


<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>4 FEBURARY 2019</b></p>	
<p><b>CORPORATE REVENUE MONITOR 2018/19 MONTH 7 – 31<sup>ST</sup> OCTOBER 2018</b></p>	
<p><b>Report of the Cabinet Member for Finance and Commercial Services – Councillor Max Schmid</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification - For decision and for information</b></p> <p><b>Key Decision: Yes</b></p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Director: Hitesh Jolapara – Strategic Director, Finance &amp; Governance</b></p>	
<p><b>Report Author: Emily Hill – Assistant Director, Corporate Finance</b></p>	<p><b>Contact Details:</b></p> <p>Tel: 020 8753 3145</p> <p>Emily.Hill@lbhf.gov.uk</p>

## **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 General Fund forecast outturn variance is an unfavourable **£6.079m**. Action plans of **£1.487m** are proposed as partial mitigation. If delivered they will reduce the forecast overspend to **£4.592m**. Directors and Cabinet need to identify further mitigating actions that will reduce the forecast overspend. Should the £4.592m not be eliminated by year-end, any overspend will need to be funded from the Council’s revenue reserves, or other eligible one-off resources.
- 1.3. The High Needs Block and Early Years Block, funded through Dedicated Schools Grant (DSG), is forecast to be overspent by a cumulative £13.5m at the close of 2018/19. This is a reduction of £0.7m since month 6. Mitigating actions of up to £0.4m have been identified which would bring the cumulative overspend down to £13.1m.

- 1.4. The Government recently announced additional Winter pressure funding for 2018/19 intended to prevent unnecessary emergency admissions and enable patients to leave hospitals when medically fit. The Council's funding allocation is £918,381. Use of this funding has yet to be agreed with health partners. Pending such discussions, it is not included within the forecast.
- 1.5. Several underlying insights can be drawn from the report. These include:
- The Council remains in a difficult financial situation. The current forecast gross overspend is £6.1m. At month 7 last year the gross forecast overspend was £6.3m.
  - Mitigating action plans of £1.487m are identified of which £0.294m (20%) represent a potential draw down from reserves rather than action to control expenditure or realise additional income.
  - The forecast overspend and mitigating actions have both reduced indicating that some of the mitigations have translated into reduced expenditure.
- 1.6. The HRA forecast is a favourable variance of **£4.490m**.

## **2. RECOMMENDATIONS**

- 2.1. To note the forecast General Fund outturn and require the Directors and Cabinet to identify further mitigating actions that offset the forecast overspend.
- 2.2. To note the HRA forecast underspend.
- 2.3. To agree the virements detailed in appendix 10.

## **3. REASONS FOR DECISION**

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

## **4. MONTH 7 GENERAL FUND**

- 4.1. The forecast month 7 overspend is **£6.079m** with risks of £9.418m identified. This compares to a forecast overspend of £6.34m at month 7 last year.

**Table 1: 2018/19 General Fund gross forecast outturn variance**

<b>Department<sup>1</sup></b>	<b>Revised budget month 7 £m</b>	<b>Forecast outturn variance month 7 £m</b>	<b>Forecast outturn variance month 6 £m</b>
Children's Services	40.358	2.916	2.941
Corporate Services	0.409	0.018	(0.139)
Finance & Governance	2.973	0.412	0.453
Growth & Place	10.173	(0.313)	(0.303)
Public Services Reform	2.810	4.658	4.658
Residents' Services	63.466	2.064	1.978
Controlled Parking Account	(23.331)	(1.699)	(1.022)
Social Care	51.995	1.028	1.232
Centrally Managed Budgets	20.454	(0.380)	(0.380)
<b>Total</b>	<b>169.307</b>	<b>8.704</b>	<b>9.418</b>
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	<b>169.307</b>	<b>6.079</b>	<b>6.793</b>

## 5. MONTH 7 - HOUSING REVENUE ACCOUNT

- 5.1. The Housing Revenue Account is currently forecasting a favourable outturn variance of £4.490m at Month 7 (Appendix 9).

**Table 3: Housing Revenue Account forecast outturn**

<b>Housing Revenue Account</b>	<b>£m</b>
<b>Balance as at 31 March 2018</b>	<b>(9.946)</b>
Less: Budgeted (contribution) / appropriation from balances	1.835
Add: Forecast favourable outturn variance	(4.490)
<b>Projected balance as at 31st March 2019</b>	<b>(12.601)</b>

<sup>1</sup> Figures in brackets represent underspends/ favourable movements

## 6. DEDICATED SCHOOLS GRANT (DSG)

- 6.1. The cumulative total DSG deficit balance carried forward to 2018/19 was £7m with an additional £6.5m deficit now forecast in 2018/19, a reduction of £0.7m since month 6. 2018/19 mitigating actions of up to £0.4m have been identified which would bring the forecast cumulative overspend down to £13.1m.
- 6.2. The £13.5m cumulative deficit represents spending more money than grant available and will impact on future school and council resources. Cabinet previously approved that reserves of £14.432m be set aside against the forecast deficit. It is recommended that this be reviewed at the financial year end.
- 6.3. A dedicated project team has identified potential options to reduce the underlying funding deficit.
- 6.4. There is an emerging pressure on the Early Years Block of the DSG in 2018/19 because of the commitment to protect funding to school nurseries. Maintained nursery schools and primary school and academy nurseries are paid a budget share based on the 2016/17 baseline rather than being paid on a participation basis. The local authority receives funding on a participation basis only, hence the shortfall in funding. However, there was an improvement on the forecast position from month 5 to 6, predominantly because of deploying an additional resource to undertake a detailed reconciliation of historic activity and payment data to model the trend on Early Years 15 and 30 hours uptake. The census data for the Autumn term has given further clarity as to the level of expenditure to be funded in 2018/19.

**Table 4: Dedicated Schools Grant**

	£m
<b>DSG deficit brought forward from prior years</b>	<b>7.032</b>
In-year forecast deficit	6.536
<b>Forecasted deficit at end of 2018/19 financial year</b>	<b>13.568</b>

## 7. GENERAL FUND RESERVES

- 7.1 An update on reserves is included within the Revenue Budget and Council Tax Levels 2019/20 report on the Cabinet agenda.

## 8. VIREMENTS & WRITE OFF REQUESTS

- 8.1. Cabinet is required to approve all budget virements that exceed £0.1m. Within this report General Fund virements of £0.342m are requested. This is a reserves drawdown request to cover the costs of the Local Elections.

## 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 and verified by Emily Hill, Assistant Director, Corporate Finance.

## **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. The effective use of financial resources underpins the Council's activities in support of its strategic priorities. Plans to take remedial action to manage a number of the significant issues highlighted in this report where they approach and exceed our financial risk appetite and risk tolerance have been referenced in appendix 10.
- 16.5. 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.

16.6. 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**

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

## LIST OF APPENDICES

<b>Appendix</b>	<b>Title</b>
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 10	Virement proposals



**APPENDIX 1: CHILDREN'S SERVICES**  
**BUDGET REVENUE MONITORING REPORT MONTH 7**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 7</b>	<b>Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Family Services	28,013	2,491	2,851
Special Educational Needs and Disabilities	7,306	623	350
Education	1,077	(168)	(111)
Assets, Operations & Planning	3,962	(30)	(149)
School Funding	0	0	0
<b>TOTAL</b>	<b>40,358</b>	<b>2,916</b>	<b>2,941</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>Family Services</b>		
<p><b>Family Services Social Care Placements</b> - 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.</p> <p>Looked after children numbers have increased to 240 in April 2018 compared with 185 in March 2015. An increase of 55 children at an average cost of £50,000 per child.</p> <p>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.</p> <p>The net decrease from period 6 (£0.135m which includes £0.027m on DUBs) is predominantly caused by the actual cost of new placements from prior months being agreed at lower costs than initially estimated (£0.120m decrease). In addition, 3 step downs have decreased the forecast by £0.062m, contingency has been reduced by £0.056m and 3 young people have left care reducing the forecast by £0.049m.</p> <p>This decrease is offset by a rise in the forecast for extra placement costs, based on a review of actuals to date, (£0.115m) and 8 relatively low cost new placements (3.6 FTE) forecast at £0.058m. One step-up has added £0.036m and other minor changes (-</p>	2,118	2,226

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<p>£0.058m) make up the difference.</p> <p>The forecast assumes contingency of £0.382m or circa 3.2 FTE modelled on 2017/18 net new placements.</p>		
<p>The special project to take additional children has been Home Office grant and centrally funded (where costs exceed the grant) as it sits outside the usual remit of children's services. Additional in year application of unallocated contingency of £0.169m has been factored into the forecast removing the net overspend on DUBs. Additional funding will need to continue and increase in 2019/20 as costs are expected to rise to £0.260m above base budget based on the full year cost of placements and changes to the income associated with them. Cost rise as young people become care leavers as the grant income falls significantly.</p>	(2)	194
<p><b>Family Support and Child Protection</b> - Staffing pressures caused by the level of demand have meant sustaining a fifth team and 7 social workers above the budgeted establishment. The requirement to use agency staff whilst permanent recruitment is taking place have caused additional pressures. These are being covered in year through the one-off use of reserve funding of £0.419m. A growth bid to fund this team in 2019/20 is being made through the budget setting process.</p> <p>The increase in the forecast (£0.026m) from month 6 is due to the departures of two permanent staff filled by agency workers have while permanent recruitment takes place. Due to the high demand and workload vacancies cannot be held for an interim period.</p>	137	112
<p><b>Contact and Assessment Service</b> - The service is showing an underspend due to staffing budget being allocated to the team after a full post level staffing budget review. The favourable movement of £0.141m is offset by an adverse movement in the other minor variances below from which the budget was transferred.</p> <p>The £0.030m underspend (against a staffing budget of £2.182m) is due to several part year vacancies.</p>	(30)	111
<p><b>LAC and Leaving Care Non- placement costs</b> - overspend in service user related travel expenses, interpreter's fees, and legal fees. A small decrease in the legal fee forecast has caused the movement from CRM 6.</p>	138	152
<p><b>Contact Centre</b></p> <p>The service has been disaggregated from Tri-Borough during summer with a sovereign manager role being established. Budget has been transferred from Assets, Operations, and Planning as part</p>	71	93

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
of the post level budget review to fund this post and reduce the variance.		
<b>Other minor variances</b> Minor adverse variances are spread across services including Assessment and MASH, Virtual School, the Emergency Duty Team and Families Forward. These are partly offset by favourable variances in Fostering and Adoption, Safeguarding and the Youth Offending Service. The movement from month 6 is caused by staffing budget redistribution to Contact and Assessment.	59	(37)
<b>Total of Family Services</b>	<b>2,491</b>	<b>2,851</b>
<b>Special Educational Needs and Disabilities</b>		
<b>Children with Disability Placements</b> - Ongoing placement 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 is due to age out of Children with Disability Care in 2019/20.  The increase from month 6 is caused by changes to two residential packages (£0.060m), a reduction in CCG income contribution (£0.036m) and 3 new direct payment packages (£0.013m).	373	257
<b>Disabled Children's Team (DCT), Short Breaks and Resources</b> - there is a one off in year pressure on contract expenditure following the delayed opening of the Stephen Wiltshire Centre (included in placement comments).	40	40
<b>Travel Care and Support</b> - This year has seen higher growth than expected as well as a higher intake of students requiring single occupancy transport. 44% of new starter costs are for single occupancy transport (13 students), of which only one student is single occupancy as a result of their needs. The other 12 students are single occupancy due to either schedule timetabling variances or because that they are the only student attending the destination.  The level of growth and destination changes as well as inflation on minibus provider costs have caused a £0.228m overspend and increase of £0.146m from month 6.  An independent travel program to reduce costs on travel and significantly improved planning by the now sovereign Education Health Care Planning team aims to prevent reoccurrence of such expenditure in future years.	228	82
Other minor variances	(18)	(29)
<b>Total of Special Educational Needs and Disabilities</b>	<b>623</b>	<b>350</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>Education Service</b>		
The variance is predominantly caused by vacancies as the service fills the new posts in the redesigned service. The favourable movement is caused by services that were previously funded by DSG changing to be funded by the general fund. The underspend associated with those services is now shown as a benefit to the general fund.	(168)	(111)
<b>Total of Education</b>	<b>(168)</b>	<b>(111)</b>
<b>Assets, Operations &amp; Planning</b>		
A share (£0.066m) of the underspend previously reported in Assets, Operations and Planning has been redistributed to Family Services as part of the post level staffing budget realignment. This has caused an adverse movement that is offset by a corresponding favourable movement in Family Services.		
In addition, a review of how Central Services Schools Block DSG funding is allocated to services has meant that the assets and operations team is now DSG funded. The underspend (£0.042m) on this team is now shown as a favourable movement on the DSG.	(30)	(149)
Although partially mitigated in year, an overall staffing pressure will remain in CHS due to demands on individual services and the unbudgeted 2% pay award estimated at £0.350m.		
<b>Total of Assets, Operations &amp; Planning</b>	<b>(30)</b>	<b>(149)</b>
<b>TOTAL VARIANCE</b>	<b>2,916</b>	<b>2,941</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
Tower Hamlets Judgement - the liability should all connected carers be paid carers fees for prior years possible 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 £141,000. In 2018/19 one family has brought a claim in April with costs expected to be c£20,000.	2,100	2,100
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	45	45

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
<p>education where 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.</p> <p>The 2018/19 New Burdens grant has allocated £15,000 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 £65,000. As this is a new duty on local authorities, it is not yet clear what the likely impact will be.</p>		
<p>Children with Disability Placements - the current forecast contains £0.060m contingency for demand led growth. 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. This risk will decrease each month as new placements are built into the forecast.</p>	100	125
<p>Children with Disability Placements - the current forecast includes £0.866m of income from the Clinical Commissioning Group (CCG) based on agreements to part fund a number of care packages. The income is not yet guaranteed for 5 placements so there is a risk around receiving the full amount projected.</p>	300	300
<p>Unaccompanied Asylum-Seeking Children (UASC) - Risk of cases moving into Care Leavers with ongoing costs.</p>	TBC	TBC
<p>Placements - Placement savings through Looked After Children (LAC) and Family Assist needs to be monitored to ensure that delivery of savings is on track. The 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 highly 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 £0.28m, there is a risk of further exceptional demand growth, particularly from high cost residential placements This risk will decrease each month as new placements are built into the forecast.</p>	250	250
<p>A recent review of the finance regulations that informs DSG budget allocations, has meant central spend previously funded by DSG, now must be funded by either traded income, additional fees or general fund. Charging an admin fee to other LAs who place pupils in LBHF maintained schools, was previously put forward as mitigation towards the forecast overspend on the High Needs Block. However, this has since been applied against the general fund SEND budget, in order to ensure central</p>	275	0

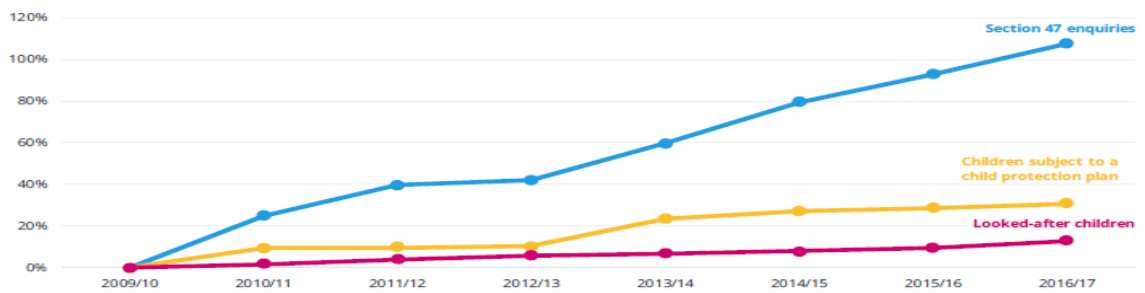
**Table 3 - Key Risks - Detail Items Over £250,000**

Risk Description	Risk At Month 7 £000	Risk At Month 6 £000
services are fully funded as part of the regularisation of the use of DSG. There is a risk to the general fund if this income is not achieved in 2018/19 and future years.		
<b>TOTAL RISKS</b>	<b>3,070</b>	<b>2,820</b>

**Supplementary Monitoring Information**

**Changes in the number of child protection enquiries, children subject to a child protection plan and looked-after children, since 2009/10**

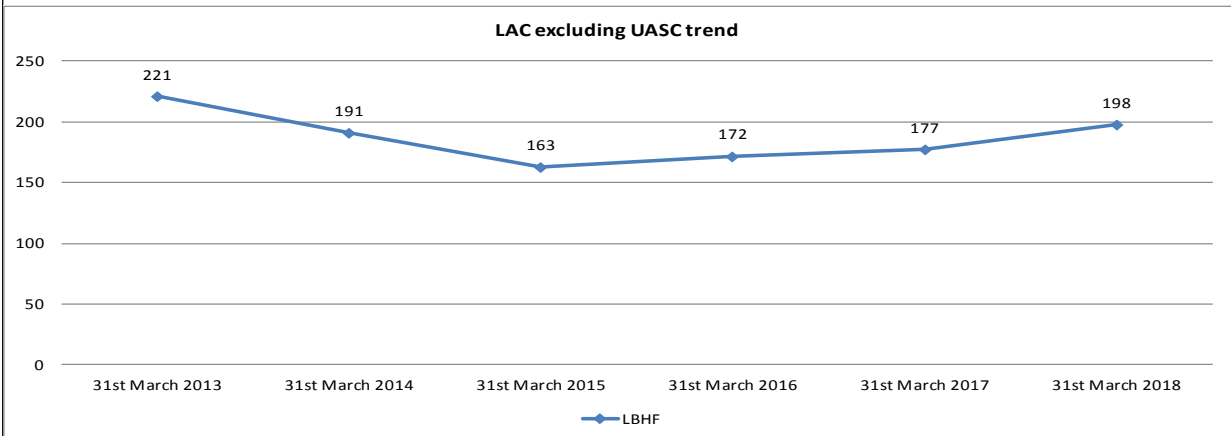
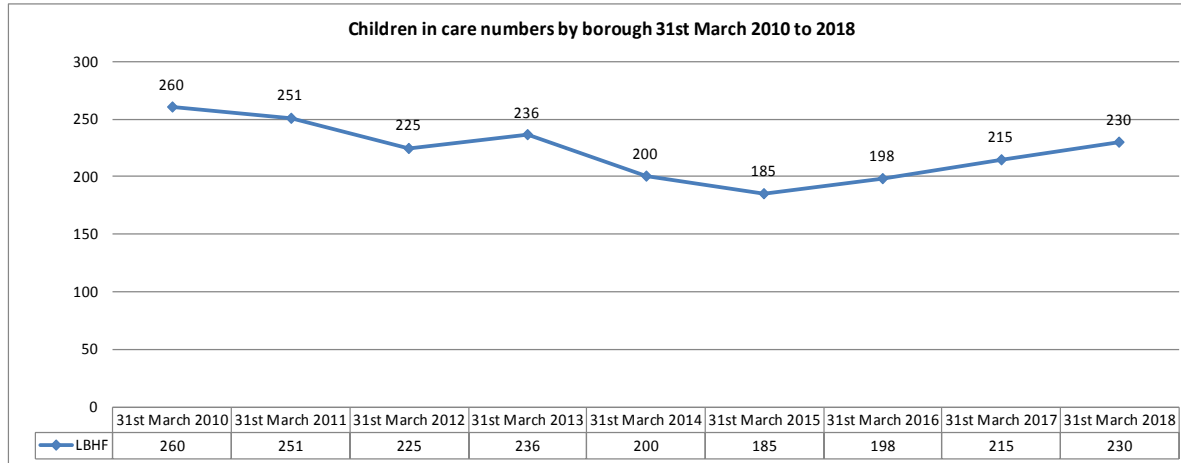
Extracted from CIPFA Performance Tracker 2018. This shows the national picture which reflects the growth in demand experienced by the LBHF Children's Services department.



Source: Department for Education, 'Children in Need Survey', Table A1; Department for Education, 'Children Looked After in England Including Adoption', Table H1

## Supplementary Monitoring Information

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



	Children in Care numbers					Children in Care rates					Decrease/ increase
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	
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 7**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Dedicated Schools Grant - Paid in support of the Local Authority's School Budget</b>	<b>Revised Budget</b>	<b>Variance Month 7</b>	<b>Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
High Needs Block (HNB) Expenditure	18,406	6,388	6,829
Early Years Block (EYB) Expenditure	15,774	150	350
Schools Block Expenditure	38,083	0	0
Central School Services Block Expenditure	4,430	(3)	(11)
DSG Income	(76,693)	0	0
<b>TOTAL</b>	<b>0</b>	<b>6,536</b>	<b>7,168</b>

<b>DSG deficit brought forward from prior years</b>	<b>7,032</b>
<b>Forecasted deficit at 31st of March 2019</b>	<b>13,568</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>High Needs Block</b> ( <i>High Needs funding supports provision for children and young people with special educational needs from their early years to age 25 and in addition the Alternative Provision</i> )		
<p>A full system review has been 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.</p> <p>The current forecast overspend is £6.388m in 2018/19, but this includes prior year costs, not accrued for, of £1.12m net of any amounts clawed back for advances provided to schools in prior years. This forecast also includes £0.415m of expenditure related to out of borough pupils in high cost independent or specialist residential placements, which may or may not relate to the current financial year.</p> <p>The forecast in relation to Home tuition packages has decreased by £0.400m, as a result of ongoing challenge, monitoring and review of these packages by the service. Work in this area is complex and is ongoing. Analysis is being undertaken to explore the opportunities for expenditure reduction and income generation in 2018/19 and beyond.</p> <p>Following a review of the regulations that inform DSG budget allocations the forecast spend on central services teams has</p>	6,388	6,829



<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
been reduced by £0.484m from month 6 and this has offset an overall increase in the top-up and placement funding forecast of £0.444m, which accounts for the remaining £0.040m favourable movement from month 6. It is important to note, that the regularisation of DSG budgets, has meant that the admin charges income that was previously put forward as mitigation towards the HNB deficit, has had to be applied against the general fund SEND budget, to mitigate against further pressures on the general fund budget.		
<b>Total of High Needs Block</b>	<b>6,388</b>	<b>6,829</b>
<b>Early Years Block</b> ( <i>Funding for Early Years including Two-Year-Old funding and Early Years Pupil Premium</i> )		
There is a pressure on the Early Years Block of the DSG in 2018/19 because of the commitment to protect funding to school nurseries. Maintained Nursery schools and primary school and academy nurseries are paid a budget share based on the 2016/17 baseline rather than being paid on a participation basis. The local authority receives funding on a participation basis only, hence the shortfall in funding. However, there has been a further improvement on the forecast position from months 6 to 7, due to a projected under spend on the 2YO offer for eligible children. All Early Years budgets are subject to detailed review and it is anticipated that further opportunities to reduce this overspend may be possible.  The precise pressure on the budget will be understood following October 2018 and January 2019 census which will determine final grant allocations.  Opportunities to partially mitigate the likely pressure and risk are being modelled.	150	350
<b>Total of Early Years Block</b>	<b>150</b>	<b>350</b>
<b>Schools Block</b> ( <i>This budget of the DSG forms the core funding for mainstream maintained schools</i> )		
Nil variance forecast. The budget has been set for 2018/19 on available activity data	0	0
<b>Total of Schools Block</b>	<b>0</b>	<b>0</b>
<b>Central School Services Block</b> ( <i>Funding for the Local Authorities ongoing responsibilities</i> )		
£0.003m variance forecast	(3)	(11)
<b>Total of Central School Services Block</b>	<b>(3)</b>	<b>(11)</b>
<b>TOTAL VARIANCE</b>	<b>6,536</b>	<b>7,168</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
<p>Early Years Dedicated Schools Grant Funded Expenditure 2018/19 Risk</p> <p>£0.15m of cost pressure is included in the month 7 forecast position and any further risk has now been eliminated. Detailed work undertaken as described above in the forecast has shown that expenditure is expected to be contained within the £0.15m reported.</p>	0	0
<p>A key risk to High Needs is demand led growth and increasing numbers of Education &amp; Health Care Plans and caseloads. The risk in relation to maintained special schools a mainstream schools and academies has been updated to reflect the SEN cohort for the academic year starting September 2018, so is now included in the forecast for these settings. The risk of demand led growth in relation to pupils placed outside the borough, in high cost independent and specialist residential provision, remains at £0.415m and is also now included in the forecast.</p> <p>Although the forecast on Home tuition packages has decreased from month 7, there is a risk that the forecast will increase, because these packages are demand led and high cost. The service is taking all necessary mitigating action to ensure that where home tuition packages are agreed, these are for short term periods only, regularly reviewed, and focussed on re-integration of pupils into mainstream schools. A £0.200m risk in relation to home tuition packages is included here.</p>	200	600
<p>There has been a request from the CCG for an increased contribution to the Speech and Language Contract in 1819, which, if agreed, could see a significant increase in the contract value per annum.</p>	330 - 500	330 - 500
<b>2018/19 RISKS</b>	<b>530 - 700</b>	<b>930 - 1100</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
<p>Early Years Dedicated Schools Grant Funded Expenditure 2019/20 Risk</p> <p>There is an emerging risk for 2019/20 with respect to the Early Years National Funding Formula (NFF). A change in the NFF requires all LAs 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.</p> <p>Maintained Nursery School - risk of £750,000 is the FYE of the EY DSG funding regulations in 2019/20. Children in Need (CIN) provision for under 3s is currently situated at one of the maintained nurseries and has been funded from EY DSG to date. Information from DfE relating to CIN expenditure indicates that a disapplication request to fund this expenditure from EY DSG in 2019/20 is required. Work is being undertaken to establish the detailed costings of these activities which will need to be submitted as part of the request. Disapplication requests go to the Minister for consideration and there is a risk that it will be denied. The deadline for the disapplication request is expected to be mid-January 2019. An announcement on EY DSG funding will be made in December and then the risk will be reviewed in the light of any further information available.</p>	<p>750 (2019/20)</p>	<p>750 (2019/20)</p>
<b>2019/20 RISKS</b>	<b>750</b>	<b>750</b>

**APPENDIX 2: CORPORATE SERVICES**  
**BUDGET REVENUE MONITORING REPORT MONTH 7**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 7</b>	<b>Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Human Resources	(412)	225	245
Executive Services	333	(182)	(241)
Communications	(41)	223	229
Project Management Office	529	(248)	(372)
<b>TOTAL</b>	<b>409</b>	<b>18</b>	<b>(139)</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>COMMUNICATIONS</b>		
Mainly 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.	223	229
<b>TOTAL COMMUNICATIONS</b>	<b>223</b>	<b>229</b>
<b>EXECUTIVE SERVICES</b>		
Underspends on salaries.	(182)	(241)
<b>TOTAL EXECUTIVE SERVICES</b>	<b>(182)</b>	<b>(241)</b>
<b>HUMAN RESOURCES</b>		
	225	245
<b>TOTAL HUMAN RESOURCES</b>	<b>225</b>	<b>245</b>
<b>PROJECT MANAGEMENT OFFICE</b>		
	(248)	(372)
<b>TOTAL PROJECT MANAGEMENT OFFICE</b>	<b>(248)</b>	<b>(372)</b>
<b>TOTAL VARIANCE</b>	<b>18</b>	<b>(139)</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
None to report		

**APPENDIX 3: FINANCE AND GOVERNANCE  
BUDGET REVENUE MONITORING REPORT MONTH 7**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 7</b>	<b>Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Facilities Management and Building Control	403	83	27
Legal and Democratic Services	(76)	139	173
IT Services	539	190	253
Finance	2,140	0	0
Audit, Fraud and Insurance	(33)	0	0
<b>TOTAL</b>	<b>2,973</b>	<b>412</b>	<b>453</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>FACILITIES MANAGEMENT AND BUILDING CONTROL</b>		
<b>Civic Accommodation:</b> Unachievable savings of £75,000 on Ravenscourt Stores due to lack of vehicle access rights; £30,000 overspend due to the proposed saving plan for 181 King Street which will now be delayed for renting; £19,000 unachievable income for repairs.	124	112
<b>Building Property Management (BPM) Business Support:</b> underspend in staffing costs due to a vacant post in the second half of the year	(36)	(36)
<b>Depot Recovery:</b> Unachievable rent income - unable to recharge Amey for the usage of Depot	10	10
<b>Facilities Management:</b> projected underspend on Amey Contract costs of £796,000. However, this underspend will be utilised to fund Health and Safety compliance works (£421,000), Change controls (£330,000) and variable repairs costs which are in dispute (£30,000).	(15)	(59)
<b>TOTAL FACILITIES MANAGEMENT AND BUILDING CONTROL</b>	<b>83</b>	<b>27</b>
<b>IT SERVICES</b>		
Overspends due to a review of agency staff costs, additional external support costs for the Office 365 platform and shared service staffing required to support the current IT service. This has been partially mitigated by a renegotiation of the Virtual Desktop Infrastructure (VDI) contract as part of the desktop strategy.	190	253
<b>TOTAL IT SERVICES</b>	<b>190</b>	<b>253</b>
<b>LEGAL AND DEMOCRATIC SERVICES</b>		
<b>Coroners and Mortuary:</b>	0	(11)

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<p><b>Legal Services:</b> under recovery of £92,000 on income for the year and an additional £47,000 overspend mainly related to offsite storage and IT costs.</p> <p>External income receive to date is below the targeted level, especially with work related to conveyancing charges where demand has fallen. The forecast overspend on income represents 3% of the total income target for the service (£3.36m forecast income compared to a £3.46m income target).</p> <p>Income from external conveyancing work is now charged to clients at the solicitor rate per hour rather than the previous fixed fee of £400 per case. This income is forecast to recover costs for the remainder of the year at an average of £19,000 per month. This would mean a forecast outturn of £162,000 against a target of £229,000.</p> <p>External planning income is charged out only on completion of work. £227,000 worth of chargeable time has been completed up to end of September but only £184,000 income has been received from clients whilst the service awaits final completion. The forecast income for the year is now expected to be £400,000 against the £475,000 target.</p>	139	184
<p><b>Election Services:</b> 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.</p>	60	55
<p><b>Governance and Scrutiny:</b> Underspends due to vacancies held.</p>	(60)	(55)
<b>TOTAL LEGAL AND DEMOCRATIC SERVICES</b>	<b>139</b>	<b>173</b>
<b>TOTAL FINANCE</b>	<b>0</b>	<b>0</b>
<b>TOTAL AUDIT, FRAUD AND INSURANCE</b>	<b>0</b>	<b>0</b>
<b>TOTAL VARIANCE</b>	<b>412</b>	<b>453</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
Total Facilities management (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

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
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
<b>TOTAL RISKS MANAGED</b>	<b>850</b>	<b>850</b>

<b>Supplementary Monitoring Information</b>
<p>Facilities Management and Building Control transferred over to Finance and Governance effective from the 9th July.</p> <p>Legal Services: A change in conveyancing billing has meant that cases which commenced before the change have been charged under the old billing rate rather than the newer rate. Legal Services are reviewing the conveyancing cases to ensure that billing is in line with time spent and enforcing a stricter billing process. New starters to the legal property team should also result in an increase in anticipated income.</p> <p>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.</p>

**APPENDIX 4: GROWTH AND PLACE  
BUDGET REVENUE MONITORING REPORT MONTH 7**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 7</b>	<b>Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Housing Solutions	8,338	(583)	(542)
Housing Strategy & Growth	308	0	0
Economic Development, Skills Service	877	0	0
Planning	1,087	243	192
Finance & Resources	57	0	0
Programme Management	19	0	0
Property Services	87	0	0
Development & Regeneration	5	0	0
Building and Property Management	(605)	27	47
<b>TOTAL</b>	<b>10,173</b>	<b>(313)</b>	<b>(303)</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>Housing Solutions</b>		
There is a forecast increase in average client numbers (from a budget of 921 units to a forecast of 1,055 compared to 1,053 at month 6 and 1,039 at month 5) in Private Sector Leased (PSL) temporary accommodation schemes.	<b>516</b>	<b>548</b>
There is a forecast reduction in average client numbers (from a budget of 190 clients to a forecast of 128 compared to 129 at month 6 and 152 at month 5) in Bed and Breakfast (B&B) temporary accommodation. It is also expected that there will be an increase in the bad debt provision of £87,000 due to an increase in the number of former tenants as client numbers fall.	<b>(289)</b>	<b>(280)</b>
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. So far this is only promised for 2018/19 (£3.38m) and 2019/20 (£2.81m) so there is a risk of significant budget pressure thereafter.	<b>(810)</b>	<b>(810)</b>
<b>TOTAL of Housing Solutions</b>	<b>(583)</b>	<b>(542)</b>



<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>TOTAL of Housing Strategy &amp; Growth</b>	<b>0</b>	<b>0</b>
<b>TOTAL of Economic Development &amp; Skills Service</b>	<b>0</b>	<b>0</b>
<b>Planning</b>		
<b>Development Management</b> - income shortfall of £610,000 partly due to a decision to transfer £270,000 of planning application fees to Planning Regeneration division (see below). Also, a review of the forecast for pre-application fees has shown that the projected income this year is expected to be up to £340,000 below the budgeted income target. The additional overspend of £180,000 (£155,000 at month 6) relates to exceptional costs for Counsel, legal and other specialist advice on a number of specific applications. Other minor variances of (£25,000) relate to staffing costs.	765	739
<b>Planning Regeneration</b> - minor staffing and running cost variances of £78,000, which are offset by a favourable income variance of (£540,000). The additional income is in part due to a transfer of (£270,000) of planning application fees from Development Management. Also, a review of the forecast for planning application fees and planning performance advice fees indicates an increase in income over budget of (£270,000).	(462)	(495)
<b>Policy</b> - staffing vacancies mainly arising from interim arrangements pending senior management recruitment.	(60)	(52)
<b>TOTAL of Planning</b>	<b>243</b>	<b>192</b>
<b>TOTAL of Finance &amp; Resources</b>	<b>0</b>	<b>0</b>
<b>TOTAL of Programme Management</b>	<b>0</b>	<b>0</b>
<b>TOTAL of Property Services</b>	<b>0</b>	<b>0</b>
<b>TOTAL of Development &amp; Regeneration</b>	<b>0</b>	<b>0</b>
<b>Building and Property Management (BPM)</b>		

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
Rent and Other Properties: unachievable rental income of £38,000, repairs and maintenance for Lyric Theatre of £10,000 and unachievable savings on rental income at Pennard Road of £75,000.	<b>123</b>	<b>120</b>
Valuation Services: underspends on legal costs (£76,000), staffing recharges of (£15,000) and carbon reduction energy rebates (£10,000) offset by other minor overspends of £5,000.	<b>(96)</b>	<b>(73)</b>
<b>Total of BPM</b>	<b>27</b>	<b>47</b>
<b>TOTAL VARIANCE</b>	<b>(313)</b>	<b>(303)</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
Overall Benefit Cap	60	113
Direct Payments (Universal Credit)	20	87
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	271	326
Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	113	135
There is a risk of large families being accommodated in B&B	108	129
Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast	211	253
Several Economic Development schemes are awaiting formal approval to use Section 106 funds	871	871
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 £62,500 (£250,000 full academic year /12*3 months January to March).	62	62
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. A review of the risks for this year indicates that the earmarked reserve holds sufficient funds to contain costs.	0	0
Affordable housing and regeneration projects - feasibility studies on GF land	0	450

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
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
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 an ongoing risk of an overspend against the budget	300	300
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 £50,000	100	100
<b>TOTAL RISKS MANAGED</b>	<b>2,186</b>	<b>2,895</b>

<b>Supplementary Monitoring Information</b>
<p><b>Long Term Trends:</b></p> <p>The Temporary Accommodation service faces a long-term trend of:</p> <ul style="list-style-type: none"> <li>• rising rents,</li> <li>• constraints on income collection because of Welfare Reform</li> <li>• increases in demand from homeless families.</li> </ul> <p>The number of households in Temporary Accommodation is increasing annually (1,214 at April 2016; 1,324 at April 2017; 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 2019; 1,674 at April 2020 and 1,789 at April 2021.</p> <p>Since the Homelessness Reduction Act came into effect in April 2018, there has been a significant increase in homelessness approaches and caseloads. 541 new Part 7 homeless applications were made between April 2018 and October 2018, an average of 77 per month, which is a slight increase on the 72 being reported up to September. This compares to 224 for April 2017 to October 2017, an average per month of 32 and an average of only 27 per month in the last quarter of 2017/18. This is an increase of 142% when compared to the same period last year.</p> <p>The number of housing enquiries has also more than doubled (121% increase) when April to October 2018 are compared with the same period in 2017, with the average now being 233 approaches per month, compared with 106 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 being made, as well as those where just advice was provided.</p>

## 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), this represents 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 currently 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 any 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 7**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 7</b>	<b>Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Public Services Reform	<b>2,810</b>	4,658	4,658
<b>TOTAL</b>	<b>2,810</b>	<b>4,658</b>	<b>4,658</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>Public Services Reform</b>		
Underachievement on external sales. Discussions continue to take place regarding sale of products but at this stage it is prudent to exclude potential income from forecasts	2,482	2,482
Family Support - £1m of this overspend relates to unachieved savings. The forecast is calculated assuming no contracts novate to the Family Support until 2018/19 and working capital payments of £310,000 continue to be paid 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 has been introduced	1,381	1,381
Advertising Hoardings - mainly due to shortfall of income from profit sharing sites, (L'Oreal, Bentworth Road and Woodstock Grove) and new sites that did not proceed (Fulham Palace Road and Lyric Square). The movement relates to unanticipated 2017/18 income from Bentworth Road site.	646	646
Supporting People - £209,000 of 2018/19 savings target of £359,000 relating to Mental Health Contracts have been identified leading to a shortfall.	150	150
<b>TOTAL VARIANCE</b>	<b>4,658</b>	<b>4,658</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
Family Support - three contracts expire at the end of September, renewal of these budgets is not factored into the forecast. If the decision is taken to renew them at the current rate there is a risk the forecast will increase.	64	64
Contract management savings – reported as high risk against delivery in April. Therefore 50% of savings (£1m	500	500

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
budget change 2018/19) to be delivered reported as a risk. A plan has been received which details how this is to be achieved however no income or budget changes have been progressed at October.		
Potential costs of legal challenge (Hammersmith Flyover Advertising Hoarding/Two Towers). Although the Council won the recent case there are 21 days for the judgement to be challenged. Therefore, the risk remains until this time has lapsed.	2,145	2,145
<b>TOTAL RISKS MANAGED</b>	<b>2,645</b>	<b>2,645</b>

<b>Supplementary Monitoring Information</b>
<p>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.</p> <p>The advertising hoarding forecast is calculated on a site by site basis.</p>

**APPENDIX 6: RESIDENTS' SERVICES**  
**BUDGET REVENUE MONITORING REPORT MONTH 7**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 7</b>	<b>Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cleaner, Greener & Cultural Services	8,951	42	57
Transport and Highways	12,912	69	100
Leisure & Parks	4,395	30	21
Environmental Health, Community Safety & Emergency Planning	6,295	429	300
Other LBHF Commercial Services	(238)	240	240
Executive, Finance and Contingency	774	(81)	(81)
Building Control and Technical Support Services	1,207	280	155
Street Cleansing and Street Enforcement	11,969	87	92
Customer Services	14,548	703	794
Libraries	2,628	265	300
Prevent	25	0	0
<b>TOTAL</b>	<b>63,466</b>	<b>2,064</b>	<b>1,978</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>Cleaner, Greener &amp; Cultural Services</b>		<b>0</b>
Salary budget pressure as 2% pay award is being absorbed.	18	18
<b>£462,000</b> underspend on waste disposal due to continuation of the reduced recycle 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 and commodity income this year has increased the underspend. <b>£25,000</b> overspend in Commercial Waste mainly due to reduced waste disposal costs partially offset by anticipated income shortfall. <b>£49,000</b> overspend because of a virement to fund Head of Greener Living salary budget and <b>£12,000</b> overspend due to contribution from HRA for Street Czar post not forthcoming.	(378)	(359)
£100,000 commercial income saving for Parks and Markets Events not expected to be delivered.	90	90
<b>Filming £133,000</b> income shortfall in Filming as outturn is forecast in line with last year. <b>Events £175k</b> income shortfall on Hammersmith Town Hall Lettings £72,000 and funfairs £86,000 (due to restrictions on using Shepherds Bush Green); £37,000 shortfall on miscellaneous income offset by £6,000 favourable on concessions in parks. £7,000 security (Amey) underspend and an underspend on the Head of Culture post due to the reduced costs of the temporary backfill arrangements (£5,000).	312	308

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>Total of Cleaner, Greener &amp; Cultural Services</b>	<b>42</b>	<b>57</b>
<b>Transport &amp; Highways</b>		
Salary budget pressure as 2% pay award funded by departmental budgets.	64	64
Metro Wireless WIFI income 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.	(9)	(9)
Network Management license income.	43	23
Forecast shortfall in recharges to projects. Additional projects may arise in year that will reduce this overspend.	150	162
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.	(66)	(53)
Temporary Traffic Order surplus.	(25)	(25)
Other overspends/ underspends.	(21)	5
<b>Total of Transport &amp; Highways</b>	<b>69</b>	<b>100</b>
<b>Leisure and Parks</b>		
Salary budget pressure as 2% pay award 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.	46	46
Ground Maintenance recharges to Housing improvement to forecast.	(16)	(16)
Cemeteries inspection programme - implementation delayed until 2019/20.	(20)	(10)
Overspend on Grounds Maintenance and repairs.	6	6
Overspend on historic maintenance charges from AMEY.	42	42
Salaries net underspend (secondment and vacant posts not filled)	(71)	(46)
Additional water charges due to installation of meters - invoicing up to date.	22	33
Energy costs £10,000 higher forecast for Linford Christie and £55,000 for Parks & Open Spaces.	65	10
Additional cemeteries income.	(13)	(13)
Additional parks income.	(6)	(6)
Other underspends.	(4)	(4)
<b>Total of Leisure and Parks</b>	<b>30</b>	<b>21</b>



<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>Environmental Health, Community Safety &amp; Emergency Planning</b>		
Private Housing & Health: underachievement of income in Additional & Selective HMO Licensing due to a lower than anticipated uptake of these new licensing schemes introduced in June 2017. A recent change in legislation has reduced the forecast income shortfall as the definition of what constitutes an HMO subject to mandatory licensing changed from 1st October to include properties under three storeys, meaning more properties will now require a mandatory licence. However, there is a risk that income levels will be further impacted by a recent case law (LB Richmond vs Gaskin stipulated that LA's must only charge for the cost of processing the licence whereas the current fee includes the cost of setting up and maintaining the scheme as well as processing the application). LA's are seeking guidance from the Ministry of Housing – DCLG but there is a risk that a revision of the fee structure will be necessary impacting income levels going forward.	155	112
Community Safety: £120k income shortfall due to non-delivery of commercial income savings (£100k deployable CCTV and £20k Professional Witnesses). Additional CCTV income shortfall for CCTV footage due to lower than anticipated uptake of this service (£24,000).	144	144
£201,000 overspend on salary budget as 2% pay award funded by departmental budgets (£113,000), overspend in Noise & Nuisance as to ensure shifts are fully staffed, absences of permanent staff due to leave or illness shifts must be covered by agency staff (£34,000); Food Safety (£36,000) and other smaller net overspends, mostly long-term sickness cover in CCTV (£40,000). offset by underspends in Parks Police (£20,000) and EH Management (£45,000) due to vacant posts, offset by £55,000 drawdown from reserves to cover overspend in Silver Rota and Civil Protection.	146	108
Income Over achievement: in Noise & Nuisance (£14,000) and Environmental Quality (£35,000) largely due to recharges for officer time to Thames Tideway and £23,000 Trading Standards for FPN's and management fees for work undertaken on behalf of London Trading Standards. Anticipated overachievement of Registrars income (£64,000).	(131)	(111)
Air Quality Monitoring work to be funded by S106 identified as a priority for 2017/18 and 2018/19. Removed from the forecast as this funding has not been agreed by Planning under the new S106 funding protocol.	0	(26)
Legal fees overspend. Notable items include the HS2 appeal and advocacy work related to bonfires in Environmental Quality resulting in a £32,000 overspend, and overspends in trading	56	0

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
standards (£14,000) and Licensing (£19,000) related to bringing cases to court.		
Supplies and services overspend.	49	80
Other minor net (under)/overspends.	10	(7)
<b>Total of Environmental Health, Community Safety &amp; Emergency Planning</b>	<b>429</b>	<b>300</b>
<b>Other LBHF Commercial Services</b>		
Forecast shortfall on CCTV ducting contract (£50,000 income v £29,000 income budget). New contract being negotiated likely to be in the region of £50,000 pa. Shortfall can be funded from one off departmental reserves this year if required.	240	240
<b>Total of Other LBHF Commercial Services</b>	<b>240</b>	<b>240</b>
<b>Executive, Finance and Contingency</b>		
Predicted underspend having transferred heads of service to home services. 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 and no additional budget. This underspend will be required to part fund this post and additional funding identified.	(81)	(81)
<b>Total of Executive, Finance and Contingency</b>	<b>-81</b>	<b>-81</b>
<b>Building Control and Technical Support Services</b>		
Building Control: income shortfall mainly due to reduction in service demand. Due to the general downturn in the economy and Brexit, the number of building projects and house transactions also have gone down this year; resulting in lower level of construction activity which has had a direct impact on Building Control income. Remedial plans include improved marketing to potential customers.	294	161
Technical Support: Overspend on staffing costs of £4,000. This is offset by underspend in Supplies and Services of (£19,000).	(15)	(6)
<b>Total of Building Control and Technical Support Services</b>	<b>280</b>	<b>155</b>
<b>Street Cleansing and Street Enforcement</b>		
Underspend on supplies and services and transportation costs.	(14)	(14)
Forecast shortfall in income for fixed penalty notices as the Night Enforcement team has ceased to operate impacting on income levels.	(69)	(69)
Overspend on salaries because of overtime, establishment not covered by budget and 2% pay award not funded corporately.	23	28
Additional spend on smartbanks and bulky waste.	63	63

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
This forecast assumes partial delivery (£75,000) of the £159,000 saving identified through a renegotiation of the waste contract but this remains high risk.	84	84
<b>Total of Street Cleansing and Street Enforcement</b>	<b>87</b>	<b>92</b>
<b>Customer Services</b>		
<b>£596,000</b> overspend on staffing. £110,000 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 (£481,000 savings target). This 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. <b>£32,000</b> relates to additional manager in H&F InTouch. <b>£20,000</b> in year pressure due to new Out of Hours contract (unit cost increased from £2.56 to £6.08 per telephone call) <b>£48,000</b> other smaller pressures	703	794
<b>Total of Customer Services</b>	<b>703</b>	<b>794</b>
<b>Libraries and Archives</b>		
Decrease of £35,000 since month 6. <b>£135,000</b> results the decision by Cabinet not to pursue a trust model due to concerns about quality (£115,000) and the decision not to charge a market rate to the law centre (£20,000). <b>£100,000</b> income shortfall, primarily due to expected income gains from advertising not being realised. <b>£100,000</b> overspend arises from a delay in the delivery of savings from the Smart Open programme and the need to reshape the programme over the medium term. <b>£70k</b> underspend is the consequence of mitigating actions through reducing expenditure on library resources. The service is investigating whether there are any further opportunities to reduce spend or increase income.	265	300
<b>Total of Libraries and Archives</b>	<b>265</b>	<b>300</b>
<b>Prevent</b>		
Expenditure is funded via Home Office as part of the counter terrorism strategy (CONTEST). Budget is for SLAs no variance to report.	0	0
<b>Total of Prevent</b>	<b>0</b>	<b>0</b>
<b>TOTAL VARIANCE</b>	<b>2,064</b>	<b>1,978</b>

**Table 3 - Key Risks - Detail Items Over £250,000**

<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
Loss of nationality checking income in registrar's service.	TBC	TBC
Registrars forward bookings affected by HTH redevelopment (2019/20).	TBC	TBC
Serco saving assumed by Ernst & Young may not be achieved.	TBC	TBC
Contact Channel Improvement savings not achieved.	TBC	TBC
<b>TOTAL RISKS MANAGED</b>	<b>TBC</b>	<b>TBC</b>

### **Supplementary Monitoring Information**

Taken together with Parking (in Appendix 6a) the overall variance in Residents' Services is £365,000 adverse.

The biggest financial pressure in this report is the £703,000 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. The service is working on the delivery of them of 2018/19 savings targets, but it will take longer than this year.

Residents Services must fund pay awards of over £491,000 in 2018/19 and it is managing to do that in most areas except Customer Services.

One of the mitigations is that the £365,000 total adverse variance can be brought down to £125,000 adverse with the use of the reserve for the duct asset concession. 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 7**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 7</b>	<b>Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Controlled parking income	(37,144)	(1,566)	(776)
Controlled Parking Account expenditure	13,813	(133)	(246)
<b>TOTAL</b>	<b>(23,331)</b>	<b>(1,699)</b>	<b>(1,022)</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>Parking Control</b>		
<b>Controlled Parking Account Income</b>		
Pay and display income	(1,685)	(1,384)
Permits income	(137)	(92)
Parking PCN Income	(607)	(319)
Towaways Income	(17)	(14)
Suspensions Income	880	1,033
<b>Controlled Parking Account Expenditure</b>		
Underspend of £251,000 on supplies and services primarily due to reduction in cost as result of completion of the rollout of cashless parking, reduction in cash collection and maintenance cost.	(119)	(241)
Salary underspend	(14)	(5)
<b>TOTAL VARIANCE</b>	<b>(1,699)</b>	<b>(1,022)</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
None to report		

<b>Supplementary Monitoring Information</b>
Parking can absorb the cost of the 2018/19 pay award. The adverse variance on parking suspensions suggests that general economic conditions in the borough are not as good as they were two or three years ago.

**APPENDIX 7: SOCIAL CARE  
BUDGET REVENUE MONITORING REPORT MONTH 7**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 7</b>	<b>Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Care and Assessment	22,434	(490)	(357)
Learning Disability	11,847	461	466
Mental Health	6,642	306	372
In-House Services	2,869	222	222
Community Independence & Hospital Service	1,578	0	0
Resources	5,953	0	0
Directorate & Support Service	572	0	0
2% pay-award increased Impact on service budgets and other staffing cost pressures.	0	389	389
Commissioning	100	140	140
<b>TOTAL</b>	<b>51,995</b>	<b>1,028</b>	<b>1,232</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>Care and Assessment</b>		
Like the previous year, there are continued overall service pressures in social care resulting from the need to discharge a high volume of people from hospital at a much earlier stage. Within the Care and Assessment section are pressures in Physical support placements of £218,000 and in Home Care of £295,000. This is offset by the net recharging in the PFI contracts for beds occupied by Bi-Borough to maximise the capacity within contract of (£813,000). The main reasons for the increase in the underspend since last month is due to the tighter managerial controls and the focus of supporting residents at home rather in residential care.	(490)	(357)
<b>Total of Care and Assessment</b>	<b>(490)</b>	<b>(357)</b>
<b>Learning Disability</b>		
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 slightly changed due to decreased costs following service reviews. The service aims to reduce this overspend through planned managerial actions.	461	466
<b>Total of Learning Disability</b>	<b>461</b>	<b>466</b>
<b>Mental Health</b>		

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
Mental Health is projecting overspend due to an increase of 11 placements since April 2018. Since last month the reassessment of care needs has resulted in the decreased costs and increases in residential care contributions. There is a tight operational and strategic plan in place to address the overspend.	306	372
<b>Total of Mental Health</b>	<b>306</b>	<b>372</b>
<b>In-House Services</b>		
Careline provides but is not funded to provide a 24-hour service. This continued overspend will have to be met by reductions elsewhere in the service and further review of the options will be presented to the Lead Cabinet Member. There is a tight operational plan in place to address it.	222	222
<b>Total of In-House Services</b>	<b>222</b>	<b>222</b>
<b>Commissioning</b>		
There is an overspend in 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
<b>Total of Commissioning</b>	<b>140</b>	<b>140</b>
<b>2% Pay-Award Impact and other Staffing Cost</b>		
This projected overspend due to 2% pay award increase in costs and following an in-year post level costing exercise. This was initially advised during the moving on costing work and the service was requested to review in year.	389	389
<b>Total 2% Pay-Award Impact and other Staffing Cost</b>	<b>389</b>	<b>389</b>
<b>TOTAL VARIANCE</b>	<b>1,028</b>	<b>1,232</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
Estimated costs relating to Learning Disability service users transitioning from Children Services to Adult Social Care.	316	264

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
Year on year savings from Transformation Commissioning Programme are difficult to deliver and the department is concerned given the overall budgetary position.	650	900
<b>TOTAL RISKS MANAGED</b>	<b>966</b>	<b>1,164</b>

**Supplementary Monitoring Information**

The Department has proposing the drawdown of the ASC transformation reserve to fund part of the 2% pay-award and other staffing cost overspend of £389,000. At this stage of the year, the department is highlighting a maximum risk of £0.966m due potential additional transitional service users and difficulty of some in year savings at risk of non-delivery which has been reviewed since last month and reduced by (£198,000).

The Government recently announced additional Winter pressure funding for 2018/19 intended to prevent unnecessary emergency admissions and enable patients to leave hospitals when medically fit and for LA's to be able to invest in social care packages, reablement & adaptations to people's homes. The departments allocation is £918,381 and planning has commenced for the winter period.

<b>Trend Data</b>						
<b>Placements</b>						
	<b>Number of Clients</b>	<b>Unit Costs</b>				
April 2017	472	£862.51				
March 2018	500	£895.57				
October 2018	514	£925.08				

There were 28 new placements in 2017/18 which creates a net increase in forecast of over £600,000 if we assume all clients are in placement for half the year. The weekly cost of placements has increased by £29.51 per week. However, there has been the 14 placements increase in clients over a 7-month period in 2018/19.

<b>Home Care</b>						
	<b>0-7hrs p/w</b>	<b>7-14hrs p/w</b>	<b>14-28hrs p/w</b>	<b>28+hrs p/w</b>	<b>Total</b>	
April 2017	515	372	330	125	1342	
March 2018	489	347	317	155	1308	
October 2018	518	369	332	157	1376	



<b>Home Care activity breakdown by Service users age range</b>						
<b>April 2017</b>		<b>18-64</b>	<b>65-74</b>	<b>75-84</b>	<b>85+</b>	<b>Total</b>
0-7hrs p/w		145	94	156	120	<b>515</b>
7-14hrs p/w		86	59	128	99	<b>372</b>
14-28 hrs p/w		62	44	104	120	<b>330</b>
28+ hrs p/w		15	13	41	56	<b>125</b>
<b>Total</b>		<b>308</b>	<b>210</b>	<b>429</b>	<b>395</b>	<b>1342</b>
<b>March 2018</b>		<b>18-94</b>	<b>65-74</b>	<b>75-84</b>	<b>85+</b>	<b>Total</b>
0-7hrs p/w		130	82	150	127	<b>489</b>
7-14hrs p/w		74	58	108	107	<b>347</b>
14-28 hrs p/w		68	50	87	112	<b>317</b>
28+ hrs p/w		23	21	52	59	<b>155</b>
<b>Total</b>		<b>295</b>	<b>211</b>	<b>397</b>	<b>405</b>	<b>1308</b>
<b>October 2018</b>		<b>18-64</b>	<b>65-74</b>	<b>75-84</b>	<b>85+</b>	<b>Total</b>
0-7hrs p/w		153	91	143	136	<b>523</b>
7-14hrs p/w		79	60	119	113	<b>371</b>
14-28 hrs p/w		67	48	97	111	<b>323</b>
28+ hrs p/w		23	21	51	64	<b>159</b>
<b>Total</b>		<b>322</b>	<b>220</b>	<b>410</b>	<b>424</b>	<b>1376</b>
<p>There are increasing/more complex needs in Home care customers, demonstrated by the increase in 32 cases of 28hrs+ per week, despite the slight drop in client numbers towards the end of 2017/18 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.</p>						
<b>Direct Payments activity breakdown by Service users' age range.</b>						
	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
October 2018	250	66	72	75	463	£342.00

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.

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<b><u>Assumptions</u></b>						
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1. Projections based on client numbers on Mosaic as at the end of October 2018 (assumes Mosaic data is up to date and correct).
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2. Assumes no increase in clients in 2018/19 therefore we only forecast based on live clients on Mosaic. This is a riskier approach than in previous years when clients not in Mosaic were factored into the forecast.
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3. LD Transitions for 2018/19 have been calculated but are not included in the forecast until Care Package is reflected in Mosaic.
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**APPENDIX 8: CENTRALLY MANAGED BUDGETS**  
**BUDGET REVENUE MONITORING REPORT MONTH 7**

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Forecast Variance Month 7</b>	<b>Forecast Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
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	(300)	(300)
Pensions & redundancy	9,048	(160)	(160)
<b>TOTAL</b>	<b>20,454</b>	<b>(380)</b>	<b>(380)</b>
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)
<b>Revised Variance</b>	<b>20,454</b>	<b>(3,005)</b>	<b>(3,005)</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>Corporate &amp; Democratic Core</b>		
Overspend on net Shared Accommodation costs after factoring in the changed accommodation profile post Moving On.	120	120
<b>Corporate &amp; Democratic Core Total</b>	<b>120</b>	<b>120</b>
<b>Housing Benefits Total</b>	<b>0</b>	<b>0</b>
<b>Levies</b>		
Corporately funded Levies are forecast to be £40,000 under budget.	(40)	(40)
<b>Levies Total</b>	<b>(40)</b>	<b>(40)</b>
<b>Net Cost of Borrowing Total</b>	<b>0</b>	<b>0</b>
<b>Other Corporate Items</b>		
Mid-year analysis of Land Charge income indicates a potential under achievement of income of £200,000.	200	200

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
A contingency budget was held for the impact of Pensions auto enrolment. Analysis of employers' pension contribution indicate there has been no change in the cost of employee contributions in relation to total salaries post implementation so the impact appears to be minimal.	(250)	(250)
The NNDR charging schedule has been received and an underspend is forecast for this area.	(250)	(250)
<b>Other Corporate Items Total</b>	<b>(300)</b>	<b>(300)</b>
<b>Pensions &amp; redundancy</b>		
Corporately funded pension costs from historic redundancy decisions are forecast to be under budget.	(160)	(160)
<b>Pensions &amp; redundancy Total</b>	<b>(160)</b>	<b>(160)</b>
<b>TOTAL VARIANCE</b>	<b>(380)</b>	<b>(380)</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 7 £000</b>	<b>Risk At Month 6 £000</b>
Because of 'moving on' the shared accommodation budget pressure has reduced. However, the costs for 2018/19 have still to be calculated and negotiated with RBKC so there is a risk that these costs may be higher than forecast.	300	300
<b>TOTAL RISKS MANAGED</b>	<b>300</b>	<b>300</b>

<b>Supplementary Monitoring Information</b>
After reviewing some older commitments, £1.2m of the Unallocated Contingency remains uncommitted after allowing for remaining 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 7

<b>Table 1 - Variance by Departmental Division</b>			
<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Forecast Variance Month 7</b>	<b>Forecast Variance Month 6</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Housing Income	(74,523)	(192)	(192)
Finance and Resources	7,844	8	8
Housing Services	10,997	0	0
Property Services	2,932	0	0
Housing Repairs	14,820	477	477
Housing Solutions	217	0	0
Housing Strategy	297	70	0
Adult Social Care	48	0	0
Regeneration	362	0	0
Safer Neighbourhoods	622	0	0
Capital Charges	25,356	(297)	(297)
Business & Programme Management	1,915	7	7
SLA recharges	6,385	0	0
Revenue Contribution to Capital	4,563	(4,563)	(4,563)
<b>(Contribution to) / Appropriation from HRA General Reserve</b>	<b>1,835</b>	<b>(4,490)</b>	<b>(4,560)</b>

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<b>Property Services</b>		
<b>Fire Safety Expenditure</b> - additional revenue expenditure on fire safety is now being funded from the earmarked Fire Safety Plus reserve.	0	0
<b>Property Services core costs</b> - no variance is anticipated.	0	0
<b>Total: Property Services</b>	<b>0</b>	<b>0</b>
The out of scope element of the repairs contract with MITIE is predicted to overspend by £581,000. 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 (£104,000) will be recoverable from insurance and this will be confirmed by the loss adjustors in the coming months.	477	477
<b>Total: Housing Repairs</b>	<b>477</b>	<b>477</b>
<b>Housing Income</b>		

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
<p>This relates mainly to favourable variances on income from commercial property of (£198,000) mainly due to backdated invoicing and income from property at Pennard Road previously expected in the General Fund, Estate Pay &amp; Park income (£40,000) and income from dwelling rents and charges of (£125,000).</p> <p>This is offset by a forecast shortfall in rental income from garages of £136,000 due to slippage in appointing a garages refurbishment contractor. At the time the budget was produced, the contractor was expected to be in place by mid-February 2018, however no competitive tenders were received. The work has been retendered and the contractor is now on site and is expected to refurbish up to ten garages per month. The forecast will be updated as new lettings are agreed from the first week of November. In addition, there is an anticipated shortfall on income from advertising hoardings of £35,000.</p>	(192)	(192)
<b>Total: Housing Income</b>	<b>(192)</b>	<b>(192)</b>
<b>Total: Housing Services</b>	<b>0</b>	<b>0</b>
<b>Finance &amp; Resources</b>		
<p>There is a forecast underspend on staffing costs within the Finance team of (£75,000) primarily due to delays in recruitment to vacant permanent positions which are now filled. This underspend is off-set by the loss of cross departmental recharge income of £83,000 following the decanting of Fulham North Housing Office.</p>	8	8
<b>Total: Finance and Resources</b>	<b>8</b>	<b>8</b>
<b>Total: Safer Neighbourhood</b>	<b>0</b>	<b>0</b>
<b>Total: Adult Social Care</b>	<b>0</b>	<b>0</b>
	0	0
<b>Total: Housing Solutions</b>	<b>0</b>	<b>0</b>
<b>Housing Strategy</b>		
<p>This relates to an increase in valuation costs following the expiry of the previous Home Buy (RTB) valuation contract.</p>	70	0
<b>Total: Housing Strategy</b>	<b>70</b>	<b>0</b>
<b>Total: Regeneration</b>	<b>0</b>	<b>0</b>
<b>Capital Charges</b>		

<b>Table 2 - Variance Analysis</b>		
<b>Departmental Division</b>	<b>Month 7 £000</b>	<b>Month 6 £000</b>
The charge for depreciation this year is expected to be lower than budgeted by (£297,000). This follows the annual revaluation of the Council's homes which has been updated based on the value as at 31st March 2018 and has resulted in a minor change from the budgeted figure approved by Cabinet in February 2018.	(297)	(297)
<b>Total: Capital Charges</b>	<b>(297)</b>	<b>(297)</b>
<b>Revenue Contribution to Capital</b>		
A revenue contribution to capital (budgeted at £4,563,000) 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 and with officers gaining the necessary sign off for approvals to scope as per Council's Standing Orders and Constitution. There is also a degree of uncertainty and compliance checks needed to inform the planned programme especially around the long-term Fire Safety Plus programme.	(4,563)	(4,563)
<b>Total: Revenue Contribution to Capital</b>	<b>(4,563)</b>	<b>(4,563)</b>
<b>Total: SLA Recharges</b>	<b>0</b>	<b>0</b>
<b>Business and Programme Management</b>		
A forecast overspend on staffing costs of £121,000 due to unbudgeted recruitment required for operational delivery purposes is currently offset by other staffing underspends (£114,000), resulting from existing vacancies within the systems and performance improvement teams.	7	7
<b>Total: Business and Programme Management</b>	<b>7</b>	<b>7</b>
<b>TOTAL VARIANCE</b>	<b>(4,490)</b>	<b>(4,560)</b>

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 6 £000</b>	<b>Risk At Month 5 £000</b>
<b>Additional Fire Safety Costs</b> - 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

<b>Table 3 - Key Risks - Detail Items Over £250,000</b>		
<b>Risk Description</b>	<b>Risk At Month 6 £000</b>	<b>Risk At Month 5 £000</b>
<b>The implementation of the Hampshire Integrated Business Centre systems and its impact on service delivery</b> - most notably in terms of risks to leaseholder 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 issues arising and other factors.	unknown	unknown
<b>MITIE Out of Scope</b> - 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
<b>The impact of the Growth &amp; Place restructure:</b> This relates to the net impact of the restructure most notably additional resource requirement in the Property Services, Operations and Direct Delivery team and the further roll out of the concierge service. Finance Officers are working closely with the project team costing the emerging proposals. The reason for the restructure and the additional resource requirement is to ensure the service is fit for purpose regarding the Council's obligation around Health and Safety and the emerging priorities being raised around Fire Safety.	unknown	unknown
<b>TOTAL RISKS MANAGED</b>	<b>Not Quantified</b>	<b>Not Quantified</b>

<b>Supplementary Monitoring Information</b>
<p><b>Repairs and Maintenance:</b> Expenditure on the Out of Scope (OOS) element of the contract with MITIE is forecast at £3.83m for 2018/19 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.</p> <p>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 2017/18 to £320.55 in 2018/19.</p> <p>There are also noticeable increases in the average cost for some non-general trade categories, including:</p> <ul style="list-style-type: none"> <li>- Door Entry (average cost £302.67 in 2017/18 and £357.38 in 2018/19), the</li> </ul>



## Supplementary Monitoring Information

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 2017/18 and £157.20 in 2018/19).

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 (2015/16), £9.7m (2016/17) and £8.9m (2017/18) to £8.7m this year. The interest rate applicable to the remaining debt has also fallen from an average of 5.34% (2015/16) 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 2019/20 and £7.8m in 2020/21 (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 2020/21 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 2018/19, £8.0m (average rate 6.9%) in 2019/20 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 West King Street Regeneration.

**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 2016/17 and 0.98% in 2017/18) 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 2018, 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.

### Supplementary Monitoring Information

**Commercial income:** the income generated has increased since 2016/17 from £1.15m to £1.46m in 17/18 and is expected to increase to £1.67m this year. In part, this is due to windfall income from Pennard Road which has been identified as an HRA property (£85,000) and also some windfall income due to delayed invoicing (£35,000). The improvement is also as a result of 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 2016/17; £1.02m in 2017/18). The void rate has improved also, falling from 35% in 2016/17, to 27% in 2017/18, 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 £136,000. 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%.

**APPENDIX 10 - VIREMENT REQUEST FORM**  
**BUDGET REVENUE MONITORING REPORT – MONTH 7**

<b>Details of Virement</b>	<b>Amount (£000)</b>	<b>Department</b>
<b>GENERAL FUND:</b>		
Drawdown from Election Reserve to cover costs of the Local Elections	342 (342)	Corporate Services Reserves
<b>Total of Requested Virements (Debits)</b>	<b>342</b>	
<b>HRA:</b>	<b>0</b>	
<b>Total of Requested Virements (Debits)</b>	<b>0</b>	