

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 02/11/2020

Subject: Corporate Revenue Monitor 2020/21 Month 4 - 31 July 2020

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

Responsible Director: Emily Hill – Director of Finance

Summary

The report provides an update on the revenue expenditure forecast for month 4 (July) 2020/21 and request approval for budget virements.

Recommendations

1. To approve the General Fund virements of £4.884m and £0.276m HRA virements as detailed in appendix 9.
2. To note General Fund forecast overspend of £8.691m, £5.844m of which arises from the in-year impact of Covid-19 on the General Fund.
3. To note the Housing Revenue underspend of £1.006m.
4. To note the in-year Dedicated Schools Grant overspend of £3.582m.
5. To note the need to develop and implement mitigation measures to close overspends.

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

The council is facing an unprecedented financial challenge due to the impact of the Coronavirus pandemic (Covid-19) in both the immediate and medium-term alongside a continuation of underlying budget pressures.

An £8.691m overspend is forecast for the General Fund of which £5.844m arises from the impact of Covid-19, after the application of expected grant funding, whilst £2.847m relates to underlying budget pressures. This position is fluid and may change significantly depending on the one hand on further government funding (at the time of writing the council's allocation from a further tranche of government Covid grants following month 4 is unknown) and on the other hand on further costs and lost income arising from a second wave of Covid-19.

Mitigating action plans of £4.773m have been proposed by departments. If delivered, the forecast overspend will reduce to £3.918m. Further actions are required to tackle the overspend and options will be brought forward as part of a Covid-19 financial recovery plan.

	Forecast overspend £m	Forecast overspend after mitigating actions £m
Current year – month 4 2020/21	£8.691	£3.918
Current year – month 2 2020/21*	£18.807	£16.434
2019/20 outturn	£6.885	£6.885
Prior year – month 4 2019/20	£10.262	£8.228

*The forecast overspend has decreased significantly since month 2, largely due to additional Covid-19 related grant announcements and allocations in July 2020.

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 expected in-year overspend however the forecast spend still exceeds the grant funding and a overspend of £3.6m is forecast in 2020/21. This will increase the cumulative deficit to £23.0m by March 2021 and require the council to set aside resources in a matching reserve.

For the Housing Revenue Account, a net underspend, after allowance for the impact of Covid-19, of £1.006m is forecast.

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. An overspend of £8.691m is forecast at month 4 (July 2020). The forecast takes account of the balance of the unallocated contingency and Covid-19 grants, including an estimate of the income compensation scheme. Additional risks of £20.099m are identified. Action is required to avoid these risks crystallising into actual spend.

Table 1 – Month 4 (July 2020) - General Fund forecast (underspends are shown in brackets)

Department	Gross variance M4	Covid-19 variance M4	Non Covid-19 variance M4
	£m	£m	£m
Children's Services	1.838	0.471	1.367
The Economy Department	3.054	1.424	1.630
The Environment Department	3.769	3.315	0.454
Controlled Parking Account	11.234	11.758	(0.524)
Finance	0.129	0.048	0.081
Resources	0.480	0.663	(0.183)
Social Care	5.456	4.084	1.372
Centrally Managed Budgets	1.800	0.150	1.650
Corporate and cross departmental Covid-19 costs including PPE	3.250	3.250	0.000
Total	31.010	25.163	5.847
Balance of unallocated contingency	(3.000)	0.000	(3.000)
Un-ringfenced Covid-19 grant	(13.319)	(13.319)	0.000
Estimated Covid-19 income compensation grant	(6.000)	(6.000)	0.000
TOTAL	8.691	5.844	2.847

2. The main 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 supporting social distancing. The council's income streams, particularly parking, are also affected.
3. The government have announced, for 2020/21 only, a Covid-19 income compensation scheme for lost sales, fees and charges. Authorities must fund the first 5% of income loss but the government will fund 75% of the remaining loss (after allowance for any cost savings). Not all income qualifies, for example commercial rents are excluded as are incomes losses from council tax and business rates. The scheme details are still been worked through but a grant receipt of £6m is modelled. This estimate will be reviewed monthly.

4. The underlying overspend, net of the Covid-19 impact, is £2.847m. As set out in Table 2 this represents an improvement since month 2.

Table 2 – Forecast variance excluding the impact of Covid-19

Department	Revised budget £m	Forecast net variance month 4 £m	Forecast net variance month 2 £m	Direction of Travel
Children's Services	50.100	1.367	3.165	↑
The Economy Department	5.177	1.630	1.628	↔
The Environment Department	67.435	0.454	0.639	↑
Controlled Parking Account	(26.113)	(0.524)	(0.066)	↑
Finance	3.537	0.081	0.101	↑
Resources	4.864	(0.183)	(0.045)	↑
Social Care	55.258	1.372	1.505	↑
Centrally Managed Budgets	15.541	1.650	1.650	↔
Total	175.799	5.847	8.577	
Balance of unapplied unallocated contingency	(3.000)	(3.000)	(3.000)	
TOTAL	172.799	2.847	5.577	

5. Mitigating action plans of £4.773m have been identified which, if delivered, will reduce the forecast overspend to £3.918m.

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

Department	Net forecast outturn variance £m	Potential value of action plan mitigations £m	Forecast outturn variance £m
Children's Services	1.367	0.300	1.067
The Economy Department	1.630	0.350	1.280
The Environment Department	0.454	0.423	0.031
Controlled Parking Account	(0.524)	2.500	(3.024)
Finance	0.081	0.000	0.081
Resources	(0.183)	0.000	(0.183)
Social Care	1.372	1.200	0.172
Centrally Managed Budgets	1.650	0.000	1.650
Total	5.847	4.773	1.074
Balance of unapplied unallocated contingency	(3.000)		(3.000)
Net Impact of Covid-19	5.844		5.844
TOTAL	8.691	4.773	3.918

6. Covid-19 will not just impact on 2020/21. Significant income reductions relating to council tax and business rates, will impact on future years and will need be taken account of within the 2021/22 budget process.
7. Explanations for the main departmental variances are set out in Appendices 1 to 7.

HOUSING REVENUE ACCOUNT

8. The Housing Revenue Account underspend is **£1.006m**. 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: forecast underspend	(1.006)
Balance as at 31st March 2021	(17.662)

DEDICATED SCHOOLS GRANT (DSG)

9. 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.
10. 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 £3.6 million is forecast that will increase the cumulative deficit to £23.0 million.

Table 5: Dedicated Schools Grant - deficit

	£m
DSG deficit brought forward from prior years	19.416
In-year outturn deficit	3.582
Deficit at the end of 2020/21	22.998

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.
- 11 The current year forecast overspend of £3.918m (after mitigating actions), should no further Covid-19 government funding be forthcoming, and no

additional mitigating actions are delivered to reduce this overspend in year will be a further charge against such reserves and balances and will have a serious impact on the council's future financial resilience. There is limited scope to fund such a loss whilst meeting current commitments and also ensuring that the council maintains an adequate future working balance and sufficient funding for future transformation. Any drawdown will require additional savings in future years to replenish the council's reserves.

- 12 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

- 13 HRA virements of £0.276m and General Fund virements of £4.884m are proposed. These are detailed in Appendix 9 and summarised below.
- 14 A provision of £1.7m was included in the 2020/21 budget for pay inflation and it is proposed that this be fully allocated to departmental budgets. The £1.7m was based on an assumed pay award of 2% compared to the recently confirmed increase of 2.75%.
- 15 The virement request includes a transfer of budgets for the agreed 2020/21 council wide workforce efficiency savings of £1.25m. This equates to 1.4% of employee budgets. The departmental allocation of this target has been calculated based on employee budgets (with an allowance made for externally funded posts and planned employee savings) and agreed with the Strategic Leadership Team.

Table 6 – Workforce Efficiency programme – departmental allocation

	£000s
Children's Services	301
Social Care	99
The Economy Department	125
The Environment Department (includes Parking)	410
Resources	180
Finance	135
Total	1,250

- 16 In addition the underlying budget pressures include an historic budget target to deliver contract management savings of £1.5m proposed by the then Commercial department following an external review of contracts. For the past 3 years this target has been met through the delivery of ad-hoc one-off contract

rebates or one-off income. In light of significantly reduced Commercial activity due to Covid-19, this target will be removed from the corporate budget. The need to achieve reduced expenditure through contract negotiations will be reflected in future budgets.

REASONS FOR DECISION

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

EQUALITIES IMPLICATIONS

- 18 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.
- 19 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

- 20 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.
- 21 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.
- 22 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:

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APPENDIX 1: CHILDREN'S SERVICES
BUDGET REVENUE MONITORING REPORT MONTH 4

Table 1 - Forecast variance by subjective			
Subjective	Budget £000	Variance Month 4 £000	Variance Month 2 £000
Employees	21,169	828	556
Premises-related expenditure	533	25	25
Transport-related expenditure	154	(31)	6
Supplies & services	8,088	654	2,161
Third party payments	50,057	(22)	(350)
Transfer payments (e.g. Housing Benefits, Schools funding transfers)	64,980	4,287	4,216
Support services (Internal Trading Services)	411	618	497
Items excluded from the cost of services (Debt management and Capital Charges)	0	0	0
Income	(101,147)	(4,521)	(3,454)
Non-controllable expenditure Technical Accounting Adjustments e.g. overhead redistribution)	5,856	0	0
Total	50,100	1,838	3,658

Table 2 - Variance by departmental division					
Departmental division	Revised budget	Forecast variance Month 4	Forecast variance Month 2	Forecast variance due to Covid M4	Forecast variance (non - Covid) M4
	£000	£000	£000	£000	£000
Family Services	33,632	352	870		352
Special Educational Needs and Disabilities	9,396	880	903	326	554
Education	891	1	1		1
Children's Commissioning	4,303	14	1,608		14
Assets, Operations & Planning	1,877	590	276	145	445
School Funding	0	0	0		0
TOTAL	50,100	1,838	3,658	471	1,367

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
Family Services		
<p><u>Placements</u> Underspend due to additional government grant income announced for Staying Put (£105,000) and Unaccompanied Asylum-Seeking Children (£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 the 2020-21 budget. This is partially offset by one very high cost placement with significant increased costs.</p> <p>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 £802,000 of contingency for new placements.</p>	(1,023)	(542)
<p><u>Client related expenditure</u> The forecasted client transport overspend is £245,000. This is £101,000 less than the period 2 forecast due to fewer journeys made during the Covid-19 restrictions.</p> <p>Children in Need and Looked After Children miscellaneous client non placement expenditure are overspent by £197,000 and £66,000 respectively. A focus group is preparing a plan for spend reductions as part of the department's 'recovery and budget planning' work.</p>	611	710
<p><u>Legal costs</u> The 2019/20 overspend on legal services was £580,000 and this continues to be a pressure in 2020/21. Demand has increased over recent years and the budget has not kept pace with demand the movement during the period relates to a budget adjustment not previously included in the forecast. A working group has been set up and an expenditure reduction plan for legal is part of the department's 'recovery and budget planning' work.</p>	675	574
<p><u>Assessments</u> Family assessments were £331,000 overspent in 2019/20. The overspend is due to the demand for spot purchase assessments on top of the Multidisciplinary Family Assessment Service contract. Commissioning arrangements are under review and a new delivery model will be put forward.</p>	261	261
<p><u>Staffing</u> There is a forecasted underspend on fostering and adoption staff costs as a result of a reduced share of activity offset by overspends on agency cover.</p>	169	117

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
A full review of staffing is taking place as part of the budget planning work alongside an agency reduction plan. Agency numbers have decreased monthly since January 2020.		
<p><u>Other minor variances</u> This includes income variances where budgets and forecasts need to be reviewed in light of updated allocations and planned balance sheet drawdowns.</p> <p>Additional costs for family services due to Covid-19 are estimated at £377,000. However, it is likely that this is outweighed by placements and client travel costs over the period April to July being lower than they would otherwise had been. The potential cost impact of a surge in demand as lockdown restrictions are lifted and referrals to the service pick up is not yet known.</p>	(341)	(250)
Family Services Total	352	870
Special Educational Needs and Disabilities		
<p><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. There is a favourable movement of £150,000, since month 2, as some rates have been re-negotiated due to a reduction in service during the Covid-19 pandemic.</p> <p>This is a demand led statutory service which saw an expenditure increase of 13% in 2019/20 and a predicted 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 access travel assistance.</p> <p>Further demand growth (£149,000) is predicted from September with an indexation increase (£14,000) also likely from September.</p> <p>The service have not yet delivered £4,000 of its saving target of £120,000. Further opportunities to deliver savings are being explored to help mitigate the risk of under delivery and to reduce the forecast overspend. These include 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>	556	706

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
<p><u>The Haven Centre</u> A forecast overspend primarily due to overtime paid as a result of historic practices, long term sickness and performance issues.</p> <p>The Covid-19 pandemic has increased staff and operational costs by a forecast £80,000 to ensure cover for lockdown requirements.</p> <p>The service experiences volatility in income generated due to the uncertainty of out of borough placements. The Covid-19 pandemic has meant that 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 service intend to review staffing structures and establish a new service delivery model.</p>	330	266
<p><u>Children with disability placements - Short breaks and care packages</u> There are 3 service types: Direct Payments - 128 cases, forecast overspend of £50,000. Care Packages (Spot) - 109 cases, forecast underspend of £14,000 Residential Placements - 14 cases, forecast overspend of £165,000</p> <p>There is a contingency of £221,000 which has reduced to offset the increase in cases now projected. The service continue to undertake regular reviews of these packages.</p>	0	4
Other minor variances	(6)	(73)
Special Educational Needs and Disabilities Total	880	903
Education		
	1	1
Education Total	1	1
Children's Commissioning		
<p><u>Commissioned children's and youth services</u> A plan to deliver savings on commissioned early help, children's centres and youth services over the medium term has been agreed. An additional funding request of £750,000 was approved by Cabinet in 2020/21 and in-year savings of £950,000 targeted. A £103,000 overspend is now forecast but work is taking place to bring this back within budget.</p>	103	1,705
<p><u>Commissioning staffing</u> An underspend is forecast. A restructure has recently been approved and vacancies held while recruitment is underway.</p>	(89)	(97)

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
Children's Commissioning Total	14	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. £145,000 of the overspend is attributed to Covid-19 as delivery plans have been delayed by approximately 4 months as senior management time was spent dealing with the emergency. The forecast includes and expected £301,000 saving target regarding the corporate workforce efficiency programme. Options to mitigate existing known staff pressures were discussed as part of the summer budget challenge process.	590	276
Assets, Operations & Planning Total	590	276
School Funding		
	0	0
School Funding Total	0	0
TOTAL VARIANCE	1,838	3,658

Table 4 - Savings Delivery				
Dept	MTFS savings target	On track	Partially deliverable	Undeliverable
	£000	£000	£000	£000
Children's Services	836	257	579	0
Total Savings				
Schemes not on track	£000s	Reason		
Employee Savings	250	Part of a wider staffing review which is underway and aiming to deliver the 2020/21 £250,000 saving and additional targets required		
Semi Independent Living Housing Strategy	200	Accommodation moves have been delayed due to Covid-19 restrictions. Partial delivery with moves taking place when safe and restrictions allow.		
Travel Care	129	Partial delivery is forecast in year with mitigation plans being drawn up.		
Disabled Children Care packages, direct payments and residential placements	257	The expected young people have aged out and delivery is on track.		

Table 5 - Key risks - detail items over £250,000

Risk description	Risk at month 4 £000	Risk at month 2 £000
Family service placements - case numbers and referrals may significantly increase later in the year as lockdown restrictions are lifted and / if children return to school. The placements model contains a £802,000 allowance for new placements.	TBC	TBC
The impact of Transport for London withdrawal of free home to schools travel for eligible children is not known. Further data is needed to understand the size of the pressure and where the pressure should sit.	TBC	TBC
Tower Hamlets Judgement - the liability should all connected carers be paid carers fees for prior years, possibly back to 2011, is estimated to be £2,100,000. 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. We continue to hold the risk.	2,100	2,100
TOTAL RISKS MANAGED	2,100	2,100

**APPENDIX 1a: DEDICATED SCHOOLS GRANT (DSG)
BUDGET REVENUE MONITORING REPORT MONTH 4**

Table 1 - Variance by Departmental Division					
Departmental division	Revised budget	Forecast variance month 4	Forecast variance month 2	Forecast variance due to Covid M4	Forecast variance (non - Covid) M4
	£000	£000	£000	£000	£000
High Needs Block	22,868	3,487	2,194		3,487
Early Years Block	15,979	0	0		0
Schools Block	38,674	0	0		0
Central School Services	3,878	95	(3)	95	0
DSG income	(81,398)	0	0		0
TOTAL	0	3,582	2,191	95	3,487

Table 2 - DSG Balances			
Departmental division	Balance brought forward	Forecast variance month 4	Forecast year end balances month 4
	£000	£000	£000
High Needs Block	19,790	3,487	23,277
Schools Block	(605)	0	(605)
Early Years	(66)	0	(66)
Central School Services Block	(0)	95	95
TOTAL	19,119	3,582	22,701

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £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 in addition Alternative Provision</i>)		
The forecast overspend of £3.487m is £1.293m more than at period 2. Education Health and Care Planning (EHCP) top-up costs are forecast to increase by £2.1m partially offset by £0.888m extra grant income from the Education and Standards Funding Agency (ESFA) notified in July.		
The £2.1m EHCP top-up increase is based on a review of actual transactions in the previous two financial years against the model brought forward from 2019/20. There is considerable risk around the independent, non-maintained and post 16 forecast for EHCP top-up. Robust data is not available to validate a complete pupil level forecast for 2020/21 but has been based on 2019/20 outturn allowing for an estimate of risk. Until the	3,487	2,194

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
<p>implementation of the Special Education Needs case management system, with an integrated finance workflow, there is limited assurance on this forecast. There is a further risk that incomplete data may result in additional 2019/20 top-up costs.</p> <p>The authority initially received additional funding and place reductions of £2.796m in 2020/21. However, a decrease in Schools Block and the Central Services Schools Block funding means the final net increase is £2.1m (10.1%). This grant further increased by £0.882m in July 2020 to reflect the number of SEND pupils from other boroughs that attend Hammersmith & Fulham schools.</p> <p>There is an upside risk relating to the potential under-recovery of 2019/20 regional administration charges and income from other boroughs for the Speech and Language Therapy wrap-around service provided in previous years.</p>		
High Needs Block Total	3,487	2,194
Early Years Block (Funding for Early Years including Two-Year-Old funding and Early Years Pupil Premium)		
There is a brought forward surplus balance of £0.066m from 2019/20 after the recovery of 2018/19 financial year deficit of £0.206m. The DfE has recently updated the final allocations for 2019/20 and a further £0.52m has been received due to increased entitlements in Spring term 2020. This surplus balance must be used to support Early Years settings in line with grant conditions.	0	0
Early Years Block Total	0	0
Schools Block (Core funding for mainstream maintained schools)		
No variance forecast on Schools delegated or de-delegated budgets or those for maintained education functions.	0	0
Schools Block Total	0	0
Central School Services Block (CSSB)(Funding for Local Authorities' ongoing responsibilities)		
There is a forecast loss of income from Lilla Huset due to its closure in the Covid-19 pandemic. Lettings are unlikely for the remainder of the financial year. The CSSB is budgeted to contribute to High Needs Block related expenditure of £0.461m in 2020/21.	95	(3)
Central School Services Block Total	95	(3)
TOTAL VARIANCE	3,582	2,191

Table 4 - Key risks - Detail items Over £250,000		
Risk description	Risk at month 4 £000	Risk at month 2 £000
<p>The council is a regional commissioner for children and young people with SEND. 47% of the school's population with an EHCP originate from out of borough.</p> <p>The forecast assumes full recovery of Speech and Language Therapy (SALT) and Occupational Therapy (OT) charges for wrap around services. There is a risk of only partial recovery primarily due to quality data issues held by the provider.</p> <p>The Covid-19 pandemic could also impact as there will be a loss of chargeable income for the Summer term 2020.</p>	395	395
TOTAL RISKS MANAGED	395	395

APPENDIX 2: THE ECONOMY DEPARTMENT
BUDGET REVENUE MONITORING REPORT MONTH 4

Table 1 - Forecast variance by subjective			
Subjective	Budget £000	Variance month 4 £000	Variance month 2 £000
Employees	11,041	(206)	(280)
Premises-related expenditure	1,289	770	825
Transport-related expenditure	11	0	0
Supplies & services	3,157	46	63
Third party payments	18,401	1,068	1,008
Transfer payments (e.g. Housing Benefits, Schools funding transfers)	98	0	0
Support services (Internal Trading Services)	67	89	84
Items excluded from the cost of services (Debt management and Capital Charges)	0	0	0
Income	(27,698)	1,511	1,594
Non-controllable expenditure Technical Accounting Adjustments e.g. overhead redistribution	(1,189)	(224)	0
Total	5,177	3,054	3,294

Table 2 - Variance by departmental division					
Departmental division	Revised budget	Forecast variance month 4	Forecast variance month 2	Forecast variance due to Covid-19 month 4	Forecast variance (non - Covid-19) M4
	£000	£000	£000	£000	£000
Housing Solutions	7,363	1,450	1,675	978	472
Growth	(4,398)	(100)	(41)	31	(131)
Economic Development, Skills Service	794	72	58	72	0
Planning	1,309	1,627	1,605	343	1,284
Operations	82	11	3	0	11
Direct Delivery	27	(6)	(6)	0	(6)
TOTAL	5,177	3,054	3,294	1,424	1,630

Table 3 - Variance analysis		
Departmental Division	Month 4 £000	Month 2 £000
Housing Solutions		
Although the forecast for average client numbers (961 units compared to 958 on CRM2) is lower than budgeted (969 units) in Private Sector Leased (PSL) temporary accommodation schemes, the unit rent payments to landlords have increased, reflecting inflation on the Local Housing Allowance (LHA), resulting in a net overspend.	190	107
Although there is a forecast reduction in average client numbers (from a budget of 90 clients to a forecast of 79, compared to 81 in CRM2) 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 15 per day on average to the end of June, compared to 22 on end of May) has resulted in a net forecast overspend.	22	50
An overspend on cost avoidance payments of £0.6m to Private Sector Leasing and Direct Letting landlords is expected this year on securing temporary accommodation properties. Further spend of £0.45m is forecast under a Cabinet approved plan to invest up to £0.9m from the Temporary Accommodation reserve to secure 300 additional private rented sector properties to prevent homelessness or enabling households to exit temporary accommodation.	600	600
Flexible Homelessness Support grant is 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 pressures in the future.	(166)	(166)
Homelessness Reduction Grant of £0.568m is provided by central Government to enable councils to fulfil their duties under the Homelessness Reduction Act and came into force last year to help homeless households into accommodation. Of this, £394m has been allocated to Housing Solutions and Preventions.	(174)	(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 £1.296m plus £25,000 for the additional costs in managing increased activity within the out of hours service. This will be partially offset by (£0.34m) of Housing Benefits.	978	1,258
Housing Solutions total	1,450	1,675
Growth		

Table 3 - Variance analysis		
Departmental Division	Month 4 £000	Month 2 £000
Valuation Services: Income generated from recharges is expected to exceed the income target.	(5)	(24)
Rent and Other Properties: Income generated from rent is expected to exceed the income target following the acquisition of Farm Lane and Gibbs Green School.	(93)	(30)
Housing Strategy – net staffing underspend	(33)	13
Minor variances	31	0
Growth total	(100)	(41)
Economic Development & Skills Service		
Business Investment Team: unbudgeted security costs to support social distancing measures at North End Road market.	72	58
Economic Development & Skills Service total	72	58
Planning		
Development Management - A predicted planning applications income shortfall of £1.370m due to economic factors such as the impact of Brexit. An overspend of £75,000 relates to exceptional costs for Counsel, legal and other specialist advice on a number of specific applications. This is partly offset by a favourable staffing variance of (£94,000) regarding the ongoing recruitment process.	1,351	1,339
Development Management (Coronavirus) - a further planning applications income shortfall of £0.350m is predicted. This is a best estimate based on proxies and will be monitored and updated as patterns emerge over the coming months.	343	350
Planning Management	4	(5)
Spatial Planning – Staffing vacancies due to an ongoing recruitment process following a restructure.	(71)	(79)
Planning total	1,627	1,605
Operations		
	11	3
Operations Total	11	3
Direct Delivery		
	(6)	(6)
Direct Delivery total	(6)	(6)
TOTAL VARIANCE	3,054	3,294

Table 5 - Key risks - detail items Over £250,000		
Risk description	Risk at month 4 £000	Risk at month 2 £000
Overall Benefit Cap	67	100
Direct Payments (Universal Credit)	33	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	800
A further increase in the number of households in Temporary Accommodation - based on an additional 100 households this year above the current forecast	367	550
Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	267	400
There is a risk of large families being accommodated in B&B	67	100
Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast	267	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	150	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	100	150
Adult Learning Skills Service course fees: a risk of reduction in income if student capacity falls to 25% from the start of the academic year (September 2020)	400	450
Growth – 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	50
Planning - There is 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	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 25% of commercial rent may not be recovered.	100	100
TOTAL RISKS MANAGED	2,868	3,550

Table 4 - Savings delivery				
	MTFS savings target	On track	Partially deliverable	Undeliverable
	£000	£000	£000	£000
Total Savings	758	758	0	0
Schemes not On Track	£000s	Reason		

Supplementary Monitoring Information	
<p>The forecast outturn for Housing Solutions of a £472,000 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 a multitude of 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 fluctuates annually (1,214 at April 16; 1,324 at April 17; 1,444 at April 18; with a reduction to 1,292 at April 2019 and to 1,205 at April 2020). The current number of households in TA is 1,205 (at 26 July 2020), on a par with the figure at 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> <p>The number of enquiries in June was 237, an increase on the same period last year and the highest number of approaches seen this financial year. We received 79 Part 7 Homelessness applications, an increase on previous months in this financial year. As restrictions are further lifted, it is expected that there will be an increase in demand.</p>	
<p>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.</p> <p>The inherent volatility of planning income means it is difficult to predict future income expectations due to several factors including:</p> <ul style="list-style-type: none"> • Covid-19 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 	

Supplementary Monitoring Information

- 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 REPORT MONTH 4

Table 1 - Forecast variance by subjective			
Subjective	Budget £000	Variance month 4 £000	Variance month 2 £000
Employees	21,592	1,046	1,463
Premises-related expenditure	5,166	150	60
Transport-related expenditure	260	0	0
Supplies & services	16,544	316	283
Third party payments	23,614	1,618	1,373
Transfer payments (e.g. Housing Benefits, Schools funding transfers)	867	(31)	(13)
Support services (Internal Trading Services)	10,618	190	6
Items excluded from the cost of services (Debt management and Capital Charges)	849	(1)	(1)
Income	(25,754)	482	733
Non-controllable expenditure Technical Accounting Adjustments e.g. overhead redistribution)	13,680	0	0
Total	67,435	3,769	3,906

Table 2 - Variance by departmental division					
Departmental division	Revised budget	Forecast variance month 4	Forecast variance month 2	Forecast variance due to Covid-19	Forecast Variance (non – Covid 19)
	£000	£000	£000	£000	£000
Public Realm	35,706	2,180	2,090	2,038	142
Safer Neighbourhoods & Regulatory Services	8,664	539	591	365	174
Leisure, Sport and Culture	7,455	661	759	763	(102)
Resident Services	15,610	390	466	149	241
Executive and Support	0	0	0	0	0
Revised Variance	67,435	3,769	3,906	3,315	454

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
Public Realm		
Highways - unbudgeted enforcement of social distancing in parks and open spaces (Covid-19 cost), provided by the highways contractor	392	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	939
Highways - other unbudgeted Covid-19 related costs, mostly	32	71

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
relating to social distancing measures		
Highways - planned underspend on general maintenance	(100)	(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	628	572
Waste disposal - includes £165,000 estimated increase in domestic waste tonnages resulting from Covid-19, with more people at home producing waste	99	32
Delayed implementation of waste contract savings due to impact of Covid-19	243	243
Unconfirmed s.106 for Environmental Quality (prior year budgeted saving)	60	60
Other smaller net variances	(113)	(119)
Public Realm Total	2,180	2,090
Safer Neighbourhoods 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	134	187
Community Safety - unbudgeted enforcement of social distancing in parks and open spaces (Covid-19 cost), provided by Parks security and enforcement contractor	189	189
Unconfirmed s.106 for CCTV (prior year budgeted saving)	120	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)	46	51
Regulatory Services - expected loss of income and expenditure incurred due to Covid-19 (business disruption mostly due to inability to access properties and business premises to carry out inspections and treatments and social distancing)	156	123
Noise and Nuisance - net ongoing loss of gas safety checking income following service in-sourcing by housing	95	95
Food Safety-Contact, Test and Trace grant funding for part time employee	(34)	0
Technical Services - staffing underspend due to posts held vacant	(94)	(58)
Other smaller net variances	(73)	(116)
Community Safety and Regulatory Services Total	539	591
Leisure, Sport and Culture		
Cancelled events due to Covid-19 lockdown	224	224

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
Cancelled filming due to Covid-19 lockdown	37	37
Events in parks business as usual 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 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	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	100
Cancelled Boat Race	43	0
Registrars - three months loss of income relating to Covid-19 business disruption (£100,000), partially offset by forecast staffing and administration underspends (£95,000)	11	47
Libraries – net impact of Covid and recruitment plans	(123)	(17)
Parks - delayed saving for better procurement in parks	50	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	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	140
Other smaller net variances, including PPE equipment	(58)	(59)
Leisure, Sport and Culture Total	661	759
Resident Services		
Additional staff costs in Revenues, Benefits and Customer Contacts related to Covid-19 increased service demand (£254,000), partially offset by expected Covid-19 related new burdens funding (£170,000)	84	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	741
Delayed implementation of new staffing structures due to Covid-19 impact on service demand	65	65
Implementation of new directorate service staffing structure from November	(340)	(388)
Reduced out of hours call centre cost	(72)	0
Other smaller net variances	(88)	(103)
Resident Services Total	390	466

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
TOTAL VARIANCE	3,769	3,906

Table 4 - Savings Delivery					
		MTFS 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 - Detail Items Over £250,000		
Risk Description	Risk At Month 4 £000	Risk At Month 2 £000
Delivery plan against new in year staff saving not yet confirmed	334	334
Officer time charge income may not be achievable as TFL have withdrawn funding for grant funded capital schemes. Should have more clarity in October and alternative funding to be considered	1,000	0
Climate Change Team funding to come from reserves	202	202
TOTAL RISKS BEING MANAGED	1,536	536

Supplementary Monitoring Information
<p>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 overall 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.</p>

APPENDIX 3A: CONTROLLED PARKING ACCOUNT
BUDGET REVENUE MONITORING REPORT MONTH 4

Table 1 - Forecast variance by subjective			
Subjective	Budget £000	Variance month 4 £000	Variance month 2 £000
Employees	6,582	(118)	(67)
Premises-related expenditure	274	0	0
Transport-related expenditure	54	0	0
Supplies & services	797	0	0
Third party payments	2,469	(30)	0
Transfer payments (e.g. Housing Benefits, Schools funding transfers)	0	0	0
Support services (Internal Trading Services)	315	0	0
Items excluded from the cost of services (Debt management and Capital Charges)	0	0	0
Income	(39,695)	11,382	11,825
Non-controllable expenditure Technical Accounting Adjustments e.g. overhead redistribution)	3,091	0	0
Total	(26,113)	11,234	11,758

Table 2 - Variance by departmental division					
Departmental division	Revised budget	Forecast variance month 4	Forecast variance month 2	Forecast variance due to Covid month 4	Forecast variance (non - Covid) month 4
	£000	£000	£000	£000	£000
Controlled parking income	(39,695)	11,382	11,825	11,382	0
Controlled Parking Account expenditure	13,582	(148)	(67)	0	(148)
TOTAL	(26,113)	11,234	11,758	11,382	(148)

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
Controlled Parking Income		
Permits - The period 2 forecast assumed the worst-case scenario, which has not materialised. A drop of 20% was expected but the numbers have increased quickly to pre Covid-19 levels.	174	1,028
Suspensions - The upswing in suspension requests post lockdown is less than previously forecast. Activity at 70% of pre-Covid-19 levels is modelled for the remainder of the year.	1,141	905
Pay & Display and Penalty Charge Notice (PCN) income - Pay & Display - has performed significantly better than predicted at the	10,067	9,892

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
beginning of the year, reaching levels of 90% of pre-Covid 19 levels. PCN issuance has been lower than anticipated this is due to two main factors: the inability to fully utilise CCTV staffing due to safety and social distancing concerns, and reduced traffic volumes and stress within the borough.		
Controlled Parking Income Total	11,382	11,825
Controlled Parking Expenditure		
Employees – delay in recruiting to new posts that were expected from April 2020.	(118)	(67)
Third party payments - £120,000 underspend on the Ringo contract in the April to June lockdown. Provisions of £90,000 have been made to cover additional IT upgrade costs to accommodate the new changes in the Ringo system for changes in tariffs and the new key worker permit scheme.	(30)	0
Controlled Parking Expenditure Total	(148)	(67)
TOTAL VARIANCE	11,234	11,758

Table 4 - Savings Delivery					
		MTFS savings target	On track	Partially deliverable	Undeliverable
		£000	£000	£000	£000
Total Savings		750	750		
Schemes not on track	£000s	Reason			

Table 5 - Key risks - detail items over £250,000		
Risk Description	Risk at month 4 £000	Risk at month 2 £000
A second Covid-19 lockdown causing another reduction in income.	10,000	10,000
TOTAL RISKS MANAGED	10,000	10,000

APPENDIX 4: FINANCE
BUDGET REVENUE MONITORING REPORT MONTH 4

Table 1 - Forecast Variance by Subjective			
Subjective	Budget £000's	Variance month 4 £000's	Variance month 2 £000's
Employees	6,670	23	171
Premises-related expenditure	0	0	0
Transport-related expenditure	2	0	0
Supplies & services	2,460	72	(70)
Third party payments	9	0	0
Transfer payments (e.g. Housing Benefits, Schools funding transfers)	0	0	0
Support services (Internal Trading Services)	(46)	12	0
Items excluded from the cost of services (Debt management and Capital Charges)	0	0	0
Income	(543)	22	0
Non-controllable expenditure Technical Accounting Adjustments e.g. overhead redistribution)	(5,016)	0	0
Total	3,537	129	101

Table 2 - Variance by departmental division					
Departmental division	Revised budget	Forecast variance month 4	Forecast variance month 2	Forecast variance due to Covid-19 month 4	Forecast Variance (non - Covid) month 4
	£000	£000	£000	£000	£000
Assurance, Programmes & Analytics	988	218	401	48	170
Audit, Fraud, Risk and Insurance	1,032	(10)	(115)		(10)
Chief Executives Office	544	0	0		0
Finance	3,952	(79)	(185)		(79)
Hampshire Partnership	2,037	0	0		0
TOTAL	8,553	129	101	48	81
Departmental non-controllable budgets	(5,016)				
Revised variance	3,537	129	101	48	81

Table 3 - Variance analysis		
Departmental Division	Month 4 £000	Month 2 £000
Assurance, Programmes & Analytics		
Assurance, Programmes & Analytics - pressure on Business Intelligence (BI) staffing costs mainly due to unfunded posts and additional resource required to meet critical 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.	218	401
The overspend is partially offset by forecast underspends on vacancies held within the Programme Management Office.		
Assurance, Programmes & Analytics total	218	401
Audit, Fraud, Risk and Insurance		
Audit, Fraud, Risk and Insurance- Underspend against audit contract	(10)	(115)
Audit, Fraud, Risk and Insurance total	(10)	(115)
Chief Executives Office		
	0	0
Chief Executives Office total	0	0
Finance		
Underspend on staffing budgets	(79)	(185)
Finance total	(79)	(185)
Hampshire Partnership		
	0	0
Hampshire Partnership total	0	0
TOTAL VARIANCE	129	101

Table 4 - Savings Delivery				
	MTFS savings target	On track	Partially deliverable	Undeliverable
	£000s	£000s	£000s	£000s
Total Savings	544	544		

Table 5 - Key risks - detail items over £250,000		
Risk Description	Risk At month 4 £000	Risk At month 2 £000
None to report		
TOTAL RISKS MANAGED	0	0

APPENDIX 5: RESOURCES
BUDGET REVENUE MONITORING REPORT MONTH 4

Subjective	Budget £000's	Variance month 4 £000's	Variance month 2 £000's
Employees	13,091	(375)	(121)
Premises-related expenditure	184	6	0
Transport-related expenditure	16	(6)	0
Supplies & services	12,701	89	342
Third party payments	428	3	0
Transfer payments (e.g. Housing Benefits, Schools funding transfers)	0	0	0
Support services (Internal Trading Services)	10	848	359
Items excluded from the cost of services (Debt management and Capital Charges)	0	0	0
Income	(7,856)	(85)	0
Non-controllable expenditure Technical Accounting Adjustments e.g. overhead redistribution)	(13,710)	0	0
Total	4,864	480	580

Departmental division	Revised budget	Forecast variance month 4	Forecast variance month 2	Forecast variance due to Covid-19 month 4	Forecast Variance (non – Covid-19) month 4
	£000	£000	£000	£000	£000
Communications and Policy	714	535	559	200	335
Democratic services, Coroners & Mortuaries	2,240	185	250	353	(168)
Digital Services	13,275	(300)	(225)	100	(400)
Legal Services	(443)	0	0	0	0
Members Support	264	60	26	0	60
People and Talent	2,184	10	0	10	0
Procurement	340	(10)	(30)	0	(10)
TOTAL	18,574	480	580	663	(183)
Departmental non-controllable budgets	(13,710)				
Revised Variance	4,864	480	580	663	(183)

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
Communications and Policy		
Overspend as a result of underachievement of traded income within the print service and difficult to achieve savings. Additional expenditure incurred relating to Covid-19.	535	559
Communications and Policy total	535	559
Democratic Services, Coroners & Mortuaries		
Additional costs relating to temporary mortuary storage costs and associated equipment	185	250
Democratic services, Coroners & Mortuaries total	185	250
Digital Services		
Cost reduction from the desktop services area and a reduction in print charges, plus negotiations resulted in a reduced Microsoft Premier Agreement licence cost. Also, a new programme approach is being applied to the contract renewals and awards process which will produce efficiencies.	(300)	(225)
Digital Services total	(300)	(225)
Legal Services		
	0	0
Legal Services total	0	0
Members Support		
Overspend on staffing budgets	60	26
Members Support total	60	26
People and Talent		
	10	0
People and Talent total	10	0
Procurement		
Procurement - underspends on staffing budgets	(10)	(30)
Procurement total	(10)	(30)
TOTAL VARIANCE	480	580

Table 4 – Savings delivery				
	MTFS savings target	On track	Partially deliverable	Undeliverable
	£000s	£000s	£000s	£000s
Total Savings	300	300		

Table 5 – key risks – detail items over £250,000

Risk Description	Risk At Month 4 £000	Risk At Month 2 £000
Network migration costs to business as usual service delivery may lead to an increase in current projections	TBC	TBC
TOTAL RISKS MANAGED	20	0

APPENDIX 6: SOCIAL CARE
BUDGET REVENUE MONITORING REPORT MONTH 4

Subjective	Budget £000	Variance month 4 £000	Variance month 2 £000
Employees	13,813	(30)	(24)
Premises-Related Expenditure	547	0	0
Transport-Related Expenditure	49	0	0
Supplies & Services	1,210	0	0
Third Party Payments	73,095	1,402	1,529
Transfer Payments	12,336	0	0
Support Services	4	0	0
Items Excluded from the Cost of Services	0	0	0
Income	(53,939)	0	0
Corporate Charges (SLAs and Capital Charges)	8,171	0	0
Total	55,286	1,372	1,505
Covid-19 cost		4,084	3,256
Revised Total	55,286	5,456	4,761

Departmental division	Revised budget	Forecast variance month 4	Forecast variance month 2	Forecast variance due to Covid-19 month 4	Forecast variance (non - Covid) month 4
	£000	£000	£000	£000	£000
Operations	20,774	(382)	(240)	0	(382)
Learning Disability, Mental Health and In-House Services	22,360	1,786	1,754	0	1,786
Commissioning	4,397	(32)	(9)	0	(32)
Resources	7,224	0	0	0	
Social Care Directorate	530	0	0	0	
Public Health	0	0	0	0	
TOTAL	55,285	1,372	1,505	0	1,372
Social Care Covid-19	0	4,084	3,256	4,084	0
Revised Total	55,285	5,456	4,761	4,084	1,372

Departmental division	Month 4 £000	Month 2 £000
Operations		
The main reasons for the underspend are the full year effect of 41 net reductions in placements costs due to Covid-19 deaths in care home which amounts to £938,000. This is partly offset by a net income shortfall of £233,000 in placements for the same reasons. The other main underspends are in Direct	(382)	(240)

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
Payments with 8 fewer residents (£306,000) and PFI homes (£135,000). There continues to be a projected overspend of £764,000 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	(382)	(240)
Learning Disability, Mental Health and In-House Services		
The projected overspend 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 with a projected overspend comprised of Home Care £840,000, Placements £738,000 and Direct Payment £88,000. There are also staffing cost pressures of £129,000 for transitional workers to meet the additional demand and some offsetting underspends in day care services of £270,000. 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 £302,000 in placements, £91,000 in Home care and some offsetting underspend in Direct Payments of £33,000 and reduced staffing costs of £99,000. Mitigation plan are in place to address this overspend.	1,786	1,754
Learning Disability, Mental Health and In-House Services total	1,786	1,754
Commissioning		
A small projected underspend on various commissioning budgets.	(32)	(9)
Commissioning total	(32)	(9)
Resources		
	0	0
Resources total	0	0
Social Care Directorate		
	0	0
Social Care Directorate total	0	0
Public Health		
	0	0
Public Health Total	0	0
TOTAL VARIANCE		
	1,372	1,505
The department is projecting total costs of £4.084m in 2020/21. The main change since month 2 is the additional support to care market providers longer than the three months previously	4,084	3,256

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
planned. The department is assuming all the costs will be funded from a combination of the Covid-19 government funding, Hospital discharge funding via the Clinical Commissioning Groups and from the Infection Control grant. However, the level of confirmed Covid-19 grant funding is insufficient to meet the Council's related pressures.		

Table 4 - Savings delivery					
		MTFS savings target	On track	Partially deliverable	Undeliverable
		£000	£000	£000	£000
Total savings		2,895	819	2,076	
Schemes not on track	£000s	Reason			
Work continues to deliver savings on better demand management and choice from acute hospitals, better Mental Health care and support services for new and existing residents, demand management and continued improvement of Transitions.	2,076	At this stage of the financial year the department is forecasting a full delivery of savings. There remains £2.076m (72% of the total savings) to be delivered over the next 8 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 - detail Items Over £250,000		
Risk description	Risk At Month 4 £000	Risk At Month 2 £000
Contract market inflation and wage pressures may be greater than budget due to Covid-19.	950	950
Year on year savings programmes are increasingly difficult to delivery and the focus is on the delivery of the Covid-19 services	600	600
Early Hospital discharge into Community Health Care placements	640	850
Increasing LD transitions residents	160	100
Individual service fund contractual claim	585	0
TOTAL RISKS MANAGED	2,935	2,500

Supplementary Monitoring Information
Social care savings of £2.465m for 2020/21 have been taken out of the budget at the beginning of the financial year. This 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;

Supplementary Monitoring Information

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.

The department continues to experience significant budget pressures with a projected overspend of £1,372,000. This is an improvement of £133,000 on the month 2 forecast. In addition, Social Care has estimated Covid-19 related costs for residents and providers of £4,084,000, which the department is expecting to be fully reimbursed from Government Covid-19 funding although, the level of confirmed Covid-19 grant funding is insufficient to meet the Council's related pressures. 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 MTFs savings. In arriving at the forecast for month 4, there are a number of additional risks of £2.9m mainly from unknown on-going factors from Covid-19. Further analysis will need to be undertaken and this is likely to increase from the month 4 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 the use of increased Better Care funding.

APPENDIX 7: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING REPORT MONTH 4

Table 1 - Forecast variance by subjective			
Subjective	Budget £000's	Variance month 4 £000's	Variance month 2 £000's
Employees (historic past service costs)	2,346	0	0
Premises-related expenditure	513	0	0
Transport-related expenditure	160	0	0
Supplies & services	8,488	1,500	1,500
Third party payments	92	0	0
Transfer payments (e.g. housing benefits, schools funding transfers)	112,116	0	0
Support services (internal trading services)	0	0	0
Items excluded from the cost of services (debt management and capital charges)	4,520	0	0
Income	(118,271)	300	300
Non-controllable expenditure (technical accounting adjustments e.g. overhead redistribution)	5,577	0	0
Total	15,541	1,800	1,800

Table 2 - variance by division					
Departmental division	Revised budget	Forecast variance month 4	Forecast variance month 2	Forecast variance due to Covid-19 month 4	Forecast variance (non – Covid-19) month 4
	£000	£000	£000	£000	£000
Corporate & Democratic Core	667	0	0		
Housing Benefits	(328)	0	0		
Levies	1,545	0	0		
Net Cost of Borrowing	2,915	0	0		
Other Corporate Items	5,014	1,800	1,800	150	1,650
Pensions & redundancy	5,728	0	0		
TOTAL	15,541	1,800	1,800	150	1,650
Balance of unapplied contingency			(3,000)		
Revised Variance	15,541	1,800	(1,200)	150	1,650

Table 3 - Variance analysis		
Departmental division	Month 4 £000	Month 2 £000
Corporate & Democratic Core		
Corporate & Democratic Core total	0	0
Housing Benefits		
Housing Benefits total	0	0
Levies		
Levies total	0	0
Net Cost of Borrowing		
Net Cost of Borrowing total	0	0
Other Corporate Items		
Historic contract management savings have been delivered through ad hoc one-off contract savings. across the council. The delivery of these savings has been managed by various departments. The monitoring of the commercial savings is temporarily held within corporate budgets whilst commercial operations undergo a restructure. No one off or permanent savings are currently identified for 2020/21.	1,500	1,500
Land charge income is forecast to be under budget due to market conditions. £150,000 is due to Covid-19 related factors.	300	300
Other Corporate Items total	1,800	1,800
Pensions & redundancy		
Pensions & redundancy total	0	0
TOTAL VARIANCE	1,800	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 4 £000	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.	900	900
TOTAL RISKS MANAGED	900	900

APPENDIX 8: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING REPORT MONTH 4

Subjective	Budget £000's	Variance month 4 £000's	Variance month 2 £000's
Employees	22,029	(1,021)	(920)
Premises-Related Expenditure	17,780	3,663	3,580
Transport-Related Expenditure	260	0	0
Supplies & Services	13,088	(3,131)	(3,167)
Third Party Payments	1,211	(15)	(18)
Transfer Payments	0	0	0
Support Services	453	62	59
Items Excluded from the Cost of Services	0	70	70
Income	(80,708)	324	491
Non-Controllable Expenditure	33,812	(958)	(276)
Appropriation From (+)/To (-)HRA General Reserve	7,924	(1,006)	(181)

Departmental division	Revised budget	Forecast variance Month 4	Forecast variance Month 2	Forecast variance due to Covid-19 month 4	Forecast variance (non - Covid) month 4
	£000	£000	£000	£000	£000
Housing Income	(77,474)	392	533	158	234
Finance & Resources	9,777	(3,379)	(3,392)		(3,379)
Housing Management	6,261	430	357	200	230
Property & Compliance	9,523	0	(0)		0
Void & Repairs	10,695	0	122		0
Long Term Repairs Model	0	2,555	2,555		2,555
Adult Social Care	48	0	0		0
Safer Neighbourhood	693	0	0		0
Place	10,233	(57)	(40)	63	(120)
Growth	863	(22)	(53)		(22)
Operations	3,420	20	0		20
Direct Delivery	860	(59)	(61)		(59)
Capital Charges	25,180	(956)	(447)		(956)
Corporate Support Service Recharges	7,846	70	244		70
Appropriation from HRA general reserve	7,924	(1,006)	(181)	421	(1,427)

Table 3 - variance analysis		
Departmental division	Month 4 £000	Month 2 £000
Housing Income		
A review of historic garage rent arrears and lower levels of income than originally budgeted for are expected to result in an adverse variance of £79,000. 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 Covid-19 is projected to include an under-recovery of income from advertising sites of £83,000 and on estate parking income of £75,000.	392	533
Housing Income total	392	533
Finance & Resources		
This relates to a release of a provision for risk (£3.297m) and an underspend due to staffing vacancies (£82k).	(3,379)	(3,392)
Finance & Resources total	(3,379)	(3,392)
Housing Management		
An underspend of £150,000 on staffing costs is mainly due to vacant posts within the Neighbourhood Services division. This is offset by additional charges for the Careline service of £380,000 follow a review of the apportionment of costs between the General Fund and the Housing Revenue Account. Additionally, the forecast for Covid-19 related costs, including deep cleans of sheltered housing properties is estimated to be £200,000 at this stage.	430	357
Housing Management total	430	357
Property & Compliance		
	0	0
Property & Compliance total	0	0
Long Term Repairs Model		
Increased costs associated with the procurement of new repairs and maintenance contracts as part of the long-term repairs model.	2,555	2,555
Long Term Repairs Model total	2,555	2,555
Void & Repairs		
Staffing pressures managed through reducing agency staff and implementing a new staffing structure with permanent appointments.	0	122
Void & Repairs total	0	122
Adult Social Care		

Table 3 - variance analysis		
Departmental division	Month 4 £000	Month 2 £000
No variance expected	0	0
Adult Social Care total	0	0
Safer Neighbourhood		
No variance expected	0	0
Safer Neighbourhood total	0	0
Place		
A net underspend on staffing costs.	(57)	(40)
Place Total	(57)	(40)
Growth		
A net underspend on staffing costs.	(22)	(53)
Growth total	(22)	(53)
Operations		
A net overspend on management costs.	20	0
Operations total	20	0
Direct Delivery		
Business Support Team - staffing vacancies within the business support team of £106,000 are offset by overspends on professional and legal fees of £29,000 and other minor variances of £16,000.	(60)	(60)
Direct Delivery total	(60)	(60)
Capital Charges		
There is an increased depreciation charge of £319,000 following a revaluation of the Council's housing stock. This determined that values have increased on average since last year by 5.4% - more than double the rate expected when the budget was set.		
There is a forecast reduction of £864,000 in interest payable on HRA debt following a revision to the HRA borrowing strategy which secured loans at a low interest rate. A saving of £411,000 is also forecast because the HRA does not need to internally borrow from the General Fund to meet its capital financing requirements.	(956)	(447)
Capital Charges total	(956)	(447)
Corporate Support Service Recharges		
Additional corporate recharges are expected for the HRA share of the apprenticeship levy £70,000.	70	244
Corporate Support Service Recharges total	70	244
TOTAL VARIANCE	(1,006)	(181)

Table 3 - variance analysis				
Departmental division			Month 4 £000	Month 2 £000
Table 4 - Savings Delivery				
	MTFS Savings target	On track	Partially deliverable	Undeliverable
	£000s	£000s	£000s	£000s
Total Savings	500	500		

Table 5 - Key risks - detail items over £250,000		
Risk description	Risk at month 4 £000	Risk at month 2 £000
Council homes rent collection risks - Debt recovery escalations and evictions are on hold for three months initially. Following this period, debts are expected to be repaid but there is a risk to rent arrears collection.	900	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 £400,000 per annum with the bulk of this loss profiled towards the first four months of the year.	400	400
Income from commercial property and advertising hoardings. A risk of further loss due to Covid-19	155	315
Capitalisation of staffing costs - Due to Covid-19 there is a risk of slippage on the capital programme. This may cause staff capitalisation to be lower than budgeted, resulting in unbudgeted charges to revenue. This is being monitored and should the risk crystallise, it will be shown as a variance.	768	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. Social distancing measures could create challenges in meeting statutory responsibilities such as carrying out gas safety checks which could lead to regulatory penalties and health and safety incidents.	710	1,200
Stock Condition Surveys - a detailed programme of surveys is planned and this could result in an additional unbudgeted charge to revenue for this and future years. Officers are currently in discussion with the Council's auditors to determine the correct accounting treatment.	TBC	TBC
TOTAL RISKS MANAGED	2,933	3,583

Supplementary Monitoring Information
A set of 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 are being considered as part of the Council's annual review of its Medium-Term Financial Strategy.

**APPENDIX 9
VIREMENT REQUESTS**

Details of virement	Amount (£000)	Department
GENERAL FUND:		
Drawdown 2020/21 grant from MHCLG for EEA Rough Sleeping initiatives	(135)	The Economy
	135	The Economy
Distribution of Pay Award contingency to departments	(1,700)	Centrally Managed Budgets
	1,700	All Departments
Realignment of Contract Management Savings from Contingency	1,500	Centrally Managed Budgets
	(1,500)	Centrally Managed Budgets
Distribution of cross cutting workforce efficiency savings 2020/21 to departments	1,250	Centrally Managed Budgets
	(1,250)	All Departments
Transfer of contract and operational management of Housing IT system	(299)	Resources
	23	Economy
	276	Centrally Managed Budgets
Total of Requested GF Virements (Debits)	4,884	
HRA:		
Transfer of contract and operational management of Housing IT system	(276)	HRA
	276	HRA
Total of Requested HRA Virements (Debits)	276	