	London Borough of Hammersmith & Fulham CABINET 5 JANUARY 2015
CORPORATE REVENUE MONITOR 2014/15 MONTH 7	
Report of the Cabinet Member for Finance : Councillor Max Schmid	
Open Report	
Classification - For Decision Key Decision: Yes	
Wards Affected: All	
Accountable Executive Director: Jane West – Executive Director of Finance and Corporate Governance	
Report Author: Gary Ironmonger	Contact Details: Gary Ironmonger Tel: 020 (8753 2109) E-mail: gary.ironmonger@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. The General Fund outturn forecast is a favourable variance of £4.826m with budget risks of £5.471m. 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 £0.828m more than that set out in the July Council Report.
- 1.3. The HRA is forecast to underspend by £1.134m with HRA general reserves of £11.658m at year end. The HRA budget risks are £1.433m.
- 1.4. There are no virement requests at Month 7.
- 1.5. Finance and Corporate services are proposing to use the 2014/15 HFBP refund relating to the decommissioning of H&F Direct customer relationship management IT system to cover H&F Direct in-year spending pressures with the balance to be transferred to the Housing Benefit reserve.

2. RECOMMENDATIONS

- 2.1. To note the General Fund and HRA month 7 revenue outturn forecast.

- 2.2. To agree the proposed use of the HFBP 2014/15 IT systems refund to cover in year H&F Direct spending pressures and transfer the balance to the Housing Benefit Reserve.

3. REASONS FOR DECISION

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

4. CORPORATE REVENUE MONITOR (CRM) 2014/15 MONTH 7 GENERAL FUND

Table 1: General Fund Projected Outturn – Period 7

Department	Revised Budget At Month 7 £000s	Forecast Year End Variance At Month 7 £000s	Forecast Year End Variance At Month 6 £000s
Adult Social Care	64,939	(362)	(453)
Centrally Managed Budgets	27,671	(2,490)	(2,480)
Children's Services	48,466	1,505	919
Unaccompanied Asylum Seeking Children	1,013	198	115
Environment, Leisure & Residents' Services	31,514	129	192
Finance and Corporate Services	16,835	(404)	(281)
Housing & Regeneration	7,899	(660)	(630)
Library Services (Tri- Borough)	3,214	(30)	(30)
Public Health Services	346	(346)	(346)
Transport & Technical Services	16,033	(98)	(112)
Controlled Parking Account	(20,291)	(2,268)	(2,550)
Net Operating Expenditure*	197,639	(4,826)	(5,656)
Interim Budget Savings		3,998	3,998
Revised Variance after Interim Savings		(828)	(1,658)
Key Risks		5,471	4,259

*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

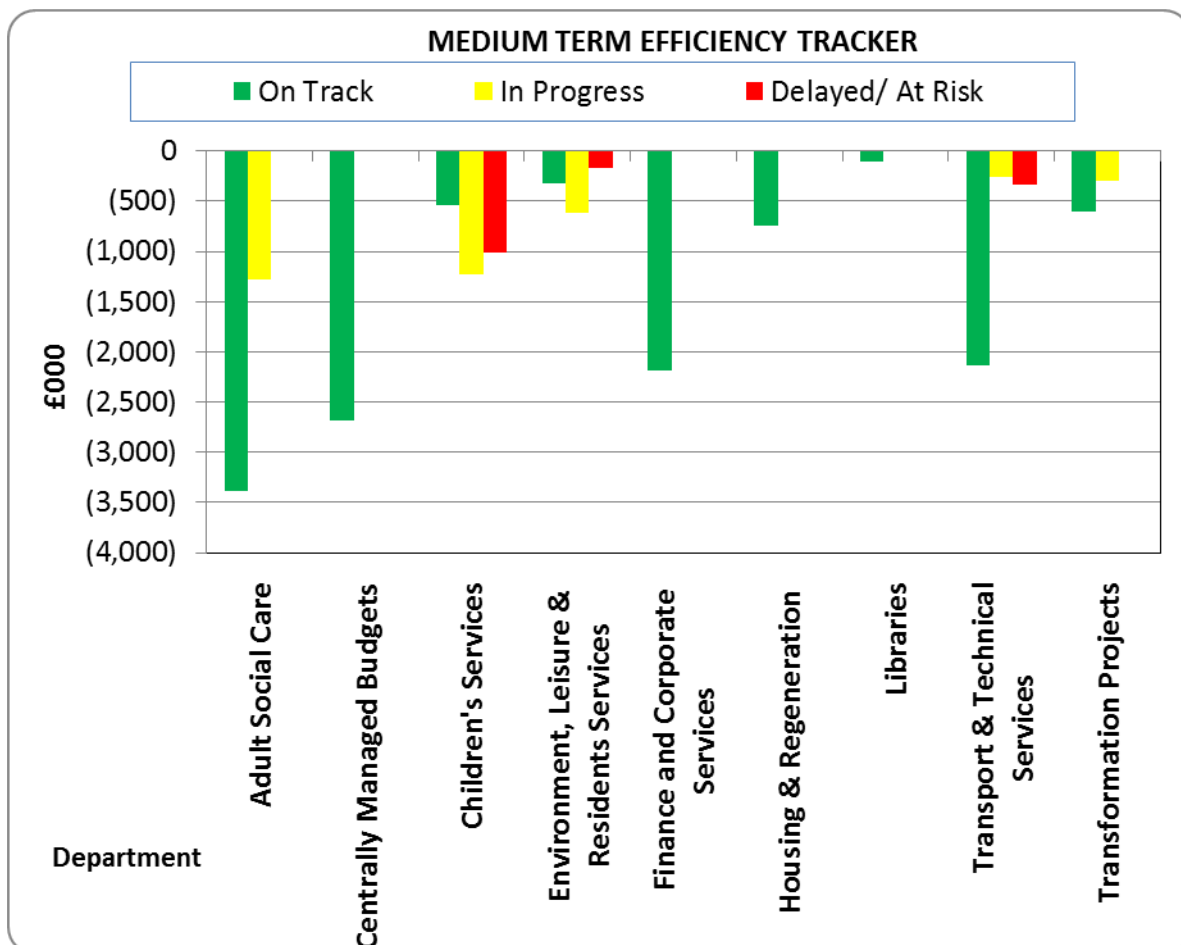
Table 2: Housing Revenue Account Projected Outturn - Period 7

Housing Revenue Account	£000s
Balance as at 31 March 2014	(7,494)
Add: Budgeted Contribution to Balances	(3,030)
Add: Forecast Underspend	(1,134)
Projected Balance as at 31st March 2015	(11,658)
Key Risks	1,433

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 7.

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 7 is for a favourable variance of £4.826m. This is £0.828m more than the savings proposals identified in the Council's interim budget review.
- 10.2. The HRA outturn forecast at Month 7 is an underspend of £1.134m.
- 10.3. Implications verified/completed by: Gary Ironmonger. Tel. 020 8753 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

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	CRM 5	Gary Ironmonger - Tel: 020 8753 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 7****1. Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000s	£000s	£000s
Integrated Care	44,410	548	421
Strategic Commissioning & Enterprise	11,713	(873)	(829)
Finance & Resources	7,943	0	11
Executive Directorate	872	(37)	(56)
Total	64,939	(362)	(453)
Interim Budget Savings Reported to Full Council on 23 rd July 2014		809	809
Variance post Interim Savings		447	356

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

Departmental Division	Variance £000s	Explanation & Action Plans
Integrated Care	548	<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 £644,000 in this budget. Discussions with the Clinical Commissioning Groups (CCG) around the new Home Care and Community Independence Services (CIS) will assist with addressing the increasing demand of Care at Home from 2015/16. Discussions continue for health funding in 2014/15.</p> <p>Within the Older People and Physical Disabilities service, the Placement budget is projected to underspend by (£571,000). Included in this projection is a £157,000 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 £524,000. The main reasons for the overspend relate to three transition customers being factored in (2 previously expected to be</p>

Departmental Division	Variance £000s	Explanation & Action Plans
		<p>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 £460,000. In the LD Direct Payment budget, there is a net projected overspend of £64,000 due to an increase of five customers. There is action Plan in place to monitor the progress of the LD overspend.</p> <p>There are pressures now emerging in the Assistive Equipment Technology budget with a projected overspend of £131,000 due to the out of hospital strategy and the additional spending on the CIS to prevent entry into hospital. From 2015/16, there is CCG funding from the CIS model to assist with the budgetary pressure.</p> <p>The projected underspend of (£147,000) in Mental Health Services is within the Placements budget with a reduction of three customers since the commencement of this year.</p> <p>The new Transport contract is not now expected to deliver savings in 2014/15. A briefing paper is being discussed with the Cabinet Member on the re-modelling and variation of the service contract.</p>
Strategic Commissioning & Enterprise	(873)	<p>Within this Division, (£552,000) of Supporting People costs are to be funded by Public Health grant. 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. In addition, there is an underspend of (£100,000) within the no resource to Public Funds due to lower number of customers.</p>
Finance & Resources	0	Projected to breakeven
Executive Directorate	(37)	<p>Within the Directorate Division, there is a reduction in general training budget costs of (£66,000) which is partly offset by a marginal overspend of £29,000 on supplies and services and advertising costs.</p>
Total	(362)	

Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Learning Disability review of continuing Care Client	0	250
Residential and Nursing Inflation Negotiation	0	127
Total	0	377

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 (£362,000) as at the end of period seven, this is a decrease in the underspend of £91,000 compared to period. The main reasons for the change in the projection is an increase in Equipment spend of £131,000 due to the out of hospital strategy and the additional spending on the CIS to prevent entry into hospital. This is partly offset by a reduction in pressures in LD placement budget resulting in a net decrease of (£40,000) 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 (£362,000) 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 £447,000.

The current Home Care (HC) contracts expired on 30th September 2014. Individual spot contracts have been procured for HC customers for the period 1st October 2014 to 31st March 2015, until the new HC contracts are procured. Procurement have negotiated the spot rates with providers and there is an additional cost of £54,000 which is factored into the projections

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	
Adult Social Care Total	(809)		

APPENDIX 2: CENTRALLY MANAGED BUDGETS**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1. Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000s	£000s	£000s
Corporate & Democratic Core	5,839	0	(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)	8,035	(290)	(200)
Pensions & Redundancy	9,995	0	0
Other (Council Tax Support, Contribution to Balances, provisions)	0	(2,000)	(2,000)
Total	27,671	(2,490)	(2,480)
Interim Budget Savings Reported to Full Council 23 rd July 2014		2,480	2,480
Variance post Interim Savings		(10)	0

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

Departmental Division	Variance £000s	Explanation & Action Plans
Corporate & Democratic Core	0	An £80k reduction in Audit Fees is offset by an additional £80k in accommodation costs due to tri borough staff relocation.
Net Cost of Borrowing	(200)	Underspend based on expected change to debt profile over remainder of the year.
Other Corporate Items	(290)	Due to the housing market Land Charges income is forecast to be £200k better than budget. The cost of maternity leave is forecast to be £90k under 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	(2,490)	

Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
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)	500

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 a favourable variance of £10k.

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)		

APPENDIX 3: CHILDREN'S SERVICES**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1. Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000s	£000s	£000s
Tri Borough Education Service	4,387	(187)	(209)
Family Services	32,559	1,577	1,009
Children's Commissioning	5,645	232	236
Finance & Resources	5,871	83	83
Dedicated School Grant & Schools Funding	4	(200)	(200)
Total	48,466	1,505	919
Interim Budget Savings Reported to Full Council 23 rd July 2014		439	439
Variance post Interim Savings		1,944	1,358

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

Departmental Division	Variance £000s	Explanation & Action Plans
Tri Borough Education Service	(187)	Although forecasting an underspend on the Transport Contract, the main movement in month is increasing additional costs due to new users and changes in the way that some children are being transported.
Family Services	1,577	The Service is incurring significant placement pressures with regards to new burdens established by the Coalition Government but which have not been fully funded. The Department will seek to contain as much as is possible through balances established to cover spending pressures but its ability to do so is compromised through other pressures and increasing number of children who are entitled to new forms of support as set out in Executive Director comments.
Children's Commissioning	232	Tri-borough transport and placement commissioning teams remain over budget.
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	1,505	

Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Secure Remand	135	200
No Recourse To Public Funds	200	300
Southwark Judgement Support	375	450
Kinship Fees related to the Tower Hamlets Judgement	375	450
Cost of supported accommodation rent rising above Housing Benefit	100	200
Rising cost of support to care leavers in education over 21	75	150
Staying Put and consequential costs of Staying Put	175	250
18+ Children With Disabilities (CWD) not meeting ASC criteria	80	150
Additional resources required in Looked After Children (LAC) and Leaving Care	360	600
Delayed start to Assessment Contract	80	100
Total	1,955	2,850

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
Childrens' Services	2,780	544	1,225	1,011

5. Comments from the Executive Director

The Children's Services Department is projecting an overspend of £1.5m. The projection has been increasing over the last few months as the department's ability to contain the spending pressures that it faces is compromised. The variance movement since CRM 6 is due to increasing pressures in Family Services plus 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 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.

The pressures that the department are facing manifest themselves in increased placement cost. However they can be explained as either the result of case law requiring changes in our level of provision e.g. the Southwark judgement that establishes the level of support including access to Leaving Care services that young people who are needed to be housed under this provisions are entitled to; or changes in the role of the Corporate Parent, as determined by the Coalition Government but for which the level of additional

funding provided does not equal the cost of the additional liability that the Council is incurring. This additional pressure is contrary to the New Burdens doctrine whereby the Government is expected to provide additional funding equivalent to the level of liability incurred by local authorities.

The areas where there are particular pressures are as follows:

- Southwark Judgement
- No recourse to public funds
- Secure Remand Increase
- Increase in Education costs for Looked After Children over 21
- Staying Put
- 18+ CWD not meeting ASC criteria
- Increasing Adoption and Special Guardianship Arrangements

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

Council Interim Budget Savings 2014-15	Savings £000's	On Target	Notes
Children's Services			
The Tri-borough Children's Services has been successful in achieving a 'payment by results' bonus of £200,000 from its Troubled Families programme in H&F	(200)		CHS currently hold the 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 7

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000s	£000s	£000s
Unaccompanied Asylum Seeking Children	1,013	198	115
Total	1,013	198	115

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

Departmental Division	Variance £000s	Explanation & Action Plans
Unaccompanied Asylum Seeking Children	198	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	198	

Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Cost of supporting asylum seeking children continue to increase.	100	200
Total		

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.

APPENDIX 4: ENVIRONMENT, LEISURE & RESIDENTS SERVICES**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1. Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000s	£000s	£000s
Cleaner, Greener & Cultural Services	21,267	(334)	(326)
Safer Neighbourhoods	9,056	386	444
Customer & Business Development	875	(38)	(37)
Director & Resources	316	115	111
Total	31,514	129	192

2. Variance Analysis with Action Plans to Address Forecast Overspends

Division	Variance £000s	Explanation & Action Plans
CCGS – Waste disposal	(364)	The boroughs negotiated a better unit cost of recycle this year which has reduced costs significantly. This is partly offset by the increasing waste tonnages overall. Like other London Boroughs, 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 general waste tonnages this year have been 11% more than the same month last year, demonstrating the volatility of waste disposal. The current forecast is based on year to date average increases but if the trend continues at the upper growth level, current year costs will increase by £272k. 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. FPNs are used to achieve compliance in an area of enforcement and so the service is assessing how to manage these pressures going forward. Options were discussed with the lead cabinet member in October, with a subsequent discussion due to Officer Briefing Board in November.
SND - Coroners and Mortuary	35	A continued reduction in corporate overheads has resulted in lower income from partner boroughs, causing an ongoing budget pressure of £89k. This will be permanently resolved through budget growth from 2015/16. The current year pressure is partially offset by one off underspends arising from actual spend being less than accrued this year.

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 Develop- ment	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. Opportunities for broadband expansion into council owned dwellings will be discussed with members in November. The aim is to recover the shortfall by year end.

Division	Variance £000s	Explanation & Action Plans
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 interns reaching the end of their internship and being appointed into permanent roles. A corporate review of targets and actual performance at quarter 2 has concluded that targets will not be realigned this year, but will be monitored and reviewed again at quarter 3. Targets for 2015/16 will also be revised and allocated on a more equitable basis. Given the increasing waste disposal costs, ELRS is not expected to be able to offset this pressure within the department and will be looking for any shortfall to be met corporately.
Other	(10)	Other smaller underspends
Total	129	

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	400
Total	(500)	400

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)	(865)	(189)	(51)

Red risks - There is a forecast pressure on the ducting contract (£140k target against which guaranteed income of £89k is predicted).

5. Comments from the Executive Director

The department is forecasting a £129k overspend due mostly to limited scope for achieving the people portfolio savings target in full (£118k shortfall). ELRS 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 PO posts. Current year targets and performance are now being closely monitored and reported to Transformation Board. It is expected that any shortfall against this transformational target will be met corporately before year end, as agreed when the savings were allocated to departments. Given that there is no potential for realigning this corporate savings target within the department without adversely impacting on front line services, if the people portfolio targets are not revised this year, ELRS will end the year with a net overspend.

APPENDIX 5: FINANCE AND CORPORATE SERVICES**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1. Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000s	£000s	£000s
H&F Direct	19,186	100	76
Innovation & Change Management	(188)	(70)	(70)
Legal Democratic Services	(1,256)	(50)	(40)
Third Sector, Strategy & Communications	1,141	28	70
Finance & Audit	386	0	0
Procurement & IT Strategy	(2,393)	(157)	(157)
Executive Services	(732)	(50)	(50)
Human Resources	691	(205)	(110)
Other	0	0	0
Total	16,835	(404)	(281)
Less - Interim Budget Savings Reported to Full Council 23rd July 2014		206	206
Variance post Interim Savings		(198)	(75)

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

Departmental Division	Variance £000s	Explanation & Action Plans
H&F Direct	100	There has been additional use of temporary staff to support an improved Housing Benefits return position.
Third Sector, Strategy & Communications	28	The overspend in this area has reduced as the service plans to achieve increased income from advertising through lamp post banners and the website.
Procurement & IT Strategy	(157)	This variance is consistent with month 6.
Human Resources	(205)	It is anticipated that Corporate HR will have a £205K underspend, due to keeping posts vacant ahead of the Managed Services Programme.
Other	36	
Total	(198)	

In addition to the variances shown in Tables 1 and 2, there is further income of £600k which is due to H&F Direct in 2014-15 as a result of the decommissioning of the Lagan Customer Relationship Management system.

The Lagan system has not been used since 2012/13, and an MTFs saving was taken from H&F Direct's base budget that year to reflect its decommissioning. However, this process has only been finalised by HFBP in

2014/15, and as a result H&F Direct have still been charged for this system since 2012/13.

HFBP are now giving H&F Direct a refund of the charges since 2012/13, which will total £600k in 2014/15. Further credits of £190,000 and £95,000 will also be due in 2015/16 and 2016/17 respectively, until the end of the HFBP contract in October 2016. However, as the MTFS saving has already been taken for this system, there are no further base budget adjustments to be made.

It is proposed that the 2014/15 refund is used to meet in year H&F Direct spend pressures, with the remainder being transferred to the Housing Benefits Reserve to support future developments and improvements in the service.

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)		

The FCS underspend has increased further due to higher vacancies and commercial income than was previously expected.

It is requested that H&F Direct are allowed to use the £600k in-year HFBP refund for the decommissioning of Lagan, to support the service through covering 2014/15 spend pressures with the balance being moved to the Housing Benefit Reserve.

APPENDIX 6: HOUSING & REGENERATION DEPARTMENT**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1. Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000s	£000s	£000s
Housing Options, Skills & Economic Development	7,958	(683)	(653)
Housing Strategy & Regeneration	4	0	0
Housing Services	40	0	0
Finance & Resources	(103)	23	23
Total	7,899	(660)	(630)
Interim Budget Savings Reported to Full Council 23rd July 2014		34	34
Variance post Interim Savings		(626)	(596)

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

Departmental Division	Variance £000s	Explanation & Action Plans
Housing Options, Skills & Economic Development	(683)	<p>This relates mainly to a forecast reduction in the net costs of Bed and Breakfast (B&B) accommodation of (£557k) 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 (£529k) due to a fall in the average number of units from a budgeted figure of 853 to a forecast of 668 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 £188k. 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 (£8k) are also predicted.</p>
Housing Strategy & Regeneration	0	

Departmental Division	Variance £000s	Explanation & Action Plans
Housing Services	0	
Finance & Resources	23	
Total	(660)	

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)		

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 (£626k), a favourable movement of (£30k) since CRM 6. 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 relates to a reduction in the net costs of Private Sector Leasing (PSL) accommodation of (£47k) following an increase in the forecast average number of units from 646 to 668. Other minor movements of £17k are forecast.

Officers are currently investigating options to mitigate against the overspend of £188k 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)	(34)	

APPENDIX 7: LIBRARY SERVICES (Tri-Borough)**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1. Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000s	£000s	£000s
Tri-borough Libraries & Archives Service	3,214	(30)	(30)
Total	3,214	(30)	(30)
Interim Budget Savings Reported to Full Council on 23 rd July 2014		30	30
Variance post Interim Savings		0	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 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)		

APPENDIX 8: PUBLIC HEALTH SERVICES**1. Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000s	£000s	£000s
Sexual Health	6,978	(75)	(75)
Substance Misuse	5,464	(14)	(1)
Behaviour Change	2,110	(212)	(197)
Intelligence and Social Determinants	40	1	1
Families and Children Services	2,608	(195)	(191)
Childhood Obesity project	0	100	100
Public Health Investment Fund	0	1,902	1,902
Future Public Health Investment Funding	0	718	686
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 CLCH contract values & revised forecast for condom distribution and HIV prevention.
Substance Misuse	(14)	Over provision of 13/14 residential placements and “Education, Training and Employment (ETE) Lead” budget correction.
Behaviour Change	(212)	Change in forecast due to; <ul style="list-style-type: none"> • £86K over provision for 2013/14 Health Checks • £37K estimated under-spend in 2014/15 on Health Checks • £24K estimated under-spend in 2014/15 for Smoking Cessation • £46K under-spend in 14/15 Health Trainers • £19K under-spend in 14/15 Community Champions
Intelligence and Social Determinants	1	One-off contribution to Airtex, not in the original budget.

Departmental Division	Variance £000s	Explanation & Action Plans
Families and Children Services	(195)	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 £12K is the expected under-spend for dental health.
Childhood Obesity project	100	Allowance for the new Childhood Obesity project.
Public Health Investment Fund (PHIF)	1,902	Earmarked funds for Public Health investment in other Council Departments.
Future Public Health Investment funding	718	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 and the allocation of funds unallocated in the budget.
Total:	(346)	

Table 3: Key Risks

Risk Description:	Lower Limit £000s	Upper Limit £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 there will be no net General Fund spend as there is sufficient Public Health Grant to meet all existing and expected commitments.

Included within the Public Health budget are unallocated funds of £2.2M. 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 £718K (including savings identified above) will be required to fund PHIF projects in future years and will be carried forward for this purpose.

APPENDIX 9: TRANSPORT AND TECHNICAL SERVICES**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1. Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000s	£000s	£000s
Building & Property Management (BPM)	(1,367)	(258)	(352)
Transport & Highways	11,807	137	160
Planning	2,846	(238)	(184)
Environmental Health	3,331	1	(1)
Support Services	(584)	260	263
Total	16,033	(98)	(112)

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

Departmental Division	Variance £000s	Explanation & Action Plans
Advertising Hoardings	(152)	The favourable variance is due to the over achievement of advertising income against budget. However September 2014 did see lower income compared with the same month last year.
Valuation Services	59	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 £41k in Valuation Services.
Facilities Management	32	Refunds for underperformance on the TFM contract are expected from Amey but will not be included in the forecast until confirmed. The variance includes £150k which relates to 2013/14. There are underspends in the EC Harris contract and in carbon reduction.
Civic Accommodation	(119)	The favourable variance is mainly due to a combination of additional rental income and underspends in utilities.
Sections within Building & Property Management	(78)	Building Control is favourable by £41k due to additional income from large building schemes. There is also additional commercial rental income, creating a favourable variance of £20k and an underspend of £17k in other sections within Building & Property Management.
Total - BPM	(258)	
Transport and Highways	137	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. The unfavourable variance has been offset by additional recharge income from the Highways Maintenance Group and Survey Projects sections.

Planning	(238)	The forecast underspend is due to higher levels of income recovered from external planning projects and a favourable movement due to a revised projection for Earls Court and Bechtel House.
Environmental Health	1	
Support Services	260	This reflects the MTFS People Portfolio savings target. This budget pressure has been addressed in the 15/16 TTS Budget estimates proposals.
Total:	(98)	Favourable

Table 3: Key Risks

Risk Description	Lower Limit £000s	Upper Limit £000s
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	250
Delays in co-locating Environment Health as a Bi Borough service to a single location.	0	40
Total	0	330

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

Department	2013/2014 MTFS Target	On Track (Green)	In Progress (Amber)	Delayed/ At Risk (Red)
	£000s	£000s	£000s	£000s
Transport & Technical Services	(2,725)	(2,150)	(245)	(330)

Currently there are three schemes on red status:

- Planned increases in Licensing fee income of £40k which is subject to consultation and yet to be confirmed.
- Bi-borough service review savings reduced by delays in co-location £40k.
- 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 £98k against a net budget of £16,033k. 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 overall target by the year-end.

APPENDIX 9a: CONTROLLED PARKING ACCOUNTS (CPA)**1. Variance by Activity Area**

Activity Area	Revised Budget	Variance Month 7	Variance Month 6
	£000s	£000s	£000s
Pay & Display (P&D)	(12,613)	492	453
Permits	(4,690)	125	104
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	(144)	(109)
Bus Lane PCN	(915)	40	33
Closed Circuit Television (CCTV) PCN	(616)	(606)	(630)
Moving Traffic PCN's	(5,814)	(232)	(422)
Parking Bay Suspensions	(1,530)	(2,083)	(1,860)
Towaways / Removals	(352)	41	37
Expenditure and Other Receipts	13,053	99	(156)
Total	(20,291)	(2,268)	(2,550)

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

Activity Area	Variance £000s	Explanation & Action Plans
Pay & Display	492	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	125	A reduction in the receipts over the first 6 months of 2014-15 has resulted in a forecast lower than budget.
CEO Issued PCN	(144)	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	40	Bus Lane PCNs have been forecast at a similar level as in 2013-14.
CCTV PCN	(606)	CCTV parking PCNs have been forecast to continue at a similar level as in 2013-14.
Moving Traffic PCN's	(232)	The forecast PCN issue number is lower than the previous year, but the recovery rate has been improved. This has resulted in a similar forecast outturn to 2013-14.
Parking Bay Suspensions	(2,083)	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	41	The unfavourable variance is due to a shortfall in receipts from fines of (£315k) compared to a budget of (£352k).
Expenditure and Other Receipts	99	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, creating a £250k overspend in parking office staffing.

Activity Area	Variance £000s	Explanation & Action Plans
		<p>There are also overspends in postage and delivery costs of £46k and debt registration costs of £56k.</p> <p>This is offset by an underspend in parking enforcement staffing of £203k and budgets of £100k for a CCTV enforcement vehicle and £100k for IT that are not expected to be used.</p> <p>There is also a £111k underspend expected on the P&D machine maintenance contract.</p> <p>An additional £48k spend has been forecast to cover the cost of new IT systems, and £24k for a new telephone system.</p>
Total	(2,268)	

Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£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 £2,268k against a net budget of (£20,291k). 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

APPENDIX 10: HOUSING REVENUE ACCOUNT**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1. Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6
	£000s	£000s	£000s
Finance and Resources	14,552	(1,182)	(182)
Housing Services	9,370	(120)	(215)
Commissioning and Quality Assurance	4,090	(103)	(103)
Property Services	2,077	(6)	(6)
Housing Repairs	13,359	204	0
Housing Income	(75,698)	81	54
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)	(1,134)	(460)

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

Departmental Division	Variance £000s	Explanation & Action Plans
Finance and Resources	(1,182)	This mainly relates to the release of a (£1m) budgetary provision relating to the legal challenge from Willmott Dixon Partnerships (a full explanation is included in the Director's Comments to this report). Additionally, other 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	(120)	Underspends are forecast on legal costs (£110k), salaries (£102k) and other running costs (£3k) offset by an overspend on trade waste recharges of £95k
Commissioning and Quality Assurance	(103)	Underspends are forecast on salaries (£13k), decant and management transfers (£80k) and legal costs (£10k).
Housing Repairs	204	Overspends are forecast on MITIE mobilisation costs £72k, MITIE contract costs (Out Of Scope work £143k, Price per Property/Block £58k and Voids £20k);

Departmental Division	Variance £000s	Explanation & Action Plans
		rechargeable income is forecast to be £67k less than budgeted. This is offset by an underspend on work undertaken by other contractors of (£156k).
Other	67	There are no other individual divisional variances greater than £100k/(£100k).
Total	(1,134)	

Table 3: Key Risks

Risk Description	Lower Limit £000s	Upper Limit £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, there is a lack of certainty around plans at the year end, 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
Total	250	1,433

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)	(1,134)	(11,658)

6. Comments from the Executive Director

The Housing Revenue Account currently forecasts an under-spend of (£1,134k) for 2014/15, a favourable movement of (£674k) from the CRM 6 position. The movement relates mainly to the following:

- Finance & Resources: the release of a (£1m) budgetary provision relating to the challenge from Willmott Dixon Partnerships,
- Housing Services: the adverse change of £95k reflects the confirmation of the trade waste charge overspend, previously reported as a risk,
- Housing Income: an increase in the bad debt provision for commercial properties of £93k is offset by a number of small favourable movements across various budgets (£66k),
- Housing Repairs: a newly reported overspend of £204k has resulted following the latest detailed review of actual expenditure to date. This has primarily arisen from legacy work remaining from the previous repairs contracts, increased demand for roof works and fencing repairs arising from adverse weather conditions earlier this year and a larger volume of work arising from planned and unplanned Estate inspections. The £20k overspend of Voids is due to the change in the strategy for Void Disposals.

The Council received a challenge from Willmott Dixon Partnerships in relation 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. A court hearing of the challenge to the procurement process took place in July 2014 and the Council was informed in October 2014 that the hearing found in favour of the Council and ordered that Willmott Dixon pay the Council's costs. Following the expiry of a further period during which Willmott Dixon were able to appeal, the Council is now able to release a provision of £1m to revenue. The Council will now be progressing the recovery of its legal costs and this will be reported on in due course.