

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 07/11/2022

Subject: 2022 Corporate Revenue Monitor - Month 4 (July 2022)

Report of: Cabinet Member for Finance & Reform, Councillor Rowan Ree

Responsible Director: Sukvinder Kalsi, Director of Finance

SUMMARY

This is the second corporate revenue monitoring report produced for 2022/23.

A **£4.666m** overspend is forecast for the General Fund. Action plans of **£2.893m** are proposed that, if delivered, will result in a forecast overspend of **£1.773m**.

The Housing Revenue Account is forecasting an overspend and will draw down **£1.166m more** from balances than budgeted

RECOMMENDATIONS

1. To note the General Fund forecast overspend of £4.666m.
 2. To note that the forecast draw down from the Housing Revenue Account general balance will be £5.216m. This is £1.166m more than budgeted
 3. To note the in-year Dedicated Schools Grant High Needs Block forecasted surplus of (£0.599m), reducing the cumulative deficit.
 4. To approve General Fund virements totalling £1.852m as detailed in appendix 10.
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Wards Affected: All

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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 Overspend/ (Underspend) £m	Forecast Overspend/ (Underspend) net of mitigating actions £m
Current year – month 4	4.666	1.773
Current year – month 2	4.334	2.800
2021/22 outturn	(6.884)	N/A
Last year – month 4	(2.260)	(4.139)

This report sets out the current revenue budget forecast and action plans for those departments with forecast overspends (Table 3).

Funding for the High Needs Block (HNB) of the Dedicated Schools Grant (DSG) continues to be under pressure, although the situation is improving in line with the Council's recovery plan. For 2022/23, an in year surplus of £0.599m is forecast due to the use of alternative funding including Central School Services Block (CSSB). The overall cumulative deficit will reduce to £7.221m by year end due to the in-year surplus and the Council securing additional Government funding. Continued funding is subject to DfE monitoring and the Council continuing to manage its DSG recovery plan within the agreed limits.

The forecast draw down from the Housing Revenue Account (HRA) general balance will be £5.216m, £1.166m more than budgeted.

Andre Mark, Head of Finance - Strategic Planning and Investment, 21 September 2022 and verified by Sukvinder Kalsi, Director of Finance, 24 October 2022.

Legal Implications

The Council has a statutory duty under s151 of the Local Government Act 1972 to arrange for the proper administration of its financial affairs as well as a common law fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties.

There are no other legal implications for this report.
Verified by Jade Monroe, Chief Solicitor, Social Care, 27 September 2022.

Background Papers Used in Preparing This Report

None

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DETAILED ANALYSIS

GENERAL FUND

1. The General Fund month 4 (July) forecast is a £4.666m overspend. Table 1 sets out an analysis by Department and Table 2 an analysis by subjective type of expenditure.

Table 1 – Month 4 (July 2022): General Fund forecast (underspends in brackets)

Department	Revised Budget Month 4	Forecast Outturn Variance Month 4	Forecast Outturn Variance Month 2
	£m	£m	£m
Children's Services	53.128	(0.192)	(0.180)
The Economy Department	7.339	0.476	0.335
The Environment Department	65.527	3.648	2.223
Controlled Parking Account	(30.302)	0.044	(0.031)
Finance	1.234	(0.217)	0.013
Resources	5.893	(0.266)	(0.002)
Social Care	60.836	4.003	2.806
Centrally Managed Budgets	22.340	(2.830)	(0.830)
Total	185.994	4.666	4.334

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Table 2 – Month 4 (July 2022): General Fund subjective forecast
(underspends in brackets)

Subjective	Revised budget Month 4	Forecast Outturn Variance Month 4	Forecast Outturn Variance Month 2
	£m	£m	£m
Employees	114.238	(0.609)	0.202
Premises-Related Expenditure	12.681	2.762	0.521
Transport-Related Expenditure	1.035	(0.224)	0.308
Supplies & Services	49.462	1.996	0.535
Third Party Payments	181.084	4.772	6.538
Transfer Payments	171.532	0.067	(3.876)
Support Services	7.084	0.354	0.209
Items Excluded from the Cost of Services	21.215	(0.083)	(0.083)
Income	(377.547)	(4.424)	(0.008)
Non Controllable Expenditure	5.210	0.055	(0.012)
Total	185.994	4.666	4.334

2. As set out in the appendices, departments have identified financial risks of £3.839m. There is also risk regarding the upturn in inflation. The July Consumer Price Index (CPI) stands at 10.1% with the Bank of England forecasting that inflation will peak at just over 13% in the last three months of 2022.
3. The upturn in inflation is bearing upon the 2022/23 pay negotiations. The latest offer from the National Employers (who are 11 elected members that conduct negotiations for local government) is for, excluding Chief Officer grades, a flat rate increase of £1,925 per employee and an extra day's holiday. After allowance for employer pension and national insurance contributions this works out at approximately £2,500 per employee for Hammersmith & Fulham and an annual cost of £5m. The pay offer has not been accepted by the Trade Unions.
4. The 2022/23 Hammersmith & Fulham budget includes a £2.35m provision for the pay award and a £1.5m inflation contingency as mitigation against additional inflationary risk. The £5m cost of the pay offer is £1.15m more than the £3.85m (including the inflation contingency) currently set aside. As set out in Table 3 the current budget includes an unallocated contingency of £3.123m and the month 4 forecast assumes that the extra cost of the pay award will be met from this sum.

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5. The increase in inflation will also impact on supplier costs and have a detrimental impact on household budgets. This may increase demand for council services and affect income collection rates. Action is required to monitor and manage the inflationary and departmental risks.
6. The council's finances continue to be affected by the Covid-19 pandemic. The 2022/23 budget included a one-off allocation of £2.664m to departmental budgets to fund Covid-19 pressures and the risk of an economic downturn. A one-off Covid related contingency of £1.5m is also set aside and a reserve of £6m carried forward from 2021/22. The mitigating actions summarised in Table 3 include an additional use of £2m of the unallocated Covid-19 funding to contribute to the ongoing budget pressures faced by Social Care regarding residents transferred from Hospital discharge in greater numbers and with increasing acuity of needs.
7. Overall mitigating action plans (see Appendix 9) of £2.893m are identified. If these are delivered these would decrease the overspend to £1.773m (Table 3). The forecast overspend will reduce further should the unallocated contingency not be fully utilised.

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

Department	Forecast Outturn Variance	Potential Value of Action Plan Mitigations	Forecast Outturn Variance After mitigations
	£m	£m	£m
Children's Services	(0.192)	0.000	(0.192)
The Economy Department	0.476	0.000	0.476
The Environment Department	3.648	(0.138)	3.510
Controlled Parking Account	0.044	0.000	0.044
Finance	(0.217)	0.000	(0.217)
Resources	(0.266)	0.000	(0.266)
Social Care	4.003	(2.755)	1.248
Centrally Managed Budgets	(2.830)	0.000	(2.830)
Total	4.666	(2.893)	1.773
Balance of the unallocated contingency	(3.123)		(3.123)
Additional allowance for pay pressures	1.150		1.150
TOTAL	2.693	(2.893)	(200)

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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 is forecasting an overspend that will result in a draw down of **£1.166m more** from balances than budgeted (Table 4). 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 2022	(15.566)
Less: Budgeted appropriation from balances	4.050
Add: overspend	1.166
Balance as at 31st March 2023	(10.350)

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 2022/23, a DSG HNB surplus of £0.599m is forecast which will go towards reducing the cumulative deficit, along with safety valve funding of £4m. The overall cumulative deficit is forecast to reduce to £7.221m by year end. The additional Government funding forecast is subject to the council managing its DSG recovery plan as part of the grant conditions and close monitoring by the DfE.
12. The council holds earmarked reserves against the cumulative deficit which it releases as the deficit is managed down.

Table 5: Dedicated Schools Grant – High Needs Block deficit

	£m
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	£m
Cumulative deficit brought forward	11.820
In-year forecast surplus	(0.599)
Safety valve funding	(4.000)
Cumulative deficit carried forward	7.221

GENERAL FUND RESERVES

13. An update on the reserves strategy and action plan will be completed and reported at month 6. The current year forecast overspend will reduce forecast reserves.

VIREMENT AND WRITE OFF REQUESTS

14. General Fund virements of £3.852m are proposed as detailed in Appendix 10.

REASONS FOR DECISION

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

EQUALITIES IMPLICATIONS

16. 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.
17. 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

18. 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.

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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	Action Plans
Appendix 10	Virement Requests

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

Table 1 - Forecast variance by subjective			
Subjective	Revised budget	Variance month 4	Variance month 2
	£000	£000	£000
Employees	26,274	31	356
Premises-related expenditure	534	116	41
Transport-related expenditure	174	(580)	(61)
Supplies & services	3,795	242	31
Third Party payments	55,555	75	3,100
Transfer payments	68,755	67	(3,876)
Support services	(1,806)	145	120
Items excluded from the Cost of Services	2,033	0	0
Income	(108,816)	(287)	109
Non-controllable expenditure	6,630	0	0
Total	53,128	(192)	(180)

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 4	Forecast Variance Month 2
	£000	£000	£000
Children and Young People's Services	32,240	(433)	(982)
Education	12,681	359	837
Children's Commissioning	4,374	(6)	3
Children's Performance & Improvement	2,235	(113)	(37)
CHS Departmental Budgets	1,598	1	(1)
School Funding	0	0	0
Total	53,128	(192)	(180)

Table 3 - Variance Analysis		
Departmental Division	Month 4	Month 2
	£000	£000
Children and Young People's Services		
A net £0.186m underspend on placements and client related expenditure includes: - £0.408m underspend forecast on secure remand and welfare, however this remains a highly volatile budget.	(433)	(982)

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<p>- £0.097m overspend forecast on in-house and external placement provision - £0.125m overspend forecast on client related expenditure</p> <p>£0.235m favourable on parent assessment budget due to a reduction in care proceeding numbers.</p> <p>£0.012m for other minor variances</p>		
Children and Young People's Services Total	(433)	(982)
Education		
<p>Forecast overspend of £0.275m with respect to Travel Care and Support for Young People with Education and Healthcare Plans. Of this £0.155m relates to expected inflation on contracts in excess of the inflation included in the 2022/23 budget (based on 6%), however it is likely this will increase to 7.9% (total £0.208m).</p> <p>£0.155m adverse Disabled Children's Team placements variance.</p> <p>Stephen Wiltshire Centre and The Haven - There is a £0.127m overspend in non-placement budget lines due to a combination of issues including agency at the Haven, payment to transport operators and facilities management costs.</p> <p>The overspends are partly offset by posts held vacant pending recruitment.</p>	359	837
Education Total	359	837

Table 4 - Savings Delivery				
	MTFS Target	On Track	Partially Deliverable	Undeliverable
	£000s	£000s	£000s	£000s
Total MTFS Savings	533	533	0	0
Schemes not on track	£000s	Reason		

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

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	4 £000	2 £000
None to report		
Total Risks Managed	0	0

Supplementary Monitoring Information

Trend analysis over the previous 2 financial years has suggested additional cost pressures of £0.615m may arise in 2022/23 due to net new placements presented to the service. As of month 4, these costs have not yet materialised. Officers continue to monitor this area closely and have put in place mitigations to address this should these pressures arise.

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

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 4	Forecast Variance Month 2
	£000	£000's	£000
High Needs Block expenditure	28,647	(599)	(582)
Early Years Block expenditure	17,406	0	0
Schools Block expenditure	38,407	0	0
Central School Services Block expenditure	2,837	0	0
DSG income	(87,297)	599	582
TOTAL	0	0	0

Table 2 High Needs Block (HNB) Deficit	£000
High Needs Block DSG deficit brought forward from prior years	11,820
In-year HNB forecast surplus	(599)
2022-23 HNB Safety Valve funding (to be confirmed)	(4,000)
Forecast High Needs deficit after Safety Valve funding	7,221

Table 3 - Variance Analysis		
Departmental Division	Month 4	Month 2
	£000	£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 spend of £28.048m, represents an underspend of £0.599m against the 2022/23 DSG HNB allocation.		
The baseline budget overspend in 2022/23 is circa £1.300m versus budget before the planned £1.300m transfer from Central Services Schools Block and £0.556m Schools Block transfer.	(599)	(582)
£10.550m of High Needs Safety Valve funding was received to 2021/22 to reduce the cumulative HNB deficit. A further £4m of Safety Valve funding is expected to be received in 2022/23 subject to close monitoring by the Department of Education.		
High Needs Block total	(599)	(582)

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Table 4 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk at Month 4 £000	Risk At Month 2 £000
None to report		
Total Risks Managed	0	0

Supplementary Monitoring Information
None to report

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APPENDIX 2: THE ECONOMY DEPARTMENT
BUDGET REVENUE MONITORING MONTH 4

Table 1 - Forecast Variance by Subjective			
Subjective	Revised Budget	Variance Month 4	Variance Month 2
	£000	£000	£000
Employees	15,237	85	164
Premises-related expenditure	4,857	2,146	36
Transport-related expenditure	10	0	0
Supplies & services	3,899	290	184
Third party payments	21,750	(376)	(470)
Transfer payments	98	0	0
Support services	269	68	0
Income	(32,873)	(1,793)	434
Non-controllable expenditure	(6,499)	55	(13)
Total	7,339	476	335

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 4	Forecast Variance Month 2
	£000	£000	£000
Housing Solutions	8,604	(40)	(30)
Economic Development, Skills Service	488	0	0
Planning	1,509	141	0
Operations	(3,475)	375	365
Place	70	0	0
Regeneration & Development	143	0	0
TOTAL	7,339	476	335

Table 3 Variance Analysis		
Departmental Division	Month 4	Month 2
	£000	£000
Housing Solutions		
The forecast for average client numbers (941 units) is lower than budgeted (982 units) in Private Sector Leased (PSL) temporary accommodation schemes.	(220)	(180)
There is a forecast increase in average client numbers (from a budget of 95 clients to a forecast of 107) in Bed and Breakfast (B&B) temporary accommodation, higher Out Of Hours (OOH) placements	130	150

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Table 3 Variance Analysis		
Departmental Division	Month 4 £000	Month 2 £000
and pre-booking (from a budget of 4 per day on average to an actual of 7 per day to the end of May) and higher accommodation costs (from a budget of £275.45 per week to an actual of £278.30 at end of May 2022).		
Minor Variances – Damage Bond for Private Rental Sector procurement	50	0
Housing Solutions total	(40)	(30)
Operations		
Facilities Management and Corporate Buildings - Income target of £0.075m at Ravenscourt Stores unachievable in 2022/23 due to ongoing redevelopment agreement with tenant. The Lila Huset building saw two major tenants leave in 2021/22 and it is likely that there will be a shortfall in income of £0.290m.	375	365
Operations total	375	365
Planning		
Development Management – Planning applications income shortfall of £419k is predicted. Partly offset by release of bad debt provision (£204k). Adverse variance (£59k) related mainly to exceptional costs re judicial reviews and major planning appeals. Offset by favourable staffing variance (£133k) re ongoing recruitment process and some voluntary redundancies	141	0
Planning Total	141	0

Table 4 - Savings Delivery				
	MTFS Target	On Track	Partially Deliverable	Undeliverable
	£000s	£000s	£000s	£000s
Total MTFS Savings	235	235	0	0
Schemes not on track	£000s	Reason		
All schemes on track				

Table 5 - Key Risks - Detail Items Over £0.250m
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Risk Description	Risk At Month 4 £000	Risk At Month 2 £000
Housing Solutions - Increase in bad debt provision on Temporary Accommodation (Bed & Breakfast and Private Sector Leasing) rent arrears because of reductions in personal income due to financial hardship	397	496
Housing Solutions - Further increase in the number of households in Temporary Accommodation - based on an additional 100 households this year above the current forecast	366	458
Housing Solutions - Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast	256	320
Housing Solutions - Domestic Abuse Act - increase in households in temporary accommodation - extra 70 households this year above the current forecast	256	320
Planning - potential unbudgeted costs associated with judicial reviews and major planning appeals including additional work to support the Hammersmith Town Centre supplementary planning document are expected to be funded from the Planning reserve	214	250
TOTAL RISKS MANAGED	1,489	1,844

Supplementary Monitoring Information

Housing Solutions

In June 2022, 214 homeless enquiries were received, with 74 homelessness applications. In July 2022, 206 homeless enquiries were received, with 62 homelessness applications.

The number of homeless enquiries continued to rise in quarter 1 of this year peaking in June. June and July 2021 saw 190 and 227 enquiries, respectively. In Q1 of 2022/23, there was an increase of 75 enquiries compared to the same period last year (14% increase).

The conflict in Ukraine has impacted on homelessness approaches, with 19 families (9 Families visa scheme, 10 Homes for Ukraine sponsorship breakdowns) approaching so far; of these, 6 have been placed into temporary accommodation. This risk of an increase in homelessness as Homes for Ukraine sponsorship placements and initial

Supplementary Monitoring Information

accommodation arrangements made by Ukrainians arriving on the family visa scheme break down was noted in CRM2. Difficulty procuring private rented properties to prevent and relieve homelessness and increased prices are being reported across the sector.

Planning income in recent years has fluctuated between £3.600m (2018/19), £2.300m (2019/20), £2.200m (2020/21), £3.100m (2021/22) and is currently forecast to reach £3m in 2022/23, in line with the budget. However, 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

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APPENDIX 3: THE ENVIRONMENT DEPARTMENT
BUDGET REVENUE MONITORING MONTH 4

Table 1 - Forecast variance by subjective			
Subjective	Revised budget	Variance Month 4	Variance month 2
	£000	£000	£000
Employees	25,770	275	613
Premises-related expenditure	3,777	503	445
Transport-Related expenditure	790	376	369
Supplies & services	16,675	1,187	66
Third party payments	20,983	1,172	1,119
Transfer payments	116	0	0
Support Services	0	142	84
Items excluded from the Cost of Services	14,315	(83)	(83)
Income	(27,401)	76	(390)
Non-controllable expenditure	10,547	0	0
Total	65,572	3,648	2,223

Table 2 - Variance by departmental division			
Departmental division	Revised budget	Forecast variance month 4	Forecast variance month 2
	£000	£000	£000
Public Realm	35,731	2,297	1,867
Safer Neighbourhoods & Regulatory Services	11,021	684	306
Leisure, Sport and Culture	6,264	673	280
Resident Services	12,556	(6)	(230)
Revised Variance	65,572	3,648	2,223

Table 3 - Variance analysis		
Departmental Division	Month 4	Month 2
	£000	£000
Hammersmith Bridge unfunded revenue costs	1,600	1,600
Waste and Street Cleansing - actual contractual inflation more than budget allowed for	626	0
Commercial waste net income underachievement (continued Covid/cost of living impact)	290	350
Waste disposal underspend	(286)	(171)
Other net variances	67	88
Public Realm total	2,297	1,867

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Table 3 - Variance analysis		
Departmental Division	Month 4 £000	Month 2 £000
Building Control net income underachievement	180	150
CCTV budget pressure due to staffing and maintenance	172	138
Markets income shortfall (continued Covid/cost of living impact) and waste and street cleansing overspend due to actual contractual inflation more than budget allowed for	175	0
Other minor variances	157	18
Safer Neighbourhoods & Regulatory Services total	684	306
Parks mostly due to increasing utility costs and maintenance	286	236
Filming and Events income shortfall (continued Covid impact plus restrictions on events in parks)	208	0
Unbudgeted community events	76	41
Other minor variances	103	3
Leisure, Sport and Culture total	673	280
NNDR enforcement income shortfall	497	319
Accessible Transport underspend due to rebate for reduced passenger numbers during Covid-19 pandemic	(541)	(665)
Other net variances	38	116
Resident Services total	(6)	(230)
TOTAL VARIANCE	3,648	2,223

Table 4 - Savings Delivery				
	MTFS Target	On Track	Partially Deliverable	Undeliverable
	£000s	£000s	£000s	£000s
Total Environment Savings 2022/23	1,184	873	87	224
Schemes not on track	£000s	Reason		
Improved resident experience and access through increased use of technology	244	Staff savings at risk due to delayed IT upgrade and Revenues/Benefits staff retained to deal with new service pressures from Government support schemes.		
Leisure Contract income	67	The leisure industry continues to be affected by the cost-of-living crisis, affecting its ability to both sustain and grow income.		

Table 5 - Key risks - detail items over £0.250m			
Risk Description		Risk at	Risk at

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	month 4 £000	month 2 £000
Utility and fuel charges increase by 50% compared to 2021/22	250	250
TOTAL RISKS BEING MANAGED	250	250

Supplementary Monitoring Information

The Council will continue to work with the Department for Transport and Transport for London and seek to recover 66% of the Hammersmith Bridge costs as part of the project to fully restore the bridge. If successful, this will significantly reduce the forecast overspend for the department.

The commercial income continues to be adversely impacted by the cost-of-living crisis. There is pressure on the Department's major contract budgets, due to actual inflation being significantly more than the allowance provided for in the budget.

Officers will continue work to explore options for resolving this in the current year budget. The ongoing budgetary impacts are expected to be addressed as part of the Medium Term Financial Strategy process.

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

Table 1 - Forecast variance by subjective			
Subjective	Revised budget	Variance Month 4	Variance month 2
	£000	£000	£000
Employees	7,251	(15)	(252)
Premises-related expenditure	80	(3)	0
Transport-related expenditure	2	(18)	0
Supplies & services	979	82	0
Third Party payments	5,877	(318)	(165)
Transfer payments	0	0	0
Support services	214	(66)	0
Items excluded from the Cost of Services	0	0	0
Income	(47,472)	382	386
Non-controllable expenditure	2,767	0	0
Total	(30,302)	44	(31)

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 4	Forecast Variance Month 2
	£000	£000	£000
Income	(47,472)	382	386
Expenditure	17,170	(338)	(417)
Total	(30,302)	44	(31)

Table 3 - Variance Analysis		
Departmental Division	Month 4	Month 2
	£000	£000
Income		
Pay & Display is down compared to the first two periods last financial year. Suspensions activity remains higher than pre Covid-19 levels.	382	386
Income total	382	386
Expenditure		
A reduced spend on Pay & Display activities corresponding to reduction in activity. Slight delay in recruiting to the new Parking	(338)	(417)

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structure.		
Expenditure total	(338)	(417)
Total variance	44	(31)

Table 4 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk at Month 4 £000	Risk At Month 2 £000
None to report		
Total Risks Managed	0	0

Supplementary Monitoring Information
None to report.

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APPENDIX 4: FINANCE
BUDGET REVENUE MONITORING MONTH 4

Table 1 - Forecast variance by subjective			
Subjective	Revised budget	Variance month 4	Variance month 2
	£000	£000	£000
Employees	6,699	(648)	(534)
Premises-related expenditure	0	0	0
Transport-related expenditure	3	(2)	0
Supplies & services	2,595	169	73
Third Party payments	241	9	4
Transfer payments	0	0	0
Support services	(16)	10	0
Items excluded from the Cost of Services	0	0	0
Income	(3,056)	244	470
Non-controllable expenditure	(5,232)	0	0
Total	1,234	(217)	13

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 4	Forecast Variance Month 2
	£000	£000	£000
Assurance, Programmes & Analytics	1,373	(25)	7
Audit, Fraud, Risk and Insurance	976	(83)	(59)
Corporate Services	610	(30)	(194)
Finance	3,201	(246)	(105)
Managed Services	2,132	1	0
Corporate Procurement	575	(46)	(71)
Commercial Advertising	(2,400)	212	434
Sub-Total	6,466	(217)	13
Departmental non-controllable budgets	(5,232)	0	0
Total	1,234	(217)	13

Table 3 - Variance Analysis		
Departmental Division	Month 4	Month 2
	£000	£000
Corporate Services		
Staffing vacancies across directorate	(30)	(194)
Corporate Services total	(30)	(194)

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Table 3 - Variance Analysis		
Departmental Division	Month 4 £000	Month 2 £000
Finance		
Delayed recruitment to revised finance structure	(246)	(105)
Finance total	(246)	(105)
Commercial Advertising		
The position has improved from period 2 due to expected improved commercial performance at various sites. However, the impact of the Covid-19 pandemic has led to a fall in expected income from partner advertising agencies. Several sites are on a profit share basis and are forecast to result in a budget pressure for the year.	212	434
Commercial Advertising total	212	434
Corporate Procurement		
Staffing Vacancies	(46)	(71)
Corporate Procurement Total	(46)	(71)
Audit, Fraud, Risk and Insurance		
Staffing Vacancies	(83)	(59)
Finance total	(83)	(59)

Table 4 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk at Month 4 £000	Risk At Month 2 £000
None to report		
Total Risks Managed	0	0

Supplementary Monitoring Information
None to report

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APPENDIX 5: RESOURCES
BUDGET REVENUE MONITORING MONTH 4

Table 1 - Forecast variance by subjective			
Subjective	Revised budget £000	Variance month 4 £000	Variance month 2 £000
Employees	14,569	(337)	(145)
Premises-related expenditure	198	0	(1)
Transport-related expenditure	1	0	0
Supplies & services	9,121	26	231
Third party payments	60	27	24
Transfer payments	0	0	0
Support services	29	55	5
Items excluded from the Cost of Services	0	0	0
Income	(5,906)	(36)	(117)
Non-controllable expenditure	(12,179)	0	0
Total	5,893	(266)	(2)

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget £000	Forecast Variance Month 4 £000	Forecast Variance Month 2 £000
Communications and Communities	639	23	29
Democratic Services, Coroners & Mortuaries	2,424	(309)	(48)
Digital Services	12,273	0	0
Resources Directorate	338	(15)	(2)
Legal Services	(395)	(7)	(1)
Members Support	322	42	20
Transformation, Talent and Inclusion	2,472	0	0
Sub-Total	18,072	(266)	(2)
Departmental non-controllable budgets	(12,179)	0	0
Total	5,893	(266)	(2)

Table 3 - Variance Analysis		
Departmental Division	Month 4 £000	Month 2 £000
Democratic Services, Coroners & Mortuaries		
Staffing vacancies across directorate	(309)	(48)
Democratic Services, Coroners & Mortuaries Total	(309)	(48)

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Table 4 - Savings Delivery					
		MTFS Target	On Track	Partially Deliverable	Undeliverable
		£000s	£000s	£000s	£000s
		450	450		
Schemes not on track	£000s	Reason			

Table 5 - Key Risks - Detail Items Over £0.250m			
Risk Description		Risk At Month 4 £000	Risk At Month 2 £000
None to report			
Total Risks Managed		0	0

Supplementary Monitoring Information
The Mayoral office is to transfer to the Environment department - the impact of this will be a budget virement of £0.152m and a transfer of forecast underspend of £0.079m.

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APPENDIX 6: SOCIAL CARE
BUDGET REVENUE MONITORING MONTH 4

Table 1 - Forecast Variance by Subjective			
Subjective	Budget	Variance Month 4	Variance Month 2
	£000	£000	£000
Employees	14,834	0	0
Premises-related expenditure	610	0	0
Transport-related expenditure	34	0	0
Supplies & services	1,387	0	(50)
Third party payments	76,506	4,113	2,856
Transfer payments	12,638	0	0
Support services	7,716	0	0
Items excluded from the Cost of Services	0	0	0
Income	(57,997)	(110)	0
Non-controllable expenditure	5,108	0	0
Total	60,836	4,003	2,806

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 4	Forecast Variance Month 2
	£000	£000	£000
Independent Living, Quality, Performance & Safeguarding	24,935	2,300	2,337
Specialist Support and Independent Living	25,046	1,835	638
Commissioning	5,050	(132)	(119)
Resources	5,262	0	0
Social Care Directorate	543	0	(50)
Public Health	0	0	0
TOTAL	60,836	4,003	2,806

Table 3 - Variance Analysis		
Departmental Division	Month 4 £000	Month 2 £000
Independent Living, Quality, Performance & Safeguarding		
The forecast overspend is due to:		
- The full-year effect from 2021/22 and an additional 132 net increase in residents with Home Care packages costing £1.754m.	2,300	2,337
- An overspend of £0.656m in nursing placements for 28 new discharge to assess (D2A) residents transferred from health		

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<p>to social care services.</p> <p>This is partially mitigated by additional income in funded nursing contributions due to the increase in placements (£0.110m).</p> <p>As these costs reflect the medium-term impact from the Covid-19 D2A hospital policy, the department is requesting funding from the one-off Covid-19 reserve to mitigate some of these costs.</p> <p>There is a risk of more residents yet to be assessed and transferring to the department. A further 8 residents are scheduled to have an assessment, and 80% of these are expected to transfer to the department.</p>		
Independent Living, Quality, Performance & Safeguarding Total	2,300	2,337
Specialist Support and Independent Living		
<p>The main pressures are in Learning Disability (LD) services due to the full year effect of new or returning residents commencing from 2021/22 and higher market costs. The projected overspend comprises:</p> <ul style="list-style-type: none"> - Home Care £0.466m - Adult Supported Living £0.922m - Placements £0.300m - An overspend in Direct Payment and Day Care services areas of £0.147m. <p>Since the month 2 forecast there have been 16 new LD residents receiving services with some costs averaging of £2,000 per week. In Adult Supporting Living, the unit costs have increased by 15% in the last two months due to lack of market supply.</p> <p>Mitigation plans are in place to address the LD overspend.</p>	1,835	638
Specialist Support and Independent Living Total	1,835	638
Commissioning		
Underspend on a range of commissioned variable contracts.	(132)	(119)
Commissioning Total	(132)	(119)

Table 4 - Savings Delivery				
Dept	MTFS Target	On Track	Partially Deliverable	Undeliverable
	£000s	£000s	£000s	£000s

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Total MTFS Savings	1,500	1,500	1,299	0
Schemes not on track	£000s	Reason		

Table 5 - Key Risks - Detail Items Over £0.250m			
Risk Description	Risk At Month 4 £000	Risk At Month 2 £000	
Fair cost of care exercise and the cost-of-living pressures in the Care Market with inflationary uplifts awarded at 4% and exercise leading to providers requesting higher uplifts (6% modelled). Budgeted inflation awarded to the providers of £0.300m. Further awards being discussed.	600	1,200	
34 nursing placements funded by health awaiting be transferred to Social Care, it is believed 80% will transfer This excludes any potential new placement transfers in year.	292	1,238	
1 LD placement & 2 high-cost Physical support residents awaiting CHC assessment to be completed.	497	0	
A potential 9 LD transitions transferring from Children to Adults.	211	334	
TOTAL RISKS MANAGED	1,600	2,772	

Supplementary Monitoring Information
<p>The forecast is caveated with unknowns as we come out of Covid-19 including:</p> <ul style="list-style-type: none"> - The impact of the hospital discharges placed by NHS and requiring reassessment of care which is increasing social care costs. - The impact of cost-of-living pressures on the care market providers. - The fair cost of care exercise which will produce a market sustainability report and is highly likely to result in higher median unit costs (see risks in table 5 above) - The delivery of budgeted 2022/23 savings of £1.5m. <p>Some of the risks in the month 2 forecast have been reduced (£1.172m). The department is requesting £2.0m of one-off funding from the Covid-19 reserve for the additional Hospital discharge costs resulting from the medium-term impact of Covid-19.</p>

APPENDIX 7: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING MONTH 4

Table 1 - Forecast variance by subjective			
Subjective	Revised budget	Variance Month 4	Variance month 2

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	£000	£000	£000
Employees	3,604	0	0
Premises-related expenditure	2,625	0	0
Transport-related expenditure	21	0	0
Supplies & services	11,011	0	0
Third party payments	112	70	70
Transfer payments	89,925	0	0
Support services	678	0	0
Items excluded from the Cost of Services	4,322	0	0
Income	(94,026)	(2,900)	(900)
Non-controllable expenditure	4,068	0	0
Total	22,340	(2,830)	(830)

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget Month 2	Forecast Variance Month 4	Forecast Variance Month 2
	£000	£000	£000
Corporate & Democratic Core	1,780	0	0
Housing Benefits	(328)	0	0
Levies	1,560	0	0
Net Cost of Borrowing	4,115	(3,000)	(1,000)
Other Corporate Items	9,485	170	170
Pensions & redundancy	5,728	0	0
Total	22,340	(2,830)	(830)

Table 3 - Variance Analysis		
Departmental Division	Month 4	Month 2
	£000	£000
Net Cost of Borrowing		
The Bank England interest base rate has increased from 0.25% in December 2021 to 1.75% in August 2022. This will enable an increase in the interest earned from the council's cash balances.	(3,000)	(1,000)
Net Cost of Borrowing Total	(3,000)	(1,000)
Other Corporate Items		
Higher spend on the council's contribution towards the Apprenticeship levy. In part this is due to increased payroll costs due a switch from use of agency staff to directly employed staff on	70	70

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Table 3 - Variance Analysis		
Departmental Division	Month 4 £000	Month 2 £000
fixed term contracts and additional staffing costs for example through the law enforcement team		
A forecast shortfall in budgeted land charge income.	100	100
Other Corporate Items total	170	170

Table 4 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 4 £000	Risk At Month 2 £000
None to report		
Total Risks Managed	0	0

Supplementary Monitoring Information
None to report

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APPENDIX 8: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING MONTH 4

Table 1 - Forecast variance by subjective			
Subjective	Revised budget	Variance month 4	Variance month 2
	£000	£000	£000
Employees	20,870	(115)	0
Premises-related expenditure	21,267	513	92
Transport-related expenditure	28	(1)	0
Supplies & services	9,377	13	(107)
Third party payments	1,686	307	(23)
Transfer payments	0	0	0
Support services (internal trading services)	1,667	317	0
Items excluded from the Cost of Services	8,595	0	0
Non-controllable expenditure	25,939	(190)	0
Income	(85,378)	322	385
Appropriation From HRA General Reserve	4,050	1,166	346

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 4	Forecast Variance Month 2
	£000	£000	£000
Housing Income	(82,144)	102	255
Finance & Resources	6,866	0	0
Housing Management	6,514	525	170
Property & Compliance	9,077	582	0
Void & Repairs	10,455	0	168
H&F maintenance (DLO)	3,365	0	0
Safer Neighbourhoods	723	0	0
Place	10,979	146	0
Regeneration & Development	882	0	0
Operations	3,945	0	0
Capital Charges	26,205	(190)	(190)
Corporate Support Service Recharges	7,184	0	0
Appropriation From HRA General Reserve	4,050	1,166	403

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Table 3 - Variance Analysis		
Departmental Division	Month 4 £000	Month 2 £000
Housing Income		
A forecast dwelling rent and service charges income loss of £317k due to higher than budgeted void properties (2.90% income loss forecast compared to budget of 2%) is partially offset by lower-than-expected costs relating to providing for bad debts (£350k). Additionally, there are several other variances on various income streams of £135k.	102	255
Housing Income total	102	255
Housing Management		
A high level of decants is driving a forecast overspend in temporary accommodation and disturbance allowance costs of £460k and Council Tax payable on void properties of £120k. This is off set by (£55k) of underspend on other minor variances.	525	170
Housing Management total	525	170
Void & Repairs		
Significant financial pressures due to high volumes of disrepair compensation claims (including the associated legal costs) persist and an overspend of £340k is expected as a result. Also, a £119k overspend on emergency accommodation and a £41k overspend on other minor variances are forecast. These overspends are expected to be partially offset by higher rates of works capitalisation than budgeted (estimated at £500k at this stage).	0	168
Void & Repairs Total	0	168
Resident and Building Safety		
The forecast overspend is mainly due to higher compensation payments following stormy weather which led to the shutting down of gas supplies to Drake and Shackleton House and staffing overspends due to the need to cover the cost of emergency calls in the borough related to Health and Safety.	582	0
Resident and Building Safety Total	582	0

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Table 3 - Variance Analysis		
Departmental Division	Month 4 £000	Month 2 £000
Place		
The overspend relates mainly to additional staffing required at the Repairs Customer Service Centre.	146	0
Place total	146	0
Capital Charges		
A reduction in the depreciation charge following an external review of the value and life of the housing stock, offset by an increase in borrowing costs due to increases in the internal borrowing rate.	(190)	(190)
Capital Charges total	(190)	(190)
Total Variance	1,166	403

Table 4 - Savings Delivery					
		MTFS Target	On Track	Partially Deliverable	Undeliverable
		£000s	£000s	£000s	£000s
Total HRA Efficiencies		3,850	1,650	2,200	
Schemes not on track	£000s	Reason			

Risk Description	Risk At Month 4 £000	Risk At Month 2 £000
Housing Management - Decanting costs - the full expectation of unbudgeted spend on temporary accommodation and disturbance allowance costs due to the increase in the number of decants driven by repairs activity is reported within the variances as set out in Table 2. No further risk is currently envisaged.	0	509

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Capitalisation of Staffing: - officers are completing regular and robust reviews of capitalisable staffing costs but there is a risk that these assumptions may need to be adjusted dependent on activities carried out by staff during the year.	850	0
Income collection - the current excellent performance on rental income collection may deteriorate as a result of the current economic pressures	355	0
Disrepairs related fees, external legal cost, internal legal cost, and damages payments: it is possible that Council may end up incurring higher costs and this position will be closely monitored and updated in subsequent monitoring reports.	Unknown	503
Delivery of savings - progress has been made on the identification of initiatives to deliver the £3.8m of savings needed this financial year but there remains a risk at this stage that the target may not be achieved.	2,200	0
Total Risks Managed	3,405	1,013

Supplementary Monitoring Information
None.

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APPENDIX 9 – ACTION PLANS – MONTH 4

Finance Overspend Action Plan				
Ref	Mitigating Action(s)	Proposed Mitigations £m	Responsible Officer	Deadline
1	Digital Advertising - Detailed analysis of profit shares with partner agencies to be undertaken and could mitigate a proportion of the income shortfall. The mitigation amount is subject to market volatility.	TBC	Sukvinder Kalsi	Dec-22
	Total	TBC		

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Social Care and Public Health Action Plan				
Ref	Mitigating Action(s)	Proposed Mitigations £m	Responsible Officer	Deadline
1	Request for one-off Covid-19 funding held corporately to contribute to ongoing budget pressures of residents transferred from Hospital discharge in greater numbers and with increasing acuity of needs.	2.000	Prakash Daryanani	30/09/2022
2	Review high-cost placements, packages and Direct Payments including completion of CHC checklists, and the use of the Care cubed tool to reduce costs.	0.500	Jo Baty / Julie Murray	30/09/2022
3	Fill voids in block contracts or reduce payments to providers.	0.255	Jo Baty / Christopher Nicklin	31/03/2023
	Total	2.755		

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The Environment Overspend Action Plan				
	Mitigating Action(s)	Proposed Mitigations £m	Responsible Officer	Deadline
1	Review CCTV recharges	TBC	Matthew Hooper	31/03/23
2	Resume virtual court for the recovery of business rates and council tax enforcement income	0.138	Nicola Ellis	31/12/22
3	Review commercial fees and charges in line with full cost recovery	TBC	All	31/03/23
	Total Mitigating Actions	0.138		

APPENDIX 10 - VIREMENT REQUESTS – MONTH 4

Details of Virement	Amount (£000)	Department
GENERAL FUND:		
Transfer of Mayors office to Events service	152	ENV
	(152)	RES
Align external funding for Law Enforcement and Gangs Teams	1,700	ENV
	(1,700)	CMB
Use of the Covid reserve to fund cost pressures arising from residents transferred from Hospital discharge in greater numbers and with increasing acuity of needs.	2,000	SC
	(2,000)	CMB
Total of Requested Virements (Debits)	3,852	
HRA:		
Total of Requested Virements (Debits)		