	London Borough of Hammersmith & Fulham CABINET 1 SEPTEMBER 2014
CORPORATE REVENUE MONITOR 2014/15 MONTH 2	
Report of the Cabinet Member for Finance : Councillor Max Schmid	
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 – Finance Manager (Revenue Monitoring)	Contact Details: Gary Ironmonger Tel: 020 (8753 2109) E-mail: gary.ironmonger@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. The General Fund outturn forecast is a favourable variance of £1.086m with budget risks of £3.128m. The forecast underspend is before taking account of contingencies. Risks will be monitored and mitigating actions taken should they develop into overspends.
- 1.2. The HRA is forecast to break-even with HRA general reserves of £10.657m at year end. The HRA budget risks are £0.130m.
- 1.3. General Fund virement requests of £0.811m are recommended for approval. The HRA virement request total £0.112m for Month 2.
- 1.4. Write off requests totalling £0.037m have been submitted.

2. RECOMMENDATIONS

- 2.1. To note the forecast underspend of £1.086m for the General Fund and the break-even position for the HRA.
- 2.2. To approve the virement requests totalling £0.811m General Fund and £0.112m Housing Revenue Account as detailed in Appendix 11.

- 2.3. That Transport & Technical Services debts of £0.037m are written off. These debts are old and deemed uncollectable due to the debtor being insolvent or untraceable.

3. REASONS FOR DECISION

- 3.1. The decision is required to comply with the financial regulations.

4. CORPORATE REVENUE MONITOR (CRM) 2014/15 MONTH 2 GENERAL FUND

Table 1: General Fund Projected Outturn – Period 2

Department	Revised Budget At Month 2 £000s	Forecast Year End Variance At Month 2 £000s
Adult Social Care	64,403	384
Centrally Managed Budgets	28,674	0
Children's Services	48,741	802
Unaccompanied Asylum Seeking Children	1,013	0
Environment, Leisure & Residents' Services	31,134	(33)
Finance and Corporate Services	16,834	0
Housing & Regeneration	7,726	(505)
Library Services (Tri- Borough)	3,212	0
Public Health Services	346	(346)
Transport & Technical Services	14,922	194
Controlled Parking Account	(20,298)	(1,582)
Net Operating Expenditure*	196,707	(1,086)
Key Risks		3,128

*note: figures in brackets represent underspends

- 4.1. Detailed variance and risk analysis by department can be found in Appendices 1 to 9.

CORPORATE REVENUE MONITOR 2014/15 HOUSING REVENUE ACCOUNT

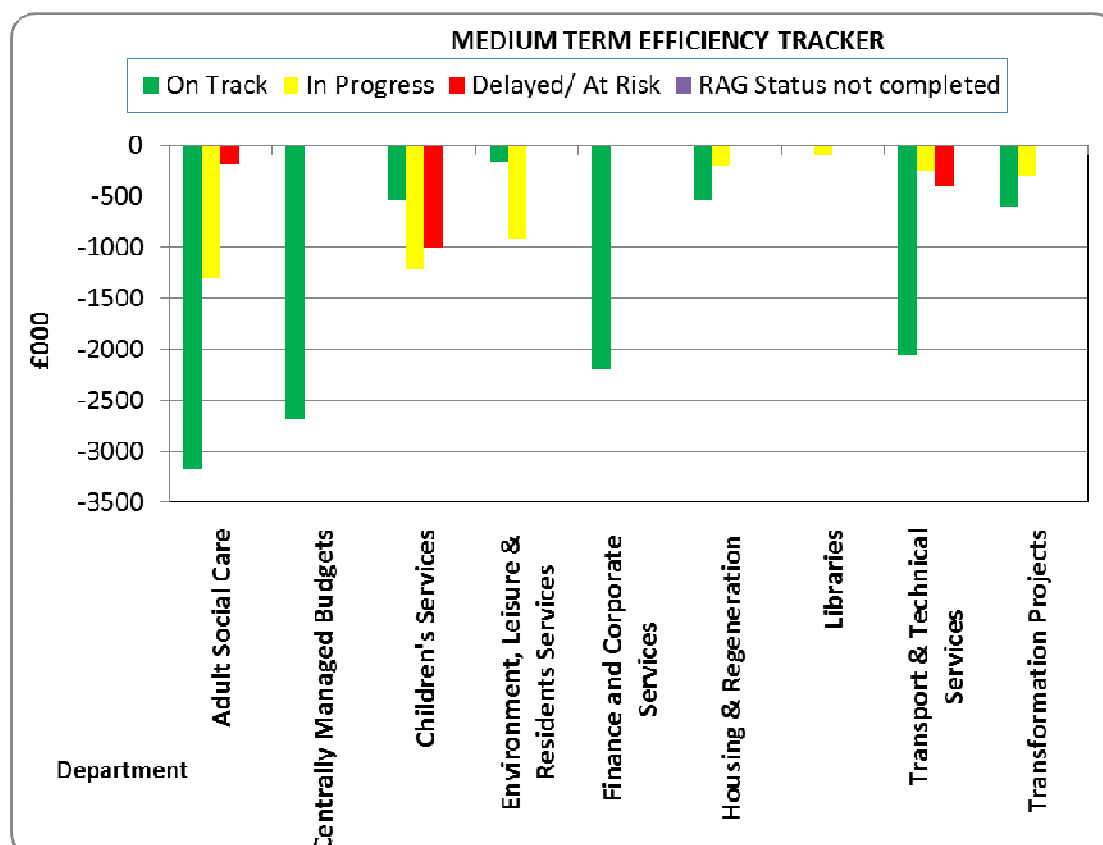
Table 2: Housing Revenue Account Projected Outturn - Period 2

Housing Revenue Account	£000s
Balance as at 31 March 2014	(7,494)
Add: Budgeted Contribution to Balances	(3,163)
Projected Balance as at 31st March 2015	(10,657)
Key Risks	130

4.2. Detailed variance and risk analysis can be found in Appendix 10.

5. MEDIUM TERM FINANCIAL STRATEGY EFFICIENCY TRACKER SUMMARY

5.1. The 2014/15 budget included efficiency proposals of £19.905m. Progress against these is summarised below and detailed in Appendices 1 to 9.



6. VIREMENTS & WRITE OFF REQUESTS

6.1. Cabinet is required to approve all budget virements that exceed £0.1m.

6.2. Virements totalling £0.811m to General Fund budgets and £0.112m for the HRA are requested (Appendix 11).

6.3. Technical and Transport Services are requesting write off of £0.037m of old debts that are uneconomic to pursue.

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. There are no legal implications for this report.

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1. The General Fund outturn forecast at Month 2 is for a favourable variance of £1.086m.

10.2. The HRA outturn forecast at Month 2 is a break-even position.

10.3. Implications verified/completed by: James Arthur / Gary Ironmonger.

11. RISK MANAGEMENT

11.1. Details of actions to manage financial risks are contained within departmental Appendices (1-10).

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.	CRM2	Gary Ironmonger Tel. 020 8753 2562/2109	FCS

List of Appendices

Appendix 1	Adult Social Care Revenue Monitor
Appendix 2	Centrally Managed Budgets
Appendix 3	Children's Services Revenue Monitor
Appendix 3a	Unaccompanied Asylum Seeking Children Revenue Monitor
Appendix 4	Environmental Leisure and Residents Services Revenue Monitor
Appendix 5	Finance and Corporate Services Revenue Monitor
Appendix 6	Housing and Regeneration Department Revenue Monitor
Appendix 7	Library Services (Tri-Borough) Monitor
Appendix 8	Public Health Services Monitor
Appendix 9	Transport and Technical Services Monitor
Appendix 9a	Controlled Parking Account Revenue Monitor
Appendix 10	Housing Revenue Account Monitor
Appendix 11	Virements Requests

APPENDIX 1: ADULT SOCIAL CARE
BUDGET REVENUE MONITORING REPORT – PERIOD 2

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 2
	£000s	£000s
Operations	36,983	598
Provided Service and Mental Health Partnership	8,962	(226)
Commissioning	9,039	12
Procurement and Business Intelligence	1,038	0
Finance	7,910	0
Directorate	471	0
Total	64,403	384

2.Variance Analysis with Action Plans to Address Forecast Overspends/(Underspends)

Departmental Division	Variance £000s	Explanation & Action Plans
Operations	598	<p>In line with Tri-Borough ASC strategy to support clients at home, there are pressures on the Home Care Packages and Direct Payments budgets. For Older People and Physical Disabilities Services, there is a net projected overspend of £311,000 in these areas. Discussions are on-going with the Clinical Commissioning Groups to secure permanent acute sector funding for the increasing demand of meeting Care at Home.</p> <p>The other area of the projected overspend is primarily due to three MTFs savings items. The first relates to the customer journey workstream of £287,000. When the savings plans were drafted we had hoped that the outcome of the customer journey work would have begun to be achieved, but we won't see this until 2015/16. The second is an unachieved MTFs savings relating to price reductions for the new Home Care contract of £118,000 due to the delay in the tendering exercise. The third is an income shortfall on Careline of £400,000. Both these last two pressures can be met from the Departmental pressures and demand balance sheet reserve this year.</p>
Mental Health and Provided Service	(226)	<p>Within the Provided Service Division there is a projected underspend of (£238,000) due to the passenger transport procurement saving of (£138,000) being greater than expected and a lower number of no recourse to the Public Funds clients of (£100,000). There is a delay in implementing the Learning Disability residential supporting living contract of £36,000, which can be funded from the</p>

Departmental Division	Variance £000s	Explanation & Action Plans
		2013-14 carry forward of underspend.
Commissioning	12	Within the Community Commissioning third sector budget, there is £101,000 delay in achieving MTFS savings on the new advocacy contract. This overspend can be partly compensated for by (£40,000) from the 2013-14 carry forward. There is a £30,000 projected overspend on the legal cost budget, which is offset by a (£79,000) underspend from Supporting People contract variations and two services which have been decommissioned.
Procurement & Business Int.	0	
Finance	0	
Directorate	0	
Total	384	

3. Table 3: Key Risks

None to report.

4. Table 4: MTFS Progress (with explanations of schemes at red status)

Department	2014/2015 MTFS Target	On Track (Green)	In Progress (Amber)	Delayed/ At Risk (Red)
	£000s	£000s	£000s	£000s
Adult Social Care	(4,664)	(3,172)	(1,307)	(185)

5. Comments from the Executive Director

Adult Social Care (ASC) is projecting a net overspend of £384,000 at this early stage of the financial year. The draft outturn for the department for 2013/14 was (£1,108,000) underspend, after the carry forward of £1,570,000. A number of the underspends were early achievements contributing towards the 2014-15 MTFS savings.

The department is expected to deliver savings of £4,664,000 in this financial year and at this stage of the year 68% are on track to be delivered. The remaining savings are classified as amber as discussions are on-going with the service providers and at this stage are expected to be delivered. There is one saving, relating to Customer Journey for Operational services, which is classified as red until the outcome of the review is known.

Within the Operations Division, in the Community Independence Service there is an income shortfall on Careline of £400,000 which the department can fund from the balance sheet reserves in the current year. The service is currently being reviewed as part of a wider project to include telehealth.

The Department is proposing to drawdown the following balances from the carry forward of the 2013-14 underspend to arrive at the projected outturn position of £384,000.

Careline Income	£ 400,000
Review of Advocacy Support	£ 40,000
Review of LD Residential Supported Living	<u>£ 36,000</u>
Total	<u>£476,000</u>

At this early stage of the financial year, this is a light touch monitoring report and as the months progress, more detail monitoring work will be undertaken.

BUDGET REVENUE MONITORING REPORT – PERIOD 2**1. Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 2
	£000s	£000s
Corporate & Democratic Core	5,839	0
Housing and Council Tax Benefits	(90)	0
Levies	1,570	0
Net Cost of Borrowing	2,751	0
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	8,609	0
Pensions & Redundancy	9,995	0
Total	28,674	0

2. Variance Analysis with Action Plans to Address Forecast Overspends/(underspends)

None to report.

3. Table 3: Key Risks

None to report.

4. Table 4: MTFs Progress (with explanations of schemes at red status)

Department	2014/2015 MTFs Target	On Track (Green)	In Progress (Amber)	Delayed/ At Risk (Red)
	£000s	£000s	£000s	£000s
Centrally Managed Budgets	(2,686)	(2,686)	0	0

5. Comments from the Director

Early analysis indicate that Centrally Managed expenditure will be in line with budgets.

APPENDIX 3: CHILDREN'S SERVICES

BUDGET REVENUE MONITORING REPORT – PERIOD 2

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 2
	£000s	£000s
Tri Borough Education Service	5,180	(541)
Family Services	32,063	817
Children's Commissioning	5,601	526
Finance & Resources	5,853	0
Dedicated School Grant & Schools Funding	44	0
Total	48,741	802

2. Variance Analysis with Action Plans to Address Forecast Overspends/(underspends)

Departmental Division	Variance £000s	Explanation & Action Plans
Finance & Resources	0	
Family Services	817	Significant placement pressures remain with regards to Southwark Judgement cases £250k, No Resource to Public Funds £300k, and Secure Remand £200k Support to children and families in need £100k
Children's Commissioning	526	The division is expecting a shortfall of at least £146k on Adult Schools Meals income in the current financial year. This should be funded by DSG which is yet to be confirmed. There are pressures within the division relating to transport commissioning and risk regarding in year MTFS.
Tri-Borough Education Service	(541)	Major saving is from new Tri-borough transport contract. This is being used to offset pressures elsewhere in the department
DSG & School Funding	0	
Total	802	

3. Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Secure Remand	100	200
No Recourse To Public Funds	200	300
Southwark Judgement Support	150	250
Kinship Fees related to the Tower Hamlets Judgement	0	450
Total	450	1,170

4. Table 4: MTFs Progress (with explanations of schemes at red status)

Department	2014/2015 MTFs Target	On Track (Green)	In Progress (Amber)	Delayed/ At Risk (Red)
	£000s	£000s	£000s	£000s
Children's Services	(2,780)	(544)	(1,225)	(1,011)

5. Comments from the Executive Director

The Children's Services Department is projecting an overspend of £802,000 at this early stage of the financial year. The department's 13/14 outturn was a balanced position with no further balances established to assist with pressures and risks in this financial year.

The department has identified and expects to deliver £2,780m of savings in this financial year.

Significant pressures remain in this financial year and are ongoing issues created by changes in legislation and court rulings affecting the delivery of services to children and young people in need.

Cases presenting under the Southwark Judgement continue to cause a pressure and we are expecting additional expenditure of approximated £250k this year.

Changes to the youth offending remand funding has previously been identified as a risk and is on-going, last year the dept. saw 23 young people remanded. Since April 14 five young people have been in remand.

The department have experienced increasing numbers of families presenting who have no recourse to public funds. In last financial year 95 cases were in need of support costing a total £213k. We continue to experience high levels of cases presenting for support and expect at this stage that the expenditure will be at a similar level. Further evidence based analysis will be undertaken with the aim of driving down demand and therefore costs associated with this group.

The risk arising from the recent Tower Hamlets court case challenging an authority's right not to pay kinship carers the same fees as registered foster carers remains. Tower Hamlets lost the case and we are therefore currently looking at the qualifying criteria which carers will have to meet in order to receive the carer fee element in line with main stream foster cares. The current foster carer weekly fee is £237. The potential risk on a full year basis if all kinship carers qualified for a fee payment would be £450k .

APPENDIX 3a: UNACCOMPANIED ASYLUM SEEKING CHILDREN

BUDGET REVENUE MONITORING REPORT – PERIOD 2

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 2
	£000s	£000s
Unaccompanied Asylum Seeking Children	1,013	0
Total	1,013	0

2. Variance Analysis (include Action Plans to Address Forecast Overspends)

None to report.

3. Table 3: Key Risks

None to report.

4. Comments from the Executive Director

At this early stage in the financial year no material risks have been identified.

BUDGET REVENUE MONITORING REPORT – PERIOD 2

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 2
	£000s	£000s
Cleaner, Greener & Cultural Services	693	(403)
Safer Neighbourhoods	9,134	370
Customer & Business Development	21,393	0
Director & Resources	(86)	0
Total	31,134	(33)

2. Variance Analysis with Action Plans to Address Forecast Overspends

Departmental Division	Variance £000s	Explanation & Action Plans
CCGS – Waste disposal	(403)	Overall waste tonnages have been broadly the same for the past 2 years, but more expensive general waste tonnages have been increasing whilst cheaper recycling tonnages have been decreasing. However, general waste tonnage costs are less than budgeted this year due to contractor underspends on building the new energy from waste plant. A waste innovation group has been formed to pilot new waste reduction initiatives with the aim of reducing waste tonnages and increasing recycling in the medium to long term.
SND - Transport	200	The continued reduction in the council's vehicle fleet over a number of years as services have been outsourced has resulted in a loss of fleet management and repairs income for the Transport service. Budget growth will be requested in 2014/15 to permanently recalibrate the budgets in line with current demand, which could be mitigated through a one off draw down of the £100k balance on the Transport Reserve.
SND - Coroners & Mortuary	100	A reduction in corporate overheads has led to a reduction in the level of expenditure that can be recharged to partner boroughs, but recharge income budgets have remained the same. A paper will request budget growth to permanently realign the income budget from 2014/15.
SND - CCTV	70	Options to address this through a realignment of budgets within the directorate are being explored.
Total	(33)	

3. Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000	£000
Hammersmith All Weather Pitch – loss of income due to delayed opening of the new facility. £70k full year impact mitigated by £35k carry forward from 2013/14.	0	35
Non-guaranteed income target for new ducting concession contract (£90k guaranteed income).	0	55
Cemeteries income shortfall if 2013/14 levels are not exceeded.	0	50
Risk of increased waste disposal and contamination tonnages, which may be driven by increased number of dwellings or changes in waste disposal habits. Fly tipping on housing estates is also increasing.	(500)	100
Non-achievement of People Portfolio savings.	0	124
Total	(500)	364

4. Table 4: MTFs Progress (with explanations of schemes at red status)

Department	2014/2015 MTFs Target	On Track (Green)	In Progress (Amber)	Delayed/ At Risk (Red)
	£000s	£000s	£000s	£000s
ELRS Department	(1,105)	(160)	(920)	(25)

The red risk reflects the plan to rationalise the number of bring back recycling units currently being on hold whilst the impact on recycling rates and the street scene is being assessed.

5. Comments from the Executive Director

The department forecasts a small underspend for year end, although a number of risk areas exist as reported here. Work is already underway to permanently address these early in the financial year.

Service managers are routinely challenged on budget pressures through DMT forum each month and all areas of financial performance are rigorously challenged at the Quarterly Performance Review Board. This is to ensure that action to address adverse variances is being proactively and promptly progressed.

In the 2013/14 financial year the Department successfully delivered its MTFs savings and managed budget pressures that emerged in year, enabling the department to deliver a balanced outturn overall. Although the financial position is much more challenging in 2014/15, ELRS expects to be able to do the same this year.

APPENDIX 5: FINANCE AND CORPORATE SERVICES

BUDGET REVENUE MONITORING REPORT – PERIOD 2

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 2
	£000s	£000s
H&F Direct	19,006	0
Innovation & Change Management	(188)	0
Legal Democratic Services	(1,296)	0
Third Sector, Strategy & Communications	1,133	0
Finance & Audit	409	0
Procurement & IT Strategy	(2,455)	0
Executive Services	(466)	0
Human Resources	691	0
Other	0	0
Total	16,834	0

2. Variance Analysis with Action Plans to Address Forecast Overspends/(underspends)

None to report.

3. Table 3: Key Risks

None to report.

4. Table 4: MTFS Progress (with explanations of schemes at red status)

Department	2014/2015 MTFS Target	On Track (Green)	In Progress (Amber)	Delayed/ At Risk (Red)
	£000s	£000s	£000s	£000s
Finance & Corporate Services	(2,192)	(2,192)	0	0

5. Comments from the Director

At this early stage of the financial year, no material variances have been identified.

APPENDIX 6: HOUSING & REGENERATION DEPARTMENT

BUDGET REVENUE MONITORING REPORT – PERIOD 2

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 2
	£000s	£000s
Housing Options, Skills & Economic Development	7,785	(505)
Housing Strategy & Regeneration	4	0
Housing Services	40	0
Finance & Resources	(103)	0
Total	7,726	(505)

2. Variance Analysis with Action Plans to Address Forecast Overspends/(underspends)

Departmental Division	Variance £000s	Explanation & Action Plans
Housing Options, Skills & Economic Development	(505)	This relates mainly to a forecast reduction in the net costs of Bed and Breakfast (B&B) accommodation of (£362k) due to a reduction in average client numbers from a budgeted figure of 275 to a forecast of 129. Additionally, the net costs of Private Sector Leasing (PSL) accommodation are expected to reduce by (£150k) due to a fall in the average number of units from a budgeted figure of 853 to a forecast of 636. Other minor variances of £7k are also predicted.
Housing Strategy & Regeneration	0	
Housing Services	0	
Finance & Resources	0	
Total	(505)	

3. Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
BBC Business Incubator Units – due to ongoing negotiations with the prospective leaseholders regarding the terms of occupation, the income of £15k expected from these units is at risk plus the potential cost of business rates of £35k. An action plan is currently being formulated to ensure the collection of the income due, and this will be	4	50

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
reported on for CRM 3.		
Total	4	50

4. Table 4: MTFS Progress (with explanations of schemes at red status)

Department	2014/2015 MTFS Target	On Track (Green)	In Progress (Amber)	Delayed/ At Risk (Red)
	£000s	£000s	£000s	£000s
Housing & Regeneration	(750)	(750)	0	0

5. Comments from the Executive Director

The Housing and Regeneration department currently expects the overall outturn for the year 2013/14 to produce a favourable variance of (£505k). The reasons for this are set out in Table 2 above.

APPENDIX 7: LIBRARY SERVICES (Tri-Borough)

BUDGET REVENUE MONITORING REPORT – PERIOD 2

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 2
	£000s	£000s
Tri-borough Libraries & Archives Service	3,212	0
Total	3,212	0

2. Variance Analysis with Action Plans to Address Forecast Overspends

None to report.

3. Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
Income from customer fees and charges	10	50
Westfield premises and utility costs	10	30
Total	20	80

4. Table 4: MTFs Progress (with explanations of schemes at red status)

Department	2014/2015 MTFs Target	On Track (Green)	In Progress (Amber)	Delayed/ At Risk (Red)
	£000s	£000s	£000s	£000s
Tri-borough Libraries & Archives	(100)	(100)	0	0

5. Comments from the Director

At this stage in the year no significant financial issues causing an unmitigated pressure are foreseen. However areas of risk include income from fees and charges due to income generated from increasingly obsolete formats (DVDs, CDs). Room and space hire opportunities are being reviewed as a means to mitigate these pressures over the longer term. Rising utility costs across all premises cause pressures.

APPENDIX 8: PUBLIC HEALTH SERVICES

BUDGET REVENUE MONITORING REPORT – PERIOD 2

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 2
	£000s	£000s
Sexual Health	6,978	0
Substance Misuse	5,464	0
Behaviour Change	2,110	0
Intelligence and Social Determinants	40	0
Families and Children Services	2,608	0
Substance Misuse – Grant, Salaries and Overheads	(5,470)	0
Public Health – Grant, Salaries and Overheads	(11,384)	(346)
Total	346	(346)

2. Variance Analysis with Action Plans to Address Forecast Overspends/ (Underspend)

Departmental Division	Variance £000s	Explanation & Action Plans
Sexual Health	0	
Substance Misuse	0	
Behaviour Change	0	
Intelligence and Social Determinants	0	
Families and Children Services	0	
Substance Misuse – Grant, Salaries and Overheads	0	
Public Health – Grant, Salaries and Overheads	(346)	See Director's comments
Total:	(346)	

3. Table 3: Key Risks

Risk Description:	Lower Limit £000	Upper Limit £000
PCT Legacy invoices – low risk. Dispute over ownership of liability (and corresponding NHS funding)	0	244
Total	0	244

4. Table 4: MTFFS Progress (with explanations of schemes at red status)

None to report.

5. Comments from the Director

It is currently expected that the budgeted contribution from the general fund (£346K) will not be required to be drawn down, as there is sufficient Public Health Grant to meet all existing and expected commitments.

Included within the Public Health budget are unallocated funds of £2.2M (after removing general fund contribution). We have a number of plans in the pipeline and have invited other departments within the council to submit proposals for Public Health funding. To be funded from the ring-fenced grant, projects must fit with Public Health's priorities and meet the Department of Health conditions.

APPENDIX 9: TRANSPORT AND TECHNICAL SERVICES

BUDGET REVENUE MONITORING REPORT – PERIOD 2

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 2
	£000s	£000s
Building & Property Management (BPM)	(2,408)	(167)
Transport & Highways	11,768	213
Planning	2,747	(117)
Environmental Health	3,332	14
Support Services	(517)	251
Total	14,922	194

2. Variance Analysis (include Action Plans to Address Forecast Overspends)

Departmental Division	Variance £000s	Explanation & Action Plans
Advertising Hoardings	(221)	Income is consistently over performing against budget, although there is a risk that Hammersmith Flyover closures may have an adverse impact.
Building Control	(19)	Building Control income is slightly higher than budgeted. This is mainly from large building schemes.
Facilities Management	229	There is some pressure in the Total Facilities Management contract partly offset by a forecast underspend in the EC Harris contract
Civic Accommodation	(201)	The favourable variance is due to a combination forecast over-recovery of income (£120k) on rent and an underspend on electricity (£136k) charges. The effect of these variances is partially offset by an unachievable accommodation savings target (£50k) and a number of other minor overspends.
Sections within Building & Property management	45	The overall forecast overspend is mainly from the Business Support Team and the Valuation Services.
Total - BPM	(167)	
Transport and Highways	213	The 2014/15 MTFS included a new £250k income target for advertising on pavements. A trial has shown that there is insufficient demand in the market to allow this income budget to be met.
Planning	(117)	The forecast underspend is due to high levels of routine planning applications expected as the wider economy recovers and applicants seek to beat the Community Infrastructure Levy deadline. In regeneration, income from developers is expected to fall significantly, and planning regeneration expenditure will need to be managed down. If income falls more quickly than expenditure Planning will experience financial pressure.
Environmental Health	14	The overspend is due to delays in co-locating the EH team preventing the full implementation of the Bi-

Departmental Division	Variance £000s	Explanation & Action Plans
		borough service review.
Support Services	251	This budget is holding on behalf of the whole department a savings target of £214k from the People Portfolio (relating to the use of interns, flexible working, etc.). This target is not expected to be met as the financial benefits of these initiatives will tend to flow back to non-General Fund budgets.
Total:	194	Unfavourable.

3. Table 3: Key Risks

Risk Description	Lower Limit £000s	Upper Limit £000s
In regeneration, income from developers is expected to fall significantly, and planning regeneration expenditure will need to be managed down. If income falls more quickly than expenditure Planning will experience financial pressure.	0	500
The budget and forecast include increase in licensing fee income. These increases are subject to consultation that may or may not be agreed.	0	40
Total	0	540

4. Table 4: MTFS Progress (with explanations of schemes at red status)

Department	2013/2014 MTFS Target £000s	On Track (Green) £000s	In Progress (Amber) £000s	Delayed/ At Risk (Red) £000s
Transport & Technical Services	(2,725)	(2,068)	(256)	(401)

Currently there are three schemes on red status:

- Planned increases in Licensing fee income of £30k which is subject to consultation and yet to be confirmed.
- Bi-borough service review savings reduced by delays in co-location.
- Plans for Advertisement on Pavements generating income of £250k cannot be progressed due to lack of demand.

5. Debt Write Off Request.

TTS requests authority to write off Environmental Health invoices of £37k. These debts are extremely old and have been deemed uncollectable due to insolvency or because the debtor is untraceable. This amount has been provided for in the bad debt provision already set aside.

6. Comments from the Executive Director

The overall position is an unfavourable variance of £194k at this early stage of the year. The significant risks to the 2014/15 budget are explained in this report.

Progress in all budget areas will continue to be monitored closely by the Executive Director and the management team who will exercise the necessary financial control to ensure that the department achieves its budget by year end.

APPENDIX 9a: CONTROLLED PARKING ACCOUNTS (CPA)

BUDGET REVENUE MONITORING REPORT – PERIOD 2

1. Variance by Activity Area

Activity Area	Revised Budget	Variance Month 2
	£000s	£000s
Pay & Display (P & D)	(12,613)	424
Permits	(4,690)	16
Chief Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	(186)
Bus Lane PCN	(915)	149
CCTV PCN	(616)	(728)
Moving Traffic PCN's	(5,814)	(629)
Parking Bay Suspensions	(1,530)	(791)
Towaways / Removals	(352)	67
Expenditure and Other Receipts	13,046	96
Total	(20,298)	(1,582)

2. Variance Analysis (include Action Plans to Address Forecast Overspends)

Activity Area	Variance £000s	Explanation & Action Plans
Pay & Display	424	Pay and Display receipts are forecast to be in line with the previous year.
Permits	16	
CEO Issued PCN	(186)	CEO Issued PCNs have been forecast at a similar level as in 2013-14, but the recovery rate has improved, resulting in an improved forecast
Bus Lane PCN	149	Bus Lane PCNs have been forecast at a similar level as in 2013-14.
CCTV PCN	(728)	CCTV parking PCNs have been forecast to continue at a similar level as in 2013-14.
Moving Traffic PCN's	(629)	Moving traffic offences have been forecast at a similar level to the previous year, but the recovery rate has improved, resulting in an improved forecast.
Parking Bay Suspensions	(791)	Parking bay suspensions receipts have continued at a higher than budgeted level, following the change in pricing structure in 2013-14. The receipts from three long-term suspensions starting in 2013-14 – totalling £182k – have been carried forward for the period relating to 2014-15, and are included in this forecast.
Towaways / Removals	67	The unfavourable variance is due to a shortfall in receipts from fines of (£284k) compared to a budget of (£351k).
Expenditure and Other Receipts	96	A delay in the introduction of IT requirements has caused a delay in the full implementation of the new Bi-borough staffing structure for the Parking Office. This is expected to cause an additional cost of around £30k per month – creating a £360k overspend.

Activity Area	Variance £000s	Explanation & Action Plans
		This is offset by budgets of £100k for a CCTV enforcement vehicle and £100k for IT that are not expected to be used. There is also an underspend expected on the P&D machine maintenance contract
Total	(1,582)	

3. Table 3: Key Risks

Risk Description	Lower Limit £000s	Upper Limit £000s
If the government prevent the use of CCTV for Parking enforcement	0	650
Total	0	650

4. Comments from the Executive Director

The TTS Parking department is forecasting a favourable variance of £1,582k against a net budget of (£20,298k) at this early stage of the year. Activity is broadly assumed to be in line with the previous year, but with an improvement in the payment rate for penalty charge notices. Receipts in advance for suspensions that began in 2013-14 have also improved the forecasts.

APPENDIX 10: HOUSING REVENUE ACCOUNT

BUDGET REVENUE MONITORING REPORT – PERIOD 2

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 2
	£000s	£000s
Finance and Resources	14,954	0
Housing Services	9,945	0
Commissioning and Quality Assurance	3,237	0
Property Services	2,058	0
Housing Repairs	13,359	0
Housing Income	(75,939)	0
Housing Options	402	0
HRA Central Costs	0	0
Adult Social Care	48	0
Regeneration	331	0
Safer Neighbourhoods	578	0
Housing Capital	27,864	0
(Contribution to)/ Appropriation From HRA General Reserve	(3,163)	0

2. Variance Analysis with Action Plans to Address Forecast Overspends/(underspends)

None to report.

3. Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000	£000
Advertising hoarding income: BPM advise that a shortfall is likely following delays in letting various sites due to a retendering process and other planning delays	105	130
Total	105	130

4. Table 4: MTFs Progress (with explanations of schemes at red status)

Department	2014/2015 MTFs Target	On Track (Green)	In Progress (Amber)	Delayed/ At Risk (Red)
	£000s	£000s	£000s	£000s
Housing Revenue Account	3,299	3,299	0	0

5. Table 5 HRA General Reserve

	B/Fwd	Budgeted (Contribution to)/Appropriation from General Reserve	HRA Variance (Surplus)/ Deficit	Forecast C/F
	£000s	£000s	£000s	£000s
HRA General Reserve	(7,494)	(3,163)	0	(10,657)

6. Comments from the Executive Director

The Housing Revenue Account currently forecasts no budget variances for 2014/15.

The Council has received a challenge from Wilmot Dixon Partnerships to a procurement process. In September 2013, the stay which had prevented the Council from signing the proposed new Repairs and Maintenance contract with MITIE was lifted and this contract is now signed. However, the challenge to the procurement process remains, and should this continue to court the outcome is not expected to be decided sooner than July 2014. The Council continues to work on quantifying the extent of this claim.

Following Cabinet approval to enter into contract with Pinnacle Housing Ltd for housing management and estate services, it is now requested to make monthly contributions to a Community Pot earmarked reserve. This reserve is to be held in accordance with the contract awarded to Pinnacle Housing Ltd which agreed to set aside 0.5% of the contractual inflationary uplift each year towards a fund for community-led initiatives such as estate improvement or youth diversionary activity. The anticipated level of contributions during 2014/15 is £21k. These funds will be invested via a decision making process to be agreed following consultation with residents and the Cabinet Member for Housing.

It is also proposed to draw down a budget of £106k from an earmarked reserve to meet the costs of surrendering the Council's lease at Unit 20 Mitre Bridge through paying a reverse premium.

APPENDIX 11 - VIREMENT REQUEST FORM

BUDGET REVENUE MONITORING REPORT – PERIOD 2

Details of Virement	Amount (£000)	Department
GENERAL FUND:		
Drawdown from Pressures and Demand earmarked reserve balance sheet code to fund Careline Income shortfall as part of agreed 2013-14 carry forward to 2014-15.	400/(400)	ASC
There has been a persistent underspend on Highways and Street lighting maintenance in the last few years offset by an underachievement against income budgets for recharging officer time to projects funded from sources other than the General Fund (e.g. those funded by TFL). To remove this anomaly the Head of Highways and Transport has agreed that expenditure budget totalling £335,200 should be transferred from Highways and Street lighting into professional income thereby reducing both budgets.	335/(335)	TTS – within Transport and Highways Division
Drawdown from Pressures and Demand balance sheet code to fund review of Advocacy Support as part of agreed 2013-14 carry forward to 2014-15.	40/(40)	ASC
Drawdown from Pressures and Demand balance sheet code to fund review of LD Residential Supported Living as part of agreed 2013-14 carry forward to 2014-15.	36/(36)	ASC
Total General Fund Virements (Debits)	811	
HRA:		
Uplift for housing management & estate services contracts for 2014/15 transferred from Finance and Resources (F&R) to Housing Services and Commissioning and Quality Assurance (CQA)	(112) 76 36	HRA
Total HRA Virements (Debits)	112	

Departmental Name Abbreviations

ASC	Adult Social Care
HRA	Housing Revenue Account
TTS	Transport & Technical Services