



London Borough of Hammersmith & Fulham

CABINET

1 DECEMBER 2014

CORPORATE REVENUE MONITOR 2014/15 : MONTH 6

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

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1. EXECUTIVE SUMMARY

- 1.1. The General Fund outturn forecast is a favourable variance of £5.656m with budget risks of £4.259m. This is before taking account of contingencies.
- 1.2. The saving proposals put forward in the Interim Budget Report to Council in July are incorporated within this Report. The forecast underspend is £1.658m more than that set out in the July Council Report.
- 1.3. The HRA is forecast to underspend by £0.460m with HRA general reserves of £10.984m at year end. The HRA budget risks are £1.545m.
- 1.4. There are no virement requests at Month 6.

2. RECOMMENDATION

- 2.1. To note the General Fund and HRA month 6 revenue outturn forecast.

3. REASONS FOR DECISION

- 3.1. The decision is required to comply with the Financial Regulations.

4. CORPORATE REVENUE MONITOR (CRM) 2014/15 MONTH 6
GENERAL FUND

Table 1: General Fund Projected Outturn – Period 6

Department	Revised Budget At Month 6 £000s	Forecast Year End Variance At Month 6 £000s	Forecast Year End Variance At Month 5 £000s
Adult Social Care	64,955	(453)	(540)
Centrally Managed Budgets	27,861	(2,480)	(2,480)
Children's Services	48,423	919	527
Unaccompanied Asylum Seeking Children	1,013	115	115
Environment, Leisure & Residents' Services	31,468	192	203
Finance and Corporate Services	16,776	(281)	(187)
Housing & Regeneration	8,095	(630)	(566)
Library Services (Tri- Borough)	3,221	(30)	(30)
Public Health Services	346	(346)	(346)
Transport & Technical Services	15,780	(112)	45
Controlled Parking Account	(20,298)	(2,550)	(2,312)
Net Operating Expenditure*	197,640	(5,656)	(5,571)
Interim Budget Savings		3,998	3,998
Revised Variance after Interim Savings		(1,658)	(1,573)
Key Risks		4,259	5,369

*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

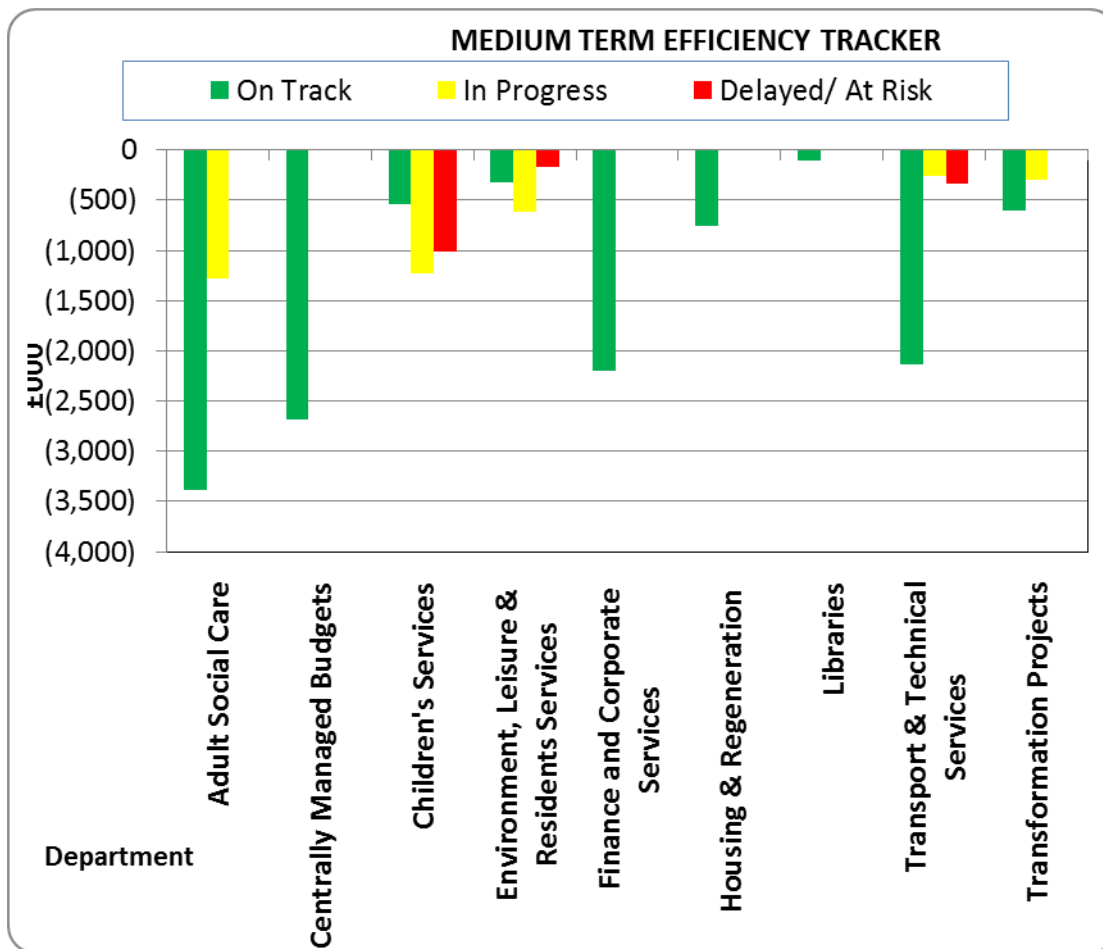
Table 2: Housing Revenue Account Projected Outturn - Period 6

Housing Revenue Account	£000s
Balance as at 31 March 2014	(7,494)
Add: Budgeted Contribution to Balances	(3,030)
Add: Forecast Underspend	(460)
Projected Balance as at 31st March 2015	(10,984)
Key Risks	1,545

- 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 £17.905m. 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. There are no virement requests at Month 6.

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 Equality Impact Assessment 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 6 is for a favourable variance of £5.656m. This is £1.658m more than the savings proposals identified in the Council's interim budget review.
- 10.2. The HRA outturn forecast at Month 6 is an underspend of £0.460m.
- 10.3. Implications verified/completed by: Gary Ironmonger, Ext 2109.

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

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	CRM6	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 1: ADULT SOCIAL CARE

BUDGET REVENUE MONITORING REPORT – PERIOD 6

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000s	£000s	£000s
Operations	38156	497	358
Provided Service and Mental Health Partnership	9088	(202)	(152)
Commissioning	8267	(685)	(597)
Procurement and Business Intelligence	1037	(80)	(80)
Finance	7910	(7)	(7)
Directorate	497	24	32
Additional Public Health external funding.		0	(94)
Total	64,955	(453)	(540)
Interim Budget Savings Reported to Full Council 23 rd July 2014		809	809
Variance post Interim Savings		356	269

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

Departmental Division	Variance £000s	Explanation & Action Plans
Operation	497	<p>There are pressures on the Home Care Packages and Direct Payments budgets as people are supported at home, in line with Tri-Borough ASC strategy. There is a net projected overspend of £472,000 in this budget. Discussions with the Clinical Commissioning Groups around the new home care and Community Independence services have secured investment from 2015/16 to address the increasing demand for Care at Home. Discussions continue for health funding in 2014/15.</p> <p>Within the Older People and Physical Disabilities service, the Placement budget is projecting a net underspend of (£549,000). Included in this projection is (£157,000) as a contribution from NHS funding for Social Care and (£94,000) additional Public Health funding for employment costs.</p> <p>Within the Learning Disability (LD) Service, there is a net projected overspend of £611,000. The main reasons for the overspend relate to three additional transitions customers</p>

Departmental Division	Variance £000s	Explanation & Action Plans
		<p>(2 previously expected to be Continuing Care and one new customer) and a further two Social Care customers now staying for the full year, resulting in the net LD Placement projected overspend of £461,000. In the LD Direct Payment budget, there is a net projected overspend of £150,000 due to an increase of five customers. There is action Plan in place to monitor the progress of the LD overspend.</p> <p>The new Transport contract is not now expected to deliver savings in 2014/15. A briefing paper is being drafted to the Cabinet Member on the redesign and variation of the service.</p>
Provided Service and Mental Health	(202)	Within the Provided Service Division there is a projected underspend of (£100,000) with a lower number of no recourse to Public Funds clients and (£102,000) within Mental Health Placements budget with the reduction of three customers since the commencement of this year.
Commissioning	(685)	Within the Commissioning Division, (£552,000) of Supporting People costs are to be transferred to Public Health. In addition there is a projected underspend of (£133,000) from Supporting People procurement savings on new contracts from the West London Framework agreement and variations on existing contracts.
Procurement and Business Intelligence	(80)	There is reduction in general training budget costs and Social workers training expenditure.
Finance	(7)	Marginal underspend projected in Client Affairs team.
Directorate	24	Marginal overspend on supplies and services and advertising costs.
Total	(453)	

Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Learning Disability review of Continuing Care client	0	250
Home Care Contract rate negotiation	0	300
Residential and Nursing Inflation negotiation	0	127
Total	0	677

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)	(3,389)	(1,275)	0

5. Comments from the Executive Director

Adult Social Care (ASC) is projecting a net underspend of (£453,000) as at the end of period six, this is a decrease in the underspend of £87,000 compare to period five projected underspend of (£540,000). The main reason for the change is increasing pressures in the LD placement budget resulting in a net increase of £87,000 in the projections.

As part of the incoming Administration's review of the 2014/15 General Fund revenue budget, ASC has identified three savings that can be achieved early in this financial year. As detailed in the table below, these savings totalling (£809,000) are included in the projected outturn position of (£453,000) underspend. A redirection of these resources would need to take into account the overall impact on the departmental variances. For illustrative purposes, if all of the savings were redirected in 2014/15, the revised ASC position would be a projected overspend of £356,000.

The current Home Care (HC) contracts expire on 30th September 2014. Individual spot contracts will be procured for HC customers for the period 1st October 2014 to 31st March 2015, until the new HC contracts are procured. Procurement are currently renegotiating the spot rates with providers. It is anticipated that rates could rise by approximately 10% which equates to £300,000.

There are two other potential risks to the forecast. 52 placements are still under negotiation with a requested increase in costs representing a full year cost of £127,000. As part of the Learning Disability action plan there is a review of Continuing Care clients which could result in a transfer of care responsibilities amounting to £250,000.

The department is expected to deliver savings of £4,664,000 in this financial year and at this stage of the year 73% 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.

Council Interim Budget Savings 2014-15	Savings £000's	On Target	Notes
Adult Social Care			
Improve outcomes and reduce dependency amongst residents through better joint services with the NHS.	(157)	Yes	
Review of no recourse to public funds savings.	(100)	Yes	
Additional Public Health external funding has been identified that offsets Support People costs by £552k	(552)	Yes	

APPENDIX 2: CENTRALLY MANAGED BUDGETS

BUDGET REVENUE MONITORING REPORT – PERIOD 6

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000s	£000s	£000s
Corporate & Democratic Core	5,839	(80)	(80)
Housing and Council Tax Benefits	(90)	0	0
Levies	1,570	0	0
Net Cost of Borrowing	2,322	(200)	(200)
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	8,225	(200)	(200)
Pensions & Redundancy	9,995	0	0
Other (Council Tax Support, Contribution to Balances, provisions)	0	(2,000)	(2,000)
Total	27,861	(2,480)	(2,480)
Interim Budget Savings Reported to Full Council 23 rd July 2014		2,480	2,480
Variance post Interim Savings		0	0

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

Departmental Division	Variance £000s	Explanation & Action Plans
Corporate & Democratic Core	(80)	This underspend is due to reduced Audit fees.
Net Cost of Borrowing	(200)	Underspend based on expected change to debt profile over remainder of the year.
Other Corporate Items	(200)	Due to the buoyant housing market Land Charges income is forecast to be £200k better than budget.
Other	(2,000)	Potential redirection of resources in line with Interim Council budget for contribution to balances and provisions and Council Tax Support.
Total	(2,480)	

Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Increase in Tri Borough accommodation costs due to staff relocation to RBKC.	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
Total	(500)	750

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

After accounting for the Interim Budget savings identified below Centrally Managed budgets (excluding contingencies) are forecast to have nil variance.

Council Interim Budget Savings 2014-15	Savings £000's	On Target	Notes
CMB			
Budgeted contribution to balances	(900)	Yes	This saving is on target.
Inflation provision	(400)	Yes	The inflation contingency is currently expected to be £400k under budget.
Redundancy provision	(200)	Yes	Spend is forecast to be £200k under budget.
External Audit savings of £80,000 have been identified	(80)	Yes	External audit expenditure is forecast to be £80k under budget.
Debt restructuring opportunities that will enable budget savings of £200,000.	(200)	Yes	Proposals for the restructuring of debt to meet this saving are under review.
Council Tax Support	(500)	Yes	As unemployment falls reduced caseload is expected to deliver savings.
Land Charges	(200)	Yes	Land charge income is forecast to be £200k better than budget.
CMB Total	(2,480)		

BUDGET REVENUE MONITORING REPORT – PERIOD 6

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000s	£000s	£000s
Tri Borough Education Service	4,385	(209)	(306)
Family Services	32,541	1,009	725
Children's Commissioning	5,641	236	308
Finance & Resources	5,852	83	0
Dedicated School Grant & Schools Funding	4	(200)	(200)
Total	48,423	919	527
Interim Budget Savings Reported to Full Council 23 rd July 2014		439	439
Variance post Interim Savings		1,358	966

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

Departmental Division	Variance £000s	Explanation & Action Plans
Tri Borough Education Service	(209)	Although still forecasting a significant underspend on the Transport Contract, the main movement in month is still further additional costs in this area being incurred.
Family Services	1,009	Significant placement pressures remain with regards to Southwark Judgement cases £250k, No Resource to Public Funds £300k, and Secure Remand £200k Support to looked after children via s23 £210k
Children's Commissioning	236	Tri-borough transport and placement commissioning teams remain over budget. With the extension of the existing meals contract, adult school meal costs are still an issue and are likely to remain so until next Autumn.
Finance & Resources	83	IT budget pressures from filestore and programme charges
Dedicated School Grant & Schools Funding	(200)	Appropriate expenditure will be identified to maximise the use of DSG effectively.
Total	919	

Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
Secure Remand	100	250
No Recourse To Public Funds	200	350
Southwark Judgement Support	150	250
Kinship Fees related to the Tower Hamlets Judgement	0	450
Cost of supported accommodation rent rising above Housing Benefit	100	350
Rising cost of support to care leavers in education over 21	150	250
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	209
Total	700	2,109

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 £919k. The projection has been creeping up over the last few months due to increasing pressures in Family Services plus increasing IT costs. Transport contract savings have been able to offset some of this in prior months, but as niche transport costs are rising, this financial benefit is decreasing.

The department has identified and is working to deliver £2.780m of savings in this financial year, most of which has been dependant on reducing Looked After Children (LAC) numbers. Although LAC numbers are falling the profile spend of those remaining in care is at the higher end due to their more complex needs and higher cost placements.

Significant pressures remain around Southwark judgement, no recourse to public funds and secure welfare cases, which present pressures that may not be able to be contained within Children's Services.

Council Interim Budget Savings CRM6 Update

Council Interim Budget Savings 2014-15	Savings £000's	On Target	Notes
Children's Services			
The Tri-borough Children's	(200)		CHS currently hold the

Council Interim Budget Savings 2014-15	Savings £000's	On Target	Notes
Services has been successful in achieving a 'payment by results' bonus of £200,000 from its Troubled Families programme in H&F			PBR received on the balance sheet. The in year saving of £200k will be met from the reserve
Further savings have been found arising from the corporate allocation of Dedicated Schools Grant that can reduce net spend in 2014/15 by £200,000	(200)		Appropriate expenditure will be identified to maximise the use of DSG effectively.
Other external funding has also been identified that offsets costs of £39,000	(39)		
Children's Services Total	(439)		

APPENDIX 3a: UNACCOMPANIED ASYLUM SEEKING CHILDREN

BUDGET REVENUE MONITORING REPORT – PERIOD 6

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000s	£000s	£000s
Unaccompanied Asylum Seeking Children	1,013	115	115
Total	1,013	115	115

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

Departmental Division	Variance £000s	Explanation & Action Plans
Unaccompanied Asylum Seeking Children (UASC)	115	Grant for Asylum Seeking Children & UASC leaving care has not increased in the last 2 years & accommodation costs and support costs have risen beyond inflation
Total	115	

Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Risk of increasing Accommodation and support costs.	100	200
Total	100	200

4. Comments from the Executive Director

The grant for asylum seeking children and UASC leaving care has not increased for the last 2 years however accommodation and support costs have risen beyond inflation. There is therefore a risk that an overspend will arise if accommodation costs cannot be reduced.

BUDGET REVENUE MONITORING REPORT – PERIOD 6

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000s	£000s	£000s
Cleaner, Greener & Cultural Services	21,292	(326)	(381)
Safer Neighbourhoods	9,233	444	522
Customer & Business Development	1,003	(37)	(55)
Director & Resources	(60)	111	117
Total	31,468	192	203

2. Variance Analysis with Action Plans to Address Forecast Overspends

Division	Variance £000s	Explanation & Action Plans
CCGS – Waste disposal	(350)	The boroughs strongly negotiated a much better unit cost of recycle this year which has reduced costs by circa £500k. This is partly offset by the increasing waste tonnages overall. A trend, similar to some other London Boroughs, is that more expensive general waste tonnages are increasing whilst cheaper recycling tonnages are decreasing. This is compounded by reduced income from the sale of recycle as market commodity prices are decreasing. Some monthly waste tonnages this year have been 11% more than the same month last year, demonstrating the volatility of waste disposal. If these trends continue, annual costs will increase by £240k. A more detailed analysis of the Waste Authority costs was presented to PAC in September with an update to follow in November.
CGCS – Street Scene Enforcement	38	The council always prosecutes those who do not pay Fixed Penalty Notices (FPNs) which has added a £19k pressure on the legal budgets this year. FPN income has also reduced year on year (£23k year to date compared to £39k for the same period last year). This is mostly due to decreased littering in the borough’s transport hubs, which has a positive impact on the overall street scene but at the same time gives rise to a £16k income pressure. The aim of FPNs is to achieve compliance in an area of enforcement and so the service is assessing how to manage these pressures going forward. Options will be discussed with the lead cabinet member in October.
SND - Coroners and Mortuary	89	A continued reduction in corporate overheads means less recharge income from partner boroughs. Growth has been proposed to fund this pressure from 2015/16.,

Division	Variance £000s	Explanation & Action Plans
SND - Transport	264	As previously reported, reductions in the council's vehicle fleet over a number of years has resulted in a significant recharge income pressure. Across all departments, as vehicle requirements have reduced, services have included gross savings in their budget plans rather than net savings after accounting for the loss of recharge income for the Transport service. The department has been working hard to reduce the budget gap this year by targeting new business. However, despite best efforts to secure new business, negotiations with the only potential high value customer have now fallen through and a comprehensive review of the market has concluded that the potential for alternative income generating business is extremely limited. The department is working through options to correct the historic budget gap from existing ELRS budgets as far as possible but given the scale of the ongoing budget gap, a request for additional corporate support may be required (£100k is already included in the existing growth proposals for 2015/16). The ongoing budget pressure for the transport service is in the region of £400k, which is mitigated this year through drawing down the balance on the transport reserve (£100k) and some additional one off income that mostly relates to last year (£36k).
Customer & Business Development	48	There is a forecast shortfall in the non-guaranteed income element of the new underground duct asset concession contract. Officers continue to work closely with the contractor to realise the full £140k income target and will be rigorously reviewing and challenging the contractor's sales and marketing plan at the next project board meeting. Early sales strategies include working with Registered Social Landlords as a way of piloting digital social inclusion, providing connections to a major broadband provider (allowing them to rollout broadband that does not require a landline), building links with the borough's football clubs (one of whom has already placed an order for broadband services) and exploring opportunities from hosting a digital conference in Winter 2014/15. The aim is to recover the shortfall by year end.
Director & Res. – People portfolio savings	118	Only £6k of the £124k people portfolio savings target is forecast to be achieved, which is less than the £57k achieved last year due to ex interns reaching the end of their internship and being appointed into permanent roles. A corporate review of targets is underway.,
Other	(16)	Other smaller underspends
Total	191	

Table 3: Key Risks

Risk Description	Lower Limit £000	Upper Limit £000
Risk of increased waste disposal and contamination tonnages	(500)	0
Risk that Transport income shortfall cannot be absorbed	0	100
Total	(500)	100

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	(1,110)	(327)	(613)	(165)

Red risks - plans to rationalise the number of bring back recycling units is currently on hold whilst the impact on recycling rates and the street scene is assessed (£25k target). There is a forecast pressure on the ducting contract (£140k target against which income of £89k is predicted).

5. Comments from the Executive Director

The department is forecasting a £192k overspend due to uncontrollable pressures from outside of the department - £118k people portfolio savings and £89k Coroners and Mortuary. Whilst the department will look to offset these pressures as far as possible this year from waste disposal underspends, volatile waste tonnages suggest corporate funding is likely to be requested in year. The Coroner and Mortuary pressure is a one off pressure for 2014/15 as corporate growth has been requested to permanently close the budget gap from 2015/16. The shortfall against the People Portfolio savings target is an ongoing pressure. The department is committed to maximising savings through the use of interns, but following a significant programme of restructure flowing from the Bi-borough service reviews, there are very few vacancies and so limited opportunity to engage interns or achieve a 10% saving on vacant posts. It is expected that any shortfall against this transformational target will be met corporately, as agreed when the savings were allocated to departments. During the estimates process directors and heads of service will be required to agree permanent solutions to ongoing pressures.

BUDGET REVENUE MONITORING REPORT – PERIOD 6

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000s	£000s	£000s
H&F Direct	18,960	76	33
Innovation & Change Management	(188)	(70)	(100)
Legal Democratic Services	(1,256)	(40)	(30)
Third Sector, Strategy & Communications	1,133	70	(30)
Finance & Audit	385	0	0
Procurement & IT Strategy	(2,443)	(157)	140
Executive Services	(506)	(50)	(70)
Human Resources	691	(110)	(130)
Other		0	0
Total	16,776	(281)	(187)
Less - Interim Budget Savings Reported to Full Council 23rd July 2014		206	206
Variance post Interim Savings		(75)	19

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

Departmental Division	Variance £000s	Explanation & Action Plans
Third Sector, Strategy & Communications	70	There is a shortfall on Hammerprint income due to a reduction in print activity in other departments and the 156k in-year saving in this department's communications spend. Though this results in much larger overall savings below and in other departments, it creates pressure in this division. This had previously been partially off-set by vacancies elsewhere in the division. However, some of these vacancies are now to be filled.
Procurement & IT Strategy	(157)	Previous challenges achieving cash savings targets have been off-set this year by greater achievements in cost avoidance and savings from the decommissioning of the Lagan system
Other	12	
Council Interim Budget Savings	(206)	See director comments below
Total	(281)	

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

Council Interim Budget Savings 2014-15	Savings £000's	On Target	Notes
Finance and Corporate Services			
General Fund savings from reduction in Communications activity.	(156)	Yes	
Human Resources Team have identified an on-going saving starting in 2014/15 of £50,000 from the reduction of a post	(50)	Yes	
Finance and Corporate Services Total	(206)		

FCS has moved to a small overall underspend position, despite increasing income pressures in Hammerprint as a result of reduced demand.

This cost pressure is being offset by increased IT savings, as a result of decommissioning an obsolete system and exceeding targets on a cost reduction exercise.

APPENDIX 6: HOUSING & REGENERATION DEPARTMENT

BUDGET REVENUE MONITORING REPORT – PERIOD 6

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000s	£000s	£000s
Housing Options, Skills & Economic Development	8,154	(653)	(589)
Housing Strategy & Regeneration	4	0	0
Housing Services	40	0	0
Finance & Resources	(103)	23	23
Total	8,095	(630)	(566)
Interim Budget Savings Reported to Full Council 23rd July 2014		34	34
Variance post Interim Savings		(596)	(532)

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

Departmental Division	Variance £000s	Explanation & Action Plans
Housing Options, Skills & Economic Development	(653)	<p>This relates mainly to a forecast reduction in the net costs of Bed and Breakfast (B&B) accommodation of (£537k) due to a reduction in average client numbers from a budgeted figure of 275 to a forecast of 115. Additionally, the net costs of Private Sector Leasing (PSL) accommodation are expected to reduce by (£482k) due to a fall in the average number of units from a budgeted figure of 853 to a forecast of 646 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%).</p> <p>This is offset by a shortfall in income and increased costs on the business incubator units at Sullivan, Townmead and the BBC units of £187k. However, it should be noted that costs have reduced since last month following the corporate allocation of budget (£35k) to provide for business rates on vacant units on the workshops at White City. Additionally, 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 (£44k) are also predicted.</p>
Housing Strategy & Regeneration	0	

Departmental Division	Variance £000s	Explanation & Action Plans
Housing Services	0	
Finance & Resources	23	
Total	(630)	

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
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 (£596k), an favourable movement of (£64k) from the CRM 5 position of (£532k). The main reasons for this are set out in Table 2 above. It is anticipated that any underspend at year-end will be set aside in an earmarked reserve to address future risks around temporary accommodation and homelessness.

The main reason for the movement is due to the corporate allocation of budget (£35k) to provide for costs relating to business rates on the workshops at White City.

Officers are currently investigating options to mitigate against the overspend of £187k on the business incubator units at Sullivan and Townmead and the BBC units, and this will be reported via the CRM in due course.

Council Interim Budget Savings 2014/15

On 23rd of July 2014 Cabinet approved the following additional savings targets which officers are working to achieve. This is included in the forecast variance reported above.

	Savings £000s	On Target	Notes
Housing & Regeneration			
HRD officers have identified £34,000 of savings originally proposed for 2015/16 that they have been asked to bring forward	(34)	(34)	
HRD Total	(34)		

BUDGET REVENUE MONITORING REPORT – PERIOD 6

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000s	£000s	£000s
Tri-borough Libraries & Archives Service	3,221	(30)	(30)
Total	3,221	(30)	(30)
Interim Budget Savings Reported to Full Council 23 rd July 2014		30	
Variance post Interim Savings		0	

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

No significant variances to report. See Director's comments for explanation of achievement of interim savings target.

Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Income from customer fees and charges	0	40
Premises and utility costs including Westfield	10	30
Total	10	70

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 reduced public borrowing of DVDs and CDs as the use of online services increases. 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 may cause pressures.

Both the original budget savings target for 2014/15 (£100k) and the interim savings target (£30k) have been achieved. The table below summarises the position on the interim budget savings:

Council Interim Budget Savings 2014-15	Savings £000's	On Target	Notes
Tri-Borough Libraries			
The Tri-borough Library Service has identified that due to the increase in demand for eBooks it can release £30,000 from its book stock budget	(30)	Yes	Book fund commitment has been released so this interim saving has been achieved.
Tri-Borough Libraries Total	(30)		

BUDGET REVENUE MONITORING REPORT – PERIOD 6

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000s	£000s	£000s
Sexual Health	6,978	(75)	(75)
Substance Misuse	5,464	(1)	(1)
Behaviour Change	2,110	(197)	(187)
Intelligence and Social Determinants	40	1	1
Families and Children Services	2,608	(191)	(195)
Childhood Obesity project	0	100	0
Public Health Investment Fund	0	1,902	1,902
Future Public Health Investment Funding	0	686	780
Substance Misuse – Grant, Salaries and Overheads	(5,470)	0	0
Public Health – Grant, Salaries and Overheads	(11,384)	(2,571)	(2,571)
Total	346	(346)	(346)

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

Departmental Division	Variance £000s	Explanation & Action Plans
Sexual Health	(75)	Forecast adjusted to reflect final Central London Community Health contract values & revised forecast for condom distribution and HIV prevention.
Substance Misuse	(1)	Net of under provision of 13/14 residential placements and “Education, Training and Employment (ETE) Lead” budget correction.
Behaviour Change	(197)	Change in forecast due to; <ul style="list-style-type: none"> • £86K over provision for 2013/14 Health Checks • £42K estimated under-spend in 2014/15 on Health Checks • £29K estimated under-spend in 2014/15 for Smoking Cessation • £40K under-spend in 14/15 Health Trainers
Intelligence and Social Determinants	1	One-off contribution to Airtext, not in the original budget.
Families and Children Services	(191)	The re-commissioning 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 £8K is the expected under-spend for dental health.
Childhood Obesity project	100	Allowance for the new Childhood Obesity project.

Departmental Division	Variance £000s	Explanation & Action Plans
Public Health Investment Fund (PHIF)	1,902	Earmarked funds for Public Health investment in other Council Departments.
Future Public Health Investment funding	686	Unallocated budget and identified savings required to be earmarked to meet future Public Health Investment Fund spend.
Public Health – Grant, Salaries and Overheads	(2,571)	This represents the net movement of the above identified variances.
Total:	(346)	Planned reduction of General Fund contribution from £346K to zero.

Table 3: Key Risks

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

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 and under-spend to meet all existing and expected commitments.

Included within the Public Health budget are unallocated funds of £2.2M (after the planned reduction in General Fund contribution). Of this, £1.9M has been earmarked for Public Health Investment Fund projects (subject to Cabinet approval) and £0.1M for Childhood Obesity. The remaining amount of £686K (including savings identified above) will be required to fund PHIF projects in future years and will be carried forward for this purpose.

BUDGET REVENUE MONITORING REPORT – PERIOD 6

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000s	£000s	£000s
Building & Property Management (BPM)	(1,659)	(352)	(342)
Transport & Highways	11,807	161	236
Planning	2,846	(184)	(150)
Environmental Health	3,332	(1)	(1)
Support Services	(546)	263	302
Total	15,780	(112)	45

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

Departmental Division	Variance £000s	Explanation & Action Plans
Advertising Hoardings	(241)	The favourable variance is due to the over achievement of advertising income against budget.
Valuation Services	65	The property disposal section is at risk of overspending by £100k due to property disposals costs exceeding the permitted charge against estimated capital receipts. This is offset by a forecast underspend £35k in Valuation Services.
Facilities Management	23	The main pressure is the forecast overspend in the TFM contract. The adverse variance includes £150k which relates to 2013/14. The TFM contract has also 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. Refunds for underperformance are expected from Amey but will not be included in the forecast until confirmed. There are underspends in the EC Harris contract and carbon reduction.
Civic Accommodation	(129)	The favourable variance is mainly due to a combination of additional rental income and underspends in utilities.
Sections within Building & Property Management	(70)	Building Control is favourable by £39k due to additional income from large building schemes. There is also some additional rental income, creating a favourable variance of £21k in Rent and Other Properties and an underspend of £10k in legal charges.
Total - BPM	(352)	
Transport and Highways	161	The unfavourable variance represents the non-achievement of a MTFS income target of £250k for advertising on pavements. This has been addressed in the MTFS proposals for 15/16. This has been offset by additional gazetteer and licensing income.
Planning	(184)	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.

Environmental Health	(1)	
Support Services	263	This reflects the MTFS People Portfolio savings target. The department is now undertaking work to realise savings in this area.
Total:	(112)	Favourable

Table 3: Key Risks

Risk Description	Lower Limit £000s	Upper Limit £000s
There is uncertainty about the timing of Planning Applications being submitted. This is being closely monitored and if associated income fails to materialise there will a corresponding adjustment in the forecast planning costs.	0	220
If the Licensing Fee increases included as an MTFS saving are not approved after national consultation initiated by the Home Office.	0	40
If the historic costs already incurred to dispose of HRA assets cannot be met from disposal proceeds this would need to be funded from Corporate Reserves.	0	270
If there are further delays in co-locating Environmental Health beyond mid 2014/15	0	60
Total	0	590

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)	(2,130)	(255)	(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 Environmental Health co-location £60k.
- Plans for advertising on Pavements generating income of £250k cannot be progressed due to lack of demand.

5. Comments from the Executive Director

The overall position is a favourable variance of £112k against a net budget of £15,780k. The key risks to the 2014/15 budget are set out in Table 3 above.

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 controls to ensure that the department achieves its targets by the year-end.

BUDGET REVENUE MONITORING REPORT – PERIOD 6

1. Variance by Activity Area

Activity Area	Revised Budget	Variance Month 6	Variance Month 5
	£000s	£000s	£000s
Pay & Display (P&D)	(12,613)	453	396
Permits	(4,690)	104	107
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	(109)	(141)
Bus Lane PCN	(915)	33	106
CCTV PCN	(616)	(630)	(566)
Moving Traffic PCN's	(5,814)	(422)	(339)
Parking Bay Suspensions	(1,530)	(1,860)	(1,771)
Towaways / Removals	(352)	37	47
Expenditure and Other Receipts	13,046	(156)	(151)
Total	(20,298)	(2,550)	(2,312)

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

Activity Area	Variance £000s	Explanation & Action Plans
Pay & Display	453	The forecast variance compares with the previous year's adverse outturn variance of £329k. There are seasonal variations in the cash collected from pay and display machines which may be causing the variance compared to last year. Pay and Display receipts will be monitored closely for the rest of the year.
Permits	104	A reduction in the receipts over the first 5 months of 2014-15 has resulted in a forecast lower than budget.
CEO Issued PCN	(109)	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	33	Bus Lane PCNs have been forecast at a similar level as in 2013-14.
CCTV PCN	(630)	CCTV parking PCNs have been forecast to continue at a similar level as in 2013-14.
Moving Traffic PCN's	(422)	The forecast PCN issue number is lower than last year, but the recovery rate has been improved. This has resulted in a similar forecast outturn to 2013-14.
Parking Bay Suspensions	(1,860)	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, including an increase in longer term suspension requests.
Towaways / Removals	37	The unfavourable variance is due to a shortfall in receipts from fines of (£315k) compared to a budget of (£352k).
Expenditure and Other Receipts	(156)	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 has resulted in the need for additional staffing at a cost of £83k, creating a £32k overspend in parking office staffing. There are also overspends in postage and delivery costs of

Activity Area	Variance £000s	Explanation & Action Plans
		£101k and debt registration costs of £106k. This is offset by an underspend in parking enforcement staffing of £202k and 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	(2,550)	

Table 3: Key Risks

Risk Description	Lower Limit £000s	Upper Limit £000s
Changes in legislation around CCTV parking enforcement	0	500
Total	0	500

4. Comments from the Executive Director

The TTS Parking department is forecasting a favourable variance of £2,550k 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. Parking suspensions are running well ahead of budget including some longer term suspensions that started in 2013/14 but which extend into 2014/15

BUDGET REVENUE MONITORING REPORT – PERIOD 6

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000s	£000s	£000s
Finance and Resources	14,552	(182)	(95)
Housing Services	9,370	(215)	(215)
Commissioning and Quality Assurance	4,090	(103)	(103)
Property Services	2,077	(6)	(6)
Housing Repairs	13,359	0	0
Housing Income	(75,698)	54	4
Housing Options	400	(53)	(53)
HRA Central Costs	0	0	0
Adult Social Care	48	0	0
Regeneration	331	45	45
Safer Neighbourhoods	577	0	0
Housing Capital	27,864	0	0
(Contribution to)/ Appropriation From HRA General Reserve	(3,030)	(460)	(423)

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

Departmental Division	Variance £000s	Explanation & Action Plans
Finance and Resources	(182)	Underspends are forecast on past service pension costs (£52k), redundancy costs (£50k), remote access and filestore charges (£50k), council tax on void properties (£28k), and other minor variances (£2k).
Housing Services	(215)	Underspends are forecast on legal costs (£110k), salaries (£102k) and other running costs (£3k).
Commissioning and Quality Assurance	(103)	Underspends are forecast on salaries (£13k), decant and management transfers (£80k) and legal costs (£10k).
Other	40	There are no other individual divisional variances greater than £100k/(£100k).
Total	(460)	

Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Housing Development Programme: if the Council's housing development projects progress in accordance with approved plans, then the associated costs will be capitalised. However, if projects do not progress, or a different construction method is used, then an element of the costs incurred will need to be written off to revenue.	250	1,389
Strategic Regeneration: the latest forecasts indicate that there are emerging cost pressures associated with the operational management of the Regeneration function. Officers are currently reviewing the position with a view to identifying savings to eliminate this risk.	0	44
Trade waste charges: a realignment of the bill of quantities by ELRS and SERCO has resulted in a proposed increase in charges to the HRA. This is currently under review by the Estate Services Manager.	60	112
Total	310	1,545

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)	(3,030)	(460)	(10,984)

6. Comments from the Executive Director

The Housing Revenue Account currently forecasts an under-spend of (£460k) for 2014/15, a favourable movement of (£37k) from the CRM 5 position. The movement relates mainly to the following:

- Finance and Resources: Newly reported underspends on redundancy costs (£50k), council tax payments on void properties (£28k) and IT related charges (£50k) offset by other minor overspends of £41k

- Rents and Charges: an increase of £50k in the forecast under-receipt of income due to an increase in voids

The Council received a challenge from Wilmot Dixon Partnerships to a procurement process. The court case has concluded in favour of the Council and the Council has been awarded costs. Wilmot Dixon has until 30th October 2015 to lodge any appeal.