London Borough of Hammersmith & Fulham CABINET 3 DECEMBER 2018	
CORPORATE REVENUE MONITOR 2018/19 MONTH 5 – 31ST AUGUST 2018	
Report of the Cabinet Member for Finance and Commercial Services – Councillor Max Schmid	
Open Report	
Classification - For decision and for information **Key Decision: Yes**	
Wards Affected: All	
Accountable Director: Hitesh Jolapara – Strategic Director Finance & Governance	
Report Author: Emily Hill – Assistant Director, Corporate Finance	**Contact Details:** Tel: 020 8753 3145 Emily.Hill@lbhf.gov.uk

1. EXECUTIVE SUMMARY

1.1. Section 151 of the 1972 Local Government Act requires the Chief Financial Officer (as the responsible officer) to ensure proper administration of the Council's financial affairs. This monitoring report is part of the Council's 2018/19 budgetary control cycle. Budgetary control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on Cabinet Members, the Chief Executive, and Directors in discharging the statutory responsibility.

1.2. The month 5 General Fund forecast outturn variance is an unfavourable **£6.364m**. Action plans of **£1.889m** are proposed as partial mitigation. If delivered they will reduce the forecast overspend to **£4.475m**. The Strategic Leadership Team and Cabinet need to identify further mitigating actions that will reduce the forecast overspend.

1.3. The High Needs Block and Early Years Block, funded through Dedicated Schools Grant (DSG), is forecast to be overspent by a cumulative £14.232m at the close of 2018/19. This is £0.8m greater than at month 4. Cabinet have previously approved the set aside of reserves of £13.432m to meet the forecast deficit.

1.4. A government announcement was made that an extra £240m will be made available to ease NHS winter care pressures. Indicative modelling suggests that the LBHF share could be £0.918m. This has yet to be confirmed and the use of the funding will be subject to discussion with Health partners. No allowance for this funding is made in the month 5 forecast.

1.5. The HRA forecast is a favourable variance of **£4.366m.**

2. RECOMMENDATIONS

2.1. To note the forecast General Fund outturn and require the Strategic Leadership Team and Cabinet to identify further mitigating actions that offset the forecast overspend.

2.2. To increase the sum set aside in reserves for the forecast overspend against the High Needs Block and Early Years Block Dedicated Schools Grant by £0.8m to £14.432m.

2.3. To note the HRA forecast underspend.

3. REASONS FOR DECISION

3.1. To report the revenue expenditure position and comply with Financial Regulations.

4. MONTH 5 GENERAL FUND

4.1. The forecast month 5 overspend is **£6.364m** with risks of £11.799m identified. This compares to a forecast overspend of £4.887m at month 5 last year.

Table 1: 2018/19 General Fund Gross Forecast Outturn Variance – Month 5

Department[1]	**Revised budget month 5 £m**	**Forecast outturn variance month 5 £m**	**Forecast outturn variance month 4 £m**
Children's Services	40.357	2.735	2.690
Corporate Services	0.409	(0.048)	(0.192)
Finance & Governance	2.902	0.326	0.351
Growth & Place	9.514	(0.442)	(0.451)
Public Services Reform	2.811	4.658	2.615
Residents' Services	63.388	1.659	1.627
Controlled Parking Account	(23.331)	(0.899)	(0.907)
Social Care	51.343	1.260	1.331
Centrally Managed Budgets	20.454	(0.260)	(0.010)
Total	**167.847**	**8.989**	**7.054**

[1] Figures in brackets represent underspends/ favourable movements

Department[1]	Revised budget month 5 £m	Forecast outturn variance month 5 £m	Forecast outturn variance month 4 £m
Adjustment for limiting use of the unallocated contingency to 50% (£0.850m) and not distributing the contingency (£1.775m) held for the 2018/19 pay award (Cabinet Decision Corporate Revenue Monitor Month 2).	0.000	(2.625)	(2.625)
Revised Overspend	**167.847**	**6.364**	**4.429**

4.2. Action plans received from departments to mitigate the forecast overspends are summarised in table 2. All overspending departments will need to respond with further actions to reduce the net forecast overspend by year-end. Delivery of action plans has been assigned to relevant responsible officers. The forecast variance, net of planned mitigations is £4.475m (£1.955m at month 4). The Strategic Leadership Team and Cabinet will consider what further actions can be taken to address the forecast overspend.

Table 2: Summary of net forecast outturn variances after action plans

Department	Gross forecast outturn variance month 5 £m	Potential value of action plan mitigations month 5 £m	Forecast outturn variance net of planned mitigations £m
Children's Services	2.735	0.190	2.545
Corporate Services	(0.048)	0.000	(0.048)
Finance & Governance	0.326	0.200	0.126
Growth & Place	(0.442)	0.000	(0.442)
Public Services Reform	4.658	0.000	4.658
Residents' Services	1.659	0.294	1.365
Controlled Parking Account*	(0.899)	0.000	(0.899)
Social Care	1.260	1.205	0.055
Centrally Managed Budgets	(0.260)	0.000	(0.260)
Total	**8.989**	**1.889**	**7.100**

Department	Gross forecast outturn variance month 5 £m	Potential value of action plan mitigations month 5 £m	Forecast outturn variance net of planned mitigations £m
Adjustment for limiting use of the unallocated contingency to 50% and not distributing the contingency held for the 2018/19 pay award.	(2.625)	0.000	(2.625)
Revised Overspend	**6.364**	**1.889**	**4.475**

5. CORPORATE REVENUE MONITOR 2018/19 MONTH 5 HOUSING REVENUE ACCOUNT

5.1. The Housing Revenue Account is currently forecasting a favourable outturn variance of £4.366m at month 5 (Appendix 9).

Table 3: Housing Revenue Account forecast outturn - month 5

Housing Revenue Account	**£m**
Balance as at 31 March 2018	**(9.946)**
Less: Budgeted (contribution) / appropriation from balances	1.835
Add: Forecast favourable outturn variance	(4.366)
Projected balance as at 31st March 2019	**(12.477)**

6. DEDICATED SCHOOLS GRANT (DSG)

6.1. The cumulative total DSG deficit balance carried forward to 2018/19 was £7m with an additional £7.4m deficit now forecast in 2018/19. This is a further increase of £0.8m from month 4.

6.2. Cabinet previously approved that reserves of £13.4m be set aside against the forecast deficit. It is recommended that this be increased to £14.2m.

6.3. A dedicated project team is looking at options to tackle the underlying funding deficit.

6.4. An emergent risk has also been identified for 2019/20 regarding Early Years funding because of the commitment to fund school nurseries on a protected budget share basis. Activity and therefore income to fund commitments is less than budgeted for 2018/19. The precise pressure on the budget will be understood following October 2018 and January 2019 census which will determine final grant allocations. A further pressure is shown in risks for 2018/19 to reflect a possible further adverse movement in early years participation. Opportunities to partially mitigate the likely pressure and risk is being modelled.

Table 4: Dedicated Schools Grant

	£m
DSG deficit brought forward from prior years	**7.032**
In-year forecast deficit	7.200
Forecasted deficit at end of 2018/19 financial year	**14.232**

7. GENERAL FUND RESERVES UPDATE

7.1 Reserves can only be spent once. The latest reserves forecast to 2021/22 is summarised in Table 5.

Table 5 – Reserves forecast to 2021/22

General Fund summary	Opening balance	Budgeted contributions to 2021/22	Known commitments to 2021/22	Available balance
	£000's	£000's	£000's	£000's
General balances	(19,004)	0	0	(19,004)
Earmarked reserves	(79,146)	(7,691)	42,615	(44,222)
	(98,150)	**(7,691)**	**42,615**	**(63,226)**
Earmarked restricted	(15,583)	0	0	(15,583)
Total	**(113,733)**	**(7,691)**	**42,615**	**(78,809)**

7.2 Within the table:

- Known commitments identify where approval has been given to use a reserve for a specific purpose (for example invest to save schemes, IT Strategy Investment or managed services implementation).
- Restricted reserves are those which there is a constraint on how they can be used (for example the insurance fund).
- General balances equate to 3.3% (12 days) of gross general fund spend (£575m). They fall within the range, £14m to £20m, identified within the 2018/19 revenue budget report as sufficient to allow for identified risks and to support effective medium term financial planning.

7.3 The forecast in Table 5 does not include further anticipated uses of reserves for which members are yet to make decisions an important example being expected use of reserves to fund the relocation of officers as part of the Town Hall refurbishment.

8. VIREMENTS & WRITE OFF REQUESTS

8.1. Cabinet is required to approve all budget virements that exceed £0.1m. No virements are requested in month 5.

9. CONSULTATION

9.1. All departments.

10. EQUALITY IMPLICATIONS

10.1. 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 Corporate Revenue Monitor.

10.2. In the event that any such adjustments might lead to a service change that could have a negative impact on groups with protected characteristics then an Equality Impact Assessment will need to be carried out.

10.3. Implications completed by Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

11. LEGAL IMPLICATIONS

11.1. There are no legal implications for this report.

11.2. Implications verified by: Rhian Davies, Borough Monitoring Officer, tel. 07827 663794

12. FINANCIAL IMPLICATIONS

12.1. This report is financial in nature and those implications are contained within.

12.2. Implications completed by: Gary Ironmonger, Finance Manager, 0208 753 2109.

13. IMPLICATIONS FOR BUSINESS

13.1. There are no implications for local businesses.

13.2. Implications verified/completed by: Albena Karameros, Economic Development Team, tel. 020 7938 8583.

14. COMMERCIAL IMPLICATIONS

14.1. The report seeks the approval of strategies developed to bring any staffing overspends in line with allocated budgets.

14.2. There are no procurement implications. Commercially, these strategies will have a positive impact on the Council's budgets and spending.

14.3. Implications completed by: Andra Ulianov, Procurement Consultant, x2284

15. IT STRATEGY IMPLICATIONS

15.1. There are no IT implications for this report.

15.2. Implications verified/completed by Howell Huws, Head of Contracts and Operations, tel. 020 8753 5025.

16. RISK MANAGEMENT

16.1. 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.

16.2. Revenue expenditure against budget is monitored by regular reports to the Strategic Leadership Team and Cabinet. These reports provide a snapshot of the revenue position for each Department and for the Council, and provide details of any projected additional budget pressures and risks, or any significant under or overspends. As the Section 151 Officer, the Strategic Director of Finance and Governance is required to keep under review the financial position of the Authority. The monthly revenue monitoring is a key part of this review process. If required, measures will be put in place to address any risks identified through the monitoring process and to contain expenditure within approved budgets.

16.3. Effective monitoring assists in the provision of accurate and timely information to Members and officers and allows services to better manage their resources. Corporate Revenue Monitoring contributes to the delivery of all Council Priorities but chiefly Being Ruthlessly Financially efficient and sound risk management.

16.4. There are a number of general risks to the Council being able to match expenditure with resources this financial year and over the medium term:

- Achievement of challenging savings targets.
- Austerity imposed by national government and its impact on Local Government.
- Brexit and the state of the UK economy.

- Commissioning and Procurement outcomes.
- Impact of the fall in the pound on inflation and pay.
- Demand-led Service Pressures E.g. Adult Social Care, Child Protection etc.
- Potential adjustments which may arise from the various Grant Claims.
- Movement in interest rates.

Risks associated with specific services are mentioned elsewhere in this report.

16.5. Implications verified/completed by: Michael Sloniowski, Risk Manager, tel 020 8753 2587, mobile 07768 252703

LOCAL GOVERNMENT ACT 2000

LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

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

LIST OF APPENDICES

Appendix	**Title**
Appendix 1	Children’s Services Revenue Monitor
Appendix 1a	Dedicated Schools Grant
Appendix 2	Corporate Services Revenue Monitor
Appendix 3	Finance & Governance Revenue Monitor
Appendix 4	Growth & Place Revenue Monitor
Appendix 5	Public Service Reform Revenue Monitor
Appendix 6	Residents’ Services Revenue Monitor
Appendix 6a	Controlled Parking Account Revenue Monitor
Appendix 7	Social Care Revenue Monitor
Appendix 8	Centrally Managed Budgets Revenue Monitor
Appendix 9	Housing Revenue Account Revenue Monitor

APPENDIX 1: CHILDREN'S SERVICES
BUDGET REVENUE MONITORING REPORT MONTH 5

Table 1 - Variance by Departmental Division			
Departmental Division	**Revised Budget**	**Variance Month 5**	**Variance Month 4**
	£000	**£000**	**£000**
Family Services	27,681	2,559	2,484
Special Educational Needs and Disabilities	7,338	351	359
Education	872	0	0
Assets, Operations & Planning	4,556	(175)	(153)
School Funding	(90)	0	0
TOTAL	**40,357**	**2,735**	**2,690**

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Family Services		

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Family Services Social Care Placements - overspend primarily due to the continued increase in service demand, higher unit costs and more complex needs. Funding is not through a formula based on head count meaning that as demand is rising and the budget is reduced for savings, there is limited possibility to contain expenditure within budget. Looked after children numbers have increased to 240 in April 2019 compared with 185 in March 2015. An increase of 55 children at an average cost of £50k per child. As with other London Boroughs, we are seeing a rise in demand from adolescents at risk due to knife crime, child sexual exploitation and children being used for drug trafficking (County lines). Work continues to ensure that the forecast is robust and that young people are placed in the most appropriate placement type for their need. The net increase from period 4 (£0.340m) is predominantly caused by 23 new individuals placed totalling £0.347m. In addition, adjusted end dates and level of care have added £0.171m. £0.132m has been added for section 17 expenditure on escorts and sessional staff which was previously included in the Family Support and Child Protection non-placements forecast. This increase is offset by 12 individuals leaving their placements (-£0.131m) and 5 step-downs reducing the forecast by £0.094m. Contingency has also been reduced by £0.056m and other minor changes have reduced the forecast by £0.030m. The forecast assumes contingency of £0.394m or circa 6.4 FTE which is modelled on 2017/18 net new placements.	2,141	1,801
The Dubs special project to take additional children was intended to be centrally funded as it sits outside the usual remit of children's services. The net overspend on Dubs is £0.169m after allowing for £0.239m growth in the 2018/19 budget and all associated grant income. This overspend is expected to rise to £0.260m in 2019/20 based on the full year cost of placements and changes to associated income. Costs rise as young people become care leavers as the grant income falls significantly.	169	169

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Family Support and Child Protection Staffing pressures arising from the need to use agency staff whilst permanent recruitment is taking place and due to demand pressures (3 additional social workers) are being covered in year through the one-off use of reserve funding of £0.348m. The decrease in forecast from period 4 relates to additional placement related overspend on escorts and sessional staff of £0.242m being reduced and reallocated following a review of the expenditure. £0.146m has moved to the family services placements forecast and £0.030m to Special Education Needs & Disabilities placement forecasts with the remaining forecast removed. This decrease is partly offset by a £0.050m forecast for Children in Need under 3 nursery placements.	6	199
Contact and Assessment Service - The staffing overspend forecast has been eliminated by the service reducing the agency staff to 3 from 10 within the next 3 months having successfully interviewed 3 agency staff to fill newly qualified social worker vacant posts. The remainder has been mitigated by applying previously undistributed staffing inflation budget. Clarity over funding for historical income budgets is being sought to address the remainder of the Contact and Assessment overspend.	91	91
LAC and Leaving Care Non-placement costs - projected increase in service user related travel expenses, interpreter's fees and an additional security requirement as necessary for challenging service users.	187	189
Other minor variances.	(35)	35
Total of Family Services	**2,559**	**2,484**
Special Educational Needs and Disabilities		
Children with Disability Placements - pressure from prior years in relation to complex needs of the current cohort. The total budget for residential children's homes is £1.1m of which one placement accounts for £0.6m. This placement in due to age out in 2019/20.	257	282
DCT, Short Breaks and resources - there is a one off in year pressure on contract expenditure following the delayed opening of the Stephen Wiltshire Centre.	40	40
Other minor variances	54	37
Total of Special Educational Needs and Disabilities	**351**	**359**

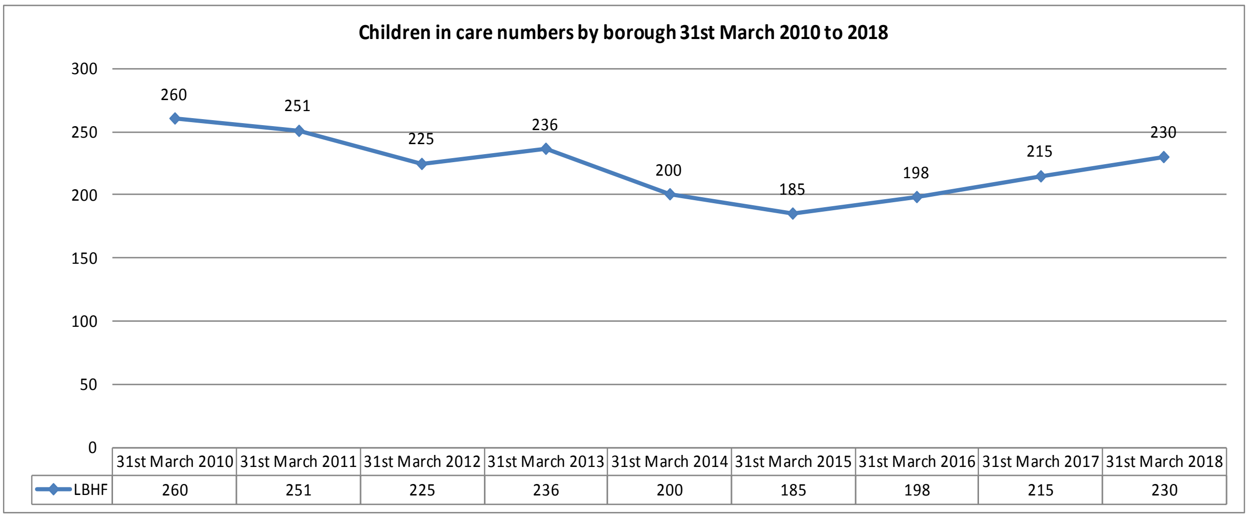
Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Education Service		
No net variance reported	0	0
Total of Education	**0**	**0**
Assets, Operations & Planning		
The underspend predominantly relates to staffing budget held here prior to being allocated out to the service as part of a staffing budget realignment. This will take place in August so staff budgets reflect the new structures implemented as part of 'Moving On'. This underspend partly offsets staffing overspends in Family Services. Although mitigated in year, an overall staffing variance will remain due to pressures in individual services and an overall pressure caused by the unbudgeted 2% pay award estimated at £0.350m. The reduction in forecast from period 4 relates to the recoding of one business support staff member to Education and a reduced call on funds allocated to offset safeguarding overspend.	(175)	(153)
Total of Assets, Operations & Planning	**(175)**	**(153)**
TOTAL VARIANCE	**2,735**	**2,690**

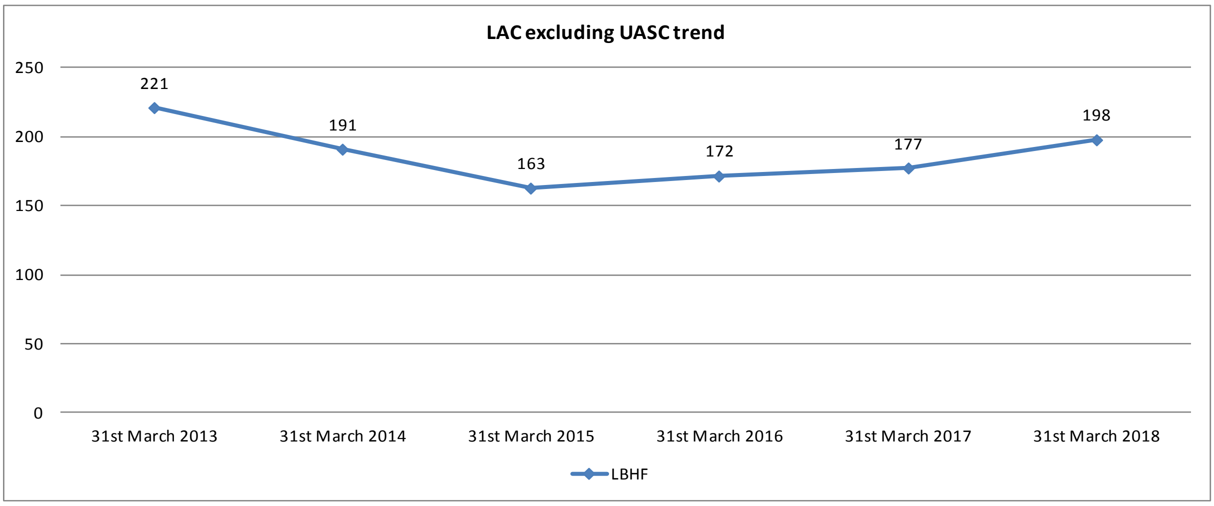
Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
Tower Hamlets Judgement - the likely liability should all connected carers be paid carers fees for prior years possibly back to 2011 is estimated to be in the region of £2.1m. Three families (6 children) have brought claims in previous financial years via the same solicitors totalling £141k. In 2018/19 one family has brought a claim in April with costs expected to be c£20k.	2,100	2,100

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
New Burdens funding - The introduction of the Children and Social Work Act 2017 provides all care leavers up to the age of 25 with access to a personal advisor. We have a duty to provide a service to young people who are 21 or over and not in education, previously our involvement would have ended. The main impact and cost will be the additional social work resource required to support this new co-hort. The 2018/19 New Burdens grant has allocated £15k for this additional support. Initial calculation based on the DfE's assumptions of level of support required have costed the social work resource required as £65k. As this is a new duty on local authorities, it is not yet clear what the likely impact will be.	45	45
Children with Disability Placements - the forecast contains £0.060m contingency for demand led growth so the risk has been reduced. Any net increase in demand above this will increase the overspend on the service. The risk estimate is based on one additional placement with significant complex needs.	190	250
UASC - Risk of cases moving into Care Leavers with ongoing costs.	TBC	TBC
Placements - Placement savings through LAC and Family Assist continue to be monitored to ensure that delivery is on track. The continuing high cost placements forecast puts pressure on this activity being delivered. The number of young people in residential care remains small, however, they are often complex expensive cases meaning that LAC assist must work with the young person for some time before they can be considered for step-down or non-residential placement. In addition to the contingency for net placement increase in year of circa £0.5m, there is a risk of further exceptional demand growth, particularly from high cost residential placements.	300	300
TOTAL RISKS	**2,635**	**2,695**

Supplementary Monitoring Information

Trend data for Looked After Children (LAC) is presented in the graphs below.





	Children in Care numbers						Children in Care rates					
	2013	2014	2015	2016	2017		2013	2014	2015	2016	2017	Decrease/ increase
England	68,070	68,820	69,500	70,450	72,670		*60*	*60*	*60*	*60*	*62*	3%
London	10,080	10,110	9,980	9,860	9,910		*54*	*54*	*52*	*51*	*50*	-7%
LBHF	235	205	185	200	215		*72*	*61*	*55*	*58*	*61*	-15%

APPENDIX 1a: DEDICATED SCHOOLS GRANT
BUDGET REVENUE MONITORING REPORT MONTH 5

Table 1 - Variance by Departmental Division			
Dedicated Schools Grant - Paid in support of the Local Authority's School Budget	**Revised Budget**	**Variance Month 5**	**Variance Month 4**
	£000	**£000**	**£000**
High Needs Block Expenditure	17,950	6,400	6,400
Early Years Block Expenditure	19,520	800	0
Schools Block Expenditure	38,100	0	0
Central School Services Block Expenditure	4,400	0	0
DSG Income	(79,970)	0	0
TOTAL	**0**	**7,200**	**6,400**

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
High Needs Block *(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)*		
A full system review is being undertaken to reconcile activity, funding, and expenditure. A project team and governance is in place to identify opportunities and work streams to recover the financial position on the High Needs Block for the Local Authority and to support Special Schools with their financial planning and efficiency. The forecast overspend of £6.4m in 2018/19 is based on levels of expenditure coming into the new financial year and before mitigations and actions resulting from the High Needs Block Recovery Project. The forecast allows for growth of £0.6m from increasing numbers of Education and Healthcare plans versus the 2017/18 baseline. Analysis is being undertaken to explore the opportunities for expenditure reduction and income generation in 2018/19 and beyond.	6,400	6,400
Total of High Needs Block	**6,400**	**6,400**
Early Years Block *(Funding for Early Years including Two-Year-Old funding and Early Years Pupil Premium)*		

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
There is an emerging pressure on the Early Years Block in 2018/19 because of the commitment to fund school nurseries on a protected budget share basis. Activity and therefore income to fund commitments is less than budgeted for 2018/19. The precise pressure on the budget will be understood following October 2018 and January 2019 census which will determine final grant allocations. A further pressure is shown in risks for 2018/19 to reflect a possible further adverse movement in early years participation. Opportunities to partially mitigate the likely pressure and risk is being modelled.	800	0
Total of Early Years Block	**800**	**0**
Schools Block *(This budget of the DSG forms the core funding for mainstream maintained schools)*		
Nil variance forecast. The budget has been set for 2018/19 on available activity data	0	0
Total of Schools Block	**0**	**0**
Central School Services Block *(Funding for the Local Authorities ongoing responsibilities)*		
Nil variance forecast	0	0
Total of Central School Services Block	**0**	**0**
TOTAL VARIANCE	**7,200**	**6,400**

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
Early Years Dedicated Schools Grant Funded Expenditure 2018/19 Risk £0.8m of cost pressure is included in the period 5 forecast position. There is a further estimated risk of £0.8m in 2018/19 due to rebasing of Early Years Dedicated Schools Grant funding by DfE for both 2017/18 (retrospective adjustment) and 2018/19 in June 2018, and higher than budgeted expenditure for the summer term 2018. Finance are modelling the impact with summer term Early Years census data and activity trend data to determine the likely pressure together with the development of options for mitigation.	800	800 - 1,200
A key risk to High Needs is demand led growth and increasing numbers of Education & Health Care Plans and caseloads. The risk will be updated when data is available around the SEN cohort for the academic year starting September 2018. This risk is in addition to the £500k demand growth versus 2017/18 already assumed in the forecast.	600	600
There has been a request from the Clinical Commissioning Group for an increased contribution to the Speech and Language Contract in 2018/19, which, if agreed, could see a significant increase in the contract value per annum.	330 - 500	330 - 500
2018/19 RISKS	**1730 - 1900**	**1730 - 2300**

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
Early Years Dedicated Schools Grant Funded Expenditure 2019/20 Risk There is an emerging risk for 2019/20 with respect to the Early Years National Funding Formula (NFF). A change in the NFF requires Local Authority to passport funding via the Early Years Dedicated Schools Grant (EY DSG) to all providers based on a participation (activity model) with standard unit rates. This will have an adverse financial impact on the budgets of schools in LBHF who have benefitted from protected payments via lump sum payments until 2018/19. Private and voluntary nursery providers in the borough are likely to see a benefit from this change. 2 Maintained Nursery Schools - Current risk of £1.0m is the full year effect of the EY DSG funding reduction in 2019/20, as there are no firm proposals in the Early Years (EY) Strategy to mitigate this. Options and decisions still need to be made. Work is being undertaken to establish the cost of activities that are not DSG funded and to ensure DSG funded Early Years provision is provided within the funding envelop. 2 Maintained Nursery Schools - Risk of £0.15m. There are currently proposals being modelled to identify a sustainable nursery education provision from September 2019. There is a risk to the sustainability in the Summer term 2019 with respect to the period between the change in the EY funding model from Department of Education and the end of the academic year. The risk is the estimated cost of maintaining the full offer to the current cohort of children until July 2019. This would entail approximately 5/12ths of the annual budget. The risk may be mitigated by financial planning in the schools and the availability of schools reserves to cover the transition. The financial impact on Maintained Primary Schools with Nurseries from 2019/20 is estimated at £0.200m for the Summer tern 2019. This is a worst-case scenario for schools most adversely impacted and if schools were not able to contain within their financial planning.	1,350 (2019/20)	1,350 (2019/20)
2019-20 RISKS	**1,350**	**1,350**

APPENDIX 2: CORPORATE SERVICES
BUDGET REVENUE MONITORING REPORT MONTH 5

Table 1 - Variance by Departmental Division			
Departmental Division	**Revised Budget**	**Variance Month 5**	**Variance Month 4**
	£000	**£000**	**£000**
Human Resources	117	40	0
Executive Services	333	(312)	(312)
Communications	(41)	224	120
TOTAL	**409**	**(48)**	**(192)**

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
COMMUNICATIONS		
Forecast overspend mainly due to underachievement of traded income within the print service. At this stage, it is expected that activity will be in line with that incurred in 2017/18.	224	120
TOTAL COMMUNICATIONS	**224**	**120**
EXECUTIVE SERVICES		
Underspends are forecast on salaries across the division.	(312)	(312)
TOTAL EXECUTIVE SERVICES	**(312)**	**(312)**
HUMAN RESOURCES		
	40	0
TOTAL HUMAN RESOURCES	**40**	**0**
TOTAL VARIANCE	**(48)**	**(192)**

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
None to report	0	0
TOTAL RISKS MANAGED	**0**	**0**

APPENDIX 3: FINANCE AND GOVERNANCE
BUDGET REVENUE MONITORING REPORT MONTH 5

Table 1 - Variance by Departmental Division			
Departmental Division	**Revised Budget**	**Variance Month 5**	**Variance Month 4**
	£000	**£000**	**£000**
Facilities Management and Building Control	394	73	105
Legal and Democratic Services	(76)	0	0
IT Services	539	253	246
Finance	2,078	0	0
Audit, Fraud and Insurance	(33)	0	0
TOTAL	**2,902**	**326**	**351**

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
FACILITIES MANAGEMENT AND BUILDING CONTROL		
Civic Accommodation: Overall overspend due to: unachievable savings and rental income offset by overachievement of rental income (£44k) mainly from Hammersmith Town Hall.	**99**	**97**
BPM Business Support - underspend in staffing costs due to a vacant post in the second half of the year.	**(36)**	**(2)**
Depot Recovery: Unachievable rent income - under terms of the contract the Council is unable to recharge Amey for the usage of depot.	**10**	**10**
TOTAL FACILITIES MANAGEMENT AND BUILDING CONTROL	**73**	**105**
IT SERVICES		
Additional external support costs for the Office 365 platform	122	122
Shared service staffing required to support the current IT service	126	126
Minor Variance	5	(2)
TOTAL IT SERVICES	**253**	**246**
LEGAL AND DEMOCRATIC SERVICES		
Legal Services: External income, especially from conveyancing work, could present itself as a risk if the expected number of hours to be undertaken does not manifest itself throughout the year.	20	20

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Election Services: The service has received a 58% reduction in Government grant for Individual Electoral Registrations since 2015/16, whilst the costs of statutory services relating to contacting residents have been increased due to the growth in the borough profile.	50	50
Governance and Scrutiny: Underspends across the service mainly due to vacancies held and a reduction in lease hire costs.	(70)	(70)
TOTAL LEGAL AND DEMOCRATIC SERVICES	**0**	**0**
FINANCE		
	0	0
TOTAL FINANCE	**0**	**0**
AUDIT, FRAUD, AND INSURANCE		
	0	0
TOTAL AUDIT, FRAUD AND INSURANCE	**0**	**0**
TOTAL VARIANCE	**326**	**351**

Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
TFM Contract: Unplanned costs arising from the termination of the LINK shared service.	400	400
Lila Huset building - If rent arrears dispute not resolved and a new tenant not found.	450	450
Additional resource may be required to fund the Coroner's service to clear a backlog of cases. This has not been factored into the forecasts at this stage.	TBC	TBC
TOTAL RISKS MANAGED	**850**	**850**

Supplementary Monitoring Information
It should be noted that Facilities Management and Building Control transferred over to Finance and Governance effective from the 9th July. Finance and Governance is a support function. Trends used to inform expenditure forecasts include number of employees and their monthly cost, including those recruited via agencies, any other expenditure in prior periods and financial years and contract payments, including fixed and variable amounts. Trends used to inform income forecasts (mainly services recharged to other departments for legal, IT, property works etc) are demand related, examples include number of hours of case work, number of devices or log ins and property charges above the fixed contract level.

APPENDIX 4: GROWTH AND PLACE
BUDGET REVENUE MONITORING REPORT MONTH 5

Table 1 - Variance by Departmental Division			
Departmental Division	**Revised Budget**	**Variance Month 5**	**Variance Month 4**
	£000	**£000**	**£000**
Housing Solutions	7,605	(518)	(486)
Housing Strategy & Growth	212	0	0
Economic Development, Skills Service	877	0	0
Planning	1,087	21	20
Finance & Resources	227	0	0
Programme Management	19	0	0
Property Services	87	0	0
Development & Regeneration	5	0	0
Building and Property Management	(605)	55	15
TOTAL	**9,514**	**(442)**	**(451)**

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Housing Solutions		
There is a forecast increase in average client numbers (from a budget of 921 units to a forecast of 1,039 compared to 1,043 at CRM 4) in Private Sector Leased (PSL) temporary accommodation schemes.	**514**	**604**
There is a forecast reduction in average client numbers (from a budget of 190 clients to a forecast of 152 compared to 159 at CRM 4) in Bed and Breakfast (B&B) temporary accommodation. It is also expected that there will be an increase in the bad debt provision of £86k due to an increase in the number of former tenants as client numbers fall.	**(222)**	**(280)**
Flexible Homelessness Support Grant provided by central Government to cushion the impact of the removal of the management fee for Temporary Accommodation (after allocating £207,600 to B&B, £2,253,400 to PSL and deducting an assumed £110,000 which we expect Registered Providers to claim to cover lost management fees). Government have stated the aim is to ‘empower LAs with the freedom to support the full range of homelessness services they deliver’ and plan their provisions with more certainty. It should be noted that so far this is only promised for 18/19 (£3.38m) and 19/20 (£2.81m) so there is a risk of significant budget pressure thereafter.	**(810)**	**(810)**
TOTAL of Housing Solutions	**(518)**	**(486)**

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Housing Strategy & Growth		
	0	0
TOTAL of Housing Strategy & Growth	**0**	**0**
Economic Development and Skills Service		
	0	0
TOTAL of Economic Development & Skills Service	**0**	**0**
Planning		
Development Management - an overspend of £109k relates to exceptional costs for Counsel, legal and other specialist advice on a number of specific applications. This is partially offset by other minor variances of (£26k) mostly relating to vacant posts.	83	86
Planning Regeneration - this relates to minor staffing, running cost and income variances.	7	(15)
Policy - this relates to staffing vacancies mainly arising from interim arrangements pending senior management recruitment.	(69)	(51)
TOTAL of Planning	**21**	**20**
Finance & Resources		
	0	0
TOTAL of Finance & Resources	**0**	**0**
Programme Management		
	0	0
TOTAL of Programme Management	**0**	**0**
Property Services		
	0	0
TOTAL of Property Services	**0**	**0**
Development & Regeneration	**0**	**0**
	0	0
TOTAL of Development & Regeneration	**0**	**0**
Building and Property Management (BPM)		

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Rent and Other Properties: There is a forecast unachievable rental income of £111k, repairs and maintenance for Lyric Theatre of £10k.	**121**	**33**
Valuation Services: there are forecast underspends on legal costs (£26k), staffing recharges of (£30k) and carbon reduction energy rebates (£10k).	**(66)**	**(18)**
Total of BPM	**55**	**15**
TOTAL VARIANCE	**(442)**	**(451)**

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
Overall benefit cap	131	150
Direct payments (Universal Credit)	102	116
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	380	434
Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	158	180
There is a risk of large families being accommodated in B&B	151	172
Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast	295	337
Several Economic Development schemes are awaiting formal approval to use Section 106 funds.	1,098	892
Adult Learning & Skills Service - If the Adult Community Learning Centre (ACLC) is decanted from present site and no alternative site is confirmed, then total fees income shortfall could be £145,833 (£250,000 full academic year /12*7 months Sept to March).	146	146
Earmarked reserves have been utilised in recent years to accommodate the accumulated effect of annual reductions in grant funding for the Adult Learning & Skills service. The current risks exceed the funding available in the earmarked reserve.	285	285
Affordable housing and regeneration projects - feasibility studies on GF land, e.g. Linford Christie stadium	450	450
There is a risk that the costs of current and future work in producing Supplementary Planning Documents will exceed the budgets and funding available.	50	50

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
In recent years, the cost of judicial reviews and major planning appeals has been met from earmarked reserves but these funds are now exhausted and therefore, there is a risk of an overspend against the budget.	590	593
Expenditure incurred on disposed assets cannot be met by disposal receipts and on properties not being sold.	20	20
Lyric Theatre - Unfunded repairs and maintenance costs above the agreed cap of £50k.	100	100
TOTAL RISKS MANAGED	**3,955**	**3,925**

Supplementary Monitoring Information

Long Term Trends:

The Temporary Accommodation (TA) service faces a long-term trend of:
- rising rents,
- constraints on income collection because of Welfare Reform
- increases in demand from homeless families.

The number of households in Temporary Accommodation is increasing annually (1,214 at April 16; 1,324 at April 17; 1,444 at April 18). The current number of households in Temporary Accommodation is 1,440 and this represents a rise of over 18% since April 2016 at a time when the London average has increased by only 5%. TA numbers are projected to increase to 1,559 at April 19; 1,674 at April 20 and 1,789 at April 21.

Since the Homelessness Reduction Act came into effect in April 2018, there has been a significant increase in homelessness approaches and caseloads. 363 new Part 7 homeless applications were made between April 18 and August 18, an average of 73 per month. This compares to 173 for April 17 to August 17, an average per month of 35 and an average of only 27 per month in the last quarter of 2017/18. This is an increase of 110% when compared to the same period last year.

The number of housing enquiries has also more than doubled (108% increase) when April to August 18 are compared with the same period in 2017, the average is now 216 approaches per month, compared with 99 per month for the same period last year. This covers unique visits to Assessment and Prevention for housing related advice and assistance, either in person, by phone or by email. It includes instances where a homeless application is made, and those where just advice was provided.

Supplementary Monitoring Information
Another significant pressure on the service, is the new requirement within the Homelessness Reduction Act, to carry out individual Personal Housing Plans with each eligible person who is either homeless or threatened with homelessness. This is a completely new duty, so direct comparisons cannot be made with previous years. However, these more tailored plans, created around the unique requirements of each person are taking an average of 2 hours each. (This length of time is being commonly reported across London). Even with a third of cases ‘failing to engage (which again is comparable with other London authorities), it is an increase of 4.3 hours of work per day. The service is focussing on tightly managing its acceptance duty. Cost are being managed and the risk of further cost pressures is being monitored and managed closely as part of a package of measures within the Temporary Accommodation strategy.
The Flexible Homelessness Support Grant provided by Government is cushioning the Council from the impact of the removal of the management fee for Temporary Accommodation. This and other related government grants will diminish next year and potentially disappear from 2020/21 as Government has not confirmed further allocations beyond next year. This could result in the loss of at least £4.2m and potentially up to £9.3m of grant between this year and 2021/22 and a worst-case scenario of £4m per year thereafter if no new Government grant allocations are confirmed. Cabinet in October have been asked to approve an investment in private rented sector accommodation to reduce numbers in temporary accommodation, however assuming this mitigating procurement strategy is successful, there remains a risk of a net loss of income on the General Fund of at least £2.1m and potentially up to £7.2m over the same period.
Planning income in recent years has fluctuated between £3.5m (2016/17), £3.1m (2017/18) and is currently forecast to reach £3.7m in 2018/19. The forecast is being closely monitored and any variance from the income target will be reported here. The inherent volatility of planning income means it is difficult to predict future income expectations due to several factors including: • Changes to the statutory charging schedule • Economic factors such as the impact on planning activity of Brexit • 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 (they don’t want to flood the local market) • Adverse weather conditions

APPENDIX 5: PUBLIC SERVICES REFORM
BUDGET REVENUE MONITORING REPORT MONTH 5

Table 1 - Variance by Departmental Division			
Departmental Division	**Revised Budget**	**Variance Month 5**	**Variance Month 4**
	£000	**£000**	**£000**
Public Services Reform	**2,811**	4,658	2,615
TOTAL	**2,811**	**4,658**	**2,615**

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Public Services Reform		
Potential underachievement on external sales	2,482	1,862
Family Support. £1m of this overspend relates to unachieved savings. The forecast is calculated assuming no contracts novate to the Family Support until 2019/20 and working capital payments of £310k each month. While there is the potential for the delivery of these savings to be passed over to Family Support it is highly unlikely that they will be able to deliver savings this financial year. An open book arrangement will be introduced.	1,381	0
Advertising Hoardings: mainly due to shortfall in income from profit sharing sites and new sites that did not proceed. The movement relates to unanticipated changes from the Bentworth Road site.	646	603
Supporting People - £209k of 2018/19 savings target of £359k relating to Mental Health Contracts have been identified.	150	150
TOTAL VARIANCE	**4,658**	**2,615**

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
Contract management savings – reported as high risk against delivery in April. Therefore 50% of savings (£1,000k budget change 18/19) to be delivered reported as a risk.	500	500
TOTAL RISKS MANAGED	**500**	**500**

Supplementary Monitoring Information
Much of the expenditure in PSR relates to contract payments or regular payments to third sector providers. Information used to forecast includes a schedule of commitments, contract documentation and any changes in demands for services. For income streams a pipeline of opportunities is used to forecast for commercial activity. The advertising hoarding forecast is calculated on a site by site basis.

APPENDIX 6: RESIDENTS' SERVICES
BUDGET REVENUE MONITORING REPORT MONTH 5

Table 1 - Variance by Departmental Division			
Departmental Division	**Revised Budget**	**Variance Month 5**	**Variance Month 4**
	£000	**£000**	**£000**
Cleaner, Greener & Cultural Services	8,951	**16**	**20**
Transport and Highways	12,912	**148**	**170**
Leisure & Parks	4,395	**52**	**50**
Environmental Health, Community Safety & Emergency Planning	6,265	**274**	**319**
Other LBHF Commercial Services	(238)	**240**	**240**
Executive, Finance and Contingency	646	**(29)**	**(29)**
Building Control and Technical Support Services	1,288	**107**	**144**
Street Cleansing and Street Enforcement	11,969	**57**	**48**
Customer Services	14,548	**794**	**665**
Libraries	2,628	**0**	**0**
Prevent	25	**0**	**0**
TOTAL	**63,388**	**1,659**	**1,627**

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Cleaner, Greener & Cultural Services		**0**
Salary budget pressure as 2% pay award now being absorbed.	18	18
£341k underspend on waste disposal due to continuation of the reduced recyclate processing rate. Forecast assumes tonnages in line with 2017/18, YTD tonnages same as last year, however income relating to 2017/18 paid this year has increased the underspend. £40k underspend in Commercial Waste also mainly due to reduced waste disposal costs partially offset by anticipated income shortfall.	(381)	(379)
£100k commercial income saving for Parks and Markets Events may not be delivered.	90	87
Filming: £133k adverse shortfall in Filming as outturn is forecast in line with last year. Events: £172k adverse income shortfall made up by Hammersmith Town Hall Lettings £72k and £52k shortfall on funfairs (due to restrictions on using Shepherds Bush Green at certain times) £26k on concessions in parks and £20k on miscellaneous income. £7k Security (Amey) underspend. Reduction in staff costs of £10k offset by spend on Boat race and Playday of £7k.	289	294
Total of Cleaner, Greener & Cultural Services	**16**	**20**

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Transport & Highways		
Salary budget pressure as 2% pay award is to be funded by departmental budgets.	64	64
Metro Wireless WIFI income. This has never achieved the amounts originally estimated.	73	73
Network Management Fixed Penalty Notice (FPN) income. Rule changes following developments in case law mean that the FPN target cannot be achieved in full.	(13)	(7)
Network Management license income.	101	48
Forecast shortfall in recharges to projects. Additional projects may arise in year that will reduce this overspend.	112	155
General Maintenance: cheaper materials to be used in road repairs.	(100)	(100)
Land Survey underspend due to IT charges to TFL.	(40)	(40)
Streetlighting Energy: Ongoing reduction in energy use from LED replacement project.	(41)	(41)
Temporary Traffic Order surplus.	(25)	0
Other overspends.	17	18
Total of Transport & Highways	**148**	**170**
Leisure and Parks		
Salary budget pressure as 2% pay award is to be funded by departmental budgets.	8	8
Increase in recharge to Wormwood Scrubs.	(29)	(29)
Forecast legal and consultancy fees on new contract for Leisure Contracts.	43	43
Forecast overspend on Grounds Maintenance and repairs.	6	6
Salaries net underspend.	(22)	(22)
Additional water charges due to installation of meters.	34	33
Higher forecast for Linford Christie energy costs.	10	10
Additional cemeteries income.	(13)	(13)
Additional parks income.	(3)	(5)
Other overspends.	18	19
Total of Leisure and Parks	**52**	**50**
Environmental Health, Community Safety & Emergency Planning		
Licensing & Trading Standards £11k: Previously forecasting a £59k forecast Licensing income shortfall, mostly due to £40k reduction in Olympia license fee (from £93k in 2016/17 to £53k in 2018/19), but other licensing income is also forecast to be £19k less than budget. Permanent virement funded by the Parking surplus has now resolved this shortfall.	(11)	(11)
Community Safety: £120k income shortfall due to non-delivery	120	120

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
of income savings (£100k deployable CCTV and £20k Professional Witness). This has been escalated to identify a permanent resolution to this budget pressure going forward.		
Emergency Planning & Transport: Previously forecasting a £70k income shortfall in Leasing and Fleet Management. Permanent virement funded from the Parking surplus has addressed this issue.	0	0
Overspend on salary budget as 2% pay award will be funded by departmental budgets (+£113k), forecast overspend in Noise & Nuisance to ensure shifts are fully staffed, absences of permanent staff due to leave or illness shifts must be covered by agency staff (£75k); overspends in Environmental Quality (£21k) and Food Safety (£32k) and other smaller net overspends, mostly long-term sickness cover in CCTV (£38k). Offset by £47k drawdown from reserves to cover overspend in Silver Rota and Civil Protection.	282	283
£71k Income Overachievement: Additional income in Noise & Nuisance (£24k) and Environmental Quality (£35k) largely due to recharges for officer time to Thames Tideway and £12k Trading Standards for FPN's and management fees for work undertaken on behalf of London Trading Standards. Air Quality Monitoring work funded by S106 (£26k).	(71)	(80)
Air Quality Monitoring work to be funded by S106.	(26)	0
Other minor net underspends.	(20)	7
Total of Environmental Health, Community Safety & Emergency Planning	**274**	**319**
Other LBHF Commercial Services		
Forecast shortfall on CCTV ducting contract (£50k income v £290k income budget). New contact being negotiated likely to be in the region of £50k pa. Shortfall can be funded from one off departmental reserves this year if required, but a permanent resolution to the budget gap is required from 2019/20.	240	240
Total of Other LBHF Commercial Services	**240**	**240**
Executive, Finance and Contingency		
Predicted underspend having transferred heads of service to home cost centres. However, consideration needs to be given to the funding of the new Director of Resident's Services post. Notionally funded by the budget for the Director of Environmental Health at present. However, when the backfill arrangements are put in place for the Director of EH we will have one additional Director post in the department and no additional budget has been confirmed. This underspend will be required to part fund this post and additional funding identified.	(29)	(29)

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Total of Executive, Finance and Contingency	**-29**	**-29**
Building Control and Technical Support Services		
Building Control: Shortfall on net income of £129k of which £14k relates to the 2% pay award to be funded by departmental budgets.	124	124
Technical Support: overspend on staffing costs of £26k of which £13k relates to unfunded pay award of 2%. This is offset by underspend in supplies and services of (£8k)	18	20
BPM Directorate Services: Vacant post for the 2nd half year.	(35)	0
Total of Building Control and Technical Support Services	**107**	**144**
Street Cleansing and Street Enforcement		
Overspend on salaries because of overtime, establishment not covered by budget and 2% pay award not funded corporately.	44	77
Additional spend on smartbanks and bulky waste.	66	30
This forecast assumes delivery of the £159k saving identified by E&Y to be achieved through a renegotiation of the waste contract but this remains high risk.	0	0
Minor Budget underspends	(53)	(59)
Total of Street Cleansing and Street Enforcement	**57**	**48**
Customer Services		
£706k overspend on staffing. £110k of this relates to the 2% pay award funded by departmental budgets, however the majority of this is due to a delay in delivery of savings (£481k). **£93k** AD post - a funding request for this can be progressed based on information received. **£32k** additional manager in H&F In Touch. This saving was intended to be delivered through robotic process automation plus other process efficiencies. Work is being undertaken in the service to deliver these by 2019/20. **£40k** in year pressure due to new Out of Hours contract (unit cost increased from £2.56 to £6.08 per telephone call) and £48k other smaller pressures	794	665
Total of Customer Services	**794**	**665**
Libraries and Archives		
	0	0
Total of Libraries and Archives	**0**	**0**
Prevent		
	0	0
Total of Prevent	**0**	**0**
TOTAL VARIANCE	**1,659**	**1,627**

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
Commercial opportunities in libraries - potential risk that income targets will not be achieved.	200	200
Smart Open libraries - potential risk that savings will not be achieved due to delays in implementation.	100	100
TOTAL RISKS MANAGED	**300**	**300**

Supplementary Monitoring Information
Taken together with Parking (in Appendix 6a) the overall variance in Residents Services is £760k adverse. The biggest financial pressure in this report is the £794k adverse position in Customer Services. The transfer of this service into Residents Services this year and the arrival of a new assistant director has led to a full review of the finances of this service. £481k of budget reductions made for 18/19 will not be delivered this year. Residents Services must fund £530k of pay awards in 2018/19 and it is managing to do that in most areas except Customer Services. These costs will be budgeted for as part of the budget process for 2019/20. Residents Services will look at the feasibility of bringing forward savings ideas from 2019/20 to help balance the budget in 2018/19.

APPENDIX 6a: CONTROLLED PARKING ACCOUNT
BUDGET REVENUE MONITORING REPORT MONTH 5

Table 1 - Variance by Departmental Division			
Departmental Division	**Revised Budget**	**Variance Month 5**	**Variance Month 4**
	£000	**£000**	**£000**
Controlled Parking Account	**(23,331)**	**(899)**	**(907)**
TOTAL	**(23,331)**	**(899)**	**(907)**

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Parking Control		
Pay and display income overachievement	(1,200)	(2,194)
Permits income overachievement	(206)	(108)
Parking (PCN) income overachievement	(304)	(377)
Towaways income achievement	(18)	0
Suspensions income underachievement	1,100	1,102
Underspend of £223k on supplies and services primarily due to reduction in cost as result of completion rollout of cashless parking: reduction in cash collection and maintenance cost.	(219)	(365)
Salary underspend £600k once outstanding budget virement is processed.	(164)	532
Salary overspend due to unfunded pay award.	112	112
Virement to cover 19/20 growth items.		391
TOTAL of Parking Control	**(899)**	**(907)**
TOTAL VARIANCE	**(899)**	**(907)**

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
None to report	0	□
TOTAL RISKS MANAGED	**0**	**0**

Supplementary Monitoring Information
Parking is managing to absorb the £112k cost of the 2018/19 pay award.

APPENDIX 7: SOCIAL CARE
BUDGET REVENUE MONITORING REPORT MONTH 5

Table 1 - Variance by Departmental Division			
Departmental Division	**Revised Budget**	**Variance Month 5**	**Variance Month 4**
	£000	**£000**	**£000**
Care and Assessment	21,860	(103)	79
Learning Disability	11,847	456	555
Mental Health	6,642	339	287
In-House Services	2,869	222	64
Community Independence & Hospital Service	1,578	0	0
Resources	5,953	0	0
Directorate & Support Service	494	0	0
2% Pay-Award Increased Impact on service budgets	0	205	205
Commissioning	99	140	140
TOTAL	**51,343**	**1,260**	**1,331**

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Care and Assessment		
Like the previous year, there are continued service pressures in social care resulting from the need to discharge a high volume of people from hospital at a much earlier stage. This continues to lead to a significant increase in home care costs. The main reasons for the decrease in the net overspend of (£182,00) is due to tight managerial controls and a reduction in placement numbers of 5 residents.	(103)	79
Total Care and Assessment	**(103)**	**79**
Learning Disability		
The overspend is mainly due to full year effect of Placements and Direct Payments which started at the end of last year. Since last month the forecast has changed due to decreased costs following one large package of service ending. The service will reduce this overspend through planned managerial actions.	456	555
Total Learning Disability	**456**	**555**
Mental Health		
Mental Health is projecting overspend due to an increase of 3 new placements. Since last month the reassessment of care needs has resulted in additional costs.	339	287
Total Mental Health	**339**	**287**
In-House Services		
Careline provides but is not funded to provide a 24-hour service. The continued overspend will be met by reductions elsewhere in	222	64

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
the service and review of the options will be presented to the Lead Cabinet Member.		
Total In-House Services	**222**	**64**
Commissioning		
There is an overspend in the safeguarding services due to increase in the demand for Independent Mental Capacity Assessments and an increase in the contract in addition to increased safeguarding assessments.	140	140
Total Commissioning	**140**	**140**
2% Pay-Award Impact		
This projected overspend due to 2% pay award increase in costs and the budget not allocated to services but held corporately to mitigate overspends.	205	205
Total 2% Pay-Award Impact	**205**	**205**
Total Variance	**1,260**	**1,331**

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
Estimated costs relating to Learning Disability service users transitioning from Children Services to Adult Social Care.	264	264
Year on year savings from Transformation Commissioning Programme are increasingly difficult to deliver and the department is concerned given the overall budgetary position.	900	900
TOTAL RISKS MANAGED	**1,164**	**1,164**

Supplementary Monitoring Information
The Department continues to experience significant budget pressures. The Department is projecting overspend of £1,260,000 as at end of August (period 5) a decrease of (£71,000) since the end of July (period 4) forecast. This is mainly because of the full year implications of increases in care packages due to the greater acuity of need in the service from 2017/18. Since last month, there has been 5 reduction of placement numbers which is the main reason for the improvement in the forecasts of (£229,000) which is offset by £158,000 increased Careline staffing costs for a 24/7 service. Social care has factored into the forecast the new additional one-off funding from the Adult Social Care Grant of £574,000 to partly mitigate the some of these pressures. Historically, the Department's budget has had underlying budget pressures, which were partly mitigated in year by using a combination of management actions to control the budget, one off reserves and from last year with the Improved Better Care Funding. At this early stage of the year, the department is highlighting a maximum risk of £1.164m

Supplementary Monitoring Information						
due potential additional transitional service users and difficulty of some in year savings at risk of non-delivery.						
Trend Data						
Placements						
	Number of Clients	**Unit Costs**				
April 2017	472	£862.51				
March 2018	500	£895.57				
August 2018	519	£916.50				
There were 28 new placements in 2017/18 which creates an increase in forecast of over £600K if we assume all clients are in placement for half the year. The weekly cost of placements has increased by £20.93 per week. However, there has been the 19 placements increase in clients over a 5-month period in 2018/19.						
Home Care						
	0-7hrs p/w	**7-14hrs p/w**	**14-28hrs p/w**	**28+hrs p/w**	**Total**	
April 2017	515	372	330	125	1342	
March 2018	489	347	317	155	1308	
August 2018	518	369	332	159	1378	
Home Care activity breakdown by Service users age range						
17/18 April 2017		**18-64**	**65-74**	**75-84**	**85+**	**Total**
0-7hrs p/w		145	94	156	120	**515**
7-14hrs p/w		86	59	128	99	**372**
14-28 hrs p/w		62	44	104	120	**330**
28+ hrs p/w		15	13	41	56	**125**
Total		**308**	**210**	**429**	**395**	**1342**
17/18 March 2018		**18-94**	**65-74**	**75-84**	**85+**	**Total**
0-7hrs p/w		130	82	150	127	**489**
7-14hrs p/w		74	58	108	107	**347**
14-28 hrs p/w		68	50	87	112	**317**
28+ hrs p/w		23	21	52	59	**155**
Total		**295**	**211**	**397**	**405**	**1308**
18/19 August 2018		**18-64**	**65-74**	**75-84**	**85+**	**Total**
0-7hrs p/w		147	86	155	130	**518**
7-14hrs p/w		81	59	116	113	**369**
14-28 hrs p/w		67	53	95	117	**332**
28+ hrs p/w		25	23	47	64	**159**

Supplementary Monitoring Information						
Total		**320**	**221**	**413**	**424**	**1378**
From the above tables you can see increasing/more complex needs in Home care customers, demonstrated by the increase in 34 cases of 28hrs+ per week, despite the slight drop in client numbers towards the end of 17/18 FY. This might be explained by some Home Care customers who are discharged from Hospital straight back into the community and increasing number of 85+ living at home.						
Direct Payments activity breakdown by Service users' age range.						
	18-64	65-74	Age 75-84	Age 85+	Number of Clients	Average Weekly Cost
April 2017	268	67	70	79	484	£315.00
March 2018	256	63	75	77	471	£322.00
August 2018	246	63	72	73	454	£351.00
There has been a drop in client numbers since the beginning of 2017/18 however the increasing weekly cost implies that clients' needs have been increasing leading to higher care packages.						
Assumptions 1. Projections based on client numbers on Mosaic as at the end of August 2018 (assumes Mosaic data is up to date and correct). 2. Assumes no increase in clients in 2018/19 therefore we only forecast based on live clients on Mosaic. This is a more riskier approach than in previous years when clients not in Mosaic were factored into the forecast. 3. LD Transitions for 18/19 have been calculated but are not included in the forecast until Care Package is reflected in Mosaic.						

APPENDIX 8: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING REPORT MONTH 5

Table 1 - Variance by Departmental Division			
Departmental Division	**Revised Budget**	**Forecast Variance Month 5**	**Forecast Variance Month 4**
	£000	**£000**	**£000**
Corporate & Democratic Core	3,708	120	120
Housing Benefits	(328)	0	0
Levies	1,570	(40)	(40)
Net Cost of Borrowing	282	0	0
Other Corp Items	6,174	(180)	70
Pensions & redundancy	9,048	(160)	(160)
TOTAL	**20,454**	**(260)**	**(10)**
Adjustment for limiting use of the unallocated contingency to 50% and not distributing the contingency held for the 2018/19 pay award		(2,625)	(2,625)
Revised Variance	**20,454**	**(2,885)**	**(2,635)**

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Corporate & Democratic Core		
There is a forecast overspend on net Shared Accommodation costs after factoring in the changed accommodation profile post Moving On.	120	120
Corporate & Democratic Core Total	**120**	**120**
Housing Benefits		
	0	0
Housing Benefits Total	**0**	**0**
Levies		
Corporately funded Levies are forecast to be under budget.	(40)	(40)
Levies Total	**(40)**	**(40)**
Net Cost of Borrowing		
	0	0
Net Cost of Borrowing Total	**0**	**0**
Other Corp Items		
Forecast underspend on NNDR contingency held to cover NNDR inflation	(80)	(80)
Forecast overspend on the Land Charges income	150	150
Underspend due to the unused auto enrolment contingency. Analysis of the ratio of Employers contributions to total	(250)	0

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
salaries before auto enrolment was 13.9%. Analysis of this ration after auto enrolment is 13.86%. No discernible increase in this ration indicate that auto enrolment did not increase employer pension costs and the budget does not need to be released.		
Other Corp Items Total	**(180)**	**70**
Pensions & redundancy		
Corporately funded pension costs from historic redundancy decisions are forecast to be under budget.	(160)	(160)
Pensions & redundancy Total	**(160)**	**(160)**
TOTAL VARIANCE	**(260)**	**(10)**

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
There is a risk that a reduction in cash balances will reduce the amount of investment income by up to £259k. There is a mitigating factor that interest rates may rise which could lead to a favourable variance of up to £250k.	250	250
TOTAL RISKS MANAGED	**250**	**250**

Supplementary Monitoring Information
£0.8m of the Unallocated Contingency remains uncommitted after allowing for existing commitments and applying £0.85m of the budget to cover the council wide forecast overspend.

APPENDIX 9: HOUSING REVENUE ACCOUNT

BUDGET REVENUE MONITORING REPORT MONTH 5

Table 1 - Variance by Departmental Division			
Departmental Division	**Revised Budget**	**Forecast Variance Month 5**	**Forecast Variance Month 4**
	£000	**£000**	**£000**
Housing Income	(74,523)	92	124
Finance and Resources	7,934	(75)	(47)
Housing Services	10,997	0	0
Property Services	2,932	0	3,640
Housing Repairs	14,820	477	129
Housing Solutions	217	0	0
Housing Strategy	297	0	0
Adult Social Care	48	0	0
Regeneration	362	0	0
Safer Neighbourhoods	622	0	0
Capital Charges	25,356	(297)	0
Business & Programme Management	1,825	0	0
SLA recharges	6,385	0	0
Revenue Contribution to Capital	4,563	(4,563)	(4,563)
(Contribution to) / Appropriation from HRA General Reserve	**1,835**	**(4,366)**	**(717)**

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Property Services		
Fire Safety Expenditure - this additional revenue expenditure on fire safety, for which information provided at the time of the budget did not indicate this level of revenue costs for the fire safety projects. This will be funded from the earmarked Fire Safety Plus reserve.	0	3,640
Property Services core costs - no variance is currently anticipated.	0	0
Total: Property Services	**0**	**3,640**
The out of scope element of the repairs contract with MITIE is predicted to overspend by £581k. This is due mainly to an increase in the identification by MITIE of the number of chargeable jobs, increases in void costs and increases in the number of disrepair cases. Of this, it is estimated that (£104k) will be recoverable from insurance and this will be confirmed by the loss adjustors in the coming months.	477	129
Total: Housing Repairs	**477**	**129**
Housing Income		

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
Shortfall in rental income from garages of £138k (last month this was £158k) due to slippage in appointing a garages refurbishment contractor. The contractor was expected to be in place by mid-February 2018, however no competitive tenders were received and the work has been retendered. In addition, there is an anticipated shortfall on income from advertising hoardings of £35k, This is offset by favourable variances on income from commercial property of (£65k) and Estate Pay & Park income (£16k).	92	124
Total: Housing Income	**92**	**124**
Housing Services		
	0	0
Total: Housing Services	**0**	**0**
Finance & Resources		
There is a forecast underspend on staffing costs within the Finance team of (£75k) primarily due to delays in recruitment to vacant permanent positions which are now filled.	(75)	(47)
Total: Finance and Resources	**(75)**	**(47)**
Safer Neighbourhood		
	0	0
Total: Safer Neighbourhood	**0**	**0**
Adult Social Care		
	0	0
Total: Adult Social Care	**0**	**0**
Housing Solutions		
	0	0
Total: Housing Solutions	**0**	**0**
Housing Strategy		
	0	0
Total: Housing Strategy	**0**	**0**
Regeneration		
	0	0
Total: Regeneration	**0**	**0**
Capital Charges		
The charge for depreciation this year is expected to be lower than budgeted following the annual revaluation of the Council's	(297)	0

Table 2 - Variance Analysis		
Departmental Division	**Month 5 £000**	**Month 4 £000**
homes resulting in a minor change from the budgeted figure approved by Cabinet in February 2018.		
Total: Capital Charges	**(297)**	**0**
Revenue Contribution to Capital		
A revenue contribution to capital is not expected to be necessary this year due to a low level of spend within the HRA capital programme. This is mainly due to many schemes being in the planning phase with a degree of uncertainty and compliance checks needed in the planned programme. This mainly relates to major and minor refurbishment works and to the Fire Safety Plus programme.	(4,563)	(4,563)
Total: Revenue Contribution to Capital	**(4,563)**	**(4,563)**
SLA Recharges		
	0	0
Total: SLA Recharges	**0**	**0**
Business and Programme Management		
A forecast overspend on staffing costs of £125k due to unbudgeted recruitment required for operational delivery purposes is entirely offset by other staffing underspends resulting from existing vacancies within the systems and performance improvement teams.	0	0
Total: Business and Programme Management	**0**	**0**
TOTAL VARIANCE	**(4,366)**	**(717)**

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
Additional Fire Safety Costs - following the fire at the Grenfell housing tower block in Kensington and Chelsea, the Council has put in place the Fire Safety Plus Programme to make fire safety improvements to the housing stock above and beyond the current legal minimum standards. There remains a risk that more work may be needed following the outcome of the Grenfell Public Enquiry.	unknown	unknown
The implementation of the Hampshire Integrated Business Centre systems and its impact on service delivery - most notably in terms of risks to income collection, arrears management and the associated bad debt risk, financial and management reporting, systems assurance and reconciliation reporting, the time taken to resolve payment issues, the opportunity cost of officer time in managing	unknown	unknown

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	**Risk At Month 5 £000**	**Risk At Month 4 £000**
issues arising and other factors.		
MITIE Out of Scope - A review of revenue repair costs and volumes on the out of scope element of the MITIE repairs and maintenance contract indicate that there remains a risk of a further overspend this year. Officers are reviewing the position monthly in detail.	TBC	TBC
The impact of the Growth & Place restructure: The net impact of the restructure most notably additional resource requirement in the Property Services team and the further roll out of the concierge service. Finance Officers are working closely with the project team costing the emerging proposals.	unknown	unknown
TOTAL RISKS MANAGED	**Not Quantified**	**Not Quantified**

Supplementary Monitoring Information
Repairs and Maintenance: Expenditure on the Out of Scope (OOS) element of the contract with MITIE is forecast at £3.83m for 18/19 which would result in a £0.58m overspend. General repair works account for roughly 50% of all OOS expenditure. The projected number of general repair work orders is expected to remain fairly static at around 6,800 orders per year. However, we have seen a steady increase in the average job cost for general repairs over the past year rising from an average cost of £269.19 in 17/18 to £320.55 in 18/19. There are also noticeable increases in the average cost for some non-general trade categories, including: - Door Entry (average cost £302.67 in 17/18 and £357.38 in 18/19), the interruption of the door entry system renewal programme (for which costs are capitalisable) has resulted in higher revenue repairs costs, - Plumbing (average cost £129.38 in 17/18 and £157.20 in 18/19). Officers are closely scrutinising these costs in order to mitigate against these increases and bring costs back within budget for this year and for future years. Actions already being implemented include additional resourcing to check jobs and costs for MITIE OOS works.
Debt servicing (interest) costs have steadily been managed downwards in recent years as maturing debt is repaid to the Public Works Loan Board and refinanced by internal borrowing. Interest payments made have fallen from £10.5m (15/16), £9.7m (16/17) and £8.9m (17/18) to £8.7m this year. The interest rate applicable to the remaining debt has also fallen from an average of 5.34% (15/16) to 4.74% (18/19) as the Council has repaid the highest interest-bearing loans as they mature. Debt servicing costs are currently expected to be £8.4m for 19/20 and £7.8m in 20/21 (assuming continued access to the Earls Court funds for internal borrowing). No significant reductions in the loan servicing costs for existing debt are expected after

Supplementary Monitoring Information
20/21 as the bulk of high interest rate loans will be repaid (historically the Council has borrowed on fixed rate terms with the loans becoming repayable upon maturity). The Housing Revenue Account business plan currently assumes debt repayments of £3.8m (8.875% interest rate) in 18/19, £8.0m (average rate 6.9%) in 19/20 and £9.5m (4.04% interest rate) in 20/21 and that these loans are replaced by internal borrowing from housing funds, therefore not attracting any interest charge in the accounts. If Council successfully negotiates an exit from the Earls Court agreement then this internal borrowing from housing funds would need to be replaced by interest bearing borrowing from existing GF cash and / or additional PWLB borrowing, the impact of which would be substantially offset as a result of no longer having to take out additional borrowing to deliver vacant possession of the estates. It will be important to fully understand the Council's overall long term cashflow forecasts to enable the treasury management decisions required especially in the context of other large projects such as King Street.
Council Homes voids: the number of void dwellings not available for rent has increased from 110 (April 2017), to 140 (April 2018) and seems to have stabilised around 160 since June. The void rate has historically been low (0.84% in 16/17 and 0.98% in 17/18) but increased recently to 1.3% largely due to a deterioration in the works turnaround time which is controlled by MITIE. The contracted works turnaround time is 10 days but although current performance had improved by 5 days between May and June 18, it has now deteriorated as the figures for August show that works are taking 38 days to complete. Officers continue to implement the service improvement plan with MITIE, with MITIE having brought in a new voids manager, and this is expected to bring the works turnaround time down to 20 days in the coming months. Although the current budget for voids allows for this level of voids (1.3%), if the reduction in void days does not continue, this will result in an overspend. **Commercial income**: the income generated has increased since 16/17 from £1.15m to £1.46m in 17/18 and is expected to increase to £1.54m this year. This is due to better management by the Council and GVA Grimley in achieving tenancies and minimising voids. GVA Grimley have been managing the Council's commercial properties since May 2015. **Garages income**: the income generated has been increasing steadily in the last few years as a result of improvements in the management of the garages portfolio (£0.95m in 16/17; £1.02m in 17/18). The void rate has improved also, falling from 35% in 16/17, to 27% in 17/18, to 21% for the year to date. Garages income is forecast to reach £1.05m this year though that will be a shortfall against budget of £138k. As the garages refurbishment programme is progressed, this variance is expected to be eliminated in future years and the expected garages void rate by 2021/22 is 2.4%.