there is a forecast overspend of £0.100m across the Children In Need (CIN) Teams against their staffing budgets. This is being offset by a forecast underspend of £0.100m against the Early Help Services' staffing budgets.

4.18. Children Looked After (CLA) placements budgets underspent in 2023/24. This was due to a reduction in the number of children coming into care during the previous year. The full year effect of this reduction in the number of children in placements is expected to be realised in 2024/25.

4.19. Based on the costs of the present placements for CLA for the financial year, and the estimated potential pressures and risks associated with this demand driven budget area, the current expectation is that the position at the financial year-end will be between a balanced budget position up to a £0.500m overspend. A balanced budget is being reported at this stage. Both placements' activity and costs will be closely monitored throughout 2024/25.

4.20. The Disabled Children's Team budgets include Personal Budgets and Direct Payments to meet children's support needs. These budget areas overspent in 2023/24, and the same pressures continue into 2024/25. The forecast overspend is £0.350m, but this has been offset against an anticipated in-year budget increase, which will address these continued demand-led pressures going forwards.

4.21. The Young Islington Division is forecasting an overall net £0.100m overspend. This reflects a £0.200m forecast pressure against the Youth Offending Team (YOT) Secure Remand budget, which overspent in 2023/24, and a £0.100m underspend against the Youth Service budgets based on present contract expenditure. Secure Remand is a volatile demand driven area, with expenditure linked to the number of children on remand each year.

Savings delivery

4.22. All Children's Services planned 2024/25 savings are presently expected to be delivered in-year. This is reflected within the current forecast positions.

Dedicated Schools Grant +£2.084m forecast in-year overspend

4.23. The Dedicated Schools Grant (DSG) is a ring-fenced grant providing funding for educational provision across four blocks:

- Schools Block – funding to mainstream schools via a National Funding Formula
- Central Schools Services Block – funding for retained duties in relation to maintained schools
- High Needs Block – funding to a wide range of education providers to support pupils with High Needs including those with Education Health & Care Plans
- Early Years Block – funding to council owned nurseries, private nurseries and other early years settings for universal and targeted free nursery entitlements for 2-, 3- and 4-year-olds.

4.24. The DSG Blocks' total balance at the end of 2023/24 was £5.768m. Currently, there is a forecast in-year overspend on the High Needs Block (HNB) of £0.990m for 2024/25. This position includes an assumption that there will be growth in spend of £2.300m in-year to cover the costs of new Education, Health and Care Plans (EHCP). This will be closely monitored throughout the financial year.

4.25. The Early Years Block balance is presently forecast to reduce by £0.300m due to estimated DSG clawbacks in-year related to the actual number of childcare places uptake in 2023/24 compared to budgeted places. All other blocks are expected to use their balances as previously planned for the year.

4.26. Table 2 shows the balances brought forwards into 2024/25 against each DSG Block and the present in-year forecasts against them. This would result in a total DSG balance at the end of 2024/25 of £3.684m.

Table 2 - Forecast DSG Balances

2024/25	Schools Block	De-delegated budgets	Central Schools Services	High Needs Block	Early Years Block	Total
	£m	£m	£m	£m	£m	£m
Opening balance	**0.620**	**0.094**	**0.254**	**4.189**	**0.611**	**5.768**
Forecast in-year movement	(0.500)	(0.094)	(0.200)	(0.990)	(0.300)	(2.084)
Forecast closing balance	**0.120**	**0.000**	**0.054**	**3.199**	**0.311**	**3.684**

Schools' Balances +£2.500m forecast reduction in total Schools' balances in-year

4.27. Schools' balances in Islington have been in decline since 2018/19 when they stood at a total surplus of £11.732m. Balances have reduced steadily since then, with 17 schools now in deficit. The pressures on schools' balances are a national issue. Inner London boroughs, in particular, have seen significant reductions in their total pupil numbers since 2019/20, leading to increasing numbers of schools forecasting future deficit budgets. This risk is being responded to in Islington through the schools' strategic reorganisation programme.

4.28. Total schools' balances at the end of 2023/24 were a £5.986m surplus position.

4.29. The ratified schools' forecasts received from individual schools during May 2024 indicate there will be an in-year reduction of £5.100m, which would result in an end of year balance totalling £0.886m.

Community Engagement and Wellbeing +£0.557m overspend

4.30. The outturn position for Community Engagement and Wellbeing Directorate is an overspend of +£0.557m, which is detailed by key variances in Appendix 1.

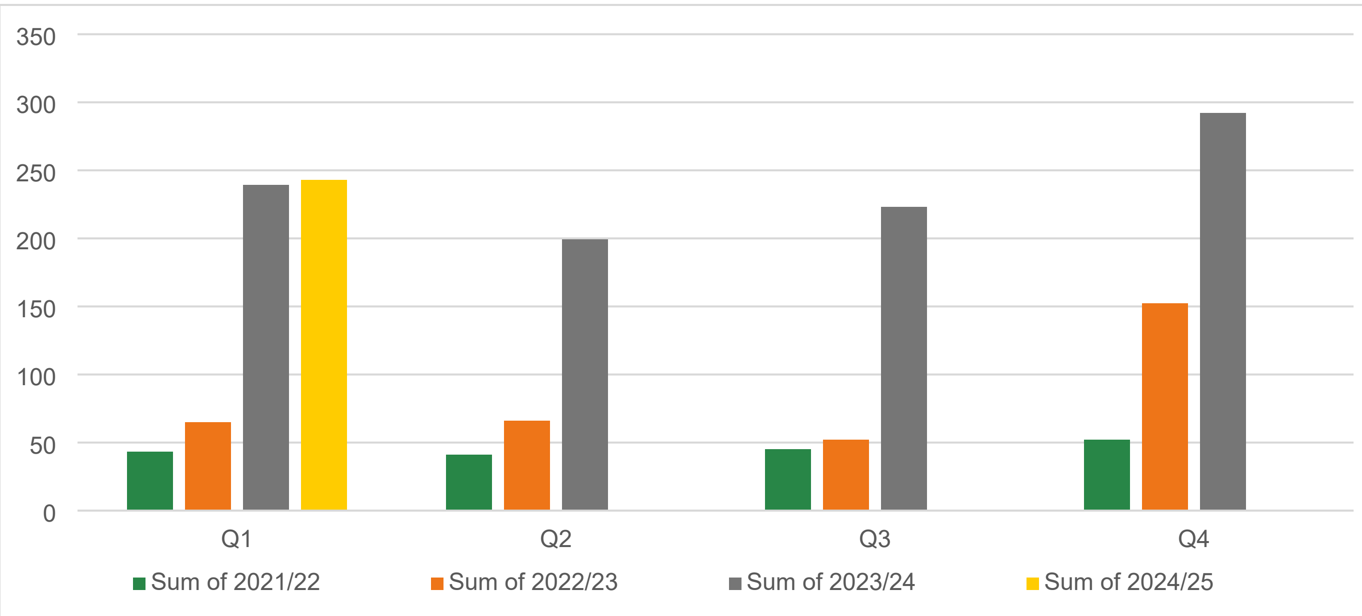
4.31. There is a pressure of +£0.434m due to an unachieved saving due to the proposed Contact Centre Consolidation across Resident Experience, Housing Repairs and Housing Tenancy being reconfigured and delayed. This saving will now be achieved through the digitalisation stage of the Resident Experience programme.

4.32. There is a +£0.070m unmet vacancy factor savings across Libraries due to a full establishment.

4.33. There is a +£0.070m pressure on staffing due to the appointment of temporary staff to deal with a temporary increase in resident calls to the Contact Centre. Call levels have now reduced ensuring the delivery of the planned saving, and temporary staff will not be extended past Q2.

4.34. There is a +£0.053m cost pressure due to overtime and agency staff to deal with Chief Executive complaints effectively and efficiently, to combat Ombudsman action and ultimately avoid fines. The overspend relates to the staffing resource necessary to clear the backlog of complaints, and compensation payments to complainants were necessary.

Figure 3 – Number of Complaints dealt with by Chief Executive Team



Savings Delivery:

4.35. (+£0.434m) Contact Centre Consolidation will not be achieved in 2024/25. The planned delivery has not yet taken place and this saving will now be absorbed in the digitalisation phase of the wider Resident Experience Programme.

4.36. (+£0.330m) Reduced Call Volumes saving was delivered but additional temporary staff to the value of (+£0.070m) were appointed to handle a large increase in call volumes. The temporary staff will not be extended past Q2.

4.37. (+£0.235m) Transformation Review saving will be delivered.

Risks and Opportunities:

4.38. Across Community Engagement and Wellbeing there could be further staffing cost pressures due to the small number of vacancies at Q1 due to permanent recruitment to many vacancies from 2023/24 were successful. The department has a 5% efficiency saving across all teams which is met through natural attrition and recruitment timings. This may not materialise as a pressure if more vacancies arise over the remainder of the financial year.

Community Wealth Building +£3.298m overspend

4.39. The Q1 forecast for Community Wealth Building is a net overspend of +£3.298m, which is detailed by key variances in Appendix 1.

4.40. There is a +£1.180m forecast shortfall in commercial property income due to a historic underlying shortfall in the rent roll forecast and notice recently being given on two large leases at Old Street. Negotiations are underway to secure early continued full commercial income at one of these properties. Other opportunities to increase the rent roll further are being pursued (including opportunities to lease space at NBW), along with a programme of rent reviews. The position will take time to recover and a 2025/26 savings target of £0.500m by increasing commercial rental income further will not be deliverable next year given the unforeseen loss of a significant income stream.

4.41. There is a +£0.626m planning income pressure due to a forecast shortfall in planning fees, planning performance agreements and design review panel income due to continued downturn in planning activity. 82% of the planning and development budget is reliant on income, making it highly sensitive to reduced planning activity, a position exasperated by the centralisation of a £0.2m nominal legal services budget in 2023/24. The forecast has made very prudent assumptions about major planning applications which if they come to fruition will improve the position.

4.42. There are staffing costs related to the delivery of the capital programme which cannot be capitalised. This is forecast to create a pressure of +£0.347m. There is no revenue budget for the service area and that is being reviewed against the spend and capital programme.

Savings Delivery

4.43. There is a delay to the delivery of £1.145m of FutureWork savings (£0.352m relate to 2023/24 planned delivery) as follows: building costs at NBW (£0.533m); building costs and facilities management at Elwood Street (£0.530m); and costs at Brewery Road (£0.071m). Alternative solutions are being sought to deliver savings. These mitigations will not have a financial impact until 2025/26.

4.44. All other savings are on track to be delivered on time and in full.

Risks and Opportunities

4.45. There is a forecast overspend due to inflationary and demand cost pressures (providing essential support during the ongoing cost of living crisis) against the Resident Support Scheme budget of £0.180m, however this is expected to be met from additional forecast income the Community and Financial Resilience budget.

4.46. There is a +£1.800m forecast energy pressure across the Council’s buildings. Few bills have been received for the financial year to date, therefore the actual pressure at year end will vary. This pressure will be funded from the corporate energy budgetary provision and so is not factored into the CWB position. There is a risk that if energy costs continue to increase the corporate provision will not cover this increase.

Environment and Climate Change +£3.093m overspend

4.47. The Q1 forecast for Environment and Climate Change is a net overspend of +£3.093m, which is detailed by key variances in Appendix 1.

4.48. Environment and Commercial Operations is forecasting a +£2.829m overspend which is detailed below:

- Parking is forecasting a +£1.550m overspend, the key variances are detailed below:
    - +£0.306m shortfall forecast on Suspensions income due to a lower ATV (Average Transaction Value) primarily from smaller and/or shorter duration of highways works. See risks and opportunities for other risks on Suspensions.
    - +£0.638m shortfall forecast on Pay & Display income due to a delay to the implementation of extended CPZs (Controlled Parking Zones). Extensions were due to be implemented in 2024/25 but have been delayed by the two elections (which in turn delay consultations). There is also emerging evidence that the value of transactions is decreasing (as opposed to the volume of transactions). See savings delivery for more information.
    - -£0.240m overperformance forecast on other income sources including Road Closures, Clamping and Removal and Miscellaneous.
    - +£0.660m overspend forecast on general expenses including printing and postage, software, CCTV maintenance, financial costs and general recharges. This is in part due to an increase in activity (income) in Parking and a virement will be processed to adjust expenditure and income budgets in due course.
    - +£0.238m overspend forecast on TEC (Traffic Enforcement Centre) fees (directly proportional to an increase in PCNs being issued). As above a virement will be processed to adjust expenditure and income budgets in due course.
    - +£0.032m shortfall forecast on PCN (Penalty Charge Notices) income due to a delay to the implementation of the Liveable Neighbourhoods programme. New locations were due to be implemented in 2024/25 but have been delayed by the two elections (which in turn delay consultations). The shortfall has been largely offset by mitigating actions.
- Leisure is forecasting an overspend of +£0.336m due to the partial closure of Sobell Leisure Centre for an estimated seven months. Rent losses to July are expected to be covered by insurance and uninsured losses from August will form part of a claim to Thames Water. Any insurance income recovered in from rent losses incurred in previous financial years will be used to replenish the impact that this income loss has had on council reserves. See risks and opportunities for other risks on Leisure.

- Street Operational Services is forecasting an overspend of +£0.790m primarily due to a shortfall in income across enforcement (+£0.358m shortfall in income from environmental enforcement activities from Kingdom Contract), containers (+£0.237m shortfall in sale/rent of containers) and commercial waste (-£0.237m overperformance following various mitigating actions). This shortfall is marginally offset by overperformance on the Green Garden Waste service. An overperformance on recharge income is also forecast (administration fees for processing recharges for vehicle hire, fuel, maintenance, other costs).

4.49. Other key variances across the Environment Directorate include the Business Performance and Improvement division forecasting a +£0.083m overspend due to the vacancy factor and agency spend in the Corporate GIS Team.

4.50. Climate Change and Transport is forecasting an overspend of +£0.366m which is primarily due to capitalised salaries (£0.215m) and a shortfall on Clear Channel advertising income.

4.51. There is a -£0.185m underspend on salaries due to the vacant Corporate Director. This assumes that the post is vacant for full 12 months.

Savings delivery

4.52. A +£0.358m pressure is forecast due to a partial non-delivery of the additional enforcement operations saving. This forecast is based on income performance from the last 15 months. Other areas of environmental enforcement are being investigated (e.g.: fly tipping) as is non-payment of FPNs (Fixed Penalty Notices) with court notifications for payment or award of costs.

4.53. A -£0.096m overperformance is forecast on the Green Garden Waste service following a higher number of subscribers than originally anticipated.

4.54. A +£0.549m pressure is forecast due to non-delivery of three savings for the extension CPZs (Controlled Parking Zones). Extensions were due to be implemented in 2024/25 but have been delayed by the two elections (which in turn delay consultations). Consultations are now planned for September and will last eight weeks (following advice from Legal).

Risks and Opportunities

4.55. There is a risk in relation to the GLL Energy Risk Share which is higher than anticipated and a meeting will be held between the Council and GLL to discuss and agree a position.

4.56. There is a risk in relation to Parking Suspensions income as discussions are ongoing with Openreach to determine their planned communications works in the Borough in 2024/25.

Homes and Neighbourhood +£1.791m overspend

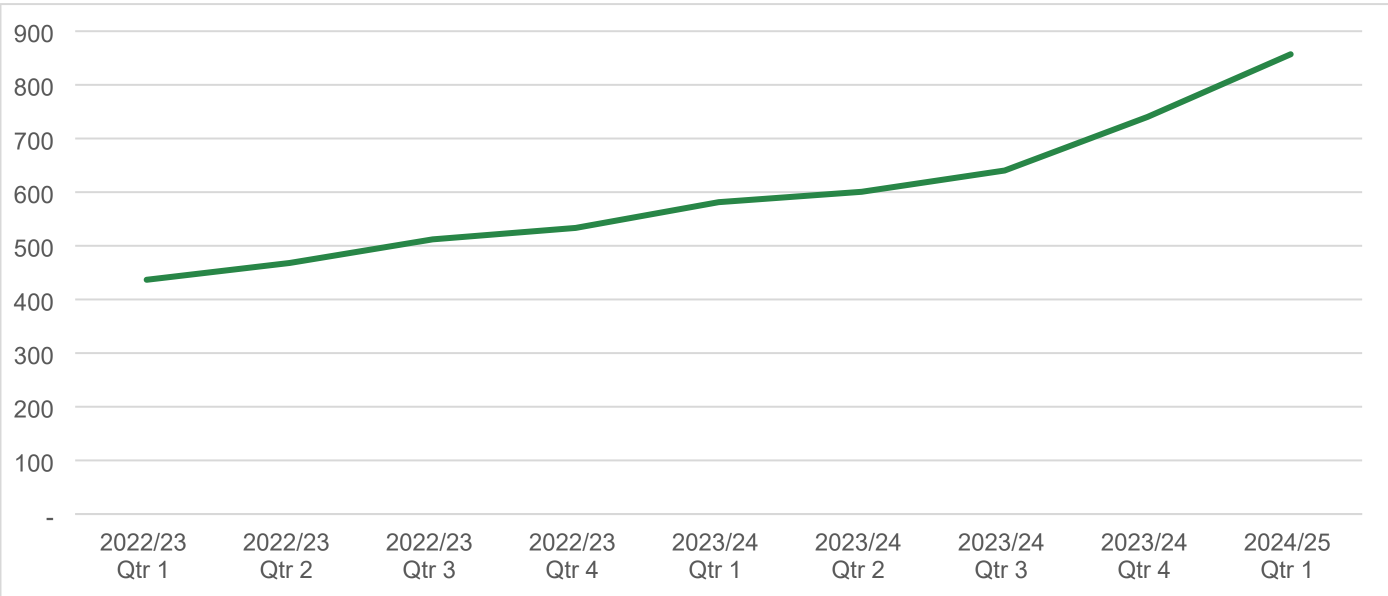
4.57. The Q1 forecast for Homes and Neighbourhoods is a net overspend of £1.791m, which is detailed by key variances in Appendix 1.

4.58. Within Housing Needs, there is an overall overspend of +£1.298m.

- Temporary Accommodation (TA) is the primary driver of costs in this area, reporting an overspend of £1.399m. Numbers in TA are rising faster than initial assumptions due to the large and increasing number of people presenting as homeless. Budget Setting assumptions assumed a 20% increase in case numbers following the rise anticipated nationally. London has been the epicentre of homeless crisis, and Islington is no exception with case numbers rising by 25% in 2023/24. The rise in cases is an accelerating trend, with numbers rising by 35% in the first six months of 2024. This is further exacerbated by the rise in costs per night. While rents for TA are broadly rising in-line with inflation forecasts, the reliance on hotels despite representing a small proportion of cases, represents a large cost demand – costing nearly 4x nightly booked TA.

- The increasing number of homeless cases has also led to a forecasted rise in bad debt write-offs. The current forecast is +£0.279m overspend which will be monitored throughout the year and requested to the Executive at Outturn. Pressures in TA reflect long-term structural problems with the cost-of-living crisis and housing crisis, it is likely that the financial pressure will remain for the medium term. The department is acting to mitigate these problems through the Property Acquisition Programme, adapting the allocations policy, and developing prevention programmes such as deposit incentives.
- Figure 4 below shows the number of Households in Temporary Accommodation since April 2022.

Figure 4 - Number of Households in Temporary Accommodation (Quarterly Average)



4.59. Within Community Safety, Security, and Resilience (CSSR), there is an overall forecast overspend of +£0.217m.

- ASB and Compliance has a +£0.439m overspend largely driven by a shortfall in income from Fixed Penalty Notices (FPNs) for littering, fly-tipping and commercial waste. Income targets have increased in recent years, yet the team are struggling with staff shortages and legal changes.
- This is partially offset by a -£0.223m underspend in Private Housing and Commercial Services, largely driven by improved income generation and staff vacancies where recruitment is proving difficult. To mitigate the overall cost pressures, the department are currently undertaking restructures and refocusing resources on new income streams.

4.60. Within Civic Services: There is an overall overspend of +£0.276m across Cemeteries, Registrars and Mortuaries. Key drivers are an updated service level agreement requiring more investment to update freezer storage facilities for the Mortuaries service which has created a +£0.223m pressure, as well as higher than anticipated staffing costs in Registrars +£0.056m due to high use of sessional staff and overtime. To offset the overspend, the service is seeking to expand the range of registrar services to improve income generation.

Savings delivery

4.61. The HGF has a significant amount of savings to be delivered for 2024/25 totalling £0.787m.

4.62. Sustained rises in TA case numbers mean it was not possible to achieve the £0.407m of savings related to a reduction in TA case numbers, therefore resulting in a pressure.

4.63. Of the CSSR savings, £0.380m, only savings related to Selective Licencing Income (£0.050m) and Overtime Reduction (£0.050m) look like to be achieved. All of the remaining CSSR savings are red RAG rated and alternatives are being sought.

Risks and Opportunities

4.64. It is difficult to draw long-term conclusions for 2025/26 and beyond for the department. TA case rises, service restructure costs, income shortfalls, rising rent deposit costs, and the increasing cost of rent deposits will all add to the financial challenges in 2024/25. Housing Needs and CSSR are both reliant on grants, using £2.713m of grant for funding prevention, relief, and arrears. If those are withdrawn or reduced the council may be left with unfunded financial pressures that cannot be reduced easily, with the total position becoming £4.010m overspent. Opportunities do exist through the Property Acquisition Programme, as a number of different capital grants have been secured by the council that will lead to an increase in cost neutral accommodation for those in TA, reducing overall financial pressures.

Public Health £0.000m balanced position

4.65. The Q1 forecast for Public Health is a net breakeven position of +£0.000m, which is detailed by key variances in Appendix 1.

4.66. Public Health is primarily funded by a ringfenced Public Health grant of +£29.827m in 2024/25.

4.67. The directorate is funding a number of one-off projects and some additional staff costs +£0.541m in the Other Public Health division. This is forecast to be met from additional Public Health grant funding provided. If this is not possible, it will be met from the Public Health earmarked reserve.

4.68. In the Smoking & Tobacco and Substance Misuse divisions there is a total underspend of -£0.131m. This is due to a fall in activity in primary care for local commissioned services that has not yet recovered since the COVID-19 pandemic.

4.69. The ringfenced Public Health ringfenced was £1.591m at the end of 2023/24. It is estimated that there will be a transfer of £0.191m to the reserve at the end of the current financial year.

Savings Delivery

4.70. Savings – It is expected that all savings will be delivered.

Risks and Opportunities

4.71. There are a number of risks and opportunities in the area for 2024/25 and beyond:

4.72. There is an increase in demand for online sexual health services that is not offset by a reduction in costs for in-clinic sexual health services. PH cannot realise cost efficiencies in clinics without undermining the clinical and financial position of the clinics.

4.73. Refurbishment costs for locating the Young Peoples Sexual Health Service in a new building in Archway have increased above initial costings (+£0.210m more than original estimates).

4.74. Potentially, Islington PH may need to meet financial gaps in Public Health NHS services which may arise in the absence of continued funding for pay award being passed through the NHS. This includes consideration of pay awards pressures from 2023/24, as well as in-year. Public Health and Finance have carefully assessed the potential financial risks and pressures, to inform our local approach with the relevant services and manage pressures within available resources.

Resources £0.000m balanced position

4.75. The Q1 forecast for Resources is a balanced position with no variances forecast.

Savings delivery

4.76. All savings are forecast to be delivered in full and on time.

Risks and opportunities

4.77. There is likely to be a shortfall in council tax court cost income of +£0.300m, but this is expected to be met from additional income from the GLA. However, this remains a budget risk for future years.

Corporate Items -£5.008m underspend

4.78. The Q1 forecast for Corporate Items is a net underspend of -£5.008m, which is detailed by key variances in Appendix 1.

4.79. Corporate items include a centrally held budget for the 2024/25 pay award. The current local government pay offer for the period 1 April 2024 to 31 March 2025 is a flat rate increase of £1,575 on Inner London pay points up to and including spine point 50. Above these pay points on the respective London pay spines an increase of 2.5% will apply. At the time of writing, the offer has not been accepted by the unions. Initial high-level estimates are that this offer would result in a budget pressure of +£0.799m. This would be a recurrent pressure that would need to be factored into 2025/26 budget setting.

4.80. The largest corporate variances relate to revenue budgets for the cost of the capital programme. These include:

- Interest receivable: Due to prevailing high interest rates, there is forecast interest receivable of -£2.758m compared to the budget of -£1.750m, a favourable variance of -£1.008m. This prudently assumes that existing investments will mature and not be replaced with new investments.
- Interest payable: Due to reduced capital expenditure being financed through General fund borrowing (in part due to slippage of the capital programme), there is a forecast underspend on interest payable of -£4.260m against the budget of £7.614m. This prudently assumes that existing General Fund borrowing will be refinanced as it

matures throughout the year at current interest rates + 0.5% and that there will be no cashflow need to borrow for in-year capital expenditure.

- The above favourable variances are offset by a +£0.661m pressure compared to budget in relation to internal interest charges with the HRA. This relates to where the HRA is internally borrowing from the General Fund in lieu of external borrowing. The methodology for internal borrowing charges has not been updated since the significant increase in interest rates in late 2022. As such, it will be reviewed to ensure that it is equitable and fully passes on the costs of internal borrowing.

4.81. At the time of setting the budget, tree planting was budgeted as a revenue cost to the General Fund. However, following a review of accounting treatment at the end of 2023/24, tree planting can be capitalised and has been added to the capital programme elsewhere in this report. This means that the revenue budget for tree planting will no longer be required, resulting in an underspend of -£1.055m. Executive approval for a virement is requested in paragraphs 4.90 and 4.91 to move this budget from Environment & Climate Change to Corporate Items.

4.82. The council is required to make an annual contribution towards the Freedom Pass giving free travel concessions to eligible older and disabled residents on Transport for London (TfL) services. After the 2024/25 budget had been set, a rebate of -£0.406m to Islington Council was agreed in March 2024 after TfL announced a freeze on fares. This has resulted in an underspend against the approved budget for concessionary fares.

4.83. The second year of the Voluntary Redundancy and Efficiency Scheme delivered a General Fund saving of £0.731m, £0.269m less than the £1.000m estimate assumed in the 2024/25 budget. This has resulted in a recurrent budget shortfall of +£0.269m which will be factored into 2025/26 budget setting.

Risks and Opportunities

4.84. There is a risk that the local government pay award is higher than the initial offer and that the in-year budget pressure on the pay award could be higher than the +£0.799m currently forecast.

4.85. It is likely that the council will have unbudgeted financial commitments at the end of the financial year in relation to the required replenishment of the insurance fund (based on an external actuary assessment of insurance claims liabilities) and sundry debtors impairment allowance for doubtful debts. The amounts for these will not be known until the end of the financial year and will likely fall as a call on earmarked revenue reserves. In previous years, these recurrent budget commitments were funded from the £4m budget for financial resilience measures (essentially provisions and reserves). This £4m budget was removed on a one-off basis in 2024/25 to help set a balanced 2024/25 budget. It was assumed in the Summer MTFS Update report approved by the Executive in June 2024 that the £4m annual budget will be reinstated from 2025/26 as planned. If this does not happen, separate recurrent budget growth would be required in the 2025/26 budget for the insurance fund and sundry debtors impairment allowance for doubtful debts.

4.86. The 2024/25 budget made provision for demographic growth in various areas in recognition of increased demand and complexity of services. This budget is held corporately until the cost pressure is evidenced as being required. Table 3 below outlines the current forecast call against each line of the centrally held demographic growth budget. If directorates do not require some of the growth held, this would come through as a corporate underspend by the end of the financial year.

Table 3 - Forecast Demographic Growth Requirement

Directorate	Allocation	Budget £m	Forecast Requirement £m	Forecast Variance £m
Adult Social Services	Mental Health Service Users	£0.815m	£0.815m	£0.000m
Adult Social Services	Learning Disability Service Users	£1.972m	£1.972m	£0.000m
Adult Social Services	Memory, Cognition and Physical Support Service Users	£1.417m	£1.417m	£0.000m
Adult Social Services	2023/24 Catch Up Demography	£3.406m	£3.406m	£0.000m
Children & Young People	18+ CLA (Non-UASC)	£0.529m	£0.000m	-£0.529m
Children & Young People	Short Breaks and Personal Budgets	£0.563m	£0.350m	-£0.213m
Children & Young People	SEND Transport	£0.932m	£0.430m	-£0.502m
Children & Young People	Under 18 CLA (Non-UASC)	£0.803m	£0.500m	-£0.303m
Homes & Neighbourhoods	Temporary Accommodation	£0.610m	£0.610m	£0.000m
Total		**£11.047m**	**£9.500m**	**-£1.547m**

Earmarked Reserves Allocations

4.87. Previous key decision reports have agreed spending plans to be funded from earmarked revenue reserves. Transfers to/from reserves over £500k require the approval of the Executive. The following council projects are expected to require funding from reserves in excess of £500k in 2024/25. Estimates will be further worked up and presented in the Q2 report for formal approval of budget allocations.

- Resident Experience Programme Delivery – £1.265m estimated revenue budget allocation in 2024/25.
- FutureWork – £1.665m estimated revenue budget allocation in 2024/25, in addition to £3.648m to be added to the capital programme (£5.313m in total).
- New Finance System Implementation Costs – To be worked up once a decision has been made on the finance system procurement.

Revenue Virements

4.88. Variations to the 2024/25 budget approved by Council are permissible in the circumstances set out in the council's Financial Regulations Section 3. All virements are reported by the Chief Financial Offer to Executive. Revenue virements with a value exceeding £500,000 must be approved by Executive.

4.89. All revenue virements are detailed in Appendix 2. Approval for the following virements exceeding £500,000 is requested in this report:

- HRA virement for £7.514m to correct rent budgets previously overstated. This is offset by a decrease in budgeted transfers to reserves.
- Virement to move surplus £1.055m budget from Environment & Climate Change directorate to Corporate due to Tree Planting programme now being part of the capital programme.
- Virement to move £1.050m demographic contingency currently held in Children & Young People directorate to Corporate to bring all demographic contingency budget together for allocation later in the financial year.

Collection Fund

Background

4.90. Council tax and NNDR income is a major source of the council's overall funding, together representing around a quarter of the council's gross GF income and collected via a ring-fenced Collection Fund. In 2024/25, the council will retain 75.45% of council tax income collected (the remaining 24.55% is the GLA share) and 30% of NNDR income collected (of the remaining 70%, 37% is the GLA share and 33% is the central government share).

4.91. The overall Collection Fund surplus/deficit in-year is affected by number of variables such as movements in the gross taxbase (e.g. the number of properties in the borough and for business rates, the impact on business rate appeals), offsetting deductions to bills (e.g., single person discount and council tax support for council tax and mandatory charitable relief for business rates) and the collection rate. Any forecast surplus or deficit on the Collection Fund will not impact the council's budget until the following financial year due to accounting regulations. The forecast surplus or deficit on the Collection Fund is made annually in January and factored into the budget setting estimates for the subsequent financial year.

Council Tax

4.92. The latest 2024/25 council tax forecast, which is subject to change between now and the end of the financial year, is a -£2.551m surplus (-£1.925m Islington share) compared to assumptions at 2024/25 budget setting in January 2024. This comprises a -£1.374m forecast in-year surplus and an additional -£1.177m surplus brought forward from 2023/24. The latter relates to favourable movements in the 2023/24 council tax position between the January 2024 forecast and the actual 2023/24 outturn.

4.93. The forecast in-year surplus of -£1.374m (-£1.037m Islington share) is due to the following variances against budget:

- -£1.862m favourable movement in the net council tax base (before council tax support).
- +£1.380m forecast increased cost of council tax support, due to both an increase in caseload and having a more refined estimate following the implementation of the new banded council tax support scheme in April 2024. The caseload may come down slightly over the course of the financial year based on prior year trend.

- -£0.892m favourable movement in the estimated year-end contribution to the impairment allowance for non-collection.

4.94. The budgetary impact of the council's share of the council tax deficit forecast is set out in Table 4 and will be fully offset by a transfer from the Core Funding Reserve that has been earmarked for this purpose.

Table 4 - Forecast 2024/25 Council Tax (Surplus)/Deficit

	LBI's Share £m	GLA's Share £m	Total £m
Forecast (Surplus)/Deficit at 2024/25 Budget Setting (January 2024 Forecast of 2023/24 Position)	2.348	0.738	3.086
Forecast 2024/25 Transfer (to)/from Core Funding Reserve	**2.348**	**0.738**	**3.086**
Additional Prior Year (Surplus)/Deficit between 2024/25 Forecast (as at January 2024) and Actual 2023/24 Outturn	(0.888)	(0.289)	**(1.177)**
2024/25 In-Year Forecast (Surplus)/Deficit	(1.037)	(0.337)	**(1.374)**
Forecast 2025/26 Transfer (to)/from Core Funding Reserve	**(1.925)**	**(0.626)**	**(2.551)**

NNDR

4.95. The latest 2024/25 NNDR forecast, which is subject to change between now and the end of the financial year (particularly in respect of NNDR appeals), is a -£7.400m surplus (-£2.220m Islington share) compared to assumptions at 2024/25 budget setting in January 2024. This comprises a +£9.385m forecast in-year deficit and an additional -£16.785m surplus brought forward from 2023/24. The latter relates to favourable movements in the 2023/24 NNDR position between the January 2024 forecast and the actual 2023/24 outturn.

4.96. The forecast in-year deficit of +£9.385m (+£2.816m Islington share) is due to the following variances against budget:

- +£11.687m forecast net reduction in collectable NNDR income due a reduction in rateable value and increase in reliefs (mainly retail, hospitality and leisure reliefs), offset by a decrease in unoccupied property reliefs.
- -£4.135m favourable movement in the estimated year-end contribution to the impairment allowance for non-collection.
- +£1.833m net adverse movement in the estimated year-end contribution to the provision for NNDR appeals. This is anticipated to fluctuate between quarters due to uncertainty around the likelihood and value of successful appeals.

4.97. Partially offsetting the in-year deficit, there is a forecast favourable budget variance of -£2.068m in relation to increased Section 31 grant compensation due to the council for the impact of government business rate reliefs (mainly retail, hospitality, and leisure reliefs) on its NNDR income.

4.98. The budgetary impact of the council's share of the forecast NNDR surplus and the Section 31 grant budget variance, is set out in Table 5 and would be fully offset by a transfer from the Core Funding reserve that has been earmarked for this purpose.

Table 5 – 2024/25 Forecast NNDR Surplus/(Deficit)

	LBI's Share £m	GLA's Share £m	Govt Share £m	Total £m
Forecast (Surplus)/Deficit at 2024/25 Budget Setting (January 2024 Forecast of 2023/24 Position)	(7.187)	(8.863)	(7.905)	**(23.955)**
Forecast 2024/25 Variance on Section 31 Grant Income	(2.068)			**(2.068)**
Forecast 2024/25 Transfer (to)/from Core Funding Reserve	**(9.255)**	**(8.863)**	**(7.186)**	**(26.023)**
Additional Prior Year (Surplus)/Deficit between 2024/25 Forecast (as at January 2024) and Actual 2023/24 Outturn	(5.036)	(6.210)	(5.539)	**(16.785)**
2024/25 In-Year Forecast (Surplus)/Deficit	2.816	3.472	3.097	**9.385**
Forecast 2025/26 Transfer (to)/from Core Funding Reserve	**(2.220)**	**(2.738)**	**(2.442)**	**(7.400)**

Current Collection Rate

4.99. The council has set an estimated in-year target collection rate for council tax of 95.33%, against which 25.25% (£41.194m) has been collected. This is 0.05% (£0.073m) lower than the monthly in-year target rate.

4.100. For NNDR the council has set an in-year target collection rate of 96.70%, against which 26.80% (£80.061m) has been collected. This is 0.60% (+£1.802m) higher than the monthly in-year target rate.

Debt Analysis

4.101. Total council tax debtors as at the end of Q1 is £159.083m (£120.035m Islington’s share), of which £121.942m (£92.011m Islington’s share) or 76.65% is the current year outstanding balance. The remaining £37.141m relates to prior years. Total prior year council tax debts have increased by £1.763m (4.98%) over the past year since 2023/24 Q1.

4.102. Of the £159.083m total council tax debtors, £17.558m (11.04%) relates to accounts in receipt of council tax support. This represents 7,154 council tax accounts.

4.103. Total NNDR debtors as at the end of Q1 is £245.153m (£73.546m Islington’s share), of which £218.622m (£65.586m Islington’s share) or 89.18% is the current year outstanding balance. The remaining £26.531m relates to prior years. Total prior year NNDR debtors has increased by £1.847m (7.48%) over the past year since 2023/24 Q1.

Table 6 – Council Tax and NNDR Debtors

	2023/24 Q1	2024/25 Q1	Increase	
Council Tax Debtors	**£m**	**£m**	**£m**	**%**
Current Year	112.571	121.942	9.371	8.32%
Prior Years	35.378	37.141	1.763	4.98%
Total Council Tax Debtors	**147.949**	**159.083**	**11.134**	**7.53%**
NNDR Debtors				

Current Year	178.606	218.622	40.016	22.40%
Prior Years	24.684	26.531	1.847	7.48%
Total NNDR Debtors	**203.290**	**245.153**	**41.863**	**20.59%**

5. Housing Revenue Account (HRA)

5.1. The Q1 forecast position for the HRA is an in-year deficit of £5.400m. As the HRA is a ringfenced account, any deficit or surplus at the end of the financial year will be transferred to HRA reserves.

5.2. There is a +£1.200m pressure arising following the high-profile case of 'Awaab's law'. The Regulator of Social Housing requires councils to put in place systems that can evidence that damp and mould is being dealt with appropriately in council homes. In response, the council has established a damp, condensation and mould taskforce increasing its resource capacity to deal with and manage damp and mould cases more effectively. It is unclear what the financial impact of damp and mould will be in the medium to long term. However, it is currently anticipated that investment in this area will be necessary in the short term. The forecast pressure in 2024/25 reflects the 2023/24 level of spend. Activity levels will be reviewed throughout the year, to highlight trends and potential medium-term budget requirements.

5.3. Housing disrepair claims have continued to remain at elevated levels. Caseload activity remained broadly consistent throughout last financial year. The allocation of extra temporary resources has helped drive down the average payment award per case. At this stage an overspend of £2.000m is forecast.

5.4. Energy costs have been a volatile area in recent years. The outturn position for 2023/24 was a significant overspend in this area. As such, it is prudent to reflect a similar +£3.500m pressure in 2024/25.

5.5. There is a +£0.500m adverse variance from rent and service charge income, representing less than 0.5% of tenants rent and service charge income budgets.

5.6. Offsetting these pressures, there is a -£1.800m favourable variance in interest charges, compared with the 2024/25 budget. This was increased to accommodate anticipated borrowing of c.£96m at a rate of 5.91%. The current council-wide rate forecasted for additional borrowing is 5.3%, and the full year effect of new borrowing in 23/24, budgeted at 5.91%, was much lower, at 4.523%. In addition, expected borrowing to fund the HRA capital programme has reduced to c.£70.5m to reflect re-profiling forecasts for the pipeline New Build schemes and the acquisitions programme which is now profiled to the end of 2025/26. The interest budget assumed £96m of new borrowing.

5.7. The business plan requires a minimum of 10% of annual operating expenditure to be maintained in reserves each year. This equates to an average minimum of £31.475m per year over the 30-year business planning term. The opening position of HRA reserves in 2024/25 is £78.387m. A total of £12.666m was transferred to reserves 2023/24 from general HRA operations, and £16.696m was transferred to the Major Repairs Reserves, which will be utilised in future years to fund the capital programme.

Table 7 – 2024/25 HRA Revenue Variance

Area	Description	Overspend/ (Underspend)

		Q1 £m
Tenants Rents & Service Charges	Income shortfall compared to Budget on Rents and Service Charge Income	0.500
Special Services	Forecast Energy cost pressures	3.500
Repairs & Maintenance	Extra costs linked to responding to damp and mould issues	1.200
General Management	Disrepair Claims	2.000
Capital Financing Costs	Interest Payable Underspend due to lower than forecast interest rates	(1.800)
	Total	**5.400**

Risks and opportunities within the department

5.8. Risks:

- Damp and mould, and legal disrepair cases continue to create a pressure. Whilst additional budget has been applied through the budget setting process, there remains a risk that this will be insufficient.
- Interest rates and inflation may begin to rise again. Both macro-economic factors have stabilised over the last few months. The PWLB borrowing rate has also shown signs of reducing.
- Uncontrollable levels of agency staff and external contractors (above establishment).

5.9. Mitigations/Opportunities going forward:

- Interest rates and inflation have contributed to the financial pressures faced by the council. The council's treasury team has taken advantage of PWLB's 60 basis point concession available to the HRA. This provides some protection from future macro-economic factors outside of the council's control or influence. The council's treasury department will be providing a quarterly update on interest rates for viability modelling going forward. The current rate applied in HRA modelling is 5.3%, and any reduction could have a favourable impact on new build schemes.
- Finance have been working in partnership with the Home Ownership Team to improve the available information in calculating leaseholder service charges (for actualisation in September 2024). The intention is to ensure that we are recovering all appropriate chargeable costs from leaseholders.
- Total HRA balances have increased significantly from the start of 2023/24, partly linked to the increased borrowing and reduced use of revenue contributions to finance capital in 2023/24. This may result in additional investment interest income this financial year and will be monitored throughout the year. With opening reserves of £78.8m, the HRA will require a weighted average interest rate of 2.88% to meet the budget of £2.2m. The 2023/24 average rate was 4.35%, with the rate in 2022/23 at 1.29%. A clearer indication will be highlighted later in the year.
- Regular repairs reporting to highlight pressures/trends, with mitigation plans in plans to manage services more efficiently.
- Lobbying central government for a fairer rent settlement and greater flexibility on the use of Right to Buy 1-4-1 receipts. The council contributes to the London council's HRA

accountancy network and has been successful in the past in encouraging more favourable outcomes on the use and retention of receipts.

- The finance team is currently undergoing a review of recharges between the HRA and the General Fund. This review will provide greater transparency on the bases of recharges which will allow greater management scrutiny.

6. Capital Programme

Summary

6.1. As at the end of Q1, total capital expenditure of £38.756m has been incurred against a 2024/25 revised forecast of £291.627m, representing 13% of spend against forecast.

6.2. Table 8 below summarises by directorate the budget, forecast outturn, and budget management actions being taken at Q1. This includes a forecast overspend of £0.300m to budget, for which mitigating actions are being explored. This is detailed at scheme level at Appendix 4. The revised opening budgets reported correlate to those included in the 2023/24 Outturn Report.

6.3. The revised multi-year approved and indicative capital programme can be found at Appendix 5 with the latest assumed capital financing. Capital financing is applied strategically to use available capital grant and capital receipts before calling upon borrowing financing and to ensure that borrowing financing is applied against relatively longer-life assets (thereby reducing Minimum Revenue Provision costs).

Table 8 – 2024/25 Capital Programme

Directorate	Revised Budget at Outturn 2023/24 £m	Q1 Actuals £m	Forecast Outturn £m	Requested Reprofiling £m	Requested Adjustments £m	Proposed Budget following Agreement £m	Variance to Revised Budget £m
CWB	43.764	3.360	32.177	(13.162)	1.525	32.127	0.050
Environment	48.369	2.722	35.769	(4.325)	(8.525)	35.519	0.250
Housing GF	22.687	0.941	12.651	(8.589)	(1.447)	12.651	-
General Fund Total	**114.820**	**7.023**	**80.597**	**(26.076)**	**(8.447)**	**80.297**	**0.300**
HRA Total	**267.807**	**31.733**	**211.030**	**(61.461)**	**4.684**	**211.030**	**-**
Total Capital Programme	**382.627**	**38.756**	**291.627**	**(87.537)**	**(3.763)**	**291.327**	**0.300**

6.4. The table below summarises the capital programme by the strategic priority. A review of the key strategic priority linked to each line of the capital programme has been undertaken. This has resulted in a few changes compared to categorisation in the 2024/25 budget report.

Table 9 – Proposed Capital Programme by Strategic Priority

Key Strategic Priority	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
A Safe Place to Call Home	226.219	222.403	137.877	226.219
Child Friendly Islington	5.988	10.395	3.628	5.988
Community Wealth Building	13.510	6.621	3.450	13.510
Fairer Together	2.555	4.618	2.877	2.555
Greener, Healthier Islington	43.055	25.834	27.036	43.055
Total	**291.327**	**269.871**	**174.868**	**736.066**

6.5. A review of names of projects in the capital programme has also been undertaken during the first quarter which has led to some minor changes in names to provide more clarity.

Key Capital Risks & Mitigations

6.6. The following paragraphs set out key risks to the capital programme's delivery and budget and the mitigating actions in place. These are the high-level risks, for key project risks and narratives, see paragraphs 6.10 to 6.36.

6.7. Macro-Economic Conditions: Developers and scheme providers are facing increased costs due to macro-economic conditions leading to increases in expense claims and increasing the possibility providers would go into administration.

Mitigations: Regular communication is conducted with providers and project managers. Contingencies are built into all new schemes to mitigate some of these costs.

6.8. Historic Lack of Governance: Historic lack of control and governance impacting on capital schemes that will complete this year could result in overspends.

Mitigations: A review of governance and gateway arrangements is underway to strengthen current and future decision making. Internal audits will be undertaken to identify any further areas for improvement. The Corporate Director of CWB leads monthly reviews on all live schemes to identify any issues. External legal and commercial advice has also been commissioned.

6.9. Lack of Funding: Lack of capital funding available to achieve all corporate priorities e.g. decarbonisation of all corporate buildings by 2030.

Mitigations: A review of the capital programme is to be undertaken to prioritise use of resources against the council's priorities in Summer 2024. Directorates are exploring the further use of external funding.

Key Projects and Changes to Note

6.10. The following paragraphs provide additional detail on key projects, or projects with significant changes to report at Q1. Each paragraph is structured to provide the scheme name, budget after Q1 proposed changes, followed by the update.

Community Wealth Building

6.11. **Martin Luther King Adventure Playground** £0.000m: this project is forecasting to spend £0.050m in outstanding costs from the completion of the project in 2023/24. Mitigating actions are being explored to manage this overspend, an update will be provided at Q2.

6.12. **High Needs Provision Allocated** £0.225m: The project is requesting £2.059m slippage at Q1. Spend this year is forecast to be less than previously expected due to a pause in plans until a decision is made whether to continue with the project at New River College. A new procedure is being introduced to determine what schools and projects to allocate budget to.

6.13. **Packington Nursery Expansion** £0.215m: plans for the completion of the project over the multi-year capital programme are coming in over-budget, risking the ability to complete this project. Value engineering is currently being undertaken to review the project proposal and scope. Updates will be provided in future quarterly monitoring reports.

6.14. **Prior Weston Primary School Playground redevelopment** £0.357m: plans for the completion of the project over the multi-year capital programme are coming in over-budget, risking the ability to complete this project. The project is currently on hold while value engineering is undertaken to review the project proposal and scope. Updates will be provided in future quarterly monitoring reports.

6.15. **Toffee Park & Radnor St Gardens** £0.500m: this project is requesting £2.067m slippage at Q1 due to delays from consultations and seeking planning permission.

6.16. **Finsbury Leisure Centre Redevelopment** £8.595m: the revised viability model anticipated the project costs to increase. A paper was taken to Executive on 18th July 2024 with the latest updates and financial position, including an increase in costs for the leisure centre and a change in HRA financing. This report requested a budget increase for FLCR of £6.115m from a virement which was approved by the Executive. The virement is referenced in paragraph 6.58. A value engineering exercise has already been undertaken to identify areas where costs could be reduced and significant amounts have been built into the budget for optimism bias, inflation, and other risks. This paper also requested a £4.600m budget addition. After subsequent review this budget addition will not be taken to Full Council for approval at this time, the virement agreed provides sufficient budget for the project to proceed to the next stage.

6.17. **Greenspaces – Highbury Bandstand/Highbury Fields** £0.250m: this project is requesting £1.056m slippage at Q1 due to delays in procurement. This budget reprofiling aligns to an expected project timeline of appointing a contractor to start on site during Q4.

6.18. **Wray Crescent Cricket Pavilion** £0.120m: this project is requesting £1.360m slippage at Q1 due to a delayed tender exercise. It is now expected that construction works will commence in 2025/26.

6.19. **Newington Barrow Way Works** £1.000m: this project is requesting £3.124m slippage at Q1 due to delays in procurement. The main contractor is expected to start on site in Q4 of 2024/25 with the majority of works, and spend, falling in 2025/26.

Environment & Climate Change

6.20. **Energy – Decarbonisation Schemes** £3.553m: this project is requesting £2.110m slippage at Q1 due to one of the five schemes, Drayton Park, being on hold until 2025/26.

6.21. **Energy – LED Lighting Upgrades** £0.000m: this project is forecasting to spend £0.250m in 2024/25 to complete the project, with no budget remaining. This project was started to provide energy savings by utilising LED lantern technology and lower carbon emissions. The project is due to complete in March 2025. The budget previously agreed for the project was based on an estimate and proved insufficient due to significant increases in material, labour and specialised product costs. A review of project funding in 2024 identified the shortfall but without notice to be included in budget setting. Work is ongoing with corporate directors and services to identify a budget for these works and an update will be provided at Q2.

6.22. **Leisure – Strategic Provision** £0.500m: this project is requesting slippage of £1.593m at Q1 to align to the schedule of works currently planned in 2024/25.

6.23. **People-friendly Streets borough-wide roll out – Camera enforcement** £0.535m: a funding swap is proposed to replace the £0.535m revenue contribution with borrowing to pay for this scheme. The revenue income which was initially proposed to fund this scheme will instead be put forward as a revenue saving.

Housing General Fund

6.24. **Vorley Road – Pipeline New Build** £1.798m: this project is requesting slippage of £2.635m at Q1 whilst project plans for the site are reviewed in line with changing building regulations. Planning submission is anticipated before the end of the year with the scheme expected to deliver 40 social rent or shared ownership units.

6.25. **Bemerton Estate South – Pipeline New Build** 0.390m: this project is requesting slippage of £5.569m at Q1 as a result of need to redesign the scheme following changing house building regulations. A planning submission is anticipated later in 2024/25 with options being considered to deliver 54 units, of which 29 would be either social rent or shared ownership.

HRA

6.26. **Thriving Neighbourhoods Scheme** £6.778m: this budget is used to deliver schemes and projects across the borough to benefit local communities such as improve playgrounds, community centres, storage, recycling facilities and sports pitches.

6.27. **Housing Revenue Account Major Works and Improvements** £63.204m: this project is requesting a budget acceleration of £19.457m at Q1. The budget is used to deliver significant improvements across the whole HRA estate of more than 25,000 dwellings. Works will be carried out to improve fire safety, replace failing lifts and deliver a range of improvement works, including to make properties more energy efficient. The acceleration reflects increased capacity to deliver these works ahead of schedule.

6.28. **Andover Estate – Current New Build** £3.921m: this project is requesting slippage of £1.606m at Q1 due to delays from the contractor recently going into administration. The scheme is almost complete and an alternative contractor to deliver the final elements of the scheme is currently being sought. Once complete, the scheme will provide 50 new social rent units and an affordable workspace which is already operational.

6.29. **Park View Estate – Current New Build** £7.190m: there have been delays in the delivery of this scheme which was due to deliver 38 new social rent units. The delays have arisen due to disagreement with a neighbour over a party wall arrangement, which has now been resolved. As a result of delays, it is expected that one block on the site will not be delivered, but there will still be 30 new social rent units provided when this scheme is complete.

6.30. **Elthorne Estate – Current New Build** £5.121m: this scheme will deliver 24 new social rent and shared ownership units out of a total of 46 new dwellings being built on this scheme. Works have been delayed, and there has been a lack of information being received from the contractor, which our Employer's Agency is seeking to address. Due to continuing delays in the scheme, the warranty for works completed earlier in the project has expired, so this will result in an additional cost included in the forecast to enable the scheme to be completed.

6.31. **Beaumont Rise – Current New Build** £3.749m: this project is requesting slippage of £1.422m at Q1 due to work slowing on site. There is a concern that the contractor on this scheme to deliver 27 new social rented units is on the verge of going into administration as they are late in filing their most recent accounts. Costs have escalated on this scheme, which were reported last financial year, with the budget being revised accordingly.

6.32. **173 Highbury Quadrant – Current New Build** £0.585m: this project is requesting slippage of £1.229m at Q1 whilst project plans are reviewed. The scheme will deliver 3 social rent units and one further property for private sale which will contribute to the cost of delivering the social rent units. Preparation works have been carried out, and a contract for delivery of the main build is the next step in delivering the scheme.

6.33. **Harvist Estate – Current New Build** £11.221m: this project is requesting slippage of £1.727m at Q1 as work has paused on site following completion of the PCSA contract and the termination of the previous contract. The New Build Team is currently reviewing options for progressing this scheme which was originally due to deliver 24 new social rent units, but which may now need to incorporate some private sales units for a revised scheme to be viable.

6.34. **Vorley Road – Pipeline New Build** £1.891m: this project is requesting slippage of £2.773m at Q1 whilst project plans for the site are reviewed in line with changing building regulations. Planning submission is anticipated before the end of the year with the scheme expected to deliver 40 social rent or shared ownership units.

6.35. **Bemerton Estate South – Pipeline New Build** £0.547m: this project is requesting slippage of £7.819m at Q1 because of the need to redesign the scheme following changing house building regulations. A planning submission is anticipated later in 2024/25 with options being considered to deliver 54 units, of which 29 would be either social rent or shared ownership.

6.36. **Property Acquisitions** £95.536m: this project is requesting slippage of £63.343m at Q1. Grants have been allocated from GLA and DLUHC and renegotiated to support the acquisition of 397 properties over 3 financial years running until March 2026. Properties will be used for temporary accommodation, support to care leavers and support to families from Afghanistan and Ukraine. To the end of June 2024, the purchase of 146 properties had been completed, with a further 70 offers accepted. There remains 21 months to complete the programme, which is currently forecast to be achieved in full.

Capital Reprofiling

6.37. Capital slippage and acceleration are budget management tools to reprofile capital budgets between financial years to match the forecast timing of project expenditure, whilst staying within the approved project budget.

6.38. At Q1 the requested slippage is £108.756m, split £27.322m General Fund and £81.434m HRA. This is the total slippage requested during 2024/25. Table 10 below details the requested scheme slippages at Q1. The revised multi-year approved capital programme after these changes is shown in Appendix 5.

Table 10 - Capital Slippage at Q1

Scheme Title	2024/25 £m	2025/26 £m	Slippage Reason
Hayward Adventure Playground	(0.934)	0.934	Project delayed due to consultation
High Needs Provision Allocation	(2.059)	2.059	Alignment to new project plan
Packington Nursery Expansion	(0.205)	0.205	Project delayed to reviewing project plans
Schools Condition Schemes	(0.825)	0.825	Project delayed to reviewing project plans
Toffee Park & Radnor St Gardens	(2.067)	2.067	Project delayed to reviewing project plans
Libraries – Islington Museum and Local History Centre	(0.344)	0.344	Temporary project pause
Mildmay Library	(0.759)	0.759	Project delayed due to consultation
Vorley Road Library	(0.817)	0.817	Project delayed due to contractor
Chapel Market	(0.244)	0.244	Project delayed due to contractor
Greenspaces – Highbury Bandstand/Highbury Fields	(1.056)	1.056	Project delayed due to contractor
Wray Crescent Cricket Pavilion	(1.360)	1.360	Project delayed due to procurement
Newington Barrow Way Works	(3.124)	3.124	Project delayed due to procurement
Community Wealth Building Total	**(13.794)**	**13.794**	

Scheme Title	2024/25 £m	2025/26 £m	Slippage Reason
Energy – Decarbonisation Schemes	(2.110)	2.110	Temporary project pause
Greening the Borough	(0.270)	0.270	Project delayed due to contractor
Leisure – Strategic Provision	(1.593)	1.593	Project delayed to reviewing project plans
Public Realm – Fortune Street Area	(0.183)	0.183	Project delayed due to contractor
Vehicle fleet electrification (infrastructure)	(0.289)	0.289	Project delayed due to procurement
Environment Total	**(4.445)**	**4.445**	
Telfer House – Current New Build	(0.176)	0.176	Alignment to revised delivery plan
Dixon Clark Court – Current New Build	(0.009)	0.009	Alignment to revised delivery plan
173 Highbury Quadrant – Current New Build	(0.694)	0.694	Project delayed to reviewing project plans
Vorley Road – Pipeline New Build	(2.635)	2.635	Project delayed to reviewing project plans
Bemerton Estate South – Pipeline New Build	(5.569)	5.569	Project delayed to reviewing project plans
Housing General Fund Total	**(9.083)**	**9.083**	
General Fund Total	**(27.322)**	**27.322**	
Andover Estate – Current New Build	(1.606)	1.606	Project delayed due to contractor
Park View Estate – Current New Build	(0.496)	0.496	Alignment to revised delivery plan
Telfer House – Current New Build	(0.594)	0.594	Alignment to revised delivery plan
Dixon Clark Court – Current New Build	(0.364)	0.364	Alignment to revised delivery plan
Windsor Street – Current New Build	(0.061)	0.061	Alignment to revised delivery plan
Beaumont Rise – Current New Build	(1.422)	1.422	Project delayed due to contractor
173 Highbury Quadrant – Current New Build	(1.229)	1.229	Project delayed to reviewing project plans
Harvist Estate – Current New Build	(1.727)	1.727	Temporary project pause
Vorley Road – Pipeline New Build	(2.773)	2.773	Project delayed to reviewing project plans
Bemerton Estate South – Pipeline New Build	(7.819)	7.819	Project delayed to reviewing project plans
Property Acquisitions	(63.343)	63.343	Alignment to revised delivery plan
HRA Total	**(81.434)**	**81.434**	
Total Capital Programme	**(108.756)**	**108.756**	

6.39. At Q1 the requested acceleration is £21.219m, split £1.246m General Fund and £19.973m HRA. This is the total acceleration requested during 2024/25. Table 11 below details the requested scheme accelerations at Q1. The revised multi-year approved capital programme after these changes is shown in Appendix 5.

Table 11 - Capital Acceleration at Q1

Scheme Title	2024/25 £m	2025/26 £m	2026/27 £m	Acceleration Reason
Disability/Accessibility Works	0.563	(0.563)	-	Project progressing quicker than expected
Libraries Modernisation	0.069	(0.069)	-	To facilitate virement
Community Wealth Building Total	**0.632**	**(0.632)**	**-**	
Greenspaces – 3G Football Pitch Replacement	0.120	-	(0.120)	Project progressing quicker than expected
Environment Total	**0.120**	**-**	**(0.120**	
Finsbury Leisure Centre – Pipeline New Build	0.494	(0.494)	-	Project costing more than expected
Housing General Fund Total	**0.494**	**(0.494)**	**-**	
General Fund Total	**1.246**	**(1.126)**	**(0.120)**	
Housing Revenue Account Major Works and Improvements	19.457	(19.457)	**-**	Project progressing quicker than expected
Finsbury Leisure Centre – Pipeline New Build	0.516	(0.516)	-	Project costing more than expected
HRA Total	**19.973**	**(19.973)**	**-**	
Total Capital Programme	**21.219**	**(21.099)**	**(0.120)**	

Capital Additions

6.40. **Cornwallis Adventure Playground** – £0.050m addition is requested for approval, to be funded from revenue to restore the playground after fire damage. It is expected that Islington Council will receive an insurance payout in relation to the fire which can be applied to cover the cost of the works.

6.41. **Toffee Park and Radnor Street Gardens** – £0.245m addition to the 2025/26 budget is requested for approval to cover increased costs from increased fees, costs to meet planning requirements and issues emerging on site. A value engineering exercise has been undertaken which has brought down the increase in costs. The Borough Investment Panel agreed on 15/07/2024 that this addition could be funded by CIL which is already available to the Council but not yet applied.

6.42. **Future Work Phase 2** – £1.790m addition to be requested for agreement from Full Council via the paper Capital Programme 2024/25 Quarter 1 Budget Changes on 19th September 2024. A review of the accounting treatment of items in the scheme identified expenditure that can be capitalised and the capital addition will put budget in place for this. The planned use of reserves to fund the revenue expenditure on this project will reduce equally. This budget increase will be funded by borrowing.

6.43. **Greenspaces – Barnard Park Renewal** – £0.130m addition to cover a shortfall in budget to complete the project. Islington Council has secured a further £0.800m grant funding to put towards this project, £0.750m from the Football Foundation and £0.050m from Arsenal in the Community. £0.130m of this will increase the budget and the remaining £0.670m will be used to swap funding and reduce the borrowing requirement, and therefore associated revenue costs for the Council.

6.44. **Schools Devolved Formula Capital** – £0.851m addition as a review of the accounting treatment of this grant has identified that it should be reported in the capital programme rather than revenue.

6.45. **Food Waste Collection** – £0.007m addition to bring the budget in the capital programme in line with the total grant payment received from DEFRA for this scheme.

6.46. **Tree Planting** – £0.950m addition as a review of the accounting treatment of items in the scheme identified expenditure that can be capitalised and the capital addition will put budget in place for this, to be funded by borrowing. This will reduce the amount spent from revenue budgets.

6.47. **Disabled Facilities Grant** – £3.366m addition to be requested for agreement from Full Council via the paper Capital Programme 2024/25 Quarter 1 Budget Changes on 19th September 2024 a review of the accounting treatment of this grant has identified that it should be reported in the capital programme rather than revenue.

6.48. **St Johns Mansions** – Pipeline New Build HRA - £4.684m addition was agreed in February 2024 by the Acting Corporate Director of Homes and Neighbourhoods under urgency procedures. The addition is funded by £2.53m grant and £2.146m HRA borrowing. This scheme will deliver 19 self-contained properties for temporary accommodation to support homeless people and those sleeping rough in the borough.

Capital Reductions

6.49. **New River College SEND/Elthorne** - £1.292m reduction to be requested for agreement from Full Council via the paper Capital Programme 2024/25 Quarter 1 Budget Changes on 19th September 2024. Any future works to the New River College will be charged to, and reported against, the High Needs Provision Allocation line of the capital programme. There will be a revenue impact from costs previously incurred and capitalised for this project. The revenue impact is being quantified and will be reported at Q2.

6.50. **Decarbonisation – Grant Match Funding** – £12.852m reduction to be requested for agreement from Full Council via the paper Capital Programme 2024/25 Quarter 1 Budget Changes on 19th September 2024. The Council has decided not to proceed with these projects as planned in the budget and so the budget and associated borrowing can be removed from the programme.

6.51. **Elmore Street & Lindsey Mews – Current New Build** – £2.267m reduction to be requested for agreement from Full Council via the paper Capital Programme 2024/25 Quarter 1 Budget Changes on 19th September 2024, £1.447m from 2024/25 and £0.820m from 2025/26. Following a review, it has been determined that the scheme will not deliver value for money and so will be stopped.

Capital Virements

6.52. Five virements have been approved from the Corporate Director of Community Wealth Building to move a total of £0.133m budget from Compliance and Modernisation to the following schemes:

- £0.087m to Automated Public Toilets
- £0.014m to 16-18 Hornsey Road
- £0.008m to Isledon Road Gardens
- £0.004m to GreenSCIES (New River Heat Network)
- £0.020m to Libraries – South Library

6.53. A virement has been approved from the Corporate Director of Community Wealth Building to move £0.030m budget from Crouch Hall Court – Current New Build to King Square – Current New Build which are both General Fund Housing schemes.

6.54. Three virements have been approved from the Corporate Director of Community Wealth Building to move a total of £1.016m budget to Elthorne Estate – Current New Build from the following schemes. All schemes involved in these virements are General Fund Housing Schemes.

- £0.040m from Crouch Hall Court – Current New Build
- £0.011m from Dovercourt Estate – Current New Build
- £0.965m from Elmore Street & Lindsey Mews – Current New Build

6.55. Four virements have been approved from the Corporate Director of Community Wealth Building to move a total of £1.055m budget from Andover Estate – Current New Build to the following schemes. All schemes involved in these virements are HRA schemes.

- £0.077m to King Square – Current New Build
- £0.900m to Elthorne Estate – Current New Build
- £0.038m to Charles Simmons House – Current New Build
- £0.040m to Wedmore Estate – Current New Build

6.56. A virement has been approved from the Corporate Director of Community Wealth Building to move a total of £0.009m budget from Dovercourt Estate – Current New Build to Wedmore Estate – Current New Build, which are both HRA schemes.

6.57. A virement has been approved from the Corporate Director of Community Wealth Building to move £0.198m of 2025/26 budget from Compliance and Modernisation to the Toffee Park and Radnor Street Gardens project.

6.58. A virement was approved by Executive on 18th July 2024 in the paper Redevelopment of Finsbury Leisure Centre in line with the constitution to move a total of £6.555m to Finsbury Leisure Centre Redevelopment from the following schemes.

- £2.081m from New River College SEND/Elthorne
- £0.307m from Libraries - South Library
- £0.167m from Libraries Modernisation
- £4.000m from 29-33 Old Street.

It should be noted that any future works to the New River College will be charged to, and reported against, the High Needs Provision Allocation line of the capital programme.

7. Debt Write-Offs

7.1. All debt write-offs must be in accordance with section 3.25 of the Financial Regulations:

- The appropriate Corporate Director has authority to write-off debt of up to £20,000 per individual case.
- The appropriate Assistant Chief Executive, Head of Service or Service Director is able to write-off debt of up to £10,000 per individual case, if authorised in accordance with Appendix 3 of the Constitution.
- Service Managers in the Resources Directorate are able to write off debt of up £10,000 per individual case and Service Directors in the Resources Directorate up to £50,000 per individual case, if authorised in accordance with Appendix 3 of the Constitution.
- The Corporate Director of Resources is able to write off individual debts up to £199,999.
- Executive authority is required to write-off individual debts of £200,000 or more.

7.2. In respect of council tax and NNDR debts, attempts to trace absconders include searches of the internal revenues system, credit reference agencies, enquiry notices to owners, agents and new occupiers of properties and visit reports by the council's Inspection and Enforcement Agents. The extent of tracing activity will correspond to the amount of the individual debts with a greater intensity of checks being carried out in respect of these larger debts. Where a debtor is traced following the write-off of the debt then the debt will be reinstated and further attempts made to recover, subject to statutory limitation periods and it being economical to do so.

7.3. The following write-offs of more than £199,999 are proposed to write off and for information:

Table 12 – Debt Write-Offs 2024/25 Q1 for Executive Approval

Description	Reason	Net Write-Off Value
Business Rates Account A	Liquidation	£523,614
Business Rates Account B	Liquidation	£442,394
Business Rates Account C	Administration	£344,589
Business Rates Account D	Administration	£306,422
Pay & Display - Coin Co International Debtor	Insolvency	£229,116.60
Total		**£1,846,135.60**

7.4. Q1 debt write-offs of less than £200,000 are detailed below for noting:

- Total of £47,938.36 uncollectable debts from 31 individual debtors who had a contribution towards their homecare or residential/nursing package of care with highest debtor being ~£8k.
- Total of £105,080.16 debt written of from 45 individual deceased debtors who had a contribution to pay towards their homecare or residential/nursing package of care with highest ~£9k.
- Total of £25,411.22 written off for HRA tenant rent accounts for various reasons including the debt being uncollectable, debt being too small to pursue, and court ordered debt relief.

- Total of £37,795.19 for debtors where Housing Benefit was overpaid. Debt could not be collected for various reasons including Debt Relief Orders, debtors being deceased, or debt being uneconomical to recover.
- Total of £34,572.03 other NNDR debts written off.
- Total of £2,141.76 council tax related debts written off.

8. Implications

Financial Implications

8.1. These are included in the main body of the report.

Legal Implications

8.2. The law requires that the council must plan to balance its spending plans against resources to avoid a deficit occurring in any year. Members need to be reasonably satisfied that expenditure is being contained within budget and that the savings for the financial year will be achieved, to ensure that income and expenditure balance (Section 28 Local Government Act 2003: the council's Financial Regulations 3.7 to 3.10 Revenue Monitoring and Control).

8.3. The Financial Regulations in relation to Capital Schemes and Overspends give the Chief Finance Officer authority to agree slippage of up to £1m and overspends as long as the total approved over-spends in any one financial year does not increase the overall budget for the Capital Programme by more than 0.1% and subject to the resources being available. If these limits are exceeded, the matter must be reported to the Executive who can vary the budgets up to £1m. Any excess over a £1m must be approved by full Council.

Climate Change and Environmental Implications

8.4. The council's budget can influence behaviour of residents and businesses which can result in both positive and negative environmental implications. Environmental implications of budget proposals are considered as part of the budget setting process and are reported in the Full Budget Report 2024/25.

8.5. This report provides a forecast of the provisional outturn position against the 2024/25 budget. Variances to the budget and resulting management actions can indicate changes to planned service delivery which could have both positive and negative environmental implications. The budget variances and management actions detailed in the directorate sections above have substantive environmental implications which will be described in key decision reports.

8.6. This report seeks decisions regarding budget virements. It is recommended that the previous £1.055m revenue budget for tree planting be moved from Environment & Climate Change to Corporate Items. This does not impact the tree planting programme as the expenditure will be capitalised. This is a technical accounting change which does not have any environmental or climate change implications.

Equality Impact Assessment

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

8.8. An equality impact assessment (EQIA) was carried out for the 2024/25 Budget Report agreed by Full Council. This report notes the financial performance to date but does not have direct policy implications, therefore a separate EQIA is not required for this report.

Appendices:

- **Appendix 1** – General Fund and HRA Revenue Monitoring by Variance
- **Appendix 2** – 2024/25 Revenue by Service Area
- **Appendix 3** – Savings Delivery Tracker
- **Appendix 4** – Capital Programme 2024/25
- **Appendix 5** – Multi-Year Capital Programme

Relevant decisions / reports: None

Background papers: None

Report approval:

Authorised by:

Executive Member for Finance and Performance

Date: 28 August 2024

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