

London Borough of Hammersmith & Fulham

Report to: CABINET

Date: 7 September 2020

Subject: 2020/21 CORPORATE REVENUE MONITOR - MONTH 2 (MAY 2020)

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

Responsible

Director: Emily Hill – Director of Finance

This report was produced at the end of May. Since that date the government have announced additional funding regarding the Covid-19 pandemic in July 2020.

Most significantly additional general emergency funding of £2 million has been allocated to Hammersmith & Fulham and compensation will be awarded for 75% of income loss (above a 5% threshold) from fees and charges. A high-level estimate based on the announced scheme is that this grant could be in the region of £8m. Full details of the scheme have yet to be confirmed.

Given such extra funding the month 2 forecast of a Covid-19 related overspend of £13.2m reported within the report is likely to significantly reduce. However, in addition the council continues to incur additional Covid-19 related costs. A full update will be provided in the month 4 Corporate Revenue Monitor.

Summary

This is the first corporate revenue monitoring report produced for 2020/21. The council faces an unprecedented financial challenge due to the impact of the Coronavirus pandemic (Covid-19) and a continuation of underlying budget pressures.

An **£18.807m** overspend is forecast for the General Fund. This is after the application of the early un-ringfenced emergency Covid-19 grant allocations, which were of £11.347m. Action plans of **£2.373m** are proposed as partial mitigation against the forecast overspend. If delivered the forecast overspend will reduce to **£16.434m**.

Recommendations

1. To note General Fund forecast overspend as of May of £18.807m and requirement for urgent further action to significantly reduce the forecast overspend.
2. To note the Housing Revenue underspend of £0.181m.
3. To note the in-year Dedicated Schools Grant overspend of £2.179m.
4. To approve General Fund virements of £1.960m as detailed in appendix 9.

Wards Affected: All

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
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

£13.230m of the forecast overspend arises from the impact of Covid-19 whilst £5.577m relates to underlying budget pressures.

	Forecast Overspend £m	Forecast Overspend net of mitigating actions £m
Current – month 2 2020/21	£18.807	£16.434
2019/20 outturn	£6.665	£6.665
Last year – month 2 2019/20	£7.412	£5.296

This report sets out the current forecast and existing action plans to mitigate the forecast overspend. Given the scale of the forecast overspend, and the potential impact on the council's future financial resilience, Strategic Leadership Team (SLT) and Cabinet need to consider how the council can tackle the forecast overspend.

Funding for the High Needs Block element of the Dedicated Schools Grant (DSG) continues to be under pressure with a cumulative overspend against the DSG allocation of £19.4m at 31 March 2020. For 2020/21, an increased grant allocation

has reduced the previous annual overspend however the forecast spend still exceeds the grant funding and a further DSG overspend of £2.1m is forecast. This will increase the cumulative deficit to £21.6m and require the council to further set aside a matching reserve.

A net underspend, after allowance for the impact of Covid-19, of £0.181m is forecast for the Housing Revenue Account.

Legal Implications

There are no legal implications for this report.

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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

GENERAL FUND

1. The General Fund forecast at month 2 (May 2020) is an adverse variance of £18.807m (Table 1). This forecast allows for the application of the balance of the unallocated contingency and use of available Covid-19 grants. Additional risks of £17.301m have been identified. Action is required to avoid these risks crystallising into actual spend.

Table 1 – Month 2 (May 2020) - General Fund forecast (underspends are shown in brackets)

Department	Gross variance	Covid-19 variance	Net variance
	£m	£m	£m
Children's Services	3.658	0.493	3.165
The Economy Department	3.294	1.666	1.628
The Environment Department	3.906	3.267	0.639
Controlled Parking Account	11.759	11.825	(0.066)
Finance	0.146	0.045	0.101
Resources	0.580	0.625	(0.045)
Social Care	4.761	3.256	1.505
Centrally Managed Budgets	1.800	0.150	1.650
Corporate Covid-19 response costs inc PPE	3.250	3.250	0
Total	33.154	24.577	8.577
Balance of unallocated contingency	(3.000)	0.000	(3.000)
Unringfenced Covid-19 Grant	(11.347)	(11.347)	0
TOTAL	18.807	13.230	5.577

2. The most significant elements of the Covid-19 expenditure are personal protective equipment, additional social care demand and financial support to the market, rough sleeping, mortuary provision and social distancing related costs. In addition to the expenditure that has been incurred, a number of the council's revenue streams have been affected, the most significant of which is parking.
3. The underlying budget overspend, net of the financial impact of Covid-19, is £5.577m. This is set out in Table 2.

Table 2 – Month 2 forecast variance excluding the impact of Covid-19

Department	Revised budget £m	Forecast net variance £m
Children's Services	50.200	3.165
The Economy Department	4.806	1.628
The Environment Department	67.497	0.639
Controlled Parking Account	(26.113)	(0.066)
Finance	3.778	0.101
Resources	4.480	(0.045)
Social Care	55.350	1.505
Centrally Managed Budgets	13.099	1.650
Total	173.097	8.577
Balance of unapplied unallocated contingency		(3.000)
TOTAL	173.097	5.577

4. Mitigating action plans of £2.373m have been identified, which if delivered would reduce, the underlying overspend to £3.204m. After including the impact of Covid-19 the forecast overspend, net of mitigating actions, is £16.434m.

Table 3: Summary of net forecast outturn variances after action plans

Department	Gross Forecast Outturn Variance	Potential Value of Action Plan Mitigations	Forecast Outturn Variance
	£m	£m	£m
Children's Services	3.165	0.000	3.165
The Economy Department	1.628	(0.350)	1.278
The Environment Department	0.639	(0.423)	0.216
Controlled Parking Account	(0.066)	(0.100)	(0.166)
Finance	0.101	0.000	0.101
Resources	(0.045)	0.000	(0.045)
Social Care	1.505	(1.500)	0.005
Centrally Managed Budgets	1.650	0.000	1.650
Total	8.577	(2.373)	6.204
Balance of unapplied unallocated contingency	(3.000)	0.000	(3.000)
Net Impact of Covid-19	13.230	0.000	13.230
TOTAL	18.807	(2.373)	16.434

4. The Finance, Commercial Revenue and Contracts Policy & Accountability Committee also considered a report on the financial impact of Covid-19 on the council on 23 July. The estimate set out in this month 2 monitor identifies the net forecast for the current year. Significant income reductions will also arise, regarding council tax and business rates, that do not affect the budget until 2021-22. In addition, the Council incurred additional costs of £188,000 in 2019/20 which was funded from the emergency Covid-19 grant funding.
5. The main departmental variances are set out in Appendices 1 to 7. Additional information is provided on the delivery of planned savings and the type of expenditure (such as employees). Future reports will build on this preliminary analysis to provide a more complete picture of the council's finances.

HOUSING REVENUE ACCOUNT

6. The Housing Revenue Account underspend is **£0.181m**. The main variances are detailed in Appendix 8.

Table 4: Housing Revenue Account forecast outturn

Housing Revenue Account (General Reserve)	£m
Balance as at 31 March 2020	(24.580)
Less: Budgeted appropriation from balances	7.924
Add: underspend	(0.181)
Balance as at 31st March 2021	(16.387)

DEDICATED SCHOOLS GRANT (DSG)

7. Dedicated schools grant (DSG) is paid in support of local authority schools' and is the main source of income for the schools' budget. It is split between central expenditure and the individual schools' budget (ISB) in conjunction with the local schools' forum.
8. Funding for the High Needs Block (HNB) continues to be under pressure and the Council had a cumulative overspend on the DSG of £19.4 million at 31 March 2020. Whilst an increase in the HNB funding allocations has reduced the forecast annual deficit. for 2020/21 a further DSG overspend of £2.1 million is forecast that will increase the cumulative deficit to £21.6 million.

Table 5: Dedicated Schools Grant - deficit

	£m
DSG deficit brought forward from prior years	19.416
In-year outturn deficit	2.179
Deficit at the end of 2020/21	21.595

GENERAL FUND RESERVES

- 10 Budget Council agreed a reserves strategy and action plan that forecast that Hammersmith and Fulham would have uncommitted reserves and balances of £41.4m by the close of 2023/24. This forecast assumed no overspend in 2020/21.
- 11 Further to the provisional closure of the 2019/20 Accounts the reserves strategy and action plan will be reviewed to provide an update at the end of Quarter 1 (30th June). This will include a review of historic commitments, drawdown of the 2019/20 deficit and 2020/21 budgeted contributions to reserves.

VIREMENT AND WRITE OFF REQUESTS

- 12 General Fund virements of £1.960m are proposed as detailed in Appendix 9.

REASONS FOR DECISION

- 13 To report the revenue expenditure forecast and comply with Financial Regulations.

EQUALITIES IMPLICATIONS

- 14 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 report.
- 15 If any such adjustments might lead to a service change and/or changes in staffing structures that could have a negative impact on groups with protected characteristics, then a full Equality Impact Assessment will need to be carried out.

Implications completed by Peter Smith, Head of Policy and Strategy, tel. 07818 402486.

RISK MANAGEMENT IMPLICATIONS

- 16 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.

- 17 Covid-19 funding has been made available to the Councils in two main tranches. Settlement from HM Government has however fallen short to meet the financial impact to the Council including loss of income. A Recovery Board has been put into place providing assurance to the Strategic Leadership Team that a managed recovery takes place maximising some of the benefits gained from increased productivity, efficiency, digital working and lower than anticipated sickness levels during Covid-19.
- 18 Should no further Covid-19 government funding be forthcoming, and no mitigating actions are delivered to reduce this overspend in year, a further charge against such reserves and balances we be required and will have a serious impact on the council's future financial resilience.

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

List of Appendices:

Appendix	Title
Appendix 1	Children's Services
Appendix 1a	Dedicated Schools Grant (DSG)
Appendix 2	The Economy Department
Appendix 3	The Environment Department
Appendix 3a	Controlled Parking Account
Appendix 4	Finance
Appendix 5	Resources
Appendix 6	Social Care
Appendix 7	Centrally Managed Budgets
Appendix 8	Housing Revenue Account
Appendix 9	Virement Requests

APPENDIX 1: CHILDREN'S SERVICES
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Budget £000's	Variance month 2 £000's
Employees	20,878	556
Premises-related expenditure	533	25
Transport-related expenditure	154	6
Supplies & services	7,953	2,161
Third party payments	49,611	(350)
Transfer payments (e.g. housing benefits, Schools funding transfers)	64,980	4,216
Support services (Internal trading services)	511	497
Items excluded from the cost of services (debt management and capital charges)	0	0
Income	(100,275)	(3,454)
Non-controllable expenditure (technical accounting adjustments e.g. overhead redistribution)	5,856	0
Total	50,200	3,658

Table 2 - Variance by departmental division				
Departmental division	Revised budget	Forecast variance month 2	Forecast variance due to Covid-19	Forecast variance (non – Covid-10) Month 2
	£000	£000	£000	£000
Family Services	33,732	870	268	602
Special Educational Needs and Disabilities	9,396	903	80	823
Education	891	1	0	1
Children's Commissioning	4,303	1,608	0	1,608
Assets, Operations & Planning	1,877	276	145	131
School Funding	0	0	0	0
TOTAL	50,200	3,658	493	3,165

Table 3 - Variance analysis	
Departmental division	Month 2 £000
Family Services	
<u>Placements</u>	
Underspend due to additional government grant income announced for Staying Put (£105,000) and Unaccompanied Asylum-Seeking Children Grant (£650,000). In addition, there has been a lower level of new entrants due to Covid-19 than was modelled for the growth awarded in 2020-21. This is partially offset by one very high cost placement with	(542)

Table 3 - Variance analysis	
Departmental division	Month 2 £000
significant increased costs. There is a high risk of increased case numbers later in the year and referrals will be closely tracked as lockdown restrictions are lifted and children return to school. The placements model contains £1m of contingency for new placements.	
<u>Client related expenditure</u> In addition to placement costs additional costs include and subsistence and statutory allowances. The forecasted client transport overspend is £347,000. Children in Need miscellaneous client non placement expenditure child is overspent by £190,000 and Looked After Children miscellaneous client non placement expenditure is £66,000 overspent. A focus group is preparing a plan for spend reductions as part of the department's 'recovery and budget planning' work.	710
<u>Legal costs</u> The 2019/20 overspend was £580,000 and this continues to be a pressure in 2020/21 as the budget has not kept pace with demand. A review and expenditure reduction plan for legal will form part of the department's 'recovery and budget planning' work.	574
<u>Assessments</u> Family Assessments were £331,000 overspent in 2019/20. Demand for spot purchase assessments on top of the Multidisciplinary Family Assessment Service contract with the Tavistock and Portman NHS Foundation Trust are causing a 2020/21 overspend.	261
<u>Staffing</u> There is a forecasted £351,000 underspend on fostering and adoption staff costs as a result of a reduced share of activity offset by overspends due to agency cover while recruitment is underway and for maternity leave. A full review of staffing is taking place with the department as part of the budget planning work alongside an agency reduction plan.	117
<u>Other minor variances</u> This includes income variances to be reviewed in light of updated allocations and planned balance sheet drawdowns.	(250)
Family Services total	870
Special Educational Needs and Disabilities (SEND)	
<u>Travel care and support</u> The overspend is primarily due to significant demand, student number growth and longer journeys needed for pupils with complex medical needs and physical disabilities. This is a demand led statutory service which saw an expenditure increase of 13% in 2019/20 and are predicting a further 14% increase in 2020/21. The service continues to experience increased demand for travel assistance due to the 7% increase in pupils with Education and Health Care Plans (EHCPs). Approximately 28% of the EHCP cohort require and	706

Table 3 - Variance analysis	
Departmental division	Month 2 £000
<p>access travel assistance.</p> <p>The forecast includes further demand growth (£0.152m) predicted from September and a likely indexation increase (£0.067m) also from September for the new academic year.</p> <p>The service have not yet delivered £0.049m on its saving target of £0.129m. Further opportunities to deliver savings are being explored to mitigate the risk of under delivery and to reduce the forecast overspend including identifying alternative pathways and step-down transition. A review has been conducted to ensure provision matches risk and needs of the child/young person, ensuring routes and services are efficient and optimised.</p>	
<p><u>The Haven</u></p> <p>The forecast overspend is primarily due to overtime paid as a result of historic practices, long term sickness and performance issues.</p> <p>The service also experiences volatility in income due to the uncertainty of out of borough pupils remaining in the provision. The Covid-19 pandemic has meant the two pupils are staying on a longer-term basis but the provision is currently under-capacity by 2 beds. The sixth bed will be filled in October 2020.</p> <p>The Covid-19 pandemic has increased staff and operational costs to ensure cover which are included in the forecast by c£0.080m.</p> <p>The service intend to start a review of staffing structures and to establish a new service delivery model.</p>	266
<p><u>Children with disability placements - short breaks and care packages</u></p> <p>There are 3 service types: Direct Payments - 123 cases overspend £0.431m Care Packages (Spot) - 107 cases underspend £0.099m Residential Placements - 9 cases underspend £0.053m and a contingency of £0.307m for the financial year.</p>	4
Other minor variances	(73)
Special Educational Needs and Disabilities total	903
Education	
No variance forecast.	1
Education total	1
Children's Commissioning	
<p>2018/19 budget savings of £1.5m are yet to be delivered with respect to commissioned Early Help, Children's Centre and Youth services.</p> <p>A plan to deliver savings over the medium term is being developed which involves an additional funding request in 2020/21 of £0.75m and in year</p>	1,608

Table 3 - Variance analysis	
Departmental division	Month 2 £000
savings of circa £0.95m.	
Children's Commissioning total	1,608
Assets, Operations & Planning	
Children's Services savings are loaded here and are due to be redistributed across the service as delivery plans are developed.	276
Assets, Operations & Planning total	276
School Funding	
Nil variance	0
School Funding total	0
TOTAL VARIANCE	3,658

Table 4 - Savings delivery				
	Savings target	On track	Partially deliverable	Undeliverable
	£000s	£000s	£000s	£000s
Children's Services	836	257	579	0
Total Savings				
Schemes not on track	£000s	Reason		
Employee Savings	250	Part of a wider staffing review due to take place in June / July 2020 to deliver the 2020/21 £250,000 savings and additional targets required as part existing pressures on the CHS staffing budget and the 2021/22 savings required.		
Semi Independent Living Housing Strategy	200	Accommodation moves have been delayed due to Covid-19 restrictions. Partial delivery will be made from July when moves can be managed safely.		
Travel Care	129	Partial delivery is forecast in year with mitigation plans being drawn up.		

APPENDIX 1a: DEDICATED SCHOOLS GRANT (DSG)
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Variance by Departmental Division				
Departmental division	Revised budget	Forecast variance month 2	Forecast variance due to Covid-19	Forecast variance (non – Covid-19) month 2
	£000	£000	£000	£000
High Needs Block expenditure	22,868	2,194	0	2,194
Early Years Block expenditure	15,979	(12)	0	(12)
Schools Block expenditure	38,674	0	0	0
Central School Services Block expenditure	3,878	(3)	0	(3)
DSG Income	(81,398)	0	0	0
TOTAL	0	2,179	0	2,179

Table 2 - Variance analysis	
Departmental division	Month 2 £000
High Needs Block (HNB) (<i>High Needs funding supports provision for children and young people with special educational needs from their early years to age 25 and Alternative Provision</i>)	
The current High Needs Block (HNB) forecast outturn is £25.46m representing an improvement of £1.26m on the final 2019/20 outturn. This outturn represents a forecast overspend of £2.1m.	
The authority has received additional funding after Education Skills Funding Agency (ESFA) academy recoupment and place reductions of £2.796m in FY 2020/21, an increase of 14.3% nationally. However, a decrease in available funding from the Schools Block and the Central Services Schools Block means the final net increase is £2.1m or 10.1%.	
The authority expects a further increase in funding Summer 2020 of £0.882m on the import/export adjustment to reflect the number of Special Education Needs and Disability (SEND) pupils from other boroughs that attend Hammersmith and Fulham schools.	
There remains uncertainty as to any funding implications on the 2019/20 import/export error caused by a data error of the Further Education (FE) college. Any liability that may occur on this will be reflected in the 2020/21 forecast position once we have confirmation from the Education and Standards Funding Agency.	
There are other risks relating to the potential under-recovery of the regional administration charge and income due from other boroughs for the wrap-around service relating to Speech and Language Therapy.	
	2,194

Table 2 - Variance analysis	
Departmental division	Month 2 £000
High Needs Block total	2,194
Early Years Block (<i>Funding for Early Years including Two-Year-Old funding and Early Years Pupil Premium</i>)	
The Early Years DSG has a brought forward surplus balance of £0.066m from 2019/20 after the recovery of 2018/19 financial year deficit of £0.206m.	
The final funding for 2019/20 will be confirmed in Summer 2020. There is a potential favourable movement as a result of increased entitlement to government funded hours in the Spring 2020 census. The surplus must be used to support Early Years settings in line with grant conditions.	0
Early Years Block total	0
Schools Block (<i>This budget of the DSG forms the core funding for mainstream maintained schools</i>)	
No variance forecast on Schools delegated or de-delegated budgets or those for maintained education functions.	0
Schools Block total	0
Central School Services Block (CSBB) (<i>Funding for the Local Authorities' ongoing responsibilities</i>)	
The CSSB is budgeted to contribute to High Needs Block related expenditure of £0.461 in 2020/21. Savings of %0.537m have been achieved to mitigate a reduction in government grant.	0
Central School Services Block total	0
TOTAL VARIANCE	2,194

Table 3 - Key risks - Items Over £250,000	
Risk description	Risk at month 2 £000
<p>The council is a regional commissioner for children and young people with SEND with 47% of the school's population with an Education and Health Care Plan (EHCP) originating from out of borough.</p> <p>The forecast assumes full recovery of Speech and Language Therapy (SALT) and Occupational Therapy (OT) charges for the wrap around services. However, there is a risk of only partial recovery primarily due to quality data issues held by the NHS trust who provide the service.</p> <p>The Covid-19 pandemic could also have an impact as there will be a loss of chargeable income for the Summer term 2020.</p>	TBC
TOTAL RISKS MANAGED	TBC

APPENDIX 2: THE ECONOMY DEPARTMENT
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Budget £000's	Variance Month 2 £000's
Employees	10,990	(280)
Premises-related expenditure	839	825
Transport-related expenditure	11	0
Supplies & services	3,052	63
Third party payments	17,697	1,008
Transfer payments (e.g. Housing Benefits, Schools funding transfers)	98	0
Support services (Internal Trading Services)	146	84
Items excluded from the cost of services (Debt management and Capital Charges)	0	0
Income	(26,838)	1,594
Non-controllable expenditure Technical Accounting Adjustments e.g. overhead redistribution)	(1,189)	0
Total	4,806	3,294

Table 2 - Variance by departmental division				
Departmental division	Revised budget	Forecast variance month 2	Forecast variance due to Covid-19	Forecast variance (non – Covid-19)
	£000	£000	£000	£000
Housing Solutions	6,992	1,675	1,258	417
Growth	(4,398)	(41)	0	(41)
Economic Development, Skills Service	794	58	58	0
Planning	1,309	1,605	350	1,255
Operations	104	3	0	3
Direct Delivery	5	(6)	0	(6)
TOTAL	4,806	3,294	1,666	1,628

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
Housing Solutions	
Although the forecast for average client numbers (958 units) is lower than budgeted (969 units) in Private Sector Leased (PSL) temporary accommodation schemes, the unit rent payments to landlords have been increased to reflect inflation on the Local Housing Allowance (LHA), resulting in a net overspend.	107
Although there is a forecast reduction in average client numbers (from a budget of 90 clients to a forecast of 81) in Bed and Breakfast (B&B) temporary accommodation, higher Out of Hours (OOH) placements and pre-booking (from a budget of 4 per day on average to an actual of 22 per	50

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
day on average to the end of May) has resulted in a net forecast overspend.	
An overspend on cost avoidance payments of £0.6m to Private Sector Leasing and Direct Letting landlords is expected this year to secure temporary accommodation. In addition, further spend of £0.45m is forecast under a Cabinet decision to invest up to £0.9m from reserves to secure 300 additional private rented sector properties to prevent homelessness or enabling households to exit temporary accommodation.	600
Flexible Homelessness Support Grant provided by 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 £50,000 which we expect Registered Providers to claim). The grant has been confirmed for 2020/21 but not for subsequent years so there is a risk of significant budget pressure in the future.	(166)
Homelessness Reduction Grant of £0.568m is provided by Government to enable councils to fulfil their duties under the Homelessness Reduction Act and to help homeless households into accommodation. Of this, £394m has been allocated to Housing Solutions and Preventions.	(174)
The provision of accommodation and supported housing to rough sleepers and clients needing to self-isolate as part of the council's response to the Covid-19 pandemic is forecast to cost £1.233m plus £25,000 for the additional costs in managing increased activity within the out of hours service.	1,258
Housing Solutions total	1,675
Growth	
Valuation Services: Income generated from recharges is expected to be (£19k) in excess of the income target. Staff variances of (£5k) are also forecast.	(24)
Rent and Other Properties: Income generated from rent is expected to be (£30k) in excess of the income target following the acquisition of Farm Lane and Gibbs Green School.	(30)
Housing Strategy: underspend from vacant post (£28k) offset by overspend due to lower capitalisation of salaries of £44k within the Development Team due to delays on capital schemes.	13
Growth total	(41)
Economic Development & Skills Service	
Business Investment Team: unbudgeted security costs are forecast to support social distancing measures at North End Road market.	58
Economic Development & Skills Service total	58
Planning	
Development Management Planning Applications income shortfall of £1.4m due to economic factors such as the impact of Brexit. An overspend of £75,000 relates to exceptional costs for Counsel, legal and other	1,339

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
specialist advice on a number of specific applications, partly offset by a staffing underspend of (£136,000) as a result of ongoing recruitment process.	
Development Management (Covid-19) - a further Planning Applications income shortfall of £350,000 is expected due to the impact of the pandemic. This is a best estimate based on proxies and will be monitored and updated as patterns emerge over the coming months.	350
Planning Management	(5)
Spatial Planning staffing vacancies due to an ongoing recruitment process following a restructure.	(79)
Planning total	1,605
Operations	
Minor variances	3
Operations total	3
Direct Delivery	
Minor variances	(6)
Direct Delivery total	(6)
TOTAL VARIANCE	3,294

Table 4 - Savings delivery					
Dept		Savings Target	On track	Partially deliverable	Undeliverable
		£000s	£000s	£000s	£000s
Total Savings		758	758	0	0
Schemes not on Track	£000s	Reason			
None					

Table 5 - Key risks - Items over £250,000	
Risk description	Risk at month 2 £000
Overall Benefit Cap	100
Direct Payments (Universal Credit)	50
Increase in bad debt provision on Temporary Accommodation (Bed & Breakfast and Private Sector Leasing) rent arrears because of reductions in personal income due to Covid-19.	800
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 current forecast.	550
Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast.	400

Table 5 - Key risks - Items over £250,000	
Risk description	Risk at month 2 £000
There is a risk of large families being accommodated in B&B.	100
Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast.	400
Markets Street Trading potential shortfall in income generated from temporary traders at Wood Lane, football venues and Lyric Square, due to business uncertainty due to the Covid-19 pandemic.	200
Townmead and Sullivan Workshops commercial rents: a potential shortfall in rent income received from tenants as a result of business uncertainty and possible liquidation of businesses as a result of the Covid-19 pandemic.	150
Adult Learning Skills Service course fees risk of reduction in income if student capacity falls to 25% from the start of the academic year (September 2020).	450
As a result of delays to capital schemes due to Covid-19, there is a risk that staff capitalisation will be lower than budgeted.	50
Planning has an ongoing risk of an overspend against the budget due to potential costs associated with judicial reviews and major planning appeals including additional work to support the Hammersmith Town Centre supplementary planning document.	200
Asset Strategy and Portfolio Management - Following Covid-19 crisis commercial properties have been granted 3 months rental holiday which is expected to be recovered later in the year. However, there is a risk that commercial rent may not be recovered.	100
TOTAL RISKS MANAGED	3,550

Supplementary Monitoring Information
<p>The forecast outturn for Housing Solutions of a £417,000 overspend (excluding pressures due to Covid-19) is set within the context of a reduction in the base budget for 2020/21 of £697,000 to reflect agreed savings. The service continues to manage risks (outlined in the table above) together with future cost pressures and savings requirements in an unpredictable environment.</p> <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 TA 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, 1,205 at April 2020). The current number of households in TA is 1,225 (at 31 May 2020) represents a rise of over 0.9% since April 2016 at a time when the London average has increased by 5%. TA numbers are projected to increase to 1,259 at April 2021 and 1,309 at April 2022 and 1,359 at April 2023.</p>

Supplementary Monitoring Information

The number of enquiries in April and May 2020 respectively was 208 and 202, down from 259 and 222 in the same period in 2019. We received 39 (April) and 47 (May) Part 7 Homelessness applications, a reduction from 88 and 111 in the same period respectively. The reduction in approaches has been consistently in decline since the implementation of the Homelessness Reduction Act (2018). Prevention and Assessment have had increased approaches from single households & rough sleepers as a result of the Covid-19 pandemic – in excess of 252 placements made during April and May so, whilst the number of approaches and statutory applications are down, the workload and cases are higher than this period last year as a result.

Planning income in recent years has fluctuated between £3.6m (2018/19), £2.3m (2019/20) and is currently forecast to reach £2m in 2020/21, some £1.7m short of the budget.

The inherent volatility of planning income means it is difficult to predict future income expectations due to several factors including:

- Covid19 impact on wider economy and on delays in construction projects
- Changes to the statutory charging schedule
- Economic factors such as the impact of Brexit, concerns about economic recession on developer/investor confidence and planning activity.
- 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 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, and delays in supply chains, delaying construction pipeline

APPENDIX 3: THE ENVIRONMENT DEPARTMENT
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Budget £000's	Variance Month 2 £000's
Employees	21,618	1,510
Premises-related expenditure	5,168	60
Transport-related expenditure	867	(13)
Supplies & services	16,477	263
Third party payments	23,521	1,469
Transfer payments (e.g. Housing Benefits, Schools funding transfers)	260	0
Support services (Internal Trading Services)	10,692	6
Items excluded from the cost of services (Debt management and Capital Charges)	945	(97)
Depreciation and impairment losses	13,680	0
Income	(25,730)	706
Non-controllable expenditure	0	0
Total	67,497	3,906

Table 2 - Variance by departmental division				
Departmental division	Revised budget	Forecast variance month 2	Forecast variance due to Covid-19	Forecast variance (non-Covid- 19)
	£000	£000	£000	£000
Public Realm	35,769	2,090	2,038	52
Safer Neighbourhoods & Regulatory Services	8,664	591	312	279
Leisure, Sport and Culture	7,455	759	710	49
Resident Services	15,610	466	216	250
Executive and Support	0	0	0	0
Total	67,497	3,906	3,276	630

Table 3 - Variance analysis	
Departmental division	Month 2 £000
Public Realm	
Highways - unbudgeted enforcement of social distancing in parks and open spaces (Covid-19 cost), provided by the Council's Highways contractor.	392
Highways - unbudgeted cycle lane works to aid social distancing (Covid-19 cost). Funding request submitted to Transport for London but not yet confirmed.	939
Highways - other unbudgeted Covid-19 related costs, mostly relating to social distancing measures.	71

Table 3 - Variance analysis	
Departmental division	Month 2 £000
Highways - planned underspend on general maintenance	(100)
Commercial waste - includes £228,000 net income shortfall relating to Covid-19 business closures (forecast assumes return to business as usual from October) and £36,000 loss of income following decant from Hammersmith Town Hall	572
Waste disposal - includes £165,000 estimated increase in domestic waste tonnages resulting from Covid-19, as more people at home producing more waste	32
Delayed implementation of waste contract savings due to service impact of Covid-19	243
Unconfirmed s.106 for Environmental Quality (prior year budgeted saving)	60
Other smaller net variances	(119)
Public Realm total	2,090
Community Safety and Regulatory Services	
Building control - net income shortfall due to a reduction in demand for chargeable works. Assumes outturn in line with last year. Service being reviewed to assess potential for income growth and closer alignment of income and expenditure.	187
Community Safety - unbudgeted enforcement of social distancing in parks and open spaces (Covid-19 cost), provided by Parks security and enforcement contractor.	189
Unconfirmed s.106 for CCTV (prior year budgeted saving).	120
Emergency Planning - budget pressure due to partial budget growth for enhanced team and decision to maintain existing emergency response rota cover (prior year saving therefore not fully achieved).	51
Regulatory Services - expected loss of income due to Covid-19 business disruption (mostly due to inability to access properties and business premises to carry out inspections and treatments).	123
Noise and Nuisance - net ongoing loss of gas safety checking income following service in-sourcing by housing.	95
Technical Support - staffing underspend due to posts held vacant.	(58)
Other smaller net variances.	(116)
Community Safety and Regulatory Services total	591
Leisure, Sport and Culture	
Cancelled events due to Covid-19 lockdown.	224
Cancelled filming due to Covid-19 lockdown.	37
Lettings and Filming - loss of income as a result of decanting from Hammersmith Town Hall	193
Lettings and Filming - Transfer from the King Street Redevelopment Reserve for loss of income resulting from the decant from Hammersmith Town Hall	(193)
Events in parks income shortfall, due mostly to Member preference to restrict the number of large events in parks (mostly funfairs and	43

Table 3 - Variance analysis	
Departmental division	Month 2 £000
circuses).	
Filming income shortfall - mostly unachieved prior year saving (£50,000) and lost income opportunity when Fulham Town Hall closed (£45,000). No longer able to be offset by underspends elsewhere in the department	95
Events - Commercial income target for a Market on Shepherds Bush Green not progressed due to proximity to the existing permanent market. Alternative income generating proposals being progressed but not likely to be delivered in 2020/21 due to the impact of Covid-19 on the events sector	100
Registrars - three months loss of income relating to Covid-19 business disruption (£125,000), partially offset by forecast staffing underspends (-£78,000)	47
Libraries - net loss of income during period of library closure relating to Covid-19.	85
Libraries - planned contractual /restructure change (dependent on recruitment / subject to change)	(102)
Parks – delayed saving for better procurement in parks	50
Leisure contract – income shortfall due to deferment of contractual income during period of leisure centre closure, related to Covid-19 (currently assuming 3-month closure, but subject to change)	99
Sports bookings contract – income shortfall due to deferment of contractual income during period of no bookings in parks, related to Covid-19 (currently assuming 3-month loss of business, but subject to change)	140
Other smaller net variances	(59)
Leisure, Sport and Culture total	759
Resident Services	
Additional staff costs in Revenues, Benefits and Customer Contacts related to Covid-19 increased service demand (£221,000), partially offset by expected Covid-19 related New Burdens funding, but not yet confirmed (-£70,000)	151
Delayed savings to be delivered through the Resident Experience and Access Programme. Business case being revisited for in-year quick wins following Covid-19 related service changes	741
Delayed implementation of new staffing structures due to Covid-19 impact on service demand	65
Implementation of new directorate service staffing structure from October	(388)
Other smaller net variances	(103)
Resident Services total	466
TOTAL VARIANCE	3,906

Table 4 - Savings Delivery

Dept		Savings target	On track	Partially deliverable	Undeliverable
		£000s	£000s	£000s	£000s
Total Savings		224	50	174	0
Schemes not on track	£000s	Reason			
New Leisure Contract	174	Fixed contractual income deferred due to Covid-19 related Leisure Centre closure (£75,000 deliverable and £99,000 at risk)			

Table 5 - Key risks - Items Over £250,000

Risk description	Risk at month 2 £000
General risk to commercial income if the effects of Covid-19 last beyond the current forecast periods	TBC
Delivery plan against new in year staff saving not yet confirmed	334
Climate Change team funding not yet identified	202
TOTAL RISKS BEING MANAGED	536

Supplementary Monitoring Information

The Environment Department has been at the forefront of the Council's Covid-19 response, as reflected by the additional unbudgeted spend. Loss of commercial income relating to business disruption during the Covid-19 lockdown has also presented significant budget pressures. This is likely to worsen as the long-lasting effects of Covid-19 on the local economy become clearer. The department is working to mitigate the financial impact as far as possible (including seeking external funding); but will be unable to fully absorb the net budget pressure. It is expected that Covid-19 related costs will be covered by the central government grant where possible, although the current grant allocation is insufficient to cover the expenditure and losses across the Council. There are also a number of historic budget pressures included in the base budget for the department. It is expected that these will be permanently addressed as part of the annual savings and budget setting cycle, allowing the departmental budget to be rebased in line with spend and income expectations from 2021/22.

APPENDIX 3A: CONTROLLED PARKING ACCOUNT
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Budget £000's	Variance month 2 £000's
Employees	6,644	(67)
Premises-related expenditure	274	0
Transport-related expenditure	4	0
Supplies & services	1,152	0
Third party payments	2,154	0
Transfer payments (e.g. housing benefits, schools funding transfers)	0	0
Support services (internal trading services)	296	0
Items excluded from the cost of services (debt management and capital charges)	0	0
Income	(39,728)	11,825
Non-controllable expenditure (technical accounting adjustments e.g. overhead redistribution)	3,091	0
Total	(26,113)	11,758

Table 2 - Variance by departmental division				
Departmental division	Revised budget	Forecast variance month 2	Forecast variance due to Covid-19	Forecast variance (non – Covid-19) month 2
	£000	£000	£000	£000
Correspondence	942	5		5
CEOs and Removal & Storage	(8,338)	4,376	4,422	(47)
CCTV	1,794	16		16
Permits	(4,525)	1,028	1,028	
Pay and Display	(16,861)	5,470	5,470	
Suspensions & Street Services	(2,460)	873	905	(32)
Finance	410	(34)		(34)
Parking Operations and Contracts	1,861	(27)		(27)
Customer Service	392	26		26
Business Development	307	(5)		(5)
Appeals and Special Events	366	33		33
TOTAL	(26,113)	11,759	11,825	(67)

Table 3 - Variance analysis	
Departmental division	Month 2 £000

Table 3 - Variance analysis	
Departmental division	Month 2 £000
Correspondence	5
The current variance is due to salary forecasts	
CEOs and Removal & Storage	4,376
-£46,513 is due to a vacant position within CEOs, £4,422,201 is due to a reduction in PCN income due to Covid-19.	
CCTV	16
The current variance is due to salary forecasts	
Permits	1,028
The total variance is due to a reduction in permits income due to COVID-19.	
Pay and Display	5,470
The total variance is due to a reduction in pay and display income due to COVID-19.	
Suspensions & Street Services	873
-£31,976 is due to a decrease in salary forecast, £905,129 is due to a reduction in suspensions income due to Covid-19.	
Finance	(34)
The current variance is due to salary forecasts, where one vacant position will not now be hired to.	
Parking Operations and Contracts	(27)
The current variance is due to salary forecasts, where a vacant position is not being filled until later in the year.	
Customer Service	26
The current variance is due to salary forecasts	
Business Development	(5)
The current variance is due to salary forecasts	
Appeals and Special Events	33
The current variance is due to salary forecasts	
TOTAL VARIANCE	11,759

Table 4 - Savings delivery					
		Savings target	On track	Partially deliverable	Undeliverable
		£000s	£000s	£000s	£000s
Total Savings		750			750
Schemes not on track	£000s	Reason			
Recognition of Parking Income Surplus	750	The net savings target will not be met this year due to Covid-19 lockdown which has had a significant impact on parking income, suspensions and PCN's.			

Table 5 - Key risks - Items over £250,000	
Risk description	Risk at month 2 £000

Table 5 - Key risks - Items over £250,000	
Risk description	Risk at month 2 £000
A second wave of Covid-19 lockdown causing another reduction in income.	10,000
TOTAL RISKS MANAGED	10,000

APPENDIX 4: FINANCE
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast Variance by Subjective		
Subjective	Budget £000's	Variance Month 2 £000's
Employees	10,281	216
Transport-related expenditure	2	0
Supplies & services	3,084	(70)
Third party payments	14	0
Internal recharges - expense	0	0
Internal traded expense - legal	40	0
Internal traded expense - other	1	0
Internal traded income - other	0	0
Premises-related expenditure	3,023	0
Internal recharges - income	(71)	0
Income	(1,142)	0
Support services	(12,267)	0
Depreciation and impairment losses	813	0
Total	3,778	146

Table 2 - Variance by Departmental Division				
Departmental Division	Revised Budget	Forecast Variance Month 2	Forecast Variance due to Covid-19	Forecast Variance (non – Covid- 19) month 2
	£000	£000	£000	£000
Assurance, Programmes & Analytics	882	401	0	401
Audit, Fraud, Risk and Insurance	1,032	(115)	0	(115)
Chief Executives Office	544	0	0	0
Corporate Buildings & Facilities Management	6,604	45	45	0
Finance	4,134	(185)	0	(185)
Managed Services	2,037	0	0	0
TOTAL	15,233	146	45	101
Departmental non-controllable budgets	(11,455)			
Revised variance	3,778	146	45	101

Table 3 - Variance Analysis

Departmental Division	Month 2 £000
Assurance, Programmes & Analytics	
Assurance, Programmes & Analytics - pressure on Business Intelligence (BI) staffing costs mainly due to unfunded posts and additional resource to address critical roles required to meet organisational demand, including the delivery of several key statutory reports. The BI team continues to deliver financial benefits across the council in excess of total service cost. The overspend is partially offset by forecast underspends on held vacancies within the Programme Management Office.	401
Assurance, Programmes & Analytics total	401
Audit, Fraud, Risk and Insurance	
Audit, Fraud, Risk and Insurance- Underspend against audit contract	(115)
Audit, Fraud, Risk and Insurance total	(115)
Chief Executives Office	
	0
Chief Executives Office total	0
Corporate Buildings & Facilities Management	
Facilities Management – Covid-19 spend on additional cleaning staff and deep cleaning of corporate buildings	45
Corporate Buildings & Facilities Management total	45
Finance	
Finance - Underspend on staffing budgets	(185)
Finance total	(185)
Hampshire partnership	
	0
Hampshire partnership total	0
TOTAL VARIANCE	146

Table 4 - Savings Delivery					
		Savings Target	On Track	Partially Deliverable	Undeliverable
		£000s	£000s	£000s	£000s
Total Savings		544	544		
Schemes not On Track	£000s	Reason			

Table 5 - Key Risks - Detail Items Over £250,000	
Risk Description	Risk At Month 2 £000
Corporate Buildings & Facilities Management - Rental income from	75

Table 5 - Key Risks - Detail Items Over £250,000	
Risk Description	Risk At Month 2 £000
Ravenscourt stores at risk	
TOTAL RISKS MANAGED	75

APPENDIX 5: RESOURCES
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Budget £000's	Variance Month 2 £000's
Employees	13,391	(121)
Transport-related expenditure	19	0
Supplies & services	12,619	342
Third party payments	0	0
Internal traded Expense - legal	115	0
Internal traded Expense - other	54	0
Internal traded Income - legal	(2,653)	0
Internal traded Income - other	(1,046)	0
Premises-related expenditure	184	0
Internal recharges - income	(1,570)	359
Income	(2,959)	0
Support services	(14,132)	0
Depreciation and impairment losses	458	0
Total	4,480	580

Table 2 - Variance by Departmental Division				
Departmental Division	Revised Budget	Forecast Variance Month 2	Forecast Variance due to Covid-19	Forecast Variance (non- Covid-19)
	£000	£000	£000	£000
Policy, Print Service and Communications	779	559	200	359
Democratic Services, Coroners & Mortuaries	2,280	250	400	(150)
Digital Services	13,196	(225)	25	(250)
Legal Services	(889)	0	0	0
Members Support	264	26	0	26
People and Talent	2,184	0	0	0
Procurement	340	(30)	0	(30)
TOTAL	18,154	580	625	(45)
Departmental non-controllable budgets	(13,674)			
Revised Variance	4,480	580	625	(45)

Table 3 - Variance Analysis	
Departmental Division	Month 2 £000
Policy, Print Service and Communications	
Overspend as a result of underachievement of traded income within the print service and difficult to achieve savings. Additional expenditure this	559

Table 3 - Variance Analysis	
Departmental Division	Month 2 £000
year in forecast relating to Covid-19	
Communications and Policy total	559
Democratic Services, Coroners & Mortuaries	
Democratic Services, Coroners & Mortuaries- additional costs relating to temporary mortuary storage costs associate equipment	250
Democratic services, Coroners & Mortuaries total	250
Digital Services	
Digital Services - Cost reduction from the desktop services area and a reduction in print charges. Plus, negotiations resulted in reduced Microsoft Premier Agreement licence costs. Also, a new programme approach is being applied to the contract renewals and awards process which will produce efficiencies.	(225)
Digital Services total	(225)
Legal Services	
	0
Legal Services total	0
Members Support	
Small overspends on staffing budgets	26
Members Support total	26
People and Talent	
	0
People and Talent total	0
Procurement	
Procurement - Small underspends on staffing budgets	(30)
Procurement Total	(30)
TOTAL VARIANCE	580

Table 4 - Savings Delivery					
		Savings Target	On track	Partially deliverable	Undeliverable
		£000s	£000s	£000s	£000s
Total Savings		300	300		
Schemes not on track	£000s	Reason			

Table 5 - Key Risks - Items Over £250,000
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Risk Description	Risk At Month 2 £000
Network migration costs to business as usual service delivery may lead to an increase in current projections.	TBC
TOTAL RISKS MANAGED	TBC

**APPENDIX 6: SOCIAL CARE
BUDGET REVENUE MONITORING MONTH 2**

Table 1 - Forecast Variance by Subjective		
Subjective	Budget £000's	Variance Month 2 £000's
Employees	13,841	(24)
Premises-related expenditure	547	
Transport-related expenditure	49	
Supplies & services	9,976	
Third party payments	64,011	1,529
Transfer payments (e.g. housing benefits, schools funding transfers)	12,336	
Support services (internal trading services)	26	
Items excluded from the cost of services (debt management and capital charges)	0	
Income	(53,607)	
Non-controllable expenditure (technical accounting adjustments e.g. overhead redistribution)	8,171	
Total	55,350	1,505
Covid-19 cost		3,256
Revised Total	55,350	4,761

Table 2 - Variance by departmental division				
Departmental division	Revised budget	Forecast variance month 2	Forecast variance due to Covid-19	Forecast variance (non – Covid-19) month2
	£000	£000	£000	£000
Operations	20,796	(240)	0	(240)
Learning Disability, Mental Health and In-House Services	22,360	1,754	0	1,754
Commissioning	4,397	(9)	0	(9)
Resources	7,267	0	0	0
Social Care Directorate	530	0	0	0
Public Health	0	0	0	0
TOTAL	55,350	1,505	0	1,505
Social Care Covid-19	0	0	3,256	0
Revised Total	55,350	1,505	3,256	1,505

Table 3 - Variance Analysis	
Departmental Division	Month 2 £000
Operations	
The main reasons for the underspend is the full year effect of 41 net reductions in placement costs due to Covid-19 deaths in care home which amounts of (£625,000), Direct Payments with 8 fewer residents of	(240)

Table 3 - Variance Analysis	
Departmental Division	Month 2 £000
(£379,000) and PFI homes (£165,000). This is offset by the projected overspend of £930,000 due to the full year effect of home care packages and further increases in price. Mitigation plans are in place to address this overspend.	
Operation total	(240)
Learning Disability, Mental Health and In-House Services	
The projected overspend of is a similar position to the 2019/20 outturn position. The main pressures are in LD services due to a full year effect of new or returning people from 2019/20 and higher market costs comprising of Home care £874,000, Placements £589,000 and Direct Payment £96,000. There are also pressures in staffing cost of £129,000 for transitional workers to meet additional demand and some offsetting underspends in day care services of (£170,000). In Mental Health services a similar position of the full year effect of new or returning people since April 2019 results in a projected overspend of £358,000 in placements, £64,000 in Home care and some offsetting underspend in Direct Payments (£33,000) and reduced staffing costs of (£153,000). Mitigation plans are in place to address this overspend.	1,754
Learning Disability, Mental Health and In-House Services total	1,754
Commissioning	
	(9)
Commissioning total	(9)
Resources	
	0
Resources total	0
Social Care Directorate	
	0
Social Care Directorate total	0
Public Health	
	0
Public Health total	0
TOTAL VARIANCE	1,505
The department is projecting Covid-19 costs of £3.256m in 2020/21. The department is assuming costs will be funded from the LA Covid-19 emergency government grant, hospital discharge funding via the CCG's and from the Infection Control grant, although current grant allocations are not expected to be sufficient to fund the additional expenditure and lost income incurred across the Council as a result of the Covid-19 pandemic.	3,256
REVISED VARIANCE	4,761

Table 4 - Savings Delivery					
		Savings target	On track	Partially deliverable	Undeliverable
		£000s	£000s	£000s	£000s
Total savings		2,895	680	2,215	
Schemes not on track	£000s	Reason			
Better demand management and choice from acute hospitals. Transport. Better Mental Health Care and Support Services for new and existing demand. Continued improvement of Transitions work. Supply and contract management.	2,215	At the early stage of the new financial year the department is forecasting a full delivery of savings. There remains £2.215m (76% of the total savings) to be delivered over the next 10 months and the department has flagged a risk due to the focus on Covid-19 service delivery some savings may be delayed in implementation.			

Table 5 - Key risks - Items Over £250,000	
Risk description	Risk at month 2 £000
There is the potential for contract market inflation and wage pressures to be greater than budget provided for due to Covid-19.	950
Year on year savings programmes are increasingly difficult to deliver and the focus is on the delivery of Covid-19 services.	600
Early Hospital discharge into Community Health Care Placements	850
Increasing LD transitions residents (further work will be undertaken by month 4).	100
TOTAL RISKS MANAGED	2,500

Supplementary Monitoring Information
<p>Social care savings of £2.465m for 2020/21 have been taken out of the budget at the beginning of the financial year. The early forecast is caveated with the many unknowns in the budget from the on-going impact of Covid-19 such as: 1) more work will need to be undertaken to analyse the impact of the Hospital discharges placed by Health and requiring reassessment of care which is likely to lead to additional costs in social care, 2) the impact on the care market providers for on-going additional costs from Covid-19 (the department has provided a package of measures to support providers to date), 3) the impact to achieve the full delivery of savings; 4) market instability following Covid-19.</p> <p>The department continues to experience significant budget pressures. The department is starting the year with a projected overspend of £1,505,000 and has estimated additional Social Care Covid-19 related costs for residents and providers of £3,256,000, which the department is expecting to be fully reimbursed from Government Covid-19 funding. However, the current grant allocations are not sufficient to cover the expected expenditure and lost income as a result of the pandemic. The budget pressures are mainly as a result of the full year implications of resultant price increases due to market pressures and reductions of care budgets for savings. In arriving at the forecast for</p>

Supplementary Monitoring Information

month 2, there are additional risks of £2.5m mainly from unknown on-going factors from Covid-19. The budget forecast for 2020/21 will be volatile and likely to increase from the month 2 forecast. Historically, the department's budget has had underlying budget pressures, which have been partly mitigated in the last three years by using a combination of management action to control the budget, one off reserves and from last three years with increased funding through the Improved Better Care Funding.

APPENDIX 7: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Budget £000's	Variance Month 2 £000's
Employees (historic past service costs)	2,346	0
Premises-related expenditure	513	0
Transport-related expenditure	160	0
Supplies & services	8,488	1,500
Third party payments	92	0
Transfer payments (e.g. housing benefits, schools funding transfers)	112,116	0
Support services (internal trading services)	57	0
Items excluded from the cost of services (debt management and capital charges)	4,577	0
Income	(120,713)	300
Non-controllable expenditure (technical accounting adjustments e.g. overhead redistribution)	5,463	0
Total	13,099	1,800

Table 2 - Variance by departmental division				
Departmental division	Revised budget	Forecast variance month 2	Forecast variance due to Covid-19 month 2	Forecast variance (non – Covid-19) month 2
	£000	£000	£000	£000
Corporate & Democratic Core	667	0	0	0
Housing Benefits	(328)	0	0	0
Levies	1,545	0	0	0
Net Cost of Borrowing	2,915	0	0	0
Other Corporate Items	2,572	1,800	150	1,650
Pensions & redundancy	5,728	0	0	0
TOTAL	13,099	1,800	150	1,650
Balance of unapplied unallocated contingency		(3,000)		(3,000)
Revised Variance	13,099	(1,200)	150	(1,350)

Table 3 - Variance analysis	
Departmental division	Month 2 £000
Corporate & Democratic Core	
	0
Corporate & Democratic Core total	0
Housing Benefits	
	0

Table 3 - Variance analysis	
Departmental division	Month 2 £000
Housing Benefits total	0
Levies	
	0
Levies Total	0
Net Cost of Borrowing	
	0
Net Cost of Borrowing total	0
Other Corporate Items	
Historic Commercial Management savings have been delivered annually from adhoc one off Contract Savings across the council. The delivery of these savings has been managed by various departments. The commercial operations are currently undergoing a restructure and the monitoring of the commercial savings is temporarily being monitored corporately. Currently no contract management savings either one off or permanent have been identified for 2020/21.	1,500
Land charge income is forecast to be under budget due to market conditions (50% of the forecast variance [£150k] is due to Covid-19 related factors)	300
Other Corporate Items total	1,800
Pensions & redundancy	
	0
Pensions & redundancy total	0
TOTAL VARIANCE	1,800

Table 4 - Savings Delivery					
Dept		Savings Target	On track	Partially deliverable	Undeliverable
		£000s	£000s	£000s	£000s
Total Savings		2,945	1,695	1,250	
Schemes not on track	£000s	Reason			
Employee Savings	1,250	Employee savings budgets to be rolled out to departments and analysis of impact of savings initiatives to be determined			

Table 5 - Key Risks - Detail Items Over £250,000	
Risk Description	Risk At Month 2 £000

Table 5 - Key Risks - Detail Items Over £250,000	
Risk Description	Risk At Month 2 £000
Current provision held for the 2020/21 pay award is 2%. Latest employers pay award offer is 2.75%. Current risk 0.75% above provision.	640
TOTAL RISKS MANAGED	640

APPENDIX 8: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Budget £000's	Variance month 2 £000's
Employees	22,029	(920)
Premises-related expenditure	17,780	3,580
Transport-related expenditure	260	0
Supplies & services	13,113	(3,167)
Third party payments	1,211	(18)
Transfer payments (e.g. housing benefits, schools funding transfers)	0	0
Support services (internal trading services)	453	59
Income	(80,733)	491
Non-controllable expenditure (technical accounting adjustments e.g. overhead redistribution)	33,812	(276)
Appropriation From (+)/To (-)HRA General Reserve	7,924	(181)

Table 2 - Variance by departmental division				
Departmental division	Revised budget	Forecast variance month 2	Forecast variance due to Covid- 19	Forecast variance (non – Covid- 19) month 2
	£0	£0	£000	£000
Housing Income	(77,474)	533	317	216
Finance & Resources	9,795	(3,392)		(3,392)
Housing Management	6,236	357	100	257
Property & Compliance	9,811	(0)		(0)
Void & Repairs	10,695	122		122
Long Term Repairs Model	0	2,555		2,555
Adult Social Care	48	0		0
Safer Neighbourhood	693	0		0
Place	9,945	(40)		(40)
Growth	863	(53)		(53)
Operations	3,420	0		0
Direct Delivery	860	(61)		(61)
Capital Charges	25,180	(447)		(447)
Corporate Support Service Recharges	7,854	244		244
Appropriation from HRA General Reserve	7,924	(181)	417	(598)

Table 3 – Variance Analysis	
Departmental Division	Month 2 £000
Housing Income	
A review of historic garage rent arrears is expected to result in a charge to revenue of £61,000. The effect of the general downturn in the economy on commercial property rents is expected to result in a higher void rate (forecast of 15% vs budget of 5%) and an adverse variance of £155,000. The impact of the Covid-19 pandemic is projected to include an under-recovery of income from advertising sites of £242,000 and on estate parking income of £75,000.	533
Housing Income total	533
Finance & Resources	
This relates to a release of a provision for risk (£3.297m) and an underspend due to staffing vacancies (£95k).	(3,392)
Finance & Resources total	(3,392)
Housing Management	
An underspend of (£123,000) on staffing is mainly due to vacant posts within the Neighbourhood Services division offset by additional charges for the Careline service of £380,000 which follow a review of the apportionment of costs between the General Fund and the HRA.	357
Housing Management total	357
Property & Compliance	
	0
Property & Compliance total	0
Long Term Repairs Model	
This relates to the increased costs associated with the procurement of new repairs and maintenance contracts as part of the long-term repairs model.	2,555
Long Term Repairs Model total	2,555
Void & Repairs	
The challenges to recruit staff on a permanent basis has meant a significant number of positions are filled by agency staff. To ensure service needs are met and to avoid disruption to service delivery, the use of agency staff which attract a higher cost has been necessary. A proposal is being drawn up to mitigate this cost pressure and the impact of this is included in the forecast.	122
Void & Repairs total	122
Adult Social Care	
No variance expected	0
Adult Social Care Total	0
Safer Neighbourhood	
No variance expected	0

Table 3 – Variance Analysis	
Departmental Division	Month 2 £000
Safer Neighbourhood total	0
Place	
Place division is expected to have a net underspend on staffing cost.	(40)
Place total	(40)
Growth	
Net underspend of on staffing cost.	(53)
Growth total	(53)
Operations	
	0
Operations total	0
Direct Delivery	
Vacancies within the business support team (£106,000) are offset by overspends on professional and legal fees of £29,000 and other minor variances of £16,000.	(60)
Direct Delivery total	(60)
Capital Charges	
This relates to a reduction in the interest payable on borrowings following a revision to the HRA borrowing strategy and the securing of additional funds at a lower than expected rate.	(447)
Capital Charges total	(447)
Corporate Support Service Recharges	
Additional corporate recharges are expected for the HRA share of the apprenticeship levy (£70,000) and IT hardware purchases (£174,000).	244
Corporate Support Service Recharges total	244
TOTAL VARIANCE	(181)

Table 4 - Savings Delivery					
		Savings Target	On track	Partially deliverable	Undeliverable
		£000s	£000s	£000s	£000s
Total Savings		500	500		
Schemes not On Track	£000s	Reason			

Table 5 - Key risks - Items Over £250,000
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Risk description	Risk At Month 2 £000
Council homes rent collection risks - Debt recovery escalations and evictions are on hold. Following this period, debts are expected to be repaid but there is a risk to rent arrears collection.	900
Council homes relets and void risks to income - Income losses on voids are expected because of delayed re-let times and void repairs may take longer - this is provisionally estimated at c£400,000 per annum with the bulk of this loss profiled towards the first four months of the year.	400
Income from commercial property - In addition to the variance above, there is a risk of a further loss of income due to the Covid-19 pandemic.	155
Advertising hoardings income: In addition to the variance above, there is a risk of a further loss of income due to the Covid-19 pandemic.	160
Capitalisation of staffing costs - Due to the impact of Covid-19, there is a risk of slippage in the capital programme and this will cause staff capitalisation to be lower than budgeted, resulting in unbudgeted charges to revenue. Officers are monitoring this and should the risk crystallise, it will be shown as a variance.	768
Repairs and Maintenance - The impact of Covid-19 could see an increase in costs such as contractual claims, extended preliminaries, storage and inflated material costs could. Social distancing measures create challenges in meeting statutory responsibilities such as carrying out gas safety checks which could lead to regulatory penalties and health and safety incidents.	1,200
TOTAL RISKS MANAGED	3,583

Supplementary Monitoring Information
Proposed mitigations and savings to financially sustain the Housing Revenue Account in the long term and to manage pressures such as the additional funding required from the procurements associated with the Long-Term Repairs Model have been worked up and are being considered as part of the 2021/22 budget setting process.

APPENDIX 9 - VIREMENT REQUESTS – MONTH 2

Details of Virement	Amount (£000)	Department
GENERAL FUND:		
Drawdown from Temporary Accommodation Reserve for Cost Avoidance Payments	(450)	The Economy
	450	The Economy
Drawdown grant from MHCLG for Rough Sleeping initiatives	(650)	The Economy
	650	The Economy
Drawdown grant from MHCLG for Community Housing initiatives	(105)	The Economy
	105	The Economy
Family Services – additional staying put and unaccompanied asylum seeker grant allocations	(755)	Children’s Services
	755	Children’s Services
Total of Requested Virements (Debits)	1,960	