


<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>2 SEPTEMBER 2019</b></p>	
<p style="text-align: center;"><b>CORPORATE REVENUE MONITOR 2019/20 MONTH TWO – 31 MAY 2019</b></p>	
<p><b>Report of the Cabinet Member for Finance and Commercial Services – Councillor Max Schmid</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification - For decision and for information</b></p> <p><b>Key Decision: Yes</b></p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Director: Hitesh Jolapara – Strategic Director of Finance &amp; Governance</b></p>	
<p><b>Report Author: Emily Hill, Assistant Director, Corporate Finance</b></p>	<p><b>Contact Details:</b></p> <p>Tel: 020 8753 3145</p> <p>Emily.Hill@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

- 1.1. The H&F vision includes 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.
- 1.2. Section 151 of the 1972 Local Government Act requires the Chief Financial Officer (as the responsible officer) to ensure proper administration of the Council's financial affairs. This is the first in-year monitoring report produced as part of the Council's 2019/20 budgetary control cycle.
- 1.3. The General Fund forecast outturn net variance is a forecast overspend to **£7.412m**.
- 1.4. Action plans of **£2.116m** have been developed and are proposed as partial mitigation against the forecast overspend. If delivered they will reduce the forecast net overspend to **£5.296m**. Directors and Cabinet Members need to consider what further actions they must take to improve the forecast outturn with urgent review of all budgets.

- 1.5. The High Needs Block and Early Years Block, funded through Dedicated Schools Grant (DSG), was overspent by a cumulative £13.6m at the close of 2018/19. A further overspend of £5.1m in 2019/20 is forecast that will increase the total deficit to £18.7m. Work is underway to address this overspend. In addition, councils are lobbying nationally to address acute government underfunding of this area.
- 1.6. The 2019/20 budget addressed some of the significant budget pressures faced in 2018/19 with growth of £3.3m for Children’s Service and £2.6m to realign Public Service Reform (PSR) income targets. Robust action needs to be taken now to understand and manage the additional current pressures.
- 1.7. The HRA forecast is an unfavourable variance of **£0.313m**.

## 2. RECOMMENDATIONS

- 2.1. To require the Directors and Cabinet members to identify and deliver actions that offset the forecast General Fund overspend.
- 2.2. To delegate to the Strategic Director of Finance and Governance, in consultation with the Cabinet Member for Finance and Commercial Services, the decision to agree the necessary budget virements required to align budgets to the new 2019/20 departmental structures.
- 2.3. To note the HRA forecast overspend.

## 3. REASONS FOR DECISION

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

## 4. MONTH 2 GENERAL FUND

- 4.1. The forecast month 2 overspend is **£7.412m** with risks of £10.079m identified.

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

<b>Department<sup>1</sup></b>	<b>Revised budget £m</b>	<b>Forecast outturn variance month 2 £m</b>
Children’s Services	44.083	1.328
The Economy Department	9.736	0.428
The Environment Department	66.076	2.479
Controlled Parking Account	<b>(27.938)</b>	<b>(0.692)</b>
Finance & Governance	1.122	1.151
Public Service Reform	9.921	3.197

<sup>1</sup> Figures in brackets represent underspends/ favourable movements

<b>Department<sup>1</sup></b>	<b>Revised budget £m</b>	<b>Forecast outturn variance month 2 £m</b>
Public Service Reform (Corporate Services)	1.127	0.180
Social Care	53.202	1.893
Centrally Managed Budgets	14.552	(0.300)
<b>Total</b>	<b>171.881</b>	<b>9.664</b>
Balance of unapplied unallocated contingency	0.000	(2.252)
<b>TOTAL</b>	<b>171.881</b>	<b>7.412</b>

- 4.2. The table above, in the main, reflects the new Council structure. Work is ongoing to finalise the budget virements required to reflect the required transfer of functions and related budgets to the receiving departments to fund their new structures. Once this work is complete the recommendations request that authority is delegated to the Strategic Director of Finance and Governance, in consultation with the Cabinet Member for Finance and Commercial Services, to agree the necessary budget virements required to align budgets to the new 2019/20 departmental structures. From that point the reporting will be undertaken on a new departmental basis.

## **5. MONTH TWO - HOUSING REVENUE ACCOUNT**

- 5.1. The Housing Revenue Account is currently forecasting an unfavourable outturn variance of £0.313m at month two (Appendix 8).

**Table 2: Housing Revenue Account forecast outturn**

<b>Housing Revenue Account</b>	<b>£m</b>
<b>Balance as at 31 March 2019</b>	<b>11.890</b>
Less: Budgeted contribution / (appropriation) from balances	(4.369)
Less: Forecast unfavourable outturn variance	(0.313)
<b>Projected balance as at 31st March 2020</b>	<b>7.208</b>

## **6. DEDICATED SCHOOLS GRANT (DSG)**

- 6.1. Dedicated schools grant (DSG) is paid in support of local authority schools' budgets, being the main source of income for the schools. In common with other London Boroughs, the High Needs Block element has come under increased pressure in supporting children with special educational needs and spend is significantly higher than the funding provided by central government. The cumulative total DSG deficit balance carried forward to 2019/20 was £13.6m with an additional £5.1m deficit now forecast in 2019/20.
- 6.2. The £18.7 million forecast cumulative deficit represents spending more money than grant available and will impact on future school and council resources.
- 6.3. The Education and Schools Funding Agency now expect local authorities to prepare deficit recovery plans however given the scale of the challenge, the Council has set aside an earmarked reserve equivalent in value to the DSG deficit in 2018/19. The DSG deficit reserve is used to cover the potential overspend and based on the current in-year forecast may need to be increased during the year by £5.1m, this will be reviewed during the year.
- 6.4. A programme of work is required and is underway to reduce the underlying overspend in this area.

**Table 4: Dedicated Schools Grant**

	<b>£m</b>
<b>DSG deficit brought forward from prior years</b>	<b>13.616</b>
In-year forecast deficit	5.129
<b>Forecast deficit at end of 2019/20 financial year</b>	<b>18.745</b>

## **7. GENERAL FUND RESERVES**

- 7.1 The council is preparing an updated reserves position that will be the subject of a future report.

## **8. VIREMENTS & WRITE OFF REQUESTS**

- 8.1. No virements or write offs are requested at this stage.

## **9. CONSULTATION**

9.1. All departments.

## **10. EQUALITY IMPLICATIONS**

10.1. As required by Section 149 of the Equality Act 2010, the Council has considered its obligations regarding the Public-Sector Equality Duty and it is not anticipated that there will be any direct negative impact on groups with protected characteristics, as defined by the Act, from the adjustments to the budgets required because of this Corporate Revenue Monitor.

10.2. In the event that any such adjustments might lead to a service change that could have a negative impact on groups with protected characteristics then an Equality Impact Assessment will need to be carried out.

10.3. Implications completed by Fawad Bhatti, Social Inclusion Policy Manager, tel. 07500 103617.

## **11. LEGAL IMPLICATIONS**

11.1. There are no legal implications for this report.

11.2. Implications verified by: Rhian Davies, Borough Monitoring Officer, tel. 07827 663794

## **12. FINANCIAL IMPLICATIONS**

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

12.2. Implications completed by: Gary Ironmonger, Finance Manager, 0208 753 2109, implications verified by Emily Hill, Assistant Director, Corporate Finance 020 8753 3145.

## **13. IMPLICATIONS FOR BUSINESS**

13.1. There are no implications for local businesses.

13.2. Implications verified/completed by: Albena Karameros, Economic Development Team, tel. 020 7938 8583.

## **14. COMMERCIAL IMPLICATIONS**

14.1. The report seeks the approval of strategies developed to bring any staffing overspends in line with allocated budgets.

14.2. There are no procurement implications. Commercially, these strategies will have a positive impact on the Council's budgets and spending.

14.3. Implications completed by: Andra Ulianov, Procurement Consultant, 0208 753 2284.

## **15. IT STRATEGY IMPLICATIONS**

- 15.1. There are no IT implications for this report.
- 15.2. Implications verified/completed by Veronica Barella, Chief Information officer, 0208 753 2927.

## **16. RISK MANAGEMENT**

- 16.1. The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties.
- 16.2. Revenue expenditure against budget is monitored by regular reports to the Strategic Leadership Team and Cabinet. These reports provide a snapshot of the revenue position for each Department and for the Council and provide details of any projected additional budget pressures and risks, or any significant under or overspends. As the Section 151 Officer, the Strategic Director of Finance and Governance is required to keep under review the financial position of the Authority. The monthly revenue monitoring is a key part of this review process. If required, measures will be put in place to address any risks identified through the monitoring process and to contain expenditure within approved budgets.
- 16.3. Effective monitoring assists in the provision of accurate and timely information to Members and officers and allows services to better manage their resources. Corporate Revenue Monitoring contributes to the delivery of all Council Priorities but chiefly Being Ruthlessly Financially Efficient and sound risk management.
- 16.4. The effective use of financial resources underpins the Council's activities in support of its strategic priorities. Plans to take remedial action to manage a number of the significant issues highlighted in this report where they approach and exceed our financial risk appetite and risk tolerance have been referenced in appendix 10.
- 16.5. There are a number of general risks to the Council being able to match expenditure with resources this financial year and over the medium term:
  - Austerity imposed by national government and its impact on Local Government.
  - Achievement of resulting challenging savings targets.
  - Brexit and the state of the UK economy.
  - Commissioning and Procurement outcomes.
  - Impact of the fall in the pound on inflation and pay.
  - Demand-led Service Pressures E.g. Adult Social Care, Child Protection etc.
  - Potential adjustments which may arise from the various Grant Claims.

- Movement in interest rates.

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

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

### **LOCAL GOVERNMENT ACT 2000**

#### **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None		

#### **LIST OF APPENDICES**

Appendix	Title
Appendix 1	Children's' Services
Appendix 1a	Dedicated Schools Grant
Appendix 2	The Economy Department
Appendix 3	The Environment Department
Appendix 3a	Controlled Parking Account
Appendix 4	Finance & Governance
Appendix 5	Public Service Reform (PSR)
Appendix 5a	PSR – Corporate Services
Appendix 6	Social Care
Appendix 7	Centrally Managed Budgets
Appendix 8	Housing Revenue Account

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

<b>Table 1 - Variance by Departmental Division</b>		
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
Family Services	31,022	387
Special Educational Needs and Disabilities	8,302	941
Education	1,092	0
Assets, Operations & Planning	3,667	0
School Funding	0	0
<b>TOTAL</b>	<b>44,083</b>	<b>1,328</b>

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<b>Family Services</b>	
<p><b>Family Services Social Care Placements</b> The Family Services placement budgets received growth of £2.05m for 2019/20 and the service identified savings of £1m.</p> <p>£0.6m of the savings have been flagged as a risk and other placements savings will be closely monitored. At this early stage no variance is reported but a detailed child level model will be used to report, scrutinise and challenge all placement spend. Regular panel meetings with service managers and the Assistant Director are in place and any variance to budget will be reported in the CRM.</p>	0
<p>The special project to take additional children has been Home Office grant and centrally funded (where costs exceed the grant) as it sits outside the usual remit of children's services. Growth was provided in 2019/20 to fund the full net expenditure on DUBs. Since the growth bid, a further 5 DUBs children have been placed in the borough and a further 5 are expected to be placed in the next two months. However, due to large reductions in the placement costs for two of the highest cost placements, the 2019/20 budget is expected to cover all costs including the 10 additional placements. A variance may be reported once the 5 new placements are made and the expected costs can be updated with the actual costs.</p>	0
<p><b>Family Support and Child Protection</b> Cabinet have approved a contract variation of £0.082m per annum on the Multidisciplinary Family Assessment Service contract with the Tavistock and Portman NHS Foundation Trust, this overspend is included in the forecast. A total potential overspend of £0.222m is possible due to spot purchasing outside of the contract, to meet demand, which could incur additional unbudgeted spend of c£0.140m per annum. This will be closely monitored and options to mitigate will be explored.</p> <p>A projected staffing overspend of £0.098m is primarily due to use of agency staff. There are 3 postholders on maternity leave with agency</p>	180



<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<p>staff covering with an assumption that 60% of the maternity costs will be funded corporately in line with last year's maternity budget allocation.</p> <p>The service is currently recruiting to fill vacant posts. The forecast assumes agency to the end of August 2019. There is a risk of not filling all vacant posts due to difficulties in recruiting with recent activity being unsuccessful. The successful candidates will be Social Care Workers progressing towards a Social Worker role. As Social Care Workers, they may not hold full caseloads requiring continuing use of agency workers.</p>	
<p><b>LAC and Leaving Care Non-placement costs</b> Client transport overspend is £0.252m relates to 28 regular clients for the full financial year 2019/20. Regular review meeting between the transport team and the services across the directorate will be held in 2019/20 to monitor spend and usage.</p>	252
<p><b>Other minor variances</b> Minor variances are spread across services including an underspend on fostering and adoption staffing and a £0.082m pressure cause by unbudgeted contracts relating to the council's commitments as part of the West London Alliance (WLA). These are WLA Commercial and Procurement (NWOW) £0.015m, Children's Commissioning Service £0.044m and Careplace £0.023m</p>	(45)
<b>Total of Family Services</b>	<b>387</b>
<b>Special Educational Needs and Disabilities</b>	
<p><b>Travel Care and Support</b> In 2019/20 there has been a 12% increase in student numbers using SEN transport, compared to the same period last year. In addition, there has been a 20% increase in the destinations students are transported to. Journey times have increased, with an increase in average cost per trip in taxi transport. The current forecast includes part delivery of £0.17m of the 2019/20 savings initiatives totalling £0.26m but does not include additional demand growth over and above the current cohort of pupils using the service. Further opportunities to deliver savings are being explored to help mitigate the risk of under-delivery.</p>	507
<p><b>Children with Disability Placements (Short breaks)</b> There has been 14 new direct payment packages since the end of 2018/19 including one for a young person with a full year effect of £0.063m.</p> <p>There have been 17 new care packages since the end of 2018/19 to top of the full year effect of four high cost packages totalling £0.1m which started after the beginning of last financial year.</p> <p>These added full year increases from 2018/19 of around £0.2m. Overall placement budget totals £1.375m against a projected expenditure of</p>	182

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
£1.558m.	
<b>Education and Healthcare Planning (EHCP)</b> The pressure is due to the additional cost of 8 supernumerary agency staff required until the end of August 2019. The funding used to pay for the costs of transferring children with existing statements to EHC plans was exhausted in 2018/19 causing the overspend against the established staffing budget. The service expects to return to establishment in September.	193
Other minor variances from across the service total £0.059m. This includes an overspend of £0.055m in the Inclusion and specialist intervention service caused by a loss of income because of RBKC ceasing to buyback from September 2019.	59
<b>Total of Special Educational Needs and Disabilities</b>	<b>941</b>
<b>Education Service</b>	
No variance is currently expected on the general fund for the Education directorate.	0
<b>Total of Education</b>	<b>0</b>
<b>Assets, Operations &amp; Planning</b>	
No variance is currently expected on the general fund for Assets, Operations & Planning.	0
<b>Total of Assets, Operations &amp; Planning</b>	<b>0</b>
<b>TOTAL VARIANCE</b>	<b>1,328</b>

**Table 3 - Key Risks - Detail Items Over £250,000**

<b>Risk Description</b>	<b>Risk At Month 2 £000</b>
Tower Hamlets Judgement - the likely liability should all connected carers be paid carers fees for prior years, possibly back to 2011, is estimated to be in the region of £2.1m. Three families (6 children) have brought claims prior to 2018/19, via the same solicitors, totalling £141,000. In addition, in 2018/19, two families (3 children) brought claims with costs of approximately £60,000.	2,100
Within Fostering and Adoption Placement budgets there is a 2019/20 savings target of £0.599m for 'Enhanced fostering/secure base'. The service has flagged this as a risk of not being delivered partly because the resource required to support the Head of Service in delivery is not in place and that the trained carers may not necessarily have LBHF children placed with them.	600
The Leader has agreed that Hammersmith & Fulham will place an additional 10 DUBs children. 5 have been placed and included in the forecast based on their actual costs and Home Office income. A further 5 have estimated costs in the forecast which will need to be revised with actuals once placed. The additional costs to the service in staffing costs needs to be understood.	TBC
Placements - Placement saving through LAC and Family Assist needs to continue to be monitored to ensure that delivery of savings is on track. The continuing high cost placements forecast puts pressure on this activity being delivered. The number of young people in residential care remains small, however, they are often complex highly expensive cases meaning that LAC assist have to work with the young person for some time before they can even be considered for step-down or non-residential placement. In addition to the contingency for net placement increase in year, there is a risk of further exceptional demand growth, particularly from high cost residential placements This risk will decrease each month as new placements are built into the forecast.	1,500
The Children with Disability Placements forecast does not contain contingency for demand led growth. Any net increase in demand will increase the overspend on the service.	TBC
It is expected that there will be further significant movement in SEN transport during the Summer 2019 mobilisation as students leave education, transfer to new destinations and new students join transport. It is expected that this impact will be clear at months six or seven, but it is currently estimated to be around £175,000. There is a clear upward trend of growth across the service which continues to pose a significant risk to the budget during 2019/20.	175
The Children with Disability Placements forecast includes £0.670m of income from the Clinical Commissioning Group (CCG) based on agreements to part fund a number of care packages. £0.150m is not yet guaranteed so there is a risk around receiving the full amount projected.	150
A recent review of the finance regulations that informs DSG budget allocations, has meant central spend previously funded by DSG, now has to be funded by either traded income, additional fees or general fund. Charging an admin fee to other LAs who place pupils in LBHF maintained	396

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>	
<b>Risk Description</b>	<b>Risk At Month 2 £000</b>
schools, was previously put forward as mitigation towards the forecast overspend on the High Needs Block. However, this has since been applied against the general fund SEND budget to ensure central services are fully funded as part of the regularisation of the use of DSG. There is a risk to the general fund if this income is not achieved.	
<b>TOTAL RISKS</b>	<b>4,921</b>

**APPENDIX 1a: DEDICATED SCHOOLS GRANT  
BUDGET REVENUE MONITORING REPORT MONTH 2**

<b>Table 1 - Variance by Departmental Division</b>		
<b>Dedicated Schools Grant - Paid in support of the Local Authority's School Budget</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
High Needs Block Expenditure	18,406	5,129
Early Years Block Expenditure	15,774	0
Schools Block Expenditure	38,083	0
Central School Services Block Expenditure	4,430	0
DSG Income	(76,693)	0
<b>TOTAL</b>	<b>0</b>	<b>5,129</b>

<b>DSG deficit brought forward from prior years</b>	<b>13,616</b>
<b>Forecasted deficit at end of 2018-19 financial year</b>	<b>18,745</b>

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<b>High Needs Block (HNB)</b> ( <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 the Alternative Provision</i> )	
<p>The forecast overspend is £5.13m in 2019/20, before growth related to increased pupil numbers and inflation. This represents an improvement of £1.73m on the 2018/19 outturn position of £6.86m. The outturn position was £7.13m on expenditure in 2018/19, but £0.268m of costs were funded from an under spend against the Central Services block of the DSG.</p> <p>The improvement on the 2018/19 outturn is due to various factors. The allocation has increased by £1.65m due to growth in pupil numbers (£0.313m), additional allocation (£0.359m) and a reduction in the place funding recouped by the ESFA (£0.985m). We were able to transfer £0.497m more from the School's block and £0.350m from the Central Services block, to support the pressures on the HNB.</p> <p>It is estimated that £1.25m of spend from 2017/18 in 2018/19, will not re-occur due to the robust year end accruals process. In addition, one off income of £0.4m for non LBHF pupils placed in LBHF schools, will not repeat in 2019/20. There will be additional costs in 2019/20, including £0.254m related to a proposed top-up rate increase at Jack Tizard Special School and £0.728m increase in the Speech and Language Therapy contract costs before recovering costs related to non LBHF pupils.</p> <p>We are expecting additional pressure on the High Needs block due to reduced regional commissioner charges being generated once two special schools move to academy status (£0.239m). Alternatives to ensure fair regional commissioner charges across LBHF schools, are being</p>	5,129

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
considered. Alternative Provision costs will increase by £0.452m in year as the SLA was offset in 2018/19 by a pre-payment made in 2017/18. Contingency funding is forecast to be £0.2m higher than in 2018/19 because it is not clear how much of this expenditure will be offset against the EY SEN Inclusion fund.	
<b>Total of High Needs Block</b>	<b>4,580</b>
<b>Early Years Block</b> ( <i>Funding for Early Years including Two-Year-Old funding and Early Years Pupil Premium</i> )	
No variance is reported at this stage.	0
<b>Total of Early Years Block</b>	<b>0</b>
<b>Schools Block</b> ( <i>This budget of the DSG forms the core funding for mainstream maintained schools</i> )	
Nil variance forecast. The budget has been set for 2019/20 on available activity data.	0
<b>Total of Schools Block</b>	<b>0</b>
<b>Central School Services Block</b> ( <i>Funding for the Local Authorities ongoing responsibilities</i> )	
No variance is reported at this stage.	0
<b>Total of Central School Services Block</b>	<b>0</b>
<b>TOTAL VARIANCE</b>	<b>4,580</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>	
<b>Risk Description</b>	<b>Risk At Month 2 £000</b>
EHCP case work and management are statutory services, and the ESFA guidelines are clear that these services should not be funded from HNB DSG but general fund. The service has reduced DSG contributions to in 2018/19 through substituting DSG funding with income generated from regional commissioner charges levied on to other LAs who have pupils placed in the borough, however this income may be at risk, as other LA's are pushing back. The risk is estimated to be £500,000 but could also be realise if two special schools become academies and we are unable to find a mechanism to levy these charges from September 19.	500
A comparison of census data at January 2018 and 2019, suggest that the cohort of LBHF pupils placed in LBHF schools has increased by 7.5%. The total spend in 2018/19 was £8.5m, which would suggest that the growth risk in year is in the region of £640,000, before any mitigating action. Spend in 2018/19 on LBHF pupils placed out of borough, was £6.5m however it is not clear whether this cohort will be increasing in 2019/20, because the relevant datasets are not available. If, however, a similar assumption is made, the growth risk is approximately £485,000, taking the overall risk of increased placement costs in 2019/20 to £1.12m. Work is underway to review the SEN cohort, including the impact of phased transfers in year.	1,125
<b>TOTAL RISKS</b>	<b>1,625</b>

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

<b>Table 1 - Variance by Departmental Division</b>		
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
Housing Solutions	6,826	363
Growth	324	0
Economic Development, Skills Service	1,905	0
Planning	794	0
Operations	94	0
Property Services & Compliance	90	0
Direct Delivery	5	0
Building and Property Management	(302)	65
<b>TOTAL</b>	<b>9,736</b>	<b>428</b>

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<b>Housing Solutions</b>	
There is a forecast increase in average client numbers (from a budget of 928 units to a forecast of 985) in Private Sector Leased (PSL) temporary accommodation schemes.	42
There is a forecast reduction in average client numbers (from a budget of 133 clients to a forecast of 75) in Bed and Breakfast (B&B) temporary accommodation.	(256)
Cost avoidance payments of £600,000 to Private Sector Leasing and Direct Letting landlords are expected to be made this year in to enable the Council to secure temporary accommodation properties. A further £450,000 is expected to be incurred under a Cabinet approved plan to invest up to £900,000 from the Temporary Accommodation reserve to secure 300 additional private rented sector properties to prevent homelessness or enabling households to exit temporary accommodation.	600
Flexible Homelessness Support Grant provided by central Government to cushion the impact of the removal of the management fee for Temporary Accommodation (after allocating £2,589,400 to PSL and deducting an assumed £100,000 which we expect Registered Providers to claim). Government have stated the aim is to 'empower LAs with the freedom to support the full range of homelessness services they deliver' and plan their provisions with more certainty. It should be noted that this is not guaranteed after 2019/20 so there is a risk of significant budget pressure from next year.	(116)
It is expected that there will be a number of other minor variances mainly on repairs and legal costs.	93
<b>TOTAL of Housing Solutions</b>	<b>363</b>
<b>Growth</b>	
	0
<b>TOTAL of Growth</b>	<b>0</b>



<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<b>Economic Development &amp; Skills Service</b>	
	0
<b>TOTAL of Economic Development &amp; Skills Service</b>	<b>0</b>
<b>Planning</b>	
	0
<b>TOTAL of Planning</b>	<b>0</b>
<b>Operations</b>	
	0
<b>TOTAL of Operations</b>	<b>0</b>
<b>Property Services &amp; Compliance</b>	
	0
<b>TOTAL of Property Services &amp; Compliance</b>	<b>0</b>
<b>Development &amp; Regeneration</b>	
	0
<b>TOTAL of Development &amp; Regeneration</b>	<b>0</b>
<b>Building and Property Management (BPM)</b>	
Rent and Other Properties: unachievable rental income of £14,000 and previous years' rental income generation targets not achieved of £103,000.	117
Valuation Services: underspends in the Asset Management section on contractors and legal charges (£32,000) and recharges income of (£20,000).	(52)
<b>Total of BPM</b>	<b>65</b>
<b>TOTAL VARIANCE</b>	<b>428</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>	
<b>Risk Description</b>	<b>Month 2 £000</b>
Overall Benefit Cap	100
Direct Payments (Universal Credit)	35
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	601
Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	260
There is a risk of large families being accommodated in B&B	181
Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast	471
The Economic Development service is currently undergoing a full review and there is a risk of overspend during this period of transition as the service is restructured to better align function and outcomes with the Council's industrial strategy.	60
Planning - In recent years, the cost of judicial reviews and major planning appeals has been met from earmarked reserves, but these funds are now exhausted and therefore, there is an ongoing risk of an overspend against the budget.	300
Building & Property Management: Rent at 277 Goldhawk Road (Ladybird Nursery) lease renewal is with Legal Services and the new rent is to be backdated to May 2017. There is an issue with the occupied area under the new lease, which is yet to be resolved.	80
<b>TOTAL RISKS MANAGED</b>	<b>2,088</b>

<b>Supplementary Monitoring Information</b>
<p><b>Long Term Trends:</b></p> <p>The Temporary Accommodation service faces a long-term trend of:</p> <ul style="list-style-type: none"> <li>• rising rents,</li> <li>• constraints on income collection because of Welfare Reform</li> <li>• increases in demand from homeless families.</li> </ul> <p>The number of households in Temporary Accommodation (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). The current number of households TA is 1,250 (at 12 May 2019) and this represents a rise of over 3.2% since April 2016 at a time when the London average has increased by 5%. TA numbers are projected to increase to 1,275 at April 2020 and 1,325 at April 2021 and 1,375 at April 2022.</p> <p>2018/19 saw the introduction of the Homelessness Reduction Act. This was the biggest change in homelessness legislation for over 40 years, and it had a significant impact on the service.</p> <p>In 2017/18 we had 1,235 people approach for housing advice and assistance with dealing with the threat of homelessness. In 2018/19, this more than doubled (127%), to 2,801 approaches. There was also a big increase in the number of homeless applications. In 2017/18, we took a total of 350 homeless applications, but in 2018/19 this was up by 189% to 1,011. However, the number of cases where a main homeless</p>

### Supplementary Monitoring Information

duty was agreed in 2018/19 was 473, of which only 141 was after the Homelessness Reduction Act had been introduced. The high number of non-HRA cases reflects decisions made on 'legacy cases' under the previous legislation. At the start of the year, this stood at 499 cases, and all have been resolved.

This indicates that we have been very successful in preventing homelessness, either by directly assisting households to find alternative accommodation, or where households have been able to achieve this without the additional assistance of the Council.

The number of enquiries during April 2019 was 261, which is comparable to the same period for the previous year (251). The number of new homeless applications increased, from 42 in April 2018, to 66 in April 2019. In April 2019, 13 cases were accepted with a main housing duty, compared to only 1 HRA case in April 2018. However, this discrepancy is to be expected as last year, the 56 days (or 112 days) to make a decision would not have applied.

63% of cases presenting when homelessness could be prevented were closed at the prevent stage (20 out of 32). Although this is lower than the previous year (75%), the volume is much higher, as this was only 3 out of 4 cases in April 2018.

**Planning income** in recent years has fluctuated between £3.1m (2017/18), £3.6m (2018/19) and is currently forecast to reach £3.7m in 2019/20. The forecast is being closely monitored.

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

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

**APPENDIX 3: THE ENVIRONMENT DEPARTMENT**  
**BUDGET REVENUE MONITORING REPORT MONTH 2**

<b>Table 1 - Variance by Departmental Division</b>		
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>
Highways, Parks & Waste	35,916	799
Safer Neighbourhoods & Regulatory Services	3,924	704
Community & Culture	1,937	510
Resident Services	23,095	591
Executive and Support	1,205	(125)
<b>TOTAL</b>	<b>66,076</b>	<b>2,479</b>

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<b>Highways, Parks &amp; Waste</b>	
Electric Vehicle Charging income 2018/19 and 2019/20. Not budgeted and not accrued in 2018/19.	(330)
Network Management income shortfall in line with previous years	72
Metro Wireless WIFI income shortfall in line with previous years	126
Temporary Traffic Orders net income	(59)
Unachievable savings targets	10
CCTV ducting concession contract income shortfall	260
Savings target for sponsorship of information boards on public highways	50
Savings target for cycle street furniture	125
Savings target for better procurement in parks	50
Street Lighting energy underspend	(125)
Salaries / Profess overspend/underachievement. Inability to recover all salary costs mainly due to inability to recharge Planning for officer time but also some transitional disaggregation effect	395
General Maintenance planned underspend	(100)
Existing saving on waste contract not expected to be achieved	159
New saving for removal of clear all service not expected to be achieved	83
Unfunded Waste Management posts	80
Unfunded waste contract inflation	540
Waste disposal underspend assuming tonnages broadly in line with last year	(560)
Other smaller net overspends	23
<b>Total Highways, Parks &amp; Waste</b>	<b>799</b>
<b>Safer Neighbourhoods and Regulatory Services</b>	
Building Control income shortfall assuming income in line with 2018/19. Service to be reviewed by new manager to assess potential for growing income. Ideas from Commercial Review to be revisited	301
Technical Support staffing and supplies and services underspends	(52)
Additional annual contribution to London Resilience Fund for Emergency Planning	15

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
Commercial income target for deployable CCTV cameras	100
Commercial income target for Professional Witness service	20
Savings target for Additional and Selective Private Housing licensing	300
Emergency response silver rota costs more than budget	20
<b>Total Safer Neighbourhoods and Regulatory Services</b>	<b>704</b>
<b>Community and Culture</b>	
Filming & Lettings income shortfall, assuming £30,000 more income than last year. Historic income trends being analysed. Plans to increase income to be developed.	354
Commercial income target for Parks and Markets events	100
Libraries staff savings, assuming disaggregation occurs from July and no additional recruitment	(135)
Libraries savings shortfall - delayed implementation of Smart Open (£100,000) and shortfall against new income generating opportunities (£105,000)	205
Unachievable savings target for Libraries Trust model	150
Registrars income overachievement, assuming outturn in line with last year. Any losses resulting from relocation out of Hammersmith Town Hall expected to be covered corporately.	(164)
<b>Total Community and Culture</b>	<b>510</b>
<b>Resident Services</b>	
Existing restructure saving not expected to be achieved. Restructure proposals being considered with a view to delivering this saving in the medium term. £110,000 unfunded Moving On One costs - insufficient budget transfer from CHS & ASC for complaints officers. Options to reduced costs being considered, but likely to result in increased recharges to other departments.	481
Local support payment less than budget	(150)
Savings target for delayed Channel Shift project (new proposals now being developed)	150
Unfunded Moving-On One costs relating to complaints function.	110
<b>Total Resident Services</b>	<b>591</b>
<b>Executive Directorate and Support</b>	
Head of Transport and Highways	(25)
Departmental IT budgets underspend	(100)
<b>Total Executive Directorate and Support</b>	<b>-125</b>
<b>TOTAL VARIANCE</b>	<b>2,479</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>	
<b>Risk Description</b>	<b>Risk At Month 2 £000</b>
Potential staff cost increases	400

Risk that s.106 funding not confirmed for CCTV	120
<b>TOTAL RISKS MANAGED</b>	<b>520</b>

<b>Supplementary Monitoring Information</b>	
<p>A number of historic, difficult to achieve savings are included in the base budget for the Environment Department. Ongoing underspends across the department have been reviewed, resulting in a number of proposed budget realignments within the department to permanently address these. A number of realignments are within the department and so do not affect the overall forecast for the department, but they allow budgets to more accurately reflect income and expenditure expectations. The department will continue to progress and implement plans to tackle the remaining budget pressures. Alternative savings will need to be agreed and implemented where there are no opportunities for mitigating action.</p>	

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

<b>Table 1 - Variance by Departmental Division</b>		
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
Controlled parking income	<b>(38,994)</b>	<b>(90)</b>
Controlled Parking Account expenditure	<b>11,056</b>	<b>(602)</b>
<b>TOTAL</b>	<b>(27,938)</b>	<b>(692)</b>

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<b>Parking Control</b>	
<b>Controlled Parking Income</b>	
Parking PCN Income	<b>(340)</b>
Suspensions Income	668
Pay & display	<b>(310)</b>
Residents Parking	<b>(96)</b>
Removals & Storage	<b>(12)</b>
<b>Controlled Parking Expenditure</b>	
Underspend on supplies services due primarily to the completion of rollout of the cashless parking resulting in reduction of cashless and maintenance contract costs.	<b>(487)</b>
Salary underspend	<b>(115)</b>
<b>TOTAL VARIANCE</b>	<b>(692)</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>	
<b>Risk Description</b>	<b>Risk At Month 2 £000</b>
None to report	0
<b>TOTAL RISKS MANAGED</b>	<b>0</b>

**APPENDIX 5: FINANCE & GOVERNANCE**  
**BUDGET REVENUE MONITORING REPORT MONTH 2**

<b>Table 1 - Variance by Departmental Division</b>		
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
Property and Facilities Corporate Buildings	33	106
Legal and Democratic Services	1,869	142
IT Services	733	0
Finance	2,386	0
Audit, Fraud and Insurance	(6)	0
<b>Sub-Total</b>	<b>5,016</b>	<b>248</b>
Commercial & Procurement Services (transferred to FG as at 01/04/19)	(3,894)	903
<b>TOTAL</b>	<b>1,122</b>	<b>1,151</b>

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<b>Property and Facilities Corporate Buildings</b>	
Civic Accommodation: Overall unfavourable variance in income from renting space..	106
<b>TOTAL PROPERTY AND FACILITIES CORPORATE BUILDINGS</b>	<b>106</b>
<b>IT SERVICES</b>	
	0
<b>TOTAL IT SERVICES</b>	<b>0</b>
<b>LEGAL AND DEMOCRATIC SERVICES</b>	
Elections: The service has received a 58% reduction in Central Government grant for Individual Electoral Registrations since 2015/16, whilst the costs of statutory services relating to contacting residents have been increased due to the growth in the borough profile. This remains an ongoing budget pressure.	50
Coroners: At this early stage and despite increased recharges to partner boroughs in recent years, LBHF is forecast to overspend by £92,000 against a net budget of £126,000 due to increased activity which has resulted in additional costs for staffing, coroners' expenses and supplies and services. This budget pressure will remain for the foreseeable future.	92
<b>TOTAL LEGAL AND DEMOCRATIC SERVICES</b>	<b>142</b>
<b>TOTAL FINANCE</b>	<b>0</b>
<b>TOTAL AUDIT, FRAUD AND INSURANCE</b>	<b>0</b>
Contract Management Savings: this service has transferred to Finance & Governance from April 2019. This is a prudent estimate to reflect potential of not realising budgeted target for savings from this area.	500
Advertising Hoardings: variance to budget from existing and new sites. Work underway to address and close this shortfall.	403



<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<b>TOTAL COMMERCIAL &amp; PROCUREMENT</b>	<b>903</b>
<b>TOTAL VARIANCE</b>	<b>1,151</b>

<b>TABLE 3 - Key Risks Detail Items above £250,000</b>	
<b>Risk Description</b>	<b>Risk At Month 2 £000</b>
Potential challenges of additional TUPE and Facilities Management Service set up costs of £500,000.	500
Contract management savings – risk that activity plan to be drafted after resource is employed does not meet the savings target.	1,500
<b>TOTAL RISKS MANAGED</b>	<b>2,000</b>

**APPENDIX 5: PUBLIC SERVICES REFORM**  
**BUDGET REVENUE MONITORING REPORT MONTH 2**

<b>Table 1 - Variance by Departmental Division</b>		
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
Adults and Children's Commissioning	<b>6,509</b>	1,627
Policy and Strategy	<b>288</b>	0
Family Support	<b>2,559</b>	1,400
<i>New divisions as of 1st April:</i>		
Zero Based Budgeting	<b>514</b>	0
Research and Innovation	<b>52</b>	170
<b>TOTAL</b>	<b>9,921</b>	<b>3,197</b>

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<b>Public Services Reform</b>	
<b>Commissioning Staffing.</b> There is a baseline budget pressure of £550,000 across adults' and children's commissioning teams which includes a forecast pressure on the Travel Care and Support service of £350,000. In addition, £450,000 budget was transferred in 2018/19 to support the set-up of the Programme Management Office and additional BI capacity required above budget.	1,000
<b>Family Support.</b> £1m of this overspend relates to budgeted savings. The forecast is calculated assuming no contracts novate to the Family Support until September 2019 (at the earliest) and working capital payments of £310,000 each month continue to June. While there is the potential for the delivery of these savings to be passed over to Family Support it is highly unlikely that they will be able to deliver these savings this financial year.	1,400
<b>Research and Innovation.</b> Overspend mainly due to staffing pressures in the new structure.	170
<b>Supporting People contracts.</b> Mitigating actions have been identified by strategic leads to bring the overspend down from £250,000 to its current position. Work is ongoing to reduce this overspend through 2019/20.	100
<b>Third Sector Commissioning.</b> Overspend in commitments to fund third sector organisations	439
<b>Minor variances.</b> Mainly due to late payment of invoices relating to 2018/19 not accrued.	88
<b>TOTAL VARIANCE</b>	<b>3,197</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>	
<b>Risk Description</b>	<b>Risk At Month 2 £000</b>
None to report	0

**Table 3 - Key Risks - Detail Items Over £250,000**

**TOTAL RISKS MANAGED**

**0**

**Supplementary Monitoring Information**

Much of the expenditure in PSR relates to contract payments or regular payments to third sector providers. Information used to forecast includes a schedule of commitments, contract documentation and any changes in demands for services.

**APPENDIX 5a: PSR CORPORATE SERVICES**  
**BUDGET REVENUE MONITORING REPORT MONTH 2**

<b>Table 1 - Variance by Departmental Division</b>		
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
<i>Services transferring to PSR:</i>		
People and Talent	(329)	200
Communications	439	160
Project Management Office	21	(100)
Chief Executive's Office	510	0
<i>Services transferring to new dept</i>		
Executive Services	310	(80)
Leaders Office	176	0
<b>TOTAL</b>	<b>1,127</b>	<b>180</b>

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<b>COMMUNICATIONS</b>	
Forecast overspend because of underachievement of traded income within the print service. At this stage, it is expected that activity will be in line with that incurred in 2018/19.	160
<b>TOTAL COMMUNICATIONS</b>	<b>160</b>
<b>EXECUTIVE SERVICES</b>	
Underspends are forecast on salaries across the division.	(80)
<b>TOTAL EXECUTIVE SERVICES</b>	<b>(80)</b>
<b>CHIEF EXECUTIVES OFFICE</b>	
	0
<b>TOTAL CHIEF EXECUTIVES OFFICE</b>	<b>0</b>
<b>PEOPLE AND TALENT</b>	
£200,000 saving relating to council wide agency savings held within the service from 2018/19 for which there is no current activity plan to mitigate this.	200
<b>TOTAL PEOPLE AND TALENT</b>	<b>200</b>
<b>PROJECT MANAGEMENT OFFICE</b>	
Underspends on staffing costs	(100)
<b>TOTAL PROJECT MANAGEMENT OFFICE</b>	<b>(100)</b>
<b>TOTAL VARIANCE</b>	<b>180</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>
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Risk Description	Risk At Month 2 £000
None to report	0
<b>TOTAL RISKS MANAGED</b>	<b>0</b>

<b>Supplementary Monitoring Information</b>
None to report

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

<b>Table 1 - Variance by Departmental Division</b>		
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
Operation	25,066	673
Learning Disability, Mental Health and In-House Services	21,414	1,220
Commissioning	(175)	0
Resources	6,283	0
Social Care Directorate	615	0
<b>TOTAL</b>	<b>53,202</b>	<b>1,893</b>

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<b>Operations</b>	
<p>The department has balanced its budget for the last two years. However, as the savings for 2019/20 have been taken out of the budget at the beginning of the financial year we start the year with a projected overspend of £673,000.</p> <p>The financial pressures result from NHS policy of discharging people as early as possible from hospital and preventing people from unnecessary admission into hospital. This leads to an increase in home care costs for the council. This is a demand pressure which continues until a decision/policy is reached nationally about how to fund adult social care, which has long been promised by government but to date has not been released.</p> <p>The main reasons for the overspend are due to the full year effect of 44 re-started care packages, which started at the end of last year, and the further increase in London Living wage rates. The full year effect of home care packages and further increases in charges is projected to cause an overspend of £1,173,000, this is partly offset by a projected underspend of (£500,000) in placements.</p> <p>Managers are working on mitigating action plans and as these are developed they will be reported in future monitoring reports.</p>	673
<b>Total of Operations</b>	<b>673</b>
<b>Learning Disability, Mental Health and In-House Services</b>	
<p>Within Learning Disability (LD), Mental Health and In-House Services, there are projected overspend of £1,220,000.</p> <p>This is due to full year cost effect in LD of 16 new or returning people commencing from 2018/19 with a projected overspend comprises of Home care £340,000, Placement £224,000 and Direct Payment £239,000. In</p>	1,220

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
Mental Health Service a similar position of 33 new, or returning people since April 2018, with a resultant projected overspend of £170,000 in home care and £248,000 in placements. Nursing Placements costs are on average increasing by 6% and the budgetary provision agreed is 2.58% which accounts for part for the overspend.  Managers are working on mitigating action plans and as these are developed they will be reported in future monitoring reports.	
<b>TOTAL OF Learning Disability, Mental Health and In-House Services</b>	<b>1,220</b>
<b>TOTAL VARIANCE</b>	<b>1,893</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>	
<b>Risk Description</b>	<b>Risk At Month 2 £000</b>
Estimated costs relating to Learning Disability service users transitioning from Children's Services to Adult Social Care.	250
Home Care contract providers have been awarded an inflationary increase of 1 to 2.1% depending upon their CQC (Care Quality Commission) rating. There is a risk of providers requesting a further increase due to additional London Living Wages which increased by 3.4% from April 2019.	300
<b>TOTAL RISKS MANAGED</b>	<b>550</b>

<b>Supplementary Monitoring Information</b>
<p>The department continues to experience significant budget pressures. The department is starting the year with a projected overspend of £1,893,000 mainly because of the full year implications of new and resultant price increases due to market pressures. In setting the 2019/20 budget £1.5 million was identified as a risk to the budget forecasts for these main factors. The projection assumes the full delivery of the 2019/20 Adults savings of £3,086,000 of which currently 71% are rated as amber in terms of delivery.</p> <p>Historically, the department's budget has had underlying budget pressures, which have been mitigated in the last two years by using a combination of management actions to control the budget, one off reserves and from last year with the Improved Better Care Funding.</p> <p>At this early stage of the year, the department is highlighting a risk of £550,000 due potential additional transitional service users and potential unbudgeted price increases.</p>

**APPENDIX 7: CENTRALLY MANAGED BUDGETS**

**BUDGET REVENUE MONITORING REPORT MONTH 2**

<b>Table 1 - Variance by Departmental Division</b>		
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Forecast Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
Corporate & Democratic Core	374	0
Housing Benefits	(328)	0
Levies	1,545	0
Net Cost of Borrowing	485	0
Other Corporate Items	3,607	(300)
Pensions & redundancy	8,869	0
<b>TOTAL</b>	<b>14,552</b>	<b>(300)</b>
Balance of unapplied unallocated contingency		(2,252)
<b>Revised Variance</b>	<b>14,552</b>	<b>(2,552)</b>

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<b>Corporate &amp; Democratic Core</b>	
	0
<b>Corporate &amp; Democratic Core Total</b>	<b>0</b>
<b>Housing Benefits</b>	
	0
<b>Housing Benefits Total</b>	<b>0</b>
<b>Levies</b>	
	0
<b>Levies Total</b>	<b>0</b>
<b>Net Cost of Borrowing</b>	
	0
<b>Net Cost of Borrowing Total</b>	<b>0</b>
<b>Other Corporate Items</b>	
Based on 2018/19 outturn there is a forecast underspend of £300,000 on the Business Rates inflation contingency held for civic accommodation properties.	(300)
<b>Other Corporate Items Total</b>	<b>(300)</b>
<b>Pensions &amp; redundancy</b>	
	0
<b>Pensions &amp; redundancy Total</b>	<b>0</b>



<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<b>TOTAL VARIANCE</b>	<b>(300)</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>	
<b>Risk Description</b>	<b>Risk At Month 2 £000</b>
None to report	

<b>Supplementary Monitoring Information</b>
There is £2.25 million of unallocated contingency currently uncommitted.

**APPENDIX 8: HOUSING REVENUE ACCOUNT**

**BUDGET REVENUE MONITORING REPORT MONTH 2**

<b>Table 1 - Variance by Departmental Division</b>		
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Forecast Variance Month 2</b>
	<b>£000</b>	<b>£000</b>
Housing Income	(75,572)	0
Finance & Resources	8,088	0
Housing Management	6,033	313
Property & Compliance	8,783	0
Void and Repairs	11,450	0
Adult Social Care	48	0
Safer Neighbourhoods	664	0
Place	8,220	0
Growth	325	0
Operations	3,470	0
Direct Delivery	1,491	0
Capital Charges	24,902	0
SLA recharges	6,466	0
<b>(Contribution to) / Appropriation From HRA General Reserve</b>	<b>4,369</b>	<b>313</b>

<b>Table 2 - Variance Analysis</b>	
<b>Departmental Division</b>	<b>Month 2 £000</b>
<b>Housing Income</b>	
	0
<b>Total: Housing Income</b>	<b>0</b>
<b>Finance &amp; Resources</b>	
	0
<b>Total: Finance &amp; Resources</b>	<b>0</b>
<b>Housing Management</b>	
The forecast overspend is mainly due to the ongoing decant at the blocks at Hartopp and Lannoy Point where just under half of the units remain to be decanted.	313
<b>Total: Housing Management</b>	<b>313</b>
<b>Property &amp; Compliance</b>	
	0
<b>Total: Property &amp; Compliance</b>	<b>0</b>
<b>Void &amp; Repairs</b>	
	0
<b>Total: Void &amp; Repairs</b>	<b>0</b>

Table 2 - Variance Analysis			
Departmental Division			Month 2 £000
<b>Adult Social Care</b>			
			0
<b>Total: Adult Social Care</b>			<b>0</b>
<b>Safer Neighbourhoods</b>			
			0
<b>Total: Safer Neighbourhoods</b>			<b>0</b>
<b>Place</b>			
			0
<b>Total: Place</b>			<b>0</b>
<b>Growth</b>			
			0
<b>Total: Growth</b>			<b>0</b>
<b>Operations</b>			
			0
<b>Total: Operations</b>			<b>0</b>
<b>Direct Delivery</b>			
			0
<b>Total: Direct Delivery</b>			<b>0</b>
<b>Capital Charges</b>			
			0
<b>Total: Capital Charges</b>			<b>0</b>
<b>SLA Recharges</b>			
			0
<b>Total: SLA Recharge</b>			<b>0</b>
<b>TOTAL VARIANCE</b>			<b>313</b>

Table 3 - Key Risks - Detail Items Over £250,000	
Risk Description	Risk At Month 2 £000
<b>Additional Fire Safety Costs</b> - following the fire at the Grenfell housing tower block in Kensington and Chelsea, the Council has put in place the Fire Safety Plus programme to make fire safety improvements to the housing stock above and beyond the current legal minimum standards. Although the vast majority of improvement works will be capital in nature, there is a significant risk of an unbudgeted impact on the HRA due to unanticipated revenue related expenditure relating to fire wardens.	unknown
<b>MITIE repairs &amp; maintenance</b> - There is a financial risk arising from an ongoing dispute with MITIE relating to following the relevant procedures in relation to repairs work carried out and not following the due process of	TBC

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>	
<b>Risk Description</b>	<b>Risk At Month 2 £000</b>
certifications of work being claimed as completed but disputed by Property & Compliance.	
<b>Capitalisation of staffing costs</b> - staff working on major capital projects complete weekly timesheets and these are used to identify the proportion of their time that can be charged to capital. If there is a delay in the completion of an up to date record of timesheets or slippage in the capital programme this year, there is a risk that staff capitalisation will be lower than budgeted, resulting in unbudgeted charges to revenue.	TBC
<b>Interim Repairs Delivery Model:</b> On 4 March 2019, Cabinet approved a one-off annual revenue budget of £22.2m for the interim repairs model, which required an increase in the existing budgets within the Housing Revenue Account for 2019/20 of £4.1m. This is being funded as a one-off appropriation from the Housing Revenue Account General Reserve. Given the added complexities arising from this project, associated client-side costs and the need to deliver a high functioning call centre, there remains a risk that further costs could potentially need to be incurred which may result in a further call on the Housing Revenue Account General Reserve.	Unknown
<b>TOTAL RISKS MANAGED</b>	<b>Not Quantified</b>