

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 03/02/2020

Subject: Corporate Revenue Monitor 2019/20 Month 7 - 31 October 2019

Report of: Councillor Max Schmid, Cabinet Member for Finance and Commercial Services

Responsible Director: Hitesh Jolapara, Strategic Director Finance and Governance

Summary

This revenue budget monitoring report is produced as part of the Council's 2019/20 budgetary control cycle. The final element of the budget cycle is the annual closing of the accounts. To facilitate the closing of the Accounts a number of actions will be required which normally require Cabinet approval, for example final budget carry-forwards, use of reserves, budget virements, level of bad debt provision, etc. This report seeks authority to delegate such decisions to the Strategic Director, Finance and Governance.

An overspend of **£11.463m** is forecast for the General Fund. Our Council priority, Ruthlessly Financially Efficient (RFE) ensures that a significant focus is maintained on financial management and control of budgets and means that action plans of **£2.480m** are proposed as partial mitigation against the forecast overspend. If delivered the forecast overspend will reduce to **£8.983m**.

Financial pressures remain regarding the high needs block of services funded through Dedicated Schools Grant. The in-year overspend forecast is £5.8m and cumulative forecast deficit is £19.4m.

The Housing Revenue Account forecast is an overspend of **£0.604m**.

Recommendations

- 1.1. To delegate authority to the Strategic Director Finance and Governance, in consultation with the Cabinet Member for Finance and Commercial Services, all decisions necessary to produce the final accounts.
- 1.2. That Directors and Cabinet members urgently identify and deliver actions that offset the forecast General Fund overspend of £8.9m in accordance with the Council's RFE Priority.

- 1.3. To approve the budget virement in appendix 9 and enter into an agreement with the GLA to receive £150,000 of funding from the Mayor’s Young Londoners Fund over three years to deliver the Motor Vehicle Project for Young People at risk of offending or re-offending.
- 1.4. To note the HRA forecast overspend.

Wards Affected: All

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none"> Being ruthlessly financially efficient 	We need to always confirm that spend fits our council’s priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone’s business and every penny counts.

Financial Impact

- 1.5. This report is financial in nature and those implications are contained within.

Legal Implications

- 1.6. There are no legal implications for this report.

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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

2. GENERAL FUND

2.1. The forecast month 7 overspend is **£11.463m** with risks of £8.663m identified.

Table 1: 2019/20 General Fund gross forecast outturn variance

Department	Revised budget £m	Forecast outturn variance month 7 £m	Forecast outturn variance month 6 £m	Direction of travel
Children's Services	47.550	8.085	7.947	↓
The Economy Department	8.438	1.031	1.193	↑
The Environment Department	66.295	1.792	1.931	↑
Controlled Parking Account	(27.928)	(1.010)	(1.048)	↓
Finance & Governance	1.314	1.465	1.748	↑
Public Service Reform (PSR)	3.022	1.088	0.880	↓
Social Care	56.359	2.499	2.499	↔
Centrally Managed Budgets	17.519	(0.935)	(0.535)	↑
Total	172.569	14.015	14.615	↑
Balance of unapplied unallocated contingency	0.000	(2.552)	(2.552)	↔
TOTAL	172.569	11.463	12.063	↑

Note 1 – Finance & Governance budgets include commercial budgets transferred from Public Service Reform on 1 April which have an adverse variance of £1.3m

Note 2 – Children's Service & Social Services have inherited overspend variances from the transfer of PSR budgets being realigned following the restructure.

2.2. Our RFE Priority has an emphasis on budgetary and financial control, which includes the regular monitoring of, and reporting on, budgets and taking corrective action to address overspends. These are essential requirements placed on Cabinet Members, the Chief Executive, and Directors in discharging statutory responsibilities. It is essential that additional steps are taken to manage the ongoing budget pressures facing the Council.

3. HOUSING REVENUE ACCOUNT

3.1. The Housing Revenue Account is currently forecasting an overspend of **£0.604m** at month 6 (Appendix 8).

Table 3: Housing Revenue Account forecast outturn

Housing Revenue Account	£m
Balance as at 31 March 2019	(11.890)
Less: Budgeted contribution / (appropriation) from balances	4.369
Less: Forecast overspend	0.604
Projected balance as at 31st March 2020	(6.917)

4. DEDICATED SCHOOLS GRANT (DSG)

- 4.1. Dedicated schools grant (DSG) is paid in support of local authority schools' budgets, being the main source of income for the schools. In common with other London Boroughs, the High Needs Block element has come under increased pressure in supporting children with special educational needs and spend is significantly higher than the funding provided by central government. The cumulative total DSG deficit balance carried forward to 2019/20 was £13.6m with an additional £5.8m deficit now forecast in 2019/20.
- 4.2. The £19.4 million forecast cumulative deficit represents spending more money than grant available and will impact on future school and council resources.
- 4.3. The Education and Skills Funding Agency expect local authorities to prepare deficit recovery plans however given the scale of the challenge, the Council has set aside an earmarked reserve equivalent in value to the DSG deficit in 2018/19. The DSG deficit reserve is used to cover the potential overspend and based on the current in-year forecast may need to be increased during the year by £5.8m, this will be reviewed later in the year.
- 4.4. A programme of work is underway to reduce the underlying overspend in this area, but it will be several years before the deficit stops increasing. The latest forecast is that the cumulative deficit will be approaching £30m by the end of 2022/23.

Table 4: Dedicated Schools Grant

	£m
DSG deficit brought forward from prior years	13.616
In-year forecast deficit	5.770
Forecast deficit at end of 2019/20 financial year	19.386

5. GENERAL FUND RESERVES

- 5.1. An updated reserves position and strategy has been prepared and will be reported to Cabinet in January. The issues identified in this CRM report would result in a call on reserves of £14.753m. This level of drawdown from reserves is not sustainable over the medium term.

Table 5 – Potential impact of Corporate Revenue Monitor 7 on reserves

	£m
Increase in DSG Deficit	5.770
Forecast net 2019/20 General Fund overspend	8.983
Reduction in reserves	14.753

6. VIREMENTS & WRITE OFF REQUESTS

- 6.1. There is one virement requesting a budget change to allow the Adult Learning and Skills Service to provide a Motor Vehicle Project for Young People at risk of offending or re-offending. This will be fully funded by the Mayor's Young Londoners Fund.

7. REASONS FOR DECISION

- 7.1. To report the revenue expenditure position and comply with Financial Regulations.

8. EQUALITIES IMPLICATIONS

- 8.1. As required by Section 149 of the Equality Act 2010, the Council has considered its obligations regarding the Public-Sector Equality Duty and it is not anticipated that there will be any direct negative impact on groups with protected characteristics, as defined by the Act, from the adjustments to the budgets required because of this Corporate Revenue Monitor.
- 8.2. If any such adjustments might lead to a service change that could have a negative impact on groups with protected characteristics, then an Equality Impact Assessment will need to be carried out.
- 8.3. Implications completed by Fawad Bhatti, Social Inclusion Policy Manager, tel. 07500 103617.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1. The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties.
- 9.2. Revenue expenditure against budget is monitored by regular reports to the Strategic Leadership Team and Cabinet. These reports provide a snapshot of the revenue position for each Department and for the Council and provide details of any projected additional budget pressures and risks, or any significant under or overspends. As the Section 151 Officer, the Strategic Director of Finance and Governance is required to keep under review the

financial position of the Authority. The monthly revenue monitoring is a key part of this review process. If required, measures will be put in place to address any risks identified through the monitoring process and to contain expenditure within approved budgets.

- 9.3. Effective monitoring assists in the provision of accurate and timely information to Members and officers and allows services to better manage their resources. Corporate Revenue Monitoring contributes to the delivery of all Council Priorities but chiefly being Ruthlessly Financially Efficient and sound risk management.
- 9.4. The effective use of financial resources underpins the Council's activities in support of its strategic priorities. Plans to take remedial action to manage a number of the significant issues highlighted in this report where they approach and exceed our financial risk appetite and risk tolerance have been referenced in appendix 10.
- 9.5. There are a number of general risks to the Council being able to match expenditure with resources this financial year and over the medium term:
- Austerity imposed by national government and its impact on Local Government.
 - Achievement of resulting challenging savings targets.
 - Brexit and the state of the UK economy.
 - Commissioning and Procurement outcomes.
 - Impact of the fall in the pound on inflation and pay.
 - Demand-led Service Pressures E.g. Adult Social Care, Child Protection etc.
 - Potential adjustments which may arise from the various Grant Claims.
 - Movement in interest rates.

Risks associated with specific services are mentioned elsewhere in this report.

- 9.6. Implications verified/completed by: Michael Sloniowski, Risk Manager, tel 020 8753 2587, mobile 07768 252703

10. OTHER IMPLICATIONS

- 10.1. None.

11. CONSULTATION

11.1. None

List of Appendices:

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**APPENDIX 1: CHILDREN'S SERVICES
BUDGET REVENUE MONITORING REPORT MONTH 7**

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000	£000	£000
Family Services	30,492	3,780	3,398
Special Educational Needs and Disabilities	8,201	2,707	2,715
Education	1,211	(58)	(58)
Assets, Operations & Planning	3,648	(65)	(39)
School Funding	0	0	0
Children's Commissioning	3,998	1,721	1,931
TOTAL	47,550	8,085	7,947

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
Family Services		
<p>Family Services Social Care Placements - The Family Services placement budgets received growth of £2.050m for 2019/20 and the service identified savings of £1m.</p> <p>Since the growth bid there has been significant growth in numbers above that modelled on previous trends. LAC numbers have increased by 19 to 261, up from 242 in November 2018. This has led to an overspend of £2.952m, £2.488m of which relates to the placements themselves and £0.464m relates to other associated costs such as travel and subsistence. Forecast spend on placements is £1.541m (13%) higher than last year's outturn.</p> <p>Compared to 2018/19 outturn, under-18 Agency Fostering Placement costs have increased by £0.741m to £3m with FTEs up by 14.3. The costs of under 18s in private or voluntary residential care are forecast to total £3.5m which is £0.548m higher than the last financial year despite only a 2 FTE increase.</p> <p>The 2019/20 placements forecast is £13.8m of which 29% (£3.96m) is attributable to just 20 of the c.600 cases that the service are working with in this financial year. These are highly complex cases with 10 of the 20 expected to cost over £200,000 this financial year with weekly costs up to £6,400 per week.</p> <p>There has been an increase from last month of £263,000 which is primarily due to 13 new (5.7 FTE) placements adding</p>	2,488	2,247

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
<p>£250,000 to the forecast.</p> <p>2019/20 secure remand spend is expected to be over £528,000 compared to £102,000 in 2018/19. We have incurred costs for 14 individuals already this year compared to 9 in the whole of 2018/19. £62,000 of the forecast relates to contingency for secure remand. Total contingency including secure remand in the forecast position is £282,000. There is considerable risk around the sufficiency of this contingency given the current rate of increase in LAC placements.</p>		
<p>Client related non-placement costs</p> <p>Alongside the costs of a placement there additional costs including travel and subsistence and various statutory allowances. The forecast client transport overspend is £292,000. There are 28 regular clients forecast for the full financial year 2019/20. Regular review meetings between the transport team and the services are held to monitor spend and usage. Section 17 child in need payments are overspent by £200,000.</p>	464	442
<p>The special project to take additional children is funded by Home Office grant and corporate resources (where costs exceed the grant) as it sits outside the usual remit of children's services. Growth was provided in the 2019/20 to fund the full net expenditure on Dubs. Since the growth bid a further 11 children have been placed in the borough. However, due to large reductions in the placement costs for two of the highest cost placements, the 2019/20 budget is expected to cover all costs including the 11 additional placements and the associated staffing costs.</p> <p>There 30 Dubs Children now placed in the borough.</p>	0	0
<p>Contact and Assessment</p> <p>Projected staffing overspend due to the use of agency staff to cover maternity leave and until permanent staff are appointed. Agency numbers have reduced from 10 to 7. It is assumed that 40% of the maternity costs will be funded and 2 further agency workers become permanent by December. The service will need to fill posts with permanent and fixed-term employees to reduce costs and come back into budget. There is a risk of not filling all vacant posts due to a low take-up rate.</p>	104	125
<p>Family Support and Child Protection (FSCP)</p> <p>There is a projected staffing overspend of c.£101,000 primarily due to agency staff. There are 2 postholders on maternity leave with agency staff covering. It is assumed that 60% of the maternity costs will be funded corporately.</p> <p>Due to low take up in current recruitment process, the agency</p>	819	724

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
<p>forecast end date is extended to March 2020. The service successfully recruited 3 Social Care Workers who may not hold full caseloads, thus continuing the service's need to use agency workers.</p> <p>Cabinet have approved a contract variation of £82,000, per annum, on the Multidisciplinary Family Assessment Service contract with the Tavistock and Portman NHS Foundation Trust. In addition, there are 2018/19 FSCP contract costs c.£70,000 which will be incurred in 2019/20. The revised one-off spot purchased assessment forecast is £125,000 which is in addition to the contract spend.</p> <p>There are also overspends caused by under 3 years nursery placement (c.£0.050m), supplies & services (£62,600) and legal costs (£301,000).</p> <p>The projected outturn variance increased by c.£75,000 this month, mainly due to increases in forecasts for legal costs (£41,000) and assessment (£98,000.)</p>		
<p>Other minor variances Various staffing underspends including fostering and adoption (£177,000) partly offset by £82,000 by unbudgeted contracts relating to the Council's commitments as part of the West London Alliance relating to Commercial and Procurement (NWOW) £15,000, Children's Commissioning Service £44,000 and Careplace £23,000.</p>	(95)	(140)
Total of Family Services	3,780	3,398
Special Educational Needs (SEN) and Disabilities		
<p>Travel Care and Support Overspending primarily due to significant demand, student number growth and higher use of single occupancy transport where there are no opportunities for shared transport. The forecast is now updated with new entries for the 2019/20 academic year and reflects a CPI increase notified by a minibus provider.</p> <p>In 2019/20 there has been a 12% increase in student numbers using SEN transport, compared to last year. In addition, there has been a 20% increase in the destinations students are transported to, journey times have increased, increasing the average cost per taxi trip.</p> <p>The forecast includes part delivery of £170,000 of the 2019/20 savings totalling £260,000 but does not include additional demand growth above the current cohort of pupils. Further</p>	1,015	1,010

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
opportunities to deliver savings are being explored to help mitigate the risk of under delivery of savings.		
<p>Education and Healthcare Planning (EHCP) casework A new EHCP staffing structure has been agreed and is due to be implemented by February 2020. This will eliminate the requirement to use agency staff.</p> <p>The projected overspend is due to 7 supernumerary agency staff being forecast until February 2020. This is for longer than expected due to recruitment delays while the re-organised structure was agreed and finalised. The additional funding used to pay for the costs of transferring children with existing statements to EHC plans was exhausted in 2018/19 causing the overspend against the current established staffing budget.</p> <p>The re-organisation has been funded within the current staffing budget and should ensure that the overspend does not continue in 2020/21.</p>	542	549
<p>Children with Disability Placements (Short breaks and care packages) There are currently 17 residential placements which the local authority currently pays in full or part funds with health. The Council contribution is £906,000.</p> <p>There are 104 care packages that the local authority part or fully pays for which total £775,000 and 116 direct payments recipients totalling £508,000.</p> <p>Overall short breaks and placements budget totals £1.883m against a projected net expenditure of £2,335m with a favourable movement of £52,000 since CRM6 primarily due to care packages and direct payment cases being closed or amended and the contingency for growth reducing by £25,000. The 2019/20 remaining contingency is £158,500.</p>	513	565
<p>The Haven Centre and Stephen Wiltshire Centre The income generated by the Haven Centre has reduced by c£250,000 from 2018/19 primarily due to a reduction in out of borough children being placed at the centre. A further reduction in income is estimated based on updated user profiles. The majority of service users being placed at the Haven are LBHF residents.</p> <p>The service is incurring additional staffing costs due to an interim structure. It is hoped that this structure will lead to a reduction in agency and overtime costs until a service review and re-organisation with the aim to reduce excess costs by</p>	442	388

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
<p>creating a more flexible workforce to maintain and improve standards.</p> <p>The overall impact of this is a forecast overspend of £469,000, the movement of £55,000 being a result of the temporary staffing costs referred to above.</p> <p>There are also 89 spot purchased care packages that are fully or part funded by the local authority. If part funded, a Health contribution is expected and included within the forecast.</p> <p>This is partly offset by an underspend of £27,000 on the Stephen Wiltshire Centre. The ongoing staffing structure is underspent this financial year due to part year vacancies.</p>		
<p>SEND Staffing Staffing pressures due to 'vacancy factor' budget which was required to balance the 'Moving On' structure to the funding available. However, holding vacancies at the level required is not currently possible given the demand and pressures within the service. A post level budgeting exercise has been completed and a longer-term strategy to address the shortfall is being developed alongside the requirement to reduce the structure by 2021/22 due to time limited growth coming to an end.</p>	236	236
Other minor variances	(41)	(32)
Total of Special Educational Needs and Disabilities	2,707	2,715
Education Service		
A small underspend partly due to the Head of School Effectiveness post being covered by a part time consultant.	(58)	(58)
Total of Education	(58)	(58)
Assets, Operations & Planning		
Minor variances.	(65)	(39)
Total of Assets, Operations & Planning	(65)	(39)
Children's Commissioning		
<p>Family Support Local Authority Trading Company and Family Support Framework There is a pressure of circa £1.5m as a result of the undelivered savings on the Family Support Services proposals agreed as part of the 2017/18 and 2018/19 medium term financial strategy. There is a further risk reported below. Work is continuing on the service specification and to put in place contract arrangements to cover the activities. This work may partially mitigate the in year overspend forecast and risk</p>	1,600	1,600

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
reported.		
Commissioning Staffing The cost of the current establishment exceeds available budget. Pipeline options have been developed to mitigate some of this budget pressure and await review by the new DCS in relation to the staffing structures across the department. £220,000 of prior year growth relating to the travel care team, and which was incorrectly allocated to the travel care contract, has been added to the staffing budget and reduced the variance from that reported in period 6.	127	368
Commissioning Contracts There is a small in year underspend on the CAMHS contract due to a lower than anticipated invoice paid for 2018/19 financial year. The favourable variance will not be ongoing.	(6)	(37)
Total of Children's Commissioning	1,721	1,931
TOTAL VARIANCE	8,085	7,947

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 7 £000	Risk At Month 6 £000
Tower Hamlets Judgement - the likely liability should all connected carers be paid carers fees for prior years, possibly back to 2011, is estimated to be in the region of £2.1m. Three families (6 children) have brought claims prior to 2018/19 via the same solicitors totalling £141,000. In addition, in 2018/19, two families (3 children) brought claims with costs of approximately £60,000.	2,100	2,100
Placements - Placement savings through LAC and Family Assist continue to be monitored to ensure that delivery of savings is on track. The continuing high cost placements forecast puts pressure on this activity being delivered. The number of young people in residential care remains small, however they are often complex and highly expensive cases meaning that LAC Assist have to work with the young person for some time before they can be considered for step-down or non-residential placement. In addition to the contingency for net placement increase in year, there is a risk of further exceptional demand growth, particularly from high cost residential placements. This risk will decrease each month as new placements are built into the forecast.	350	400
There is £282,000 contingency for net placement growth built into the forecast. Risk is with respect to growth exceeding contingency allowance. Growth from period 6 to period 7 is		

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 7 £000	Risk At Month 6 £000
£263,000. Contingency allows for net £56,000 growth per month.		
Children with Disability Placements - the forecast contains £159,000 of contingency for demand led growth. Any net increase in demand above this level will increase the overspend. 1 residential placement could cost up to £150,000 per year (after a possible 50% CCG contribution).	75	100
Children with Disability Placements - the current forecast includes £731,000 of income from the Clinical Commissioning Group (CCG) based on agreements to part fund a number of care packages. £150,000 is not yet guaranteed so there is a risk around receiving the full amount projected.	150	150
A recent review of the finance regulations that informs DSG budget allocations has meant central spend previously funded by DSG now has to be funded by either traded income, additional fees or general fund. Charging an admin fee to other LAs who place pupils in LBHF maintained schools, was previously put forward as mitigation towards the forecast overspend on the HNB. However, this has since been applied against the general fund SEND budget to ensure central services are fully funded. There is a risk to the general fund if this income is not achieved.	198	198
Family Support LATC risks pending contract arrangements being established: <ul style="list-style-type: none"> - £0.35m 2018/19 salary costs incurred by LBHF during the transition period. Agreement is needed with Family Support around responsibility for these costs - £0.25m 2018/19 Children's Centre Premises costs accrued as a creditor but pending contract agreement on responsibility for payment - £0.25m 2019/20 Children's Centre premises costs as above - £0.15m other Family Support expenditure pending clarification of contractual responsibility 	1,000	1,000
TOTAL RISKS	3,873	3,998

Supplementary Monitoring Information

Supplementary Monitoring Information

Travel Care and Support

Education and Healthcare Plans (EHCPs) have increased by 40% since 2017/18. The increase in children with a plan has meant more children qualifying for a travel care plan.

Year	2014	2015	2016	2017	2018	2019
Numbers of Statements / EHCs	647	725	783	776	906	1,113
Percentage change		12%	8%	-1%	17%	23%

The budget for transport has increased at a much lower rate and even reduced due to savings for 2019/20.

Hammersmith and Fulham - SEN Transport	2017/18	2018/19	% increase	2019/20	% increase
EHCP's	776	906	17%	1113	23%
Number of students receiving transport	211	247	17%	293	19%
Budget	£2.490m	£2.761m	11%	£2.823m	-6%
Outturn	£2.591m	£3.176m	23%	£3.834m	21%
Difference from budget to outturn	£0.101m	£0.415m		£1.010m	

Also driving up the costs are the number of single occupancy destinations which have increased by 52% since May last year.

	May-18	May-19	Var	Sep-19	Increase from May 18
Destinations	56	67	20%	74	32%
Single Occupancy destinations	31	37	19%	47	52%

Supplementary Monitoring Information

Family Services Placements

Table showing movement from 2018/19 outturn to the 2019/20 forecast.

Service Category	2018-19 outturn	2019-20 Forecast	Change between years	FTE for 2018-19	FTE for 2019-20	Change in FTE between years
P&V Fostering (Agency) U18's	£2,267,050	£3,008,259	741,209	44.72	59.03	14.31
P&V Residential U18	£2,971,906	£3,520,298	548,392	14.40	16.44	2.04
Secure Remand	£102,454	£527,651	425,197	1.27	4.14	2.87
Semi Independent U18's	£1,740,577	£2,119,969	379,391	30.25	37.85	7.60
Staying Put Grant	£-117,722		117,722			
Private Let		£107,863	107,863		5.05	5.05
Semi Independent 18+	£1,450,702	£1,554,736	104,033	32.05	38.32	6.27
Semi Independent Non Funded Asylum Seekers		£100,000	100,000			
Special Guardianship	£1,285,774	£1,329,287	43,512	124.74	138.42	13.68
Mother & Baby Residential	£215,859	£254,721	38,861	1.46	1.38	-0.08
Secure Welfare	£0	£0	0			
SIL (Block) - Centrepoint	£0		0	0.00		0.00
Health	£-180,618	£-181,163	-545			
Residence Orders	£67,210	£64,033	-3,177	6.70	6.41	-0.29
SEN	£-243,544	£-256,343	-12,799			
Youth Justice Board	£-112,372	£-127,000	-14,628			
Kinship	£329,742	£297,047	-32,695	27.30	28.31	1.01
In-House Fostering (0-18)	£1,938,084	£1,895,513	-42,571	74.16	76.21	2.05
Adoption	£381,190	£335,642	-45,547	30.42	30.57	0.15
Semi Independent (Block Contract)	£1,011,115	£942,823	-68,291	73.00	82.00	9.00
Staying Put Grant & New Burdens		£-117,722	-117,722			
Staying Put	£347,317	£187,703	-159,614	16.78	8.69	-8.09
Leaving Care Legacy & National Rate	£-160,029	£-356,229	-196,200			
UASC Legacy & National Rate	£-1,031,506	£-1,403,212	-371,706			
Total	£12,263,191	£13,803,876	1,540,685	477.24	532.82	55.58

**APPENDIX 1a: DEDICATED SCHOOLS GRANT
BUDGET REVENUE MONITORING REPORT MONTH 7**

Table 1 - Variance by Departmental Division			
Dedicated Schools Grant - Paid in support of the Local Authority's School Budget	Revised Budget	Variance Month 7	Variance Month 6
	£000	£000	£000
High Needs Block Expenditure	21,269	5,856	5,828
Early Years Block Expenditure	15,716	(3)	(1)
Schools Block Expenditure	37,927	0	0
Central School Services Block Expenditure	4,065	(83)	(83)
DSG Income	(78,977)	0	0
TOTAL	0	5,770	5,744

DSG deficit brought forward from prior years	13,616
Forecast deficit at end of 2019-20 financial year	19,386

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
High Needs Block (<i>High Needs funding supports provision for children and young people with special educational needs from their early years to age 25 and also Alternative Provision</i>)		
The current HNB forecast overspend forecast for 2019/20. represents an improvement of £1.004m on the 2018/19 outturn position of £6.860m.		
The ESFA adjusted the 2019/20 DSG HNB funding down by £0.799m in July 2019 primarily due to changes to the HNB import/export adjustment figures. This adjustment is being queried with the ESFA and other local authorities.	5,856	5,828
£1.740m of the current forecast accounts for SEN service and services provided centrally by the LA.		
	5,856	5,828
Early Years Block (<i>Funding for Early Years including Two Year Old funding and Early Years Pupil Premium</i>)		
Minor variance	(3)	(1)
Total of Early Years Block	(3)	(1)
Schools Block (<i>This budget of the DSG forms the core funding for mainstream maintained schools</i>)		
The budget has been set for 2019/20 on available activity data.	0	0
Total of Schools Block	0	0
Central School Services Block (<i>Funding for the Local</i>		

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
<i>Authorities ongoing responsibilities)</i>		
Minor variances	(83)	(83)
Total of Central School Services Block	(83)	(83)
TOTAL VARIANCE	5,770	5,744

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 7 £000	Risk At Month 6 £000
A comparison of census data at Jan 2018 and Jan 2019 suggests that the cohort of LBHF pupils placed in LBHF schools has increased by 7.5%. The total spend in 2018/19 was £8.5m, which would suggest that the growth risk in year is in the region of £640,000, before any mitigating action. Spend in 2018/19 on LBHF pupils placed out of borough was £6.5m, however it is not clear whether this cohort will be increasing in 2019/20 because datasets are not available. If a similar assumption is made, the growth risk is approximately £485,000, taking the overall risk of increased placement costs in 2019/20 to £1.12m. Work is underway to review the SEN cohort, including the impact of phased transfers in year.	771	771
The current H&F Learning Support Assistant (LSA) hourly rate to meet the needs of children with Education Health Care Plans (EHCP) were reviewed over 5 years ago. A review and consequent increase in rate is likely to increase the spend on EHCP provision. Pending review, it is difficult to quantify the financial impact. If for example rates were to increase by 5%, this would increase spend on EHCPs by £350,000 based on actual TA hours used in 2018/19	350	350
2018/19 RISKS	771	771

**APPENDIX 2: THE ECONOMY DEPARTMENT
BUDGET REVENUE MONITORING REPORT MONTH 7**

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000	£000	£000
Housing Solutions	6,827	158	350
Growth	52	20	20
Economic Development, Skills Service	576	0	0
Planning	794	850	820
Operations	94	3	3
Property Services & Compliance	90	0	0
Direct Delivery	5	0	0
TOTAL	8,438	1,031	1,193

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
Housing Solutions		
There is a forecast increase in average client numbers (from a budget of 968 units to a forecast of 974) in Private Sector Leased (PSL) temporary accommodation schemes. This has increased the forecast for rent payments to landlords by £50,000. The forecast bad debt provision has reduced by (£210,000) (from budget of 8.5% to a forecast of 6.5%) to reflect an improvement in the collection rate over the last few months.	(160)	30
There is a forecast reduction in average client numbers (from a budget of 133 clients to a forecast of 74) in Bed and Breakfast (B&B) temporary accommodation resulting in a net underspend of (£220,000). The forecast bad debt provision has been reduced by (£39,000) (from budget of 14.5% to a forecast of 9%) to reflect an improvement in the collection rate over the last few months.	(259)	(257)
Cost avoidance payments of £600,000 to Private Sector Leasing and Direct Letting landlords are expected to be made this year to enable the Council to secure temporary accommodation properties. Further spend will be incurred this year under a Cabinet approved plan to invest up to £900,000 from the Temporary Accommodation reserve to secure 300 additional private rented sector properties to prevent homelessness or enable households to exit temporary accommodation.	600	600
Flexible Homelessness Support Grant provided by central Government (£2.805m) to cushion the impact of the removal of the management fee for Temporary Accommodation (after allocating £2.589m to PSL and deducting an assumed £100,000 which we expect Registered Providers to claim).	(116)	(116)

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
This has only been confirmed up to 2020-21 so there is a risk of significant budget pressure from 2021-22.		
Other minor variances mainly on repairs and legal costs.	93	93
TOTAL of Housing Solutions	158	350
Growth		
Rent and Other Properties: shortfall on rental income of £107,000.	107	112
Valuation Services: Income generated from recharges is expected to be (£82,000) in excess of the income target plus other minor variances.	(87)	(92)
TOTAL of Growth	20	20
Economic Development & Skills Service		
	0	0
TOTAL of Economic Development & Skills Service	0	0
Planning		
Development Management - The division is predicting a Planning Applications income shortfall of £1.025m mainly due to economic factors such as the impact on planning activity of Brexit. An overspend of £225,000 relates to exceptional costs for counsel, legal and other specialist advice on a number of specific applications. This is offset by a favourable staffing variance of (£191,000) as a result of delays in recruitment following a restructure. In addition, costs relating to the Council's Arts Commission and delivery of the Arts Strategy are expected to cost £60,000.	1,119	1,089
Spatial Planning - relates to staffing vacancies as a result of an ongoing recruitment process following the restructure of the service.	(238)	(238)
Planning Management - relates to a review of Section 106 funding of senior management costs.	(31)	(31)
TOTAL of Planning	850	820
Operations		
	3	3
TOTAL of Operations	3	3
Property Services & Compliance		
	0	0
TOTAL of Property Services & Compliance	0	0
Development & Regeneration		
	0	0
TOTAL of Development & Regeneration	0	0

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
TOTAL VARIANCE	1,031	1,193

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Month 7 £000	Month 6 £000
Overall Benefit Cap	50	60
Direct Payments (Universal Credit)	15	18
There is a risk of a further increase in the number of households in Temporary Accommodation - based on an additional 100 households this year above the forecast	250	301
Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the forecast	108	130
There is a risk of large families being accommodated in B&B	75	91
Homelessness Reduction Bill - increase in households in temporary accommodation – based on extra 70 households this year above the forecast	196	236
The Economic Development service is undergoing a review and there is a risk of overspend during this period of transition as the service is restructured to better align function and outcomes with the Council's Industrial Strategy.	55	55
Planning - In recent years, the cost of judicial reviews and major planning appeals including additional work to support the Hammersmith Town Centre supplementary planning document has been met from earmarked reserves but these funds are now exhausted and there is an ongoing risk of an overspend against the budget.	75	300
Planning Fees – the latest income figures suggest that there is a risk that planning fees may be 20% lower than budgeted; officers are carrying out further analysis and the forecast will be updated for CRM 8.	300	750
TOTAL RISKS MANAGED	1,125	1,939

Supplementary Monitoring Information
<p>Long Term Trends:</p> <p>The Temporary Accommodation (TA) service faces a long-term trend of:</p> <ul style="list-style-type: none"> • rising rents, • constraints on income collection because of Welfare Reform • increases in demand from homeless families. <p>The number of households in Temporary Accommodation has been increasing annually (1,214 at April 2016; 1,324 at April 2017; 1,444 at April 2018; with a slight reduction to 1,292 at April 2019). The current number of households in Temporary Accommodation is 1,253 (at 10 November 2019) and this represents a rise of over 3.2% since April 2016 at a time when the London average has increased by 5%. TA</p>

Supplementary Monitoring Information

numbers are projected to increase to 1,275 at April 20 and 1,325 at April 21 and 1,375 at April 2022.

October 2018 was the highest month last year in terms of the number of enquiries (266). However, that pattern wasn't repeated in October 2019, with those enquiries dropping to 206. Although there may be some caution regarding this comparison, as it reflects the period just after the Customer Service Centre opened, as the data relates to actual enquiries, there's no reason to suspect this had a significant impact. Instead, it appears to reflect a trend over the course of the year, of a 'levelling out' of enquiries following the implementation of the Homelessness Reduction Act.

The total number of enquiries for the year to date to October 2019 was 1,590, compared with 1,621 for the same period in 2018/19; a monthly average of 227 and 231 respectively. This would indicate there is no noticeable pre-Brexit impact at this stage.

The number of homeless applications in October 2019 was 61, and for the year to date was 630 (an average of 90pcm). In October 2018, the number was 108, with a year to date figure of 607 (at an average of 87pcm). For 2018/19, the highest months were October and November, whereas in 2019/20, these have been May and July. Therefore, the peaks and troughs in 2018/19 and 2019/20 do not follow any obvious trends.

Planning income in recent years has fluctuated between £3.1m (2017/18), £3.6m (2018/19) and is currently forecast to fall to £2.7m in 2019/20. The forecast is being closely monitored and any further variance from the income target will be reported. The inherent volatility of planning income means it is difficult to predict future income expectations due to several factors including:

- Changes to the statutory charging schedule
- Economic factors such as the impact on planning activity of Brexit
- Changes in legislation e.g. permitted development rights, Planning Performance Agreement regulation
- Changes to pre-application charging fees and Planning Performance Agreement templates
- Local and wider market conditions
- Availability of development sites in the borough
- Developers by-passing the pre-application process as it is not compulsory
- Reduced developer funding of Planning Performance Agreements
- Government schemes to encourage house building, including grant schemes
- Developers' responding to current and pipeline housing supply in borough (they don't want to flood the local market)
- Adverse weather conditions

**APPENDIX 3: THE ENVIRONMENT DEPARTMENT
BUDGET REVENUE MONITORING REPORT MONTH 7**

Table 1 – Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
Public Realm	32,437	454	337
Community Safety and Regulatory Services	4,312	491	401
Leisure, Sport and Culture	6,256	132	492
Resident Services	23,290	715	701
Executive and Support	0	0	0
TOTAL	66,295	1,792	1,931

Table 2 – Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
Public Realm		
Electric Vehicle Charging income not budgeted and no income accrual in 2018/19	(335)	(335)
Network Management income shortfall due to reduced utility work on the highways and increased compliance (reduced fine income)	96	44
Metro Wireless WIFI income shortfall as only receiving minimum guaranteed rent	126	126
Temporary Traffic Orders net income	(59)	(56)
Savings target for sponsorship of information boards on public highways not met	50	50
General Maintenance planned underspend	(100)	(100)
Streetlighting energy underspend due to LED lighting	(52)	(52)
Waste disposal underspend assuming tonnages broadly in line with last year (favourable movement due to revised split between domestic/commercial waste following audit of waste tonnages)	(132)	(79)
Unfunded waste contract inflation	425	425
Existing saving on waste contract not expected to be achieved	159	159
Savings target for removal of clear all service not met	83	83
Net underachievement of income in Commercial Waste (forecasting to achieve £140,000 less than last year)	225	56
Other smaller net variances	(32)	16
Total Public Realm	454	337
Community Safety and Regulatory Services		
Building Control income shortfall - economic uncertainty leading to a reduction in Building Control activities. Service being reviewed by new manager to assess potential for income growth	293	242
CCTV overspend, due mostly to additional costs of backfilling vacant shifts on the 24/7 rota (vacancies and sickness	75	75

Table 2 – Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
absence cover) and shortfall against internal income recharges		
Commercial income target for deployable CCTV cameras - proposed realignment of budgets within the department	0	100
Emergency Planning - Enhanced Emergency Planning service (recruitment to unbudgeted posts); decision to maintain existing emergency response rota cover, meaning prior year saving not fully achieved (£34,000) and additional annual contribution to the London Resilience Fund (£15,000)	112	112
Community Safety Reserve funding for Silver Rota/London Resilience costs/Enhanced Emergency Planning service.	(112)	(112)
Private Sector Housing income shortfall - number of licences issued is less than expected. Licensable properties are being actively targeted to improve living standards across the sector	111	0
Other smaller net variances	12	(16)
Total Community Safety and Regulatory Services	491	401
Leisure, Sport and Culture		
Loss of lettings income as a result of decanting from Hammersmith Town Hall	182	182
Transfer from the Civic Campus programme for lettings income losses, resulting from the decant from Hammersmith Town Hall	(182)	(182)
Decline in Hammersmith Town Hall lettings income over the past four years due mostly to a deterioration in the attractiveness of the building	47	47
Events in parks income shortfall, due mostly to Member preference to restrict the number of large events in parks (mostly funfairs and circuses)	43	43
Filming income shortfall - mostly due to delivery of less than planned prior year saving (£50,000) and lost income opportunity when Fulham Town Hall closed (£45,000)	108	108
Commercial income target for a Market on Shepherds Bush Green not progressed due to proximity to the existing permanent market	100	100
Savings target for Libraries Trust model, not taken forward by Members	150	150
Libraries staff savings, assuming no additional recruitment in sovereign service (duties expected to be taken on by existing staff)	(75)	(75)
Libraries savings shortfall - delayed implementation of Smart Open (£100,000) and shortfall against new income generating opportunities (£105,000) - proposed realignment of budgets within the department	0	205
Increased income from Leisure Contract, assuming S106	(225)	(187)

Table 2 – Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
funding to deliver this increased income		
Registrars - net overachievement of income (note risk below regarding historic income suspense balances)	(61)	0
Savings target for better procurement in parks	50	50
Other smaller net variances	(6)	51
Total Leisure, Sport and Culture	132	492
Resident Services		
Existing restructure saving not expected to be achieved (new proposals being developed through the new Resident Access Programme)	481	481
Collection fund income	99	99
Local support payment less than budget	(150)	(150)
Savings target for delayed Channel Shift project (new proposals being developed through the new Resident Access Programme)	150	150
Unfunded costs relating to complaints function	110	110
Other smaller net variances	25	11
Total Resident Services	715	701
TOTAL VARIANCE	1,792	1,931

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 7 £000	Risk At Month 6 £000
Potential increased staffing costs to meet service demands	400	400
Registrars income - clearance of old suspense accounts may adversely affect income (being investigated)	75	75
S106 funding not confirmed for CCTV	120	120
S106 funding not confirmed for Air Quality	60	60
Public Health Funding not confirmed	600	0
Fireworks event income shortfall due to refunds	60	0
Funding for new Climate Change programme not yet identified	200	200
TOTAL RISKS MANAGED	1,515	855

**APPENDIX 3A: CONTROLLED PARKING ACCOUNT
BUDGET REVENUE MONITORING REPORT MONTH 7**

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000	£000	£000
Controlled parking income	(38,994)	(844)	(918)
Controlled Parking Account expenditure	11,066	(166)	(130)
TOTAL	(27,928)	(1,010)	(1,048)

Table 2 - Variance Analysis		
Departmental Division	Month 7	Month 6
	£000	£000
Parking Control		
Controlled Parking Income		
Parking PCN	397	298
Suspensions	470	424
Pay & Display	(1,660)	(1,591)
Residents Parking	(29)	(29)
Removals & Storage	(22)	(20)
Controlled Parking Expenditure		
Under spend on supplies and services due primarily to the completion of rollout of the cashless parking resulting in reduction of cashless and maintenance contracts. Adjustment for Court's registration fee for PCNs.	(191)	(86)
Salary overspend	25	(44)
TOTAL VARIANCE	(1,010)	(1,048)

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 7	Risk At Month 6
	£000	£000
There is a risk that the new CCTV room in Beavor Lane will not be ready for the team to move into as part of the decant from the town hall. Options are being explored to reduce this risk with the projects team. The risk is based on the possibility that there could be a four-week disruption to the service going forward.	500	500
TOTAL RISKS MANAGED	500	500

APPENDIX 4: FINANCE & GOVERNANCE
BUDGET REVENUE MONITORING REPORT MONTH 7

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000	£000	£000
Properties and Facilities Management	7,607	62	62
Legal and Democratic Services	1,230	60	53
IT Services	13,097	0	0
Finance	5,350	(50)	0
Audit, Fraud and Insurance	1,026	(10)	0
SUB-TOTAL	28,310	62	115
Contracts and Commercial Services (transferred to FG as at 01/04/19)	(3,607)	1,403	1,363
<i>Departmental non-controllable budgets</i>	<i>(23,389)</i>	<i>0</i>	<i>0</i>
TOTAL	1,314	1,465	1,478

Table 2 - Variance Analysis		
Departmental Division	Month 7	Month 6
	£000	£000
Properties and Facilities Management		
Civic Accommodation: Overall unfavourable variance in income from renting space.	62	62
TOTAL PROPERTIES AND FACILITIES MANAGEMENT	62	62
IT SERVICES		
Underspend on staffing costs and contract costs is offset by difficult to achieve income from the expected resale of licenses to external customers.	0	0
TOTAL IT SERVICES	0	0
LEGAL AND DEMOCRATIC SERVICES		
Elections: The service has received a 58% reduction in Government grant for Individual Electoral Registrations since 2015/16, whilst the costs of statutory services relating to contacting residents have been increased due to the growth in the borough profile. This remains an ongoing budget pressure for the service. Increase from previous months due to increased registration costs associated with snap General Election.	60	53
Coroners and Mortuary: The coroners services is forecast to overspend by £62,000 against a net budget of £126,000. Mortuaries are forecast to underspend by £66,000 as a result of a revised recharging method agreed and increased income forecast for second post mortems. The coroners overspend is due to increased activity which has resulted in additional costs for staffing to support the service, coroners' expenses and supplies and	0	0

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
services. This budget pressure will remain for the foreseeable future. This is after agreed increased recharges to partner boroughs.		
TOTAL LEGAL AND DEMOCRATIC SERVICES	60	53
FINANCE	0	0
Small underspends on staffing costs	(50)	0
TOTAL FINANCE	(50)	0
AUDIT, FRAUD AND INSURANCE		
Small underspends on staffing costs	(10)	0
TOTAL AUDIT, FRAUD AND INSURANCE	(10)	0
Contract Management Savings – not expecting to realise the target for savings from this area. There have been difficulties in recruiting a head of service to support delivery however non care contracts are now being looked at as part of the Zero-Based Budgeting programme. The service transferred to Finance & Governance during 2019.	1,250	1,250
Advertising Hoardings - Movement from month 6 is due to lower than forecast income from profit sharing sites.	153	113
TOTAL COMMERCIAL & PROCUREMENT	1,403	1,363
TOTAL VARIANCE	1,465	1,478

Risk Description	Risk At Month 7 £000	Risk At Month 6 £000
Potential challenges of additional TUPE and Facilities Management Service set up costs of £500,000.	500	500
Contract management savings – risk that activity plan to be drafted after resource is employed does not meet the savings target. Transferred to Finance and Governance during 2019,	1,500	1,500
TOTAL RISKS MANAGED	2,000	2,000

Supplementary Monitoring Information

The majority of budgets within the department relate to staffing costs, with the notable exceptions of IT Services and Properties and Facilities Management where there a number of key contract budgets with suppliers.

The Tech-tonic programme is on track to deliver in year savings of £1.2m as a result of new contract arrangements with suppliers, with high deployment rates of mobile devices across the Council enabling the programme to remain on target.

The facilities management service has now TUPE'd back to the Council, and officers continue to work through the implications of this including any risks and pressures that may arise throughout the year.

**APPENDIX 5: PUBLIC SERVICES REFORM
BUDGET REVENUE MONITORING REPORT MONTH 7**

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000	£000	£000
Zero Based Budgeting	514	(90)	0
Research and Innovation	457	621	476
Communications	274	225	168
People and Talent	2,180	445	393
Assurance and Programmes	1,029	(328)	(287)
Strategy and Community Engagement	397	295	210
Executive Services	276	(80)	(80)
Sub-Total	5,126	1,088	880
<i>Departmental non-controllable budgets</i>	(2,105)	0	0
TOTAL	3,022	1,088	880

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
Public Services Reform		
Zero Based Budgeting - forecast underspend on staffing	(90)	0
Research and Innovation - forecast pressure on staffing mainly due to unfunded posts and additional resource brought in to address critical roles required to meet organisational demand, which includes the delivery of several key statutory reports. The BI team continues to deliver financial benefits across the Council in excess of total service cost.	621	476
Print - Overspend as a result of underachievement of traded income within the print service and difficult to achieve savings.	225	168
People and Talent - overspend on budgeted savings and one-off expenditure relating to prior years. Additional HR resource needed to support an income generation plan would negate the benefit of additional income from data maximisation or an enhanced trading model. The movement in month relates to one off pension administration costs from prior years now realised.	445	393
Assurance and Programmes - forecast underspends on staffing.	(328)	(287)
Strategy and Community Engagement - Overspends on staffing to support the co-production & policy and strategy services.	295	210
Executive Services - forecast underspends on staffing.	(80)	(80)
TOTAL VARIANCE	1,088	880

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 7 £000	Risk At Month 6 £000
TOTAL RISKS MANAGED	0	0

Supplementary Monitoring Information
<p>Although work is ongoing to reduce agency expenditure across the Council, budgets for agency expenditure sit within departmental staffing budgets and not centrally, therefore any reduction in spend will not result in any savings for People and Talent.</p> <p>Work to reduce print spend across the Council has led to a worsening position with the Communications services as budgets for traded income are unable to meet their targets as a result.</p>

**APPENDIX 6: SOCIAL CARE
BUDGET REVENUE MONITORING REPORT MONTH 7**

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000	£000	£000
Operation	24,987	470	438
Learning Disability, Mental Health and In-House Services	21,200	1,430	1,442
Commissioning (Transferred from PSR)	3,334	599	619
Public Health Service (Transferred from PSR)	30	0	0
Resources	6,282	0	0
Social Care Directorate	526	0	0
Total	56,359	2,499	2,499

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
Operations		
<p>The department has balanced its budget for the last two years. As required savings for 2019/20 have been taken out of the budget at the beginning of the financial year, we are projecting an overspend of £470,000. The financial pressures result from the policy of discharging people as early as possible from hospital and preventing people from unnecessary admission into hospital leading to an increase in home care costs for the Council.</p> <p>This is a demand pressure which continues until a decision/policy is reached nationally about how to fund adult social care. The spending review announcement in September has confirmed social care grant funding for a further financial year until March 2021. The main reasons for small increase in the overspend in month 7 is due to additional costs of DOLS assessments covering Nazareth House and St Vincent's. Overall pressures remain in this service due to the full year effect of 40 re-started care packages and Direct Payments which started at the end of last year and the further increase in the London Living wage.</p> <p>The full year effect of home care packages are projected to overspend of £714,000, this is partly offset by a projected underspend of (£197,000) in care placements. There is also staffing cost underspend of (£47,000). Robust mitigation plans are in place to address this overspend and are subject to review at the monthly budget board.</p>	470	438
Total of Operations	470	438

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
Learning Disability, Mental Health and In-House Services		
<p>Learning Disabilities (LD) - the projected overspend comprises of home care support packages - £483,000, Direct Payments - £327,000 and Placements - £15,000. This also includes (£121,000) underspend in Individual Services Fund due to improved contracting arrangements. There is a projected staffing overspend in LD services of £124,000 due to additional capacity required to improve our transitions work with children's services.</p> <p>Mental Health - a projected overspend of £214,000 in home care and Direct Payments and £150,000 in residential and nursing care placements. There is a projected overspend of £237,000 on staffing and rental costs of staff based in the Claybrook hospital. Robust mitigation plans are in place to address this overspend.</p> <p>Residential care costs are on average increasing by 3.7% and the budgetary provision agreed is 2.58% which accounts for part for the overspend. Robust mitigation plans and very tight budgetary controls are in place to address this overspend.</p>	1,430	1,442
Total of Learning Disability, Mental Health and In-House Services	1,430	1,442
Social Care Commissioning		
<p>The Commissioning service and budget have been transferred from the Public Service Reform Department. The projected overspend is in three main services: 1) the third sector grant overspend is mainly due to less than planned delivery of MTFS saving from the previous year and accrued expenditure from 2018/19 with a total revised overspend of £283,000. The forecast has already improved in month 7 due to the implementation of the migration action plan.</p> <p>2) Supporting People contracts has a projected overspend of £80,000 due to contract inflationary pressures. Work is ongoing to reduce this overspend through 2019/20.</p> <p>3) Commissioning Staffing is projected an overspend of £236,000. Plans are in place to manage within the existing budget from April 2020/21. The third sector budget overspend will significantly reduce and hopefully balanced by April 2020. We have also set up a third sector board to review the strategy and synergies across the Council's third sector with proposals to be reported back to the Lead Cabinet Member.</p>	599	619
Total of Social Care Commissioning	599	619

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
Public Health (PH) Service		
The Public Health service and budget have been transferred from the Public Service Reform Department. The latest forecast is projecting pressures on the PH Commissioning contracts spend of £71,000 which is offset by the employee underspend (£71,000) due to a number of unfilled vacancies.		
The PH grant is £21.189m in 2019/20 and the forecast total spend is £22.867m which means the use of PH reserves is £1.678m to be drawdown to balance the budget. The remaining reserves will be £0.346m by year end. A review of all contracts will be required before 2020/21 to ensure that spend is reduced to a level that doesn't depend on reserve use.	0	0
Total Public Health Service	0	0
Total Variance	2,499	2,499

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 7 £000	Risk At Month 6 £000
Estimated costs relating to Disabled Children (15) transitioning from Children Services to Adult Social Care.	250	250
Home Care contract providers were awarded an inflationary increase of 1 to 2.1% depending upon their CQC (Care Quality Commission) rating. One of the block homecare providers who received a 2.1% increase are requesting a higher inflation increase.	300	300
Total Risks Managed	550	550

Supplementary Monitoring Information
<p>The Department continues to experience significant budget pressures. The Department is projecting an overspend of £2,499,000 which is the same as month 6. In social care this is mainly as a result of the full year implications of new residents and resultant price increases due to market pressures. In commissioning services which have been transferred back to Social Care from the Public Services Reform Department the pressures remain on contracts and staffing.</p> <p>In setting the 2019/20 budget, £1.5 million was identified as a risk to the budget for these main factors. The projection assumes the delivery of the 2019/20 adults savings of £2,855,000 of which currently 55% have been delivered and the balance are rated as medium in terms of delivery risk and as assumed will be delivered by year end.</p>

Supplementary Monitoring Information

Historically, the Department's budget has had underlying budget pressures, which have been mitigated in the last two years by using a combination of robust management actions to control the budget, one off reserves and the Improved Better Care Funding.

APPENDIX 7: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING REPORT MONTH 7

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 7	Forecast Variance Month 6
	£000	£000	£000
Corporate & Democratic Core	1,721	114	114
Housing Benefits	(328)	0	0
Levies	1,545	(22)	(22)
Net Cost of Borrowing	485	(400)	0
Other Corp Items	4,855	(440)	(440)
Pensions & redundancy	9,241	(187)	(187)
TOTAL	17,519	(935)	(535)
Balance of unapplied unallocated contingency		(2,252)	(2,252)
Revised Variance	17,519	(3,187)	(2,787)

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
Corporate & Democratic Core		
Overspend on Shared Accommodation costs due to delayed decant from RBKC properties.	135	135
Underspend on Audit Fees.	(21)	(21)
Corporate & Democratic Core Total	114	114
Housing Benefits		
	0	0
Housing Benefits Total	0	0
Levies		
Underspend on levies	(22)	(22)
Levies Total	(22)	(22)
Net Cost of Borrowing		
The Treasury Management Strategy mid-year review has indicated that investment income will be higher than forecast.	(400)	0
Net Cost of Borrowing Total	(400)	0
Other Corp Items		
Forecast underspend on Business Rates on Civic Properties	(400)	(400)
Apprenticeship levy under budget due to identification of HRA share of costs.	(40)	(40)
Other Corp Items Total	(440)	(440)
Pensions & redundancy		
Forecast underspend on the unfunded pension costs arising	(187)	(187)

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
from historical redundancy decisions.		
Pensions & redundancy Total	(187)	(187)
TOTAL VARIANCE	(935)	(535)

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 7 £000	Risk At Month 6 £000
To reflect the recent structure changes and insourcing of services, the overhead recharges are currently under review. It is expected that the review will lead to the HRA having a greater share of overheads which would lead to the General Fund share being reduced.	(1,000)	0
Land Charge income VAT query to be resolved.	100	0
TOTAL RISKS MANAGED	(900)	0

APPENDIX 8: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING REPORT MONTH 7

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000	£000	£000
Housing Income	(76,601)	(44)	543
Finance & Resources	8,088	0	15
Housing Management	6,104	270	56
Property & Compliance	9,715	1,026	3,571
Void & Repairs	11,450	(1,424)	(1,424)
Adult Social Care	48	0	0
Safer Neighbourhood	664	0	0
Place	9,665	920	920
Growth	327	0	0
Operations	3,231	0	0
Direct Delivery	708	0	0
Capital Charges	24,902	(144)	(144)
SLA	6,466	0	0
(Contribution to) / Appropriation From HRA General Reserve	4,768	604	3,537

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
Housing Income		
<p>There will be an under recovery of rent and service charges on the Council's homes of £297,000 due to slower than expected void turnaround resulting in an increase in the forecast number of void properties (225 voids vs. a budgeted level of 162 voids). This forecast assumes that there will be a reduction of 5 currently void units each month up to the end of the financial year and any deviation from this assumption will result an increase in the adverse variance on dwelling rent and tenants service charge income.</p> <p>A further adverse variance on garage rents of £90,000 is expected due to the ongoing refurbishment of garages. Additionally, there are a number of other minor adverse variances of £69,000 in total relating to commercial property, Pay & Park income and commission on water charges recovery.</p>	(44)	543

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
Offsetting this, the cumulative rental income collection rate for Council homes stands at 98.3% for the year to date and this has resulted in a forecast underspend against the bad debt provision budget of (£500,000).		
Total: Housing Income	(44)	543
Finance & Resources		
	0	15
Total: Finance & Resources	0	15
Housing Management		
Decanting and Management Transfer costs: higher activity levels resulting in an overspend of £214,000 on Temporary Accommodation and removal costs.	270	56
Temporary on Licence accommodation: lower than expected tenant numbers in Temporary on Licence properties resulting in a shortfall of income of £56,000.		
Total: Housing Management	270	56
Property & Compliance		
To ensure the safety of our residents, it is necessary to station fire wardens at a number of the Council's high-risk tower blocks. The estimated full year cost of £1.9m will be funded from the Fire Safety Plus reserve.	0	1,914
In light of the Council's decision to terminate the partnership arrangement with MITIE, additional resourcing needs have become apparent in the implementation of an interim repairs and maintenance service. As a result, the full year cost of meeting the resourcing needs is expected to be £1m. The anticipated overspend has reduced from the previously reported position as a result of management action to control costs.	1,026	1,657
Total: Property & Compliance	1,026	3,571
Void & Repairs		
As part of the implementation of the interim repairs and maintenance service, following the termination of the Council's contract with MITIE, a Direct Labour Organisation (H&F Maintenance) has been established to deliver repairs and maintenance services to the communal areas of HRA owned land and properties. A recruitment plan is in place to fill all positions but as the team is not yet fully established, an underspend is expected for 2019/20.	(1,201)	(1,201)
An underspend is expected on general repairs contractors	(223)	(223)

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
due to the timing of the contracts' commencement date (17 April 2019).		
Total: Void & Repairs	(1,424)	(1,424)
Adult Social Care		
	0	0
Total: Adult Social Care	0	0
Safer Neighbourhoods		
	0	0
Total: Safer Neighbourhoods	0	0
Place		
An extended pilot of the concierge service at Edward Woods Estate due to a delayed consultation process is forecast to cost £255,000. This is expected to be offset by staffing underspend and other minor underspends of (£135,000).	120	120
As part of the implementation of the interim repairs and maintenance service following the termination of the Council's contract with MITIE, a customer service centre has been established to handle residents' calls relating to the reporting of repairs and maintenance issues. Since then, the remit of the team has expanded to include complaints and resolution handling. As a result of the additional resourcing required to deliver the complaints and resolution function, an overspend is expected.	800	800
Total: Place	920	920
Growth		
	0	0
Total: Growth	0	0
Operations		
	0	0
Total: Operations	0	0
Direct Delivery		
	0	0
Total: Direct Delivery	0	0
Capital Charges		
As the actual depreciation charge following the completion of the stock valuation as at 31st March 2019 is (£518,000) lower than the budgeted depreciation, this means that the planned funding of the Decent Neighbourhoods programme	(144)	(144)

Table 2 - Variance Analysis		
Departmental Division	Month 7 £000	Month 6 £000
from the Major Repairs reserve is reduced by the same amount. It is now planned to make a revenue contribution to the capital programme for this same amount of £518,000 in to meet capital financing requirements. Any slippage on the capital programme will be offset by reduced internal borrowing. The interest earned on HRA balances is forecast to be (£144,000) better than budgeted mainly due to an increase in the expected interest rate achievable on short term investments (from a budgeted figure of 0.45% to a forecast of 0.85%).		
Total: Capital Charges	(144)	(144)
SLA Recharges		
	0	0
Total: SLA Recharge	0	0
TOTAL VARIANCE	604	3,537

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 7 £000	Risk At Month 6 £000
Additional Fire Safety Costs - following the fire at the Grenfell housing tower block in Kensington and Chelsea, the Council has put in place the Fire Safety Plus programme to make fire safety improvements to the housing stock above and beyond the current legal minimum standards. Although the vast majority of improvement works will be capital in nature, there is a significant risk of an unbudgeted impact on the HRA although this is now reduced because the forecast for unanticipated revenue related expenditure relating to fire wardens will be funded from the Fire Safety Plus reserve this year.	unknown	unknown
MITIE repairs & maintenance - The Council submitted its final accounts statement on 17 June 2019 as per the Term Partnering Contract obligations. The Council is in discussions with MITIE over the final accounts statements to understand their view. As negotiations progress, more detail will be available.	TBC	TBC
Capitalisation of staffing costs - staff working on major capital projects complete weekly timesheets to identify the proportion of their time that can be charged to capital. It is likely that there will be slippage in the capital programme this year, and a risk that staff capitalisation will be lower than budgeted, resulting in unbudgeted charges to	TBC	TBC

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 7 £000	Risk At Month 6 £000
revenue. Officers are monitoring this and should the risk crystallise, it will be shown as a variance in the coming months.		
Interim Repairs Delivery Model: On 4 March 2019, Cabinet approved a one-off annual revenue budget of £22.2m for the interim repairs model, which required an increase in the existing budgets within the Housing Revenue Account for 2019/20 of £4.1m. This is being funded as a one-off appropriation from the Housing Revenue Account General Reserve. Given the added complexities arising from this project, associated client-side costs and the need to deliver a high functioning call centre, there remains a risk that further costs could need to be incurred which may result in a further call on the Housing Revenue Account General Reserve.	unknown	unknown
A number of divisional reorganisations will be implemented this year to ensure The Economy department better delivers for residents. There is a risk that this may result in unbudgeted growth to the Housing Revenue Account.	unknown	unknown
The SLAs charged to departments for corporate support services are being reviewed following a number of changes with cost implications, including the decanting of staff as part of the Civic Campus project and the Techtronic programme. An initial analysis of the revised cost apportioned to the HRA suggests a possible increase in costs of £2.3m for this year. These costs are currently being reviewed and once confirm, the variance will be reported in a subsequent CRM.	2,300	-
TOTAL RISKS MANAGED	Not Quantified	Not Quantified

APPENDIX 9 - VIREMENT REQUESTS

Details of Virement	Amount (£000)	Dept
GENERAL FUND:		
<p>The Mayor's Young Londoners Fund has been set up to help children and young people to fulfil their potential, particularly those at risk of getting caught up in crime. It will support a range of education, sport, cultural and other activities for children and young people. LBHF has been awarded £50,000 per annum (total £150,000) to deliver a Motor Vehicle Project for Young People at risk of offending or re-offending. This will be delivered by our Adult Learning & Skills Service (ALSS) to improve the skills of local young people to help them into employment opportunities and reduce the likely of offending.</p>	<p align="center">50</p> <p align="center">(50)</p>	<p align="center">Economy</p> <p align="center">Economy</p>
Total of Requested Virements (Debits)		