



London Borough of Hammersmith & Fulham

COUNCIL

23 JULY 2014

INTERIM BUDGET REPORT

Report of the Cabinet Member for Finance: Councillor Max Schmid

Open Report

Classification - For Decision

Key Decision: No

Wards Affected: All

Accountable Executive Director: Jane West – Executive Director Finance and Corporate Governance

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1. EXECUTIVE SUMMARY

- 1.1 The Council faces a 2015/16 budget gap, before savings, of £24.4m, rising to £65.3m by 2018/19.
- 1.2 At the Annual Council Meeting, action was taken towards addressing the gap by reducing Special Responsibility Allowances by 10% and ending the practice of paying Councillors multiple such allowances.
- 1.3 This report sets out further early steps proposed for 2014/15. Ensuring a healthy surplus is achieved in 2014/15 will put the Council in a better position to meet future budget gaps. These proposals include reducing spend in the general fund by £3,998,000 against the 2014/15 budget and in the HRA by £108,000.
- 1.4 The report also removes a charge for burials at 24 hours notice. This is an early result of an ongoing broad review of the fees and charges levied by the Council.

2. RECOMMENDATIONS

- 2.1 That the Council notes the plan to reduce spend against the 2014/15 general fund budget by £3,998,000 and the HRA budget by £108,000.
- 2.2 That the charge of £478 for a burial at 24 hours notice, outside the normal operational hours of 10AM – 4PM Monday to Friday, be abolished.

3. REASONS FOR DECISION

- 3.1. The report sets out planned underspends against the budget that the Council set in February 2014. An adjustment to the fees and charges levied by the Council is proposed.

4. BUDGET REVIEW

- 4.1 As reported to the July Finance and Delivery Policy and Accountability Committee Hammersmith and Fulham faces a 2015/16 budget gap, before savings, of £24.4m, rising to £65.3m by 2018/19. In addition to efforts being made to meet these future gaps, the incoming Council administration has started a review of the 2014/15 General Fund revenue budget as approved by Council in February 2014. Changes are proposed in the following areas.

Communications

- 4.2 The new administration plans to reduce expenditure on communications across the Council. This will be achieved through a reduction in activity in relation to corporate communications, which includes no longer publishing corporate publications such as Your H&F and no longer commissioning printed corporate communications campaigns to promote contentious policies and decisions. Other savings will come from a migration of printed communications to online. The proposed general fund 2014/15 saving already quantified and allocated is £144,000 with estimated full year savings corresponding to these reductions of at least £241,000 in 2015/16. Broader work is underway to calculate further savings that can be realised in 2015/16 and beyond on communications.
- 4.3 In addition, there is a further proposed reduction in Housing Revenue Account on communications expenditure from the cancellation of Your Home magazine, West Side Stories magazine and other publications. These savings are estimated at £108,000 in 2014/15 and £111,000 in a full year.
- 4.4 Extra general fund income of at least £12,000 starting in 2014/15 is also anticipated from boundary signs sponsorship. The Council spent £19,000 last year on boundary and other lamppost signs that promoted the Council.

Finance and Corporate Services

- 4.5 The Finance team have identified opportunities for debt restructuring that will enable budget savings of £200,000 and the Human Resources Team have identified an on-going saving starting in 2014/15 of £50,000 from the reduction of a post. The external audit budget will also be reduced by £80,000.

Environment, Leisure and Residents' Services/Tri-borough Libraries

- 4.6 The Tri-borough Library Service has identified that due to the increase in demand for eBooks it can release £30,000 from its book stock budget.
- 4.7 A new charge of £478 was introduced in 2014/15 for burials at 24 hour notice that are outside the normal operational hours of 10AM – 4PM Monday to Friday. Council are asked to approve that this charge be scrapped. The impact on revenue budgets will be limited. No charges have yet been raised.

Children's Services

- 4.8 The Tri-borough Children's Services has been successful in achieving a 'payment by results' bonus of £200,000 from its Troubled Families programme in H&F. Other external funding has also been identified that offsets costs of £39,000.
- 4.9 Further savings have been found arising from the corporate allocation of Dedicated Schools Grant that can reduce net spend in 2014/15 by £200,000.

Housing and Regeneration

- 4.10 The Housing & Regeneration department (HRD) have conducted a review of efficiency targets for 2015/16. HRD officers have identified £34,000 of savings originally proposed for 2015/16 that they have been asked to bring forward. Other potential HRD savings for 2014/15 are still under consideration.

Adult Social Care

- 4.11 Savings in the following areas have been identified for 2014/15 :-
- Improve outcomes and reduce dependency amongst residents through better joint services with the NHS (£157,000).
 - Review of no recourse to public funds (£100,000)
 - Additional external funding has been identified that offsets costs by (£552,000)

Summary of New Savings

- 4.12 The total HRA reduction in spend identified is 108,000.
- 4.13 The total general fund savings identified add up to £1,798,000. These are summarised in Table 1.

Table 1: New Planned General Fund Reduced spend for 2015/16.

	New savings Identified £000s
Communications	(156)
Finance and Corporate Services	(330)
Tri-Borough Libraries	(30)
Children's Services	(439)
Housing & Regeneration	(34)
Adult Social Care	(809)
	(1,798)

*note: figures in brackets represent underspends

4.14 Further to this, corporately held budgets have also been identified as under spending and will be reduced. These total £2,200,000 and the detail is set out in Table 2.

Table 2: General Fund Corporately Held Budgets

Budget	Forecast Year End Variance As At May 2014 £000s
Budgeted contribution to balances	(900)
Inflation provision	(400)
Redundancy provision	(200)
Council Tax Support	(500)
Land Charges	(200)
Total Underspend*	(2,200)

*note: figures in brackets represent underspends

Month 2 Forecasted Overspends

4.15 The Council's Budget Monitoring for May flagged up some potential budget overspends. These are set out in Table 3. Officers are now working to prevent these overspends and constrain spend within budget.

Table 3 – Forecast Overspends as at May 2014

Department	Revised Budget As At May 2014 £000s	Forecast Year End Variance As At May 2014 £000s
Adult Social Care	64,403	384
Children's Services	48,741	802
Transport & Technical Services	14,922	194
		1,380

5. LEGAL IMPLICATIONS

5.1 There are no legal implications for this report.

Implications verified by: Tasnim Shawkat, Director of Law 020 8753 2700

6. FINANCIAL AND RESOURCES IMPLICATIONS

6.1 The financial implications are incorporated into the body of this report.

Implications verified by: Andrew Lord, Head of Strategic Planning and Monitoring, Corporate Finance 020 8753 2531

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None		
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