	<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>6 OCTOBER 2014</b>
<b>CORPORATE REVENUE MONITOR 2014/15 - MONTH 3</b>	
<b>Report of the Cabinet Member for Finance – Councillor Max Schmid</b>	
<b>Open report.</b>	
<b>Classification - For Decision</b> <b>Key Decision: Yes</b>	
<b>Wards Affected: All</b>	
<b>Accountable Executive Director:</b> Jane West – Executive Director of Finance and Corporate Governance	
<b>Report Author:</b> Gary Ironmonger – Finance Manager Revenue Monitoring	<b>Contact Details: Gary Ironmonger</b> Tel: 020 (8753 2109) E-mail: <a href="mailto:gary.ironmonger@lbhf.gov.uk">gary.ironmonger@lbhf.gov.uk</a>

## 1. EXECUTIVE SUMMARY

- 1.1. The General Fund outturn forecast is a favourable variance of £2.153m with budget risks of £6.107m. 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 underspend of £0.086m with HRA general reserves of £10.502m at year end. The HRA budget risks are £0.130m.
- 1.3. General Fund virement requests of £0.902m are recommended for approval. The HRA virement request total £0.106m for Month 3.

## 2. RECOMMENDATIONS

- 2.1. To note the forecast underspend of £2.153m for the General Fund and the underspend of £0.086m forecast for the HRA.
- 2.2. That approval be given to the virement requests totalling £0.902m General Fund and £0.106m Housing Revenue Account as detailed in Appendix 11.

## 3. REASONS FOR DECISION

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

**4. CORPORATE REVENUE MONITOR (CRM) 2014/15 MONTH 3  
GENERAL FUND**

**Table 1: General Fund Projected Outturn – Period 3**

<b>Department</b>	<b>Revised Budget At Month 3 £000s</b>	<b>Forecast Year End Variance At Month 3 £000s</b>	<b>Forecast Year End Variance At Month 2 £000s</b>
Adult Social Care	64,403	283	384
Centrally Managed Budgets	27,751	(260)	0
Children's Services	48,741	836	802
Unaccompanied Asylum Seeking Children	1,013	0	0
Environment, Leisure & Residents' Services	31,134	51	(33)
Finance and Corporate Services	16,834	95	0
Housing & Regeneration	7,949	(664)	(505)
Library Services (Tri- Borough)	3,212	0	0
Public Health Services	346	(346)	(346)
Transport & Technical Services	15,722	121	194
Controlled Parking Account	(20,298)	(2,269)	(1,582)
<b>Net Operating Expenditure*</b>	<b>196,807</b>	<b>(2,153)</b>	<b>(1,086)</b>
<b>Key Risks</b>		<b>6,107</b>	<b>3,128</b>

\*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**

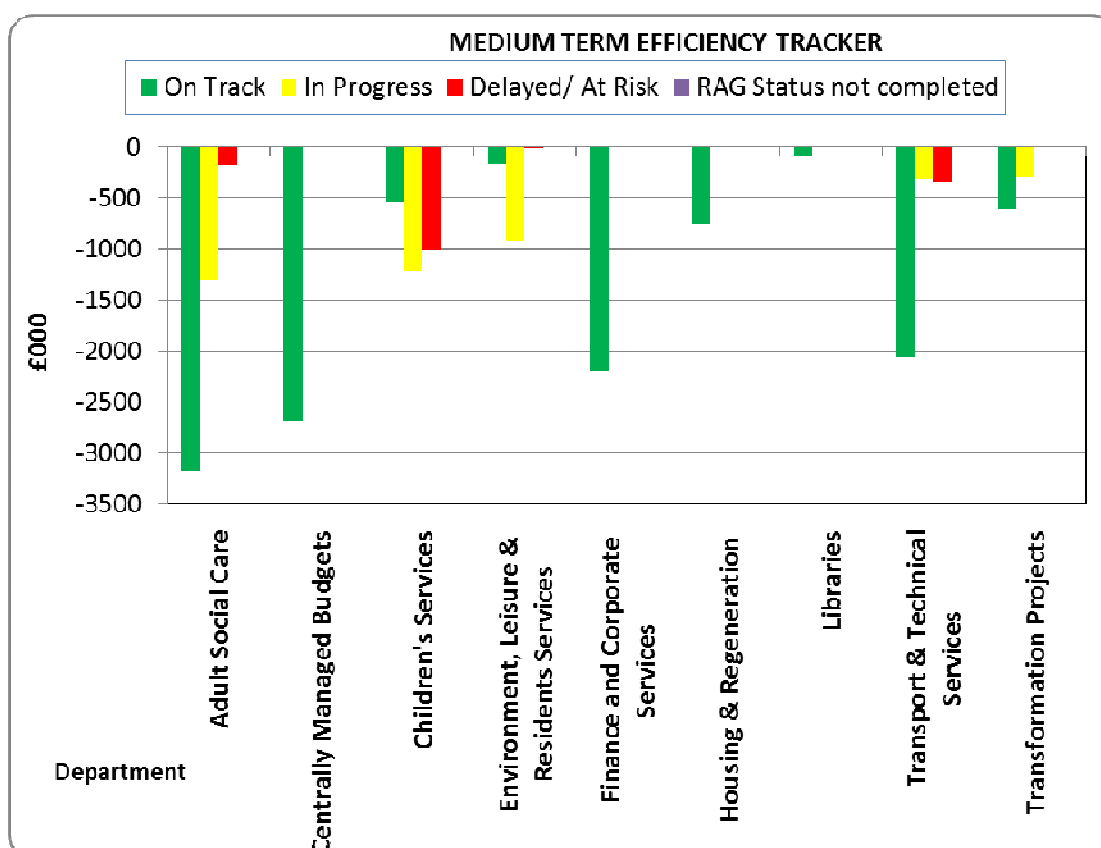
**Table 2: Housing Revenue Account Projected Outturn - Period 3**

<b>Housing Revenue Account</b>	<b>£000s</b>
<b>Balance as at 31 March 2014</b>	<b>(7,494)</b>
Add: Budgeted Contribution to Balances	(2,922)
Add: Forecast Underspend	(86)
<b>Projected Balance as at 31st March 2015</b>	<b>(10,502)</b>
<b>Key Risks</b>	<b>130</b>

- 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 £0.902m to General Fund budgets and £0.106m for the HRA are requested (Appendix 11).

## 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 3 is for a favourable variance of £2.153m.
- 10.2. The HRA outturn forecast at Month 3 is an underspend of £0.086m.
- 10.3. An Interim Budget Report was considered at Council on July 23<sup>rd</sup>. This set out a number of planned savings in 14/15 amounting to £3.998m. These are set out below

**Table 3: New Planned General Fund Reduced spend for 2015/16.**

	<b>New savings Identified £000s</b>
Finance and Corporate Services	(206)
Tri-Borough Libraries	(30)
Children's Services	(439)
Housing & Regeneration	(34)
Adult Social Care	(809)
<b>Total Departmental Budget</b>	<b>(1,518)</b>

**Table 4: General Fund Corporately Held Budgets**

<b>Budget</b>	<b>New savings Identified £000s</b>
Budgeted contribution to balances	(900)
Inflation provision	(400)
Redundancy provision	(200)
Council Tax Support	(500)
Land Charges	(200)
Debt Restructuring	(200)
External Audit Savings	(80)
<b>Total Central Budgets</b>	<b>(2,480)</b>

\*note: figures in brackets represent underspends

Future monitoring reports will be adjusted to take account of such proposals.

- 10.4. 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**

12

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	CRM3	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 3

#### 1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2
	£000s	£000s	£000s
Operations	36,984	349	460
Provided Service and Mental Health Partnership	8,962	(105)	(88)
Commissioning	8,990	39	12
Procurement and Business Intelligence	1,087	0	0
Finance	7,909	0	0
Directorate	471	0	0
<b>Total</b>	<b>64,403</b>	<b>283</b>	<b>384</b>

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

Departmental Division	Variance £000s	Explanation & Action Plans
Operations	349	<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. There is a net projected overspend of £553,000 in this budget. Between April 2013 and May 2014 there was an increase of 28 clients. Discussions are on-going with the Clinical Commissioning Groups to secure permanent funding for the increasing demand of meeting Care at Home.</p> <p>Within the Older People and Physical Disabilities Placement services, there is a net projected underspend of (£295,000) as a result of a review of high cost clients.</p> <p>The other area of the projected overspend is primarily due to MTFs savings on 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.</p> <p>The main change in the projections since period 2 is within the Learning Disability (LD) Service, there is a net projected underspend of (£209,000).The main reasons for the underspend relate to lower activity levels in LD Placement budget of (£121,000) which has a reduction of 7 placements clients since April 2013 and the reduction in the transport cost of</p>

Departmental Division	Variance £000s	Explanation & Action Plans
		(£88,000) due to the new transport contract price.
Mental Health and Provided Service	(105)	Within the Provided Service Division the main reason is a projected underspend of (£100,000) with a lower number of no recourse to the Public Funds clients.
Commissioning	39	Within the Community Commissioning third sector budget, there is £128,000 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 savings on new contracts from the West London Framework agreement and variations on existing contracts.
Procurement & Business Intelligence.	0	
Finance	0	
Directorate	0	
<b>Total</b>	<b>283</b>	

**Table 3: Key Risks**

Risk Description	Lower Limit £000s	Upper Limit £000s
Given the ongoing concerns over the contract's performance; it is prudent to flag up the transport cost reduction as a risk at the Month 3 stage. However, it is envisaged that the contract would not deliver the savings in 2014/15; thus the consequent CRMs will not report the saving and the associated risk.	0	88
<b>Total</b>	<b>0</b>	<b>88</b>

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

Department	2014/2015 MTFS Target £000s	On Track (Green) £000s	In Progress (Amber) £000s	Delayed/ At Risk (Red) £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 £283,000 as at the end of period three; there is a reduction in the overspend of £101,000 compared to the period two projected overspend of £384,000.

As detailed in table 2 there are projected underspends relating to No Recourse to Public Funds and passenger transport procurement savings. Without these underspending areas, the revised departmental outturn would be a projected overspend of £471,000.

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 majority of 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 Customer Journey for Operations review is known.

Within 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.



## APPENDIX 2: CENTRALLY MANAGED BUDGETS

### BUDGET REVENUE MONITORING REPORT – PERIOD 3

#### 1 Variance by Departmental Division

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Corporate & Democratic Core	5,839	(60)	0
Housing and Council Tax Benefits	(90)	0	0
Levies	1,570	0	0
Net Cost of Borrowing	2,360	0	0
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	8,077	(200)	0
Pensions & Redundancy	9,995	0	0
<b>Total</b>	<b>27,751</b>	<b>(260)</b>	<b>0</b>

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

<b>Departmental Division</b>	<b>Variance £000s</b>	<b>Explanation &amp; Action Plans</b>
Corporate & Democratic Core	(60)	The spend on Audit Fees is forecast to be £60k under budget based on previous years audit work.
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	(200)	Land charge income is forecast to be £200k better than budget.
<b>Total</b>	<b>(260)</b>	

#### Table 3: Key Risks

<b>Risk Description</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
	<b>£000s</b>	<b>£000s</b>
There is a risk that Tri Borough accommodation costs will be over budget due to departmental office moves.	0	250
There is a risk that the Net Cost of Borrowing may be under or over budget depending on the changes to the capital programme implemented in 2014/15	(500)	500
<b>Total</b>	<b>(500)</b>	<b>750</b>

#### 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	<b>(2,686)</b>	<b>(2,686)</b>	<b>0</b>	<b>0</b>

### **5. Comments from the Director**

None to report at this stage.

## APPENDIX 3: CHILDREN'S SERVICES

### BUDGET REVENUE MONITORING REPORT – PERIOD 3

#### 1. Variance by Departmental Division

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Tri Borough Education Service	5,180	(328)	(541)
Family Services	32,104	822	817
Children's Commissioning	5,601	342	526
Finance & Resources	5,812	0	0
Dedicated School Grant & Schools Funding	44	0	0
<b>Total</b>	<b>48,741</b>	<b>836</b>	<b>802</b>

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

<b>Departmental Division</b>	<b>Variance £000s</b>	<b>Explanation &amp; Action Plans</b>
Finance & Resources	0	
Family Services	822	Significant placement pressures remain with regards to Southwark Judgement cases £250k, No Resource to Public Funds £300k, Secure Remand £200k and support to children and families in need via s23 £100k
Children's Commissioning	342	Funding the Adult School Meals shortfall of £146k by Dedicated Schools Grant (DSG) is still uncertain. Pressures remain relating to transport commissioning and risk regarding in year MTFS. The variance has reduced since CRM2 due to recommissioning proposals around Youth Commissioning.
Tri-Borough Education Service	(328)	Main saving is from new Tri-borough transport contract. However, legacy costs from the in-house service and fluctuating contract costs have led to a reduction in underspend since CRM2, but there is a risk attached to this saving area due to issues regarding the performance of the contract.
DSG & School Funding	0	
<b>Total</b>	<b>836</b>	

**Table 3: Key Risks**

<b>Risk Description</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
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
There is a potential saving from the new Tri-Borough Transport contract. However, this may not be realised due to legacy costs from the in-house contract, fluctuating contract costs and significant concerns over the performance of the contract raised in the July meeting of the Policy and Accountability Committee.	0	328
<b>Total</b>	<b>450</b>	<b>1,528</b>

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

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

## **5. Comments from the Executive Director**

The Children's Services Department is projecting an overspend of £802k 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 department 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 3

#### 1. Variance by Departmental Division

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Unaccompanied Asylum Seeking Children	0	0	0
<b>Total</b>	<b>1,013</b>	<b>0</b>	<b>0</b>

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

None to report

#### 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.

## APPENDIX 4: ENVIRONMENT, LEISURE & RESIDENTS SERVICES

### BUDGET REVENUE MONITORING REPORT – PERIOD 3

#### 1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2
	£000s	£000s	£000s
Cleaner, Greener & Cultural Services	21,353	(512)	(403)
Safer Neighbourhoods	9,174	630	370
Customer & Business Development	693	(146)	0
Director & Resources	(86)	79	0
<b>Total</b>	<b>31,134</b>	<b>51</b>	<b>(33)</b>

#### 2. Variance Analysis with Action Plans to Address Forecast Overspends

Departmental Division	Variance £000s	Explanation & Action Plans
Clinical Commissioning Groups (CCGS) – Waste disposal	(489)	The partner boroughs strongly negotiated a much better unit cost of recycle this year which has reduced costs by circa £500k. This is partly offset by increasing waste tonnages overall. A London-wide trend is showing that more expensive general waste tonnages are increasing whilst cheaper recycling tonnages are decreasing. A waste innovation group, set up to progress initiatives to reduce waste tonnages and increase recycling in the medium term, will report its findings in the Autumn. A more detailed analysis of the Waste Authority costs was submitted to the Finance and Delivery Policy and Accountability Committee on 15 September.
Safer Neighbourhood Directorate (SND) - Transport	375	Reductions in the council's vehicle fleet over a number of years has resulted in a recharge income pressure. £100k growth is included for 2015/16 and ELRS will look to offset this from waste disposal underspends in 2014/15. The pressure also includes a saving from closure of the vehicle repair workshop, which is not deliverable as the workshop more than covers its cost, although the actual surplus is much less than the budgeted surplus. Alternative solutions are being explored to deliver this saving, which are wholly dependent on securing new income generating business.
SND - Coroners & Mortuary	89	A reduction in corporate overheads means less recharge income from partner boroughs. Where possible, ELRS will look to offset this from one off underspends on waste disposal this year. Growth has been proposed to fund this pressure from 2015/16.
Director & Resources – People portfolio savings	79	It is assumed that £45k of the £124k people portfolio savings target will be achieved, in line with 2013/14 actuals. The department is already maximising use of interns. It is expected that a shortfall against this transformational target will be met corporately.
Other	(3)	Other smaller underspends

Departmental Division	Variance £000s	Explanation & Action Plans
<b>Total</b>	<b>51</b>	Expected to be brought down to budget over the course of the year

**Table 3: Key Risks**

Risk Description	Lower Limit £000	Upper Limit £000
Hammersmith All Weather Pitch – loss of income due to a review of the contract. £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 activity same as in 2013/14	0	50
Risk of increased waste disposal and contamination tonnages	(500)	100
Non-achievement of People Portfolio savings	0	124
<b>Total</b>	<b>(500)</b>	<b>364</b>

**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**

ELRS forecasts a £51k pressure this year due to the increased people portfolio savings target. The department maximised its use of interns in 2013/14 and will continue to do the same in 2014/15. However, we are not expecting to exceed last year's levels and the savings target has increased from £91k to £124k this year. Officers will continue to support the people portfolio programme, but should there be a shortfall at year end we expect this to be funded corporately. Also included in the current forecast are £197k of drawdowns from ELRS reserves, mostly for known one off pressures agreed as carry forwards from 2013/14. Budget managers have produced budget recovery plans to address ongoing pressures, that will be monitored as part of the monthly budget monitoring cycle.



## APPENDIX 5: FINANCE AND CORPORATE SERVICES

### BUDGET REVENUE MONITORING REPORT – PERIOD 3

#### 1. Variance by Departmental Division

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
H&F Direct	19,006	215	0
Innovation & Change Management	(188)	(35)	0
Legal Democratic Services	(1,296)	0	0
Third Sector, Strategy & Communications	1,133	0	0
Finance & Audit	409	(85)	0
Procurement & IT Strategy	2,455	0	0
Executive Services	(466)	0	0
Human Resources	691	(150)	0
Other	0	150	0
<b>Total</b>	<b>16,834</b>	<b>95</b>	<b>0</b>

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

<b>Departmental Division</b>	<b>Variance £000s</b>	<b>Explanation &amp; Action Plans</b>
H&F Direct	215	£450k overspend on temporary staff in the Revenue & Benefits division, partially offset by lower use of the Taxicard scheme £240k
Finance & Audit	(85)	The Internal Audit and Fraud service has a projected underspend of £85k due to lower staff costs. There is a projected underspend on the Managed Services programme, but this will be transferred to the Managed Services reserve account to meet future implementation costs.
Human Resources	(150)	Lower staffing costs as posts are being held vacant pending the inception of Managed Services
Other	115	
<b>Total</b>	<b>95</b>	

#### Table 3: Key Risks

None to report

#### 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**

The 2014/15 budget included a transformation programme saving of £0.1m for reduced IT spend. This was to be achieved through transforming contract management and IT management with departments. As the main IT budget is held within Finance and Corporate Services this potential saving was netted off the FCS budget. In practice this aspirational saving will not be delivered. Reductions could not be made in time for the 2014/15 Billing Cycle and would require significant staff resources to be delivered. In line with existing practice if transformational savings are not delivered then the shortfall is met from the efficiency delivery reserve. A proposed budget virement of £0.1m is included in Appendix 11.

## APPENDIX 6: HOUSING & REGENERATION DEPARTMENT

### BUDGET REVENUE MONITORING REPORT – PERIOD 3

#### 1.Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2
	£000s	£000s	£000s
Housing Options, Skills & Economic Development	8,008	(664)	(505)
Housing Strategy & Regeneration	4	0	0
Housing Services	40	0	0
Finance & Resources	(103)	0	0
<b>Total</b>	<b>7,949</b>	<b>(664)</b>	<b>(505)</b>

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

Departmental Division	Variance £000s	Explanation & Action Plans
Housing Options, Skills & Economic Development	(664)	This relates mainly to a forecast reduction in the net costs of Bed and Breakfast (B&B) accommodation of (£370k) due to a reduction in average client numbers from a budgeted figure of 275 to a forecast of 127. Additionally, the net costs of Private Sector Leasing (PSL) accommodation are expected to reduce by (£695k) due to a fall in the average number of units from a budgeted figure of 853 to a forecast of 640 and a reduction in the increase to the bad debt provision required due to an improvement in the collection rate (from a budgeted figure of 89.0% to a forecast of 95.0%). A shortfall of income and increased costs on the business incubator units at Sullivan and Townmead and the BBC units has resulted in a net adverse variance of £156k. It is proposed to utilise £223k of the temporary accommodation underspend to fund the first five months of a package of incentive payments to landlords associated with the Council's temporary accommodation portfolio which was originally budgeted to come from corporate contingencies. Note that forecast incentive payments payable over the remaining seven months of the year of £257k will be funded from internal departmental reserves. Other minor variances of £22k are also predicted.
Housing Strategy & Regeneration	0	
Housing Services	0	
Finance & Resources	0	
<b>Total</b>	<b>(664)</b>	

**Table 3: Key Risks**

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
<b>Economic Development Employment &amp; Training Initiatives</b> – a number of employment, training and business development schemes are due to be funded from Section 106 monies provided by Earls Court development partners, elements of these schemes would normally be resourced using staff already in post and money was allocated to fund these posts as part of the budget. However, as a result of the current review of the Council's Earls Court regeneration project plan, the delivery and funding of these schemes are at risk.	0	56
<b>Total</b>	<b>0</b>	<b>56</b>

**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 2014/15 to produce a favourable variance of (£664k), a favourable movement of (£159k) from the CRM 2 position of (£505k). The reasons for this are set out in Table 2 above.

The main reasons for the movement are:

- a reduction in the increase to the bad debt provision required of (£472k) due to an improvement in the collection rate (from a budgeted figure of 89.0% to a forecast of 95.0%);
- the funding of the first five months of a package of incentives to landlords associated with the Council's temporary accommodation portfolio of the departmental underspend of £223k;
- lower than budgeted occupancy rates at the business development units at Townmead Road of 70% and ongoing difficulties in securing leases at the BBC units resulting in a projected under-recovery of income of £61k and an increase in bad debts of £35k.
- other minor movements of (£6k) are forecast.

Approval is requested to draw down a budget of £99k to support for five months the Housing Benefit Assist Plus project team in managing the impact of Welfare Reform.

## APPENDIX 7: LIBRARY SERVICES (Tri-Borough)

### BUDGET REVENUE MONITORING REPORT – PERIOD 3

#### 1. Variance by Departmental Division

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

#### 2. Variance Analysis with Action Plans to Address Forecast Overspends

None to report

#### Table 3: Key Risks

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

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

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

#### 5. Comments from the Director

The new Tri-Borough library management system went live on 10<sup>th</sup> June which has completed the achievement of our savings target for the year.

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 3

#### 1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2
	£000s	£000s	0
Sexual Health	6,978	(82)	0
Substance Misuse	5,464	0	0
Behaviour Change	2,110	0	0
Intelligence and Social Determinants	40	1	0
Families and Children Services	2,608	(192)	0
Substance Misuse – Grant, Salaries and Overheads	(5,470)	0	0
Public Health – Grant, Salaries and Overheads	(11,384)	(73)	(346)
<b>Total</b>	<b>346</b>	<b>(346)</b>	<b>(346)</b>

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

Departmental Division	Variance £000s	Explanation & Action Plans
Sexual Health	(82)	Forecast adjusted to reflect final Central London Community Health Care contract values.
Substance Misuse	0	
Behaviour Change	0	
Intelligence and Social Determinants	1	One-off contribution to Airtex, not in the original budget.
Families and Children Services	(192)	The recommissioning of the obesity prevention service, as part of the childhood obesity programme, has been rescheduled to April 2015, saving this year's budget £183k. The remaining £9k is the expected underspend for dental health.
Substance Misuse – Grant, Salaries and Overheads	0	
Public Health – Grant, Salaries and Overheads	(73)	£73K is the required reduction in unallocated budget (in addition to the savings identified above) to enable Public Health to reduce General Fund contributions from a budgeted amount of £346K to zero.
<b>Total:</b>	<b>(346)</b>	

#### Table 3: Key Risks

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

**Table 4: MTFs 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. This saving will be funded by unallocated budget and identified areas of under-spend (see above).

Included within the Public Health budget are unallocated funds of £2.2M. We have a number of plans in the pipeline and invited other departments within the council to submit proposals for Public Health funding. In all 60 proposals were received (LBHF specific or Tri/Bi-borough). These were shortlisted to 11, of the most appropriate, and are due to go before the Joint Management Team and Cabinet Members for consideration.

## APPENDIX 9: TRANSPORT AND TECHNICAL SERVICES

### BUDGET REVENUE MONITORING REPORT – PERIOD 3

#### 1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2
	£000s	£000s	£000s
Building & Property Management (BPM)	(1,607)	(234)	(167)
Transport & Highways	11,806	227	213
Planning	2,747	(96)	(117)
Environmental Health (EH)	3,332	(56)	14
Support Services	(556)	280	251
<b>Total</b>	<b>15,722</b>	<b>121</b>	<b>194</b>

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

Departmental Division	Variance £000s	Explanation & Action Plans
Advertising Hoardings	(353)	Income is consistently overperforming against budget. The forecast includes an estimated reduction due to Hammersmith Flyover closures.
Building Control	(17)	Building Control income is slightly higher than budgeted. This is mainly from large building schemes.
Facilities Management	174	<p>The main pressure is the forecast overspend in the TFM contract and this is partly offset by a underspend in the EC Harris contract The adverse variance includes £150k which relates to 2013/14. The Council did not receive the accrual information about this until June 2014. This will not occur again in 2015/16.</p> <p>The TFM contract has increased in value due to the final costs of staff transferred to Amey, the final costs of pensions and costs of the space planning function. Some penalty payments are due from Amey for underperformance, but the amount is not known yet. These will be included in the financial variance forecast once known.</p>
Civic Accommodation	(184)	The favourable variance is due to a combination of forecast additional rental income (£116k) and an underspend on utilities of (£183k). The effect of these variances is partially offset by an unachievable accommodation savings target (£34k) and a number of other minor overspends.
Sections within Building & Property management	146	The overall forecast overspend is mainly due to a savings target of £42k on an IT application and an estimated £100k of property disposals costs not chargeable to receipts.
<b>Total - BPM</b>	<b>(234)</b>	
Transport and Highways	227	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	(96)	The forecast underspend is due to high levels of



Departmental Division	Variance £000s	Explanation & Action Plans
		routine planning applications expected as the wider economy recovers and applicants seek to beat the Community Infrastructure Levy (CIL) deadline. In regeneration, income from developers is expected to fall significantly, and planning expenditure will need to be managed down.
Environmental Health	(56)	Underspends in staffing are offset by some overspends due to delays in co-locating the EH team preventing the full implementation of the Bi-borough service review.
Support Services	280	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.
<b>Total:</b>	<b>121</b>	<b>Unfavourable.</b>

**Table 3: Key Risks**

Risk Description	Lower Limit £000s	Upper Limit £000s
In regeneration, income from developers may fall, and planning expenditure will need to be managed down. If income falls more quickly than expenditure Planning will experience financial pressure.	0	300
The budget and forecast include an increase in licensing fee income. These increases are subject to consultation that may or may not be agreed.	0	40
If there is a change in the sharing of TFM costs between the three boroughs	0	233
If the costs of asset disposals already incurred cannot be met from disposal proceeds	0	1,184
If there are further delays in co-locating EH beyond mid 2014/15	0	60
<b>Total</b>	<b>0</b>	<b>1,817</b>

**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)	(317)	(340)

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 £60k.
- Plans for Advertisement on Pavements generating income of £250k cannot be progressed due to lack of demand.

## **6. Comments from the Executive Director**

The overall position is an unfavourable variance of £121k against a net budget of £15,722k. 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 3

#### 1. Variance by Activity Area

<b>Activity Area</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Pay & Display (P & D)	(12,613)	222	424
Permits	(4,690)	92	16
Chief Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	(114)	(186)
Bus Lane PCN	(915)	129	149
CCTV PCN	(616)	(728)	(728)
Moving Traffic PCN's	(5,814)	(629)	(629)
Parking Bay Suspensions	(1,530)	(1,173)	(791)
Towaways / Removals	(352)	53	67
Expenditure and Other Receipts	13,046	(121)	96
<b>Total</b>	<b>(20,298)</b>	<b>(2,269)</b>	<b>(1,582)</b>

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

<b>Activity Area</b>	<b>Variance £000s</b>	<b>Explanation &amp; Action Plans</b>
Pay & Display	222	There has been an increase of 1.4% as compared with the first 2 months of 2013-14. This means the forecast is better than last year's outturn, but is still short of the budget.
Permits	92	A reduction in the receipts in the first 2 months of 2014-15 has resulted in a forecast lower than budget.
CEO Issued PCN	(114)	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	129	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	(1,173)	Parking bay suspensions receipts have continued at a higher than budgeted level, following the change in pricing structure in 2013-14 and an increase in the volume of suspensions requested.
Towaways / Removals	53	The unfavourable variance is due to a shortfall in receipts from fines of (£284k) compared to a budget of (£351k).
Expenditure and Other Receipts	(121)	A delay in the introduction of IT requirements has caused a delay in the co-location and 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 until the end of September. This is offset by budgets of £100k for a CCTV enforcement vehicle and £100k for IT that are not

Activity Area	Variance £000s	Explanation & Action Plans
		expected to be used. There is also an underspend expected on the P&D machine maintenance contract
<b>Total</b>	<b>(2,269)</b>	

**Table 3: Key Risks**

Risk Description	Lower Limit £000s	Upper Limit £000s
Changes in legislation around CCTV parking enforcement	0	1,000
If there are further delays in co-locating the Parking office beyond mid 2014/15	0	180
<b>Total</b>	<b>0</b>	<b>1,180</b>

#### **4. Comments from the Executive Director**

The TTS Parking department is forecasting a favourable variance of £2,269k against a net budget of (£20,298k). Activity is broadly assumed to be in line with the previous year, but with an improvement in the payment rate for penalty charge notices and increases in the number and value of parking bay suspensions. 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 3

#### 1. Variance by Departmental Division

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 3</b>	<b>Variance Month 2</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Finance and Resources	14,842	(95)	0
Housing Services	10,251	6	0
Commissioning and Quality Assurance	3,023	0	0
Property Services	2,078	(17)	0
Housing Repairs	13,359	86	0
Housing Income	(75,698)	13	0
Housing Options	402	(79)	0
HRA Central Costs	0	0	0
Adult Social Care	48	0	0
Regeneration	331	0	0
Safer Neighbourhoods	578	0	0
Housing Capital	27,864		0
<b>(Contribution to)/ Appropriation From HRA General Reserve</b>	<b>(2,922)</b>	<b>(86)</b>	<b>0</b>

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

<b>Departmental Division</b>	<b>Variance £000s</b>	<b>Explanation &amp; Action Plans</b>
Other	(86)	There are no individual divisional variances greater than £100k/(£100k).
<b>Total</b>	<b>(86)</b>	

**Table 3: Key Risks**

<b>Risk Description</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
	<b>£000</b>	<b>£000</b>
<b>Advertising hoarding income:</b> Building and Property Management advise that a shortfall is likely following delays in letting various sites due to a retendering process and other planning delays.	105	130
<b>Total</b>	<b>105</b>	<b>130</b>

**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

**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)	(2,922)	(86)	(10,502)

## **6. Comments from the Executive Director**

The Housing Revenue Account currently forecasts an under-spend of (£86k) for 2014/15, a movement of (£86k) from the CRM 2 position. The movement relates to a number of minor movements across several divisions.

The Council had a lease on two industrial units at 12 & 20 Mitre Bridge until June 2017. The units were previously sublet to Staying First until they vacated in September 2012. Unfortunately the Council has been unable to find permanent new tenants since that date, this was resulting in on-going net costs of approximately £68k per annum to the Housing Revenue Account until the expiry of the lease. Rather than continue to seek a new tenant for the unit at 20 Mitre Bridge, the Council agreed a reverse premium with the landlord to surrender the Council's lease as soon as possible for 20 Mitre Bridge, the £106k is the reverse premium being drawn down from the earmarked reserve.

A budget of £200k was set up in 2013/14 within an earmarked reserve to provide for the costs associated with permanently resolving the 12 & 20 Mitre Bridge lease issue. Negotiations are continuing on 12 Mitre Bridge.

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 a court hearing will take place in July 2014. The Council continues to work on quantifying the extent of this claim.

**APPENDIX 11 - VIREMENT REQUEST FORM**

**BUDGET REVENUE MONITORING REPORT – PERIOD 3**

<b>Details of Virement</b>	<b>Amount (£000)</b>	<b>Department</b>
<b>GENERAL FUND:</b>		
Realign leisure budgets by increasing budgeted income from sports bookings customers and decreasing budgeted contribution from Wormwood Scrubs Charitable Trust (WSCT) towards Linford Christie Stadium running costs as agreed by WSCT committee in 2013/14.	39/(39)	ELRS
Review and merger of cost centres within Adult Learning and Skills Service	534/(534)	HRD
Review and merger of cost centres within Economic Development	229/(229)	HRD
Drawdown from 2014_15 Efficiency Delivery Reserve to fund shortfall in the IT Strategy saving.	100/(100)	FCS
<b>Total General Fund Virements (Debits)</b>	<b>902</b>	
<b>HRA:</b>		
Drawdown from HRA Commercial Property Lease reserve to fund the 20 Mitre Bridge lease surrender cost	106/(106)	HRA
<b>Total HRA Virements (Debits)</b>	<b>106</b>	

<b>Departmental Name Abbreviations</b>	
ELRS	Environmental, Leisure & Residents Services
HRD	Housing & Regeneration
FCS	Finance & Corporate Services
HRA	Housing Revenue Account