

Revenue Monitor: Key Departmental Variances

Health & Adult Services

Service Area Analysis	Overspend / (Underspend) £m
Care Packages	4.5
Service Total	4.5
Corporate Pressure - Nil Recourse *	2.5

*families with children and single adults with care needs

Service Commentary

The Quarter 1 forecast figures are based upon actual spend during this period, as well as the projected outturn position by the end of the current financial year.

Care Packages

The main areas which are driving the current budget pressure, relate to demand within Home Care (mainly Older People care packages), and Supported Living (mainly Learning Disability & Mental Health Care packages). This is off-set by some reductions in direct payment and residential care packages, leaving a net impact of an increase of £2.1m on gross care package costs.

Additional drivers are contract inflation and provider uplifts to maintain market stability, as well as increases in frontline staffing and the cost of the transition of young people with Learning Difficulties and/or autism, from Children's Services to Adult services. The impact of the latter is currently projected to be approximately £600k.

The service is currently carrying out additional projects in order to mitigate the current forecast increases in gross care package costs, including a thorough review of all packages over £50k per annum.

The Service continues to work on a number of on-going streams aimed at reducing the deficit, as follows:

- Continuing to implement the 'Forward Thinking' programme following the work concluded by Newton Europe.
- new Case Management System which is expected to help improve the quality and efficiency of service delivery.
- system bridging to allow for more accurate and effective monitoring of activity and expenditure.
- cross departmental strategy groups (HAS & Children's Services) to identify future care needs of people transitioning from Children's to Adult services and devise mitigation plans for cost pressures.
- income focus groups to monitor and manage debt recovery and working on the implementation of the revised charging policy.
- Home First joint working with the CCG
- multi-disciplinary approach in order obtain the best placements and outcomes for service users and the best value for the authority.
- reduction of agency spends by filling vacancies on a fixed / permanent basis where necessary.

The Department is also continuing to work closely with NHS partners to identify funding opportunities for mutually beneficial joint projects to improve resident outcomes as part of the Better Care Fund.

The Public Health service area is currently expected achieve a balanced position by year end.

Children's Services

Service Area Analysis	Overspend / (Underspend) £m
Transport costs – special education needs	2.6
Safeguarding & Social Care	(1.3)
Other (Early Help, Commissioning and Inclusion & Learning)	(0.7)
Total Projected Variance	0.6

Service Commentary

The Director of Children's Services reports a forecast overspend of £0.6m. The forecast is based upon actual spend at quarter 1, and the projection to the end of this financial year. The position represents a developing view of the year.

Transport Costs – Special Education Needs

Transport continues to be the biggest pressure within Children's Services. The costs have increased year on year (except 20/21 due to Covid) particularly for services provided by external contractors; this is due to the increase in demand for special needs travel. There are a range of activities already underway which will lead to some cost reductions and are likely to be reflected in future forecasts. These include the:

- creation of a management information tool to holistically review the service to identify potential further savings.
- introduction of a Dynamic Purchasing System Solution for the award of taxi rounds is anticipated to bring savings from increased competition.
- introduction of collection points and a review of the current rounds
- review of taxi usage to establish whether service users should be in a taxi or a bus.
- review of eligibility, which will look at whether service users are entitled to free travel e.g. distance of travel.

These initiatives are being funded from the Flexible Use of Capital Receipts initiative, where they meet the criteria to reduce costs and have been approved to do so.

Discussions are underway to review the current GSP contract and the impact on the Children's Services budget.

Safeguarding and Social Care (Placements)

The projection at quarter 1 is an estimate for the full year and is only based upon the number of children currently in place at the end of June. The projected variance will have the potential to change during the year based upon the number of children we have in care at any given time.

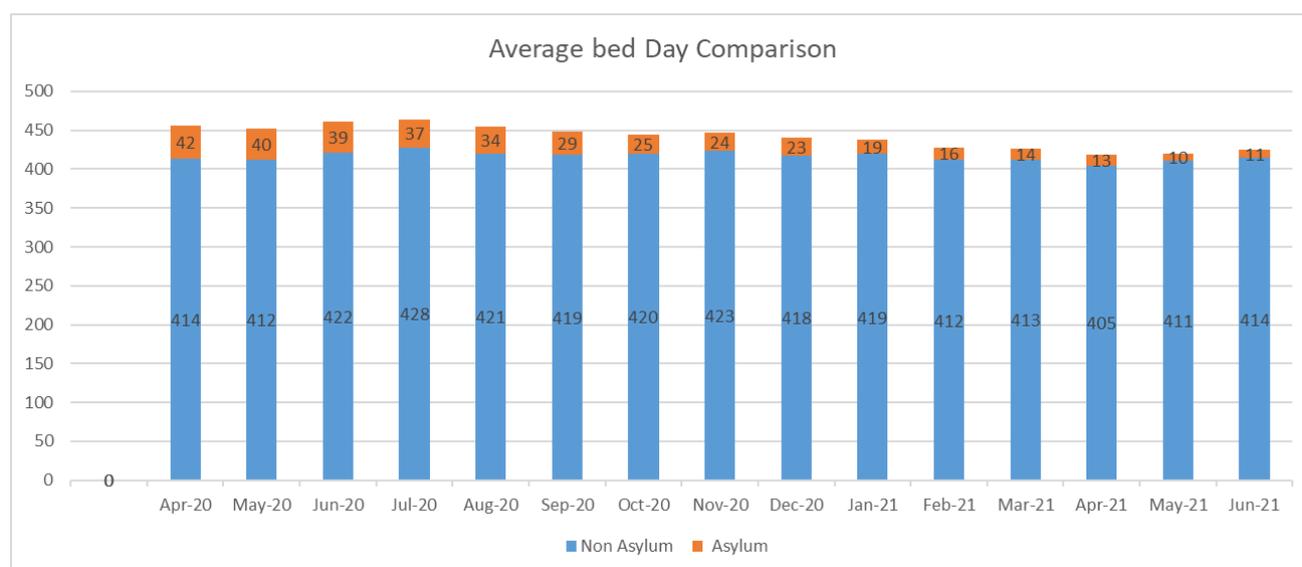
The actual number of Children in our Care at the end of June was 420. This is a reduction when compared to the same time in the previous year which showed the figure to be 460. Average total bed days for June are 425, compared to 461 this time last year.

There is normally a rise in cases around September time when children resume school.

Top 20 cases equate to 5.5m which is 30% of the current total Annual Projection.

The chart below shows the average number of Children in our Care placement days over the last 12 months. The number of bed days relating to asylum cases has consistently reduced from April 20.

Children in our Care Placement Days



Other

There are a number of vacant posts within the Early Years (Core Teams), Inclusion, Learning & Achievement and Strategy, Performance & Commissioning divisions.

Some of these vacant posts are being held until the completion of the wider restructure of the service.

In addition, there are further underspends against the Participation contract within the Joint Commission service due to Covid-19 and the closure of the Community Based Interventions service within Early Help.

Communities & Environment

Service Area Analysis	Overspend / (Underspend) £m
Street Services	2.9
Sports & Leisure	1.5
Electoral Services	0.1
Communities & Environment Management	0.3
Design & Commercial	0.3
Customer Services	(0.1)
Registrars	(0.2)
HR&OI	(0.2)
Compliance	(0.2)
Service Total	4.4

Service Commentary

This forecast is based on period 3 actual spend and is the first Monitor for the year. It takes account of the 2020/21 outturn, which recorded a net overspend of £3.2m, plus the effect of contract inflation and growth across the services and other use of resources falling out.

Explanations for the main variations are outlined below.

Street Services

Inflation - Greenwich has long term contracts for its waste disposal requirements costing around £8m per year. Contract tonnage fees are indexed for RPI inflation, contributing total cost pressures of more than £2m since 2010. Much of this has been contained by the service, although in recent years this has become increasingly difficult to sustain and has contributed to the service overspends. £1.4m of central funding was applied to the base budget for 2021/22, reducing the projected overspend to £0.7m

Demand - The number of households in the Royal Borough has increased from 102,651 in 2010 to 120,797 2019/20. Over the same period the amount of waste collected has increased from 106,310 tonnes to 114,712 tonnes. There has been a large increase in flats over the last three years, and we have therefore seen a decrease in the average tonnage per household, as flats tend to create less waste than houses.

However, on average, flats tend to recycle half as much as kerbside houses resulting in greater proportions of general waste being disposed of and at greater cost. In 2019-20 the average tonnage per household was 0.95 tonnes a year. Projections for 2021/22 indicate that tonnages from new properties will increase as new properties are occupied.

In total, current Waste Services pressures from historic income, contract inflation and demand cost pressures, having taken account of additional strains on these services, amount to £0.8m. Similar demand pressures from the growth in dwellings and other developed areas impacts on other universal services such as Street Cleansing with net pressures of £2.1m projected for 2021/22.

Management action continues to identify cost reduction opportunities within the service and compensating savings elsewhere as demand on the service is also causing service delivery challenges which may lead to increased service failures.

Sports, Leisure & Libraries

£1.5m overspend due to lack of contract inflation over the life of the contract and the repayment of interest on the capital investment.

Electoral Services

Electoral Registration Services has an overspend of £0.1m across staffing and unbudgeted By-Election costs.

Communities & Environment Mgt, Corporate Governance and Democratic Services

Unachieved £0.4m MTFS saving against the workforce strategy partly offset by staffing underspend.

Design & Commercial

Income targets have historically been underachieved and this service has been adversely affected by the Pandemic due to the delay of major projects and Events which would have generated work for this service area.

Various Underspends

There are underspends across Customer Services, Registrars, HR&OI and Compliance that bring the overall overspend down to £4.4m.

Housing & Safer Communities

Service Area Analysis	Overspend / (Underspend) £m
Homelessness	3.6
Safer Communities	(0.2)
Service Total	3.4

Service Commentary

The net budget for the Housing General Fund is £9.3m. The projected forecast at June 2021 is £12.9m leading to a projected overspend of £3.6m.

The main areas of overspend relate to the Emergency Overnight Accommodation (EOA) budgets which has a pressure of £2.4m, Hacrac prevention budget which has a pressure of £1.1m and the Hacrac leasing budget has a pressure of £0.6m. General Fund Temporary Accommodation budget is projecting an underspend of £0.3m and there is a recharge from the HRA to the

General Fund of £0.2m. Thistlebrook Caravan Park is projecting a £0.1m underspend on premises costs.

Cost Drivers

Demand – Temporary Accommodation numbers continue to rise. A ‘like for like’ comparison to June 2020 shows an increase in numbers from 1340 to 1528 at the end of June 2021. There has been a bottleneck of homelessness and there is currently a backlog of cases. The budget shortfall in this area was addressed in 2020/21 by an injection of £1.2m but the current projected overspend remains high at £2.4m.

Inflation – Included in the projection is a 5% increase on rents payable to landlords effective from July 2021. A report requesting authorisation for the use of Emergency Overnight Accommodation (EOA) has been sent to Cabinet awaiting a decision. A 5% increase across the board would amount to an additional full year expenditure of £599,307 and this has been included in the projections.

Prevention costs – incentive packages paid to landlords remain high.

General Fund Temporary Accommodation Properties – Interest Payable – this figure is derived from the Capital Accountant and we usually don’t get this figure until much later on in the financial year so the impact on the general fund is currently unknown and the projection is based on last year’s outturn.

Housing Leasing – rents payable not covered by the Local Housing Allowance. There is currently a moratorium on leasing hactrac properties unless absolutely necessary and approved by management.

General Fund – Community Safety

The net budget for Community Safety is £6.1m and the projected outturn is £5.9m leading to an underspend of £0.2m. The main area of underspend is within the Safer Spaces budget of approximately £0.3m. There are vacant posts in the Safer Spaces and CCTV teams. The position assumes all LA Support and policing costs will be recovered.

Housing Revenue Account

Service Area Analysis	Overspend / (Underspend) £m
Asset Mgt/Repairs & Investment	3.2
Estates	0.7
Rents & Voids	0.9
General Departmental Costs	0.1
Housing Services	(0.5)
Tenancy	(0.3)
Leaseholder Service Charges	(1.0)
Service Total	3.1

Service Commentary

As at June 2021, the HRA is projecting an overspend of £3.1m. The main reasons for the overspend include:

Asset Management

The Asset Management budget is projecting an overspend of £3.7m (20/21 outturn £5.6m). Income generation from work done is less than costs paid out. Some of the reasons are that the contact centre was not open during the 1st quarter of 21/22 with only emergency and backlog of repairs being undertaken. Wages and subcontractor costs remain high.

Repairs & Investment

This includes expenditure on responsive repairs, planned maintenance, gas servicing and repairs, voids, etc. There is a compensating saving of £0.5m (20/21 outturn £4.1m) however the saving is unlikely to be ongoing as repairs begin following the lifting of lockdown.

Rents & Voids

There has been a marked increase in Voids. A 'like for like' comparison with June 2020 shows an increase from approximately 305 properties to 365 properties at the end of June 2021. Rent loss currently stands at £846k. Council tax on empty properties is also impacted by the void properties.

The budgets for rent receivable was increased by CPI plus one (1.5%), the rent for service charges was increased by 1.5% plus an admin charge of £0.72 per week amounting to an increase of £0.93 per week. Average rent and service per week is £91.65 and service charges £15.08 respectively.

The budget for garages was also increased by £4 per week per garage. A prudent estimate of £250k was included in the budget and this looks like it will be achieved. The projection at Q1 shows a projected garage income of £894k against a budget of £870k.

The budget for Bad debt stands at £1.9m and the bad debt provision will be reviewed periodically.

Leaseholder Service Charges

There continues to be a favourable variance around leaseholder charges currently estimated at £1m.

Other Areas

The projection for Estates is based on last year's outturn however the review of meter readings is ongoing as the main pressure here is rising utility costs..

There are also underspends in the Tenancy, Caretaking and Housing Services Teams currently estimated at £0.8m. However, there is a restructure in this area which will be subject to budget realignments.

Finance & Legal Services

Service Area Analysis	Overspend / (Underspend) £m
Legal Staffing Overspend	0.2
Audit and Financial Operation	(0.3)
Total Projected Variance	(0.1)

Service Commentary

Various over and underspends on staffing leading to a broadly neutral position.

Regeneration, Enterprise and Skills

Service Area Analysis	Overspend / (Underspend) £m
Parking Services	0.8
Capital Projects & Programme Maintenance	0.3
Planning and Building Control	0.3
Regeneration	0.1
Business Systems & Resources	(0.1)
Parking MTFS	4.1
Service Total	5.5

Service Commentary

This forecast is a developing view of the year based on period 3 actual spend. It takes account of the 2020/21 outturn, which recorded a net departmental underspend of £0.4m.

Planning & Building Control

The service has worked hard to streamline its processes to ensure maximum efficiency in the handling of applications and has used additional resources to improve the customer experience with the service now exceeding the government set performance thresholds.

The primary reasons for the overspend in the Planning & Building Control service areas:

- Advertising costs which are a statutory requirement
- Legal costs regarding attendance at Planning Board meetings and legal advice. (£106 legal costs are covered by the applicant so cost neutral to the Council)
- Staffing costs arising from volume of work being far greater than the staffing establishment and associated budget allowance. Currently the service employs additional Planning Officers in the two Area Teams due to the high number of planning applications, the costs of which cannot be met by income generation. There remains a national shortage of appropriately qualified and experienced planners and the authority is competing alongside other local authorities and the private sector. This has resulted in less applicants for permanent positions with the permanent and fixed term recruitment process repeated regularly throughout the year. The roles advertised are already career graded to enable progression and the teams require a blend of

experience levels to enable the Council to meet the government performance thresholds. The service also holds discussions with agency staff to explore whether they would be interested in transferring to fixed or permanent roles as well as sponsoring individuals who may be from overseas.

Parking

The service is being reshaped following the increased focus on delivering the parking strategy objectives. This strategy is also under review.

This has resulted in an increase in costs both in terms of:

- enforcement activity
- the back-office support arrangements
- IT and premises costs – the IT system is already supporting transformational change to the service, eg. the use of virtual permits rather than paper permits

Lockdown has reduced traffic and non-compliance in the Borough, which in turn has reduced all parking key income streams including the number of PCNs issued, permits issued and Pay & Display income.

The approved parking strategy is being used as the basis for a number of initiatives within the parking service, including:

- introduction of additional CCTV enforcement sites across all enforcement work-streams
 1. Moving Traffic Contraventions (MTCs)
 2. Parking
 3. Bus Lane
- Introduction of new "Paid for Parking" bays in previously uncontrolled or free areas
- the continued introduction or expansion of Controlled Parking Zones (CPZ) to meet the continued resident demand and additional locations for on street paid for parking.
- The review and move towards cashless payment which will in turn reduce the maintenance and cash collection support arrangements for the street pay and display machines.

Other Income and Service Pressures

The remaining budget pressures across DRES include:

- costs for buildings, e.g. rates, utilities, energy for which there is insufficient budget
- an overspend on staffing in the business team and also under recovery of town centre and forecourt / street trading income

- loss of income from the commercial portfolio, eg. due to occupants not renewing their leases, some non-payment of rent and rent foregone arising from Covid. The service is working hard to ensure that it maximises occupancy and rental income from its commercial portfolio.

The Director with the Directorate Management Team and Finance undertake regular reviews and will consider further measures to minimise the budget pressure across the Directorate, monitor the position and identify any further actions that can be taken.