

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 06/09/2021

Subject: 2021/22 Corporate Revenue Monitor - Month 2 (May 2021)

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

Responsible Director: Emily Hill, Director of Finance

SUMMARY

This is the first corporate revenue monitoring report produced for 2021/22.

A **£1.985m** underspend is forecast for the General Fund. This is after the application of Covid-19 grant funding of £4.417m. Action plans of **£2.314m** are proposed. If delivered the forecast underspend will increase to **£4.299m**.

RECOMMENDATIONS

1. To note General Fund forecast underspend of £1.985m.
 2. To note that the forecast draw down from the Housing Revenue Account general balance will be £0.233m less than budgeted.
 3. To note the in-year Dedicated Schools Grant overspend of £0.840m.
 4. To approve a General Fund virement of £0.3m and HRA virement of £0.312m as detailed in appendix 9.
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Wards Affected: All

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

	Forecast over/(under)spend (£m)	Forecast over/(under)spend net of mitigations (£m)
Current – month 2 2021/22	(1.985)	(4.299)
2020/21 outturn	(0.301)	(0.301)
Last year – month 2 2020/21	18.807	16.434

This report sets out the current forecast and action plans for those departments with forecast overspends.

Funding for the High Needs Block (HNB) continues to be under pressure, although the situation is improving considerably in line with the Council's DSG recovery plan. For 2021/22 a DSG overspend of £0.840m is forecast, which is £2.1m better than the previous year and £5.8m better than the largest overspend in 2018/19. The overall deficit will reduce to £13.519m by year end following the council securing additional Government funding, which is subject to the council continuing to manage its DSG recovery plan.

After allowance for the impact of Covid-19, the forecast draw down from the Housing Revenue Account (HRA) general balance will be £0.233m less than budgeted.

Legal Implications

There are no legal implications for this report.

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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

GENERAL FUND

1. The General Fund forecast at month 2 (May 2021) is a favourable variance of £1.985m (Table 1). This forecast allows for the application of available Covid-19 grant balances.

Table 1 – Month 2 (May 2021): General Fund forecast (underspends in brackets)

Department	Gross variance £m	Covid-19 variance £m	Net variance £m
Children's Services	0.214	0.042	0.172
The Economy Department	0.949	1.181	(0.232)
The Environment Department	0.476	0.728	(0.252)
Controlled Parking Account	(2.644)	0.576	(3.220)
Finance	0.370	0.240	0.130
Resources	(0.022)	0.350	(0.372)
Social Care	3.089	1.300	1.789
Centrally Managed Budgets	0.000	0.000	0.000
Total	2.432	4.417	(1.985)
Covid funding / contingency applied	(4.417)	(4.417)	0.000
TOTAL	(1.985)	0.000	(1.985)

2. The most significant elements of the Covid-19 variance relate to the council's revenue streams, such as parking and events. Additional expenditure is also forecast on a range of budgets, such as on additional cleaning staff and deep cleaning of office buildings and enforcement of social distancing in parks and open spaces.
3. For 2021/22, to date the council has been allocated £6.188m of unringfenced Covid funding. The council has also set aside a one-off Covid contingency of £1.096m from council funding. Such funding is sufficient to meet the current forecast Covid-19 pressure, however significant concern remains that pent-up demand for services could result in additional cost pressures later in the year, and that further Covid and Covid recovery costs could arise.
4. For 2021/22, the existing Covid-19 income compensation scheme will continue to operate for lost sales, fees and charges for the first quarter of the financial year. 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 income is excluded. The Covid-19 variance set out in Table 1 is net of the anticipated income grant.

5. Financial risks of £12.746m are identified at month 2 and are included in the appendices. In addition:
- National negotiations are on-going regarding the 2021/22 local government pay award with the latest offer a 1.5% increase (which would cost Hammersmith and Fulham an estimated £1.4m). The current budget assumes a nil award.
 - Discussion are on-going regarding the future of Hammersmith Bridge and the council is incurring revenue and capital costs at risk.

Action is required to manage these risks. An unallocated contingency of £3m is held within the 2021/22 budget should financial mitigation be required. If all, or part, of the unallocated contingency is not used the forecast underspend will increase.

6. The underlying budget underspend, net of the financial impact of Covid-19, is £1.985m. This is set out in Table 2.

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

Department	Revised budget £m	Forecast net variance Month 2 £m
Children's Services	51.093	0.172
The Economy Department	6.507	(0.232)
The Environment Department	67.513	(0.252)
Controlled Parking Account	(26.587)	(3.220)
Finance	0.831	0.130
Resources	4.515	(0.372)
Social Care	57.165	1.789
Centrally Managed Budgets	16.211	0.000
Total	177.248	(1.985)

7. Mitigating action plans of £2.314m have been identified, which if delivered would increase, the underspend to £4.299m.

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

Department	Forecast Outturn Variance	Potential Value of Action Plan Mitigations	Forecast Outturn Variance
	£m	£m	£m
Children's Services	0.172	0.204	(0.032)
The Economy Department	(0.232)	0.000	(0.232)

Department	Forecast Outturn Variance	Potential Value of Action Plan Mitigations	Forecast Outturn Variance
	£m	£m	£m
The Environment Department	(0.252)	0.000	(0.252)
Controlled Parking Account	(3.220)	0.000	(3.220)
Finance	0.130	0.400	(0.270)
Resources	(0.372)	0.000	(0.372)
Social Care	1.789	1.710	0.079
Centrally Managed Budgets	0.000	0.000	0.000
Total	(1.985)	2.314	(4.299)

8. The main departmental variances are set out in Appendices 1 to 7. Additional information is provided on the delivery of planned savings and the type of expenditure (such as employees).

HOUSING REVENUE ACCOUNT

9. The Housing Revenue Account will draw down **£0.233m** less from balances than budgeted. 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 2021	(17.563)
Less: Budgeted appropriation from balances	7.187
Add: underspend	(0.233)
Balance as at 31st March 2022	(10.609)

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 with the latest forecast set out in Table 5. For 2021/22, a DSG HNB overspend of £0.840m is forecast (£2.9m in 2020/21) that will be offset by additional Government funding of £4m. This will reduce the overall cumulative deficit to £13.519m by year end. The additional Government funding is subject to the council managing its DSG recovery plan as part of the grant conditions.

Table 5: Dedicated Schools Grant – High Needs Block deficit

	£m
Cumulative deficit brought forward	16.679
In-year forecast deficit	0.840
Safety valve funding	4.000
Cumulative deficit carried forward	13.519

GENERAL FUND RESERVES

12. An update on the reserves strategy and action plan will be completed and reported at month 6. The current year forecast underspend will enable an increased contribution to reserves.

VIREMENT AND WRITE OFF REQUESTS

13. General Fund virements of £0.300m and HRA virements of £0.312m are proposed as detailed in Appendix 9.

REASONS FOR DECISION

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

EQUALITIES IMPLICATIONS

15. 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.
16. 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.

RISK MANAGEMENT IMPLICATIONS

17. 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.

Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, telephone 020 8753 2587.

List of Appendices:

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

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

Table 1 - Forecast variance by subjective		
Subjective	Budget £000	Variance Month 2 £000
Employees	25,145	435
Premises-related expenditure	542	3
Transport-related expenditure	175	(71)
Supplies & services	5,676	322
Third party payments	48,676	2,132
Transfer payments (eg housing benefits, schools funding)	72,980	(936)
Support services (internal trading services)	993	69
Items excluded from the cost of services (debt management and capital charges)	0	0
Income	(108,113)	(1,739)
Non-controllable expenditure (technical adjustments eg overhead redistribution)	5,019	0
Total	51,093	214

Table 2 - Variance by departmental division				
Departmental Division	Revised Budget £000	Forecast Variance Month 2 £000	Forecast Variance due to Covid £000	Forecast Variance (non - Covid) £000
Children and Young People's Services	31,624	(134)	0	(134)
Education	12,001	280	42	238
Children's Commissioning	3,216	5	0	5
Children's Performance & Improvement	2,476	(119)	0	(119)
Director of Children's Services	1,776	183	0	183
School Funding	0	0	0	0
TOTAL	51,093	214	42	172

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
Children and Young People's Services	
<p>Placements Savings of £400,000 are being delivered as part of the 2021/22 budget. A further £1,150,000 of budget has been reallocated to other demand pressures within the department.</p> <p>There is a high degree of risk of increased case numbers later in the year with regards to potential pent up demand due to Covid and demand will be closely tracked. The placements model contains £1,137,000 of contingency for new placements.</p>	(173)

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
<p>Client related expenditure Alongside the costs of a placement there are additional costs including travel and subsistence and various statutory allowances. The significant overspend in 2020/21 has been mitigated in 2021/22 by budget growth and a further budget increase facilitated by placements savings. Work to reduce expenditure is also being progressed by the service.</p>	(45)
<p>Legal costs The 2020/21 overspend on legal services with Children and Young People's Services was £638,000. Growth of £300,000 was applied from April 2021 and budget from savings delivered elsewhere in the department has allowed a further legal budget increase of £260,000. Work by the service is looking to reduce care proceedings by 3 cases per year which aims to reduce some of the overspend reported by March 2022.</p>	118
<p>Other minor variances Other minor variances across the service net out to a £34,000 underspend.</p>	(34)
Children and Young People's Services total	(134)
Education	
<p>Children with disability placements - short breaks and care packages Placement cost increases of £120,000 have contributed to the overall forecast overspend. The current profile of packages is: Direct payments: 133 packages; forecast £657,115 Care Packages (Spot): 95 packages; forecast £795,378 Residential Placements: 10 packages; forecast £914,550.</p> <p>A contingency budget of £92,000 is included in the forecast for new packages.</p> <p>The service is reviewing the impact of Covid - savings were partially reliant on service redesign and increased use of the Stephen Wiltshire Centre for group based activities to reduce reliance on spot purchase individual packages of support. Service capacity has not been available to deliver this redesign due to the impact of Covid. Further, due to reduced availability of group based services across the sector there is an increased reliance on individual packages via direct payments and spot purchase.</p>	212
<p>Education and disabilities There is a forecast overspend in staffing within the Education, Health and Care Plan (EHCP) caseworkers team due to the additional cost of agency staff to cover sickness and one supernumerary Team Manager.</p> <p>The overspend is partly offset by vacancies in the Disabled Children's Team (DCT) Team. The service are in the process of restructuring which should present a realignment of posts and budgets.</p>	123

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
Professional Development Centre (income loss) The centre is unlikely to open during the summer term of the academic year 2020/21 as a result of Covid-19. The service is due to leave the current building and relocating in August 2021 meaning there will be no income generated in 2021/22.	91
Other minor variances across the service.	(146)
Education total	280
Children's Commissioning	
No significant variances.	5
Children's Commissioning total	5
Children's Performance & Improvement	
An underspend is expected due to staffing vacancies.	(119)
Children's Performance & Improvement total	(119)
Director of Children's Services	
A reorganisation of support services is underway. Once implemented the forecast overspend of £148,000 will reduce with no impact expected for 2022/23. Other minor variances of £35,000 are forecast	183
Director of Children's Services	183
School Funding	
Nil Variance	0
School Funding Total	0
TOTAL VARIANCE	214

Table 4 - Savings Delivery				
	MTFS Target	On Track	Partially Deliverable	Undeliverable
	£000	£000	£000	£000
Total MTFS Savings	748	480	268	
Schemes not On Track	£000	Reason		
Disabled children care packages	268	This is now expected to be deliverable from 2022/23 against current the Disabled Children's Team placement budget, although placements are forecast to be within budget across the directorate as a whole.		

Table 5 - Key risks - detail items over £250,000	
Risk Description	Risk At Month 2 £000

Table 5 - Key risks - detail items over £250,000	
Risk Description	Risk At Month 2 £000
Family Services Placements -There is a high degree of risk of increased case numbers later in the year as Covid restrictions ease and referrals and demand will be closely tracked. The placements model contains £1,137,000 of contingency for new placements.	TBC
Other risks managed (individually below £250,000)	411
TOTAL RISKS MANAGED	411

Supplementary monitoring information
None

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

Table 1 - Variance by departmental division				
Departmental Division	Revised Budget	Forecast Variance Month 2	Forecast Variance due to Covid	Forecast Variance (non – Covid)
	£000	£000	£000	£000
High Needs Block expenditure	27,030	840	0	840
Early Years Block expenditure	17,003	0	0	0
Schools Block expenditure	39,254	(192)	0	(192)
Central School Services Block expenditure	3,336	(0)	0	(0)
DSG Income	(86,624)	0	0	0
TOTAL	0	649	0	649

Table 2 – High Needs Block DSG cumulative deficit movement	£000
Deficit brought forward from prior years	16,679
In-year forecast deficit	840
2021/22 High Needs Block Safety Valve funding	4,000
Forecast High Needs Block deficit after Safety Valve funding	13,519

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
<p>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 Alternative Provision</i>)</p> <p>The forecast overspend of £840,000 is an adverse movement versus the medium term Safety Valve recovery plan agreed with the Department of Education of £225,000 (after allowing for a favourable outturn movement in 2020/21 of £200,000).</p> <p>There are pressures on Education and Health Care Plan expenditure forecast including additional expenditure for teachers pay and pension following the mainstreaming of this grant from April 2021.</p> <p>There are one off mitigations in 2021/22 however 2022/23 may need additional mitigations subject to confirmation of 2022/23 funding expected to be announced in late Summer 2021.</p>	840
<p>Speech and Language Therapy (SALT)</p> <p>SALT provision is projected to overspend by £250,000. Work is ongoing with special schools, the NHS Clinical Commissioning Group (CCG) and their provider Central London Community Healthcare NHS Trust to co-produce an alternative model for delivery in special schools. Special schools have set their budgets for 2021/22 and the original target of 1 April 2021 is unachievable with savings taking effect from April 2022.</p>	

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
The forecast assumes full recovery of 2021/22 SALT income for non-resident pupils of £312,000. The equivalent amount is also due to be recovered for FY 2020/21 and £194,000 for FY 2019/20. There remains a risk around the recovery of this income primarily due to data quality of records provided by the CCG and the time delay in attempting to recover prior year income. The Education service needs to prioritise this income recovery due to a total risk of £312,000 for this financial year and the loss of prior year income which if recovered could benefit the overall HNB position by £506,000.	
<p>Top-up funding The 2021/22 forecast includes top-up spend of £17,281,000 across all provision types compared to 2020/21 spend of £16,251,000.</p> <p>A thorough manual update process has been undertaken by CHS Finance, on behalf of the Education service, including a full census reconciliation, and c.100+ adjustments being made to the top-up models based on information being provided for phase transfers, deletion of old EHCP records and change of placements including new academic year changes.</p> <p>There continues to be a significant risk around this forecast due to the data quality and manual processes involved. This risk will be reduced when the SEN case management system goes live in August 2021 but it may be some time before the forecasting benefits are realised.</p>	
High Needs Block total	840
Early Years Block (<i>Funding for Early Years including Two Year Old funding and Early Years Pupil Premium</i>)	
Nil variance expected	0
Early Years Block total	0
Schools Block (<i>This budget of the DSG forms the core funding for mainstream maintained schools</i>)	
A review of de-delegated budgets indicates that there will be a £192,000 underspend on schools in financial difficulty. It is proposed to Schools Forum that this should be carried forward to 2022/23 as part of DSG reserves for deployment on maintained primary schools to be agreed by Schools Forum at a future date.	(192)
Schools Block total	(192)
Central School Services Block (<i>Funding for the Local Authorities ongoing responsibilities</i>)	
Nil variance expected	0
Central School Services Block total	0
TOTAL VARIANCE	648

Table 4 - Key risks - detail items over £250,000

Risk Description	Risk at Month 2 £000
None to report	0
TOTAL RISKS MANAGED	0

APPENDIX 2: THE ECONOMY DEPARTMENT
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Budget £000	Variance Month 2 £000
Employees	14,654	80
Premises-related expenditure	4,719	129
Transport-related expenditure	10	0
Supplies & services	2,970	(21)
Third party payments	21,865	272
Transfer payments (eg housing benefits, schools funding)	98	0
Support services (internal trading services)	196	(9)
Items excluded from the cost of services (debt management and capital charges)	0	0
Income	(29,383)	498
Non-controllable expenditure (technical adjustments eg overhead redistribution)	(8,622)	0
Total	6,507	949

Table 2 - Variance by departmental division				
Departmental Division	Revised Budget £000	Forecast Variance Month 2 £000	Forecast Variance due to Covid £000	Forecast Variance (non - Covid) £000
Housing Solutions	9,008	(5)	145	(150)
Economic Development, Skills Service	148	0	0	0
Planning	1,580	476	589	(113)
Operations	(4,535)	478	447	31
Place	84	0		
Regeneration & Development	169	0	0	0
Head of Finance (GP)	53			
TOTAL	6,507	949	1,181	(232)

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
Housing Solutions	
Although the forecast for average client numbers (950 units) is lower than budgeted (978 units) in Private Sector Leased (PSL) temporary accommodation schemes, the unit rent payments to landlords have been increased to reflect inflation on the Local Housing Allowance (LHA), resulting in a net forecast overspend	120
Balance of unallocated Flexible Homelessness Support Grant.	(146)
Balance of unallocated Homelessness Reduction Grant.	(174)
The provision of accommodation and supported housing to rough sleepers and clients needing to self-isolate as part of the council's	145

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
response to the Coronavirus pandemic.	
Other minor variances	50
Housing Solutions total	(5)
Economic Development & Skills Service	
No variances to report	0
Economic Development & Skills Service total	0
Planning	
Development Management favourable staffing variance due to delays in recruitment.	(97)
Development Management (Coronavirus) - Planning Applications income shortfall forecast of £675,000 due to the impact of the Coronavirus pandemic. This will be monitored and updated as patterns emerge over the coming months. This is expected to be offset by Government grant for Covid income loss for the first quarter of the year (£86,000).	589
Other minor variances	(16)
Planning total	476
Operations	
Facilities Management and Corporate Buildings. Additional Covid-related costs for additional cleaning staff and deep cleaning of office buildings.	447
Other minor variances	31
Operations total	478
Place	
No variances to report	0
Place total	0
Regeneration & Development	
No variances to report	0
Regeneration & Development total	0
TOTAL VARIANCE	949

Table 4 - Savings delivery					
		MTFS Target	On Track	Partially Deliverable	Undeliverable
		£000	£000	£000	£000
Total MTFS savings		1,001	1,001	0	0
Schemes not On Track	£000	Reason			
Schemes all on track					

Table 5 - Key risks - Detail items over £250,000	
Risk Description	Risk At Month 2 £000
Increase in bad debt provision on Temporary Accommodation (Bed & Breakfast and Private Sector Leasing) rent arrears because of reductions in personal income due to Coronavirus.	570
Further increase in the number of households in Temporary Accommodation - based on an additional 100 households this year above the current forecast.	539
Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast.	269
Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast.	377
Risk of the Avonmore and Flora school projects being aborted as both projects are currently paused. This would mean capital spend incurred to date being written off.	2,683
If the land sale at Watermeadow Court does not achieve a sufficient capital receipt or does not go ahead, there is a risk that the associated costs of disposal will result in a charge to revenue.	965
Other risks managed (individually below £250,000)	1,930
TOTAL RISKS MANAGED	7,333

Supplementary monitoring information
Planning income in recent years has fluctuated between £3.6m (2018/19), £2.3m (2019/20), £2.2m (2020/21) and is currently forecast to reach £2.7m in 2021/22, some £0.6m short of the budget. The inherent volatility of planning income means it is difficult to predict future income expectations due to several factors including wider economic, legislative and regulatory factors and local and national market conditions.

APPENDIX 3: THE ENVIRONMENT DEPARTMENT
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Revised budget £000	Variance month 2 £000
Employees	24,901	371
Premises-related expenditure	5,222	177
Transport-related expenditure	827	54
Supplies & services	16,644	(709)
Third party payments	23,399	749
Transfer payments (eg housing benefits, schools funding)	116	(0)
Support services (internal trading services)	0	37
Items excluded from the cost of services (Debt management and Capital Charges)	15,311	(106)
Income	(30,390)	(97)
Non-controllable expenditure (technical adjustments eg overhead redistribution)	11,483	0
Total	67,513	476

Table 2 - Variance by departmental division				
Departmental division	Revised budget £000	Forecast variance month 2 £000	Forecast variance due to Covid £000	Forecast variance (non - Covid) £000
Public Realm	36,448	(304)	217	(521)
Safer Neighbourhoods & Regulatory Services	9,534	703	368	335
Leisure, Sport and Culture	7,342	102	127	(25)
Resident Services	14,189	(26)	16	(42)
Executive and Support	0	0	0	0
Total	67,513	476	728	(252)

Table 3 - Variance analysis	
Departmental division	Month 2 £000
Public Realm	
Commercial waste net income shortfall (after income loss grant) mainly relating to Covid-19 business closures	195
Waste collection and disposal - underspend from Serco contract savings (-£116,000), lower levels of disposal (-£273,000), Other (-£99,000)	(488)
Other smaller net variances	(11)
Public Realm total	(304)
Safer Neighbourhoods and Regulatory Services	
Community Safety – unbudgeted enforcement of Covid-19 social distancing in parks and open spaces provided by contractors.	277

Table 3 - Variance analysis	
Departmental division	Month 2 £000
Regulatory Services and Community Safety - expected loss of income and expenditure incurred due to Covid-19 business disruption	208
Loss of income to be reimbursed by MHCLG compensation grant	(116)
CCTV - adverse variance due to income shortfall, overspend on staffing costs and legal expenditure	142
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	292
Other smaller net variances	(100)
Community Safety and Regulatory Services total	703
Leisure, Sport and Culture	
Events – cancellations, including due to Covid-19	128
Other income losses due to Covid-19 - Civic Services (reduced ceremonies), libraries, and leisure contract and sports bookings:	95
Net cemeteries income over-recovery and grounds maintenance recharges	(165)
Other smaller net variances	45
Leisure, Sport and Culture total	103
Resident Services	
Covid-19 staffing overspend.	231
New burdens funding for Covid-19 pressures.	(290)
Other minor variances	33
Resident Services total	(26)
Executive and Support	
No variances to report	0
Executive and Support total	0
TOTAL VARIANCE	476

Table 4 - Savings Delivery				
	MTFS target	On track	Partially deliverable	Undeliverable
	£000	£000	£000	£000
Total savings	699	664		35
Schemes not on track	£000	Reason		
Pest Control	35	Due to slow recovery of commercial activities after Covid-19.		

Table 5 - Key risks - detail items over £250,000	
Risk Description	Risk at month 2 £000
Law Enforcement Team (LET) - Unconfirmed HRA contribution towards the provision of the service	340
Law Enforcement Team - Unbudgeted one-off implementation cost	500
Law Enforcement Team - Projected loss of FPNs income	350
Profess fees under review due to reduced capital programme	TBC
TOTAL RISKS BEING MANAGED	1,190

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

Table 1 - Forecast variance by subjective		
Subjective	Budget £000	Variance Month 2 £000
Employees	7,818	0
Premises-related expenditure	76	0
Transport-related expenditure	73	0
Supplies & services	719	0
Third party payments	2,392	0
Transfer payments (eg housing benefits, schools funding)	0	0
Support services (internal trading services)	314	0
Items excluded from the cost of services (debt management and capital charges)	0	0
Income	(41,080)	(2,644)
Non-controllable expenditure (technical adjustments eg overhead redistribution)	3,101	0
Total	(26,587)	(2,644)

Table 2 - Variance by departmental division				
Departmental Division	Revised Budget £000	Forecast Variance Month 2 £000	Forecast Variance due to Covid £000	Forecast Variance (non - Covid) £000
Controlled parking income	(41,080)	(2,644)	576	(3,220)
Controlled parking expenditure	14,493	0	0	0
TOTAL	(26,587)	(2,644)	576	(3,220)

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
Controlled Parking Income	
Pay & Display – Higher income currently being received, though parking income remains extremely volatile as residents and visitors adjust their travel behaviour due to Covid and changes in restrictions	(2,999)
Penalty Charge Notice income - £300,000 due to forecast drop in pay rate as compared to pre Covid levels of 2%, and balance due to lingering lockdown effects within the first 3 months of the financial year	596
Government Grant - forecast Covid income loss grant based on pre-Covid income streams (quarter one only)	(241)
Controlled Parking Income total	(2,644)
Controlled Parking Expenditure	
No variances to report.	0
Controlled Parking Expenditure total	0
TOTAL VARIANCE	(2,644)

Table 4 - Savings delivery					
		MTFS Target	On Track	Partially Deliverable	Undeliverable
		£000	£000	£000	£000
Total MTFS Savings		400	400		
Schemes not On Track	£000	Reason			

Table 5 - Key risks - detail items over £250,000	
Risk Description	Risk At Month 2 £000
Impact of a further lockdown later in the year.	2,000
TOTAL RISKS MANAGED	2,000

APPENDIX 4: FINANCE
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Revised budget £000	Variance month 2 £000
Employees	6,210	(549)
Premises-related expenditure	0	0
Transport-related expenditure	2	(1)
Supplies & services	2,505	26
Third party payments	10	223
Transfer payments (eg housing benefits, schools funding)	0	0
Support services (internal trading services)	(46)	116
Items excluded from the cost of services (debt management and capital charges)	0	0
Income	(529)	555
Non-controllable expenditure (technical adjustments eg overhead redistribution)	(4,881)	0
Total	3,272	370

Table 2 - Variance by departmental division				
Departmental division	Revised budget £000	Forecast variance month 2 £000	Forecast variance due to Covid £000	Forecast variance (non - Covid) £000
Audit, Fraud, Risk and Insurance	986	(22)	0	0
Assurance, Programmes & Analytics	1,335	0	0	0
Chief Executives Office	547	(111)	0	0
Finance	3,153	0	0	0
Managed Services	2,132	0	0	0
Commercial and Contracts	(2,441)	503	263	240
SUBTOTAL	5,711	370	263	240
Departmental non-controllable budgets	(4,881)	0	0	0
TOTAL	831	370	263	240

Table 3 - Variance analysis	
Departmental division	Month 2 £000
Audit, Fraud, Risk and Insurance	
Staffing underspend	(22)
Audit, Fraud, Risk and Insurance total	(22)
Assurance, Programmes & Analytics	
No variances to report	0
Assurance, Programmes & Analytics total	0

Table 3 - Variance analysis	
Departmental division	Month 2 £000
Chief Executive's Office	
Staffing underspend	(111)
Chief Executive's Office total	(111)
Finance	
No variances to report	0
Finance total	0
Managed Services	
No variances to report	0
Managed Services total	0
Commercial and Contracts	
The pandemic has led to a fall in expected income from advertising agencies. A number of our sites are on a profit share basis and are forecast to result in a budget pressure for the year.	503
Commercial and Contracts total	503
TOTAL VARIANCE	
	370

Table 4 - Savings delivery					
		MTFS Target	On Track	Partially Deliverable	Undeliverable
		£000	£000	£000	£000
Total MTFS Savings		450	50	400	0
Schemes not on track	£000	Reason			
Finance	400	Restructure proposals for finance service currently under review for consultation and implementation in 2021/22 and in-year mitigations planned eg vacancy management.			

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

Supplementary monitoring information
None to report

APPENDIX 5: RESOURCES
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Revised budget £000	Variance month 2 £000
Employees	12,874	482
Premises-related expenditure	184	(4)
Transport-related expenditure	16	(4)
Supplies & services	9,855	(11)
Third party payments	412	(265)
Transfer payments (eg housing benefits, schools funding)	0	0
Support services (internal trading services)	33	38
Items excluded from the cost of services (debt management and capital charges)	683	0
Income	(5,594)	(258)
Non-controllable expenditure (technical adjustments eg overhead redistribution)	(13,947)	0
Total	4,514	(22)

Table 2 - Variance by departmental division				
Departmental division	Revised budget £000	Forecast variance month 2 £000	Forecast variance due to Covid £000	Forecast variance (non - Covid) £000
Communications and Communities	567	0	0	0
Democratic services, Coroners & Mortuaries	2,248	107	287	(180)
Digital Services	12,638	(200)	50	(250)
Legal Services	(460)	0	0	0
Leaders Office	264	55	0	55
Transformation, Talent & Inclusion	2,391	13	13	0
Procurement	261	0	0	0
Director of Resources	(131)	3	0	3
SUB-TOTAL	17,778	(22)	350	(372)
Departmental non-controllable budgets	(13,265)	0	0	0
TOTAL	4,514	(22)	350	(372)

Table 3 - Variance analysis	
Departmental division	Month 2 £000
Communications and Communities	
No variances to report	0
Communications and Communities total	0
Democratic services, Coroners & Mortuaries	

Table 3 - Variance analysis	
Departmental division	Month 2 £000
Overspend due to mortality management costs in response to the Covid-19 outbreak. This is partially mitigated by underspends in governance and coronial services.	107
Democratic services, Coroners & Mortuaries total	107
Digital Services	
Line of business applications underspend.	(200)
Digital Services total	(200)
Legal Services	
No variances to report	0
Legal Services total	0
Leaders Office	
Increased staffing to cover additional administrative support	55
Leaders Office total	55
Transformation, Talent & Inclusion	
Overspend on staffing	13
Transformation, Talent & Inclusion total	13
Procurement	
No variances to report	0
Procurement total	0
Director of Resources	
Overspends on staffing budgets	3
Director of Resources total	3
TOTAL VARIANCE	(22)

Table 4 - Savings Delivery					
		MTFS Target	On Track	Partially Deliverable	Undeliverable
		£000s	£000s	£000s	£000s
Total MTFS Savings		457	457	0	0
Schemes not on track	£000s	Reason			
None					

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

Table 5 - Key risks - detail items over £250,000	
Risk Description	Risk at month £000
TOTAL RISKS MANAGED	0

Supplementary monitoring information
None to report

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

Table 1 - Forecast variance by subjective		
Subjective	Budget £000s	Variance Month 2 £000s
Employees	13,983	
Premises-Related Expenditure	584	
Transport-Related Expenditure	41	
Supplies & Services	1,147	(62)
Third Party Payments	71,121	1,851
Transfer Payments	12,800	
Support Services	8	
Items Excluded from the Cost of Services	0	
Income	(52,540)	
Corporate Charges (SLAs and Capital Charges)	10,021	
Total	57,165	1,789
Covid related cost		1,300
Revised Total	57,165	3,089

Table 2 - Variance by departmental division				
Departmental Division	Revised Budget	Forecast Variance Month 2	Forecast Variance due to Covid	Forecast Variance (non - Covid)
	£000	£000	£000	£000
Quality, Safety & Performance	22,227	979	0	979
Learning Disability, Mental Health and In-House Services	24,082	832	0	832
Commissioning	4,815	40	0	40
Resources	5,513	0	0	0
Social Care Directorate	528	(62)	0	(62)
Public Health	0	0	0	0
TOTAL	57,165	1,789	0	1,789
Covid 19 related	0	0	1,300	1,300
Revised Total	57,165	1,789	1,300	3,089

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
Quality, Safety & Performance	
Social care savings of £1.950m for 2021/22 have been taken out of the budget.	
The early forecast is caveated with the many unknowns from the on-going impact of Covid-19 such as: 1) the impact of the Hospital discharges placed by Health and requiring reassessment which lead to further additional costs in social care, 2) the impact on care market	979

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
<p>providers for on-going additional costs from Covid-19 (a package of measures in place to support providers in the first quarter), 3) the impact on delivery of savings; 4) market instability following Covid-19.</p> <p>The main reasons for the overspend are due to the full year effect and additional 45 net increase in Home Care packages costing £2,192,000 partly offset by (£554,000) in Direct Payments due to returned unspent funds and changes in client costs. A large part of this pressure is an overspend of £817,000 is for 36 new D2A Health placements led by CCG and then transferred to Social Care after a re-assessment of needs. The costs of these are above H&F fee ceiling and the full year effect of the additional cost is £372,000 which H&F are looking to recharge the CCG. There is also a significant risk of more clients yet to be assessed and transferred over to Social Care, there are a further 35 clients scheduled to have an assessment and it is believed 80% will transfer to Social Care.</p> <p>There is a small offset underspend of (£176,000) in other Placement services. Mitigation plans are in place and the department has assumed (£1,300,000) will be funded from the unringfenced Covid-19 government grant as these costs related to the medium term impact of Covid-19.</p>	
Quality, Safety & Performance total	979
Learning Disability, Mental Health and In-House Services	
<p>The main pressures are in LD services due to a full year cost effect new or returning people commencing from 2020/21 and higher market costs with a projected overspend comprising Home Care £509,000, Placements £349,000 and offsetting by underspend in Direct Payment and Day Care services areas of (£228,000).</p> <p>In Mental Health services a similar position of the full year effect of new or returning people since April 2020, with a resultant projected net overspend of £202,000 in Placements. Mitigations plan are in place to address this overspend.</p>	832
Learning Disability, Mental Health and In-House Services total	832
Commissioning	
Minor variances	40
Commissioning total	40
Resources	
No variances to report	0
Resources total	0
Social Care Directorate	

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
Minor variances	(62)
Social Care Directorate total	(62)
Public Health	0
No variances to report	
Public Health Total	0
TOTAL VARIANCE	1,789
The department has costs of £776,000 at end of May 2021 for Infection Control and Testing measures. The department is assuming costs will be funded from a combination of funding streams such as the Infection Control and Rapid Testing grants and from the revised Hospital discharge funding via the CCGs. The department have assumed £1,300,000 additional funding from the unringfenced Covid-19 government grant for the additional Hospital discharge costs resulting from the medium term impact from Covid-19.	1,300
REVISED VARIANCE	3,089

Table 4 - Savings delivery					
		MTFS Target	On Track	Partially Deliverable	Undeliverable
		£000s	£000s	£000s	£000s
Total MTFS Savings		1,950	1,950		
Schemes not On Track	£000s	Reason			
All on track	0	At this early stage of the financial year the department is forecasting a full delivery of savings. There remains £1.510m (77% of the total savings) to be delivered over the next 10 months.			

Table 5 - Key risks - detail items over £250,000	
Risk Description	Risk At Month 2 £000
Learning Disability transitions and other care pressures.	1,266
Backlog of Health funded Nursing placements on the D2A pathway awaiting joint CHC / Care Act assessment to determine funding responsibility. It is estimated from the 35 residents that 80% will transfer to Social Care.	546
S75 D2A Hospital Discharge funding due to end on 30th September.	TBC
TOTAL RISKS MANAGED	1,812

Supplementary monitoring information
The Department continues to experience significant budget pressures. The Department is starting the year with a projected overspend of £3,089,000 and

Supplementary monitoring information

continued Covid-19 additional Social Care costs for residents and providers, which the Department is expecting to be reimbursed from government Covid-19 funding. The budget pressures are mainly as a result of the Hospital discharge pathway, the full year effect of care support and agreed savings in care budgets. In arriving at the forecast for month 2, there are a number of additional risks of £1.8m mainly from Learning Disability transitions and other care pressures. Further analysis will need to be undertaken with a high risk the budget forecast for 2021/22 will be volatile and likely to increase from the month 2 forecast.

APPENDIX 7: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Revised budget £000	Variance month 2 £000
Employees (historic past service costs)	3,775	0
Premises-related expenditure	511	0
Transport-related expenditure	160	0
Supplies & services	7,979	0
Third party payments	112	0
Transfer payments (eg housing benefits, schools funding)	96,924	0
Support services (internal trading services)	3	0
Items excluded from the cost of services (debt management and capital charges)	3,922	0
Income	(102,968)	
Non-controllable expenditure (technical adjustments eg overhead redistribution)	5,793	0
Total	16,211	0

Table 2 - Variance by departmental division				
Departmental division	Revised budget £000	Forecast variance month 2 £000	Forecast variance due to Covid-19 £000	Forecast variance (non – Covid-19) £000
Corporate & democratic core	2,284	0	0	0
Housing benefits	(328)	0	0	0
Levies	1,560	0	0	0
Net cost of borrowing	3,715	0	0	0
Other corporate Items	3,252	0	0	0
Pensions & redundancy	5,728	0	0	0
Total	16,211	0	0	0

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
Corporate & Democratic Core	
No variances to report	0
Corporate & Democratic Core total	0
Housing Benefits	
No variances to report	0
Housing Benefits total	0
Levies	
No variances to report	0
Levies total	0

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
Net Cost of Borrowing	
No variances to report	0
Net Cost of Borrowing total	0
Other Corporate Items	
No variances to report	0
Other Corporate Items total	0
Pensions & redundancy	
No variances to report	0
Pensions & redundancy total	0
TOTAL VARIANCE	0

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

Supplementary monitoring information
None to report.

APPENDIX 8: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Budget £000	Variance Month 2 £000
Employees	21,268	112
Premises-Related Expenditure	20,868	(210)
Transport-Related Expenditure	259	1
Supplies & Services	10,334	(343)
Third Party Payments	2,098	367
Transfer Payments	0	0
Support Services	575	55
Items Excluded from the Cost of Services	0	0
Income	(82,107)	527
Non Controllable Expenditure	33,893	(729)
Appropriation From (+)/To (-)HRA General Reserve	7,187	(218)

Table 2 - Variance by departmental division				
Departmental Division	Revised Budget £000	Forecast Variance Month 2 £000	Forecast Variance due to Covid £000	Forecast Variance (non - Covid) £000
Housing Income	(79,527)	80		80
Finance & Resources	7,419	(41)		(41)
Housing Management	6,767	286	50	236
Property & Compliance	9,752	0		0
Void & Repairs	12,690	0		0
Safer Neighbourhoods	712	0		0
Place	10,603	90	20	70
Regeneration & Development	1,061	6		6
Operations	4,540	2		2
Capital Charges	25,255	(641)		(641)
Corporate Support Service Recharges	7,915	0		0
Appropriation from HRA General Reserve	7,187	(219)	70	(289)

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
Housing Income	
The ongoing impact of the Coronavirus pandemic is predicted to lead to an under-recovery of income from advertising sites of £40,000.	80

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
Additionally, the initial forecast for dwelling rents and garages income suggests a shortfall of £40,000 this year.	
Housing Income total	80
Finance & Resources	
An underspend on staffing costs mainly due to delays in recruitment to vacant posts.	(41)
Finance & Resources total	(41)
Housing Management	
A high level of decants is driving an overspend in temporary accommodation and disturbance allowance costs of c£300,000. An underspend of (£64,000) on staffing costs is mainly due to vacant posts within the Neighbourhood Services division. This is expected to partially offset unbudgeted Covid-19 related cleaning and security costs of £50,000.	286
Housing Management total	286
Property & Compliance	
No variance to report	0
Property & Compliance total	0
Long Term Repairs Model	
No variance to report	0
Long Term Repairs Model total	0
Void & Repairs	
No variance to report	0
Void & Repairs total	0
Adult Social Care	
No variance to report	0
Adult Social Care total	0
Safer Neighbourhood	
No variance to report	0
Safer Neighbourhood total	0
Place	
Staffing overspend of £106,000 mainly from additional staffing for a pilot Concierge scheme are offset by minor running cost underspends.	90
Place total	90
Regeneration & Development	
Minor variances	6

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
Regeneration & Development total	6
Operations	
No variance to report	0
Operations total	0
Capital Charges	
The underspend mostly relates to a change in the treasury management and borrowing strategy agreed corporately to defer the replacement of internal borrowing with externally financed debt to future years.	(640)
Capital Charges total	(640)
Corporate Support Service Recharges	
No variance to report	0
Corporate Support Service Recharges total	0
TOTAL VARIANCE	(219)

Table 4 - Key risks - detail items over £250,000	
Risk Description	Risk At Month 2 £000
Income from commercial property: In addition to the variance above, there is a risk of a further loss of income due to the Coronavirus pandemic. The risks is specific to recovery of commercial debt even though invoices have been raised to existing tenants.	250
Decanting costs, Housing Management - in addition to the variance reported above, there is a risk of further unbudgeted spend on temporary accommodation and disturbance allowance costs due to the increase in the number of decants driven by repairs activity.	300
Coronavirus related costs, Repairs and Maintenance - the ongoing impact of Coronavirus and a potential additional lockdown increases the risk of 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.	unknown
Capitalisation of Repairs and Maintenance costs - officers are completing monthly reviews of capitalisable repairs costs and any variance on either capital or revenue budgets will be reported as a variance in future reports.	unknown
Other identified risks (individually below £250,000)	200
TOTAL RISKS MANAGED	750

APPENDIX 9 - VIREMENT REQUESTS – MONTH 2

Details of Virement	Amount (£000)	Department
GENERAL FUND:		
Planned use of Supporting People Reserve to fund Supporting People Services	300	ASC
	(300)	ASC
Total of Requested Virements (Debits)	300	
HRA:		
A temporary virement to ensure adequate funding for the Customer Service Centre within the Long Term Repairs Model. This virement will be a transfer from the provision for risk held within the Finance division of the HRA.	312	HRA
	(312)	HRA
Total of Requested Virements (Debits)	312	