



London Borough of Hammersmith & Fulham

CABINET

7 APRIL 2014

REVENUE BUDGET 2013/14 - MONTH 10 AMENDMENTS

Report of the Leader of the Council - Councillor Nicholas Botterill

Open Report.

Classification - For Decision
Key Decision: Yes

Wards Affected: All

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

Report Author: Gary Ironmonger, Principal Revenue Accountant

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1. EXECUTIVE SUMMARY

- 1.1. This report sets out proposed amendments to the Revenue Budget as at Month 10.
- 1.2. Virement requests of £2.056m for General Fund are recommended for approval.
- 1.3. It is proposed that £0.398m of bad debt is written off. TTS are requesting the write off of £0.199mk of commercial rents debts. Housing are proposing to write off £0.104m of general fund commercial rent debts arising from the Townmead and Sullivan way industrial units. Housing are also requesting the write off of £0.082m of HRA commercial rents and £0.013m tenant repair charges dating back as far as 1997.
- 1.4. Departments are proposing to carry forward planned underspends of £3.752m into 2014/15, subject to each specific approval. The final position is dependent on the year end outturn therefore these proposals may need to be scaled down
- 1.5. Children's Services Department are proposing to reallocate some of their current reserves for wider application to address the risk profile identified for 2014/15

- 1.6. In order to produce the final accounts to the statutory deadline of 30th June, a significant amount of activity is under way. As a result of this activity, there will be a number of areas where actions are required that normally need Cabinet approval (final budget carry forwards, use of reserves, budget virements, level of bad debt provision etc.). In order to meet the deadline, it is therefore proposed that decision making in relation to these issues is delegated to the Executive Director of Finance and Corporate Governance in consultation with the Leader.

2. RECOMMENDATIONS

- 2.1. That £0.398m of bad debt be written off.
- 2.2. That approval be given to the carry forward of departmental underspends of £3.752m as detailed in Appendix 2 to this report.
- 2.3. That the Executive Director of Finance and Corporate Governance be given delegated authority to authorise a reallocation of the current Children's Services reserves to help them manage their 2014/15 risks in line with their current risk assessment.
- 2.4. That approval be given to virements totalling £2.056m as set out in Appendix 1 to this report.
- 2.5. That approval be given to the request for the Executive Director of Finance and Corporate Governance, in conjunction with the Leader, to take the necessary decisions required to ensure the Council's accounts are closed by 30 June 2014.

3. REASONS FOR DECISION

- 3.1. To comply with Financial Regulations.

4. 2013/14 REVENUE BUDGET AMENDMENTS MONTH 10

- 4.1. Cabinet is required to approve all budget virements that exceed £0.1m.
- 4.2. Virements totalling £2.056m to the General Fund are requested. (details in Appendix 1).
- 4.3. It is requested that £0.398m of bad debt is written off. TTS are requesting the write off of £0.199mk of commercial rents debts. Housing are proposing to write off £0.104m of general fund commercial rent debts arising from the Townmead and Sullivan way industrial units. Housing are also requesting the write off of £0.082m of HRA commercial rents and £0.013m tenant repairs charges dating back as far as 1997.

5. CARRY FORWARD PROPOSALS

- 5.1. Departments have presented justifications to carry forward underspend budgets of £3.752m into 2013/14 (details in Appendix 2). Consideration and approval of the carry forward proposals is sought in this report. If the year end outturn is lower than the current forecasts, these carry forward proposals will be scaled down.

Table 3: Proposed Departmental Budget Carry Forward

	Underspend	Proposed Carry Forward
Department	£000s	£000s
Adult Social Care	(1,901)	1,220
Children's Services	(245)	220
Unaccompanied Asylum Seeking Children	0	0
Environment, Leisure & Residents' Services	(527)	499
Finance and Corporate Services	(513)	458
Housing & Regeneration	(630)	630
Library Services (Tri-Borough)	(30)	30
Public Health Services	(311)	0
Transport & Technical Services	(186)	170
Controlled Parking Account	(1,404)	525
Centrally Managed Budgets	(1,913)	0
Net Operating Expenditure	(7,660)	3,752

- 5.2. Children's Services Department are proposing to reallocate some of their current reserves for wider application to address the risk profile identified for 2014/15.

6. DELEGATED AUTHORITY FOR CLOSING ACCOUNTS

- 6.1. In order to produce the final accounts to statutory deadlines a significant amount of activity is under way. As a result of this activity there will be a number of areas where actions are required that need Cabinet approval (final budget carry forwards, use of reserves, budget virements, level of bad debt provision etc.). The process of taking these decisions via Business Board, Briefing to Cabinet and then Cabinet is too long to enable these decisions to be agreed and get the final accounts produced to the statutory deadlines. It is therefore proposed that decision making in relation to all issues in relation to closing the accounts is delegated to the Executive Director of Finance and Corporate Governance in conjunction with the Leader.

7. CONSULTATION

7.1. Not applicable.

8. EQUALITY IMPLICATIONS

8.1. It is not considered that the adjustments to budgets will have an impact on one or more protected group so an EIA is not required.

9. LEGAL IMPLICATIONS

9.1. Not applicable.

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1. Virements totalling £2.056mm are requested.

10.2. Write off of £0.398m of bad debt is requested.

10.3. Departments have request carry forward of £3.752m of budget underspends.

10.4. It is proposed to give delegated authority to the Executive Director of Finance and Corporate Governance to take financial decisions, in consultation with the Leader, required to ensure the closing of accounts in line with statutory deadlines.

10.5. Implications verified/completed by: Gary Ironmonger, Principal Revenue Accountant ,Tel: 020 (8753 2109)

11. RISK MANAGEMENT

11.1. Budget Risk will be managed and reported via Corporate Revenue Monitoring.

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

12.1. Not applicable.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	CRM6	Gary Ironmonger	FCS

LIST OF APPENDICES

Appendix 1	Virement Request Form
Appendix 2	Departmental Carry Forward Requests

APPENDIX 1 - VIREMENT REQUEST FORM

BUDGET REVENUE MONITORING REPORT – PERIOD 10

Details of Virement	Amount (£000)	Department
GENERAL FUND:		
Budget alignment from Parking Reserves for TFM adjustments (Parking expenditure will be met from capital instead).	100 / (100)	TTS/ Parking Reserve
In year movement of budgets from Support Services to Building Control - for unachievable income targets	258.4/ (258.4)	Within TTS
Realignment required from Support Services to Environmental Health-Noise and Nuisance for unachievable income targets.	55 (55)	Within TTS
The reallocation of budgets for support services and other overheads in accordance with local authority accounting rules. This is an accounting exercise and has no net impact on the department's net budget.	123 / (123)	Within HRD
This relates to the realignment of Adult Learning budgets following the confirmation of courses to be delivered in the new academic year. This adjustment has no net impact on the department's net budget.	340 / (340)	Within HRD
This relates to adjustments made to the funding of the Council's Strategic Regeneration function, including the use of Section 106 and contributions from the Joint Venture. This adjustment has no net impact on the department's net budget.	131 / (131)	Within HRD
This relates to the planned drawdown from corporate reserves already approved by Cabinet (in November 2012) to fund a package of incentives to landlords associated with the Council's temporary accommodation portfolio	349 / (349)	Within HRD
This relates to the planned drawdown from corporate reserves already approved by Cabinet (in November 2012) to fund the Housing Benefit Assist project to manage the impact of Welfare Reform	112 / (112)	Within HRD
Transfer pro-rated security budget (October – April) to fund security element of TFM agreement which transferred from ELRS	(258) 258	ELRS TTS
Transfer £90k from waste disposal underspend to offset pressure in transport section due to an unachievable MTFs efficiency	(90) /90	Within ELRS
Funding from contingency to cover additional costs of Southwark judgement cases.	240 / (240)	CHS / CMB
Total of Requested Virements (Debits)	2,056.4	

APPENDIX 2 Detailed Budget Carry Forward Proposals

CARRY FORWARD PROPOSALS	AMOUNT £000
ADULT SOCIAL CARE	
<p>Careline Income A MTFSS savings shortfall of £400,000 is not offset by reserves for 2014/15. A carry forward is requested from the 2013/14 underspend to cover this income shortfall. The service is being reviewed with Commissioning to look at recommissioning a telephony / monitoring service on a Bi or Tri borough basis. A local response service will be developed as part of the wider Rapid Response Service developments.</p>	400
<p>Learning Disabilities Service Based on the latest baseline modelling an increase in demand for Learning Disabled People placements and care packages is anticipated with budget pressures of £235,000. As detailed in the MTFSS Leaders June challenge meeting, a growth bid of £623,000 was requested and the advice was if these pressures materialise reserves will need to be reviewed to meet this pressure.</p>	235
<p>Community Equipment There is increased pressure on equipment budgets as a whole as the Health & Social Care community work together to deliver on admission avoidance & delaying admissions to Residential or Nursing Facilities. The service received one-off balance sheet reserves of £50,000 in 2012/13 and £100,000 in 2013/14 to reduce the overspend, but this is not available in 2014/15.</p>	200
<p>People First Website in Hammersmith Following the launch of the People First website in WCC and RBKC, LBHF are seeking funding to implement a People First Website which will allow customers and staff to self-help and be independent in reviewing the services on offer. The estimated one-off cost of implementation is £105,000 and annual maintenance costs of £22,000. The department is requesting a carry forward to fund the implementation costs and to pay for the first year of maintenance.</p>	127
<p>Integrated Care at Parkview and Tri-Borough move (Infrastructure Costs) As part of the new Integrated Care service at Parkview, the Learning Disability Team will need to move from its existing premises at Stamford Brook, which is likely to lead to double running costs until the move is completed. It is estimated to cost £25,000 in rental payments. The Tri-Borough Commissioning hub is based in Glenthorne Road on the 3rd and 4th floors and with the lease expiring within the next 12 months, accommodation will need to be found for the Commissioning Teams. A high level indicative infrastructure cost of the move for IT and removal costs are estimated at £75,000.</p>	100

CARRY FORWARD PROPOSALS	AMOUNT
	£000
<p>Public Finance Initiative (PFI) Contract expert The Council has been in negotiation with the PFI contractor Care UK on a range of contractual disputes over a period of time. Both parties agreed to call an expert whose decision on the agreement has resulted in the Council making an interim payment to Care UK of £1,087,336. Negotiations remain ongoing to resolve other queries. The department is proposing to employ a contract/finance expert, reporting to the Procurement Team, who would have the knowledge and the expertise on this 25 year contract (with an annual gross spend of £7,500,000) in order that future matters are resolved with the provider.</p>	60
<p>Review of Advocacy Support Within the 2014/15 MTFS savings proposals is a review of the Advocacy Support service with an overall savings target of £165,000. The advocacy tender has been delayed due to issues with confirming the NHS Funding and with the return of Pre-Qualification Questionnaires. The revised contract implementation date is 1st October 2014 with an estimated shortfall in the savings of £40,000.</p>	40
<p>Review of Learning Disability Residential Support Living The consultation on the future of Coverdale Road residential home for people with Learning Disability forms part of the Borough's Learning Disability and Housing Support Strategy. This involves a review of current in house provision to ensure this is compatible with current and future needs. Cabinet have agreed that a consultation on the future of Coverdale should take place which has been extended to ensure that everyone has the opportunity to be consulted and there is enough time evaluate the options. Within the 2014-15 MTFS is a savings proposal of £108,000, this extended extension will result in a budget shortfall of £36,000.</p>	36
<p>Review of Mental Health Day Services Within the 2014/15 MTFS savings proposals is a strategic review of Mental Health Day Services across Tri-Borough. The purpose of the review is to ensure a commissioned approach to a range Mental Health Services which will promote wellbeing and prevent relapse. There are a number of contracts to be reviewed and the overall timescale for recommendations will only be available in November 2014 leaving a shortfall in the savings proposed.</p>	22
Total ASC	1,220
CHILDREN'S SERVICES	
<p>Children's Services are requesting the carry forward of Adoption Reform Grant of £220k. The department is also requesting a reallocation or wider application of existing reserves for alternative use given the risks and pressures identified for 14/15. The rationale for this is that existing pressures have been met from containing some of the expenditure for which the reserve was established, or offsetting it against other favourable variances.</p>	220
Total CHS	220
ENVIRONMENT, LEISURE & RESIDENTS' SERVICES	
Funding for Fulham Palace Trust once Heritage Lottery Funding commitment ends (covers 2 to 3 years only)	269

CARRY FORWARD PROPOSALS	AMOUNT
	£000
Fund Fulham Palace Trust unbudgeted insurance and lease costs for three years	120
Initiatives for reducing waste tonnages and contaminated recyclate (part of total expected invest to save bid of c. £250k)	50
Increase marketing reserve to progress income generating initiatives in 2014/15	50
Implement mobile working as part of the Waste and Street Scene service review recommendations	10
Total ELRS	499
FINANCE AND CORPORATE SERVICES	
Legal & Democratic Services – request a carry forward to cover additional election costs due to the local and European elections in May 2014.	100
Finance & Audit – request a carry forward to cover additional resource costs due to the delayed implementation of Managed Services.	100
Carry forward to fund extension of Electronic Document Management System contract.	258
Total FCS	458
HOUSING AND REGENERATION DEPARTMENT	
<u>HB Assist Plus</u> To continue the existing team for 2014/15 to concentrate on the existing core activity of managing the response to the Overall Benefit Cap, co-ordinating activity around the spare bedroom subsidy and from the middle of the financial year expanding the team's activities to include those claimants for Universal Credit who may need assistance with their housing circumstances. Total funding required is £243k, and this will include utilising the existing reserve of £83k.	160
<u>Universal Credit - project management and preparation of local support framework</u> The existing DWP support in the introduction of universal credit is the subject of a contract between the Council and DWP for 2012/13 and includes an element of payment for project management costs. It is anticipated that DWP will extend this arrangement into 2014/15 but it is not yet clear whether they will continue to fund project management costs. If they do, this will partly offset the costs included here. In any event, the bigger task for the Council in 2014/15 is the building of a local support framework amongst statutory and voluntary agencies in preparation for the expanded cohort of claimants and for the point at which many thousands of residents in the borough will be claiming Universal Credit. This will form the main mitigation against the risks arising from direct payment of universal credit. The carry forward requested is for a project management resource to cover this work for the year.	70

CARRY FORWARD PROPOSALS	AMOUNT
	£000
<p>Incentive payments to private sector landlords (Direct Lettings) In October 2012, Cabinet agreed to approve the use of general reserves of £750k to procure Direct Lettings units as a direct alternative to the use of Bed & Breakfast accommodation. This package of incentives has contributed significantly to the Council's overall reduction in the usage of B&B in 2013/14 (from a budgeted level of 270 to a forecast of 132) and importantly, to a reduction in the number of families in B&B for more than 6 weeks from 42 at the end of March 2013 to 3 at the end of January 2014. Carry forward of £400k of the departmental underspend is requested to enable further mitigating action against the risk of the Council incurring substantially higher costs in using B&B. It is anticipated that an additional 200 cases will be procured in 2014/15 at an average cost of £3k per unit and this will be funded from the existing Temporary Accommodation incentive payments reserve of £200k, supplemented by this proposal for a further £400k.</p>	400
Total HRD	630
LIBRARY SERVICE	
The carry forward is to support a phased stock renewal programme for the Hammersmith Library opening in April 2014.	30
TOTAL LIBRARY SERVICE	30
TRANSPORT & TECHNICAL SERVICES	
1) Responding to 'Your Voice' survey with staff development sessions.	20
2) Asbestos inspection costs not covered by the Total Facilities Management contract.	100
3) Funding to help TTS develop and implement savings proposals for 15/16.	50
TTS Total Carry Forward requests.	170
CONTROLLED PARKING ACCOUNT	
To meet the one off costs of implementing a new IT system	525
Controlled Parking Account Total Carry Forward Requests	525
Total Carry Forward Proposals	3,752