

1. ADULT SOCIAL CARE & PUBLIC HEALTH – REVENUE AND CAPITAL OUTTURN

Adult Social Care Revenue Outturn - £0k variance

- 1.1 Adult Social Care is reporting a balanced position against a budget of £51.028m. Whilst there is no variance to budget and there has been no change to the overall department variance reported at quarter 3, maintaining the position has been challenging. Rising demand, increasing complexity of care needs, and provider cost inflation continue to drive significant cost pressures across the sector. Hospital discharge activity remains high, with the sector continuing to support residents to return home while working alongside the NHS to reduce delays.
- 1.2 The department's ringfenced Social Care Grant funding of £1.032m is held corporately and has been partially released to maintain the balanced position. Total use of the contingency at year-end stands at £821k, an increase of £405k from the Quarter 3 forecast, predominantly due to a combination of increased activity relating to the provision of Community Equipment and some residual costs relating to the previous supplier. The remaining £212k will be carried forward into 2025/26 to help offset emerging pressures.
- 1.3 Income from the Market Sustainability Improvement Fund, Discharge Fund, Better Care Fund, and the Social Care Grant, along with additional funding from the Northwest London Integrated Care Board (NWL ICB), contributed to the department's 2024/25 budget. Any reductions in these funding streams in future years will present financial challenges.
- 1.4 Despite these pressures, the directorate has continued to take proactive steps to manage and contain financial risks, ensuring the delivery of good quality and sustainable services.

Table 1a Adult Social Care Revenue Outturn

Service Area	Revised Budget £000	Final Outturn £000	Variance £000
Director Adult Social Care	32,352	32,777	425
Director Health Partnership	4,638	4,699	61
Director Integrated Commissioning	13,185	12,795	(390)
Director Operation & Governance	853	757	(96)
Total	51,028	51,028	0

Adult Social Care Capital Programme - £901k underspend in year

- 1.5 The Adult Social Care revised capital programme is £1.184m with expenditure of £283k, and slippage of £901k. A summary of the main variances is set out below.

Adult Social Care Day Centre Provision – £365k slippage to future years

- 1.6 After the Overview and Scrutiny Committee Meeting in February, alternative options are being explored for delivery of this scheme, including measures to reduce scope and costs. A further update will be provided in due course. The costs incurred in 2024/25 primarily relate to consultant fees and design works carried out. It is forecast that the balance of the budget will be required in future years.

Acquisition of 20 Kingsbridge Road - £397k slippage

- 1.7 The remaining budget for this scheme relates to essential post-acquisition costs which will be completed next year.

Public Health Revenue Outturn - £0 variance

- 1.8 The 2024/25 total Public Health grant budget is £24.107m, comprised of the initial allocation of £23.908m along with an increase of £0.199m announced in December 2024 to reflect the additional cost pressures from services commissioned from NHS providers. The total grant includes additional grants of £1.6m for Substance Misuse and Smoking Cessation.
- 1.9 For Public Health, a total of £24.930m is reported against a revised expenditure budget of £26.230m. The underspend of £1.3m, combined with the increase in grant funding of £0.199m means the drawdown from the earmarked Public Health reserve will be £0.823m. The variance of £1.499m when compared with the revised budget will be retained for future years' use in accordance with the grant conditions.

Table 1b Public Health Revenue Outturn

Service Area	Revised Budget £000	Final Outturn £000	Variance £000
Commissioned Services	17,805	17,263	(542)
Public Health Investment Fund	4,915	4,858	(57)
Public Health Strategic Investment	1,458	854	(604)
Salaries and Overheads	2,052	1,955	(97)

Service Area	Revised Budget £000	Final Outturn £000	Variance £000
Total Expenditure	26,230	24,930	(1,300)
Public Health Grant Funding	(23,908)	(24,107)	(199)
Transfers To/(From) Reserves	(2,322)	(823)	1,499
Total Income	(26,230)	(24,930)	1,300
Net Total	0	0	0

- 1.10 The budget of £17.623m for Commissioned Services, which includes Health Visiting, Sexual Health and Health Checks comprises of in excess of thirty contracts with underspends noted in most areas, with the exception of the Sexual Health service which overspent by £275k due to increases in demand and the impact of NHS Agenda for Change pay increases. The services underspending against budget include the Integrated Healthy Lifestyles Service, where the later-than-planned start reduced cost by £148k, Health Visiting, where contract changes reduced cost by £115k, Community Health, where the retained budget for Health Workers not being used saved £135k, and Substance Misuse placements, where demand and cross-over with the supplemental grant funding reduced cost by £419k.
- 1.11 £4.915m of this year's budget is allocated to supporting cross-Council initiatives across all directorates through the recurrent Public Health Investment Fund. Expenditure was largely to budget, but some projects are funding services where staffing vacancies were reported within the year, leading to a saving of £57k when compared with budget.
- 1.12 Public Health has committed to reducing the £9.2m Public Health Reserve balance to £1.0m by 2028/29, allowing for a contingency against costs, increasing demand and reducing income. A large part of the reserve balance will fund the Strategic Investment Programme, which has been submitted to the Office for Health Improvement and Disparities (OHID). This is the second year of the programme and although this year's budget of £1.458m has slipped by £611k, the programme is on track to be spent by 2028/29. The late start for the Community Investment Fund was the main factor in the slippage of the programme, but the full budget will be spent over the life of the Programme. The budget for this programme assumed a July start, but this slipped due to the time taken in gaining sign-offs for agreements with the various funding recipients.
- 1.13 £2.5m of the Public Health Reserve forms part of an ongoing commitment to supporting the Council's Cost of Living Programme, which is overseen by the Governance Board and included in the planned reduction of reserve levels to arrive at the £1.0m target for the service.

2. CHILDREN'S SERVICES - REVENUE AND CAPITAL OUTTURN

Children's Services Revenue Outturn - £43k underspend

- 2.1 Children's Services has an underspend of £43k against a budget of £55.165m. This is a favourable movement of £143k since quarter 3, due to a combination of movements across the directorate.

Table 2 Children's Services Revenue Outturn

Service Area	Revised Budget £000	Final Outturn £000	Variance £000
School Funding	1,558	1,566	8
Education	8,975	7,381	(1,594)
Family Services	29,750	31,672	1,922
Grenfell Education Fund	500	568	68
Operations and Programmes	9,770	9,322	(448)
Libraries & Archives	4,613	4,614	1
Total	55,165	55,121	(43)

- 2.2 The Education variance is predominantly due to an underspend of £1.187m in SEN Transport. The underspend on Transport is attributable to lower numbers since the opening of Kensington Queensmill due to the use of shared bus services, as well as the use of personal budgets that represent lower transport costs for the service. The favourable movement of (£1.151m) since Q3 relates to an increase in the SEN Transport underspend of £544k and the use of £301k of the one-off SEN Delivering Better Value (DBV) grant to mitigate the SEN staffing pressure reported last quarter. Further, £144k more Early Years costs were chargeable to the DSG than forecast at Q3 and the budget pressure reported in Nurseries at Q3 reduced due to additional take up of places generating £100k additional income and one-off underspends due to staffing vacancies.
- 2.3 The Family Service position has moved adversely since quarter 3 by £1.395m to an overspend of £1.922m due to an overspend of £2.2m on placement costs. A risk was identified during the year that the data for forecasting is not held on the case management system and did not capture all placements. There has also been an increase in the number of high-cost placements in the final quarter of the year. A £543k overspend on Legal costs is reported, due to court delays in the care proceedings. This is offset by additional Housing Benefit receipts of £334k following the rent review in our semi-independent accommodation and £775k additional one-off Social Care Grant allocated to the budgets.

- 2.4 In common with other boroughs, the Council is seeing rises in the number of children with complex behavioural and mental health needs requiring exceptionally high costs packages of care. During 24/25 there were 6 children whose packages of care exceeded £10k per week, with a total cost of £1.7m. The pressure is being exacerbated by the Integrated Care Board's increasingly restrictive interpretation of NHS duties, scarcity of mental health in-patient provision and lack of capacity within the placement market to meet need of this type. The service is also participating in regional placement capacity building programmes. However, given the high costs of these small numbers of placements, budgets are increasingly volatile, with the five highest cost placements forecast to cost circa 29% of the total placement budget that is in place to meet the needs of over 300 children and care leavers.
- 2.5 Children's Services face significant challenges due to rising demand, complex needs and financial constraints. In 2024-25 child protection plans started at 74 and ended the year on 74, with a peak of 89 in June and the lowest number of plans in September with 60. The number of Children Looked After (CLA) dropped by 5%, from 119 in April 2024 to 107 in March 2025. This reduction is due to numbers of unaccompanied asylum-seeking children (UASC) reducing, for who we receive funding from the Home Office. The numbers on non UASC CLA have remained consistent, between 77 and 82 throughout the year. The care leaver cohort has increased by 2%, from 189 to 193, of which 119 are former unaccompanied asylum-seeking children (UASC). Currently, there are 786 children with an Education Health and Care Plan (EHCP), compared with 529 in 2018 – and the forecast for 2025 is 835.
- 2.6 The Grenfell Education Fund is reporting an overspend of £68k as demand exceeds the allocated budget. Efforts are being made to lobby the Department for Education (DfE) for additional funding. The overspend forecast at Q3 reduced by £94k at final claims were lower than anticipated.
- 2.7 In Operations and Programmes there is an overall underspend of £448k. Contract reviews are being undertaken in order to reshape services to deliver better outcomes and an underspend of £75k is reported. In addition, teams are carrying vacancies and underspends of £372k are reported in Executive Support and Short Breaks, combined with a reduced uptake of training. Staffing reviews are underway along with work to identify where training is required. Work has been undertaken in preparation for Short Breaks 2025/26 savings, resulting in a reduced spend in 2024/25.

The Libraries and Archives service has an income underachievement of £150k partially due to the temporary closure of Notting Hill Library. This was mitigated by one-off underspends on salaries and other supplies budgets of £149k.

Children's Services Capital Programme - £2.150m underspend in year

- 2.8 The Children's Services revised capital programme budget is £11.198m and expenditure of £9.048m. A summary of the main variations (greater than £500k) is set out below.

Expanding Accommodation for Care Leavers - £1.500m slippage to future years

- 2.9 Challenging property market conditions and the focus on acquiring properties within the borough have made it difficult to identify suitable properties that meet requirements. It is considered that there are sufficient properties available and completion has been achieved on a property purchase in early 2025/26 with another that should complete by Quarter 2.

3. ENVIRONMENT AND NEIGHBOURHOODS – REVENUE AND CAPITAL OUTTURN

Environment and Neighbourhoods Revenue Outturn - £8.048m underspend

- 3.1 Environment and Neighbourhoods has an underspend of £8.048m. This is a positive movement of £2.227m when compared to quarter 3 arising mainly from increased income in Parking Services.
- 3.2 This position includes a £6.290m net overachievement of income in the Parking Service, which is creating a larger than budgeted Parking Surplus. The majority of this is set to be retained in the revenue accounts and offset against eligible expenditure. The calculated balance of the surplus that cannot be applied at yearend is £381k and this will be transferred to the Parking Reserve in line with the legislation for future use on restricted activities.

Table 3 Environment and Neighbourhoods Revenue Outturn

Service Area	Revised Budget £000	Final Outturn £000	Variance £000
Cleaner, Greener and Cultural Services	36,205	35,974	(231)
Executive Directorate and Support	2,949	2,959	11
Planning and Place	6,768	6,070	(698)
Transport and Regulatory Services	22,957	22,118	(840)
Parking Services	(40,190)	(46,480)	(6,290)
Total	28,690	20,641	(8,048)

- 3.3 Cleaner, Greener and Cultural Services have an underspend of £231k, although this position includes some offsetting variances. Arts, Filming and Events service pressures of £68k are due to an underachievement of filming income. The new contract to deliver the management of the Filming service has recently been let and performance will be closely monitored in 2025/26. There is also a pressure on the leisure contract of £138k, an adverse movement of £105k as the service have decided to delay the planned draw down of the carried forward grant of that value received in respect of increasing costs of operating swimming pools until 2025/26. There is a funding pressure of £44k on the Notting Hill Carnival budget and minor net pressures elsewhere of £39k.
- 3.4 These adverse variances are offset by overachievements of income in Commercial Waste of £231k, and a further £131k in Pest Control; an underspend on the Waste Levy of £90k; and some smaller underspends elsewhere including Walk Leaders and the Ecology Service arising from the application of one-off Public Health funding of £68k.

- 3.5 An underspend of £698k is reported in Planning and Place as the anticipated pressures seen in recent years against income from planning applications and planning performance agreements (PPA) have been averted due a number of large developments in the pipeline. An overachievement of £143k is reported, however these pressures may materialise in future years. Strong performance continued in Land Charges with service breaking-even, and £97k income was generated through the recently introduced Fast-track Planning service. The service also recorded a further overachievement of £115k on monitoring fees for S106 and CIL and staffing vacancies and difficulties recruiting in this market led to an underspend of £389k on salary budgets. A further underspend of £76k was recorded in Legal budgets, the level of spend on these services is volatile between years and difficult to predict when setting budgets. Net overspends of £122k account for the balance, mainly due to an overspend on the Trees contract.
- 3.6 Transport and Regulatory Services have an underspend of £840k. There is an underspend on electricity costs in Street Lighting of £192k where utility unit costs remain volatile alongside an underspend of £100k on Street Lighting maintenance budgets. There is a staffing underspend in Highways Maintenance of £147k due to capitalisation of officer time funded by developer contributions for the delivery of defined schemes. There is a £347k overachievement of income from the bus shelter advertising contract, £142k of this is one off and relates to 2023/24 and the retrospective profit share resulting in a final payment in excess of the amount accrued.
- 3.7 In Network Management, there is an overachievement of income of £111k, and in Environmental Health an underspend of £100k due to one-off Public Health funding for work on damp housing conditions and mental health surveillance by front-line officers. The favourable position is offset by pressures in the Private Rented Sector Housing team of £145k where volumes of additional licensing applications are lower than anticipated, and other minor net pressures of £12k.
- 3.8 The Parking Service is reporting a net overachievement of £6.290m. This is an additional £1.846m since quarter 3. This is mainly due to a £4.455m overachievement of income from PCNs. Comparisons with 2024/25 are difficult due to PCN issuance in that year being suppressed due to the industrial action by Civil Enforcement Officers last summer. PCN issuance has remained high throughout 2024/25 with recorded income 38% higher than in 2023/24. The total number of PCNs issued during 2024/2025 was 278,500, which is 33% higher than in 2023/24.
- 3.9 A further overachievement of income of £1.550m has been achieved for Pay to Park, although this is a reduction of £138k compared to the quarter 3 forecast. Resident Permit income was £106k greater than budgeted. Suspensions income has been volatile across this financial year. The

overachievement of £847k is in line with expectations at quarter 3 as demand remained buoyant in the final quarter.

- 3.10 The costs related to the generation of additional income in Parking are starting to materialise. This includes extra staffing resources required to deal with additional customer contacts alongside extra transaction fees and court registration charges. The pressure on these expenditure budgets was £277k across the year. A further £350k of expenditure previously approved to be funded from the Car Park reserve was instead also offset against the overachievement of income recorded in the year. Parking income and expenditure budgets will be realigned to reflect the additional resource requirements of increased income generating activity next year.

Environment and Neighbourhoods Capital Programme - £6.553m underspend in year

- 3.11 The Environment and Neighbourhoods revised capital programme budget is £29.048m against which there was expenditure of £22.495m. A summary of the main variations (greater than £500k) is set out below.

Food Waste Collection Service - £722k slippage to future years

- 3.12 This is a fully grant funded scheme. The timetable for acquisition of the vehicles has been delayed and will be completed in 2025/26.

Retrofit – School Windows Replacements - £1.696m slippage to future years

- 3.13 Delays were incurred relating to the procurement of the professional consultant team.

Parking – Replacement IT System - £510k slippage to future years

- 3.14 The replacement of the IT system has been delayed to 2025/2026. Market testing and meetings with possible suppliers for the Suspensions IT system are underway and the Resident parking system is under development and due to go live in summer 2025.

4. HOUSING AND SOCIAL INVESTMENT – REVENUE AND CAPITAL OUTFLOW

Housing and Social Investment Revenue Outturn - £5.439m overspend

4.1 Housing and Social Investment has an overspend of £5.439m.

Table 4 Housing and Social Investment Revenue Outturn

Service Area	Revised Budget £000	Final Outturn £000	Variance £000
Social Investment and Property	(1,328)	(2,687)	(1,359)
Executive Director of Housing and Social Investment	276	317	40
Housing Management General Fund	2,017	1,848	(168)
Housing Needs	25,851	32,777	6,926
Total	26,816	32,255	5,439

4.2 Social Investment and Property (SIP) reports a net underspend of £1.359m, reflecting a favourable movement of £1.148m since quarter 3, despite notable variances in the overall position. Commercial income exceeded the budget by £813k, showing a favourable movement of £503k compared to quarter 3 due to recognising income due on all properties. Additionally, non-commercial rental income overachieved by £808k, in line with expectations due to interim arrangements for managing the Kensington Town Hall car park. A reduction of £568k in utility costs for gas and electricity compared to the forecast at quarter 3, resulting in an overall underspend of £1.632m. There is a Medium-Term Financial Strategy (MTFS) saving target of £200k for 2025/26. Other premises costs underspent by £771k, which was £263k greater than expected.

These underspends are partially offset by some significant cost pressures, which are being addressed in 2025/26. The Hard Facilities Management (FM) contract overspent by £850k, representing an improvement of £1.307m compared to the forecast at quarter 3. The previously forecast revenue pressure of £486k related to the Fire Alarm Project has been addressed, as those costs were capitalised at year-end. The Council is currently going through the procurement process for a new Hard FM contract, scheduled to start in November 2025, with costs expected to be contained within the current budget.

4.3 Staffing budgets which were overspent by £1.240m, alongside further pressures of £241k on other professional and consultancy services. There is an MTFS saving of £225k together with a major staffing restructure which will be implemented in the summer. The expectation is that staffing costs will be contained within the agreed budget for 2025/26. An adjustment to the provision held in respect of expected credit losses relating to doubtful debts

also led to an overspend of £490k against that budget, reversing the anticipated underspend of £494k forecast at quarter 3.

- 4.4 Revenue costs of £1.498m relating to Pembroke Road depot relocation expenses are included in the position, although the overall impact on the variance is nil as the costs are funded from the corporate Contingency budget and reserves.
- 4.5 Housing Management has underspent by £168k. There is a net underspend of £106k in Grenfell Housing Services, due mainly to increased dwelling rental income. New Homes Schemes Rent and Management also underspent by £216k due to additional income of £60k not forecast at quarter 3 alongside a credit of £133k on consultancy fees previously paid and there were further minor net underspends of £72k. These improvements were partially offset by the £226k overspend on Baseline Studios £226k, an increase of £178k compared to the quarter 3 forecast due mainly to higher costs on utilities and repairs.
- 4.6 The Housing Needs overspend of £6.926m is a slight improvement of £154k on the pressure anticipated at quarter 3, this is due to a small reduction in TA cost being partially offset by an increase in removal costs. The national homelessness crisis continues to present a significant challenge for local authorities and the reported position includes Temporary Accommodation (TA) pressures of £4.9m, after the application of Homelessness Prevention Grant funding of £1.5m to mitigate increased costs. These pressures are due to higher self-contained property costs and landlords putting up prices at the start of new tenancies, and a reduction in income from benefits.
- 4.7 In addition to the direct costs of TA, there are cost pressures arising from measures to prevent homelessness and supporting households to move to the private sector while retaining their priority in the housing register.

Housing and Social Investment Capital Programme - £8.086m underspend in year

- 4.8 The revised Housing and Social Investment capital programme budget is £54.838m against which there was expenditure of £46.752m. A summary of the main variations (greater than £0.500m) is set out below:

New Homes Delivery Programme - £3.924m slippage to future years plus £2.032m virement to Corporate Property Estate Life Cycle Budget

- 4.9 The programme slippage is predominantly comprised of the following schemes:
- Barlby Road - Slower progress on Block C and a number of days of adverse weather led to the current in year underspend resulting in

reduced valuations. A revised cashflow has since been received from consultants and the position will be recovered in 2025-26 spend.

- Silchester Arches - Quality issues have required revisions to design, modification to construction material and rectification which has resulted in a delayed programme. The scheme is now anticipated to complete in September 2025.

- 4.10 Approved expenditure anticipated in 2025/26 was incurred early in 2024/25 in respect of propping costs at Pembroke Road and other interim depot costs, which the service has funded from the New Homes underspend temporarily to keep within the available budget for 2024/25. This will be returned to the New Homes budget in 2025/26 from the Pembroke Road works budget.

Princess Beatrice House Acquisition - £2.206m slippage to future years

- 4.11 At the time of agreeing the budget for this scheme the spend profile was unknown. The property has been purchased and the required slippage to 2025/26 now represents the expected delivery timeline for the complete scheme.

Kensington Town Hall Cyclical Works - £503k re-phased from future years

- 4.12 Resolution of the dispute with contractors relating to the Fire Alarm Project required increased in year spend to previously forecast profile.

Corporate Property Estate Life Cycle works - £2.032m overspend

- 4.13 An overspend on Pembroke Road Interim Depot costs arising from propping costs and set up of the temporary depot whilst the future of the scheme is considered has required a temporary virement from the New Homes Delivery Programme. This will be corrected through a budget transfer in 2025/26 as when these funds are transferred from the capital pipeline.

5. GRENFELL CORPORATE REVENUE OUTTURN

Grenfell Corporate Revenue Outturn - £100k underspend

- 5.1 Grenfell Corporate is comprised of distinct budgets for Legal Costs and Other Corporate Costs. Overall, budgets are underspent by £100k.

Table 5 Grenfell Corporate Revenue Outturn

Service Area	Revised Budget £000	Final Outturn £000	Variance £000
Legal Costs	1,070	824	(246)
Other Corporate Costs	638	784	147
Total	1,708	1,609	(100)

- 5.2 Legal Costs includes budgets for the Grenfell public inquiry and the criminal investigation, which due to the timing of related processes were reprofiled in part to this year along with a corresponding 2023/24 budget underspend of £253k, which was transferred to reserves. The revised budget position reported at Q3 included a virement of £253k to reflect the use of reserves to manage these costs in-year, however overall final expenditure was lower than planned and an underspend of £246k is reported.
- 5.3 The Other Grenfell Corporate Services budgets include insurance costs relating to civil claims. Eligible costs met from the Grenfell Settlement Provision total £5.471m, and remaining expenditure of £555k has been mitigated with a transfer from the Insurance Reserve.

6. RESOURCES AND CUSTOMER DELIVERY REVENUE AND CAPITAL OUTFLOW

Resources and Customer Delivery Revenue Outturn - £116k overspend

- 6.1 Resources and Customer Delivery has an overspend of £116k. This is a favourable movement when compared to quarter 3, driven largely by a reduction in pressures in DD&T where proactive cost control measures have been implemented.

Table 6 Resources and Customer Delivery Outturn

Service Area	Revised Budget £000	Final Outturn £000	Variance £000
Audit, Risk, Fraud, Insurance and Strategic Procurement	(106)	(128)	(22)
Director of Financial Management	2,349	2,496	147
Digital, Data and Technology	(211)	(0)	211
Customer Delivery	9,869	9,737	(131)
Human Resources	(138)	(67)	71
Legal, Governance and Member Services	3,934	3,774	(159)
Total	15,697	15,812	116

- 6.2 Audit, Risk, Fraud, Insurance and Strategic Procurement budgets are reporting an underspend of £22k.
- 6.3 Financial Management is reporting an overspend of £147k. The overspend is due to the use of agency staff and the movement since q3 is due to a reduction in agency spend achieved after a successful permanent recruitment drive following the finalisation of the departmental staffing re-structure. This will provide a new, stable structure to support services across the Council as well as deliver savings agreed through the MTFS in 2025/26 and beyond.
- 6.4 The Digital, Data and Technology budget has an overspend of £211k, which is an improvement of £455k since quarter 3. This is due to final expenditure across a number of variable cost contracts being less than previously forecasted due to cost control initiatives. These underspends are offset by pressures due to the net impact of unfunded pressures arising from business projects supported by the service, and projects costs that cannot be capitalised. A new process that provides departments with greater transparency of digital-related costs to support decision making and ownership will be introduced in 2025/26 and subject to approval, the Contingency reserve will be used in the interim to mitigate some of the in-year pressures arising from earlier capitalisation assumptions.

- 6.5 Customer Delivery is reporting an underspend of £131k and a positive movement of £341k since quarter 3, which is due to the year-end calculation of the Expected Credit Losses (ECL) provision for bad debts. The required charges to the budget for the provision were lower than budgeted resulting in an underspend. Soft Facilities Management budget savings of £450k are not realisable due to procurement delays that resulted in the previous contract being extended at an enhanced rate for 8 months, and the Centrally Held Budget has been used to mitigate the resulting in-year pressures. Cost reductions have been achieved on the new contracts however, meaning savings are achievable in 2025/26.
- 6.6 The position also includes the impact of the undeliverable £250k CRM web enhancement saving, which going forward will be allocated outside of the service to departments where related process efficiencies will be achieved. In the interim, the saving is reported as a pressure due to delayed progress earlier on in the programme. Currently, the overall CRM saving to be achieved by 2026/27 is £850k, with £150k falling in 2025/26. Overall Customer Delivery pressures are mitigated by the lower than previously forecasted charges to the budget for the provision for bad debts and one-off underspends relating to staffing vacancies.
- 6.7 Human Resources budgets are reporting an overspend of £71k. This is a minor adverse movement of £53k since quarter 3.
- 6.8 No variances are reported in Legal Services, where the new recharging model means service costs will be allocated fully and proportionately according to usage by directorate. An underspend of £115k is reported across Governance due to a combination of variances across Governance, Scrutiny and Mayoral teams that are largely staffing-related. Member Services is used primarily for Members' Allowances. There are some smaller budgets for other related costs, including training and equipment, and these underspent by £45k.

Resources and Customer Delivery Capital Programme - £107k underspend in year

- 6.9 The Resources and Customer Delivery revised capital programme budget is £2.000m against which there was expenditure of £1.893m. A summary of the main variation is set out below:

Customer Access Strategy IT Components - £159k slippage to future years

- 6.10 Delays have been incurred as a result of the work order with the supplier, primarily due to inadequacies in user story development and end-to-end testing for parking permits which required a re-evaluation of contract and scope terms.

7. CHIEF EXECUTIVE REVENUE AND CAPITAL OUTTURN

Chief Executive Revenue Outturn - £835k underspend

The Chief Executive department budgets have an underspend of £835k.

Table 7 - Chief Executive Revenue Outturn

Service Area	Revised Budget £000	Final Outturn £000	Variance £000
Chief Executive	1,146	1,002	(144)
Communications	914	732	(182)
Corporate Strategy	2,161	2,125	(35)
Communities	10,366	9,857	(509)
Elections	1,327	1,362	35
Total	15,913	15,078	(835)

- 7.1 The Chief Executive's budget is reporting an underspend of £144k. This is due largely to early savings achieved from the recruitment challenge panels, which are being offset by smaller variances across other budgets.
- 7.2 The Communications budget has a staffing related underspend of £182k and a pending restructure that is expected to result in permanent savings from 2025/26. Corporate Strategy has a reported underspend of £35k.
- 7.3 The Communities position, which includes budgets for Communities, Registrars and Economic Development, has an underspend of £509k. Economic Development is underspent by £94k due to the use of one-off UK Shared Prosperity Funding (SPF) funding, and the overall position also includes an overachievement of income of £332k in Registrars where demand for ceremonies following the refurbishment programme remains strong.
- 7.4 Net pressures of £35k are reported in Electoral Services due to postage, printing and mobile canvassing equipment overspends of £182k that are being partially offset by staffing underspends of £126k. A reduction in canvassing-related costs has also resulted in savings of around £24k. In 2025/26, growth has been requested to manage legacy budget issues. Elsewhere, GLA Mayoral and Parliamentary election costs are expected to be offset in full by grant funding from government.

Chief Executives Capital Programme - £0.029m underspend

- 7.5 The Chief Executives revised capital programme budget is £157k for the Registrars capital scheme against which there was expenditure of £128k. Slippage has occurred in the scheme as a result of delays in the procurement processes.

8. FUTURE GRENFELL SUPPORT REVENUE

Future Grenfell Support Revenue Outturn - £0 variance

8.1 The Future Grenfell Support budget spent £4.677m against an equivalent revised budget funded from reserves.

Table 8a Future Grenfell Support Outturn

Service Area	Required Budget £000	Transfer to Reserves £000	Transfer from Reserves £000	Revised Budget £000	Final Outturn £000	Variance £000
Expenditure						
Support for Bereaved and Survivors	2,897	0	0	2,897	2,897	0
Support for the Community	504	0	0	504	504	0
Education and Training Support	640	0	0	640	640	0
Delivery of Grenfell Support Administration 2024-2028	637	0	0	637	637	0
Total Expenditure	4,677	0	0	4,677	4,677	0
Income						
Income for RJ	(4,040)	0	0	(4,040)	(4,040)	0
Income for Admin	(327)	0	0	(327)	(637)	(310)
Income from other contributors	0	(12,517)	0	(12,517)	(12,517)	0
Funding from reserves	0	(192)	0	(192)	118	310
Total Income	(4,367)	(12,709)	0	(17,076)	(17,076)	0
Total	310	(12,709)	0	(12,399)	(12,399)	0

8.2 The Council has committed to providing additional focused support to bereaved and survivors and the immediate local community living around Grenfell Tower for the four years from 2024 to 2028. This is part of an entirely new programme, agreed as part of the Global Settlement Agreement and funded by the Council, the Government and some of the other parties to the agreement.

8.3 This support is in addition to (and separate from) the settlement payments made to individual claimants. Its aim is to provide ongoing collective support

to the affected community from 2024-28, partly to help mitigate some of the challenges that can arise when individual claims are paid. The Global Settlement Agreement uses the legal term 'Restorative Justice' to refer to this support; however, the Council has heard clearly from the community that this term is confusing and potentially misleading, so the term 'Grenfell Support' is instead used to describe this new programme of support.

- 8.4 The Global Settlement Agreement set out three broad themes or areas of focus for the new programme of support (all to cover the period 2024-28):
- Personalised support for bereaved family members and survivors, including all claimants who are bereaved and survivors, regardless of where they live - £18.0m (£4.5m per year).
 - Specific emotional, wellbeing and community support to the immediate local community, including claimants and others living in the vicinity of the Tower - £10.0m (£2.5m per year).
 - Education and training support for the benefit of claimants and their families (irrespective of where they live) and the immediate community - £14.0m (£3.5m per year).
- 8.5 From October 2023 to July 2024, three separate consultations took place in several phases with bereaved and survivors and the immediate local community to shape the new support. The final models for the three programmes were agreed by the Leadership Team in June and July 2024, with more detailed plans for the support for the immediate community agreed in December 2025.
- 8.6 Implementation of the three programmes began in 2024/25. The new personal budgets for the 2024/25 financial year were made available to bereaved and survivors in June 2024. As per the model agreed, bereaved and survivors are able to draw down their personal budgets at any time. In November 2024, bereaved and survivors made decisions about whether to opt in or out of the new service for that year. A smaller core team was established from the existing Dedicated Service and began working with those families who opted into the service from December 2024. Any money allocated in 2024/25 but not spent will be carried over to future years.
- 8.7 The community programme, including the household wellbeing grants, free leisure centre memberships and new Grenfell Community Advocacy Team, launched in early 2025. The community programme will run for the calendar year (January to December 2025) and those eligible in the immediate community can access the elements of the programme at any time during the year. This means that the delivery cycle of the programme does not align with the financial year. The main focus of expenditure to 31 March 2025 was the household wellbeing grants (for those who applied for them) and the costs of the Grenfell Community Advocacy Team. The remaining funding for the 2025 wellbeing grants and the entire envelope for the leisure centre memberships will be carried forward into 2025/26 to support delivery of the first year of the

programme. The Council is working with the immediate community and, specifically, with a new Operations Steering Group to shape the plans for the funding set aside for the community activities and communications and engagement budgets. It is expected that decisions about these elements will be made later in 2025 and, again, any funding not spent in 2024/25 will be carried forward to support the delivery of the first year of the programme.

- 8.8 The Council is continuing to work with bereaved, survivors and the immediate community to shape the implementation of the Education and Training programme. In 2024/25, the Council launched the bursaries for bereaved and survivor children so this was the principal source of expenditure for this element of the programme up until March 2025. The remaining elements of the education and training programme will launch in 2025 and funding will be carried forward accordingly.
- 8.9 Alongside the core funding for the new programme of Future Grenfell Support, the Council and other parties to the Global Settlement Agreement also agreed to make a separate contribution to cover the associated administration and delivery costs of the programme. This is entirely separate from the funding for the main programme. The contributions to administrative costs cover the costs of scrutiny and monitoring (the residual costs of the External Scrutiny Team and the new Independent Scrutiny Function), implementation costs (including systems, translation and facilitation) and the costs of a small delivery team which oversees the programme and leads engagement with the community.
- 8.10 Where the budget projections are lower than the overall financial envelope agreed for each year (as per paragraph 21.5 above) this is because the programme was not up and running from the beginning of the financial year. Any money not spent in year will be carried forward to support expenditure in future years. Table 10b below summarises the original programme allocation, revised budget and what will be carried forward for each element of the programme.

Table 10b – Original Programme Budget

Programme Element	Original Allocation	Revised Budget	Carry Forward
	£000	£000	£000
Bereaved and Survivors	4,500	2,897	1,603
Communities support	2,500	504	1,996
Education and Training	3,500	640	2,860
Total	10,500	4,040	6,460

8.11 The costs of all three programme will be met entirely from the contributions of the Council and other parties to the Global Settlement Agreement. Contributions from all parties except His Majesty's Government have now been received and discussions are ongoing with the Ministry of Housing, Communities and Local Government about timescales for receiving the Government's contribution. Contributions received from other parties and Council's contribution are being held separately and interest earned on these funds will be put into a reserve to be reinvested back into the programme. Interest earned in 2024/25 was £962k and this has been transferred to the Grenfell Restorative Justice reserve.

9. GRENFELL RECOVERY REVENUE OUTTURN

Grenfell Recovery Revenue Outturn - £0 variance

- 9.1 The Grenfell Recovery programme was originally due to end in March 2024 and some services and initiatives have already begun to transition. However, some elements of the programme have continued with the support of existing funding from reserves.
- 9.2 An original budget of £5.747m was allocated to Grenfell Recovery in 2024/25 to support these initiatives. The revised budget at year end has been revised down to £4.522m to reflect the final out-turn position. Details of the reserve transfers are in table 11b.

Table 11a - Grenfell Recovery Revenue Forecast

Service Area	Original Budget	Revised Budget	Forecast Outturn	Over/ (Under) Spend
	£000	£000	£000	£000
Bereaved & Survivors				
Dedicated Service*	2,000	3,242	3,243	1,243
Housing Support	0	0	0	0
Support Costs	0	0	0	0
Total	2,000	3,242	3,243	1,243
Wider Community				
Targeted Support:				
School Based Provision	133	241	241	108
Community Based Provision for Children and Young People	190	219	219	29
Community Based Provision for Adults	145	251	251	106
Support for Children and Families	87	97	97	10
Community Programme – The Curve and Curve Legacy**	1,360	8	8	(1,352)
Community Engagement – Grenfell Projects Fund	945	251	251	(694)
Community Engagement - Community Leadership Programme	57	0	0	(57)
Community Engagement - Local Apprentices, Staffing, Specialist Support and North Kensington Newsletter	266	129	129	(137)
Housing Legacy Project	564	82	82	(482)
Employment Skills	0	2	2	2
Support Costs	0	0	0	0
Total	3,747	1,279	1,279	(2,468)
Grand Total	5,747	4,522	4,522	(1,225)

- 9.3 The Dedicated Service is reporting an underspend of £1.225m when compared to the original budget, which is a reduction of £397k since quarter 3. As in previous years, any funding not spent in year will be carried forward to future years.
- 9.4 For the Dedicated Service, the budget was revised to reflect the additional expenditure on personal budget and staffing to support the transition to the new programme. With the exception of the additional corporate funding reported at paragraph 9.5, these additional costs are being met from funding set aside in the Dedicated Service reserve (savings from previous years).
- 9.5 Unbudgeted pressures of £545k were reported at quarter 3 for the transition of the Dedicated Service. This is due to extended timescales for the consultation on, and implementation of, the Future Grenfell Support programme following recommendations from the External Scrutiny Team. The additional expenditure, mainly for frontline staffing, was necessary to ensure continuity of support to bereaved and survivors through the transition. A request to fund these costs from the Budget Carry Forward reserve was approved by Leadership Team approved in quarter 3.
- 9.6 The Community based provision for adults' budget is reporting an overspend of £106k when compared to the original budget due to the extension of contracts. The overspend can be met from the underspend in reserves from previous years relating to delays with contract start dates earlier on in the programme
- 9.7 The Curve and Curve Legacy budget is reporting an underspend of £1.352m when compared to the original budget. Curve transition costs have been mostly spent by the end of the year; however the Curve Legacy budget has not been spent due to pending decisions from the community regarding the programme. The underspend has been transferred back to the reserve to fund future expenditure.
- 9.8 The Community Leadership Programme budget is underspent by £57k as plans for this second round are still being developed. This funding will be carried forward to 2025/26.
- 9.9 The budget for local apprentices, staffing and specialist support for the community programme is underspent by £137k when compared to the original budget. There have been delays with plans to use apprentices and some of the budget has been reprofiled to fund staffing costs in 2025/26 to deliver the final year of the community programme.
- 9.10 The Housing Legacy Projects budget is underspent by £482k against the original budget. This is due to delays that are partly attributable to ongoing resident consultation and engagement relating to project proposals. These projects will continue in 2025/26.

9.11 The table below outlines the transfers (to) / from reserves that comprise the final budget to fund the final out-turn.

Table 11b – Grenfell Recovery Funding

Reserve Name	Transfers (To)/ From reserves £000
Grenfell	5,757
*Budget Carry Forward	545
**Curve Legacy	(1,300)
Total Budget	4,522

10. TREASURY INTEREST REVENUE OUTTURN

Treasury Interest Revenue Outturn - £1.347m underspend

- 10.1 Treasury Interest budgets have overachieved by £1.347m when compared to the budget.

Table 9 Treasury Interest Revenue Outturn

Service Area	Revised Budget £000	Final Outturn £000	Variance £000
Treasury Interest Payable	8,840	7,650	(1,191)
Treasury Interest Receivable	(3,743)	(3,965)	(222)
Minimum Revenue Provision	8,732	8,798	66
Total	13,829	12,482	(1,347)

- 10.2 The Interest Payable budget is reporting an underspend £1,191k. The borrowing strategy throughout 2024/25 was to focus on operational liquidity management, with a focus on predominately borrowing in the HRA where the concessionary rate still applies and there is a large amount of internal borrowing. The remainder of the capitalisation borrowing was also taken in year, which is funded from a reserve, but that still supports cash balances and liquidity requirements. This resulted in lower than budgeted for borrowing in the General Fund.
- 10.3 The Interest Receivable budget has overachieved by £222k. This is due to a combination of cash balances declining towards the end of the financial year as payments were frontloaded for the Oracle changeover, a higher than forecast recharge on section 106 balances, and the Council applying a share of its interest receivable to the Grenfell Restorative Justice Reserve in line with its previous commitments.
- 10.4 The Minimum Revenue Provision (MRP) budget is used for the revenue costs associated with borrowing for the capital programme. A minor overspend of £66k is reported.

11. CONTINGENCY AND CENTRALLY HELD BUDGETS

Contingency Budget - £212k underspend transferred to reserves

- 11.1 Contingency funds are used to mitigate the impact of unforeseen and unavoidable circumstances. The budget below relates to the late-announced Social Care Grant, which has been allocated in full to Adult Social Care and Children's Services.
- 11.2 The £775k budget for Children's Services has now been transferred in full. £820k has been transferred to Adult Social Care and there is £212k remaining. This remaining balance has been transferred to reserves to be used in future years.

Table 10a Contingency Budget Outturn

Service Area	Original Budget	Transfer to Departments	Remaining Funding	Transfer to Reserves	Variance
	£000	£000	£000	£000	£000
Adult Social Care	1,032	820	212	(212)	0
Children's Services	775	775	0	0	0
Total	1,807	1,595	212	(212)	0

Contingency Reserve - £4.404m committed at out-turn

- 11.3 £5.359m was allocated to the Contingency Reserve for departmental spend this year and £3.713m of this has already been agreed through the quarterly monitoring reports. A further £691k is now requested at year end. If all requests are approved, the total committed will be £4.404m and a balance of £0.955m will remain available for future use.
- 11.4 Further details on reserve requests are also set out in the main report for Leadership Team, for approval where requests are for £250k and above.
- 11.5 A full breakdown of draws on the reserve is detailed in appendix 5.

Centrally Held Budget - £0 variance

- 11.6 The Centrally Held Budget is used to manage the impact of contract and pay inflation, and adjustments relating to corporate savings. It also includes some revenue grant funding received as part of the settlement for Adult Social Care.
- 11.7 The Centrally Held Budget is used to manage the impact of departmental contract and pay inflation pressures. The 2024/25 budget of £12.048m has been allocated in full to fund pay and contract inflation cost pressures at £4.346m and £7.702m respectively.

12. HOUSING REVENUE ACCOUNT (HRA) – REVENUE OUTTURN

Housing Revenue Account Revenue (HRA) Outturn - £2.731m transfer to the capital programme

- 12.1 The HRA will transfer £2.731m to the capital programme against a budget of £3.161m. The Council's policy is to maintain a working balance of £5m with favourable variances above this being used to fund capital expenditure. The in-year variance is £2.731m is less than budgeted, which in turn decreases the amount available to fund expenditure.

Table 11 Housing Revenue Account Revenue Outturn

Housing Revenue Account	Revised Budget £000	Final Outturn £000	Variance £000
Expenditure			
Repairs and Maintenance	13,756	14,437	680
Staffing Costs (net of capitalisation)	24,849	24,227	(621)
Supervision and Management	20,579	18,668	(1,911)
Rents, Rates and Taxes and Other Charges	400	363	(37)
Interest Payable and Similar Charges	10,756	9,274	(1,481)
Depreciation	3,463	4,951	1,488
Movement in Expected Credit Loss (ECL) Impairment Provision	800	859	59
Debt Management Costs	35	35	0
Total Expenditure	74,637	72,814	(1,823)
Income			
Dwelling Rents (Gross)	(51,380)	(52,098)	(718)
Non-Dwelling Rents (Gross)	(760)	(898)	(137)
Charges for Service and Facilities	(21,162)	(17,655)	3,507
Interest and Net Investment Income	(496)	(204)	292
Income and Expenditure relating to Investment Properties	(4,000)	(4,692)	(692)
Total Income	(77,798)	(75,546)	2,252
Net Total	(3,161)	(2,731)	429
Transfer of HRA balance to Capital Programme	3,161	2,731	(429)
Grand Total	0	0	0
Working Balance brought forward	(5,000)	(5,000)	0
Contribution to (-) or from (+) Working Balance	0	0	0
Total Working Balance	(5,000)	(5,000)	0

- 12.2 Repairs and Maintenance is reporting an overspend of £1.045m, an increase of £515k from quarter 3. This is due to a lower level of spend that could be capitalised than anticipated at quarter 3 and a contractual inflation uplift on contracts that was higher than anticipated when the budget was set.
- 12.3 The staffing costs have underspent against budget by £0.62m, due to vacant posts not being filled. This is an adverse variance of £0.5m from Q3 as agency staff were recruited to fill some of those vacancies.
- 12.4 There are some significant variances in the Utilities, Insurance and Estate Management budgets, resulting in an underspend of £1.9m compared with a projected overspend of £1.2m at Q3. Energy costs had been projected to budget throughout the year, largely due to the back loaded pattern of energy consumption. At out-turn, energy costs have reduced by £2.9m due to the lower costs per unit of energy and the relatively mild winter, leading to a favourable movement of £3m.
- 12.5 The other variances against the budget are as reported at quarter 3 principally due to the increase in leasehold insurance premiums of £1.55m that are offset by additional income from leaseholders within the charges for services and facilities in the income line.
- 12.6 The depreciation charge was increased significantly at quarter 3 as the Council's valuers revised their asset lives and replacement cost assumptions. This increase was slightly overestimated resulting in an outturn of £1.5m compared to the quarter 3 projection of £1.7m. Although an increase in the revenue cost, the depreciation charge is used to fund the capital programme by way of the Major Repairs Reserve. The increased depreciation charge and slippage on the capital programme have resulted in a reduction of £1.5m in the interest charged to the HRA.
- 12.7 The principal reason for the reduction in income from fees and charges is the matching of the reduction in energy costs to the fee income. There are also mapping issues between One Housing and the ledger.

HRA Capital Programme - £14.562m underspend

- 12.8 The HRA revised capital programme budget is £85.056m against which there was expenditure of £70.494m. A summary of the main variation is set out below:

HRA Main Programme Works - £1.861m slippage to 2025/26

- 12.9 Issues arising with both design and the performance of the contractor on the programme's largest project at the Silchester Estate have resulted in delays in delivery and the required re-phasing of budget.

Lancaster West Main Refurbishment - £12.701m slippage to 2025/26

- 12.10 There have been accumulated delays arising across the main schemes being delivered under the programme of works arising as a result of requirements for co-ordinated design information to inform the construction programme, collateral warranties and procurement processes.