City of Westminster

Decision Maker:	**Audit and Performance Committee**
Date:	**25 November 2024**
Classification:	**General Release**
Title:	**2024/25 Quarter 2 Financial Monitoring**
Wards Affected:	**ALL**
Key Decision:	**No**
Financial Summary:	**The report summarises the Council's 2024/25 Quarter 2 financial position**
Report of:	**Gerald Almeroth, Executive Director – Finance and Resources**

1. Executive Summary

1.1 This monitoring report presents the Council's summarised 2024/25 quarter 2 financial position to date and the forecast for the remainder of the year based on activity trends and analysis to date.

<u>Revenue Summary</u>

1.2 The forecast General Fund revenue outturn is a projected overspend of £14.857m (7.2% of the net budget of £205.545m). This is an increase against the projected overspend of £3.314m at quarter 1. There are also further risks amounting to a net £7.6m also identified as potential further pressures at this time. The main reason for the increase is in homelessness and increased costs of temporary accommodation (TA). It is proposed that the any overspend related to TA is funded from the Council's earmarked risk reserves at year end.

1.3 The HRA Business Plan has a budgeted surplus in 2024/25 of £6.8m. The current forecast anticipates a reduced net surplus position in the year of £1.5m, mainly due to higher spending on repairs.

Capital Summary

1.4 The quarter 2 Capital Programme forecast position is £102.210m gross expenditure variance. Further details are included in section 14 of this report.

Savings

1.5 Savings achieved year to date are now reported as £8.655m; with 90% of savings total savings (£20.136m) either on target to be achieved in year or achieved (£18.056m).

2. Recommendations to Audit and Performance Committee

2.1 That Audit and Performance Committee notes the current monitoring and forecast position at quarter 2 for 2024/25.

3. Revenue Budget Overview

3.1 In March 2024 Full Council approved the 2024/25 budget which included £20.136m of savings and £49.670m of investment and pressures to the General Fund. As at quarter 2 of the 2024/25 financial year the General Fund revenue position is reporting a forecast overspend of £14.857m (7.2%) against a budget of £205.545m.

3.2 Primarily this is due to the following reasons summarised below and explored in more detail later in the report:

Demand Led Pressures

- Temporary Accommodation (TA) has experienced a sharp increase in demand over the past 18 months with numbers rising to over 3,800. This increase is being compounded by a shortage of TA supply that is forcing the service to utilise increasing levels of emergency accommodation that is more expensive (in the form of hotels).

- Children's Family Services is experiencing continuing pressure due to accommodation and subsistence statutory support being provided to increased numbers of families with no recourse to public funding. There is also an overspend on placements and direct support costs due to an increase in looked after children and care leavers.

- Digital and Innovation has seen an increase in demand for new platforms and technologies, as well as increased costs as contracts are re-let.

Inflationary Pressures

- Inflationary pressures from increasing pay and contract costs are estimated to be higher than budgeted. The average cost of the agreed pay award being higher than anticipated, the impact of the London Living wage element on service contracts and higher than anticipated costs for contract re-lets.

Underspends / additional income

- There are some notable variations within Parking Services, paid for parking income is projected to be significantly higher than the budgeted estimate. PCN income also is projected to be higher because of increased marshal presence on the street increasing ticket issuance. Another notable underspend is within energy costs for the Council, this is the result of the gradual recovery of global energy supplies. Prices paid by the Council for energy significantly increased between 21/22 and 23/24. The prices paid for 24/25 have reduced substantially although not to 21/22 levels.

3.3 It is proposed that the forecast overspend in relation to TA is funded from the Council's earmarked risk reserves at year end, with any residual overspend to be funded from the General Fund balances in the normal way.

3.4 The HRA Business Plan has a budgeted surplus in 2024/25 of £6.8m. The current forecast anticipates a net surplus position in the year of £1.5m. The key reason for the variance is an increased demand on repairs and maintenance, although this is following a similar pattern to last year. There is a planned use of reserves to fund additional activities as part of the overall Housing Improvement Programme. Further details are included in section 12 of this report.

3.5 Table 1 summarises the Quarter 2 General Fund position.

Table 1 - Revenue Finance Position and Forecast – quarter 2 - 2024/25

Executive Directorate	Q2 2024/25 Budget **£m**	Q2 2024/25 Forecast **£m**	Q2 2024/25 Variance **£m**	Q1 2024/25 Variance **£m**	Q2 Risks Identified **£m**	Q2 Opportunities Identified **£m**	Q2 Projected Variance inc Opps and Risks **£m**
Adult Social Care	63.772	63.772	(0.000)	(0.000)	2.000	-	2.000
Public Health	(1.141)	(1.141)	-	0.000	-	-	-
Housing and Commercial Partnerships	71.988	87.509	15.521	2.800	1.189	-	16.710
Regeneration, Economy & Planning	4.387	4.938	0.551	0.884	-	-	0.551
Environment and Communities	13.257	8.147	(5.110)	(1.430)	0.961	(1.440)	(5.589)
Children's Services	45.507	47.841	2.334	1.810	3.173	0.086	5.593
Other Corporate Directorates	1.838	1.903	0.065	0.000	-	-	0.065
Corporate Services	12.708	12.482	(0.226)	0.000	-	-	(0.226)
Finance and Resources	1.030	0.753	(0.277)	(0.750)	0.243	-	(0.034)
Corporate Items	(7.801)	(5.801)	2.000	0.000	-	-	2.000
Net Controllable Budget	**205.545**	**220.402**	**14.857**	**3.314**	**7.566**	**(1.354)**	**21.069**

Inflation

3.6 **Pay Inflation:** As part of the 2024/25 budget setting process provision of £4.204m has been made for anticipated pay inflation pressures across service areas. This equates to a 3% increase across all pay budgets. The pay award has recently been agreed, with a flat rate increase of £1,575 for up to scale point 43 and a 2.5% increase for all other staff. Work is being undertaken to fully understand the cost of the award, but it is expected that the average cost will be more than is budgeted.

3.7 **Non-pay:** As part of the 2024/25 budget setting process provision of £11.6m has been made for anticipated contract inflation pressures across service areas in line with projections for individual contract increases. This includes provision for increases in the London Living Wage previously agreed at 10% for 24/25. Updated estimates for contract inflation received by services at Q2 are overall above what has been budgeted, however some contracts are still in negotiation. Work is underway to review these updated contract inflation estimates. A pressure of £2m has been included within the overall budget forecast to reflect this estimated increased cost.

3.8 Costs above what has been allowed for in the 2024/25 budget will be an ongoing pressure. They will need to be considered as part of the 2025/26 budget setting process.

Medium Term Financial Plan Monitoring – Savings

3.9 In March 2024 Full Council approved the 2024/25 budget which included £20.136m of savings.

3.10 Details of progress against approved savings are outlined in the commentary for each directorate in the table below. Where savings are not on track, the directorates continue to consider mitigations to bring the budget back on target for this year. Of the savings, 90% are either achieved or on target.

3.11 Further information relating to reprofiled and unachievable savings, as well as the mitigating actions being taken can be found in Appendix 1.

Table 2 - Approved Savings Progress (£m)

Executive Directorate	Saving Achieved £'000	Part Achieved/ On Track £'000	Part or Completely Reprofiled £'000	Unlikely to be Achieved £'000	Total £'000
Adult Social Care	550	1,475	325	-	2,350
Children's Services	-	518	-	705	1,223
Environment and Communities	4,538	4,603	-	60	9,200
Finance and Resources	1,932	1,508	540	250	4,230
Regeneration, Economy and Planning	858	862	-	200	1,920
Housing and Commercial Partnerships	313	313	-	-	625
Corporate Services	388	123	-	-	511
Other Corporate Directorates	77	-	-	-	77
Collaborative / Cross Council	-	-	-	-	-
Total	**8,655**	**9,401**	**865**	**1,215**	**20,136**

General Fund Revenue Summary

4. Adult Social Care (ASC) £nil variance forecast

4.1 Adult Social Care continues to forecast a break-even position in the second quarter against an annual net budget of £64m.

4.2 ASC is encountering more complex cases with high costs within memory cognition, mental health and learning disabilities. There is also pressure from hospital discharge, due to more complexities in the care needed. Activity levels will continue to be monitored closely; however, they can change materially depending on the intensity of seasonal challenges in the winter.

4.3 The previous report noted a possible financial risk of £2m, which reflects some of the pressures related to rising demand and complexity of care in line with national trends. For quarter 2, this potential risk is expected to persist. However, the directorate has well-established, strong and robust budget monitoring system in place.

4.4 The financial forecast is underpinned by supplementary external funding such as Market Sustainability Improvement Fund, Discharge Fund, and additional funding from the Northwest London Integrated Care Board (NWLICB). However, there is no guarantee that this funding will continue beyond the current year. Any reduction or cessation of this supplementary funding could lead to financial strain.

Public Health £nil variance forecast

4.5 Public Health financial position is a break-even against the ring-fenced grant. All expenditure commitments are fully captured including one-off strategic investments to help address health inequalities in the local population.

4.6 The service is also making investments across a number of cross- council initiatives to improve health outcomes and realise the Council's Fairer Westminster ambitions. Public Health has committed to using its reserves for the implementation of a strategic investment programme, which has been submitted to the Office for Health Improvement and Disparities.

5. Regeneration, Economy and Planning Overspend £0.551m

5.1 The directorate is reporting a net overspend of £0.551m at quarter 2, an increase of £0.110m from the previous quarter. Building Control is forecasting an overspend of £0.260m due to additional costs incurred for the increased work linked to the Building Safety Act 2022 (a reduction of £0.040m from Q1).

Development and Regeneration

5.2 Development and Regeneration are forecasting an overspend of £0.335m due to additional costs in relation to unbudgeted costs of the GLA housing grant audit, community communications and community events. Also included within this is a forecasted £50k overspend relating to some feasibility work that cannot be capitalised.

WAES

5.3 The service has over-delivered on the provision of courses under the Greater London Authority (GLA) contract for 2023/24 academic year. The over-delivery is projected to be £200k. GLA is required to pay WAES this amount in January 2025.

5.4 Also, the budget for the subcontracting delivery is expected to be less than anticipated due to the timing. It is accepted that the subcontractors will not be able to deliver the contracts before the end of the financial year. This is due to the delays in issuing the contracts. The budget has therefore been reduced, leading to a savings of £344k.

5.5 The Education and Skills Agency (ESFA) contract for 2023/24 academic year (ending July 2024) has under-delivered. This under-delivered contract is estimated to be approximately £100k**.** ESFA is expected to claw this back in January 2025.

Planning

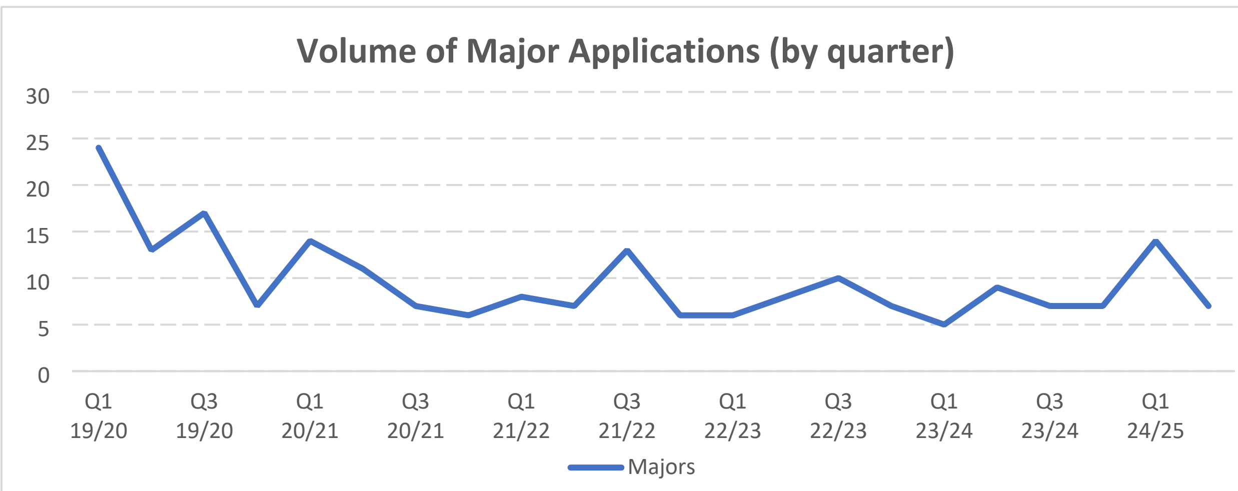
5.6 Planning is forecasting an income shortfall of £0.400m (an increase of £0.150m from Q1). Although the number of planning applications is 7% higher than at quarter 2 last year, to date income is £0.372m below budget. This is due to the increase in applications relating mainly to smaller applications that drive relatively low fees, compared to major applications.

5.7 The table below shows the total volume of planning applications as at the end of quarter 2 for each financial year. Whilst there has been an increase in the volume of major planning applications which generates the largest share of fee income, it has still not recovered to pre-pandemic levels.

Table 3 - Activity Levels for Planning and Pre-planning Applications

Application Volumes at the end of Quarter 2	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Majors	37	25	15	14	14	21
Minors	1,916	1,388	1,602	1,530	1,430	1,505
Other	2,864	2,066	2,537	2,482	2,658	2,849
TOTAL	**4,817**	**3,479**	**4,154**	**4,026**	**4,102**	**4,375**

The general trend over the last 5 years, as shown below:

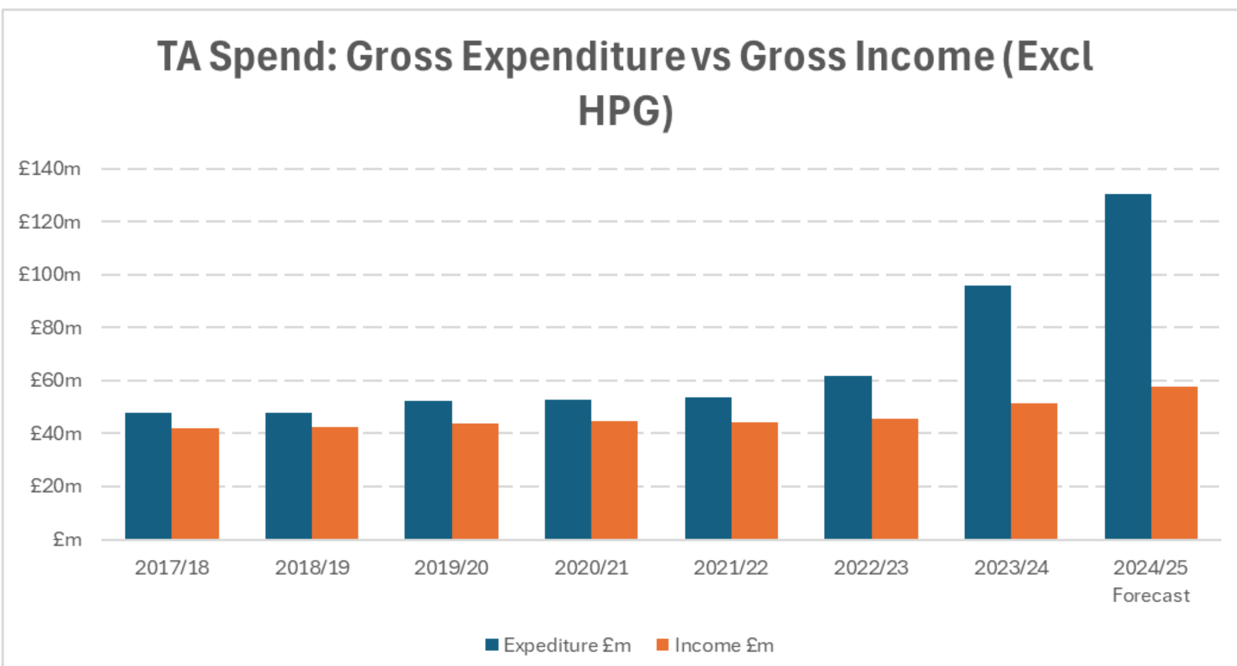


6. Housing and Commercial Partnerships — Overspend £15.521m

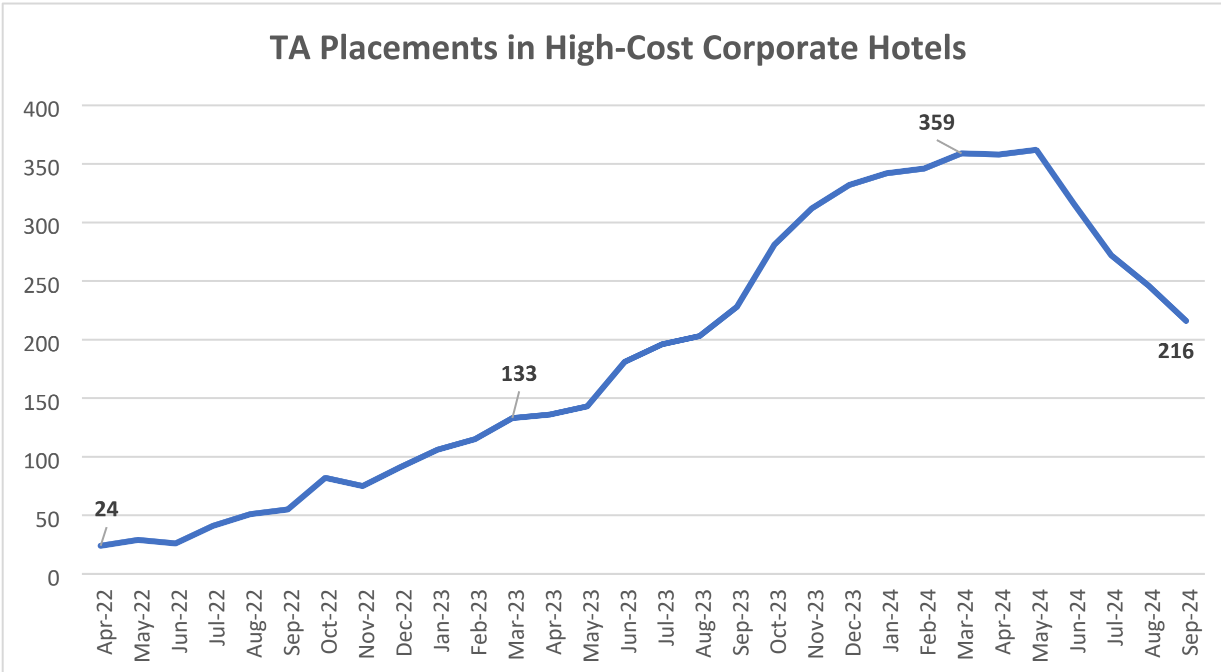
6.1 At the end of quarter 2 the service is forecasting an overspend for the year of £15.521m. There is a further risk totalling £1.189m which relates to inflation on contracts and TA supply arrangements.

6.2 The key pressure on the Housing GF budget remains the provision of Temporary Accommodation (TA). The service has experienced a sharp increase in demand for TA over the past 18 months, with numbers rising to over 3,800. The forecast increase by the end of the year is anticipated to be 220 higher than previously budgeted. This increase in demand is being compounded by a shortage of TA supply that is forcing the service to utilise increasing levels of emergency accommodation (in the form of hotels). Existing landlords are also experiencing higher costs and, in some cases, exiting the TA market altogether. As a result, the average cost of TA has increased by 49% from £10,508 to £15,618 compared to last year/this year's budget. The service is working to accelerate the TA acquisition programme to include a number of bulk and portfolio acquisitions and is exploring ways that it can maximise the rental income that we recover from Council owned TA.

6.3 The chart below is showing the total TA expenditure & Income from 2017/18 to 2024/25



6.4 The chart below is showing the decrease in the use of high-cost corporate hotel bookings which is the largest single driver of the overall increase in TA spend.



7. Finance and Resources — Underspend £0.277m

7.1 At quarter 2, Finance & Resources are forecasting a net favourable variance of £0.277m against the budget of £1.030m (compared to a favourable variance in quarter 1 one £0.750m). This movement is largely because of cost pressures now being reported within Digital and Innovation of £1.404m offset by a favourable variance in Treasury & Pensions of £0.446m. Risks of £0.243m are also being reported, which includes £0.207m in Finance relating to staff vacancies being filled by interims. There is recruitment ongoing to mitigate this. There has also been an increase in the audit fee, which moving forward will be absorbed within the budget.

Corporate Property

7.2 Corporate Property is reporting a £0.750m underspend variance on energy prices at quarter 2. This is the result of the gradual recovery of global energy supplies following global issues. The table below shows prices paid by the Council for energy significantly increased between 21/22 and 23/24. The prices paid for 24/25 have reduced although not to 21/22 levels.

Table 4 - % Increases paid by the Council

	22/23 Increase %	23/24 Increase %	24/25 Decrease %
Electricity	48%	49%	-36%
Gas	52%	63%	-56%

7.3 There are several ongoing commercial rent reviews and contract negotiations which are being closely monitored and the forecast position will be updated once these have crystalised.

Digital and Innovation

7.4 There is an adverse variance of £1.404m within Digital and Innovation against a budget of £13.233m. This includes a saving of £0.500m which is currently unachievable in 24/25, this relates to savings which are expected to be made across the Council based on Digital interventions. Work is currently underway to identify the projects which will deliver this saving in 2025/26, and the saving will be reprofiled as a result. The service has also seen increase in demand for new platforms and technologies, as well as increased costs as contracts are re-let. This accounts for £0.903m.

7.5 During the year there have been new requirements which emerged to support the organisation. These include the support for the Report It platform, additional services from BT (through the Tech Hub for staff support) and additional Microsoft licences required for new staff in the Council. There is active work underway to reduce costs in a number of these areas, e.g. through looking at Microsoft licence allocations.

7.6 There has also been an increase in demand from the Council for several IT applications such as Adobe and this has led to increased cost. Work is underway to review licence need and allocation to reduce numbers. There has been a focus on improving the customer experience, and this has required additional spend to improve the website and carry out a quality audit in the contact centre.

Treasury and Pensions

7.7 There is a favourable variance of £0.466m reported. This is due to a higher return on investment of £0.817m because of average cash balances being higher than forecast (cash balances were £823m at the end of September with a forecast of £754m) resulting in higher actuals to date. Interest rates have been slightly lower than forecast (average yield has been 5.04% against the forecast of 5.46%) which has been offset by these higher balances. This is offset by a lower recharge of interest payable to the HRA of £0.304m, which is because of the HRA not needing to borrow so much against the capital programme, although there is some uncertainty around this until year end.

Strategy & Intelligence

7.8 There is a reported underspend in Strategy and Intelligence of £0.115m due to part year vacancies.

Revenues and Benefits

7.9 There is reported underspend of £0.370m, mostly from savings negotiated in the main Revenues and Benefits contracts together with some other small variances relating to a combination of grant, credits written back and court costs.

8. Environment and Communities Underspend £5.110m

8.1 There is a forecasted favourable variance of (£5.110m) as at quarter 2, this is a movement of (£3.680m) from quarter 1. Risks of £0.961m and opportunities of (£1.440m) have been identified during the quarter 2 monitoring process. This is a movement of £0.126m and (£0.540m) respectively from the quarter 1 reported position.

Parking

8.2 Parking is reporting a positive variance of (£4.550m), an increase from quarter 1 of (£2.800m). This is primarily driven by increased penalty charge notice (PCNs) income (£2.500m) since quarter 1.

8.3 When compared to budget, PCNs are forecasted to achieve more income than by (£4.500m). This is because of a 21% rise in activity when compared to 23/24, driven by increased marshal presence on the streets. Paid for parking is forecasted to achieve more income than forecast by (£2.450m) due to a 6% increase in weekly income post emission-based charging introduction. These increases have led to increased costs in change controls, transaction charges and staffing, £2.150m. There is a further opportunity reported of (£1.000m) relating to potential additional PCN income.

8.4 Resident permits are forecasted to achieve more income by (£0.250m) with suspensions and trade permits expected to under-achieve by £0.350m and £0.050m respectively. Lastly traffic camera maintenance is currently forecasting an adverse variance of £0.100m. This is primarily down to 2024/25 being the first full year where Westminster owns the assets, therefore, now being responsible for maintenance.

Communities

8.5 Communities is projecting a nil variance as at quarter 2, however, there are risks of £0.961m and opportunities of £0.140m.

8.6 The risks relate to; potential health and safety/compliance works, the leisure and parks contract relet and new maintenance responsibilities in relation to the Green Spine Scheme in the Church St Ward. The Community’s Service is also flagging a potential risk to Sayers Croft income due to the impact of special and independent schools being required to apply VAT onto school fees (yet to be quantified). The opportunity relates to additional income on the leisure contract as part of the minimum income guarantee agreement.

Waste and Cleansing

8.7 Waste and Cleansing is forecasting a favourable variance of (£0.560m). This is due to a (£1.000m) additional income than forecast on commercial waste. This variance is partially offset by pressures within the cleansing service. These consist of the hire of electric narrow-access waste vehicles, additional graffiti cleansing services and delays in the delivery of electric street cleansing vehicles, £0.320m. There is also a forecasted £0.120m shortfall on public conveniences income due to site closures as the renovation programme progresses. An opportunity for further commercial waste income has also been noted, (£0.300m).

Highways

8.8 Highways is projecting a net zero variance to budget for quarter 2. However, the projected saving on street lighting electricity costs from reduced inflation (£0.700m) will be offset by pressures across other Highways & Transport contract operations, primarily in Footways/ Carriageways and Bridges and Structures, £0.550m. There is also a £0.150m pressure on gas lighting usage from provider billing issues. A single risk has been identified around Code of Construction Practice (COCP) income, £0.300m, due to declining S106 contributions as site agreements expire. Highways is also flagging a potential risk arising from the maintenance of green infrastructure (not yet quantified).

9. Children's Services Overspend £2.334m

9.1 Children's Services are forecasting an overall overspend of £2.334m against the net budget of £45.507m. The key variances from budget are outlined below.

Family Services

9.2 There is a continuing pressure due to accommodation and subsistence statutory support being provided to increased numbers of families with no recourse to public funding (NRPF) (as at September 2024, there were 30 families being supported with accommodation and subsistence with an average annual cost of £0.8m. In some cases, immigration status is secure, but the parents have not worked enough to be entitled to public funds (e.g. EU citizens), or they have leave to remain but no recourse to public funds (and therefore, not entitled to homelessness support via LA housing). The increase in numbers is partially driven through changes after Brexit.

9.3 There is an overspend on placements and direct support costs (£0.900m) due to an increase in looked after children and care leavers. Numbers of looked after children who are not unaccompanied asylum-seeking children (UASC) have increased from 132 to 151 in the last 12 months. The current care leaver numbers are 368, up from 356 last year. This includes former UASC of 222, up from 214 same period last year.

9.4 £1.7m of the identified risk relates to the gap in funding expected from the NHS North West London Integrated Care Board (ICB) for joint funding of placements with a health need. Legal action is underway.

9.5 There is a risk that the VAT paid to external providers is not fully recoverable (£0.5m), as historically a valid VAT invoice has not been provided in some cases. Where a valid invoice cannot be provided, the service will seek to reclaim the overpayment from the provider.

Staffing Savings

9.6 A savings target of 0.675m from the 2023-24 MTFP has been applied to the budget for 2024-25 and is not achievable in year. Plans are being worked on to deliver this saving from 2025/26, but £0.509m of this remains at risk for 2024/25.

Libraries and Archives and Registrars

9.7 Libraries (£0.157m overspend) reflecting an overspend on staffing due to a new strategic operation post, a shortfall against the income target and some one-off IT system costs and enhanced security measures at Pimlico library).

Operations and Programmes

9.8 Short breaks service (£0.078m) due to increased packages. As part of the ongoing short breaks review staffing and care packages are all being reviewed; Special Educational Needs overspend on staffing due to increased agency cover (£0.212m) and school standards service due to income targets increased over the last two years not being achievable (£0.105m).

Education

9.9 A risk of £0.250m is included for potential increase in net demand for SEN Home to School Transport at the start of the school year.

10. Corporate Services **Underspend £0.226m**

10.1 At quarter 2, there is net underspend variance of £0.226m against the approved net budget of £12.708m.

10.2 The underspend of £0.226m is due to a net underspend on salaries £0.367m from part year vacancies across the directorate that are currently now recruited to or are in the process of being recruited to. This variance is partly offset by adverse variances in the Coroner Service £0.090m from the pressures on contract spends, ongoing impact of the recent pandemic and the continuing legislative impact on the number of inquests required; and a reported shortfall in Land Charges income of £0.051m due to recent reductions in searches due to lower confidence in the market. Elsewhere there is also a net underspend on non-pay budgets in People Services of £0.032m mitigated by a net overspend of £0.032m on non-pay budgets on other areas.

11. Other Corporate Directorates — Overspend £0.065m

11.1 At quarter 2, there is an overspend of £0.065m against the approved net budget of £1.838m from an overspend on salaries due to an internal secondment in 2024/25.

12. Housing Revenue Account

12.1 The HRA Business Plan has a budgeted surplus in 2024/25 of £6.8m. The current forecasts anticipate net surplus of £1.5m after planned utilisation of £3.9m held in earmarked reserves to fund the Housing Improvement Programme and additional Health and Safety works in the year.

12.2 The key areas of variance against the HRA business plan are as follows:

- **Service Charges** - £2.4m favourable variance – The additional income forecast relates to higher than anticipated charges received from leaseholders, due to an increase in buildings insurance and repair work costs, which are passed on through the service charges.

- **Other Income** - £0.46m favourable variance - Lease Extension income is currently exceeding forecast levels assumed in the business plan, due to renewals delivering better yields than anticipated.

- **Repairs and Maintenance** - £6.9m overspend – Demand for repairs has increased over the last two years, due in part to our proactive approaches to the maintenance of Council homes. Cost inflation continues to be higher than profiled especially within the construction sector. Spend on repairs and maintenance is forecast to total £35.06m, against a current budget of £28.0m. This compares to spend in 23/24 of £33m. This budget will be closely monitored throughout the year and a deep dive review of spend undertaken. We have prudently assumed that spend will continue as projected within the new HRA business plan and budget process.

- **Decant** - £0.735m overspend- there are significant increases in the cost of decanting households to alternative accommodation whilst repairs and maintenance works are carried out. The costs of this alternative accommodation has also significantly risen over the past year.

- **Staffing** £0.600m overspend - increased agency staff costs to cover staff vacancies across the directorate whilst permanent recruitment of staff is carried out.

- **Energy costs** - £1.1m overspend - energy costs and usage are continually reviewed by the service and whilst we did see a reduction in energy costs across our stock compared to 2023/24, the business plan had assumed a much greater reduction.

- **Estate services** are £0.819m over budget due to £0.219m of additional security costs relating to ASB within three estates, an additional £0.300m in in-flat and communal clearances, £0.15m for the signage replacement programme and an additional unforeseen £0.060m in tree works.

- **Interest Payable** - £1.1m favourable variance - due to timing changes in the capital programme spend and the favourable borrowing rate remaining lower than budgeted, this is resulting in a forecast saving in debt costs in the year.

13. Council Tax and Business Rates collection

13.1 As of September 2024, the business rates collection rate to date is 60.18%, which is 2.72% higher than the same month last year.

13.2 The council tax collection rate for September 2024 is 59.55%, which is 1.03% higher than the same month last year.

Collection Rates	Sep-24	Sep-23	Sep-22	Sep-21	Sep-20	Sep-19	2024 vs 2023 Difference
Business Rates	60.18%	57.46%	56.17%	49.18%	49.81%	59.56%	2.72%
Council Tax	59.55%	58.52%	57.42%	57.61%	57.27%	62.14%	1.03%

13.3 By way of comparison, collection rates for business rates have exceeded pre-pandemic levels (September 2019 collection rate), while Council Tax remains below at the Quarter 2 position.

14. Capital Budget 2024/25

14.1 The tables below summarise the Council's budget and P5 forecast position on the 2024/25 capital programme. The Period 5 monitored position has been used for Q2 reporting to align with the capital budget setting deadlines. The Q2 forecasts will become the new 2024/25 budgets subject to approval of reprofiling by Cabinet in December.

14.2 The tables below reflect a projected £102.210m gross expenditure variance, £18.485m external funding variance and a £30.863m variance in S106 and CIL funding.

Table 4 – Capital budget and forecast position 2024/25

ELT Directorate	2024/25 Expenditure Budget £m	2024/25 Expenditure Forecast £m	2024/25 Expenditure Variance £m
Adults & Deputy Chief Executive Services	36.335	10.642	(25.693)
Children's Services	13.349	11.159	(2.190)
Housing & Commercial Partnerships	78.122	78.247	0.125
Regeneration, Economy and Planning	86.224	75.064	(11.160)
Environment & Communities	107.003	74.343	(32.660)
Finance and Resources	90.670	60.038	(30.632)
Westminster Housing Investments Limited	1.992	1.992	-
NET CONTROLLABLE BUDGET	**413.697**	**311.485**	**(102.210)**

Capital Financing	2024/25 Budget £m	2024/25 Forecast £m	2024/25 Variance £m
External Funding	(62.292)	(43.807)	18.485
S106 and CIL	(44.240)	(13.377)	30.863
Capital Receipts	(53.093)	(53.093)	-
Borrowing	(254.070)	(201.209)	52.862
Total Financing	**(413.695)**	**(311.485)**	**102.210**

14.3 As can be seen in the table below, 12 projects contribute to a considerable percentage of the expenditure variance. By way of comparison there are over 250 projects in the 2024/25 capital programme, and therefore, just 5% of the projects are causing 43% of the expenditure variance.

Table 5 – Key Capital Schemes 2024/25

Project	2024/25 Variance to In Year Budget £m	Comments
Oxford Street Programme	(20.533)	This scheme is no longer going ahead so this variance represents an underspend against budgeted expenditure. Work is being undertaken to finalise the residual costs of the project.
Seymour Leisure Centre	(7.274)	The original budget had assumed an earlier start date for construction which was delayed by 2-3 months. The £7.274m variance will be reprofiled into 2025/26.
North Paddington Place Plan	(5.932)	Variance of £5.932m is partially due to £2.000m underspend which will fund revenue spend within the programme. The remaining £3.932m variance is being reprofiled to future years, due to the development of the year 2 to 4 programme profile which was not known when the indicative 2024/25 budget was set at P6 last year.
Grosvenor Square Realm Scheme	(5.006)	Grosvenor Square is part of the Oxford Street Programme which is no longer going ahead. This variance reflects an underspend against budgeted expenditure for this scheme.

Public Realm Improvement Schemes	(4.340)	The £4.340m variance will be reprofiled from 2024/25 to 2025/26. LSE St Clements Lane (£0.715m) and North Audley Highstreet (£0.570m) are currently halted due to financing issues with the external providers. The Opera Quarter (£0.670m) scheme has made less progress than expected due to a change in the developer's management team this year. The remaining reprofiling consists of Knightsbridge green (£0.820m) and smaller variances on other schemes (£1.565m).
Retrofit Accelerator (Re:FIT) - Workplaces	(4.098)	The carbon management/ retrofit programme was delayed by stakeholder issues, including leaseholder/occupier consent to progress with projects, and subsequent delays in obtaining planning permission. This is an underspend as there is not the capacity to catch up with the programme in the next financial year.
Cycle Schemes	(3.697)	The Active Travel scheme is reprofiling £1.276m into future years as planned construction of cycle lanes were delayed due to extended consultations on the individual schemes. The service anticipates that construction will commence in 2025/26. Stage 2 of the Central London Cycle Grid programme is now progressing after delays at the beginning of the financial year, with a final consultation now in progress. Works are due to be commenced this financial year with £1.679m now being reprofiled into 2025-26. £0.742m relates to other cycle schemes which are being reprofiled into future years.
Harrow Road Place Plan - Good Growth Fund	(3.697)	£3.697m will be reprofiled into next year as Westbourne Green and Queenspark Canalside landscaping will not be completed within 2024/25 due to revised phasing by the main contractor. Ongoing discussions are proceeding with WSP (contract management provider) and the main contractor to fully understand the timescale slippage.

Huguenot House Acquisitions	(3.322)	The original budget assumed a more accelerated level of acquisitions. The £3.322m budget has been reprofiled into 2025/26.
Planned Preventative Maintenance - Highways	2.892	The variance relates to accelerated works under the Carriageway Maintenance and minor works programmes, to address ongoing issues arising on roads and footways across the City. Therefore £2.892m is being reprofiled forward to 2024/25 from 2025/26.
Public Conveniences Renovation Programme	2.978	The public convenience's strategy has been finalised and quotes have been received from suppliers allowing accurate profiling of costs for the programme. Phase 1 of the project consists of the renovation of four West End sites and a refresh of three neighbourhood sites. These works are taking place this financial year, requiring £2.978m to be reprofiled forward from 2025/26 into 2024/25.
Westmead	7.966	The £7.966m variance is being reprofiled into this year from 2025/26. The forecast reflects the progress on site.
Total	**(44.063)**	

15. Housing Revenue Account

15.1 At the end of Period 5, the forecast expenditure for the HRA capital programme is **£225.129m** which results in under spend of £10.062m in 2024/25 compared to the budget of **£235.190m**.

Table 6 – HRA Capital Budget and Forecast

HRA Capital Programme	2024/25 Budget (£m)	2024/25 Forecast P3 (£m)	2024/25 Forecast P5 (£m)	2024/25 Budget Variance (£m)	2024/25 Forecast Variance (£m)
Planned Maintenance	80.434	80.434	80.434	-	-
Development & Regen	150.210	114.357	140.148	(10.062)	25.791
Other Projects	4.546	4.546	4.546	(0)	-
Total Capital Expenditure	**235.190**	**199.337**	**225.129**	**(10.062)**	**25.791**

15.2 The underspend mainly relates to the residual land value payment reprofiling into future years when the construction commences on Church Street Site A, which is offset by increase in cost of Package B infills and Queenspark Court because of the main contractor going into administration. The majority of schemes remain on budget overall and the in-year underspend has been reprofiled forward to future years.

15.3 As a result, the HRA is now projecting a £20.95m borrowing requirement for 2024/25 versus the £nil expectation that was built into the HRA Business Plan. The increase in borrowing is as a result of funding assumption in the business plan that has not materialised in the current year now reprofiled into future year.

15.4 The significant reasons for the overspend are as follows:

Table 7 – HRA Planned Maintenance

Component	Full Year Budget	Forecast P3	Forecast P5	Budget Variance	Forecast Variance
	£m	£m	£m	£m	£m
Electrical & Mechanical Services	9.424	10.877	11.574	2.150	697
Aids & Adaptations	1.800	1.800	2.340	540	540
Voids	4.641	6.050	7.700	3.059	1.650
Fire Precaution Major Works	1.919	7.002	3.505	1.586	(3.497)
Major Works	40.000	51.120	31.254	(8.746)	(19.866)
Fire Precaution (FST)	2.570	4.042	5.666	3.096	1.624
Delivery Adjustment	0	(19.452)	0	0	19.452
Other Schemes*	20.080	18.995	18.395	(1.685)	(600)
Total	**80.434**	**80.434**	**80.434**	**0**	**0**

*Includes Minor Works, PDHU, Climate action, Asset management & Condensation, Heat Network Metering and Major works contingency.

15.5 At quarter 2 there is no changes in forecast compared to budget. However, there is an increase in forecast £3m for voids due to high number of non-standard voids which cost higher than the standard cost.

15.6 The forecast also shows an increased projection for Fire Precaution £3m due to additional fire regulations requirement which includes (HRB) High Rise Building and Building Safety Regulations.

15.7 Major Works projects a decrease in forecast (£8.746m compared to budget to reflect the programme proposal for 2024/25, however there has been a new process that requires additional approval for leaseholder bill. £26m of the Major Works programme relates to schemes that are already underway, with a further £13m at the commissioning stage and £0.6m being scheduled. This supports the projection but demonstrates that there is still a risk of delay for a portion of the projected spend.

Table 8 – Development & Regeneration

Top Project	Full Year Budget	Forecast P3	Forecast P5	Budget Variance
	£m	£m	£m	£m
Church Street Phase 2	34.578	10.594	33.875	(23.984)
Churchill Gardens(Pimilico or Darwin house/Balmoral)	14.442	9.710	9.710	(4.732)
Cundy St Quarter	1.000	0	14.322	(1.000)
Carlton Dene	17.601	24.900	24.900	7.299
Infills	5.754	12.813	12.813	7.059
Queenspark Court	2.435	6.668	6.668	4.233
Ebury	30.961	33.875	33.875	2.914
Total	**106.771**	**98.560**	**136.163**	**(8.211)**

15.8 At quarter 2 there is a forecast underspend of **£10.062m** compared to budget. The decrease is largely due to reprofiling of cost stated above.

15.9 There is a decrease in forecast on **Church Street Phase 2 (£23.984m)** due to reprofiling of land payment into the start of construction in future years and a reprofiled cashflow based on the demolition and enabling works timelines.

15.10 **Pimlico (£4.732m)** is projecting a decrease in spend due to re-profiling of the project with the main spend rephased into next financial year. There is an overall increase to the overall programme cost for the scheme however, it is offset by funding which has decreased the overall net cost.

15.11 **Cundy Street Quarter (£1.000m**) has been slipped until later years as the project is currently on-hold.

15.12 **Carlton Dene £7.299m** are projecting higher spend in 2024/25 due to a quicker programme which is targeting a Spring 2026 completion. The overall scheme budget has increased which is offset by funding, this is due to scope changes.

15.13 **Infills £7.059m** are projecting higher spend in 2024/25 this is due to the administration of Geoffrey Osbourne; these costs are currently indicative, and a new contractor is yet to be procured.

15.14 **Queens Park Court £4.233m** are projecting higher spend in 2024/25 this is due to the administration of Geoffrey Osbourne; these costs are currently indicative, and a new contractor is yet to be procured.

15.15 **Ebury £2.914m** shows an increased forecast as the project is due to complete within the next quarter with only the retention remaining to be paid in future periods.

16. Subsidiaries Overview

16.1 This report provides a financial overview of the wholly owned Westminster Builds, Westminster Community Homes (WCH) and Westminster Communications (WestCo) up to September 2024/25**.**

Westminster Builds

Table 9 – Westminster Builds P&L Summary 2024/25

P&L Summary £000's	Actual YTD £'m	Budget YTD £'m	Variance YTD £'m	Year End Forecast £'m	Full Year Budget £'m
Total Income	0.716	0.783	(0.067)	1.580	1.648
Total Expenditure	(0.423)	(0.228)	(0.194)	(0.647)	(0.452)
Operating Surplus/(Deficit)	0.293	0.555	(0.262)	0.934	1.196
Net Interest	(0.317)	(0.318)	0.001	(0.657)	(0.658)
Profit/(Loss) Before Tax*	(0.024)	0.237	(0.261)	0.277	0.538

*Excluding profit from Luton Street sales

16.2 Quarter 2 WHIL operational loss is (£0.024m) and is (£0.261m) adverse to budget. Year-end forecast is a profit of £0.277m.

- Total income is (£0.67m) adverse to budget due to (£0.218m) lower than forecasted rental income following delays in acquiring 300 Harrow Road (completed in P7) and tenanting West End Gate Phase 2 (P7 fully tenanted). This is offset by the favourable variances of £0.070m of miscellaneous income from Luton Street management fee and £0.081m higher than budgeted bank interest.
- Total expenditure is (£0.194m) adverse to budget mainly due to the historic and current service charges that have been identified through reconciliation work completed in 24/25.
- The forecast presented above does not include profit from Luton Street sales. In 24/25 profit of £1.830m has been received and to date WB have received £9.480m of profit from Luton Street.

Westminster Community Homes

16.3 The financial operating performance of WCH is a deficit of (£0.695m). To limit the financial risk, management have put in place an action plan to ensure spend is pulled back where possible and a review of all non-essential spend is taking place.

16.4 This adverse position however factors in prior year invoices paid for this financial year together with the stock refresh programme. This is illustrated in the table below.

Surplus / (Deficit)	P5 Actual	P1-P5 Cumulative	P5 Full Year Forecast
Full Year Forecast Position	**(£0.212)**	**(£1.324)**	**(£0.695)**
Less			
Prior Year Entries	**-**	**(£0.458)**	**(£0.458)**
One off - Stock Refresh Programme	**(£0.309)**	**(£0.990)**	**(£0.990)**
Full Year Forecast Position Restated	**£0.097**	**£0.124**	**£0.753**

16.5 For the first time, WCH have been able to prepare management accounts based on tenancy types and this is illustrated below. This shows that for all but one tenancy type, they all deliver a surplus. Further work is programmed in to be undertaking in the next few months to review all processes and finances. The below table is the summary I & E for the full year forecast and compares it to the 2023/24 actuals position which is reconciled to the statutory accounts.

Surplus / (Deficit)	Full Year Actuals 2023/24 £m	Full Year Forecast ** £m	Variance to 2023/24 £m
Staffing Costs	(0.376)	(0.538)	(0.163)
Housing Costs	(6.852)	(6.746)	0.106
Supplies & Services	(0.690)	(0.617)	0.073
(Profit)/Loss on disposals of Fixed Assets	(0.348)	(0.026)	0.321
Total Expenditure	(8.266)	(7.928)	0.338
Income	6.282	7.233	0.951

(Surplus) / Deficit	(1.984)	(0.695)	1.289
Non-Core Activity	(0.006)	-	£0.006
Disposal of housing accommodation	0.076	-	(0.076)
Total Surplus / Deficit	**(1.913)**	**(0.695)**	**1.219**

** Full year forecast as at P5

16.6 The primary drivers of the poor financial performance in the first 5 months of the year are the presence of significant prior years costs being accounted for and also the completion of the Refresh program. It is clear that the prior year's element of costs were significant in P1 and 2, but there have now been a number of months where no prior years costs are identified. It should be noted that a review of finance practices has been commissioned by WCH Board and WCC finance team are implementing the improvements to mitigate this risk moving forward.

16.7 The Refresh program is now complete, and the total costs are therefore accounted for. The investment in the refresh program was a strategic board decision made by the previous board and the deficit position it created was approved. Final accounts from the contractor and agent have not been approved to date by the CEO which may add to the final total but at the time of writing this is not anticipated.

16.8 This in turn changed the full year projections month to month as trends were incorporated into line-by-line projections. The month-on-month full year projections are illustrated in the below table.

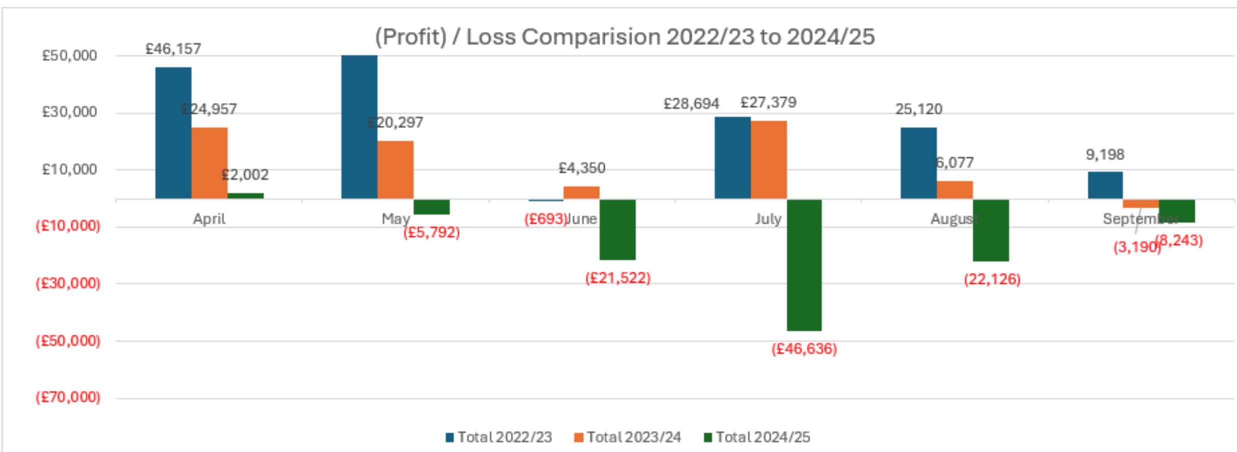
Surplus / (Deficit)	**P1 Forecast £m**	**P2 Forecast £m**	**P3 Forecast £m**	**P4 Forecast £m**	**P5 Forecast £m**
Full Year Forecast	**0.236**	**0.151**	**0.125**	**(0.402)**	**(0.695)**
Less					
Prior Year Entries	(0.304)	(0.459)	(0.459)	(0.458)	(0.458)
One off - Stock Refresh Programme	(0.600)	(0.600)	(0.600)	(0.682)	(0.990)
Restated Full Year Forecast	**1.141**	**1.209**	**1.184**	**0.738**	**0.753**

Westco

Table 11 – Westco P&L Summary 2024/25

P&L Summary £000's	Actual YTD	Budget YTD	Variance YTD	Year End Forecast	Full Year Budget
Total Income	1.721	1.362	0.360	2.883	2.673
Total Expenditure	(1.619)	(1.355)	(0.264)	(2.867)	(2.668)
Operating Surplus/(Deficit)	0.102	0.007	0.096	0.017	0.005
Net Interest	0.000	0.000	0.000	0.000	0.000
Profit/(Loss) Before Tax	0.102	0.007	0.096	0.017	0.005

16.9 The reported position for quarter 2 is a profit of (£0.008m) against a budgeted profit of (£0.003m). This equates to a (£0.005m) positive variance against budget. This brings the cumulative Westco year to date position to (£0.102m) profit against a cumulative budget of (£0.007m) profit. This is an improvement of (£0.005m) when compared to the same period last year (Quarter 2).



16.10 This is a cumulative improvement of (£0.182m) compared to the same periods last year and an improvement of (£0.265m) from 2022/23.

Table 12 – Westco Cumulative Movement

	Quarter 2 Cumulative	Year on Year Movement
Total 2022/23	£0.163	£0.000
Total 2023/24	£0.080	(£0.083)
Total 2024/25	(£0.102)	(£0.182)
Total Movement	(£0.182)	(£0.265)

16.11 The current full year projected forecast for the financial year is a (£0.017m) profit which includes a forecast for work currently in the pipeline with over a 50% chance of being successful. Several of WestCo's major contracts have or are about to come to an end due to local authorities reducing their reliance on agency staff and employing staff directly.

17. Financial Implications

17.1 The financial implications are set out the main body of the report.

18. Legal Implications

18.1 There are no legal implications arising from this report.

19. Carbon Implications

19.1 There are no direct carbon implications arising from this report.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

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Appendix 1 - Part or Completely Reprofiled Savings and Part or Unlikely to be Achievable Savings

ELT	Saving Name	Saving Description	2024/25 Agreed Saving	Status	Mitigating action for unachievable or non-delivery; comment
Adult Social Care	Digital Account	• Use of the digital account to diversify spend beyond 'hours of care' to more outcome specific activities. • Increase uptake of Direct Payments and use of the digital solutions. • Use of Augmented Reality to increase efficiency of multi-disciplinary team working. • Expansion of “test, learn and adopt” approach for new assistive technology	325	Part or Completely Reprofiled	There is a potential risk that some elements of the saving may need to be deferred into the new financial year due to slippage in the completion date. However, non-recurrent savings are expected to be established as mitigation.
Finance and Resources	Smart City and Digital Programme - efficiency savings	Cross-departmental savings to be generated from the digital and innovation programme	500	Part or Completely Reprofiled	To be allocated across other areas of the Council as TVI savings are achieved
Finance and Resources	IBC Contract savings	Savings on IBC partnership contract through efficiencies	150 (of which 40 is Reprofiled into 25/26)	Part or Completely Reprofiled	Overall F&R budget to be monitored to mitigate this pressure

Children's Services	Staffing Savings	Staffing Savings - review of management structure	675	Unlikely to be achieved in this year	Plans are being worked on to deliver this saving from 2025/26.
Children's Services	MASH/LSCB		30	Unlikely to be achieved	
Environment and Communities	Waste and recycling collection: Electric Street Cleansing Service, projected savings from electrification of cleansing vehicles	To replace current diesel powered street cleansing specialist vehicles with full electric vehicles by June 2023.	190 (of which 60 is Unachievable)	Partly achievable	Delay in delivery of a few street cleansing vehicles has meant that some saving has slipped. The vehicles will begin reducing costs for part of the year as opposed to the full year.
Regeneration, Economy and Planning	Planning	Fees & Charges	200	Unlikely to be achieved	Duplicate saving - fees & charges saving already included (see rows 86 and 89)
Finance and Resources	Review of Bi-Borough IT Service	Reviewing the structure of the Bi-Borough IT service, including project work. 02/12 - removed £500k 22/23 following further review.	250	Unlikely to be achieved	Removed

Appendix 2 – Schools Forecast

1.1 The Bi-Borough Schools' Finance team provides support to 37 maintained schools and nurseries in the borough of Westminster.

1.2 Schools in Westminster face a number of challenges, particularly, primary schools with falling rolls. As calculated by the spring pupil census (January 2024), Westminster Council currently has 25.9% surplus capacity across all its primary schools, excluding nurseries. To provide a direct comparison, surplus primary capacity in January 2023 was 24.1% and in January 2022 it was 23.1%. Without the removal of further capacity, the surplus figure is estimated to be 30.2% by 2027.

Dedicated Schools Grant

1.3 Westminster City Council receives an allocation of Dedicated Schools Grant (DSG) from the Education and Skills Funding Agency (ESFA) to fund maintained schools and academies and items of central expenditure. The DSG finances schools, central services, early years and high needs expenditure.

1.4 The Schools' Block of the DSG which provides most of the schools' funding. The amount to be distributed to schools via the local formula is £129.268m. The comparable distribution for 2023/24 was £129.668m, a decrease of 0.3% (due to falling pupil numbers) and a per pupil increase of 2.7%. When the estimated teachers' pay additional grant (TPAG) allocation is taken account of, the overall increase in funding is £0.531m (0.4%) and 3.5% per pupil.

1.5 The formula to determine the DSG is mainly based on pupil numbers. With Westminster's pupil numbers falling across primary schools, this means that although the rate of funding per pupil has increased, the overall level of funding is decreasing in local primary schools. This is creating a sustainability challenge for several small schools in Westminster.

1.6 The DSG reserve balance was £4.238m as at March 2024. This is the net result of an in-year underspend in 2023/24 of £3.138m which added to the the DSG surplus of £1.100m from prior years. The latest forecast for 2024/25 shows an in-year deficit of £0.859m which will be funded from the cumulative DSG surplus.

Schools with Deficit Balances

1.7 At quarter 2, sixteen schools are forecasting deficits at the end of 2024/25 – details can be found in Table 13. The schools are all RAG rated as red to highlight the urgent need for a sustainable position to be achieved in order to return to a balanced budget position within 3 years. Collectively, these schools had an aggregate deficit of £2.729m at 31st March 2024 and are forecasting a deficit of £4.206m at 31st March 2025. Six of these schools had a surplus at the end of 2023/24.

1.8 The RAG rating of school balances is based on the criteria below:

- **RED**
  Any school ending the preceding year with a negative cumulative balance or forecasting to end the current year with a negative cumulative balance will be given a status of RED. The Scheme for Financing Schools does not permit a school to plan for a deficit budget. Where in exceptional circumstances deficits cannot be avoided, then such deficits need to operate under licence. This requires the school to agree a deficit recovery plan with the Authority before the first formal budget is set in the financial year of the planned deficit.

- **AMBER**
  Any school ended the preceding year with a surplus reserve, but which made a deficit in the year which if continued at the same rate for two further financial years would take it into a negative reserve position will be given a status of AMBER. Additionally, schools forecasting to end the current year with a balance of less than £50,000 will also be given a status of AMBER. This is because action may need to be taken now to reverse an underlying trend that is leading it to a deficit reserve.

- **GREEN**
  Schools that are not classified as Red or Amber. This will be kept under review as actual in-year expenditure may indicate a deterioration in the year end position. Appendix B shows the RAG rating criteria.

1.9 **Tables 14a and 14b - Balances Summary and RAG Ratings Summary**

	Forecast at 31/03/2025 £m	**Balances at 31/03/2024 £m**	**Balances at 31/03/2023 £m**
Total Deficit School Balances	(4.206)	(3.372)	(2.607)
Total Surplus School Balances	5.107	7.025	6.089
Net School Balances	**0.901**	**3.653**	**3.482**

RAG Rating	**2022/23 Outturn**	**2022/23 Revenue Balance**	**2023/24 Outturn**	**2023/24 Revenue Balance**	**2024/25 Forecast**	**2024/25 Forecast Revenue Balance**
Red	15	(2,607)	13	(3,372)	16	(4,206)
Amber	7	165	7	228	10	411
Green	17	5,924	17	6,797	11	4,696
Total	**39**	**3,482**	**37**	**3,653**	**37**	**901**

1.10 Three schools with deficits at the end of 2023/24 are now forecasting a surplus balance at the end of 2024/25.

1.11 Of the thirteen schools that reported a deficit balance at the end of 2023/24, seven have a licensed deficit recovery plan in place. Recovery plans for two schools are being reviewed or revised and the remainder are yet to be finalised - an advisor is working with these schools to support them with this.

1.12 Deficit recovery plans need to be reviewed annually and revised as necessary. Progress against the plans is monitored monthly during the year.

1.13 The latest forecasts show an estimated use of £2.749m of balances which would reduce school balances to £0.901m from £3.650m.

1.14 Schools classified as amber are deemed to be at risk and further work will be undertaken to address financial concerns. Assurances will be required from Schools that plans are in place to manage ongoing commitments such as staffing, e.g. through restructuring – particularly where this expenditure is being funded from the use of one-off balances, is being sought. We expect schools to identify on-going savings to eliminate the dependency on reserves as this is neither prudent nor sustainable.

1.15 The trend is increasing school deficit reserves, which is in line with national trends. A number of schools are projecting in-year deficits this year which will take the total in cumulative deficit to sixteen and with increasing pupil vacancies it is likely that some schools will become financially unviable and that more schools will go into deficit over the next year or two.

1.16 The status of recovery plans from the thirteen schools with deficit balances at the end of 2023/24 has been summarised in Table 15 below.

Table 15 – Schools Licensed Deficit Recovery Plans Summary

Status	
Licensed deficit recovery plan agreed with LA	7
Revised deficit recovery plan under review / revision required	2
Deficit recovery plan not agreed / financial viability issue / action required	4
Total	**13**

1.17 Overall, two school’s recovery plans require an amendment to their recovery plan or are under review. A further 4 schools are unable to set a deficit recovery and alternative options need to be considered regarding amalgamation or closure.

School Forecasts

1.18 Table 13 sets out year end balances as at 31/03/2024 and the forecasts for 2024/25. The latter is based on latest returns from schools and is updated throughout the year. Deficit schools are required to provide monthly updates, with other schools providing quarterly finance reports. Finance is following up with the non-compliant schools including escalating to Headteachers.

Schools in Financial Difficulty

1.19 Schools Forum (June 2024) agreed that the £0.290m additional funding for schools in financial difficulty is used to support those schools who are considering amalgamation in 2025 with any additional costs this leads to. It was agreed that an additional lump sum be provided to the amalgamated school in year 2, that is 70% of the previous combined lump sum. As an example, the additional lump sums automatically allocated to amalgamated schools are shown in the first two columns of the table below and the proposed additional lump sum is shown in the third column. Advise is being sought from the DfE on whether a disapplication request is required to action this and should this be needed the agreement of the Schools Forum in writing will be required.

Additional Lump Sum		
Year of Amalgamation*	**1st Year After Amalgamation**	**2nd Year After Amalgamation**
£89,416	**£107,299**	**£61,313**
Automatic allocation	Automatic Allocation	Proposed Additional Allocation
**pro-rata dependent on date of amalgamation*		

Table 13

Schools in Deficit at March 2024 and with a Deficit Forecast at March 2025	Licensed DRP
All Souls' CE Primary School	Yes
Burdett Coutts CE Primary School	Under Review
Our Lady of Dolours	No
Robinsfield Infant School	No
Soho Parish CE Primary School	No
St Barnabas CE Primary School	Yes
St George's Hanover Square	No
St Luke's CE Primary School	Yes
St Mary Of The Angels Catholic School	Yes
St Matthew's CE Primary School	Yes
Total	**10**

Schools in Surplus at March 2024 and a Deficit Forecast at March 2025	Licensed DRP
Tachbrook	N/A
Barrow Hill	N/A
Essendine	N/A
Hampden Gurney	N/A
St Mary's Bryanston Square CE School	N/A
St Vincent Catholic	N/A
Total	**6**

Total Number of Schools Forecasting a Deficit at 31 March 2025	16

Schools in Deficit at 31 March 2024 with a Surplus Forecast at 31 March 202	Licensed DRP
Mary Paterson	Revision Requested
St Saviour's CE Primary School	Yes
St Vincent De Paul Catholic School	Yes
Total	**3**