

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 04/09/2023

Subject: Revenue Budget Review 2023/24 - Month 2

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

Responsible Director: Sukvinder Kalsi, Strategic Director of Finance

SUMMARY

This is the first financial review of 2023/24 (and further reports will follow at months 4, 6 and 9). The outcomes of this review reflect the challenging macro-economic conditions and is based on a prudent view. A pressure of £9.1m (or 4.5%) is forecast prior to any mitigations and use of contingencies. Mitigations and recovery action plans could reduce the forecast to £6.657m and this will be monitored during the year.

The strategic operating environment for the Council and across the economy remains challenging, with high inflation and interest rates. This is reflected in reducing household incomes and is increasing demand on public services, adding costs to our service delivery, and reducing the income that is collected for services.

The budget for 2023/24 was based on:

- preserving front line services valued by residents/businesses/visitors.
- ensuring the delivery of key Council priorities (e.g. free home care, council tax support scheme and weekly collection of waste)
- increasing investment in services including fly-tipping, food waste collection, homelessness, free school breakfasts, care packages for disabled children and family hubs
- maintaining financial resilience of the Council

The approved General Fund budget was also based on pay and price allowances of 5%, investment in services of almost £10.7m (plus a £1m fund for cost-of-living programmes) and savings of £2.9m.

RECOMMENDATIONS

1. To note the General Fund financial forecast at Month 2.
2. To note that the position on the Housing Revenue Account (HRA) as set out in paragraphs 12 and 13.
3. To note the in-year Dedicated Schools Grant High Needs Block forecasted surplus of £0.401m (thereby reducing the cumulative deficit).

4. To approve General Fund budget changes totalling £1.138m as detailed in Appendix 10. This is being funded using on-going and one-off contingencies (£0.958m) and one-off use of earmarked reserves (£0.180m).

Wards Affected: All

H&F values	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.
Creating a compassionate council	As the Council's resources have been reduced, we have protected the services on which the most vulnerable residents rely. This budget continues all our previous policies to support residents and proposes new spending on care packages for disabled children and additional resources to help residents through the cost-of-living crisis.
Building shared prosperity	A significant proportion of services are delivered in partnership with local and 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 (Resident Experience and Access Programme) Programme to improve residents' access to the services.
Taking pride in H&F	The budget includes significant investment in public realm services especially waste collection, street cleaning and open/park spaces. Our new waste contract includes provisions to tackle fly-tipping and collection of food waste.
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).
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Financial Impact

All the financial issues are set out in this report.

Andre Mark, Head of Finance 23 June 2023 and verified by Sukvinder Kalsi, Strategic Director of Finance, 29th June 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 30th June 2023.

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

GENERAL FUND

1. Full Council approved the current General Fund revenue budget in February 2023. The budget approved was £201.6m across all services including investment of £10.9m and savings of £2.9m.
2. The General Fund forecast at Month 2 (end of May 2023) is a forecast pressure of £9.072m (Table 2).

Table 2 – Month 2 (May 2023): General Fund forecast (underspends in brackets)

Department	Revised Budget Month 2	Forecast Outturn Variance Month 2
	£m	£m
Children's Services	57.019	1.013
The Economy Department	9.765	0.491
The Environment Department	55.999	1.030
Controlled Parking Account	(32.264)	1.223
Finance	1.313	0.101

Resources	16.884	0.643
Social Care	65.719	4.571
Centrally Managed Budgets	27.209	0
Total	201.643	9.072

3. Across the Council, inflation is now a significant financial risk. The continuing national economic conditions of high inflation and interest rates present many significant challenges to the Council, increasing costs for delivering services, reducing our income from residents/businesses/visitors, making investment plans more expensive and is increasing the demand for public services. In its Spring Budget of March 2023, the government predicted that inflation, as measured by the Consumer Price Index (CPI) would have fallen to 6.9% by the second quarter, and to 2.9% by the end of the year. However CPI inflation currently stands at 8.7% and there are significant concerns that it is not falling as quickly as it should.
4. The 2023/24 Hammersmith & Fulham budget included a £13.6m provision for inflation. This assumed:
 - Contract inflation of £7.6m (5%) which has been distributed within departmental base budgets.
 - £6m (5%) to fund the 2023/24 pay award. This is retained corporately until the pay award is confirmed.
5. Negotiations on the final pay award for 23/24 continue to take place for many affected staff. Trade Unions have rejected a “full and final pay offer” from national employers of £2,355 for Inner London councils (although the Chief Officers pay award of 3.5% has been agreed) and there is an increased risk of industrial action. If a revised pay offer were to be agreed at a higher value, this would need to be met from contingencies in 2023/24 and factored into the Council’s medium term financial planning.
6. Inflationary pressures are likely to exceed the sums set aside within the budget. The increase in costs does not just affect the General Fund but also the HRA, schools and the capital programme. Pressure on household incomes may also increase demand for Council services, such as homelessness or welfare support, and impact on council income streams (such as Council Tax collection rates).
7. Current interest rates are 5% (as of May 2023) and are likely to rise further in the coming months. This may impact both revenue and capital expenditure due to higher costs of borrowing and interest yields on cash balances. Any additional new borrowing that the council undertakes will be subject to the higher rate and this increase in costs will have to be factored into the council’s medium term financial plans.
8. Action is required to monitor and manage the inflationary and departmental risks. An unallocated contingency of £5.7m is held within the 2023/24 budget and will be used as financial mitigations where necessary. Departmental action plans of

£2.415m have been identified and if delivered would decrease the overspend to £6.657 (see below).

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

Department	Forecast Outturn Variance	Potential Value of Action Plan Mitigations	Forecast Outturn Variance after Mitigations
	£m	£m	£m
Children's Services	1.013	(0.765)	0.248
The Economy Department	0.491	0	0.491
The Environment Department	1.030	0	1.030
Controlled Parking Account	1.223	0	1.223
Finance	0.101	0	0.101
Resources	0.643	0	0.643
Social Care	4.571	(0.650)	3.921
Centrally Managed Budgets	0	(1.000)	(1.000)
Total	9.072	(2.415)	6.657
Balance of the uncommitted unallocated contingency	(5.700)	0	(5.700)
TOTAL	3.372	(2.415)	0.957

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).

MTFS SAVINGS MONITORING

10. The MTFS savings target for 2023/24 is £2.9m. Progress against departmental targets is set out below in Table 4. A detailed schedule of savings is included in Appendix 11.

11. Forecast delivery against targets for the Council-wide employee management saving of £2.500m are reported within departmental variances.

Table 4: MTFS savings

Department	Target Savings Delivery	Delivery Risk Rating			Forecast Savings Delivery	Forecast Non-Delivery of Savings
		Low	Medium	High		
	£000's	£000's	£000's	£000's	£000's	£000's
Children's Services	(700)	(700)	0	0	(700)	0

The Economy	(14)	(14)	0	0	(14)	0
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The Environment	(283)	(283)	0	0	(520)	0
Corporate	(257)	(257)	0	0	(20)	0
Social Care and Public Health	(1,670)	(720)	(950)	0	(1,670)	0
Total	(2,924)	(1,974)	(950)	0	(2,924)	0
Employee Budget Efficiencies (2%)	(2,500)	0	(2,500)	0	(2,500)	0

HOUSING REVENUE ACCOUNT

12. The strategic operating environment of the Housing Revenue Account continues to be challenging (as the General Fund) with high inflation and interest rates. There are additional national regulatory building obligations (e.g. damp & mould and disrepair). The balances at the 31 March 2023 of £10m were more than forecast at CRM 9 for 2022/23 and the current position is set out in the table below.

Table 4: Housing Revenue Account Forecast

Housing Revenue Account (General Reserve)	£m
Balance as of 31 March 2023	(10.023)
Less: Budgeted appropriation from balances (base deficit of £1.4m and one-off temporary use of reserves)	3.630
Provisional Forecast Balance as of 31st March 2024	(6.393)

13. The details of the financial performance of the HRA are set out in Appendix 8. There is likely to be one-off additional investment during the year to deal with outstanding repairs/voids/disrepair cases. A considerable level of work is in progress to implement recovery plans and mitigations and will continue to be reported during the financial year. It is expected that the balances on the HRA will be a minimum of £5m at the end of March 2024. This level of general balances is considered reasonable given the overall levels of income and expenditure on the HRA.

DEDICATED SCHOOLS GRANT (DSG)

14. 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.
15. Funding for the High Needs Block (HNB) continues to be under pressure with the latest forecast set out in Table 5. For 2023/24, a DSG HNB surplus of £0.401m is

forecast which will go towards reducing the cumulative deficit, along with safety valve funding of £1.500m. The overall cumulative deficit is forecast to reduce to £2.848m 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 (Department for Education).

16. The council holds earmarked reserves against the cumulative deficit which is released as the deficit is managed down.

Table 5: Dedicated Schools Grant – High Needs Block deficit

	£m
Cumulative deficit brought forward	4.748
In-year forecast surplus	(0.401)
Safety valve funding	(1.500)
Cumulative deficit carried forward	2.848

GENERAL FUND RESERVES

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

VIREMENT AND WRITE OFF REQUESTS

18. General Fund virements of £1.138m are proposed as detailed in Appendix 10.

REASONS FOR DECISION

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

EQUALITIES IMPLICATIONS

20. 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.
21. 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

22. 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.

23. The report recognises the significant external pressures which are expected to bear down on the Council's costs during 2023/24, including persistently high levels of inflation and increasing interest rates. Detailed risks are set out for departments in the appendices, and include areas overspends are being caused by increased demand for services (particularly social care) and the prospect that there is further will be further demand going forward, further increasing pressure on budgets. It is recognised that unallocated contingency has been held and will be applied to reduce the potential overspend for the year, however, this is a short-term mitigation only. Directorates and the central Finance team will need to continue to closely monitor expenditure to ensure it remains within budget and that planned savings are delivered in full or implement alternative mitigating actions to address forecast overspends or savings targets which cannot be delivered.
24. The report also recognises the significant pressures facing the HRA, with a significant reduction in the HRA General Reserve being noted for the end of the year. Officers must ensure that costs and income are closely monitored and controlled and that corrective actions to protect and maintain the financial stability of the HRA are agreed and embedded.

Implications completed by: David Hughes, Director of Audit, Fraud, Risk, and Insurance, 27th June 2023

List of Appendices:

Appendix	Title
Appendix 1	Children's Services
Appendix 1a	Dedicated Schools Grant (DSG)
Appendix 2	The Economy Department
Appendix 3	The Environment Department
Appendix 3a	Controlled Parking Account
Appendix 4	Finance
Appendix 5	Resources
Appendix 6	Social Care
Appendix 7	Centrally Managed Budgets
Appendix 8	Housing Revenue Account
Appendix 9	Action Plans
Appendix 10	Virement Requests
Appendix 11	MTFS Savings

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

Table 1 - Forecast variance by subjective		
Subjective	Revised budget £000	Variance month 2 £000
Employees	27,711	469
Premises-related expenditure	534	209
Transport-related expenditure	187	(67)
Supplies & services	5,182	(1,171)
Third party payments	55,823	2,918
Transfer payments (e.g. housing benefits, schools funding transfers)	69,253	(1,554)
Support services (internal trading services)	1,088	76
Items excluded from the cost of services (debt management and capital charges)	(111,405)	0
Income	0	134
Non-controllable expenditure (technical accounting adjustments e.g. overhead redistribution)	8,647	0
Total	57,020	1,013

Table 2 - Variance by Departmental Division		
Departmental Division	Revised Budget	Forecast Variance Month 2
	£000	£000
Children and Young People's Services	32,156	(474)
Education	14,891	1,066
Children's Commissioning	6,366	(263)
Children's Performance & Improvement	2,469	76
CHS Departmental Budgets	1,137	608
School Funding	0	0
Total	57,019	1,013

Table 3 - Variance Analysis	
Departmental Division	Month 2 £000
Children and Young People's Services	
<p><u>Placements and Client Related</u> - Looked After Children and Care Leavers efficiencies of £0.292m after considering unallocated resources set aside for potential new and changing placements and care packages to 31st March 2024.</p> <p><u>Staffing</u> - £0.247m favourable variance. This Corporate Revenue Monitor also proposes reallocation of this budget on a permanent basis to align budgets with strategic objectives of the department.</p> <p>The above favourable variances are partly offset by adverse variances totalling £0.066m within premises and other non-staffing budgets.</p>	(474)
Children and Young People's Services Total	(474)

Education	
<p>Travel care and Support There is an overspend of £1.060m in Travel Care and Support for Children and Young with Education and Health Care Plans. - Demand led pressure of £0.827m - Cost pressures of £0.233m due to inflationary pressure more than the 5% provision in the current year budget.</p>	1,066
<p>Short Breaks Service Short Breaks service is forecast to overspend by £0.145m of this, £0.057m is attributable to DCT Placements and £0.096m Short Breaks Transport. Actions plans are in development to target this overspend.</p>	
Total	1,066
Children's Commissioning	
<p>£0.160m underspend on early intervention and family contracted budgets. £0.103m – Underspends on staffing across the service</p>	(263)
Children's Commissioning Total	(263)
Children's Performance & Improvement	
<p>£0.076m – forecast overspend is mainly due to priority investment in demand management through Family Group Conferencing and Care Experienced young people. The 23/24 part-year impact of this investment will be £0.150m.</p>	76
Children's Performance & Improvement Total	76
CHS Departmental Budgets	

£0.625m employee management target has been loaded here pending delivery - offset by staffing underspends in other directorates pending budget savings allocation to service budgets.	608
CHS Departmental Budgets Total	608
Total Variance	1,013

Supplementary Monitoring Information	
<p>Subject to decision process, investment is proposed to support demand management and Care experienced young people. This investment would sit within Performance and Improvement using the staffing underspends within Fostering and Permanence services. The ongoing cost of investment is £0.242m with a part year effect of £0.150m in 2023/24.</p> <p>Travel care and support - 70% of students currently travel out of borough. There is ongoing work to step down and identify opportunities to bring the current trajectory in line. However the provider market remains incredibly fragile as evidenced through recent major provider failure.</p>	

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

Table 1 - Variance by Departmental Division		
Departmental Division	Revised Budget	Forecast Variance Month 2
	£000	£000
High Needs Block expenditure	28,647	401
Early Years Block expenditure	17,326	0
Schools Block expenditure	38,312	0
Central School Services Block expenditure	2,658	0
DSG income	(86,943)	(401)
TOTAL	0	0

Table 2 High Needs Block (HNB) Deficit	£000
High Needs Block DSG deficit brought forward from prior years	4,749
In-year HNB forecast surplus	(401)
2022-23 HNB Safety Valve funding (to be confirmed)	(1,500)
Forecast High Needs deficit after Safety Valve funding	2,848

Table 3 - Variance Analysis	
Departmental Division	Month 2 £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 carried forward deficit from 2022/23 is £4.749m. There is a forecast in year surplus of £0.401m in 2023/24 in addition to £1.5m of High Needs Safety Valve funding expected in 2023/24, resulting in a forecast retained deficit of £2.848m.	
There is significant risk to the expenditure forecast from continuing inflationary pressures in the economy which are impacting on the cost of Special Educational Needs placements.	(401)
High Needs Block total	(401)

Table 4 - Key Risks - Detail Items Over £250,000	
Risk Description	Risk At Month 2 £000
Key risk is with respect to inflationary cost pressures and demand with respect to Education and Healthcare Plans for young people with special educational needs. This will be monitored closely through 2023/24. The final £3m funding through the Safety Valve agreement to 2024/25 requires the elimination of the High Needs deficit by 2025/26.	

Supplementary Monitoring Information
None to report

APPENDIX 2: THE ECONOMY DEPARTMENT
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast Variance by Subjective		
Subjective	Revised Budget	Variance Month 2
	£000	£000
Employees	17,880	268
Premises-related expenditure	5,273	543
Transport-related expenditure	10	0
Supplies & services	3,877	168
Third party payments	25,014	79
Transfer payments	98	0
Support services	272	0
Items excluded from the Cost of Services	0	0
Income	(36,145)	(568)
Non-controllable expenditure	(6,513)	0
Total	9,766	491

Table 2 - Variance by Departmental Division		
Departmental Division	Revised Budget	Forecast Variance Month 2
	£000	£000
Housing Solutions	10,603	223
Economic Development, Skills Service	696	0
Planning	1,499	0
Operations	(2,850)	268
Place	49	0
Regeneration & Development	107	0
TOTAL	9,764	491

Table 3 - Variance Analysis	
Departmental Division	Month 2 £000
Housing Solutions	
This is mainly due to the placement of a small number of clients into commercial hotels. In addition, out of hours (OOH) placements and pre-booked accommodation numbers have been higher than planned (from a budget of 6 to an actual of 17 per day on average to the end of April).	223
Housing Solutions Total	223
Property & Asset Strategy	
Facilities Management and Corporate Buildings - this relates to lower than budgeted income from corporate buildings (including £178,000 due to loss of tenants at the Lilla Huset).	268
Property Total	268

Table 4 - Key Risks - Detail Items Over £250,000	
Risk Description	Risk At Month 2 £000
Housing Solutions - Overall Benefit Cap (OBC) & DHP	87
Housing Solutions - Cost of Living Crisis and 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.	184
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 Cost-of-Living Crisis	237
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	487
Housing Solutions - Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	241
Housing Solutions - There is a risk of large families being accommodated in B&B	116
Housing Solutions - Domestic Abuse Act - increase in households in temporary accommodation - extra 70 households this year above the current forecast	340
Planning - income from Planning applications and pre-applications in recent years has fluctuated and may be as low as £2.5m. This is being closely monitored and will be reported as a variance should the risk crystallise.	1,200
Planning - potential unbudgeted costs associated with judicial reviews and major planning appeals.	200
Facilities Management & Corporate Buildings - there are risks relating to repairs and maintenance costs, energy prices and historic debts.	415
TOTAL RISKS MANAGED	3,507

Supplementary Monitoring Information
<p>Housing Solutions</p> <p>In April 2023, there were 252 homeless approaches, with 74 new homelessness applications being opened. In May 2023, there were 254 homeless approaches, with 81 homelessness applications. The number of homeless approaches rose by 22% in the first two months of Q1, or 109 more applications compared to the same period of April and May in 2022. The conflict in Ukraine, the closure of the Home Office's bridging hotel for Afghan refugees in borough and the conflict in Sudan have impacted on homelessness approaches, with the numbers in temporary accommodation also increasing by 5% between May 2022 (1,125) and May 2023 (1,189). 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 is impacting our ability to prevent and relieve homelessness. Fewer private</p>

Supplementary Monitoring Information

rented properties are affordable to households on benefits.

Planning income

In recent years, income has fluctuated between £2.2m (2020/21), £3.1m (2021/22), £3.1m in (2022/23) and is currently budgeted to reach £3.7m in 2023/24. There is a risk that that Planning income may reach only £2.5m in 2023/24. This will continue to be monitored and updates will be reported here. 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 delays in construction projects
- Potential developer response to wider stakeholder engagement rationalising or delaying projects
- Changes to the statutory charging schedule
- Economic factors such as 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 (so as not to flood the local market)
- Adverse weather conditions, delays in supply chains, delaying construction pipeline

APPENDIX 3: THE ENVIRONMENT DEPARTMENT
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Revised budget	Variance month 2
	£000	£000
Employees	21,891	223
Premises-related expenditure	4,250	447
Transport-Related expenditure	1,224	5
Supplies & services	17,542	457
Third party payments	13,152	22
Transfer payments	116	0
Support Services	7,312	17
Items excluded from the Cost of Services	833	(30)
Income	(23,891)	(140)
Non-controllable expenditure	13,570	0
Total	55,999	1,030

Table 2 - Variance by departmental division		
Departmental division	Revised budget	Forecast variance month 2
	£000	£000
Climate Change & Transport	1,476	(33)
Public Protection	9,022	244
Public Realm	46,075	820
Executive and Support	(574)	0
Revised Variance	55,999	1,030

Table 3 - Variance analysis	
Departmental Division	Month 2 £000
Public Protection	
Investment in Housing Standards	140
Other net variances	104
Public Protection Total	244
Public Realm	
Street Lighting Energy overspend	284
Grounds maintenance contract inflation more than budgeted provision	190
Unfunded community events 2023/24	190
One off cost related to the relocation of the borough Archives (funding requested in this report)	50
Other net variances	106
Public Realm Total	820

Table 4 - Key risks - detail items over £0.250m	
Risk Description	Risk at month 2 £000
Employee management savings not delivered	1,100
Income targets not met	500
Highway project recharges less than budget	400
Additional waste collection costs related to the diversion around Wandsworth Bridge	TBC
TOTAL RISKS BEING MANAGED	2,000

Supplementary Monitoring Information
The department continues to maximise external income and manage and mitigate risk as far as possible, with the aim of delivering an outturn within budget. The new workforce savings will be challenging to deliver in full and may require alternative mitigation in year. This will be kept under close review as the year progresses.

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

Table 1 - Forecast variance by subjective		
Subjective	Revised budget	Variance month 2
	£0	£0
Employees	7,514	496
Premises-related expenditure	80	0
Transport-related expenditure	142	0
Supplies & services	1,153	0
Third Party payments	5,915	(162)
Transfer payments	0	0
Support services	214	0
Items excluded from the Cost of Services	0	0
Income	(49,472)	889
Non-controllable expenditure	2,190	0
Total	(32,264)	1,223

Table 2 - Variance by Departmental Division		
Departmental Division	Revised Budget	Forecast Variance Month 2
	£000	£000
Income	(49,472)	889
Expenditure	17,208	334
Total	(32,264)	1,223

Table 3 - Variance Analysis	
Departmental Division	Month 2 £000
Income	
Impact of the closure of Wandsworth Bridge for 3 months	889
Income total	889
Expenditure	
Salary overspends forecast to be managed over the year	334
Expenditure total	334
Total variance	1,223

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

APPENDIX 4: FINANCE
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Revised budget £000	Variance month 2 £000
Employees	7,852	(447)
Premises-Related Expenditure	0	0
Transport-Related Expenditure	1	(1)
Supplies & Services	2,592	199
Third Party Payments	253	(9)
Transfer Payments	0	0
Support Services	31	8
Items Excluded from the Cost of Services	0	0
Income	(3,958)	349
Non-Controllable Expenditure	(5,458)	0
Total	1,313	101

Table 2 - Variance by Departmental Division		
Departmental Division	Revised Budget	Forecast Variance Month 2
	£000	£000
Assurance, Programmes & Analytics	1,433	(34)
Audit, Fraud, Risk, and Insurance	1,086	(75)
Corporate Services	484	85
Finance	3,361	96
Managed Services	2,132	105
Corporate Procurement	600	(75)
Commercial Advertising	(2,325)	0
Sub-Total	6,771	101
Departmental non-controllable budgets	(5,458)	0
Total	1,313	101

Table 3 - Variance Analysis	
Departmental Division	Month 2 £000
Managed Services	
Overspend forecast in anticipation of the 2023-24 pay award increasing the Council's share of costs beyond the current budget provision.	105
Managed Services Total	105

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

Supplementary Monitoring Information
None to report

APPENDIX 5: RESOURCES
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Revised budget £000	Variance month 2 £000
Employees	20,503	812
Premises-Related Expenditure	238	18
Transport-Related Expenditure	4	0
Supplies & Services	10,650	602
Third Party Payments	6,775	(457)
Transfer Payments	0	0
Support Services	224	(42)
Items Excluded from the Cost of Services	6	0
Income	(7,670)	(291)
Non-Controllable Expenditure	(13,846)	0
Total	16,884	643

Table 2 - Variance by Departmental Division		
Departmental Division	Revised Budget	Forecast Variance Month 2
	£000	£000
Communications and Communities	884	119
Democratic Services, Coroners & Mortuaries	2,609	(118)
Digital Services	12,640	0
Legal Services	(289)	(100)
Members Support	336	39
Resident Services	12,301	390
Corporate Services Directorate	(107)	313
Transformation, Talent, and Inclusion	2,355	0
Sub-Total	30,730	643
Departmental non-controllable budgets	(13,846)	0
Total	16,884	643

Table 3 - Variance Analysis	
Departmental Division	Month 2 £000
Communications and Communities	
Forecast for unfunded project work in line with 2022/23 outturn.	119
Communications and Communities Total	119

Democratic Services, Coroners & Mortuaries	
Mortuary underspend of £80k due to staffing vacancies as recruitment takes place and inflated income from use of mortuary contract.	(80)
Balance of other variances including staffing vacancies in the registrars' team as recruitment takes place.	(38)
Democratic Services, Coroners & Mortuaries Total	(118)
Legal Services	
Staffing underspend partly offset by shortfall on planning income compared to budgeted target.	(100)
Legal Services Total	(100)
Resident Services	
Business Rates and Council Tax enforcement income shortfall	454
Accessible Transport underspend due to temporary reduction in passenger numbers	(431)
Share of employee management target not yet delivered	345
Other smaller net overspends	22
Resident Services Total	390
Corporate Services Directorate	
Includes the department's share of the 2023/24 employee management target (£302k - excluding the Residents Services element). The overspend is partly netted off by underspends from vacancies held and recorded across the department.	313
Corporate Services Directorate Total	313

Table 4 - Key Risks - Detail Items Over £0.250m	
Risk Description	Risk At Month 2 £000
Business Rates and Council Tax enforcement income not achieved as forecast.	150
Total Risks Managed	150

Supplementary Monitoring Information
None to report

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

Table 1 - Forecast Variance by Subjective		
Subjective	Budget	Variance Month 2
	£000	£000
Employees	15,890	426
Premises-related expenditure	626	0
Transport-related expenditure	26	0
Supplies & services	2,357	0
Third party payments	84,391	4,953
Transfer payments	13,269	(328)
Support services	7,894	0
Items excluded from the Cost of Services	0	0
Income	(64,247)	(480)
Non-controllable expenditure	5,540	0
Total	65,719	4,571

Table 2 - Variance by Departmental Division		
Departmental Division	Revised Budget	Forecast Variance Month 2
	£0	£0
Independent Living, Quality, Performance & Safeguarding	26,884	2,515
Specialist Support and Independent Living	26,476	2,267
Commissioning	6,191	(211)
Resources	5,731	0
Social Care Directorate	437	0
Public Health	0	0
TOTAL	65,719	4,571

Table 3 - Variance Analysis	
Departmental Division	Month 2 £000
Independent Living, Quality, Performance & Safeguarding	
There are forecast underspends of (£0.500m) in the direct payment service due to a reduction in residents' numbers and a review of packages, plus an underspend of (£0.480m) due to additional income from nursing care contributions and funded nursing care.	
However, the forecast overspend across the rest of the service is due to: - The full year net effect of 77 new residents with Home Care packages costing £2.094m. - A projected overspend of £0.635m in nursing and residential placements are due to increasing unit costs and 3 additional new placements.	2,515

Table 3 - Variance Analysis	
Departmental Division	Month 2 £000
<p>- Adult Supported Living services forecasting overspends of £0.340m due to combination of 4 new placements and increasing unit costs</p> <p>- A projected overspend of £0.426m in staffing due to the employee management target (£0.317m) and additional essential service delivery staffing costs (£0.109m).</p> <p>There is a significant risk of more residents yet to be assessed and transferring to Social Care. Mitigation plans are in place to partly address this overspend.</p>	
Independent Living, Quality, Performance & Safeguarding Total	2,515
Specialist Support and Independent Living	
<p>The main pressures remain in Learning Disability (LD) services is due to a full year cost effect of new or returning residents commencing from 2022-23 and higher market costs.</p> <p>The projected overspend comprises of:</p> <ul style="list-style-type: none"> - £1.405m for Adult Supported Living with 9 new residents since 2022/23 and average costs increases of 18% over the last year. - £0.446m for Homecare. - £0.100m for Direct Payments. <p>The Mental Health service is forecasting an overspend as detailed below.</p> <ul style="list-style-type: none"> - £0.418m for Adult Supported Living due to one very high-cost placement. - £0.232m for Home Care due to the full year cost effect of 15 new residents entering the service in 2022/23. <p>There are other small overspends in Direct Payment and nursing placements of £0.134m.</p> <p>- Following a contractual review of the Individual Service Fund (ISF) there are proposed contractual reductions of £0.468m, and further mitigation plans are in place to partly address the LD overspend.</p>	2,267
Specialist Support and Independent Living Total	2,267
Commissioning	
<p>A projected underspend on a range of Commissioned variable contracts in Supporting People services (£0.050m), Meals reduced volumes (£0.075m) and within the third sector community programme (£0.086m).</p>	(211)
Commissioning Total	(211)
Public Health	
<p>The Public Health (PH) grant will continue to be subject to a ringfence requiring local authorities to use the grant for public health activity only. The PH grant allocation for 2023/24 is £24.016m (an increase of £0.759m from 22/23) and equates to £124.3 per head of population.</p>	0

Table 3 - Variance Analysis	
Departmental Division	Month 2 £000
The additional grant is to meet agenda for change responsibilities. To date, a programme of £0.710m has been identified for this additional funding and the remainder is being worked on.	
	0

Table 4 - Key Risks - Detail Items Over £250,000	
Risk Description	Risk At Month 2 £000
Ongoing review of care packages with residents to determine if previously assessed care needs are still required.	418
There are 4 health funded residents no longer eligible for continuing health care. The department is discussing with Health partners on the assessment.	356
Increase in rent and service charges at Parkview by Community Health Partnerships (the landlord) for 2023/24 from £0.517m to £0.806m.	289
LD Transitions – 16 residents currently in Children’s Services and awaiting Care Act assessment.	123
TOTAL RISKS MANAGED	1,186

Supplementary Monitoring Information
<p>The forecast for Independent Living, Quality, Performance & Safeguarding is caveated with budgetary pressures including:</p> <ul style="list-style-type: none"> • Continued impact of the hospital discharges placed by NHS and requiring reassessment of care which is increasing social care costs. • Continued impact of cost-of-living pressures on the care market providers. • As part of the Social Care reforms for the fair cost of care, the department is paying higher unit costs to reflect the cost of provision. • The delivery of the budgeted 2023/24 savings of (£1.67m). <p>Mitigation plans are in place to partly address this overspend; however a significant proportion of costs are the medium-term impact of Covid-19 from the discharge to assess hospital policy.</p>

APPENDIX 7: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING MONTH 2

Table 1 – Forecast variance by CIPFA Subjective		
Subjective	Revised budget £000	Variance month 2 £000
Employees	3,964	81
Premises-Related Expenditure	2,795	(3)
Transport-Related Expenditure	21	0
Supplies & Services	19,423	347
Third Party Payments	118	(0)
Transfer Payments	89,925	0
Support Services	921	(0)
Items Excluded from the Cost of Services	5,001	113
Income	(99,225)	(539)
Non-Controllable Expenditure	4,265	0
Total	27,209	0

Table 2 – Variance by Departmental Division		
Departmental Division	Revised Budget	Forecast Variance Month 2
	£000	£000
Corporate and Democratic Core	2,346	(53)
Housing Benefits	(328)	0
Levies	1,958	82
Net Cost of Borrowing	(345)	0
Treasury, Pensions, and Insurance	5,166	(4)
Maternity and Redundancy	1,013	()
Other Corporate Items	17,398	(25)
Total	27,209	0

Table 3 – Variance Analysis	
Departmental Division	Month 2 £000
Corporate and Democratic Core	
Bank Charges	(53)
Corporate and Democratic Core Total	(53)
Levies	
The impact of wage inflation and growth has led to higher contributions to the apprenticeship levy collected by HMRC (His Majesty’s Revenue and Customs).	82
Levies Total	82
Other Corporate Items	
Historic income target not achieved for Land Charges	120
Other small variances	(145)
	(25)

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

Supplementary Monitoring Information
None to report

APPENDIX 8: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING MONTH 2

Table 1 - Forecast variance by subjective		
Subjective	Revised budget £000	Variance month 2 £000
Employees	21,477	2,678
Premises-Related Expenditure	24,091	880
Supplies & Services	14,290	860
Support services (internal trading services)	1,655	0
Third Party Payments	2,582	435
Transport-Related Expenditure	28	0
Items excluded from the cost of services (debt management and capital charges)	11,499	(400)
Non-controllable expenditure (technical accounting adjustments e.g. overhead redistribution)	24,198	(214)
Income	(96,190)	400
Net Position	3,630	4,639

Table 2 - Variance by Departmental Division		
Departmental Division	Revised Budget £000	Forecast Variance Month 2 £000
Housing Income	(94,386)	400
Other Operational Costs (Pensions, Contingency, Empty Property Rates, Rent Collection)	10,797	85
Housing Management	7,678	385
Resident and Building Safety	9,744	0
Void & Repairs	12,564	1,716
H&F maintenance (DLO)	3,164	2,361
Safer Neighbourhoods	749	0
Place	11,719	206
Regeneration & Development	763	(300)
Property & Asset Management	4,460	0
Capital Charges	29,159	(214)
Corporate Support Service Recharges	7,220	0
Net Position	3,630	4,639

Table 3 - Variance Analysis	
Departmental Division	Month 2 £000
Housing Income	
A forecast on dwelling rent and service charges income loss of £0.4m, mainly due to higher than budgeted void properties.	400
Housing Income Total	400
Other Operational Costs	
Minor overspends mainly relating to forecast staffing costs	85
Finance & Resources Total	85
Housing Management	
A high level of decants is driving a forecast overspend in temporary accommodation and disturbance allowance costs.	385
Housing Management Total	385
Void & Repairs	
This is mainly due to high volumes of disrepair compensation claims (including the associated legal costs).	1,716
Void & Repairs Total	1,716
H&F maintenance (DLO)	
This mainly relates to additional staff and materials resources required as part of the Repairs Improvement Plan.	2,361
H&F maintenance (DLO) Total	2,361
Place	
Overspends mainly relating to forecast staffing costs	206
Place Total	206
Regeneration & Development	
This mainly relates to a forecast underspend on feasibility costs for major development schemes.	(300)
Regeneration & Development Total	(300)
Capital Charges	
A change in the forecast average short term interest rate payable on net internal borrowing from 4.3% to 4.7% following recent Bank of England base rate increases offset by higher than budgeted cash balances and a lower than budgeted depreciation charge due to the stock valuation at the end of March 2023 being slightly lower than anticipated.	(214)
Capital Charges Total	(214)
Total Variance	4,639

Table 4 - Savings Delivery					
		MTFS Target	On Track	Partially Deliverable	Undeliverable
		£000s	£000s	£000s	£000s
		1,130	1,130		
Schemes not on track	£000s	Reason			

Table 3 - Key Risks - Detail Items Over £250,000	
Risk Description	Risk At Month 2 £000
Capitalisation of Staffing - officers are completing regular and robust reviews of capitalisable staffing costs but there is a risk that these assumptions may need to be adjusted dependent on activities carried out by staff during the year.	850
Repairs capitalisation - 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
Repairs and Maintenance costs - Presently work is underway to value the expected cost of the repairs backlog as well as estimating the value of expected repairs not yet highlighted.	unknown
Income collection - the current excellent performance on rental income collection may deteriorate as a result of the current economic pressures.	385
Repairs and disrepairs compensation for urgent repairs works and associated costs - at this early stage, there is a risk that the forecast understates the costs for this year.	unknown
Housing Regulator & Ombudsman - Additional costs associated with facilitating inspections may result in unbudgeted spend	unknown
Decants - at this early stage, there is a risk that the forecast understates the costs for this year.	unknown
Total Risks Managed	1,235

Supplementary Monitoring Information
None to report

APPENDIX 9 – ACTION PLANS – MONTH 2

ASC and PH Budget Overspend Action Plan				
Ref	Mitigating Action(s)	Proposed Mitigations £m	Responsible Officer	Deadline
1	Specialist Broker for Learning Disabilities (LD) employed from 1 April to review high-cost LD placements & supported living and reduce costs.	0.200	Julie Murray / Dan Addis	30/09/2023
2	Review packages for Continuing Health Care eligibility	0.150	Paul Willmette / Michelle Clarke	30/09/2023
3	Reduce package sizes for residents who regularly return Direct Payment surplus funds	0.150	Paul Willmette / Michelle Clarke	31/12/2023
4	Reduce double handed care packages	0.150	Paul Willmette / Michelle Clarke / Jayne White	30/09/2023
	Total	0.650		

CHS Overspend Action Plan				
	Mitigating Action(s)	Proposed Mitigations £m	Responsible Officer	Deadline
1	<p>Education - Disabled Children's Placements and Short Breaks We will remind all case workers about the importance of packages being for assessed need only and amending the packages if the family's needs change either up or down.</p> <p>The panel are being more robust in questioning requests for financial agreement and cost effectiveness of providers.</p> <p>Direct Payments monitoring is underway to identify any underspends and using the existing policy to re-coup funds where appropriate.</p> <p>A new finance monitoring process is in place to ensure POs are accurate and spend is monitored to identify issues early.</p> <p>Work is starting to create a dashboard to assist non-statutory workers to monitor and complete timely reviews of package to ensure they are fit for purpose to meet needs.</p>	0.05	Becky Powell	31/10/2023
2	<p>Education - Disabled Children's Transport A review of all commitments for transport and escorts is underway. We are discussing with adult social care for young people transitioning to adulthood</p>	0.09	Becky Powell	31/10/2023

3	<p>All Services - Staffing Vacancy Factor Mitigations sought to deliver against baseline budget reduction for £0.625m vacancy target on staffing. Mitigations sought from staffing and non-staffing budgets.</p> <ul style="list-style-type: none"> - Children and Young Peoples Services £350k - offsetting savings to be identified - Performance and improvement - staffing underspend from one off grant funding in 23/24 - Commissioning has staffing vacancy held in 23/24 - Education is working on delivery of share of vacancy target from existing budgets TBC 	0.625	Jacqui McShannon	31/07/2023
	Total	0.765		

Centrally Managed Budgets Budget Overspend Action Plan				
Ref	Mitigating Action(s)	Proposed Mitigation s £m	Responsible Officer	Deadline
1	The Bank England interest base rate has increased from 4.00% in February 2023 to 4.5% in May 2023. This is likely to enable an increase in the interest earned from the council's cash balances. This will be reviewed continually in the financial year.	1.000	Sukvinder Kalsi	31/07/2023
	Total	1.000		

APPENDIX 10 - VIREMENT REQUESTS – MONTH 2

Centrally Managed Budgets

Details of Virement	Amount (£000's)	Reserves One Off	Contingency On Going	Contingency One Off
General Fund				
Realignment of Apprentice levy budgets to reflect current payroll levels	90		90	
Realign historic land charges budget in line with current demand	120		120	
Sub Total of requested virements	210		210	

The Environment

Details of Virement	Amount (£000)	Reserves One Off	Contingency On Going	Contingency One Off
Grounds maintenance contract inflation	190			190
Unfunded community events	190			190
Investment in Housing Standards (additional post)	140		140	
One off relocation of the borough's archives collection	50			50
Sub Total of requested virements	570		140	430

The Economy

Details of Virement	Amount (£000's)	Reserves One Off	Contingency On Going	Contingency One Off
General Fund				
Forecast loss of income from Lila Huset building	178			178
Additional costs for work to support the Hammersmith Town Centre supplementary planning document and work to support the White City Public Realm.	180	180		
Sub Total of requested virements	358	180		178
Total requested virements	1,138	180	350	608

APPENDIX 11 – MTFS SAVINGS

MTFS Savings Tracker- 2023/24						
			Firm Savings proposals			
Department	MTFS Reference	Description	2023-24 Target Savings (£000's)	2023-24 Forecast Delivery (£000's)	RAG Rating	Comments
Social Care and Public Health						
Social Care and Public Health	Social Care and Public Health -1	Review care costs with NHS as people with extremely high needs are discharged from hospital.	(150)	(150)		
Social Care and Public Health	Social Care and Public Health -2	Model to further support independent living	(250)	(250)		Further work to be undertaken to deliver the savings. (Currently forecast to achieve the savings)
Social Care and Public Health	Social Care and Public Health -3	Further Increased take-up of Direct Payments for choice and control for residents and increasing wellbeing	(200)	(200)		
Social Care and Public Health	Social Care and Public Health -4	Joint commissioning steering group with Economy department on implementing the Disabled People's Housing Strategy and reducing voids. This will be done through reviewing the Extra Care available for residents, ensuring new builds are co-produced with disabled residents and make good Housing Voids	(200)	(200)		Further work to be undertaken to deliver the savings. (Currently forecast to achieve the savings)

Social Care and Public Health	Social Care and Public Health -5	Maximising adaptations in people's homes through use of Disabled Facilities Grant. This increases a person's independence and reduces the need for longer-term care, as appropriate.	(50)	(50)		
Social Care and Public Health	Social Care and Public Health -6	Reviews of care support for people with a sensory disability encouraging the use of equipment, as appropriate, to increase a person's independence.	(50)	(50)		
Social Care and Public Health	Social Care and Public Health -7	Improved support and information for residents and make better use of digital technologies (such as care cubed, use of resident portal, timely return of equipment) and review of Joint Equipment Low Item Ordering	(500)	(500)		Further work to be undertaken to deliver the savings. (Currently forecast to achieve the savings)
Social Care and Public Health	Social Care and Public Health -8	Smarter procurement for better outcomes for carers and review of supporting people services	(70)	(70)		
Social Care and Public Health	Social Care and Public Health -9	Delivery of agreed savings on 0-19 Public Health Nursing. Savings from year 2 through procurement of new health visiting and school nursing contract. Service quality has remained the same with savings achieved through improved service through procurement and contract monitoring.	(60)	(60)		
Social Care and Public Health	Social Care and Public Health -10	Re-tendering of Substance Misuse and Drugs contracts with efficiencies in commissioning and contracting with a plan to reduce overheads and to modernise in line with clinical standards.	(50)	(50)		

Social Care and Public Health	Social Care and Public Health -11	Review of community champion contracts and redesign into an outreach model	(50)	(50)		
Social Care and Public Health	Social Care and Public Health -12	Adult Weight Management- Targeted Operating Model working to improve the leisure offer for residents and linking with the Council's food strategy	(40)	(40)		
Children's Services						
Children's Services	Children's Services-1	A single commissioning process to ensure families receive the right service at the right time; to intervene early and prevent escalation. Targeting efficiencies from April 2023 at £0.7m. Subject to consultation process. This is in addition to £2.3m from Early Help and Prevention delivered to 2021/22.	(700)	(700)		
The Environment						
The Environment	The Environmen-1	Sustained reductions in waste disposal tonnages, for both general waste and recycling. Waste disposal tonnages can be volatile, so there is some risk attached to this proposal	(150)	(150)		
The Environment	The Environmen-2	Bold increases in fees and charges (10-20%) that do not affect residents. The department has a fees and charges income target of £11m, with some existing pressure against it due to the cost-of-living crisis and reversal of one-off growth from 2022/23.	(133)	(133)		
The Economy						

The Economy	The Economy-1	Staffing costs are largely funded from Section 106 and this adjustment follows a review of the staffing budgets charged to the General Fund.	(14)	(14)		
Corporate						
Corporate	Corporate-1	Realign services to provide greater efficiencies and support for member responsibilities	(20)	(20)		
Corporate	Corporate 2	Continuation of the Resident Experience and Access Programme, driving further improvements in Council Tax, Housing Benefits, Accessible Transport, and the Contact Centre.	(237)	(237)		
	Overall Total		(2,924)	(2,924)		