

## APPENDIX A

### Revenue Monitor: Key Departmental Variances

#### Health & Adult Services

<b>Service Area Analysis</b>	<b>Overspend / (Underspend) £m</b>
Care Packages	7.6
<b>Service Total</b>	<b>7.6</b>
<b>Corporate Pressure - Nil Recourse*</b>	<b>1.8</b>

\*families with children and single adults with care needs

#### Service Commentary

The Period 6 forecast figures are based upon both the actual spend at 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 deficit position relate to the demand for Learning Difficulties, Physical Disabilities and Mental Health care packages.

Additional drivers are Provider uplifts to maintain market stability and the cost of the transition of young people with Learning Difficulty support reasons, from Children Services to Adults. The estimated cost of which this year is approximately £792k.

Furthermore, the impact of the response to the COVID 19 pandemic has meant an increase in spend across the board for this department with increases that relate to support for Service Providers in the form of PPE and the need for urgent spot placements to help alleviate the pressures within the NHS and Oxleas Mental Health wards. Supported Living expenditure continues to increase in this area and across other client groups.

The increased pressures have been mitigated by a reduction in costs of £2.4m for residential and nursing placements this year, although, these have been partially offset by a reduction in client contributions.

There has been a small upturn in demand and expenditure for bed- based care in the last couple of months, but with the on-set on a second wave of the pandemic it is expected that this will tail off again.

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

- working with Newton Europe on the 'Forward Thinking' programme.
- 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 transitioning clients 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 Service User Panels in order obtain the best placements and outcomes for service users and the best value for the authority.
- reduction of agency spend 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 working arrangements 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

<b>Service Area Analysis</b>	<b>Overspend / (Underspend) £m</b>
Transport costs – special education needs	2.3
Safeguarding & Social Care	(0.8)
Other (central budgets, commissioning and inclusion & learning)	(0.8)
<b>Total Projected Variance</b>	<b>0.7</b>

### Service Commentary

The Director of Children's Services reports a forecast overspend of £0.7m. The forecast is based on period 6 actual spend and 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 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.

### Safeguarding and Social Care (Placements)

The projection at Period 6 is an estimate for the full year and is only based upon the number of children currently in place at the end of September. 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.

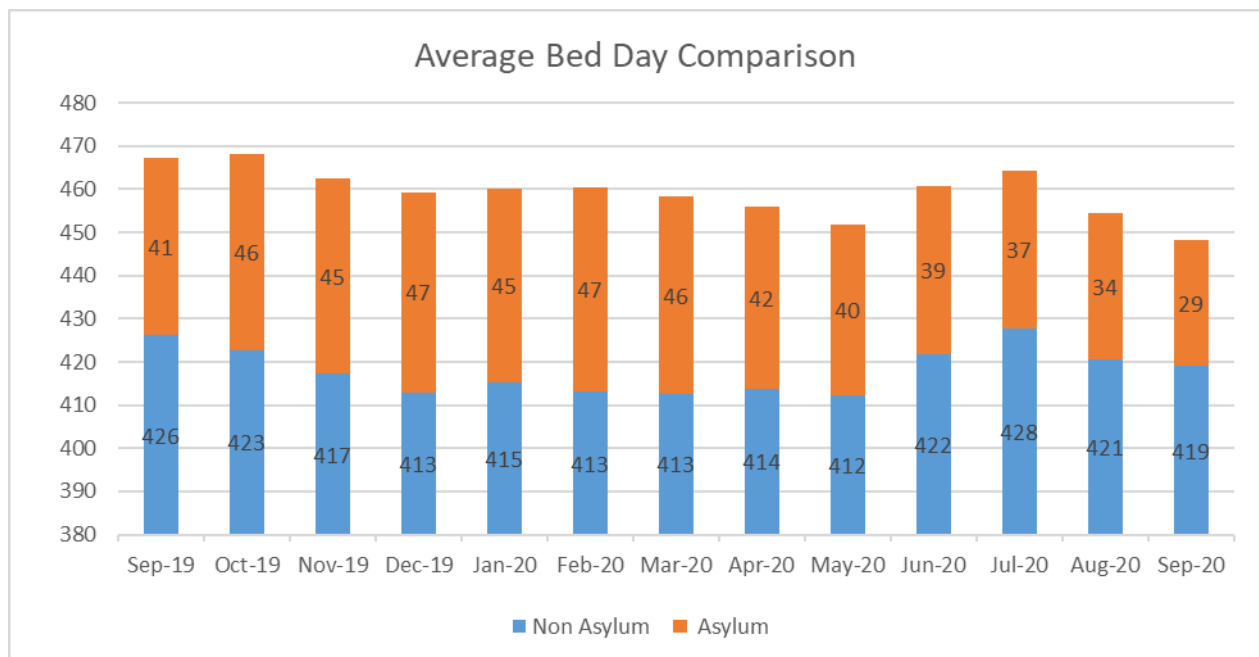
The actual number of Looked After Children at the end of September was 445 (September 2019 was 464). Average total bed days for September are 448 (September 2019 was 467).

There is normally a rise in cases around September time when children resume school. What is certain is that the new cases being presented are showing to be quite complex cases which could have a significant cost.

The top 20 cases equate to £5.6m which is 31% of the current total Annual Projection.

The chart below shows the average number of Looked after Children placement days over the last 12 months. The number of bed days relating to asylum cases has consistently reduced from February 20.

### Looked After Children Placement Days



### Other

There are a number of vacant posts within the Inclusion, Learning & Achievement and Strategy, Performance & Commissioning division. In addition, there is an underspend against the Participation contract within the Joint Commission service due to Covid-19.

## Communities & Environment

<b>Service Area Analysis</b>	<b>Overspend / (Underspend) £m</b>
Street Services	5.1
Sports & Leisure	1.3
Customer Services	0.2
Corporate Services / Communities & Environment Management	0.4
Parks & Open Spaces	0.2
<b>Service Total</b>	<b>7.2</b>

### Service Commentary

This forecast is based on period 6 actual spend which shows a clearer picture of the position for the year. It takes account of the 2019/20 outturn, which recorded a net overspend of £6.5m, plus the effect of one off savings 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.

**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 2020/21 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 £2.5m. 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 £2.6m projected for 2020/21.

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**

£1.3m overspend due to lack of contract inflation over the life of the contract and the repayment of interest on the capital investment.

### **Customer Services**

£0.2m overspend due to unachievable income target and unbudgeted staff allowances.

### **Communities & Environment Mgt, Corporate Governance and Democratic Services**

Staffing shortfall of £0.33m for the year. These services have just been restructured and the overspend will reduce once those are fully implemented.

### **Electoral Services**

Electoral Registration Services has an overspend of £63k across staffing and running costs.

### **Parks & Open Spaces**

Projected shortfall of £0.2m on income from Cemetery, Tree Maintenance and Sports.

## **Housing and Safer Communities**

<b>Service Area Analysis</b>	<b>Overspend/ (Underspend) £m</b>
Homelessness	3.8
Environmental Health	0.5
Various	(0.2)
<b>Service Total</b>	<b>4.1</b>

### **Service Commentary**

This forecast is based on period 6 actual spend which shows a clearer picture of the year compared to period 3. It takes account of the 2019/20 outturn, which recorded a net overspend of £3.1m, plus the effect of one off savings across the services and other use of resources falling out.

Explanations for the main variations are outlined below: -

### **Homelessness**

The COVID-19 lockdown saw an increase of families in Temporary Accommodation (TA) as social lettings ceased and other prevention of homelessness work into the private sector also dried up. TA numbers have increased from 1340 to 1446. There has not been an increase in demand from households whilst the national eviction ban remains in place, although there is a risk that when this finally ends, there will be a surge in private sector evictions. As a consequence of the MHCLG and GLA 'all in' approach for rough sleepers, 92 rough sleepers were accommodated by the Borough into hotels and other TA. Only a minority of these single homeless individuals were entrenched known rough sleepers; over half had ended informal arrangements at the point of lockdown and found themselves with no other housing option.

The combined effect of longer stays in TA and rough sleepers in hotels have driven a significant cost pressure in Housing & Safer Communities. This has resulted in the £3.8m projected overspend on homeless services which is due to £2.8m increased accommodation volumes, £0.2m increased rents to landlords not covered by the Housing Local Allowance and £0.8m increased prevention costs.

## **Environmental Health**

There is an annual unachievable income target of £336k within EH due to where the former asbestos team was located most recently. Due to levels of asbestos reducing over time since the income target was set several years ago, along with council services reducing their spend and requiring greater efficiency, this has created a corporate pressure. EH have already reduced the pressure to its existing levels by removing the Asbestos Compliance Team (and associated agency) pay costs over the last 18 months or so. In addition, due to COVID 19 lockdown has seen a decline in the income levels within the HMO Enforcement area leading to a £200k loss of income. There are small underspends within the Safer Community and Safer Spaces teams.

Community Safety & Environmental Health have managed to offset pressure significantly due to underspends (not all planned nor desirable) during 2019/20. Planned savings are being used to further offset this pressure.



## **Housing Revenue Account (HRA)**

<b>Service Area Analysis</b>	<b>Overspend/ (Underspend) £m</b>
Repairs and Investment	1.3
Voids	2.6
Estates	0.6
Tenancy	(1.0)
Leaseholder Income	(2.7)
<b>Service Total</b>	<b>0.8</b>

### **Service Commentary**

The COVID 19 lockdown saw a significant decrease in the number of repairs undertaken, as the service moved to essential repairs only for six months (this whole reporting period), before remobilising in a phased way to ensure safe working practices for residents and staff. This had a number of financial effects – fewer repairs have meant less income for our Direct Labour Organisation, but also lower subcontractor costs. Repairs and Investment is therefore reporting a forecast overspend of £5.6m on employees and loss of income, although this should be partly offset against a projected underspend of £4.3m on repairs charges due to less work being undertaken.

The other significant effect has been on income collection and empty property loss of rent, although this has varied significantly month on month during lockdown, making an effective forecasting difficult. A prudent forecast is a £2.6m overspend across Rents, Voids, business rates and Commercial income - work continues to identify if these costs are related to Covid-19, and how much income collection may pick up. The effect of the end of the furlough scheme for tenants is also a significant uncertainty for rent collection going forward.

More minor variances include Estate Services projecting an overspend of £0.6m which is mainly down to utility cost rises, and £1m projected underspend in Tenancy, Strategy, Home Ownership Services and Community Services.

A significant favourable movement is attributable to an increase in the income projection for leaseholder service charges. This has led to a variance of £2.7m.

## **Finance & Legal Services**

<b>Service Area Analysis</b>	<b>Overspend/ (Underspend) £m</b>
<b>Service Total</b>	<b>0.1</b>

### **Service Commentary**

Various departmental overspends and underspends.

## Regeneration, Enterprise and Skills

<b>Service Area Analysis</b>	<b>Overspend / (Underspend)</b>
	<b>£m</b>
Planning / Building Control	0.8
Capital Projects & Programme Maintenance	0.3
Regeneration	0.7
Business Employment & Skills	0.2
<b>Service Total</b>	<b>2.0</b>

### **Service Commentary**

This forecast is a developing view of the year based on period 6 actual spend. It takes account of the 2019/20 outturn, which recorded a net departmental overspend of £1.0m

### **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:

- volume of work is 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. Additional Planning Officers are also employed in the Majors team albeit their costs are covered by Planning Performance Agreements (PPAs).
- there is 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 and the recruitment process is repeated regularly throughout the year. The roles advertised are already career graded to enable progression and the team requires a blend of experience to enable the Council to meet the government performance thresholds.

- in addition, the pay scales for agency staff are higher than the established cost due to the competition. In part it is expedient to use agency staff due to the temporary nature of some of the funding streams, e.g. PPAs. The service will shortly be advertising a number of temporary fixed terms posts which we have typically used agency staff to test the market and reduce costs.
  - in the main the service is constrained by government set fees and charges which means that the principle of cost recovery cannot be applied to the additional resources in the Area Teams. The government has indicated it is reviewing this but until the central government policy changes the options for increased income to cover costs is limited.
- in relation to Building Control, whilst the service has a healthy market share and a sound reputation particularly with larger developers, the service has an income target of £856,000 which has not been achieved for a number of years.

## **Parking**

Parking income together with the associated costs to deliver the service remains challenging but has shown considerable improvement following a service outturn variance of £1m in 2019-20.

The Parking Service is being reorganised with a focus on delivering the Parking Strategy objectives and the associated action plan. This has resulted in an increase in costs both in terms of:

- enforcement activity and
- the back-office support arrangements.

There is currently a £1m projected overspend on costs, the majority of which is the staffing required to undertake enforcement, operate back-office functions, complete the transition to the new hosted system and deliver the initiatives listed below. Some of this staffing is temporary pending the procurement of the new back office system which is due to go live imminently and will support the enhancements within this service.

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

- re-banding to Band A

- introduction of Moving Traffic Contraventions (MTCs) commenced 24/8/20 and
- the continued introduction or expansion of Controlled Parking Zones (CPZ) to meet the continued resident demand.
- Introduction of cashless payment which will in turn reduce the maintenance and cash collection support arrangements for the street pay and display machines.

The Enforcement team has recently completed a reorganisation which has increased the number of enforcement officers from 22 to 32 alongside some increase management and supervision capacity. This has been necessary to meet the changing needs and demands on the service including:

- (i) adoption of powers to enforcement moving traffic contraventions
- (ii) increased locations where parking enforcement is needed and extended hours of operation, e.g. Schools and high street
- (iii) increased demand for enforcement

### **Other Income and Service Pressures**

The remaining budget pressures across DRES include:

- shortfalls against income targets based on projections, e.g. Markets, land charges
- increasing costs for buildings, e.g. rates, utilities, energy for which there is not budget increase
- use of agency staff due to Directorate being predominantly made up of a range of professional disciplines, many of which are hard to recruit to where the local authority is competing with peers and with the private sector alongside national skills shortages.

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.