

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Cabinet

**Date:** 17/04/2023

**Subject:** Corporate Revenue Budget Review 2022/23 (Month 9 – December 2022)

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

**Responsible Director:** Sukvinder Kalsi, Director of Finance

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### SUMMARY

The Council has a well-established and strong framework for the reporting of financial performance and Cabinet considers a number of reports during the year. This is the fourth corporate revenue financial performance report compiled for 2022/23.

The continuing national economic conditions of high inflation and interest rates present many significant socio-economic challenges to the Council. This is increasing our costs for delivering services, reducing our income from residents/business/visitors, making our investment plans more expensive and is increasing the demand for public services. The forecasts of an economic contraction in the coming years will add additional pressure to the Council's services and finances.

After taking into account the impact of having to fund £3.8m of additional costs for the pay award agreed in November 2022, the General Fund revenue budget is now forecasting an overspend of £1.890m (or 1% of the annual net budget). Action plans of £0.683m are proposed to mitigate service overspends that, if delivered, along with the use of unallocated contingencies of £1.255m will result in a forecast underspend of £0.048m.

The economic pressures are also reflected on the Housing Revenue Account (HRA) with a forecast overspend of £2.279m (or 1.3% of the total expenditure and income on the HRA). Significant additional pressures were put on the HRA due to higher rates and inflation in the final quarter of 2022, significantly increasing costs to the council. This will be funded from reserves. The overall financial position on the HRA will continue to be resilient with good levels of reserves (expected to be close to £6m by 31 March 2024).

The financial year will conclude with preparation of the financial statements for 2022/23 including the outturn report. To ensure compliance to the statutory timetables, this report also seeks authority to delegate a number of strategic decisions to the Director of Finance, in consultation with the Cabinet Member for Finance and Reform (relating for

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example to use of reserves, budget virements and levels of bad debt provisions). The details will be reported in full to Cabinet as part of the outturn report for 2022/23.

### RECOMMENDATIONS

1. To delegate authority to the Director of Finance, in consultation with the Cabinet Member for Finance and Reform, to take all decisions necessary to facilitate the closing of the final accounts.
2. To note the General Fund forecast overspend of £1.890m.
3. To note that the forecast drawdown from the Housing Revenue Account general balance will be £6.329m. This is £2.279m more than budgeted.
4. To note the requirement for significant further action to reduce the forecast overspends and balance the budget.
5. To note the in-year Dedicated Schools Grant High Needs Block forecasted surplus of nil.
6. To approve General Fund virements totalling £0.190m as detailed in appendix 10.

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**Wards Affected:** All

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H&F values	Summary of how this report aligns to the H&F Priorities
Being ruthlessly financially efficient	We need to always ensure that spend aligns with 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. Efficiencies of £4.9m were included in the budget for 2022/23.
Creating a compassionate council	As the Council's resources have been reduced, we have protected the services on which the most vulnerable residents rely. The budget for 2022/23 continues all our previous policies to support residents.
Building shared prosperity	A significant proportion of services are delivered in partnership with local and

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	national companies, and this will continue to promote all business sectors to the benefit of residents. In addition, there will be increased investment in the Industrial Strategy Delivery and the development and promotion of the STEAM sector strategy.
Doing things with residents, not to them	The use of co-production across the Council is embedded and all service matters are developed with the engagement of residents. The Council is continuing the REAP Programme to improve residents' access to the services.
Taking pride in H&F	The budget for 2022/23 included significant investment of £7.4m in services, including £5.0m for Social Care and Public Health and the remainder across all other services.
Rising to the challenge of the climate and ecological emergency	The Council has established a Climate Change Team and the Team has developed a Climate and Ecology Strategy (and is making a significant contribution to the international and national policy debates). It is also securing grants from national programmes to help with improvements of the thermal efficiency of Council properties and homes).

### Financial Impact

This report sets out the current revenue budget forecast and action plans for those departments with forecast overspends and all the details are set out in the report.

Andre Mark, Head of Finance, 27<sup>th</sup> February 2023, and verified by Sukvinder Kalsi, Director of Finance, 27<sup>th</sup> February 2023.

### 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, 13<sup>th</sup> February 2023.

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**Background Papers Used in Preparing This Report**

None

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### DETAILED ANALYSIS

#### GENERAL FUND

- The General Fund month 9 (December) forecast is a £1.890m overspend. Table 1 sets out an analysis by Department and Table 2 an analysis by subjective type of expenditure.

**Table 1 – Month 9 (December 2022): General Fund forecast** (underspends in brackets)

Department	Revised Budget Month 6	Forecast Outturn Variance Month 9	Forecast Outturn Variance Month 6
	£m	£m	£m
Children's Services	54.379	(0.107)	(0.048)
The Economy Department	8.232	0.283	0.380
The Environment Department	66.723	4.266	3.873
Controlled Parking Account	(29.805)	(0.002)	0.028
Finance	1.606	(0.258)	(0.143)
Resources	6.535	(0.346)	(0.107)
Social Care	65.326	0.787	3.870
Centrally Managed Budgets	16.493	(2.734)	(2.830)
<b>Total</b>	<b>189.575</b>	<b>1.890</b>	<b>5.023</b>

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**Table 2 – Month 9 (December 2022): General Fund subjective forecast**  
(underspends in brackets)

Subjective	Revised budget Month 6	Forecast Outturn Variance Month 9	Forecast Outturn Variance Month 6
	£m	£m	£m
Employees	117.092	(1.550)	(0.430)
Premises-Related Expenditure	12.568	5.024	4.172
Transport-Related Expenditure	1.592	(0.040)	(0.046)
Supplies & Services	43.355	3.275	3.451
Third Party Payments	185.889	6.063	4.108
Transfer Payments	171.532	(2.043)	(0.123)
Support Services	18.070	0.592	0.422
Items Excluded from the Cost of Services	7.055	(0.000)	(0.000)
Income	(381.541)	(9.513)	(6.583)
Non Controllable Expenditure	9.593	0.087	0.055
<b>Total</b>	<b>189.575</b>	<b>1.890</b>	<b>5.023</b>

2. As set out in the appendices, General Fund departments have identified financial risks of £2.022m. There is also risk regarding the upturn in inflation. The December Consumer Price Index (CPI) stands at 10.5%, 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 1<sup>st</sup> 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 included 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 was £2.150m more than the £3.850m (including the inflation contingency) set aside. This was met from unallocated contingencies set aside of £3.845m plus the reduction in employers' national insurance contributions. The remaining balance of unallocated contingencies is £1.255m as set out in Table 3.

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5. The increase in inflation will 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 22<sup>nd</sup> 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.
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.
8. Overall mitigating action plans (see Appendix 9) of £0.683m are identified. If these are delivered this would decrease the overspend to a £1.207m (Table 3). The forecast overspend will reduce further should the unallocated contingency be fully utilised and will result in an overall marginal underspend of £0.048m.

**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	(0.107)	0.000	(0.107)
The Economy Department	0.283	(0.183)	0.100
The Environment Department	4.266	0.000	4.266
Controlled Parking Account	(0.002)	0.000	(0.002)
Finance	(0.258)	0.000	(0.258)
Resources	(0.346)	0.000	(0.346)
Social Care	0.787	(0.200)	0.587
Centrally Managed Budgets	(2.733)	(0.300)	(3.033)
<b>Total</b>	<b>1.890</b>	<b>(0.683)</b>	<b>1.207</b>
Balance of the unallocated contingency	(1.255)		(1.255)
<b>Total</b>	<b>0.635</b>	<b>(0.683)</b>	<b>(0.048)</b>

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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 strategic operating environment of the Housing Revenue Account has been challenging (a combination of the fiscal crisis and requirements from the regulator). This will result in the need to use additional balances of £2.279m to deal with these matters (including rectification of damp and mould). The overall position on the HRA reserves is set out in Table 4 below and the full details are set out in Appendix 8. The predicted level of balances at the end of 2022/23 at £9.237m are considered at a good level.

**Table 4: Housing Revenue Account forecast outturn**

<b>Housing Revenue Account (General Reserve)</b>	<b>£m</b>
<b>Balance as at 31 March 2022</b>	<b>(15.566)</b>
Less: Budgeted appropriation from balances	4.050
Add: overspend	2.279
<b>Balance as at 31st March 2023</b>	<b>(9.237)</b>

### 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 nil is forecast. Safety valve funding of £4.000m is forecast, which will go towards reducing the cumulative deficit. The overall cumulative deficit is forecast to reduce to £7.826m 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.



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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
<b>Cumulative deficit brought forward</b>	<b>11.820</b>
In-year forecast surplus	6
Safety valve funding	(4.000)
<b>Cumulative deficit carried forward</b>	<b>7.826</b>

### 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 2023.

**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	1.9
<b>Total</b>	<b>127.8</b>	<b>89.4</b>	<b>74.8</b>	<b>73.6</b>	<b>76.1</b>
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.

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## VIREMENT AND WRITE OFF REQUESTS

17. General Fund virements of £0.190m 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:

<b>Appendix</b>	<b>Title</b>
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 9**

Subjective	Revised budget	Variance month 9	Variance month 6
	£000	£000	£000
Employees	28,226	(344)	(362)
Premises-related expenditure	469	75	127
Transport-related expenditure	180	(64)	(50)
Supplies & services	4,023	(144)	62
Third Party payments	54,614	3,096	440
Transfer payments	68,755	(2,044)	99
Support services	(1,806)	154	159
Items excluded from the Cost of Services	1,848	0	0
Income	(108,559)	(836)	(523)
Non-controllable expenditure	6,629	0	0
<b>Total</b>	<b>54,379</b>	<b>(107)</b>	<b>(48)</b>

Table 2 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 9	Forecast Variance Month 6
	£000	£000	£000
Children and Young People's Services	31,575	(660)	(720)
Education	13,883	882	652
Children's Commissioning	4,621	(163)	(9)
Children's Performance & Improvement	2,465	(99)	(94)
CHS Departmental Budgets	1,835	(7)	123
School Funding	0	0	0
<b>Total</b>	<b>54,379</b>	<b>(107)</b>	<b>(48)</b>

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<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 9 £000</b>	<b>Month 6 £000</b>
<b>Children and Young People's Services</b>		
<p>Forecast includes £0.528m favourable variance on Looked After Children and Care Leavers placements and client related, primarily due to;</p> <ul style="list-style-type: none"> <li>-Reduced expenditure on supporting people semi-independent leaves (SIL) block contract versus spot purchased placements,</li> <li>-Favourable position versus Asylum Children Leaving Care placements 18+ and Leaving Care placements 18+,</li> <li>-£0.235 parent assessment underspend within FSCP,</li> <li>-£0.141m adverse movement on staffing due to amendment made to Clinical Practice staff reserve income. The Clinical practice staff overspend to be mitigated by other service area underspend. This includes £0.168m staffing overspend forecast on CAS, FSCP and CLA/LC Teams as a result of agency cover for staff turnover, maternity and sickness. £0.260m agency budget allocated to the service areas from placement underspend to mitigate additional agency spend.</li> <li>-£0.040m favourable other minor variances</li> </ul>	<b>(660)</b>	<b>(720)</b>
<b>Children and Young People's Services Total</b>	<b>(660)</b>	<b>(720)</b>
<b>Education</b>		
<p>Adverse position versus budget of £0.709m with respect to Travel Care and Support for children and young people with Education and Healthcare Plans. There continues to be ongoing growth in children and young people requiring transport in line with the increase in demand for children to have Education and Health Care Plans.</p> <p>Small overspend on staffing at the Haven residential respite service of £0.097m, however this is a £0.017m favourable movement on CRM8.</p> <p>This overspend is driven by the use of more expensive agency workers due to challenges faced in recruitment to permanent care roles and a high level of sickness requiring temporary absence cover.</p> <p>Short breaks transport is forecast to overspend by £0.136m. Pressures are partly due to a small number of very high costs</p>	822	652

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for individuals with challenging needs, particularly those accessing short breaks.		
<b>Education Total</b>	<b>822</b>	<b>652</b>
<b>Children's Commissioning</b>		
Favourable variance is due to underspends within the LAC, CCAMHS and PBS contracts. The provider has difficulties in recruiting, which has resulted in vacancies and staffing underspends.	(163)	(9)
<b>Children's Commissioning Total</b>	<b>(163)</b>	<b>(9)</b>
<b>Children's Performance &amp; Improvement</b>		
Staffing vacancies held in year and other non staffing underspends principally in Safeguarding Review and Quality Assurance	(99)	(94)
<b>Children's Performance &amp; Improvement Total</b>	<b>(99)</b>	<b>(94)</b>
<b>CHS Departmental Budgets</b>		
Client non placement related expenditure now reported in appropriate budget headings in Children and Young People services.	(7)	123
<b>CHS Departmental Budgets Total</b>	<b>(7)</b>	<b>123</b>

<b>Table 4 – Savings Delivery</b>					
		<b>MTFS Target</b>	<b>On Track</b>	<b>Partially Deliverable</b>	<b>Undeliverable</b>
		<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Total MTFS Savings</b>		533	533	0	0
<b>Schemes not on track</b>	<b>£000s</b>	<b>Reason</b>			
3 <sup>rd</sup> Party Funding Contribution to Services		This saving has now been achieved by realigning the budget across CHS in total			

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<b>Table 5 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk at Month 9 £000</b>	<b>Risk At Month 6 £000</b>
None to report		
<b>Total Risks Managed</b>	<b>0</b>	<b>0</b>

<b>Supplementary Monitoring Information</b>

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**APPENDIX 1a: DEDICATED SCHOOLS GRANT (DSG)**  
**BUDGET REVENUE MONITORING MONTH 9**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Forecast Variance Month 9</b>	<b>Forecast Variance Month 6</b>
	<b>£000</b>	<b>£000's</b>	<b>£000's</b>
High Needs Block expenditure	28,647	6	(700)
Early Years Block expenditure	17,406	0	(53)
Schools Block expenditure	38,407	(43)	0
Central School Services Block expenditure	2,837	0	0
DSG income	(87,297)	37	753
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Table 2 High Needs Block (HNB) Deficit</b>	<b>£000</b>
<b>High Needs Block DSG deficit brought forward from prior years</b>	<b>11,820</b>
In-year HNB forecast surplus	6
2022-23 HNB Safety Valve funding (to be confirmed)	(4,000)
<b>Forecast High Needs deficit after Safety Valve funding</b>	<b>7,826</b>

<b>Table 3 – Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 9 £000</b>	<b>Month 6 £000</b>
<b>High Needs Block</b> ( <i>High Needs funding supports provision for children and young people with special educational needs from their early years to age 25 and in addition the Alternative Provision</i> )		
The forecast spend on the Dedicated Schools Grant (DSG) High Needs block (HNB) is £28.647m,  The baseline budget overspend on The High Needs Block in 2022/23 is circa £1.3m versus budget before a £1.3m transfer from the Central Services Schools Block and £0.556m Schools Block transfer.  £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.	0	(700)
	0	(53)

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<b>Table 3 – Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 9 £000</b>	<b>Month 6 £000</b>
<b>High Needs Block total</b>	<b>(0)</b>	<b>(753)</b>
<b>Schools Block</b>		
Underspend on the Maintained Primary De-delegation for School Improvement	(43)	0
<b>Schools Block Total</b>	<b>(43)</b>	<b>0</b>

<b>Table 5 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk at Month 9 £000</b>	<b>Risk At Month 6 £000</b>
Risk with respect to demand led placements for Education and Health Care Plans in Special Educational Needs. Significant cost growth likely following significant increase in EHCPs and placement cost inflationary pressures.		
The placement forecast for education placements for Education Healthcare Plans has been updated. This has resulted in the reduction of High Needs Block underspend in 2022/23 and growing pressures over the medium term that require mitigations.	0	1,800
<b>Total Risks Managed</b>	<b>0</b>	<b>1,800</b>

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



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**APPENDIX 2: THE ECONOMY DEPARTMENT**  
**BUDGET REVENUE MONITORING MONTH 9**

<b>Table 1 - Forecast Variance by Subjective</b>			
<b>Subjective</b>	<b>Revised Budget</b>	<b>Variance Month 9</b>	<b>Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employees	16,697	(137)	(118)
Premises-related expenditure	4,661	4,167	3,255
Transport-related expenditure	10	0	0
Supplies & services	3,899	955	536
Third party payments	22,600	(137)	(253)
Transfer payments	98	0	0
Support services	270	96	10
Income	(33,395)	(4,661)	(3,104)
Non-controllable expenditure	(6,507)	0	55
<b>Total</b>	<b>8,323</b>	<b>283</b>	<b>380</b>

<b>Table 2 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Forecast Variance Month 9</b>	<b>Forecast Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Housing Solutions	8,892	(159)	(94)
Economic Development, Skills Service	668	0	0
Planning	1,714	48	13
Operations	(3,174)	394	461
Place	75	0	0
Regeneration & Development	148	0	0
<b>TOTAL</b>	<b>8,323</b>	<b>283</b>	<b>380</b>

<b>Table 3 Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 9 £000</b>	<b>Month 6 £000</b>
<b>Housing Solutions</b>		
The forecast for average client numbers (956 units) is lower than budgeted (982 units) in Private Sector Leased (PSL) temporary accommodation schemes, resulting in a net underspend of (£314,000). The forecast bad debt provision has reduced by (£186,000), from a budget of 2.37% to a forecast of 1%, to reflect a sustained improvement in the collection rate over the last few months.	(500)	(260)

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<b>Table 3 Variance Analysis</b>				
<b>Departmental Division</b>			<b>Month 9 £000</b>	<b>Month 6 £000</b>
This is mainly due to 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 and higher accommodation costs (from a budget of £275.45 per week to an actual of £291.43), resulting in a net forecast overspend of £173,000.			173	130
Other minor variances including repairs costs			<b>168</b>	<b>36</b>
<b>Housing Solutions total</b>			<b>(159)</b>	<b>(94)</b>
<b>Operations</b>				
This relates to lower than budgeted income from corporate buildings of £75,000. Also, there are variances relating to the cost of the Property Transformation team of £191,000, staffing costs of £70,000, reactive works costs of £25,000, utilities costs of £21,000 and other minor variances of £12,000.			394	461
<b>Operations total</b>			<b>394</b>	<b>461</b>
<b>Planning</b>				
The division is predicting a Planning Applications income shortfall of £541k. This is partly offset by a (£264k) release of bad debt provision, as well as (£229k) relating mainly to favourable staffing variance of as a result of ongoing recruitment processes.			48	13
<b>Planning Total</b>			<b>48</b>	<b>13</b>

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

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<b>Table 5 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 9 £000</b>	<b>Risk At Month 6 £000</b>
<b>Housing Solutions</b> - Overall Benefit Cap	27	54
<b>Housing Solutions</b> - 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.	41	82
<b>Housing Solutions</b> - 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	149	298
<b>Housing Solutions</b> - 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	137	275
<b>Housing Solutions</b> - Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	70	140
<b>Housing Solutions</b> - There is a risk of large families being accommodated in B&B	32	65
<b>Housing Solutions</b> - Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast	96	192
<b>Housing Solutions</b> - Domestic Abuse Act - increase in households in temporary accommodation - extra 70 households this year above the current forecast	96	192
<b>Planning</b> - 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.	212	214
<b>Operations</b> - the cost of the Property Transformation team is expected to be funded from income generated from assets.	0	224
<b>Asset Strategy</b> - Risks associated with bringing properties into a lettable state and risks associated with business rates potentially payable at Gibbs Green School.	60	60
<b>TOTAL RISKS MANAGED</b>	<b>920</b>	<b>1,796</b>

**Supplementary Monitoring Information**

**Housing Solutions**

In November 2022, there were 226 homeless approaches, with 72 new homelessness applications being opened. In December 2022, there were 135 homeless approaches, with 48 homelessness applications. The number of homeless approaches continued to rise until peaking in October 2022. The decrease we saw in December is a predicted seasonality. We saw the same dip in December 2021. However, numbers picked up again in January 2022 and we would expect the same to happen in January 2023. The conflict in Ukraine has impacted on homelessness approaches, with 39 households (13 Families visa scheme, 26 Homes for Ukraine sponsorship breakdowns) approaching so far; of these, 16 have been placed into temporary accommodation. 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 continues to be a risk. Sustained difficulty procuring private rented property is impacting our ability to prevent and relieve homelessness. Fewer private rented properties are affordable to households on benefits.

**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 £2.8m in 2022/23. However, the inherent volatility of planning income means it is difficult to predict future income expectations due to several factors including:

- Possible further Planning reforms
- Ukraine war, inflation and recession impact on wider economy and on delays in construction projects around cost rising (including staff cost rising)
- Potential developer response to wider stakeholder engagement rationalising or delaying projects
- Changes to the statutory charging schedule
- Economic factors such as the 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

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- 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 9**

<b>Table 1 - Forecast variance by subjective</b>			
<b>Subjective</b>	<b>Revised budget</b>	<b>Variance Month 9</b>	<b>Variance month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employees	25,824	780	841
Premises-related expenditure	3,845	788	780
Transport-Related expenditure	1,336	33	40
Supplies & services	16,515	2,167	2,480
Third party payments	20,790	1,647	344
Transfer payments	116	1	0
Support Services	10,601	215	183
Items excluded from the Cost of Services	868	0	0
Income	(28,019)	(1,365)	(793)
Non-controllable expenditure	14,848	0	0
<b>Total</b>	<b>66,723</b>	<b>4,266</b>	<b>3,873</b>

<b>Table 2 - Variance by departmental division</b>			
<b>Departmental division</b>	<b>Revised budget</b>	<b>Forecast variance month 9</b>	<b>Forecast variance month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Public Realm	37,938	2,979	2,257
Safer Neighbourhoods & Regulatory Services	9,813	600	791
Leisure, Sport, and Culture	6,362	757	800
Resident Services	12,610	(70)	25
<b>Revised Variance</b>	<b>66,723</b>	<b>4,266</b>	<b>3,873</b>

<b>Table 3 - Variance analysis</b>		
<b>Table 3 – Variance analysis</b>		
<b>Departmental Division</b>	<b>Month 9 £000</b>	<b>Month 6 £000</b>
Hammersmith Bridge (essential work to maintain continued safe operations and completion of stabilisation project – funding for two thirds will be pursued from DfT / TfL).	2,650	1,600
Waste and Street Cleansing - actual contractual inflation more than budget allowed for	661	661
Street lighting energy overspend	230	230

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<b>Table 3 - Variance analysis</b>		
<b>Table 3 – Variance analysis</b>		
<b>Departmental Division</b>	<b>Month 9 £000</b>	<b>Month 6 £000</b>
Waste disposal. Continuation of reduced rate for processing of recycling.	(420)	(465)
Highways and transport commercial income overachievement	(144)	0
Commercial waste income shortfall	38	160
Other net variances	(36)	71
<b>Public Realm total</b>	<b>2,979</b>	<b>2,257</b>
Building Control net income underachievement	104	179
Markets income shortfall (continued cost of living impact) and waste and street cleansing overspend due to actual contractual inflation more than budget allowed for	180	191
CCTV under recovery of costs	186	177
Regulatory services income and staffing pressures	88	220
Other minor variances	43	24
<b>Safer Neighbourhoods &amp; Regulatory Services total</b>	<b>601</b>	<b>791</b>
Parks overspend due mostly to increasing utility costs and maintenance	447	426
Filming and Events income budget not aligned with resident and member expectations	140	205
Unfunded community events	127	83
Other net variances	42	86
<b>Leisure, Sport and Culture total</b>	<b>756</b>	<b>800</b>
Business Rates and Council Tax enforcement income shortfall	594	545
Accessible Transport underspend due to temporary reduction in passenger numbers	(820)	(733)
Delayed Resident Experience and Access Savings due to cost-of-living crisis response	244	244
Efficiencies in supplies and services (including postage, stationary etc)	(115)	0
Other net variances	27	(31)
<b>Resident Services total</b>	<b>(70)</b>	<b>25</b>
<b>TOTAL VARIANCE</b>	<b>4,266</b>	<b>3,873</b>

**LONDON BOROUGH OF HAMMERSMITH & FULHAM**

<b>Table 4 - Savings Delivery</b>				
	<b>MTFS Target</b>	<b>On Track</b>	<b>Partially Deliverable</b>	<b>Undeliverable</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Total Environment Savings 2022/23</b>	1,184	873	87	224
<b>Schemes not on track</b>	<b>£000s</b>	<b>Reason</b>		
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.		

<b>Table 5 - Key risks - detail items over £0.250m</b>			
<b>Risk Description</b>	<b>Risk at month 9</b>	<b>Risk at month 6</b>	
	<b>£000</b>	<b>£000</b>	
Lack of recharges to Highways projects	450	0	
Mobilisation costs for the new waste contract partially front loaded into 2023/24	400	0	
New burdens funding for administering cost of living support schemes not received before year end	220	0	
<b>TOTAL RISKS BEING MANAGED</b>	<b>1,070</b>	<b>0</b>	

<b>Supplementary Monitoring Information</b>
<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. Officers will look to explore options for resolving this in the current financial year.</p>



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**APPENDIX 3A: CONTROLLED PARKING ACCOUNT**  
**BUDGET REVENUE MONITORING MONTH 9**

<b>Table 1 - Forecast variance by subjective</b>			
<b>Subjective</b>	<b>Revised budget</b>	<b>Variance Month 9</b>	<b>Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employees	7,689	(302)	(45)
Premises-related expenditure	80	5	(3)
Transport-related expenditure	2	(9)	(35)
Supplies & services	986	(90)	151
Third Party payments	5,830	176	(368)
Transfer payments	0	0	0
Support services	214	13	(49)
Items excluded from the Cost of Services	0	0	0
Income	(47,468)	205	395
Non-controllable expenditure	2,862	0	0
<b>Total</b>	<b>(29,805)</b>	<b>(2)</b>	<b>28</b>

<b>Table 2 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Forecast Variance Month 9</b>	<b>Forecast Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Income	(47,468)	205	395
Expenditure	17,663	(207)	(367)
<b>Total</b>	<b>(29,805)</b>	<b>(2)</b>	<b>28</b>

<b>Table 3 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 9 £000</b>	<b>Month 6 £000</b>
<b>Income</b>		
Pay & Display is down due to the reduction of diesel vehicle usage. Penalty Charge Notice (PCN) enforcement is more effective due to the increased utilisation of unattended cameras.	205	395
<b>Income total</b>	<b>205</b>	<b>382</b>
<b>Expenditure</b>		
There are currently carrying several vacancies due to delays in recruitment to the new structure.	(207)	(367)
<b>Expenditure total</b>	<b>(207)</b>	<b>(338)</b>
<b>Total variance</b>	<b>(2)</b>	<b>44</b>

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<b>Table 4 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk at Month 9 £000</b>	<b>Risk At Month 6 £000</b>
None to report		
<b>Total Risks Managed</b>	<b>0</b>	<b>0</b>

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

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**APPENDIX 4: FINANCE**  
**BUDGET REVENUE MONITORING MONTH 9**

<b>Table 1 - Forecast variance by subjective</b>			
<b>Subjective</b>	<b>Revised budget</b>	<b>Variance month 9</b>	<b>Variance month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employees	7,001	(751)	(597)
Premises-related expenditure	0	0	0
Transport-related expenditure	1	0	(1)
Supplies & services	2,562	185	172
Third Party payments	253	14	10
Transfer payments	0	0	0
Support services	19	37	17
Items excluded from the Cost of Services	0		0
Income	(2,998)	258	257
Non-controllable expenditure	(5,232)	0	0
<b>Total</b>	<b>1,234</b>	<b>(258)</b>	<b>(143)</b>

<b>Table 2 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Forecast Variance Month 9</b>	<b>Forecast Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Assurance, Programmes & Analytics	1,447	(80)	(64)
Audit, Fraud, Risk and Insurance	1,012	(84)	(95)
Corporate Services	642	1	46
Finance	3,401	(215)	(181)
Managed Services	2,132	1	1
Corporate Procurement	604	(55)	(25)
Commercial Advertising	(2,400)	175	175
<b>Sub-Total</b>	<b>6,838</b>	<b>(258)</b>	<b>(143)</b>
Departmental non-controllable budgets	(5,232)	0	0
<b>Total</b>	<b>1,606</b>	<b>(258)</b>	<b>(143)</b>

**LONDON BOROUGH OF HAMMERSMITH & FULHAM**

<b>Table 3 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 9 £000</b>	<b>Month 6 £000</b>
<b>Assurance, Programmes &amp; Analytics</b>		
	<b>(80)</b>	<b>(64)</b>
<b>Assurance, Programmes &amp; Analytics Total</b>	<b>(80)</b>	<b>(64)</b>
<b>Audit, Fraud, Risk and Insurance</b>		
Staffing underspend due to vacant posts	<b>(84)</b>	<b>(95)</b>
<b>Audit, Fraud, Risk and Insurance Total</b>	<b>(84)</b>	<b>(95)</b>
<b>Corporate Services</b>		
	1	46
<b>Corporate Services Total</b>	<b>1</b>	<b>46</b>
<b>Finance</b>		
A restructure of the finance service has now been completed but there have been delays in recruitment to several posts due to notice periods.	<b>(215)</b>	<b>(181)</b>
<b>Finance Total</b>	<b>(215)</b>	<b>(181)</b>
<b>Managed Services</b>		
	1	1
<b>Managed Services Total</b>	<b>1</b>	<b>1</b>
<b>Corporate Procurement</b>		
Staffing vacancies	<b>(55)</b>	<b>(25)</b>
<b>Corporate Procurement Total</b>	<b>(55)</b>	<b>(25)</b>
<b>Commercial Advertising</b>		
The impact of the Covid-19 pandemic has led to an overall 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.	175	175
<b>Commercial Advertising Total</b>	<b>175</b>	<b>175</b>

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<b>Table 4 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk at Month 9 £000</b>	<b>Risk At Month 6 £000</b>
None to report		
<b>Total Risks Managed</b>	<b>0</b>	<b>0</b>

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

LONDON BOROUGH OF HAMMERSMITH & FULHAM

**APPENDIX 5: RESOURCES**  
**BUDGET REVENUE MONITORING MONTH 9**

<b>Table 1 - Forecast variance by subjective</b>			
<b>Subjective</b>	<b>Revised budget £000</b>	<b>Variance month 9 £000</b>	<b>Variance month 6 £000</b>
Employees	15,138	(728)	(412)
Premises-related expenditure	235	(17)	13
Transport-related expenditure	1	0	0
Supplies & services	9,163	203	50
Third party payments	39	127	40
Transfer payments	0	0	0
Support services	30	77	102
Items excluded from the Cost of Services	0	0	0
Income	(5,834)	(8)	99
Non-controllable expenditure	(12,237)	0	0
<b>Total</b>	<b>6,535</b>	<b>(346)</b>	<b>(107)</b>

<b>Table 2 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget £000</b>	<b>Forecast Variance Month 9 £000</b>	<b>Forecast Variance Month 6 £000</b>
Communications and Communities	780	(62)	24
Democratic Services, Coroners & Mortuaries	2,424	(165)	(76)
Digital Services	12,687	0	4
Resources Directorate	198	(25)	(17)
Legal Services	(265)	(86)	(86)
Members Support	339	44	44
Transformation, Talent and Inclusion	2,480	(52)	0
<b>Sub-Total</b>	<b>18,771</b>	<b>(346)</b>	<b>(107)</b>
Departmental non-controllable budgets	(12,237)	0	0
<b>Total</b>	<b>6,535</b>	<b>(346)</b>	<b>(107)</b>

**LONDON BOROUGH OF HAMMERSMITH & FULHAM**

<b>Departmental Division</b>	<b>Month 9 £000</b>	<b>Month 6 £000</b>
<b>Communications and Communities</b>		
	(62)	24
<b>Communications and Communities Total</b>		<b>24</b>
<b>Democratic Services, Coroners &amp; Mortuaries</b>		
Staffing underspends across Coroners and Mortuaries and Electoral services due to vacant posts and time taken to recruit.	(165)	(76)
<b>Democratic Services, Coroners &amp; Mortuaries Total</b>		<b>(76)</b>

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

<b>Table 5 - Key Risks - Detail Items Over £0.250m</b>		
<b>Risk Description</b>	<b>Risk At Month 9 £000</b>	<b>Risk At Month 6 £000</b>
None to report		
<b>Total Risks Managed</b>	<b>0</b>	<b>0</b>

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

LONDON BOROUGH OF HAMMERSMITH & FULHAM

**APPENDIX 6: SOCIAL CARE**  
**BUDGET REVENUE MONITORING MONTH 9**

<b>Table 1 - Forecast Variance by Subjective</b>			
<b>Subjective</b>	<b>Budget</b>	<b>Variance Month 9</b>	<b>Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employees	16,882	(147)	263
Premises-related expenditure	620	0	0
Transport-related expenditure	40	0	0
Supplies & services	1,615	0	0
Third party payments	81,646	1,140	3,843
Transfer payments	12,638	0	(222)
Support services	7,821	0	0
Items excluded from the Cost of Services	0	0	0
Income	(60,042)	(206)	(14)
Non-controllable expenditure	5,105	0	0
<b>Total</b>	<b>65,326</b>	<b>787</b>	<b>3,870</b>

<b>Table 2 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Forecast Variance Month 9</b>	<b>Forecast Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Independent Living, Quality, Performance & Safeguarding	26,934	(67)	2,080
Specialist Support and Independent Living	26,783	1,260	2,038
Commissioning	5,927	(406)	(248)
Resources	5,291	0	0
Social Care Directorate	392	0	0
Public Health	0	0	0
<b>TOTAL</b>	<b>65,326</b>	<b>787</b>	<b>3,870</b>

<b>Table 3 – Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 9 £000</b>	<b>Month 6 £000</b>
<b>Independent Living, Quality, Performance &amp; Safeguarding</b>		
The main change in the departmental forecast is a one-off contribution of £2m from reserves to partly mitigate costs reflecting the medium-term impact from the Covid-19 Discharge to assess hospital policy.	(67)	2,080



**LONDON BOROUGH OF HAMMERSMITH & FULHAM**

<p>An overspend is forecast due to a net increase of 76 additional residents in this financial year with Home Care packages at a net cost of £0.558m.</p> <p>This is offset by a projected underspend of £0.419m on placement activities which are funded from recently announced discharge funding by the Government and £0.206m in additional funded nursing care and client contributions.</p>		
<b>Independent Living, Quality, Performance &amp; Safeguarding Total</b>	<b>(67)</b>	<b>2,080</b>
<b>Specialist Support and Independent Living</b>		
<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 of £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>	1,260	2,038
<b>Specialist Support and Independent Living Total</b>	<b>1,260</b>	<b>2,038</b>
<b>Commissioning</b>		
<p>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.</p>	<b>(406)</b>	<b>(248)</b>
<b>Commissioning Total</b>	<b>(406)</b>	<b>(248)</b>

**LONDON BOROUGH OF HAMMERSMITH & FULHAM**

Dept		MTFS Target	On Track	Partially Deliverable	Undeliverable
		£000s	£000s	£000s	£000s
<b>Total MTFS Savings</b>		1,500	1,500	0	0
Schemes not on track	£000s	Reason			
		<p>At this stage of the financial year (month 9) the department is forecasting full delivery of savings. There remains £0.105m (7% of the total savings) to be delivered over the next 3 months and is therefore ahead of the savings target.</p> <p>There are a number of efficiency measures being 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 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>			

<b>Table 5 - Key Risks - Detail Items Over £0.250m</b>		
Risk Description	Risk At Month 9 £000	Risk At Month 6 £000
Inflation appeals above 4% awarded to care providers	0	200
LD placements and Physical support residents. The majority of the transfers from health have been completed CHC or care act assessments. There remain 5 packages to resolve and transitions transferring from Children to Adults.	32	43
<b>TOTAL RISKS MANAGED</b>	<b>32</b>	<b>443</b>

**Supplementary Monitoring Information**

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

However the forecast is caveated with unknowns as we come out of Covid-19 including for the remainder of the year and into 2023/24:

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

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.

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**APPENDIX 7: CENTRALLY MANAGED BUDGETS**  
**BUDGET REVENUE MONITORING MONTH 9**

<b>Table 1 - Forecast variance by subjective</b>			
<b>Subjective</b>	<b>Revised budget</b>	<b>Variance Month 9</b>	<b>Variance month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employees	3,604	80	0
Premises-related expenditure	2,625	0	0
Transport-related expenditure	21	0	0
Supplies & services	10,966	0	0
Third party payments	112	0	70
Transfer payments	84,078	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	87	0
<b>Total</b>	<b>16,493</b>	<b>(2,734)</b>	<b>(2,830)</b>

<b>Table 2 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget Month 6</b>	<b>Forecast Variance Month 9</b>	<b>Forecast Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Corporate & Democratic Core	1,914	(86)	0
Housing Benefits	(328)	0	0
Levies	1,896	79	0
Net Cost of Borrowing	4,056	(3,000)	(3,000)
Treasury, Pensions and Insurance	5,211	0	170
Maternity and Redundancy	1,001	0	0
Other Corporate Items	2,743	100	0
<b>Total</b>	<b>16,493</b>	<b>(2,734)</b>	<b>(2,830)</b>

<b>Table 3 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 9 £000</b>	<b>Month 6 £000</b>
<b>Net Cost of Borrowing</b>		
The Bank England interest base rate has increased from 0.25% in December 2021 to 2.25% in September 2022. This	(3,000)	(3,000)

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<b>Table 3 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 9 £000</b>	<b>Month 6 £000</b>
will enable an increase in the interest earned from the council's cash balances.		
<b>Net Cost of Borrowing Total</b>	<b>(3,000)</b>	<b>(3,000)</b>
<b>Levies</b>		
Higher spend on the council's contribution towards the apprenticeship levy due to an increase in the overall headcount.	80	70
<b>Levies Total</b>	<b>80</b>	<b>70</b>
<b>Audit Fees</b>		
An overspend on audit fees is due to in year fee variations and additional work required due to; <ul style="list-style-type: none"> <li>• Regulatory factors, more focus on PPE and Pensions</li> <li>• Additional work on Value for Money (VfM)</li> <li>• Impact of new auditing standards – ISAs 240, 540 and 700</li> <li>• Remote working (audit takes longer)</li> </ul>	173	0
<b>Audit Fees Total</b>	<b>173</b>	<b>0</b>
<b>Bank Charges</b>		
	(86)	0
<b>Bank Charges Total</b>	<b>(86)</b>	<b>0</b>
<b>Other Corporate Items</b>		
Income budget not aligned to current forecast projections.	100	0
<b>Other Corporate Items Total</b>	<b>100</b>	<b>0</b>

<b>Table 4 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 9 £000</b>	<b>Risk At Month 6 £000</b>
None to report		
<b>Total Risks Managed</b>	<b>0</b>	<b>0</b>

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

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**APPENDIX 8: HOUSING REVENUE ACCOUNT**  
**BUDGET REVENUE MONITORING MONTH 9**

<b>Table 1 - Forecast variance by subjective</b>			
<b>Subjective</b>	<b>Revised budget</b>	<b>Variance month 9</b>	<b>Variance month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employees	20,903	(50)	(254)
Premises-related expenditure	21,744	628	63
Transport-related expenditure	28	22	(0)
Supplies & services	11,008	542	420
Third party payments	1,679	593	308
Transfer payments	0	0	0
Support services (internal trading services)	1,667	533	339
Items excluded from the Cost of Services	8,595	563	525
Non-controllable expenditure	25,939	(280)	(379)
Income	(87,511)	(271)	297
<b>Appropriation From HRA General Reserve</b>	<b>4,050</b>	<b>2,279</b>	<b>1,318</b>

<b>Table 2 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Forecast Variance Month 9</b>	<b>Forecast Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Housing Income	(84,278)	(21)	102
Finance & Resources	8,656	(253)	0
Housing Management	6,691	999	407
Resident and Building Safety	8,966	393	576
Void & Repairs	10,932	1,388	0
H&F maintenance (DLO)	3,149	84	0
Safer Neighbourhoods	739	0	0
Place	11,119	52	85
Regeneration & Development	753	(332)	0
Operations	3,935	0	0
Capital Charges	26,205	183	146
Property & Asset Management	3,935	(317)	0
Corporate Support Service Recharges	7,184	99	0
<b>Appropriation From HRA General Reserve</b>	<b>4,050</b>	<b>2,279</b>	<b>1,318</b>

**LONDON BOROUGH OF HAMMERSMITH & FULHAM**

<b>Table 3 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 9 £000</b>	<b>Month 6 £000</b>
<b>Housing Income</b>		
A forecast on dwelling rent and service charges income loss of £0.889m mainly due to higher than budgeted void properties (2.62% income loss forecast compared to budget of 2%), lower than expected garage and estate parking income of £0.128m and business rates on former advertising hoardings site of £0.065m are partially offset by a lower than expected need to provide for bad debts (£0.350m) and additional cost recovery from leaseholder service charges (£0.751m) reflecting the recovery of the full cost of providing communal services.	(17)	102
<b>Housing Income total</b>	<b>(17)</b>	<b>102</b>
<b>Finance &amp; Resources</b>		
This mainly relates to the forecast for de minimus capital receipts	(253)	0
<b>Finance &amp; Resources Total</b>	<b>(253)</b>	<b>0</b>
<b>Housing Management</b>		
A high level of decants driving a forecast overspend in temporary accommodation and disturbance allowance costs of £1.164m and an overspend on council tax payable on void properties of £0.120m are offset by a forecast underspend on staffing costs (£0.114m), downsizing incentives (£0.120m) and other minor variances (£0.051m).	999	407
<b>Housing Management total</b>	<b>999</b>	<b>407</b>
<b>Void &amp; Repairs</b>		
Significant and persistent financial pressures due to high volumes of disrepair compensation claims (including the associated legal costs) are expected to result in an overspend of £1.581m. This is offset by a combination of other minor variances of (£0.193m).	1,388	0
<b>Void &amp; Repairs Total</b>	<b>1,388</b>	<b>0</b>
<b>Resident and Building Safety</b>		
Forecasted overspend reflects higher compensation payments (largely following stormy weather which led to the shutting down of gas supplies to Drake and Shackleton House) of £0.6m offset by	393	576

**LONDON BOROUGH OF HAMMERSMITH & FULHAM**

<b>Table 3 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 9 £000</b>	<b>Month 6 £000</b>
insurance claims income and penalty payment income from repairs contractors (£0.317m) and other minor variances of £0.110m.		
<b>Resident and Building Safety Total</b>	<b>393</b>	<b>576</b>
<b>Place</b>		
The overspend relates mainly to additional staffing required to support the Repairs Customer Service Centre.	52	85
<b>Place total</b>	<b>52</b>	<b>85</b>
<b>Capital Charges</b>		
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%).	183	146
<b>Capital Charges total</b>	<b>183</b>	<b>146</b>
<b>H&amp;F Maintenance (DLO)</b>		
This mainly relates to the additional resources required to eradicate damp and mould cases.	84	3
<b>H&amp;F Maintenance (DLO) Total</b>	<b>84</b>	<b>3</b>
<b>Regeneration &amp; Development</b>		
This mainly relates to a forecast underspend on feasibility costs for major development schemes.	(332)	0
<b>Regeneration &amp; Development Total</b>	<b>(332)</b>	<b>0</b>
<b>Corporate Support Service Recharges</b>	<b>99</b>	<b>0</b>

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



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<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 9 £000</b>	<b>Risk At Month 6 £000</b>
<b>Capitalisation of Staffing</b> - 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	850
<b>Repairs capitalisation</b> - officers are completing regular and robust reviews of repairs costs to identify those that are capital in nature. As the remainder of the year's costs are yet to be incurred and analysed, there remains a risk that a greater proportion of costs expected may fall to revenue.	Unknown	Unknown
<b>Income loss due to voids</b> - the forecast is based on a prudent expectation of improvement in the void rate.	0	300
<b>Income collection</b> - the current excellent performance on rental income collection may deteriorate as a result of the current economic pressures	355	355
<b>Non-disrepairs compensation for urgent repairs works.</b> This is in addition to the forecast overspend of £0.283m reported above in Residents & Building Safety division assumes that some costs will be recovered from insurance claims which are yet to be concluded.	250	unknown
<b>Decanting costs, disrepairs related fees, external legal cost, internal legal cost and damages payments</b> - there is a risk that the Council may end up incurring higher costs by the year end.	500	550
<b>Total Risks Managed</b>	<b>1,955</b>	<b>2,055</b>

<b>Supplementary Monitoring Information</b>
None.

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

### APPENDIX 9 – ACTION PLANS – MONTH 9

<b>Social Care and Public Health Action Plan</b>				
<b>Ref</b>	<b>Mitigating Action(s)</b>	<b>Proposed Mitigations £m</b>	<b>Responsible Officer</b>	<b>Deadline</b>
1	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.	0.200	Jo Baty / Christopher Nicklin	March 2023
	<b>Total</b>	<b>0.200</b>		

<b>The Economy Budget Overspend Action Plan</b>				
<b>Ref</b>	<b>Mitigating Action(s)</b>	<b>Proposed Mitigations £m</b>	<b>Responsible Officer</b>	<b>Deadline</b>
1	Property Transformation team are working on realising real term cost reduction / increased income which would mitigate the overspend.	0.183	Jon Skaife	March 2023
	<b>Total</b>	<b>0.183</b>		

<b>Centrally Managed Budgets Overspend Action Plan</b>				
<b>Ref</b>	<b>Mitigating Action(s)</b>	<b>Proposed Mitigations £m</b>	<b>Responsible Officer</b>	<b>Deadline</b>
1	Review of staffing contingencies.	0.300	Andre Mark	March 2023
	<b>Total</b>	<b>0.300</b>		

**APPENDIX 10 - VIREMENT REQUESTS – MONTH 9**

<b>Details of Virement</b>	<b>Amount (£000)</b>	<b>Department</b>
Reduction in use of reserves to fund temporary accommodation cost avoidance payments	190	CMB
	(190)	Economy
<b>Total of Requested Virements (Debits)</b>	<b>230</b>	