

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 04/01/2021

Subject: Corporate Revenue Monitor 2020/21 Month 6 - 30 September 2020

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

Responsible Director: Emily Hill, Director of Finance

Summary

This report provides an update on the revenue expenditure forecast for month 6 (September) 2020/21 and request approval for general fund virements.

This revenue budget monitoring report is produced as part of the Council's 2020/21 budgetary control cycle. The final element of the budget cycle is the annual closing of the accounts. To facilitate the closing of the Accounts several actions will be required which normally require Cabinet approval, for example final budget carry-forwards, use of reserves, budget virements, level of bad debt provision, etc. This report seeks authority to delegate such decisions to the Director of Finance.

Recommendations

1. To delegate authority to the Director of Finance, in consultation with the Cabinet Member for Finance and Commercial Services, to take all decisions necessary to facilitate the closing of the final accounts.
 2. To approve the General Fund virements of £0.610m as detailed in appendix 9.
 3. To note General Fund forecast, overspend of £5.722m and requirement for urgent further action to significantly reduce the forecast overspend.
 4. To note the Housing Revenue underspend of £0.948m.
 5. To note the in-year Dedicated Schools Grant overspend of £3.558m.
-

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) and continuation of underlying budget pressures.

A £5.722m overspend is forecast for the General Fund of which £2.492m arises from the impact of Covid-19, after the application of expected grant funding, whilst £3.230m relates to underlying budget pressures.

This forecast is based on the position on 30 September 2020 after taking into account government funding announced in October. However, the detailed forecast was made prior to recently announced coronavirus measures that saw London move to tier 2, the subsequent announcement of a second national lock down from 5 November and the rapid progression through the tiers to tier 4 following this. These changes, without any commitment to funding the full costs and losses by the government, increases the financial risk and uncertainty facing the council. The forecast therefore does not include the implications of these recent announcements and impact of Covid-19 will continue to be closely monitored and the forecast regularly updated.

The forecast includes a fourth tranche of un-ringfenced Covid-19 funding of £4.645m which was confirmed on 22 October.

Mitigating action plans of £4.221m have been proposed by departments. If delivered, the forecast overspend will reduce to £1.501m. Further actions are required to tackle the overspend.

	Forecast overspend £m	Forecast overspend after mitigating actions £m
Current year – month 6 2020/21	5.722	1.501
Current year – month 4 2020/21	8.691	3.918
2019/20 outturn	6.885	6.885
Prior year – month 6 2019/20	12.063	9.449

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 £19.1m 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 £22.7m 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 £0.948m is forecast.

Legal Implications

There are no legal implications for this report.

Contact Officers:

Name: Gary Ironmonger
Position: Finance Manager
Telephone: 020 8753 2109
Email: gary.ironmonger@lbhf.gov.uk

Name: Andrew Lord
Position: Head of Strategic Planning and Monitoring
Telephone: 020 8753 2531
Email: Andrew.Lord@lbhf.gov.uk
Verified by Emily Hill, Director of Finance

Name: Adesuwa Omoregie
Position: Head of Law
Telephone: 0208 7532297
Email: Adesuwa.omoregie@lbhf.gov.uk

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

GENERAL FUND

1. An overspend of £5.722m is forecast at month 6 (September 2020). The forecast takes account of the balance of the unallocated contingency and confirmed Covid-19 grants, including an estimate of the income compensation scheme. Additional risks of £18.242m are identified. Action is required to avoid these risks crystallising into actual spend.

Table 1 – Month 6 (September 2020) - General Fund forecast (underspends are shown in brackets)

Department	Gross variance M6	Covid-19 variance M6	Non- Covid-19 net variance M6
	£m	£m	£m
Children's Services	2.199	0.471	1.728
The Economy Department	2.681	1.301	1.380
The Environment Department	4.194	3.613	0.581
Controlled Parking Account	10.924	11.151	(0.227)
Finance	0.056	0.000	0.056
Resources	0.900	1.077	(0.177)
Social Care	5.880	5.205	0.675
Centrally Managed Budgets	0.858	0.388	0.470
Corporate Covid-19 response costs inc PPE	3.250	3.250	0.000
Total	30.942	26.456	4.486
Balance of unallocated contingency	(1.256)	0.000	(1.256)
Un-ringfenced Covid-19 Grant*	(17.964)	(17.964)	0.000
Estimated Covid-19 income compensation grant	(6.000)	(6.000)	0.000
TOTAL	5.722	2.492	3.230

*Total allocation £18.153m, £189,000 applied to Covid-19 costs incurred in 2019/20

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. These costs will, in part, be met by un-ringfenced grant, currently £17.964m, provided by government and other specific grant funding allocations. The un-ringfenced grant includes a fourth tranche allocation of £4.645m which was confirmed on 22 October.
3. The council's revenue income streams, particularly parking, are also affected. A Covid-19 income compensation scheme has been put in place 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 Council has submitted a claim for £5.2m to the end of July, with the next claim due for submission in December. A total grant receipt of £6m is currently modelled for 2020/21.

4. This forecast was made prior to recently announced coronavirus measures that saw London move to a tier 2, the subsequent announcement of a second national lockdown and the rapid progression through the tiers to tier 4 following this. These changes increases the financial risk and uncertainty facing the council. Additional costs and further income losses are likely to arise that are not modelled within the current forecast. The forecast will continue to be updated to reflect the latest national and local measures and the council's response.
5. The underlying overspend, net of the Covid-19 impact, is £3.230m. As set out in Table 2 this is worse than the month 4 forecast.

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

Department	Revised budget £m	Forecast net variance Month 6 £m	Forecast net variance Month 4 £m	Direction of Travel
Children's Services	50.983	1.728	1.367	↓
The Economy Department	5.284	1.380	1.630	↑
The Environment Department	67.567	0.581	0.454	↓
Controlled Parking Account	(26.113)	(0.227)	(0.524)	↓
Finance	3.572	0.056	0.081	↔
Resources	4.622	(0.177)	(0.183)	↔
Social Care	55.412	0.675	1.372	↑
Centrally Managed Budgets	12.681	0.470	1.650	↑
Total	174.008	4.486	5.847	
Balance of unapplied unallocated contingency		(1.256)	(3.000)	
TOTAL		3.230	2.847	

6. Mitigating action plans of £4.221m have been identified which, if delivered, will reduce the forecast overspend to £1.501m. However, there are significant risks to the delivery of these mitigations given the capacity of the council to manage these in current circumstances.

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 after mitigations £m
Children's Services	1.728	0.300	1.428
The Economy Department	1.380	0.300	1.080
The Environment Department	0.581	0.471	0.110
Controlled Parking Account	(0.227)	2.500	(2.727)
Finance	0.056	0.000	0.056
Resources	(0.177)	0.000	(0.177)
Social Care	0.675	0.650	0.025
Centrally Managed Budgets	0.470	0.000	0.470
Total	4.486	4.221	0.265
Balance of unapplied unallocated contingency	(1.256)	0.000	(1.256)
Net Impact of Covid-19	2.492		2.492
	5.722	4.221	1.501

7. Covid-19 will also result in lower council tax and business rates income. In accordance with local authority accounting regulations, and the requirement that Covid-19 losses should be spread over 3 years, this loss will not impact on the current year revenue budget but will need be taken account of within future years.
8. Explanations for the main departmental variances are set out in Appendices 1 to 7.

HOUSING REVENUE ACCOUNT

9. The Housing Revenue Account underspend is **£0.948m**. 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	(0.948)
Balance as at 31st March 2021	(17.604)

DEDICATED SCHOOLS GRANT (DSG)

10. 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.
11. Funding for the High Needs Block (HNB) continues to be under pressure and the council had a cumulative overspend on the DSG of £19.1m 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 £3.6m is forecast that will increase the cumulative deficit to £22.7m.

Table 5: Dedicated Schools Grant - deficit

	£m
DSG deficit brought forward from prior years	19.119
In-year outturn deficit	3.558
Deficit at the end of 2020/21	22.677

GENERAL FUND RESERVES

- 10 The latest forecast, in line with the agreed reserves strategy and action plan, is that the council will have uncommitted reserves and balances of £50.7m by the close of 2024/25.
- 11 The current year forecast overspend will be a further charge against such reserves and balances. This will have an 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.

VIREMENT AND WRITE OFF REQUESTS

- 12 General Fund virements of £0.610m are proposed. These are detailed in Appendix 9.

REASONS FOR DECISION

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

EQUALITIES IMPLICATIONS

- 14 As required by Section 149 of the Equality Act 2010, the council has considered its obligations regarding the Public-Sector Equality Duty and it is not anticipated that there will be any direct negative impact on groups with protected characteristics, as defined by the Act, from the adjustments to the budgets required because of this report.
- 15 If any such adjustments might lead to a service change and/or changes in staffing structures that could have a negative impact on groups with protected characteristics, then a full Equality Impact Assessment will need to be carried out, detailing any mitigating actions against negative impact.

Implications completed by Fawad Bhatti, Policy and Strategy Officer, tel. 07500 103617.

RISK MANAGEMENT IMPLICATIONS

- 16 The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties.
- 17 Covid-19 funding has been made available to the Council in four main tranches and a compensation for loss of income grant. Settlement from HM Government has however fallen short to meet the financial impact to the Council including loss of income. A Covid-19 Board has been put into place providing assurance to the Strategic Leadership Team that a managed recovery takes place maximising some of the benefits gained from increased productivity, efficiency, digital working and lower than anticipated sickness levels during Covid-19.
- 18 The characteristics of the pandemic mean that there is considerable uncertainty in regard to the level of response required by councils in Greater London. Before the announcement of a second national lockdown, Greater London was in Tier 2 of the HM Governments Covid-19 alert levels. Following the lockdown, the region moved rapidly from Tier 2 to 3 and, shortly before Christmas, a new Tier 4. These measures are likely to result in an increase in support required for residents from Council services and its associated financial impact.
- 19 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 an impact on the council's future financial resilience.

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

List of Appendices:

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

APPENDIX 1: CHILDREN'S SERVICES
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Forecast variance by subjective			
Subjective	Revised budget £000	Variance month 6 £000	Variance month 4 £000
Employees	22,476	1,043	828
Premises-related expenditure	576	10	25
Transport-related expenditure	154	(11)	(31)
Supplies & services	8,465	627	654
Third party payments	50,423	37	(22)
Transfer payments (e.g. Housing Benefits, Schools funding transfers)	66,753	4,340	4,287
Support services (Internal Trading Services)	411	653	618
Items excluded from the cost of services (Debt management and Capital Charges)	0	0	0
Income	(104,131)	(4,501)	(4,521)
Non-controllable expenditure Technical Accounting Adjustments e.g. overhead redistribution)	5,856	0	0
Total	50,983	2,199	1,838

Table 2 - Variance by departmental division					
Departmental division	Revised budget	Forecast variance month 6	Forecast variance month 4	Forecast variance due to Covid M6	Forecast variance (non - Covid) M6
	£000	£000	£000	£000	£000
Family Services	31,655	422	431	0	422
Education	10,399	1,013	880	326	687
Children's Commissioning	5,053	(25)	14		(25)
Children's Performance & Improvement	2,240	(1)	(90)	0	(1)
Director of Children's Services	1,636	791	602	145	646
School Funding	0	0	0		0
TOTAL	50,983	2,199	1,838	471	1,728

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
Family Services		
<p><u>Placements</u> Underspend due to additional government grant income for Staying Put (£105,000) and Unaccompanied Seeker 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 for the 2020/21 budget. This is partially offset by one very high cost placement.</p> <p>Case numbers may increase later in the year as children return to school. Referrals are being closely tracked and the forecast includes £601,000 for new placements,</p>	(1,028)	(1,023)
<p><u>Client Related Expenditure</u> The forecast client transport overspend is £265,000. This is lower than the period 2 forecast of £347,000 as fewer journeys were made during the lockdown restrictions.</p> <p>Section 17 (child in need) payments are overspent by £111,000 and Section 23 (Looked After Children miscellaneous client non placement) payments are £123,000 overspent.</p>	619	611
<p><u>Legal Costs</u> The 2019/20 overspend on legal services was £580,000 and this continues to be a pressure. Demand has increased over recent years and the budget has not kept pace. A working group has been setup and an expenditure reduction plan for legal costs is part of the department's recovery and budget planning work. This is targeting a reduction of 3 care proceedings cases per year and a corresponding fall in spend of £75,000 per year to help reduce this budget pressure.</p>	700	675
<p><u>Assessments</u> Family Assessments were £331,000 overspent in 2019/20. Demand for spot purchase assessments on top of the Multidisciplinary Family Assessment Service contract with the Tavistock and Portman NHS Foundation Trust are causing a 2020/21 overspend of £177,000. The forecast overspend has reduced following a decision to end the assessments contract and pursue a new model of delivery. Proposals for a new model will be put forward for 2012/22.</p>	177	261
<p><u>Staffing</u> A full post level budgeting exercise has taken place to ensure that staff budgets are fully aligned against funding. An ongoing agency review has led to monthly decreases in agency numbers since January 2020. A further reduction is forecast for the rest of the financial year.</p> <p>As part of the budget planning work further in year savings will</p>	(18)	169

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
be brought forward to offset some of the staffing overspend shown under the Director of Children's Services heading.		
Other minor variances	(28)	(341)
Family Services Total	422	352
Education		
<u>Travel Care and Support</u>		
<p>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 since period 4 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 14% increase in 2020/21. The demand pressure for travel assistance is due to the 7% increase in pupils with Education and Health care plans (EHCP's). Approximately 28% of the EHCP cohort require and access travel assistance.</p> <p>The forecast includes further demand growth (£149,000) predicted from September and a likely indexation increase (£14,000) also from September for 2020/21. Further opportunities to deliver savings are being explored to mitigate the risk and to reduce the forecast overspend. These options include identifying alternative pathways and step-down transition. A line by line 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>	447	556
<u>The Haven Centre</u>		
<p>The overspend is primarily due to staffing issues resulting in overtime being paid as a result of historic practices, long term sickness and performance issues.</p> <p>Cover for lock-down requirements during the Covid-19 pandemic has also increased staff and operational costs by a forecast £80,000.</p> <p>The service experiences volatility in income generated due to the uncertainty of out of borough pupils remaining in the provision and getting firm agreement on health contributions. The income target was initially set at three beds for out of borough pupils. The Covid-19 pandemic has meant two out of borough pupils are staying on a longer-term basis with six beds currently filled, this could change. The seventh (and final) bed will be filled by a H&F pupil at the end of October</p>	489	330

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
2020. A new service delivery model is currently going through the decision process.		
<u>Children with disability placements - Short breaks and care packages</u> This forecast overspend is primarily due to three new residential packages with a combined cost of £560,000. Health is contributing 33% of these costs. There is a forecast of £54,000 for new packages. The split of funding packages between health, general fund and High Needs Block Dedicated Schools Grant continues to be reviewed with respect to funding regulations and grant conditions and within the context of an overspent High Needs Block.	184	0
Other minor variances	(107)	(6)
Education Total	1,013	880
Children's Commissioning		
<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. Cabinet approved an additional funding request of £750,000 and in year savings of £950,000. An overspend of £112,000 is forecast but further work is taking place to bring this back within budget before the year end.	112	103
<u>Commissioning Staffing.</u> A restructure has been approved and vacancies are being held while recruitment is underway. Delays to recruitment have increased the forecast underspend since period 4.	(137)	(89)
Children's Commissioning Total	(25)	14
Children's Performance & Improvement		
Other minor variances	(1)	(90)
Children's Performance & Improvement Total	(1)	(90)
Director of Children's Services		
Children's Services savings are loaded here and will 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.	791	602
The movement from period 4 is due to the impact of the 2020/21		

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
pay award. Mitigations for the shortfall (£160,000) are being developed.		
Director of Children's Services Total	791	602
School Funding		
Nil variance	0	0
School Funding Total	0	0
TOTAL VARIANCE	2,199	1,759

Table 4 - Savings Delivery				
Dept	MTFS target	On track	Partially deliverable	Undeliverable
Children's Services	£000s	£000s	£000s	£000s
Total MTFS Savings	836	257	579	0
Schemes not on track	£000s	Reason		
Employee Savings	250	The employee savings have been brought into a wider staffing review which is underway and aiming to deliver the 2020/21 target, resolve existing pressures on the CHS staffing budget and contribute to 2021/22 MTFS savings.		
Semi Independent Living Housing	200	Accommodation moves have been delayed due to Covid-19 restrictions. Partial delivery with moves taking place where safe and restrictions allow.		
Travel Care	129	Partial delivery with mitigation plans being drawn up.		

Table 5 - Key risks - detail items over £250,000		
Risk Description	Risk at month 6 £000	Risk at month 4 £000
Family Services Placements - There is a high degree of risk of increased case numbers. Referrals will be closely tracked as children return to school. The placements model contains a forecast of £601,000 for new placements.	TBC	TBC
There is the potential for additional family services and disability placements costs as suppliers pass on additional costs caused by Covid-19.	TBC	TBC
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 totalling £141,000. In addition, in 2018/19, two families (3 children) brought claims with costs of approximately £60,000	2,100	2,100
TOTAL RISKS MANAGED	2,100	2,100

APPENDIX 1a: DEDICATED SCHOOLS GRANT (DSG)
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Variance by departmental division					
Departmental division	Revised budget	Forecast variance month 6	Forecast variance month 4	Forecast variance due to Covid M6	Forecast variance (non - Covid) M6
	£000	£000	£000	£000	£000
High Needs Block Expenditure	23,756	3,457	3,487		3,457
Early Years Block Expenditure	16,882	15	0		15
Schools Block Expenditure	38,674	0	0		0
Central School Services Block Expenditure	3,878	86	95	95	(9)
DSG Income	(83,189)	0	0		0
TOTAL	0	3,558	3,582	95	3,463

Table 2 - DSG Balances			
Departmental Division	Balance brought forward	Forecast variance month 6	Forecast year end balances month 6
	£000	£000	£000
High Needs Block	19,790	3,457	23,247
Schools Block	(605)	0	(605)
Early Years	(66)	15	(50)
Central School Services Block	(0)	86	86
TOTAL	19,119	3,558	22,678

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £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 the Alternative Provision</i>)		
The forecast for Education, Health and Care Plan (EHCP) top-up costs forms the majority of the overspend. This is based on a review of actual transactions from 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 as robust data is not available to validate a pupil level forecast. The service has created a static placement model, but this is not linked to active casework. Until the implementation of the	3,457	3,487

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
<p>SEN case management system with an integrated finance workflow, there is limited assurance on this forecast. There is a further risk with respect to 2019/20 additional prior year costs for which there was no data to ensure prior year end accruals. The forecast has been produced by Finance based on 2019/20 outturn and allowing for an estimate of risk which is extremely difficult to quantify. The authority initially received additional funding of £2.796m in 2020/21. However, a decrease in available funding from the Schools Block and the Central Services Schools Block 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 are further risks relating to the potential under-recovery of the regional administration charge and income due from other boroughs for the wrap-around Speech and Language Therapy service. This may also result in an upside to the forecast if income is recovered for prior years.</p>		
High Needs Block Total Total	3,457	3,487
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 must be used to support Early Years settings in line with grant conditions.	15	0
Early Years Block Total	15	0
Schools Block (Core funding for mainstream maintained schools)		
No variance forecast on 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 the Local Authorities ongoing responsibilities)		
A forecast loss of income from Lilla Huset due to Covid-19 closures. Lettings are unlikely for the remainder of the financial year. The CSSB is budgeted to contribute £0.461m to High Needs Block related expenditure in 2020/21.	86	95
Central School Services Block Total	86	95

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
TOTAL VARIANCE	3,558	3,582
Table 4 - Key risks - detail items over £250,000		
Risk Description	Risk at month 6 £000	Risk at month 4 £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. The risk shown is the full impact based on no income being recovered. If income is recovered, there is likely to be an upside as the Council would look to also recover 2019/20 income.</p> <p>The Covid-19 pandemic could also have an impact as there will be a loss of chargeable income for the Summer term 2020.</p>	395	395
TOTAL RISKS MANAGED	395	395

APPENDIX 2: THE ECONOMY DEPARTMENT
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Forecast variance by subjective			
Subjective	Revised budget £000	Variance month 6 £000	Variance month 4 £000
Employees	11,128	(216)	(206)
Premises-related expenditure	1,255	615	770
Transport-related expenditure	11	0	0
Supplies & services	3,108	113	46
Third party payments	18,400	567	1,068
Transfer payments (e.g. Housing Benefits, Schools funding transfers)	98	0	0
Support services (Internal Trading Services)	171	108	89
Items excluded from the cost of services (Debt management and Capital Charges)	0	0	0
Income	(27,698)	1,693	1,511
Non-controllable expenditure Technical Accounting Adjustments e.g. overhead redistribution)	(1,189)	(199)	(224)
Total	5,284	2,681	3,054

Table 2 - Variance by departmental division					
Departmental division	Revised budget	Forecast variance month 6	Forecast variance month 4	Forecast variance due to Covid M6	Forecast variance (non - Covid) M6
	£000	£000	£000	£000	£000
Housing Solutions	7,437	872	1,450	745	127
Growth	(4,403)	(88)	(100)	31	(119)
Economic Development, Skills Service	863	178	72	178	0
Planning	1,278	1,714	1,627	347	1,367
Operations	82	11	11	0	11
Direct Delivery	27	(6)	(6)	0	(6)
TOTAL	5,284	2,681	3,054	1,301	1,380

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
Housing Solutions		
The forecast for average client numbers (961 units)) is lower than budgeted (969 units) in Private Sector Leased (PSL) temporary accommodation schemes, but unit rent payments to landlords have increased, reflecting inflation on the Local Housing Allowance (LHA), resulting in a net overspend of £99,000. The forecast bad debt provision has reduced by (£49,000) (from budget of 5.5% to a forecast of 5%) due to an	50	190

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
improvement in the collection rate.		
Forecast client numbers (72) are lower than budget (90) for Bed and Breakfast (B&B) temporary accommodation, but higher out of hours placements and pre-booking (from a budget of 4 per day to an actual of 13 per day to the end of September) has resulted in a net forecast overspend of £62,000. The forecast bad debt provision has reduced by (£47,000) (from budget of 10% to a forecast of 7%) due to an improvement in the collection rate.	15	22
An overspend on cost avoidance payments of £350,000 to Private Sector Leasing and Direct Letting landlords is expected (reduced from £600,000 in CRM4) to secure temporary accommodation properties. A further spend of £450,000 is forecast 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.	350	600
Flexible Homelessness Support grant after allocating £2.589m to PSL and deducting an assumed £50,000 for Registered Providers	(166)	(166)
Balance of Homelessness Reduction grant of which £0.394m 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 £1.395m. This is partially offset by (£0.343m) Housing Benefits received and (£0.324m) grant from MHCLG. Additional costs of £17,000 are also forecast in managing increased activity within the out of hours service.	745	978
Other minor variances	52	0
Housing Solutions Total	872	1,450
Growth		
Valuation Services: Income generated from recharges is expected to be (£74,000) in excess of the income target offset by other variances of £18,000.	(56)	(5)
Rent and Other Properties: Income from rent is expected to be (£26,000) in excess of the income target following the acquisition of Farm Lane and Gibbs Green School.	(26)	(93)
Housing Strategy: Minor variance	(6)	(2)
Growth Total	(88)	(100)
Economic Development & Skills Service		
A shortfall in fees from market traders of £158,000 is expected due to the Covid-19 pandemic. There is also an increase in staffing costs of £20,000 associated with running the	178	72

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
Community Aid Network.		
Economic Development & Skills Service Total	178	72
Planning		
Development Management - A planning applications income shortfall of £1.996m is predicted due to the impact of Covid-19 and the wider economic slowdown. An overspend of £85,000 relates to exceptional costs for counsel, legal and other specialist advice on several specific applications and £22,000 relates to professional consultancy cost overspend. In addition, a review of existing debtors has resulted in a forecast increase in the bad debt provision of £260,000. This is partly offset by a favourable staffing variance of £90,000 as a result of an ongoing recruitment process.	1,996	1,694
Planning Management – minor variance	4	4
Spatial Planning - (£56,000) relates mainly to staffing vacancies due to ongoing recruitment following a restructure. In addition, (£230,000) relates to unbudgeted GLA Housing Capacity grant funding.	(286)	(71)
Planning Total	1,714	1,627
Operations		
Minor variance	11	11
Operations Total	11	11
Direct Delivery		
Minor variance	(6)	(6)
Direct Delivery Total	(6)	(6)
TOTAL VARIANCE	2,681	3,054

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

Table 5 - Key risks - detail items over £250,000		
Risk Description	Risk at month 6 £000	Risk at month 4 £000
Overall Benefit Cap	35	67

Table 5 - Key risks - detail items over £250,000		
Risk Description	Risk at month 6 £000	Risk at month 4 £000
Direct Payments (Universal Credit)	67	33
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	200	800
There is a risk of a further increase in the number of households in Temporary Accommodation - based on an additional 100 households this year above the current forecast	275	367
Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	200	267
There is a risk of large families being accommodated in B&B	50	67
Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast	200	267
Townmead and Sullivan Workshops commercial rents: a potential shortfall in rent income as a result of business uncertainty and possible liquidation of businesses as a result of the Covid-19 pandemic	145	100
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)	157	400
Growth – a delay of 3 month to capital schemes was reported to GLA which is not expected to materialise. Capitalisation is based on timesheets being completed and schemes progressing to the capital stage - all capitalisation and staff costs for Development Team are now being charged to HRA as they relate to affordable housing so no impact on the GF.	0	50
Planning - There is an ongoing risk of an overspend 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
Direct Delivery - if the land sale at Watermeadow Court does not achieve a sufficient capital receipt, there is a risk that the associated costs of disposal will result in a charge to revenue.	244	0
Asset Strategy and Portfolio Management – Following the 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	0	100
TOTAL RISKS MANAGED	1,773	2,718

Supplementary monitoring information
The forecast outturn for Housing Solutions of a £127,000 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 as a result of permanent annual savings which the service has committed to achieve. The service continues to manage and mitigate against a

Supplementary monitoring information

multitude of risks (outlined in the table above) together with future cost pressures and savings requirements in an unpredictable environment.

Whilst there has been a reduction in enquiries in comparison to the same period last year, the types of enquiry and assessments have been more complex as a result of the Government's "everyone in" initiative which launched as result of the pandemic. In July as restrictions eased, we saw 277 homeless enquiries, which were an increase from the same period last year, however, we only received 86 homelessness applications. In August there were 186 enquiries which was a decrease from the same period last year; we went on to take 89 homelessness applications. In September we had 180 enquiries again with a slight decrease on the same period last year, in this period we assessed 72 homelessness applications.

The data shows that there has been an increase in enquiries from single people, and a decrease in enquires from families. This is likely due to the government's moratorium on evictions, preventing landlords from evicting until March 2021. The data shows that we have taken almost the same number of single homelessness applications for this period and a significantly fewer applications from families.

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

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

- 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
- Developers by-passing the pre-application process as it is not compulsory
- Reduced developer funding of Planning Performance Agreements
- Government schemes to encourage house building, including grant schemes
- Developers' responding to current and pipeline housing supply in borough (they don't want to flood the local market)
- Adverse weather conditions, and delays in supply chains, delaying construction pipeline

The Council has secured £230,000 funding through the Greater London Authority (GLA) Homebuilding Capacity Fund (HCF). This funding will be used by Planning to investigate the capacity of small sites for housing development in the borough. Cabinet is requested to approve a budget virement to reflect the new funding and proposed expenditure.

APPENDIX 3: THE ENVIRONMENT DEPARTMENT
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Forecast variance by subjective			
Subjective	Revised budget £000	Variance month 6 £000	Variance month 4 £000
Employees	21,765	1,499	1,046
Premises-related expenditure	5,250	161	150
Transport-related expenditure	858	(37)	(31)
Supplies & services	16,445	297	316
Third party payments	23,804	1,720	1,618
Transfer payments (e.g. Housing Benefits, Schools funding transfers)	260	0	0
Support services (Internal Trading Services)	679	156	190
Items excluded from the cost of services (Debt management and Capital Charges)	14,529	(1)	(1)
Income	(25,963)	399	482
Non-controllable expenditure Technical Accounting Adjustments e.g. overhead redistribution)	9,941	0	0
Total	67,567	4,195	3,769

Table 2 - Variance by departmental division					
Departmental division	Revised budget	Forecast variance month 6	Forecast variance month 4	Forecast variance due to Covid M6	Forecast variance (non - Covid) M6
	£000	£000	£000	£000	£000
Public Realm	35,845	2,071	2,180	2,020	51
Safer Neighbourhoods & Regulatory Services	8,758	606	539	577	29
Leisure, Sport and Culture	7,576	848	661	863	(15)
Resident Services	15,692	366	390	153	213
Executive and Support	(305)	305	0	0	305
Revised Variance	67,567	4,194	3,769	3,613	581

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
Public Realm		
Highways - unbudgeted enforcement of social distancing in parks and open spaces (Covid-19 response), provided by the highways contractor	392	392
Highways - unbudgeted cycle lane works to aid social distancing (Covid-19 response). Funding request submitted to Transport for London but not yet confirmed.	939	939
Highways - other unbudgeted Covid-19 related costs, mostly relating to social distancing measures	53	32
Highways - underspend on general maintenance	(100)	(100)

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
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	608	628
Waste disposal - includes £165,000 estimated increase in domestic waste tonnages resulting from Covid-19, as more people at home producing more waste	186	99
Delayed implementation of waste contract savings due to Covid-19	291	243
Unconfirmed s.106 for Environmental Quality (prior year budgeted saving)	60	60
Other smaller net variances	(358)	(113)
Public Realm Total	2,071	2,180
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.	133	134
Community Safety - unbudgeted enforcement of social distancing in parks and open spaces (Covid-19 response), 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)	49	46
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)	288	156
Noise and Nuisance - net ongoing loss of gas safety checking income following service in-sourcing by housing and overspend on staffing costs due to 24/7 enhancement service	95	95
Food Safety-Contact, Test and Trace funding for 1 part time employee to be funded from Test and Trace grant. Movement: Employee charged direct to Contact, Test and Trace cost centre.	0	(34)
Technical Services - staffing underspend due to vacant posts	(115)	(94)
Other smaller net variances	(154)	(73)
Community Safety and Regulatory Services Total	605	539
Leisure, Sport and Culture		
Cancelled events due to Covid-19 lockdown requirements	242	224
Cancelled filming due to Covid-19 lockdown requirements	13	37
Events in parks business as usual income shortfall, due mostly	43	43

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
to Member preference to restrict the number of large events in parks (mostly funfairs and circuses)		
Filming income shortfall - mostly unachieved prior year saving (£50k) and lost income opportunity when Fulham Town Hall closed (£45k). 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 due to Covid-19	45	43
Civic Services: Net staffing and administration underspend	(87)	11
Libraries - libraries income target and net loss of income during period of library closure relating to Covid-19	114	85
Libraries - planned contractual /restructure change (dependent on recruitment / subject to change)	(208)	(208)
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)	198	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)	236	140
Other smaller net variances	7	(58)
Leisure, Sport and Culture Total	848	661
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)	88	84
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)	(340)
Reduced Out of Hours Call Centre Cost	(72)	(72)
Staffing underspend due to reduced hours / vacancies	(37)	0
Other smaller net variances	(79)	(88)
Resident Services Total	366	390

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
Executive and Support		
Employee saving budget to be reallocated to services	305	0
Executive and Support Total	305	0
TOTAL VARIANCE	4,194	3,769

Table 4 - Savings Delivery					
		MTFS target	On track	Partially deliverable	Undeliverable
		£000s	£000s	£000s	£000s
Total Savings		224	110	114	0
Schemes not on track	£000s	Reason			
New Leisure Contract	99	Fixed contractual income deferred due to Covid-19 related Leisure Centre closure (£75,000 deliverable and £99,000 at risk)			
Intelligent street lighting energy management	15				

Table 5 - Key risks - detail items over £250,000		
Risk Description	Risk at month 6 £000	Risk at month 4 £000
Delivery plan against new in year staff saving not yet confirmed	310	334
Officer time charge income may not be achievable as TfL have withdrawn funding for LIP programme, Safer Cycle Pathway and reduced resources going into Hammersmith Bridge.	1,000	1000
Pay award gap	190	0
Climate Change Team funding from reserves	202	202
Grant to Leisure Contractor (Greenwich Leisure) - Repayable grant (from reserves) - £156k already paid	250	
TOTAL RISKS BEING MANAGED	1,952	1,536

APPENDIX 3A: CONTROLLED PARKING ACCOUNT
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Forecast Variance by Subjective			
Subjective	Budget £000's	Variance Month 6 £000's	Variance Month 4 £000's
Employees	6,582	(115)	(118)
Premises-related expenditure	274	0	0
Transport-related expenditure	54	0	0
Supplies & services	797	0	0
Third party payments	2,469	(112)	(30)
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)	11,151	11,382
Non-controllable expenditure (Technical Accounting Adjustments e.g. overhead redistribution)	3,091	0	0
Total	(26,113)	10,924	11,234

Table 2 - Variance by Departmental Division					
Departmental Division	Revised Budget	Forecast Variance Month 6	Forecast Variance Month 4	Forecast Variance due to Covid M6	Forecast Variance (non - Covid) M6
	£000	£000	£000	£000	£000
Controlled parking income	(39,695)	11,151	11,382	11,151	0
Controlled Parking Account expenditure	13,582	(227)	(148)	0	(227)
TOTAL	(26,113)	10,924	11,234	11,151	(227)

Table 3 - Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £000
Controlled Parking Income		
Permits - minor change in period.	171	174
Suspensions - the income forecast has increased compared to Month 4	765	1,141
Pay & Display – parking levels higher than in Month 4	3,090	3,491
Penalty Charge Notice (PCN) Income - PCN issuance has been lower than anticipated due to moving traffic not returning to previous levels. This is in part due to the knock-on effects of other traffic management schemes and partly due to traffic levels being more dispersed throughout the day which means cars do not have the same pre COVID pressures.	7,125	6,576
Controlled Parking Income Total	11,151	11,382

Table 3 - Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £000
Controlled Parking Expenditure		
Employees - this is due mainly to the postponement of recruiting to new posts in the H&F sovereign structure that were expected from April 2020. Some positions have now been filled, lowering the expected underspend.	(115)	(118)
Third party payments - Variable costs of £0.120m underspend relating to the Ringo contract for the period April to June lockdown. Provisions of £0.01m 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.	(112)	(30)
Controlled Parking Expenditure Total	(227)	(148)
TOTAL VARIANCE	10,924	11,234

Table 4 - Savings Delivery					
		MTFS Target	On Track	Partially Deliverable	Undeliverable
		£000s	£000s	£000s	£000s
Total MTFS Savings		750	750		
Schemes not On Track	£000s	Reason			

Table 5 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 4 £000
A second wave of COVID-19 lockdown reducing income.	10,000	10,000
TOTAL RISKS MANAGED	10,000	10,000

Supplementary Monitoring Information
Risks and effects factored into the income forecast - Civil Enforcement Officer deployment hampered by social distancing and other Covid-19 related issues (£750,000). Suspensions lost revenue due to statutory companies (utilities) bringing work forward during the period suspensions were not being charged for, including some building works (£298,000). Covid-19 related issues and moving the team from the town hall has reduced CCTV monitoring capabilities (£1.1m). Key worker permits, allowing free parking taking up space for paying customers up to 31st July (£100,000).

APPENDIX 4: FINANCE
BUDGET REVENUE MONITORING REPORT MONTH 6

Subjective	Revised budget £000	Variance month 6 £000	Variance month 4 £000
Employees	6,706	56	23
Premises-related expenditure	0	0	0
Transport-related expenditure	2	0	0
Supplies & services	2,460	0	72
Third party payments	11	0	0
Transfer payments (e.g. Housing Benefits, Schools funding transfers)	0	0	0
Support services (Internal Trading Services)	(46)	0	12
Items excluded from the cost of services (Debt management and Capital Charges)	0	0	0
Income	(546)	0	22
Non-controllable expenditure Technical Accounting Adjustments e.g. overhead redistribution)	(5,016)	0	0
Total	3,572	56	129

Table 2 - Variance by departmental division					
Departmental division	Revised budget	Forecast variance month 6	Forecast variance month 4	Forecast variance due to Covid M6	Forecast variance (non - Covid) M6
	£000	£000	£000	£000	£000
Assurance, Programmes & Analytics	992	201	218	0	201
Audit, Fraud, Risk and Insurance	1,036	17	(10)	0	17
Chief Executives Office	547	(61)	0	0	(61)
Finance	3,976	(101)	(79)	0	(101)
Managed Services	2,037	0	0	0	0
SUB -TOTAL	8,588	56	129	0	56
Departmental non-controllable budgets	(5,016)				
TOTAL	3,572	56	129	0	56

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
Assurance, Programmes & Analytics		
Assurance, Programmes & Analytics - The Business Intelligence (BI) service is forecasting a pressure on staffing costs mainly due to unfunded posts and additional resource brought in to address critical roles required to meet	201	218

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
organisational demand, which includes the delivery of several key statutory reports. The BI team continues to deliver financial benefits across the council in excess of total service cost. The overspend is partially offset by forecast underspends on vacancies held within the Programme Management Office.		
Assurance, Programmes & Analytics Total	201	218
Audit, Fraud, Risk and Insurance		
Small staffing overspends	17	(10)
Audit, Fraud, Risk and Insurance Total	17	(10)
Chief Executives Office		
Staffing budget underspends	(61)	0
Chief Executives Office Total	(61)	0
Finance		
Underspend on staffing	(101)	(79)
Finance Total	(101)	(79)
Hampshire IBC		
	0	0
Hampshire IBC Total	0	0
TOTAL VARIANCE	56	129

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

Table 5 - Key risks - detail items over £250,000		
Risk Description	Risk at month 6 £000	Risk at month 4 £000
None to report		
TOTAL RISKS MANAGED	0	0

APPENDIX 5: RESOURCES
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Forecast variance by subjective			
Subjective	Revised budget £000	Variance month 6 £000	Variance month 4 £000
Employees	12,980	(704)	(375)
Premises-related expenditure	196	7	6
Transport-related expenditure	16	(12)	(6)
Supplies & services	12,551	133	89
Third party payments	435	4	3
Transfer payments (e.g. Housing Benefits, Schools funding transfers)	0	0	0
Support services (Internal Trading Services)	26	1,472	848
Items excluded from the cost of services (Debt management and Capital Charges)	0	0	0
Income	(7,872)	0	(85)
Non-controllable expenditure Technical Accounting Adjustments e.g. overhead redistribution)	(13,710)	0	0
Total	4,622	900	480

Table 2 - Variance by departmental division					
Departmental division	Revised budget	Forecast variance month 6	Forecast variance month 4	Forecast variance due to Covid M6	Forecast variance (non - Covid) M6
	£000	£000	£000	£000	£000
Communications and Policy	617	569	535	200	369
Democratic Services, Coroners & Mortuaries	2,286	544	185	761	(217)
Digital Services	13,035	(311)	(300)	89	(400)
Legal Services	(423)	0	0	0	0
Members Support	268	58	60	17	41
People and Talent	2,206	41	10	10	31
Procurement	343	(1)	(10)	0	(1)
TOTAL	18,332	900	480	1,077	(177)
Departmental non-controllable budgets	(13,710)				
Revised Variance	4,622	900	480	1,077	(177)

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
Communications and Policy		
Communications - The forecast overspend is as a result of additional expenditure on Covid-19 signposting, an underachievement of traded income within the print service and difficult to achieve savings.	569	535
Communications and Policy Total	569	535
Democratic Services, Coroners & Mortuaries		
Democratic Services, Coroners & Mortuaries - Overspend due to mortality management costs in response to the Covid-19 outbreak. This is partially mitigated by underspends in governance and coronial services. The increase in forecast from month 4 is due to Wave 2 Covid-19 planning costs for pan-London mortality management.	544	185
Democratic Services, Coroners & Mortuaries Total	544	185
Digital Services		
Digital Services - Renegotiations with suppliers on several key business application contracts and a new programme approach to future contract awards has resulted in a forecast reduction of contract costs within the service. There have also been further cost reductions from decommissioning of network servers and a decrease in print volumes as council offices have been largely vacant due to Covid-19.	(311)	(300)
Digital Services Total	(311)	(300)
Legal Services		
	0	0
Legal Services Total	0	0
Members Support		
Small overspends on staffing	58	60
Members Support Total	58	60
People and Talent		
Small overspend as a result of difficult to achieve savings	41	10
People and Talent Total	41	10
Procurement		
Procurement - Small underspends on staffing	(1)	(10)
Procurement Total	(1)	(10)
TOTAL VARIANCE	900	480

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

Table 5 - Key risks - detail items over £250,000		
Risk Description	Risk at month 6 £000	Risk at month 4 £000
None to report		
TOTAL RISKS MANAGED	0	0

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

Table 1 - Forecast variance by subjective			
Subjective	Revised budget £000	Variance month 6 £000	Variance month 4 £000
Employees	13,462	40	(30)
Premises-Related Expenditure	547		
Transport-Related Expenditure	49		
Supplies & Services	991		
Third Party Payments	74,001	635	1,402
Transfer Payments	12,336		
Support Services	4		
Items Excluded from the Cost of Services	0		
Income	(54,132)		
Corporate Charges (SLAs and Capital Charges)	8,154		
Total	55,412	675	1,372
Covid-19 cost		5,205	4,084
Revised Total	55,412	5,880	5,456

Table 2 - Variance by departmental division					
Departmental division	Revised budget	Forecast variance month 6	Forecast variance month 4	Forecast variance due to Covid M6	Forecast variance (non - Covid) M6
	£000	£000	£000	£000	£000
Quality, Safety & Performance	20,805	(936)	(382)		(936)
Learning Disability, Mental Health and In-House Services	22,414	1,587	1,786		1,587
Commissioning	4,429	25	(32)		25
Resources	7,228	0	0		
Social Care Directorate	535	0	0		
Public Health	0	0	0		
TOTAL	55,412	675	1,372	0	675
Social Care Covid-19	0	5,205	4,084	5,205	
Revised Total	55,412	5,880	5,456	0	675

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
Quality, Safety & Performance		
<p>We have commenced this year with social care savings of £2.465m for 2020/21. The 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 analysis the impact of Phase 3 of the NHS Covid-19 plan of the Hospital discharges placed by Health and requiring reassessment of care which is likely to lead to additional costs, 2) the impact on the care market providers for on-going additional costs from Covid-19 (the department has provided a package of measures to support providers to date), 3) the impact to achieve the full delivery of savings, 4) market instability following Covid-19.</p> <p>The Division is projecting an overall (£936,000) underspend with the main reasons due to the full year effect of 54 net reductions in Placements costs due to Covid-19 deaths in care home which amounts of (£1,146,000). This is partly offset by a net income shortfall of £663,000 in placements for the same reasons. The other main variances are in Direct Payments with 8 fewer residents of (£388,000) and PFI homes (£319,000). There continues to be a projected overspend of £772,000 due to the full year effect of home care packages and further increases in price, which is partly offset by costs of (£518,000) for Home First recharge to the Hospital discharge Covid-19 claim. The main reason for the change in the forecast in this Division is the continued support, robust monitoring and telephone support for people who use social care services which has seen a reduction in costs.</p>	(936)	(382)
Quality, Safety & Performance Total	(936)	(382)
Learning Disability, Mental Health and In-House Services		
<p>The projected overspend of £1,587,000 is a similar position to the 2019/20 outturn. The main pressures are in LD services due to a full year effect of new or returning people commencing from 2019/20 and higher market costs with a projected overspend comprising of Placements £798,000, Home Care £875,000 and Direct Payment £46,000. The level of growth funding requested was lower than provided in the budget which is also a contributing factor to the projected overspend. There is also a staffing pressure of £156,000 for transitional workers to meet the additional demand and some offsetting underspends in day care services of (£371,000). In Mental Health services a similar position of the full year effect of new or returning people since April 2019, with a resultant projected overspend of £282,000 in Placements, £98,000 in Home Care and some offsetting underspend in Direct</p>	1,587	1,786

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
Payments of (£36,000). The In-house services are projecting an underspend resulting from a different model of day care provision of (£145,000) and reduced staffing costs of (£116,000). Mitigation plans are in place to address the overspends.		
Learning Disability, Mental Health and In-House Services Total	1,587	1,786
Commissioning		
A projected overspend of £57,000 in meals services due to additional referrals following the re-provision of the day care services. This is partly offset by an underspend of (£25,000) in the lower contract value for the Healthwatch contract.	25	(32)
Commissioning Total	25	(32)
Resources		
	0	0
Resources Total	0	0
Social Care Directorate		
	0	0
Social Care Directorate Total	0	0
Public Health		
The Public Health grant for the financial year is £22.1m. This funding has been allocated to improve Public Health outcomes for residents and the current forecasted spend is £22.068m with the estimated balance of £0.032m to be allocated to PH reserves.	0	0
Public Health Total	0	0
TOTAL VARIANCE	675	1,372
COVID-19 Expenditure Comment		
The department has charged actuals of £3.651m to the Covid-19 cost centre to date and is projecting total costs of £5.205m in 2020/21. The main change in the variance is the additional support to care market providers longer than the three months previously planned. The department is assuming all the costs will be funded from a combination of the LA Covid-19 government funding, Hospital discharge funding via the CCG's, from the Infection Control grant round 1 and the MHCLG income loss funding. However, to date the expected Covid-19 grant funding is not currently sufficient to meet the Council's additional costs and lost revenues. The DHSE have recently announced further infection control funding round 2	5,205	4,084

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £000
of which £0.970m is for LBHF. The department is preparing a plan for the use of the funding to support providers as part of the winter plan.		
REVISED VARIANCE		

Table 4 - Savings Delivery				
Dept	MTFS target	On track	Partially deliverable	Undeliverable
	£000s	£000s	£000s	£000s
Total MTFS Savings	2,465	1,227	1,238	
Schemes not on track	£000s	Reason		
The £2.465m is the departmental total for new savings.	1,238	At this stage of the year the department is forecasting a full delivery of savings. There remains £1.238m (50% of the total savings) to be delivered over the next 6 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 6 £000	Risk at month 4 £000
There is the potential for contract market inflation and wage pressures to be greater than budget due to Covid-19. The risk has been reduced since month 4 with the expectation the further Infection control funding will support social care providers.	350	950
Year on year savings programmes are increasingly difficult to deliver and the focus is on the delivery of the Covid-19 services.	600	600
Early Hospital discharge into Community Health Care Placements	640	640
Increasing LD transitions residents	244	160
Individual Service Fund contractual claim	585	585
TOTAL RISKS MANAGED	2,419	2,935

Supplementary monitoring information

The Department continues to experience significant budget pressures. The Department is projecting an overspend of £675,000 as at month six, reduction of (£697,000) in the overspend compared to month four of £1,372,000. In addition, Social Care has estimated Covid-19 related costs for residents and providers of £5,205,000, which the department is expecting to be fully reimbursed from Government Covid-19 funding. 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 6, there are several additional risks of £2.4m mainly from unknown on-going factors from Covid-19. On-going analysis is being undertaken, the budget forecast for 2020/21 will be volatile and likely to increase during the winter period. Historically, the Department's budget has had underlying budget pressures, which have been partly mitigated in the last three years by using a combination of management action to control the budget, one off reserves and from last three year with the Improved Better Care Funding. The Department is proposing additional funding to Social Care of £380,000 to recognise the support provided to the HRA (Housing Revenue Account) as a contribution towards Careline services.

APPENDIX 7: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Forecast variance by subjective			
Subjective	Revised budget £000	Variance month 6 £000	Variance month 4 £000
Employees (historic past service costs)	3,596	0	0
Premises-related expenditure	269	0	0
Transport-related expenditure	160	0	0
Supplies & services	6,788	0	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	(120,712)	848	300
Non-controllable expenditure (technical accounting adjustments e.g. overhead redistribution)	5,852	0	0
Total	12,681	848	1,800

Table 2 - Variance by departmental division					
Departmental division	Revised budget	Forecast variance month 6	Forecast variance month 4	Forecast variance due to Covid M6	Forecast variance (non - Covid) M6
	£000	£000	£000	£000	£000
Corporate & Democratic Core	942	0	0	0	0
Housing Benefits	(328)	0	0	0	0
Levies	1,545	0	0	0	0
Net Cost of Borrowing	2,915	307	0	0	0
Other Corporate Items	1,879	541	1,800	388	1,653
Pensions & redundancy	5,728	0	0	0	0
TOTAL	12,681	848	1,800	388	1,653
Balance of unapplied unallocated contingency		(1,256)	(3,000)		
Revised Variance	12,681	(408)	(1,200)	388	1,653

Table 3 - Variance analysis		
Departmental division	Month 6 £000	Month 4 £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		
Historically low interest rates have led to reduced investment returns on cash balances	307	0
Net Cost of Borrowing total	307	0
Other Corporate Items		
Historic Commercial Management savings shortfall funded from contingency	0	1,500
Commercial advertising - management responsibility is being transferred between departments and the financial monitoring for this area is temporarily being reported in Centrally Managed Budgets. There is currently a forecast underachievement of income in this area of £391,000 of which £238,000 is attributable to Covid-19 factors.	391	391
Land charge income is forecast to be under budget due to market conditions caused by the Covid-19 pandemic.	150	300
Other Corporate Items total	541	2,191
Pensions & redundancy		
Pensions & redundancy total	0	0
TOTAL VARIANCE	848	2,191

Table 4 - Savings Delivery					
Dept		MTFS 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 6 £000	Risk at month 4 £000
Pay award risk resolved	0	640
TOTAL RISKS MANAGED	0	640

Supplementary monitoring information
<p>The majority of the overspend reported in Centrally Managed Budgets this month relate to areas that are outside of Centrally Manged budgets control. The management of advertising hoardings is being transferred between departments and performance is being temporarily reported in CMB. Land charge income is managed by the environment department but has being historically reported within CMB. The £1.5m shortfall in contract savings this year has being funded from unallocated contingency. This has produced a reduction in the overspend in other items equal to the reduction in the balance of the unallocated contingency.</p>

APPENDIX 8: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Forecast Variance by Subjective			
Subjective	Budget £000's	Variance Month 6 £000's	Variance Month 4 £000's
Employees	22,335	(1,256)	(1,021)
Premises-Related Expenditure	17,780	3,716	3,663
Transport-Related Expenditure	260	(99)	0
Supplies & Services	13,009	(3,290)	(3,131)
Third Party Payments	1,211	192	(15)
Transfer Payments	0	0	0
Support Services	464	127	62
Items Excluded from the Cost of Services	0	70	70
Income	(80,708)	329	324
Non-Controllable Expenditure	33,573	(736)	(958)
Appropriation From (+)/To (-)HRA General Reserve	7,924	(948)	(1,006)

Departmental Division	Revised Budget	Forecast Variance Month 6	Forecast Variance Month 4	Forecast Variance due to Covid	Forecast Variance (non - Covid)
	£0	£0	£0	£000	£000
Housing Income	(77,474)	(318)	392	158	(476)
Finance & Resources	9,241	(3,399)	(3,379)	15	(3,414)
Housing Management	6,337	707	430	200	507
Property & Compliance	9,618	(101)	0		(101)
Void & Repairs	10,768	585	0		585
Long Term Repairs Model	0	2,555	2,555		2,555
Adult Social Care	48	0	0		0
Safer Neighbourhood	712	(83)	0		(83)
Place	10,354	(133)	(57)	22	(155)
Growth	877	(59)	(22)		(59)
Operations	3,754	17	20		17
Direct Delivery	879	(45)	(59)		(45)
Capital Charges	25,180	(744)	(956)		(744)
Corporate Support Service Recharges	7,630	70	70		70
Appropriation from HRA General Reserve	7,924	(948)	(1,006)	395	(1,343)

Table 3 - Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £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 the Covid-19 pandemic is projected to include an under-recovery of income from advertising sites of £83,000 and on estate parking income of £5,000. Bad Debt Provision: It is expected that this budget will have an underspend of (£640,000).	(318)	392
Housing Income Total	(318)	392
Finance & Resources		
This relates to a release of a provision for risk (£3.297m) and an underspend due to staffing vacancies (£102,000).	(3,399)	(3,379)
Finance & Resources Total	(3,399)	(3,379)
Housing Management		
An underspend of (£215,000) on staffing costs is mainly due to vacant posts within the Neighbourhood Services division, downsizing grant expenditure because of lower take up (£25,000) and maintenance of communal equipment and furniture underspend of (£26,000), totalling (£266,000). This is expected to offset an increase in temporary accommodation and disturbance allowance cost due to the upward increase in number of decants with forecast overspend of £393,000.	127	(150)
Careline service additional costs of £380,000 following a review of the apportionment of costs between the General Fund and the Housing Revenue Account.	380	380
Covid-19 related costs mainly due to enhanced cleaning of Sheltered Block £200,000.	200	200
Housing Management Total	707	430
Property & Compliance		
A review of the Technical support budget provision is expected to result in a favourable variance of £101,000. The reduced expenditure on technical support is expected to be ongoing, therefore will be offered up as saving to meet the HRA savings plan.	(101)	0
Property & Compliance Total	(101)	0

Table 3 - Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £000
Long Term Repairs Model		
This relates to the increased costs associated with the procurement of new repairs and maintenance contracts as part of the long-term repairs model.	2,555	2,555
Long Term Repairs Model Total	2,555	2,555
Void & Repairs		
Due to an amendment to the Landlord and Tenant Act 1985 & The Homes (Fitness for Human Habitation) Act 2018 in March 2020, the Repairs Team have seen a significant increase in disrepair claims. As a result of the increased number of claims, an overspend of £585,000 on the disrepair provision is expected.	585	0
Void & Repairs Total	585	0
Adult Social Care		
No variance expected	0	0
Adult Social Care Total	0	0
Safer Neighbourhood		
An underspend of (£123,000) is expected mainly on staffing costs due to delay in recruitment/retention of the agency employees. This underspend is offset by overspend of £40,000 mainly on body worn camera and other security equipment.	(83)	0
Safer Neighbourhood Total	(83)	0
Place		
A net underspend of (£133,000) on staffing costs is forecast due to delayed recruitment. There is a staffing overspend of £183,000 in the Concierge Team but this is offset by staffing underspends within the other teams of the Place Division.	(133)	(57)
Place Total	(133)	(57)
Growth		
This relates to a net underspend of on staffing costs.	(59)	(22)
Growth Total	(59)	(22)
Operations		
This relates to a net overspend on senior management costs.	17	20
Operations Total	17	20
Direct Delivery		

Table 3 - Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £000
Business Support Team - several vacancies within the business support team (£106,000) are offset by overspends on professional and legal fees of £29,000 and other minor variances of £16,000.	(45)	(60)
Direct Delivery Total	(45)	(60)
Capital Charges		
This relates to an increased depreciation charge of £450,000 following a revaluation of the Council's housing stock which has determined that values have increased on average since last year by 5.4% - more than double the rate expected when the budget was set; a reduction in interest payable on HRA debt of (£864,000) has been possible following a revision to the borrowing strategy to take advantage of considerably lower interest rates than originally budgeted; and following the decision to increase HRA borrowings, it is expected that interest savings of £330,000 will arise as the HRA does not need to internally borrow from the General Fund to meet its capital financing requirements.	(744)	(956)
Capital Charges Total	(744)	(956)
Corporate Support Service Recharges		
Additional corporate recharges for the apprenticeship levy.	70	70
Corporate Support Service Recharges Total	70	70
TOTAL VARIANCE	(948)	(1,006)

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

Table 5 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 4 £000
Council homes rent collection risks – risk reduced and forecast updated based on latest analysis.	0	900
Council homes relets and void risks to income – Risk reduced and forecast updated based on latest analysis.	0	400

Table 5 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 4 £000
Income from commercial property – Risk reduced and forecast updated based on latest analysis.	0	155
Advertising hoardings income – Risk reduced and forecast updated based on latest analysis.	0	160
Capitalisation of staffing costs - Due to the impact of Covid-19, there is a risk of slippage on the capital programme this year, and this will cause staff capitalisation to be lower than budgeted, resulting in unbudgeted charges to revenue. Officers are currently monitoring this, and should the risk crystallise, it will be shown as a variance.	768	768
Repairs and Maintenance - The impact of the Covid-19 could see an increase in costs such as contractual claims, extended preliminaries, storage and inflated material costs. Social distancing measures create challenges in meeting statutory responsibilities such as carrying out gas safety checks which could lead to regulatory penalties and health and safety incidents. In addition, following the demobilisation of the Interim Repairs Model, a claim for disputed works costs has been filed by one of the repairs contractor for £1m. Management is currently reviewing the legitimacy of the claim and will update accordingly.	1,710	1,200
TOTAL RISKS MANAGED	2,478	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 have been identified and are being considered as part of the Council's budget setting process.

**APPENDIX 9
VIREMENT REQUESTS**

Details of virement	Amount (£000)	Department
GENERAL FUND:		
Greater London Authority (GLA) Homebuilding Capacity Fund (HCF)	230	The Economy
	(230)	The Economy
Additional funding for the Careline service to reflect the volume of work carried out on behalf of the Council Sheltered housing scheme tenants to be funded from the HRA. These costs equates to 50% of the Careline Services cost.	380	Social Care
	(380)	Social Care
Total of Requested GF Virements (Debits)	610	