

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 09/01/2023

Subject: 2022 Corporate Revenue Monitor - Month 6 (September 2022)

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

Responsible Director: Sukvinder Kalsi – Director of Finance

SUMMARY

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

A overspend of **£5.023m** is forecast for the General Fund. Action plans of **£2.893m** are proposed that if delivered, will result in a forecast overspend of **£2.130m**.

The Housing Revenue Account is forecasting an overspend and will draw down **£1.316m more** from balances than budgeted

RECOMMENDATIONS

1. To note the General Fund forecast overspend of £5.023m.
 2. To note that the forecast drawdown from the Housing Revenue Account general balance will be £5.366m. This is £1.316m more than budgeted
 3. To note the in-year Dedicated Schools Grant High Needs Block forecasted surplus of (£0.700m), reducing the cumulative deficit.
 4. To approve General Fund virements totalling £0.230m as detailed in appendix 10.
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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 Overspend/ (Underspend) £m	Forecast Overspend/ (Underspend) net of mitigating actions £m
Current year – month 6	5.023	2.130
Current year – month 4	4.666	1.773
2021/22 outturn	(6.884)	N/A
Last year – month 6	(2.768)	(4.698)

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 £0.700m is forecast due to the use of alternative funding including Central School Services Block (CSSB). The overall cumulative deficit will reduce to £7.120m 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 drawdown from the Housing Revenue Account (HRA) general balance will be £5.366m, £1.316m more than budgeted.

Andre Mark, Head of Finance, Tel.: 07776 673 099, Email: Andre.Mark@lbhf.gov.uk, 7 October 2022 and verified by Sukvinder Kalsi, Director of Finance (11th November 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, Legal Services, Tel. 0208 753 2695, jade.monroe@lbhf.gov.uk, 27 September 2022.

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

GENERAL FUND

1. The General Fund month 6 (September) forecast is a £5.023m overspend. Table 1 sets out an analysis by Department and Table 2 an analysis by subjective type of expenditure.

Table 1 – Month 6 (September 2022): General Fund forecast (underspends in brackets)

Department	Revised Budget Month 6	Forecast Outturn Variance Month 6	Forecast Outturn Variance Month 4
	£m	£m	£m
Children's Services	53.128	(0.048)	(0.192)
The Economy Department	7.339	0.380	0.476
The Environment Department	65.562	3.873	3.648
Controlled Parking Account	(30.302)	0.028	0.044
Finance	1.234	(0.143)	(0.217)
Resources	5.893	(0.107)	(0.266)
Social Care	61.796	3.870	4.003
Centrally Managed Budgets	22.295	(2.830)	(2.830)
Total	186.945	5.023	4.666

Table 2 – Month 6 (September 2022): General Fund subjective forecast
(underspends in brackets)

Subjective	Revised budget Month 6	Forecast Outturn Variance Month 6	Forecast Outturn Variance Month 4
	£m	£m	£m
Employees	116.325	(0.430)	(0.609)
Premises-Related Expenditure	12.463	4.172	2.762
Transport-Related Expenditure	1.593	(0.046)	(0.224)
Supplies & Services	49.791	3.451	1.996
Third Party Payments	183.037	4.108	4.772
Transfer Payments	171.532	(0.123)	0.067
Support Services	7.177	0.422	0.354
Items Excluded from the Cost of Services	20.593	(0.000)	(0.083)
Income	(380.798)	(6.583)	(4.424)
Non Controllable Expenditure	5.233	0.055	0.055
Total	186.945	5.023	4.666

2. As set out in the appendices, General Fund Departments have identified financial risks of £2.239m. There is also risk regarding the upturn in inflation. The September Consumer Price Index (CPI) stands at 10.1%, its highest level for 40 years.
3. The upturn in inflation had a bearing upon the 2022/23 pay negotiations. Negotiations concluded with the Trade Unions accepting the offer from the National Employers (who are 11 elected members that conduct negotiations for local government) of a flat rate increase of £2,355 per employee (£1,925 for those on Chief Officer grades) backdated to the 1st April 2022, and an extra day's annual leave (from 23/24 onwards). After allowance for employer pension and national insurance contributions, this works out at an approximate annual cost of £6m.
4. The 2022/23 Hammersmith & Fulham budget includes a £2.350m provision for the pay award and a £1.500m inflation contingency as mitigation against additional inflationary risk. The £6.000m cost of the pay offer is £2.150m more than the £3.850m (including the inflation contingency) currently set aside. As set out in Table 3 the current budget includes an unallocated contingency of £3.845m and

the month 6 forecast assumes that the extra cost of the pay award will be met from this sum plus the reduction in employers' national insurance contributions.

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. On 22nd September 2022, the Chancellor of the Exchequer announced that a 1.25% increase in employers' national insurance contributions will be reversed from the 6th of November. The increase had been agreed by the previous Chancellor with effect from 1st April 2022 to fund health and social care. This will have an in year impact of £0.520m for the council, which will be reflected through Departmental variance analysis for CRM 9 and 2022/23 year end outturn.
7. 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.
8. Overall mitigating action plans (see Appendix 9) of £2.893m are identified. If these are delivered this would decrease the overspend to £2.130m (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	(0.048)	0.000	(0.048)
The Economy Department	0.380	0.000	0.380
The Environment Department	3.873	(0.138)	3.736
Controlled Parking Account	0.028	0.000	0.028
Finance	(0.143)	0.000	(0.143)

Resources	(0.107)	0.000	(0.107)
Social Care	3.870	(2.755)	1.115
Centrally Managed Budgets	(2.830)	0.000	(2.830)
Total	5.023	(2.893)	2.130
Balance of the unallocated contingency	(3.123)		(3.123)
Additional allowance for pay pressures	2.150		1.150
Reversal of National Insurance employer contributions	(0.520)		(0.520)
TOTAL	3.530	(2.893)	637

9. 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

10. The Housing Revenue Account is forecasting an overspend that will result in a drawdown of **£1.316m more** from balances than budgeted (Table 4). The main variances are detailed in Appendix 8. Risks of £2.055m have been identified and details of these can also be found 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	1.316
Balance as at 31st March 2023	(10.200)

DEDICATED SCHOOLS GRANT (DSG)

11. 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.

12. 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 £0.700m is forecast which will go towards reducing the cumulative deficit, along with safety valve funding of £4.000m. The overall cumulative deficit is forecast to reduce to £7.120m 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.
13. 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
Cumulative deficit brought forward	11.820
In-year forecast surplus	(0.700)
Safety valve funding	(4.000)
Cumulative deficit carried forward	7.120

GENERAL FUND RESERVES

14. The council carried forward general balances and reserves of £127.8m at the start of 2022/23. A review has been undertaken of existing and potential commitments and an updated reserves cashflow produced to 2026. This is summarised in Table 6. Should the current year forecast overspend be realised this will require a drawdown to be made from reserves to mitigate this.
15. An annual update of the reserves strategy and action plan will form part of the suite of reports considered at Budget Council in February 2022.

Table 6 – General Fund reserves forecast (all opening balances)

	2021 (£m)	2022 (£m)	2023 (£m)	2024 (£m)	2025 (£m)
General balances	20.4	23.3	23.3	23.3	23.3
Earmarked reserves - unrestricted	68.3	51.1	41.7	40.7	43.0
Earmarked reserves - restricted	9.7	7.6	7.5	7.5	7.5
Covid related	29.4	7.4	2.3	2.1	2.1

Total	127.8	89.4	74.8	73.6	75.9
Revenue developer contributions	46.4	Developer contributions are subject to a separate approval and monitoring process			

16. The most significant forecast movement relates to the Covid-19 related reserve of £29.4m. This will reduce as it is applied to meet expected timing differences relating to known collection fund liabilities, and payment of business grants and other commitments.

VIREMENT AND WRITE OFF REQUESTS

17. General Fund virements of £0.230m are proposed as detailed in Appendix 10.

REASONS FOR DECISION

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

EQUALITIES IMPLICATIONS

19. 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.
20. 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

21. 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.

List of Appendices:

Appendix	Title
Appendix 1	Children's Services
Appendix 1a	Dedicated Schools Grant (DSG)

Appendix	Title
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

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

Table 1 - Forecast variance by subjective			
Subjective	Revised budget	Variance month 6	Variance month 4
	£000	£000	£000
Employees	26,791	(362)	31
Premises-related expenditure	534	127	116
Transport-related expenditure	180	(50)	(580)
Supplies & services	3,956	62	242
Third Party payments	54,537	440	75
Transfer payments	68,755	99	67
Support services	(1,806)	159	145
Items excluded from the Cost of Services	2,033	0	0
Income	(108,482)	(523)	(287)
Non-controllable expenditure	6,630	0	0
Total	53,128	(48)	(192)

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 6	Forecast Variance Month 4
	£000	£000	£000
Children and Young People's Services	31,228	(720)	(433)
Education	13,438	652	359
Children's Commissioning	4,466	(9)	(6)
Children's Performance & Improvement	2,310	(94)	(113)
CHS Departmental Budgets	1,686	123	1
School Funding	0	0	0
Total	53,128	(48)	(192)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £000
Children and Young People's Services		

Favourable variances on: Looked After Children and Care Leavers placements and client related expenditure (£0.181m); Staffing budgets due to part year vacancies on posts being recruited (£0.334m); Parent assessment budgets due to a reduction in care proceeding numbers (£0.235m)	(720)	(433)
Other minor variances - £0.030m		
Children and Young People's Services Total	(720)	(433)
Education		
£0.666m variance with respect to Travel Care and Support for Young People with Education and Healthcare Plans. This is a £0.392 adverse movement versus period 4.		
£0.202m adverse Disabled Children's placements for short breaks	652	359
Overspends are partly offset by part year effect vacancies on posts being recruited.		
Education Total	652	359
Children's Commissioning		
No material variances	(9)	(6)
Children's Commissioning Total	(9)	(6)
Children's Performance & Improvement		
No material variances	(94)	(113)
Children's Performance & Improvement Total	(94)	(113)
CHS Departmental Budgets		
Client non placement related expenditure not included in £0.181m forecast underspend reported in Children's and Young Peoples Services.	123	1
CHS Departmental Budgets Total	123	1
School Funding		
No material variances	0	0

School Funding Total	0	0
Total Variance	(48)	(192)

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			
3 rd Party Funding Contribution to Services		This saving has now been achieved by realigning the budget across CHS in total			

Table 5 - Key Risks - Detail Items Over £250,000			
Risk Description		Risk at Month 6 £000	Risk At Month 4 £000
None to report			
Total Risks Managed		0	0

Supplementary Monitoring Information

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

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 6	Forecast Variance Month 4
	£000	£000's	£000
High Needs Block expenditure	28,647	(700)	(599)
Early Years Block expenditure	17,406	(53)	0
Schools Block expenditure	38,407	0	0
Central School Services Block expenditure	2,837	0	0
DSG income	(87,297)	753	599
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	(700)
2022-23 HNB Safety Valve funding (to be confirmed)	(4,000)
Forecast High Needs deficit after Safety Valve funding	7,120

Table 3 - Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £000
High Needs Block (<i>High Needs funding supports provision for children and young people with special educational needs from their early years to age 25 and in addition the Alternative Provision</i>)		
The forecast spend on the Dedicated Schools Grant (DSG) High Needs block (HNB) is £28.065m, this represents an underspend of £0.7m against the current 2022/23 DSG HNB allocation.		
The baseline budget overspend on The High Needs Block in 2022/23 is circa £1.2m versus budget before £1.3m transfer from Central Services Schools Block and £0.556m Schools Block transfer.	(700)	(599)
£10.55m of High Needs Safety Valve Funding was received to 2021/22 to reduce the retained High Needs Block deficit. A further £4m of HNB Safety Valve funding is expected to be received in 2022/23 subject to close monitoring by the Department of Education.		

Early Years Block (<i>Funding for Early Years including Two Year Old funding and Early Years Pupil Premium</i>)		
A forecast favourable variance on central early years expenditure is expected to be offset by grant reduction following the January 2023 early years census.	(53)	0
High Needs Block total	(753)	(599)

Table 4 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk at Month 6 £000	Risk At Month 4 £000
None to report		
Total Risks Managed	0	0

Supplementary Monitoring Information
None to report

APPENDIX 2: THE ECONOMY DEPARTMENT
BUDGET REVENUE MONITORING MONTH 6

Table 1 - Forecast Variance by Subjective			
Subjective	Revised Budget	Variance Month 6	Variance Month 4
	£000	£000	£000
Employees	15,882	(118)	85
Premises-related expenditure	4,857	3,255	2,146
Transport-related expenditure	10	0	0
Supplies & services	3,899	536	290
Third party payments	21,750	(253)	(376)
Transfer payments	98	0	0
Support services	269	10	68
Income	(32,873)	(3,104)	(1,793)
Non-controllable expenditure	(6,499)	55	55
Total	7,339	380	476

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 6	Forecast Variance Month 4
	£000	£000	£000
Housing Solutions	8,604	(94)	(40)
Economic Development, Skills Service	488	0	0
Planning	1,509	13	141
Operations	(3,475)	461	375
Place	70	0	0
Regeneration & Development	143	0	0
TOTAL	7,339	380	476

Table 3 Variance Analysis		
Departmental Division	Month 6	Month 4
	£000	£000
Housing Solutions		
The forecast for average client numbers (951 units) is lower than budgeted (982 units) in Private Sector Leased (PSL) temporary accommodation schemes, resulting in a net underspend of (£200,000). The forecast bad debt provision has reduced by (£60,000), from a budget of 2.37% to a forecast of 2%, to reflect a sustained improvement in the collection rate over the last few	(260)	(180)

Table 3 Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £000
months.		
This is mainly due to a forecast increase in average client numbers (from a budget of 95 clients to a forecast of 106) in Bed and Breakfast (B&B) temporary accommodation and higher accommodation costs (from a budget of £275.45 per week to an actual of £281.56), resulting in a net forecast overspend of £130,000.	130	150
Other minor variances	36	50
Housing Solutions total	(94)	(40)
Operations		
Facilities Management and Corporate Buildings - this relates to lower than budgeted income from corporate buildings of £315,000 (including loss of tenants at the Lila Huset of £230,000). As this is due to the withdrawal of Education Services and the intention to retain the archives within the building, Cabinet approval is requested to fund the shortfall from the corporate property reserve. Also, there are variances relating to works costs of £76,000 and staffing costs of £70,000.	461	375
Operations total	461	375
Planning		
Development Management - The division is predicting a Planning Applications income shortfall of £243k, which is partly offset by (£204k) release of bad debt provision. In addition, adverse variance of 116k relates mainly to exceptional costs associated with judicial reviews and major planning appeals. This is offset by a favourable staffing variance of (£142k) as a result of ongoing recruitment process and some voluntary redundancies.	13	141
Planning Total	13	141

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 £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 4 £000
Housing Solutions - Overall Benefit Cap	54	72
Housing Solutions - Ending of eviction ban - an increase in court proceedings against tenants may result in an increased net cost due to an increase in households in temporary accommodation.	82	109
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	298	397
Housing Solutions - There is a risk of a further increase in the number of households in Temporary Accommodation - based on an additional 100 households this year above the current forecast	275	366
Housing Solutions - Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	140	186
Housing Solutions - There is a risk of large families being accommodated in B&B	65	86
Housing Solutions - Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast	192	256
Housing Solutions - Domestic Abuse Act - increase in households in temporary accommodation - extra 70 households this year above the current forecast	192	256
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	214
Operations - the cost of the Property Transformation team is expected to be funded from income generated from assets.	224	224

Asset Strategy - Risks associated with bringing properties into a lettable state and risks associated with business rates potentially payable at Gibbs Green School.	60	120
TOTAL RISKS MANAGED	1,796	2,286

Supplementary Monitoring Information	
<p>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. Overall in quarter 1 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 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.</p> <p>Planning income: In recent years has fluctuated between £3.6m (2018/19), £2.3m (2019/20), £2.2m (2020/21), £3.1m (2021/22) and is currently forecast to reach £3.4m in 2022/23. However, the inherent volatility of planning income means it is difficult to predict future income expectations due to several factors including:</p> <ul style="list-style-type: none"> • Covid19 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 confidence in the service through reduced staffing - may be less likely to fund Planning Performance Agreements • Government schemes to encourage house building, including grant schemes • Developers' responding to current and pipeline housing supply in borough (they do not want to flood the local market) 	

• Adverse weather conditions, and delays in supply chains, delaying construction pipeline

APPENDIX 3: THE ENVIRONMENT DEPARTMENT
BUDGET REVENUE MONITORING MONTH 6

Table 1 - Forecast variance by subjective			
Subjective	Revised budget	Variance Month 6	Variance month 4
	£000	£000	£000
Employees	26,144	841	275
Premises-related expenditure	3,809	780	503
Transport-Related expenditure	1,336	40	376
Supplies & services	16,492	2,480	1,187
Third party payments	20,781	344	1,172
Transfer payments	116	0	0
Support Services	0	183	142
Items excluded from the Cost of Services	14,238	0	(83)
Income	(27,923)	(793)	76
Non-controllable expenditure	10,570	0	0
Total	65,562	3,873	3,648

Table 2 - Variance by departmental division			
Departmental division	Revised budget	Forecast variance month 6	Forecast variance month 4
	£000	£000	£000
Public Realm	36,196	2,257	2,297
Safer Neighbourhoods & Regulatory Services	10,886	791	684
Leisure, Sport, and Culture	6,189	800	673
Resident Services	12,291	25	(6)
Revised Variance	65,562	3,873	3,648

Table 3 - Variance analysis		
Table 3 – Variance analysis	Month 6	Month 4
	£000	£000
Hammersmith Bridge unfunded revenue costs	1,600	1,600
Waste and Street Cleansing - actual contractual inflation more than budget allowed for	661	626
Street lighting energy overspend	230	126
Other net variances	(234)	(55)
Public Realm total	2,257	2,297

Table 3 - Variance analysis		
Table 3 – Variance analysis		
Departmental Division	Month 6 £000	Month 4 £000
Building Control net income underachievement	179	180
Markets income shortfall (continued cost of living impact) and waste and street cleansing overspend due to actual contractual inflation more than budget allowed for	191	175
CCTV under recovery of costs	177	172
Regulatory services income and staffing pressures	220	0
Other minor variances	24	157
Safer Neighbourhoods & Regulatory Services total	791	684
Parks overspend due mostly to increasing utility costs and maintenance	426	286
Filming and Events income budget not aligned with resident and member expectations	288	284
Other net variances	86	103
Leisure, Sport and Culture total	800	673
Business Rates and Council Tax enforcement income shortfall	545	545
Accessible Transport underspend due to temporary reduction in passenger numbers	(733)	(541)
Delayed Resident Experience and Access Savings due to cost of living crisis response	244	0
Other net variances	(31)	(10)
Resident Services total	25	(6)
TOTAL VARIANCE	3,873	3,648

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.
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Table 5 - Key risks - detail items over £0.250m		
Risk Description	Risk at month 6 £000	Risk at month 4 £000
Utility and fuel charges increase (now added to forecast)	0	250
TOTAL RISKS BEING MANAGED	0	250

Supplementary Monitoring Information
<p>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 Environment department.</p> <p>Additionally, the Department's commercial income continues to be adversely impacted by the cost of living crisis.</p> <p>There is also pressure on the Department's major contract budgets, due to actual inflation being significantly more than the allowance provided for in the budget. The Department will 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 usual Medium Term Financial Strategy process.</p>

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

Table 1 - Forecast variance by subjective			
Subjective	Revised budget	Variance Month 6	Variance Month 4
	£000	£000	£000
Employees	7,251	(45)	(15)
Premises-related expenditure	80	(3)	(3)
Transport-related expenditure	2	(35)	(18)
Supplies & services	979	151	82
Third Party payments	5,877	(368)	(318)
Transfer payments	0	0	0
Support services	214	(49)	(66)
Items excluded from the Cost of Services	0	0	0
Income	(47,472)	395	382
Non-controllable expenditure	2,767	0	0
Total	(30,302)	28	44

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 6	Forecast Variance Month 4
	£000	£000	£000
Income	(47,472)	395	382
Expenditure	17,170	(367)	(338)
Total	(30,302)	28	44

Table 3 - Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £000
Income		
Pay & Display is down compared to the first six periods last financial year. PCN enforcement is more effective due to the increased utilisation of unattended cameras.	395	382
Income total	382	386
Expenditure		
A reduced spend on Pay & Display activities corresponding to reduction in activity. As well as a slight delay in recruiting to the	(367)	(338)

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

Table 4 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk at Month 6 £000	Risk At Month 4 £000
None to report		
Total Risks Managed	0	0

Supplementary Monitoring Information
None to report.

APPENDIX 4: FINANCE
BUDGET REVENUE MONITORING MONTH 6

Table 1 - Forecast variance by subjective			
Subjective	Revised budget	Variance month 6	Variance month 4
	£000	£000	£000
Employees	6,707	(597)	(648)
Premises-related expenditure	0	0	0
Transport-related expenditure	3	(1)	(2)
Supplies & services	2,595	172	169
Third Party payments	241	10	9
Transfer payments	0	0	0
Support services	(16)	17	10
Items excluded from the Cost of Services	0	0	0
Income	(3,056)	257	244
Non-controllable expenditure	(5,232)	0	0
Total	1,234	(143)	(217)

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 6	Forecast Variance Month 4
	£000	£000	£000
Assurance, Programmes & Analytics	1,373	(64)	(25)
Audit, Fraud, Risk and Insurance	976	(95)	(83)
Corporate Services	610	46	(30)
Finance	3,201	(181)	(246)
Managed Services	2,132	1	1
Corporate Procurement	575	(25)	(46)
Commercial Advertising	(2,400)	175	212
Sub-Total	6,466	(143)	(217)
Departmental non-controllable budgets	(5,232)	0	0
Total	1,234	(143)	(217)

Table 3 - Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £000
Assurance, Programmes & Analytics		
	(64)	(25)
Assurance, Programmes & Analytics Total	(64)	(25)
Audit, Fraud, Risk and Insurance		
Staffing vacancies	(95)	(83)
Audit, Fraud, Risk and Insurance Total	(95)	(83)
Corporate Services		
	46	(30)
Corporate Services Total	46	(30)
Finance		
A restructure of the finance service has now been completed but there have been delays in recruitment to several posts due to notice periods.	(181)	(246)
Finance Total	(181)	(246)
Managed Services		
	1	1
Managed Services Total	1	1
Corporate Procurement		
Staffing vacancies	(25)	(46)
Corporate Procurement Total	(25)	(46)
Commercial Advertising		
The position has improved from period 4 due to increased second quarter profit share figures from one site. However, the impact of the Covid-19 pandemic has led to an overall fall in expected income from partner 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.	175	212
Commercial Advertising Total	175	212

Total Variance	(143)	(217)
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Table 4 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk at Month 6 £000	Risk At Month 4 £000
None to report		
Total Risks Managed	0	0

Supplementary Monitoring Information
None to report

APPENDIX 5: RESOURCES
BUDGET REVENUE MONITORING MONTH 6

Table 1 - Forecast variance by subjective			
Subjective	Revised budget £000	Variance month 6 £000	Variance month 4 £000
Employees	14,767	(412)	(337)
Premises-related expenditure	198	13	0
Transport-related expenditure	1	0	0
Supplies & services	9,114	50	26
Third party payments	60	40	27
Transfer payments	0	0	0
Support services	29	102	55
Items excluded from the Cost of Services	0	0	0
Income	(6,098)	99	(36)
Non-controllable expenditure	(12,179)	0	0
Total	5,893	(107)	(266)

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget £000	Forecast Variance Month 6 £000	Forecast Variance Month 4 £000
Communications and Communities	739	24	23
Democratic Services, Coroners & Mortuaries	2,424	(76)	(309)
Digital Services	12,423	4	0
Resources Directorate	188	(17)	(15)
Legal Services	(395)	(86)	(7)
Members Support	322	44	42
Transformation, Talent and Inclusion	2,372	0	0
Sub-Total	18,072	(107)	(266)
Departmental non-controllable budgets	(12,179)	0	0
Total	5,893	(107)	(266)

Departmental Division	Month 6 £000	Month 4 £000
Communications and Communities		
	24	23
Communications and Communities Total	24	23
Democratic Services, Coroners & Mortuaries		
Following a number of staffing changes including recruitment to vacant posts, underspend forecasts have been reduced for both registrars and the Mayor's office. Smaller adverse forecast movements across coroners and mortuaries services and electoral services have also contributed to the movement from period 4 but all services remain forecasted within budget.	(76)	(309)
Democratic Services, Coroners & Mortuaries Total	(76)	(309)
Digital Services		
	4	0
Digital Services Total	4	0
Director of Resources		
	(17)	(15)
Director of Resources Total	(17)	(15)
Legal Services		
	(86)	(7)
Legal Services Total	(86)	(7)
Members Support		
	44	42
Members Support Total	44	42

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 6 £000	Risk At Month 4 £000
None to report		
Total Risks Managed	0	0

Supplementary Monitoring Information
None to report

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

Table 1 - Forecast Variance by Subjective			
Subjective	Budget	Variance Month 6	Variance Month 4
	£000	£000	£000
Employees	15,377	263	0
Premises-related expenditure	620	0	0
Transport-related expenditure	40	0	0
Supplies & services	1,793	0	0
Third party payments	78,829	3,843	4,113
Transfer payments	12,638	(222)	0
Support services	7,808	0	0
Items excluded from the Cost of Services	0	0	0
Income	(60,417)	(14)	(110)
Non-controllable expenditure	5,108	0	0
Total	61,796	3,870	4,003

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 6	Forecast Variance Month 4
	£000	£000	£000
Independent Living, Quality, Performance & Safeguarding	25,162	2,080	2,300
Specialist Support and Independent Living	25,728	2,038	1,835
Commissioning	5,151	(248)	(132)
Resources	5,262	0	0
Social Care Directorate	493	0	0
Public Health	0	0	0
TOTAL	61,796	3,870	4,003

Table 3 – Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £000
Independent Living, Quality, Performance & Safeguarding		
The overspend comprises of: The full-year effect from 2021/22 and an additional 139 net increase in residents with Home Care packages costing £1.641m.	2,080	2,300

<p>An overspend of £0.467m in nursing placements for 24 new discharge to assess D2A residents transferred from Health to social care services.</p> <p>The other projected overspend comprises of:</p> <p>Staffing cost of £0.425m to meet the additional demand in residents and a shortfall of residential income contributions of £0.120m. This is partially mitigated by underspend in Direct Payment service of (£0.439m) due to decrease in residents care packages needs and additional income from funded nursing care of (£0.134m).</p> <p>As these costs reflect the medium-term impact from the Covid-19 D2A hospital policy, the department has requested 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 11 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	2,080	2,300
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 of:</p> <p>Homecare - £0.506m Adult Supported Living - £0.815m Placements - £0.662m Direct Payment and Day Care services areas - £0.217m.</p> <p>There are mitigating staffing underspends (£0.162m) due to a delay in recruitment to vacancies within the in-house provided services.</p> <p>Since the start of the year there have been 30 LD residents receiving services with costs averaging over £2,000 per week. In Adult Supporting Living, the unit costs have increased by 11% in the last two months due to lack of market supply which is the main change in the projections.</p>	2,038	1,835

Specialist Support and Independent Living Total	2,038	1,835
Commissioning		
Underspend on a range of commissioned variable contracts and a contribution from the Household Support Fund for expenditure to support households with pensioners to support with food, energy and utility bills and meals.	(248)	(132)
Commissioning Total	(248)	(132)

Dept	MTFS Target	On Track	Partially Deliverable	Undeliverable
	£000s	£000s	£000s	£000s
Total MTFS Savings	1,500	987	513	0
Schemes not on track	£000s	Reason		
	513	<p>At this stage of the financial year (month 6) the department is forecasting full delivery of savings. There remains £0.513m (34% of the total savings) to be delivered over the next 6 months.</p> <p>There are several efficiency measures to be delivered by reviewing community care packages and ensuring the right support is provided, re-commissioning opportunities, better demand management and choice from acute hospitals. We aim to redesign the brokerage function, so we can secure the best services for residents and bolster the service with more focus on specialist support. In addition we will use London wide benchmarking data or tools like 'care cubed' to secure quality, good value for money learning disability and mental health placements.</p>		

Table 5 - Key Risks - Detail Items Over £0.250m		
Risk Description	Risk At Month 6 £000	Risk At Month 4 £000
Inflation appeals above 4% awarded to care providers	200	600

11 Physical Support nursing placements funded by the NHS awaiting to be transferred to Social Care, a decrease of 11 since last the period.	200	292
LD placements and Physical support residents. Potential transfers from health, awaiting CHC/Care Act assessments and ongoing appeals and transitions transferring from Children to Adults.	43	708
TOTAL RISKS MANAGED	443	1,600

Supplementary Monitoring Information

The forecast is an improvement of 0.133m since the month 4 report. However the forecast is caveated with unknowns as we come out of Covid-19 including:

The impact of the hospital discharges placed by NHS and requiring reassessment of care which is increasing social care costs.

The NHS delays in elective surgery, recruitment issues and bed closures means services are provided more like a 'ward' at home.

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 emerging market process which are resulting in higher median unit costs.

There are higher expectations for residents in receipt of support which is right however this exceeds what can be provided from the financial envelope.

The delivery of budgeted 2022/23 savings of £1.5m.

APPENDIX 7: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING MONTH 6

Table 1 - Forecast variance by subjective			
Subjective	Revised budget	Variance Month 6	Variance month 4
	£000	£000	£000
Employees	3,604	0	0
Premises-related expenditure	2,625	0	0
Transport-related expenditure	21	0	0
Supplies & services	10,966	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)	(2,900)
Non-controllable expenditure	4,068	0	0
Total	22,295	(2,830)	(2,830)

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget Month 6	Forecast Variance Month 6	Forecast Variance Month 4
	£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)	(3,000)
Other Corporate Items	9,439	170	170
Pensions & redundancy	5,728	0	0
Total	22,295	(2,830)	(2,830)

Table 3 - Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £000
Net Cost of Borrowing		
The Bank England interest base rate has increased from 0.25% in December 2021 to 2.25% in September 2022. This will enable an increase in the interest earned from the council's cash balances.	(3,000)	(3,000)

Table 3 - Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £000
Net Cost of Borrowing Total	(3,000)	(3,000)
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 fixed term contracts and additional staffing costs for example through the law enforcement team	70	70
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 6 £000	Risk At Month 4 £000
None to report		
Total Risks Managed	0	0

Supplementary Monitoring Information
None to report

APPENDIX 8: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING MONTH 6

Table 1 - Forecast variance by subjective			
Subjective	Revised budget	Variance month 6	Variance month 4
	£000	£000	£000
Employees	21,371	(254)	(115)
Premises-related expenditure	21,264	63	513
Transport-related expenditure	28	(0)	(1)
Supplies & services	9,379	420	13
Third party payments	1,679	308	307
Transfer payments	0	0	0
Support services (internal trading services)	1,175	339	317
Items excluded from the Cost of Services	8,595	525	0
Non-controllable expenditure	25,939	(379)	(190)
Income	(85,378)	297	322
Appropriation From HRA General Reserve	4,050	1,318	1,166

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 6	Forecast Variance Month 4
	£000	£000	£000
Housing Income	(82,144)	102	102
Finance & Resources	6,866	0	0
Housing Management	6,514	407	525
Property & Compliance	9,077	576	582
Void & Repairs	10,455	0	
H&F maintenance (DLO)	3,365	0	0
Safer Neighbourhoods	723	0	0
Place	10,979	85	146
Regeneration & Development	882	0	0
Operations	3,945	0	0
Capital Charges	26,205	146	(190)
Corporate Support Service Recharges	7,184	0	0
Appropriation From HRA General Reserve	4,050	1,316	1,166

Table 3 - Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £000
Housing Income		
A forecast on dwelling rent and service charges income loss of £318k due to higher than budgeted void properties (2.40% 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 a number of other variances on various income streams of £135k.	102	102
Housing Income total	102	102
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 (£80k) of underspend on staff costs and (£93k) of underspend on other minor variances.	407	525
Housing Management total	407	525
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	0
Void & Repairs Total	0	0
Resident and Building Safety		
The forecast overspend of £576k 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.	576	582
Resident and Building Safety Total	576	582
Place		

Table 3 - Variance Analysis		
Departmental Division	Month 6 £000	Month 4 £000
The overspend relates mainly to additional staffing required at the Repairs Customer Service Centre.	85	146
Place total	85	146
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 (from a budget of 0.1% to a forecast of 2.5%).	146	(190)
Capital Charges total	146	(190)
Total Variance	1,316	1,165

Table 4 - Savings Delivery					
		MTFS Target	On Track	Partially Deliverable	Undeliverable
		£000s	£000s	£000s	£000s
Total HRA Efficiencies		3,850	3,850	0	
Schemes not on track	£000s	Reason			

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 4 £000
Capitalisation of Staffing: - officers are completing regular and robust reviews of capitalizable 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	850
Income loss due to voids - the forecast takes account of a plan to reduce void numbers so there is a risk that income loss will be greater than currently forecast.	300	-
Income collection - the current excellent performance on rental income collection may deteriorate as a result of the current economic pressures	355	355

Non-disrepairs compensation for urgent repairs works. This is in addition to the forecast overspend of £582k reported above in Residents & Building Safety division.	unknown	unknown
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.	550	unknown
Delivery of savings - progress has been made on the identification of initiatives to deliver the £3.8m of savings needed this financial year so the risk previously reported is now expected to be wholly mitigated.	0	2,200
Total Risks Managed	2,055	3,405

Supplementary Monitoring Information
None.

APPENDIX 9 – ACTION PLANS – MONTH 6

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	Mar-23
	Total Mitigating Actions	TBC		

Social Care and Public Health Action Plan				
Ref	Mitigating Action(s)	Proposed Mitigations £m	Responsible Officer	Deadline
1	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	31/03/2023
2	Review all packages and direct payments including completion of CHC checklists and the use of care cubed calculator tool to ensure packages sizes are aligned with care plans.	0.500	Jo Baty / Christopher Nicklin	31/03/2023
3	Fill voids in block contracts or reduce payments to providers	0.255	Jo Baty / Julie Murray	31/03/2023
	Total	2.755		

The Environment Overspend Action Plan				
	Mitigating Action(s)	Proposed Mitigations £m	Responsible Officer	Deadline
1	Resume virtual court for the recovery of business rates and council tax enforcement income	0.138	Nicola Ellis	31/12/22
	Total Mitigating Actions	0.138		

APPENDIX 10 - VIREMENT REQUESTS – MONTH 6

Details of Virement	Amount (£000)	Department
GENERAL FUND:		
Use of corporate property reserve to fund the shortfall on corporate buildings income	230	Economy
	(230)	CMB
Total of Requested Virements (Debits)	230	
HRA:		
Total of Requested Virements (Debits)		