	<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>30 MARCH 2015</b>
<b>CORPORATE REVENUE MONITOR 2014/15 - MONTH 10</b>	
<b>Report of the Cabinet Member for Finance : Councillor Max Schmid</b>	
<b>Open Report</b>	
<b>Classification - For Decision</b> <b>Key Decision: Yes</b>	
<b>Wards Affected: All</b>	
<b>Accountable Director: Hitesh Jolapara – Bi Borough Director of Finance</b>	
<b>Report Author:</b> Gary Ironmonger, Finance Manager (Revenue Monitoring)	<b>Contact Details: Gary Ironmonger</b> Tel: 020 (8753 2109) E-mail: <a href="mailto:gary.ironmonger@lbhf.gov.uk">gary.ironmonger@lbhf.gov.uk</a>

## 1. EXECUTIVE SUMMARY

- 1.1. The General Fund outturn forecast is a favourable variance of £7.009m with budget risks of £4.671m. This is a reported improvement of £2.1m since month 9. This is largely due to the use of contingencies, as approved at month 9, of £2.078m to cover Childrens Services and Unaccompanied Asylum Seeking Children demand pressures.
- 1.2. In CRM9 departments proposed a carry forward of £1.398m of underspends. This would lead to a net General Fund underspend of £5.611m after the transfer of these underspends to reserves. The carry forward of underspends is subject to the overall General Fund financial position of Council and the departmental underspend being higher or the same as the carry forward request at the year end and clearance by the S151 Officer in consultation with the Lead Member for Finance.
- 1.3. The HRA is forecast to underspend by £1.569m with HRA general reserves of £12.093m at year end. The HRA budget risks are £1.389m.
- 1.4. There are no virement requests at Month 10.
- 1.5. The Enhanced Revenue Collection project was implemented to improve debt collection and manage outstanding debt. Our external providers

Agilisys have reviewed a number of individually low value sundry debts which have been outstanding for over two years to identify whether they are collectable. Following their review, it is recommended that £0.11m of these debts are written off. The write off will be met from existing departmental bad debt provision.

## 2. RECOMMENDATIONS

- 2.1. To note the General Fund and HRA month 10 revenue outturn forecast.
- 2.2. That approval be given to the proposed debt write off of £0.11m.

## 3. REASONS FOR DECISION

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

## 4. CORPORATE REVENUE MONITOR (CRM) 2014/15 MONTH 10 GENERAL FUND

**Table 1: General Fund Projected Outturn – Period 10**

Department	Revised Budget At Month 10 £000s	Forecast Year End Variance At Month 10 £000s	Forecast Year End Variance At Month 9 £000s
Adult Social Care	64,939	(283)	(278)
Centrally Managed Budgets	25,171	(2,495)	(2,495)
Children's Services	50,261	605	2,350
Unaccompanied Asylum Seeking Children	1,229	(25)	223
Environment, Leisure & Residents' Services	31,505	119	99
Finance and Corporate Services	17,232	(420)	(420)
Housing & Regeneration	7,899	(1,032)	(1,013)
Library Services (Tri- Borough)	3,239	(45)	(45)
Public Health Services	346	(346)	(346)
Transport & Technical Services	16,033	(445)	(412)
Controlled Parking Account	(20,291)	(2,642)	(2,572)
<b>Net Operating Expenditure*</b>	<b>197,563</b>	<b>(7,009)</b>	<b>(4,909)</b>
<b>Interim Budget Savings</b>		<b>3,998</b>	<b>3,998</b>
<b>Revised Variance after Interim Savings</b>		<b>(3,011)</b>	<b>(911)</b>
<b>Key Risks</b>		<b>4,671</b>	<b>5,471</b>

\*note: figures in brackets represent underspends

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

**CORPORATE REVENUE MONITOR 2014/15 HOUSING REVENUE ACCOUNT**

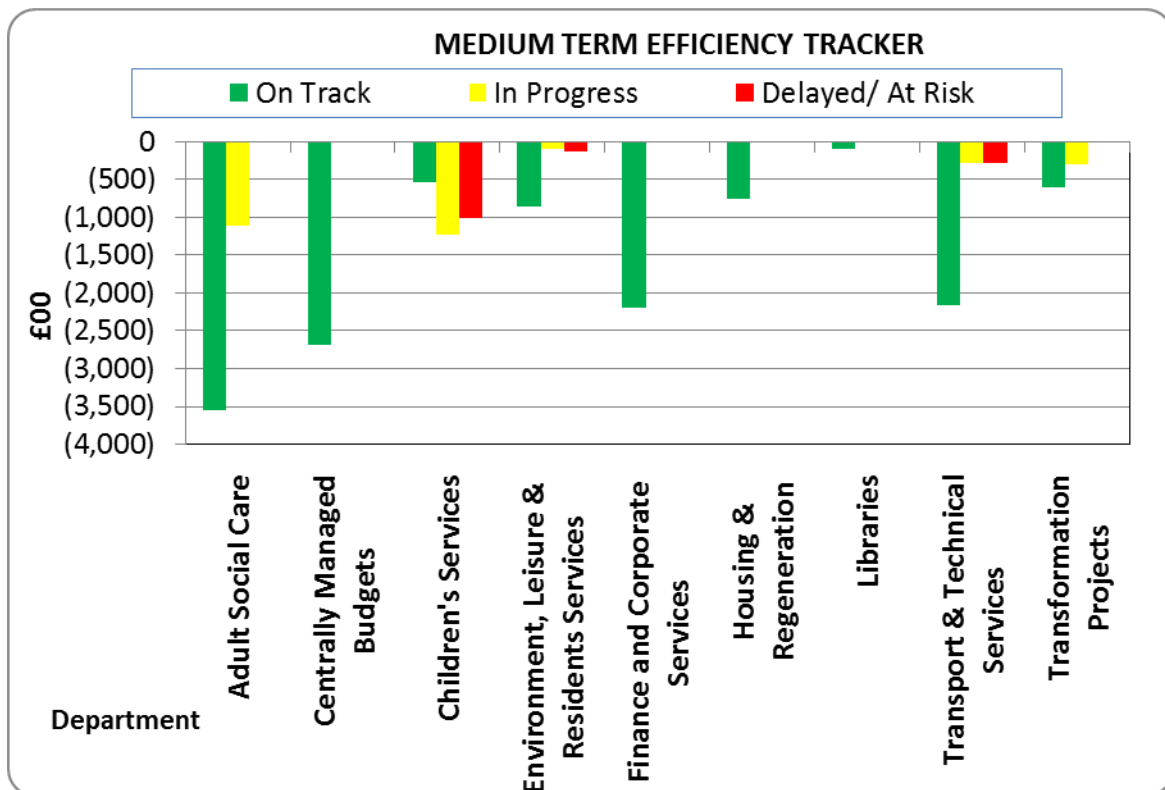
**Table 2: Housing Revenue Account Projected Outturn - Period 10**

Housing Revenue Account	£000s
<b>Balance as at 31 March 2014</b>	<b>(7,494)</b>
Add: Budgeted Contribution to Balances	(3,030)
Add: Forecast Underspend	(1,569)
<b>Projected Balance as at 31st March 2015</b>	<b>(12,093)</b>
<b>Key Risks</b>	<b>1,389</b>

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

**5. MEDIUM TERM FINANCIAL STRATEGY EFFICIENCY TRACKER SUMMARY**

- 5.1. The 2014/15 budget included efficiency proposals of £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 10.
- 6.3. As part of the Enhanced Revenue Collection project, our external providers Agilisys have reviewed a number of individually low value sundry debts which have been outstanding for over two years to identify whether they are collectable. Following their review, it is recommended that £0.11m of these debts are written off. These debts are within Finance and Corporate Services (£0.059m), Housing Department (£0.008m) and Transport and Technical Services (£0.043m) The write offs will be met from the existing bad debt provision held by these departments.

## **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 10 is for a favourable variance of £7.009m. This is £3.011m more than the savings proposals identified in the Council's interim budget review.
- 10.2. This is a reported improvement of £2.100m since month 9. This is largely due to the use of contingencies of £2.078m to cover Childrens' Services and Unaccompanied Asylum Seeking Children demand pressures.
- 10.3. The HRA outturn forecast at Month 10 is an underspend of £1.569m.
- 10.4. Implications verified/completed by: Gary Ironmonger, Finance Manager (Revenue Monitoring). Tel. 029 8753 2109.

## **11. IMPLICATIONS FOR BUSINESSES**

- 11.1. Nothing within this report impacts on local businesses. The proposed write off of any business related debts are for companies that have been dissolved or no longer traceable.

**12. RISK MANAGEMENT**

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

**13. PROCUREMENT AND IT STRATEGY IMPLICATIONS**

- 13.1. Not applicable.

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

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	CRM 9	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 10****1. Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 10</b>	<b>Variance Month 9</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Integrated Care	44,483	878	917
Strategic Commissioning & Enterprise	11,640	(1,053)	(1,087)
Finance & Resources	7,943	0	0
Executive Directorate	873	(108)	(108)
<b>Total</b>	<b>64,939</b>	<b>(283)</b>	<b>(278)</b>
Interim Budget Savings Reported to Full Council on 23 <sup>rd</sup> July 2014		809	809
<b>Variance post Interim Savings</b>		<b>526</b>	<b>531</b>

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

<b>Departmental Division</b>	<b>Variance £000s</b>	<b>Explanation &amp; Action Plans</b>
Integrated Care	878	<p>There are continued pressures on the Home Care Packages and Direct Payments budgets as part of the out of hospital strategy, to support customers at home and avoid hospital admission or to enable early discharge. This has led to an increase in home care costs above that which would have normally occurred. There is a net projected overspend of £724,000. Discussions with the Clinical Commissioning Group (CCG) around the new home care and Community Independence services will assist from 2015/16 to address the increasing demand of Care at Home. In addition, ASC has formally requested Health funding for these costs for 2014/15.</p> <p>Within the Older People and Physical Disabilities service, the Placement budget is projecting a net underspend of (£595,000). Included in this projection is (£157,000) as a contribution from NHS funding for Social Care.</p> <p>Within the Learning Disability Service, there is a net projected overspend of £755,000 which</p>

Departmental Division	Variance £000s	Explanation & Action Plans
		<p>has increased by £12,000 since the period 9 report. The main reasons for the overspend relate to three transition customers being factored in (2 previously expected to be Continuing Care and one new customer) and a further five Social Care customers now staying for the full year, resulting in the net LD Placement projected overspend of £647,000. In the LD Direct Payment budget, there is a net projected overspend of £108,000 due to an increase of five customers.</p> <p>There are pressures emerging in the Assistive Equipment Technology budget with a projected overspend of £99,000 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 (£143,000) in Mental Health Services is within the Placements budget with the 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.</p>
Strategic Commissioning & Enterprise	(1,053)	<p>Within this Division, (£552,000) of Supporting People costs and (£94,000) funding for employment costs are to be transferred to the Public Health grant. In addition there is a projected underspend of (£211,000) 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 a lower number of customers and (£95,000) lower costs in a range of directly managed services.</p>
Finance & Resources	0	
Executive Directorate	(108)	<p>Within the Directorate Division, there is a reduction in general training budget costs of (£115,000) which is partly offset by a net marginal overspend of £7,000 on advertising</p>
<b>Total</b>	<b>(283)</b>	

**Table 3: Key Risks**

<b>Risk Description</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
	<b>£000s</b>	<b>£000s</b>
Residential and Nursing Inflation Negotiation	0	127
<b>Total</b>	<b>0</b>	<b>127</b>

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

<b>Department</b>	<b>2014/2015 MTFS Target</b>	<b>On Track (Green)</b>	<b>In Progress (Amber)</b>	<b>Delayed/ At Risk (Red)</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Adult Social Care	(4,664)	(3,554)	(1,110)	0

**5. Comments from the Executive Director**

Adult Social Care (ASC) is projecting a net underspend of (£283,000) as at the end of period ten, this is an increase in underspend of (£5,000) compared to period nine projected underspend of (£278,000).

Department of Health has recently made available grant funding for reducing the Delayed Transfer of Care. Funding for Adult Social Care is £325,000, which might mitigate some pressures highlighting as part of the out of hospital strategy, although the spending plan has to be agreed with the H&F CCG.

As part of the Administration's review of the 2014/15 General Fund revenue budget, ASC has identified three savings that can be achieved in this financial year. As detailed in the table below, these savings totalling (£809,000) are included in the projected outturn position of (£283,000) underspend. A redirection of these resources would need to take into account the overall impact on the departmental variances.

Since July 2014 financial pressures have emerged and delivery of some MTFS savings proposals are anticipated to be delayed and demand is increasing. As a result the department has identified pressures of £1,325,000 as detailed in the last CRM report. Given that the projected pressures are greater than the projected underspend in this report, the department will review the pressures emerging highlight the areas for a possible carry forward when the final outturn positions are known.

There is one other potential risk to the forecast. 52 placements are still under negotiation with a requested increase in costs representing a full year cost of £127,000.

The department is expected to deliver savings of £4,664,000 in this financial year and at this stage of the year 76% 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 or managed within existing resources.

<b>Council Interim Budget Savings 2014-15</b>	<b>Savings £000's</b>	<b>On Target</b>	<b>Notes</b>
<b>Adult Social Care</b>			
Improve outcomes and reduce dependency amongst residents through better joint services with the NHS.	(157)		Factored into the projections. If this is used for other purposes the ASC projection for year-end will move towards an overspend
Review of no recourse to public funds savings.	(100)		Factored into the projections. If this is used for other purposes the ASC projection for year-end will move towards an overspend
Additional Public Health external funding has been identified that offsets Support People costs by £552k	(552)		Factored into the projections if this is used for other purposes the ASC projection for year-end will move towards an overspend.
<b>Adult Social Care Total</b>	<b>(809)</b>		

**APPENDIX 2: CENTRALLY MANAGED BUDGETS****BUDGET REVENUE MONITORING REPORT – PERIOD 10****1. Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 10</b>	<b>Variance Month 9</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Corporate & Democratic Core	5,839	(5)	(5)
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)	5,535	(240)	(240)
Pensions & Redundancy	9,995	0	0
Other (Council Tax Support, Contribution to Balances, provisions)	0	(2,050)	(2,050)
<b>Total</b>	<b>25,171</b>	<b>(2,495)</b>	<b>(2,495)</b>
Interim Budget Savings Reported to Full Council 23 <sup>rd</sup> July 2014		2,480	2,480
<b>Variance post Interim Savings</b>		<b>(15)</b>	<b>(15)</b>

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

<b>Departmental Division</b>	<b>Variance £000s</b>	<b>Explanation &amp; Action Plans</b>
Corporate & Democratic Core	(5)	An £80k reduction in Audit Fees is offset by an additional £75k 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	(240)	Due to the housing market Land Charges income is forecast to be £150k better than budget. The cost of maternity leave is forecast to be £90k under budget.
Other	(2,050)	Potential redirection of resources in line with Interim Council budget for contribution to balances and provisions and Council Tax Support.
<b>Total</b>	<b>(2,495)</b>	

**Table 3: Key Risks**

<b>Risk Description</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
	<b>£000s</b>	<b>£000s</b>
There is a risk that the Net Cost of Borrowing may be under or over budget depending on the changes to the capital programme implemented in 2014/15.	(500)	500
<b>Total</b>	<b>(500)</b>	<b>500</b>

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

Department	2014/2015 MTFS Target	On Track (Green)	In Progress (Amber)	Delayed/ At Risk (Red)
	£000s	£000s	£000s	£000s
Centrally Managed Budgets	(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 £15k. In line with previous years arrangements the position regarding contingencies will be reviewed when the accounts are closed. The current unallocated contingency balance is £800k.

Council Interim Budget Savings 2014-15	Savings £000's	Savings forecast at Period 10 £000's	Notes
<b>CMB</b>			
Budgeted contribution to balances	(900)	(900)	This saving is on target.
Inflation provision	(400)	(450)	The inflation contingency is expected to be under budget
Redundancy provision	(200)	(200)	Savings on target
External Audit savings	(80)	(80)	Savings on target
Debt restructuring	(200)	(200)	Proposals for the restructuring of debt to meet this saving are under review.
Council Tax Support	(500)	(500)	As unemployment falls reduced caseload is expected to deliver savings.
Land Charges	(200)	(150)	Land charge income is forecast to be £150k better than budget.
<b>CMB Total</b>	<b>(2,480)</b>	<b>(2,480)</b>	

**APPENDIX 3: CHILDREN'S SERVICES****BUDGET REVENUE MONITORING REPORT – PERIOD 10****1. Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 10</b>	<b>Variance Month 9</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Tri Borough Education Service	4,387	(321)	(215)
Family Services	34,354	627	2,342
Children's Commissioning	5,645	312	328
Finance & Resources	5,871	187	95
Dedicated School Grant & Schools Funding	4	(200)	(200)
<b>Total</b>	<b>50,261</b>	<b>605</b>	<b>2,350</b>
Interim Budget Savings Reported to Full Council 23 <sup>rd</sup> July 2014		439	439
<b>Variance post Interim Savings</b>		<b>1,044</b>	<b>2,789</b>

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

<b>Departmental Division</b>	<b>Variance £000s</b>	<b>Explanation &amp; Action Plans</b>
Tri Borough Education Service	(321)	Following a number of service reviews, underspends in staffing costs have been identified and are reflected in the projected variance movement since last period. Although there have been increases in transport contract costs due to new users of the service, the transport contract continues to project a net underspend for the year.
Family Services	627	This forecast is after accounting for the transfer of £1,862k of budget from contingencies as approved in period 9. As previously reported, Family Services continues to incur 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 but its ability to do so is compromised through other pressures and the increasing number of children who are entitled to new forms of support as set out in Executive Director comments.
Children's Commissioning	312	Pressures within the transport and placement commissioning teams, and prior year unachievable MTFs in Youth Management, have led to a projected overspend in the Commissioning service. These have been partially offset by youth commissioning and spot purchases related underspends.

Departmental Division	Variance £000s	Explanation & Action Plans
Finance & Resources	187	IT budget pressures from filestore and programme charges plus reduced rental income. The adverse movement from the previous month is as a result of a review of projected legal fees and an increase in departmental IT project costs.
Dedicated School Grant & Schools Funding	(200)	Appropriate expenditure will be identified to maximise the use of DSG effectively.
<b>Total</b>	<b>605</b>	

**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
S10 Public Health Funding	0	186
<b>Total</b>	<b>1,955</b>	<b>3,036</b>

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

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

**5. Comments from the Executive Director**

The Children's Services Department is projecting an overspend of £605k after accounting for the transfer of £1,862k of budget from contingencies, approved in CRM9, to cover demand pressures. This is due mostly to placement cost pressures as outlined below. There are other departmental pressures which are partially offset by projected underspends within the Education Service, but

additional placement cost pressures that have arisen in-month have resulted in an adverse variance movement from last period of £227k.

The department has identified and is working to deliver £2,780k 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.

The pressures that the department are facing manifest themselves in increased placement costs. 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 budgets.

<b>Council Interim Budget Savings 2014-15</b>	<b>Savings £000's</b>	<b>On Target</b>	<b>Notes</b>
<b>Children's Services</b>			
The Tri-borough Children's Services has been successful in achieving a 'payment by results' bonus of £200,000 from its Troubled Families programme	(200)	Yes	
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)	Yes	
Other external funding has also been identified that offsets costs of £39,000	(39)	Yes	
<b>Children's Services Total</b>	<b>(439)</b>		

## APPENDIX 3a: UNACCOMPANIED ASYLUM SEEKING CHILDREN

### BUDGET REVENUE MONITORING REPORT – PERIOD 10

#### 1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 10	Variance Month 9
	£000s	£000s	£000s
Unaccompanied Asylum Seeking Children	1,013	(25)	223
<b>Total</b>	<b>1,013</b>	<b>(25)</b>	<b>223</b>

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

Departmental Division	Variance £000s	Explanation & Action Plans
Unaccompanied Asylum Seeking Children	(25)	The variance movement from last period is as a result of reduced forecast expenditure for Semi Independent Living and transfer of £216k of budget from contingencies to cover additional demand costs.
<b>Total</b>	<b>(25)</b>	

#### Table 3: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Cost of supporting asylum seeking children continues to increase	100	200
<b>Total</b>	<b>100</b>	<b>200</b>

#### 4. Comments from the Executive Director

The UASC reported variance has improved by £248k since month 9. This is largely due to the transfer of £216k of budget from contingencies, approved in CRM9, to cover demand pressures. 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 10****1. Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 10	Variance Month 9
	£000s	£000s	£000s
Cleaner, Greener & Cultural Services	21,299	(343)	(361)
Safer Neighbourhoods	9,056	338	324
Customer & Business Development	875	10	21
Director & Resources	275	114	115
<b>Total</b>	<b>31,505</b>	<b>119</b>	<b>99</b>

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

Division	Variance £000s	Explanation & Action Plans
CCGS – Waste disposal	(380)	The partner boroughs negotiated a better unit cost of recycle this year which has reduced costs significantly. This is partly offset by increasing waste tonnages overall. Like other London Boroughs, more expensive general waste tonnages are increasing (up an average 4% on last year) whilst cheaper recycling tonnages are decreasing (down an average 9% on last year). This is compounded by reduced income from the sale of recycle as market commodity prices are decreasing. No commodity income was received for the month of December although £18k is still forecast for the last quarter. This will need to be monitored. The waste innovation group continues to research new interventions aimed at reducing waste disposal costs in the longer term. A report is expected before year end.
SND - Transport	303	As previously reported, reductions in the council's vehicle fleet over a number of years has resulted in a significant loss of recharge income. 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 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). For 2015/16 budget growth has enabled budgets to be reset in line with current service demands and so this pressure is one-off for 2014/15.



Division	Variance £000s	Explanation & Action Plans
SND – Cemeteries	145	Demand for grave space and burials is declining, with year to date income at £93k (18%) less than to the same period last year. Only one premium in-borough grave space has been sold this year compared to five sold last year. This trend is also being observed in RBKC. A project group has been formed to explore the reasons for this decline.
SND – Sports Bookings	(65)	There is a forecast overachievement of sports bookings income due to increased usage and more efficient booking and income collection arrangements. This has been included in the MTFS efficiency plans for 2015/16.
Director & Res. – People portfolio savings	118	As reported previously, only £6k of the £124k people portfolio savings target has been achieved. This 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 was undertaken at quarter 2, the outcome of which was to review 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 expecting to be able to offset this pressure within the department and will be looking for any shortfall to be met corporately.
Other	(2)	Other smaller underspends
<b>Total</b>	<b>119</b>	

**Table 3: Key Risks**

Risk Description	Lower Limit £000	Upper Limit £000
Risk of increased waste disposal and contamination tonnages	(100)	100
Risk that underground ducting concession contract will not achieve the income target in full	0	87
<b>Total</b>	<b>(100)</b>	<b>187</b>

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

Department	2014/2015 MTFS Target	On Track (Green)	In Progress (Amber)	Delayed/ At Risk (Red)
	£000s	£000s	£000s	£000s
ELRS Department	(1,105)	(865)	(100)	(140)

Red risks - Risk that underground ducting concession contract will not achieve the £140k income target in full.

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

The department is forecasting a £119k net overspend, due mostly to recharge income shortfalls in the transport service and limited scope for achieving the ELRS share of the people portfolio savings target. There are some other pressures within the department that are being offset by one off waste disposal underspends. The major ongoing budget pressures have been addressed in the draft Council budget for 2015/16 and so will not continue into next year. The department will aim to mitigate smaller overspends before year end as far as possible, but is exploring the potential for an in-year virement from corporate reserves in recognition of the transport budget pressure this year.

**APPENDIX 5: FINANCE AND CORPORATE SERVICES****BUDGET REVENUE MONITORING REPORT – PERIOD 10****1. Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 10</b>	<b>Variance Month 9</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
H&F Direct	19,389	0	0
Innovation & Change Management	(123)	(70)	(70)
Legal Democratic Services	(1,279)	(100)	(100)
Third Sector, Strategy & Communications	1,121	40	40
Finance & Audit	735	0	0
Procurement & IT Strategy	(2,399)	(35)	(35)
Executive Services	(670)	(50)	(50)
Human Resources	458	(205)	(205)
Other			0
<b>Total</b>	<b>17,232</b>	<b>(420)</b>	<b>(420)</b>
<b>Less - Interim Budget Savings Reported to Full Council 23<sup>rd</sup> July 2014</b>		206	206
<b>Variance post Interim Savings</b>		<b>(214)</b>	<b>(214)</b>

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

<b>Departmental Division</b>	<b>Variance £000s</b>	<b>Explanation &amp; Action Plans</b>
Legal & Democratic Services	(100)	The continuing underspend projection is due to positive fluctuations in the legal trading account with legal trading income above expectation for the year.
Third Sector, Strategy & Communications	40	The overspend reflects the loss of internal income due to significant reduction in print orders from other areas of the council
Human Resources	(205)	Corporate HR continues to anticipate a £205k underspend due to keeping posts vacant ahead of the Managed Services project.
Other	51	
<b>Total</b>	<b>(214)</b>	

**Table 3: Key Risks**

None to report

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

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

**5. Comments from the Director**

Council Interim Budget Savings 2014-15	Savings £000's	On Target	Notes
<b>Finance and Corporate Services</b>			
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	
<b>Finance and Corporate Services Total</b>	<b>(206)</b>		

**Write Offs**

As part of the Enhanced Revenue Collection project, our external providers Agilisys have reviewed a number of individually low value sundry debts which have been outstanding for over two years to identify whether they are collectable. Following their review, it is recommended that £59k of these debts relating to FCS are written off. Due to their age, these are already wholly provided for in the FCS Bad Debt Provision.

**APPENDIX 6: HOUSING & REGENERATION DEPARTMENT****BUDGET REVENUE MONITORING REPORT – PERIOD 10****1. Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 10</b>	<b>Variance Month 9</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Housing Options, Skills & Economic Development	7,958	(1,060)	(1,041)
Housing Strategy & Regeneration	4	0	0
Housing Services	40	0	0
Strategic Housing Stock Options Appraisal - General Fund	0	0	0
Finance & Resources	(103)	28	28
<b>Total</b>	<b>7,899</b>	<b>(1,032)</b>	<b>(1,013)</b>
Interim Budget Savings Reported to Full Council 23rd July 2014		34	34
<b>Variance post Interim Savings</b>		<b>(998)</b>	<b>(979)</b>

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

<b>Departmental Division</b>	<b>Variance £000s</b>	<b>Explanation &amp; Action Plans</b>
Housing Options, Skills & Economic Development	(1,060)	<p>This relates mainly to a forecast reduction in the net costs of Bed and Breakfast (B&amp;B) accommodation of (£745k) due to a reduction in average client numbers from a budgeted figure of 275 to a forecast of 97. Additionally, the net costs of Private Sector Leasing (PSL) accommodation are expected to reduce by (£699k) due to a fall in the average number of units from a budgeted figure of 853 to a forecast of 706 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 96.0%).</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 £184k. 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 £190k will be funded from internal departmental reserves. Other minor variances of (£23k) are also predicted.</p>

Departmental Division	Variance £000s	Explanation & Action Plans
Housing Strategy & Regeneration	0	
Housing Services	0	
Finance & Resources	28	
<b>Total</b>	<b>(1,032)</b>	

### **Table 3: Key Risks**

None to Report

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

Department	2014/2015 MTFS Target	On Track (Green)	In Progress (Amber)	Delayed/ At Risk (Red)
	£000s	£000s	£000s	£000s
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 (£998k), a favourable movement of (£19k) from the CRM 9 position of (£979k). The main reasons for this are set out in Table 2 above.

The main reason for the movement is an increase in the net costs of Private Sector Leasing (PSL) accommodation of £35k following a reduction in the gross rental margin due to an increase in the costs of procuring rental properties from landlords. Also, the movement relates to a reduction in the net costs of Bed and Breakfast (B&B) accommodation of (£45k) due to a reduction in the forecast average client numbers from 103 at month 9 to 97 this month. Other minor movements of (£9k) are forecast.

In order to mitigate against the overspend of £184k on the business incubator units at Sullivan and Townmead and the BBC units, management action is being taken to improve the debtor management process, and consideration is being given to undertaking a programme of major repairs in order to maximise occupancy rates. The results of these initiatives will be reported upon during the early part of 2015/16.

#### **Write Offs**

Approval is requested to write off £8k of debt mainly relating to rechargeable repairs to temporary accommodation former clients. These debts have now been deemed irrecoverable following a review by the Council's enhanced revenue collection partner, Agilisys. As this debt is already fully provided for, there will be no adverse impact on the above departmental variance.

Council Interim Budget Savings 2014/15

On 23<sup>rd</sup> 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.

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

**APPENDIX 7: LIBRARY SERVICES (Shared Services)****BUDGET REVENUE MONITORING REPORT – PERIOD 10****1. Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 10	Variance Month 9
	£000s	£000s	£000s
Tri-borough Libraries & Archives Service	3,239	(45)	(45)
<b>Total</b>	<b>3,239</b>	<b>(45)</b>	<b>(45)</b>
Interim Budget Savings Reported to Full Council on 23 <sup>rd</sup> July 2014		30	30
<b>Variance post Interim Savings</b>		<b>(15)</b>	<b>(15)</b>

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

No significant variances to report.

**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
<b>Total</b>	<b>10</b>	<b>70</b>

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

Department	2014/2015 MTFs Target	On Track (Green)	In Progress (Amber)	Delayed/ At Risk (Red)
	£000s	£000s	£000s	£000s
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. Due to a recently arisen overachievement of savings from the new Library Management System contract, a small underspend is projected of £15k. It is proposed to carry this forward to support service transformation work likely to begin in 2015/16.



Areas of budget risk include income from fees and charges due to the growth of digital formats replacing obsolete formats (DVDs, CDs etc.). Room and space hire opportunities are being reviewed as a means to mitigate these pressures over the longer term.

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:

<b>Council Interim Budget Savings 2014-15</b>	<b>Savings £000's</b>	<b>On Target</b>	<b>Notes</b>
<b>Tri-Borough Libraries</b>			
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.
<b>Tri-Borough Libraries Total</b>	<b>(30)</b>		

**APPENDIX 8: PUBLIC HEALTH SERVICES****BUDGET REVENUE MONITORING REPORT – PERIOD 10****1. Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 10</b>	<b>Variance Month 9</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Sexual Health	6,978	(277)	(277)
Substance Misuse	5,464	(77)	(34)
Behaviour Change	2,110	(211)	(211)
Intelligence and Social Determinants	40	(23)	(23)
Families and Children Services	2,608	(195)	(195)
Childhood Obesity project	0	100	100
Public Health Investment Fund	0	1,902	1,902
Future Public Health Investment Funding	0	1,006	963
Substance Misuse – Grant, Salaries and Overheads	(5,470)	0	0
Public Health – Grant, Salaries and Overheads	(11,384)	(2,571)	(2,571)
<b>Total</b>	<b>346</b>	<b>(346)</b>	<b>(346)</b>

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

<b>Departmental Division</b>	<b>Variance £000s</b>	<b>Explanation &amp; Action Plans</b>
Sexual Health	(277)	Forecast adjusted to reflect; <ul style="list-style-type: none"> <li>• Final CLCH contract values £(82K)</li> <li>• Revised forecast re condom distribution £(2K)</li> <li>• HIV prevention £9K</li> <li>• Sexual health service review £(10K)</li> <li>• Chlamydia Screening £(192K)</li> </ul>
Substance Misuse	(77)	Forecast adjusted to reflect latest figures; <ul style="list-style-type: none"> <li>• Over provision of 13/14 detox placements £(57K)</li> <li>• “Education, Training and Employment (ETE) Lead” budget correction £(15K)</li> <li>• Drug testing £(5K)</li> </ul>

Departmental Division	Variance £000s	Explanation & Action Plans
Behaviour Change	(211)	Change in forecast due to; <ul style="list-style-type: none"> <li>£86K over provision for 2013/14 Health Checks</li> <li>£43K estimated under-spend in 2014/15 on Health Checks</li> <li>£17K estimated under-spend in 2014/15 for Smoking Cessation</li> <li>£46K under-spend in 14/15 Health Trainers</li> <li>£19K under-spend in 14/15 Community Champions</li> </ul>
Intelligence and Social Determinants	(23)	<ul style="list-style-type: none"> <li>One-off contribution to Airtex, not in the original budget £0.5K</li> <li>Health Promotion project postponed £(24K)</li> </ul>
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	1,006	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.
<b>Total:</b>	<b>(346)</b>	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
<b>Total</b>	<b>0</b>	<b>244</b>

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

None to report.

**5. Comments from the Acting Director**

It A general fund underspend of £0.346m is forecast 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 £1.006m (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 10****1. Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 10</b>	<b>Variance Month 9</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Building & Property Management (BPM)	(1,367)	(219)	(237)
Transport & Highways	11,807	(162)	(71)
Planning	2,846	(327)	(366)
Environmental Health	3,331	(1)	1
Support Services	(584)	264	261
<b>Total</b>	<b>16,033</b>	<b>(445)</b>	<b>(412)</b>

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

<b>Departmental Division</b>	<b>Variance £000s</b>	<b>Explanation &amp; Action Plans</b>
Advertising Hoardings	(147)	The favourable variance is due to over achievement of advertising income against budget.
Valuation Services	118	The property disposal section is at risk of overspending by £148k due to property disposal costs exceeding the permitted levels that can be charged against estimated capital receipts. However, this is offset by a forecast underspend (£30k) in Valuation Services.
Facilities Management	16	Refunds due to 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. However, this is offset by underspends mainly in the EC Harris contract and in carbon reduction.
Civic Accommodation	(96)	The favourable variance is mainly due to a combination of additional rental income, underspends in utilities and security costs
Other sections within Building & Property Management	(110)	A favourable variance in Building Control is partly due to additional income of (£23k) from a large building scheme. Technical Support is also underspending by (£65k) in staffing and supplies and services costs. There is a further favourable variance in Rent and Other Properties of (£14k).
<b>Total - BPM</b>	<b>(219)</b>	
Transport and Highways	(162)	The overall variance in Transport and Highways section is due to the forecast underspend of (£158k) in Lead Local Flood Authority budgets. The underspend on this budget was requested to be carried forward to fund future projects in CRM9.

Planning	(327)	The favourable position is due to higher than expected levels of income recovered from Planning Regeneration projects and a forecast underspend on HS2 Petitioning costs of £75k. This amount has been included in the carry forward request made in CRM9. The Development Management section is seeing high levels of routine planning applications as the wider economy recovers and applicants seek to beat the CIL deadline. Income of £130k is being received in 14/15 but Planning will be doing the work in 15/16 and thus requested that this be carried forward in the CRM9 report.
Environmental Health	(1)	
Support Services	264	This reflects the MTFS People Portfolio savings target. This budget pressure has been addressed in the 15/16 TTS Budget estimates proposals.
<b>Total:</b>	<b>(445)</b>	<b>Favourable.</b>

**Table 3: Key Risks**

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
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	307
<b>Total</b>	<b>0</b>	<b>307</b>

**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)	(2160)	(285)	(280)

Currently there are two schemes with red status:

- Planned national increases in Licensing fee income of £30k which is subject to consultation and yet to be confirmed.
- Plans for advertising on Pavements to generate income of £250k which cannot be progressed due to lack of demand.

### **Comments from the Executive Director**

The overall position is a favourable variance of £445k against a net budget of £16,033k. The key risk to the 2014/15 budget is 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.

Write Offs

TTS requests authorisation to write off unpaid debts of £43k. These debts are extremely old and have been deemed uncollectable due to insolvency or because the debtor is untraceable. The write offs will be met from the existing bad debts provision of (£468k).

**APPENDIX 9a: CONTROLLED PARKING ACCOUNTS (CPA)****BUDGET REVENUE MONITORING REPORT – PERIOD 10****1. Variance by Activity Area**

<b>Activity Area</b>	<b>Revised Budget</b>	<b>Variance Month 10</b>	<b>Variance Month 9</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Pay & Display (P&D)	(12,613)	635	505
Permits	(4,690)	49	101
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	(114)	(175)
Bus Lane PCN	(915)	(37)	21
Parking CCTV PCN	(616)	(590)	(645)
Moving Traffic PCN's	(5,814)	(373)	(226)
Parking Bay Suspensions	(1,530)	(2,195)	(2,131)
Towaways / Removals	(352)	55	40
Expenditure and Other Receipts	13,053	(72)	(62)
<b>Total</b>	<b>(20,291)</b>	<b>(2,642)</b>	<b>(2,572)</b>

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

<b>Activity Area</b>	<b>Variance £000s</b>	<b>Explanation &amp; Action Plans</b>
Pay & Display	635	A number of other councils are also seeing Pay & Display receipts falling. Pay and Display receipts will be monitored closely for the rest of the year.
Permits	49	A reduction in the receipts up to month 10 of 2014-15 has resulted in a forecast lower than budget.
CEO Issued PCN	(114)	CEO issued PCNs are at a similar level to 2013-14, but the recovery rate has improved, resulting in an improved forecast
Bus Lane PCN	(37)	Bus Lane PCNs are at a similar level as in 2013-14.
Parking CCTV PCN	(590)	CCTV parking PCNs are at a similar level as in 2013-14. There is a risk to this income arising from a change in Government policy (see Table 3 below)
Moving Traffic PCN's	(373)	The number of PCNs issued is lower than the previous year, but the recovery rate has improved.
Parking Bay Suspensions	(2,195)	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 suspensions.
Towaways / Removals	55	The unfavourable variance is due to a shortfall in receipts from fines of (£297k) compared to a budget of (£352k).
Expenditure and Other Receipts	(72)	Although resolved in December 2014, a delay in the introduction of IT requirements caused a delay in the co-location and the full implementation of the new Bi-borough staffing structure for the Parking Office, creating a £242k overspend in parking office staffing. There are also overspends in postage and delivery costs of



Activity Area	Variance £000s	Explanation & Action Plans
		£46k and debt registration costs of £56k. This is offset by an underspend in parking enforcement staffing of £204k and budgets of £100k for a CCTV enforcement vehicle and £76k for IT that are not expected to be used. There is also a £101k underspend expected on the P&D machine maintenance contract.
<b>Total</b>	<b>(2,642)</b>	

### **Table 3: Key Risks**

None to report.

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

The TTS Parking department is forecasting a favourable variance of £2,642k against a net credit budget of (£20,291k). Activity is broadly 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 extended into 2014/15.

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

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 10</b>	<b>Variance Month 9</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Housing Income	(75,698)	(351)	44
Finance and Resources	14,552	(83)	(83)
Housing Services	9,370	(466)	(246)
Commissioning and Quality Assurance	4,061	(231)	(155)
Strategic Housing Stock Options Appraisal HRA	30	0	0
Property Services	2,077	(120)	(152)
Housing Repairs	13,359	0	248
Housing Options	506	(132)	(106)
HRA Central Costs	0	0	0
Adult Social Care	48	0	0
Regeneration	331	112	112
Safer Neighbourhoods	578	0	0
Housing Capital	27,756	(298)	(298)
<b>(Contribution to)/ Appropriation From HRA General Reserve</b>	<b>(3,030)</b>	<b>(1,569)</b>	<b>(636)</b>

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

<b>Departmental Division</b>	<b>Variance £000s</b>	<b>Explanation &amp; Action Plans</b>
Housing Income	(351)	A review of arrears trends for dwelling rents indicates that an underspend on bad debt charges of (£435k) is currently expected. Additionally, £84k of other income variances are predicted.
Housing Services	(466)	An overspend of £99k expected on trade waste charges is offset by underspends on incentive payments to enable tenant moves to appropriately sized homes (£137k), staffing costs (£119k), utility bills on sheltered housing offices (£77k), activities and events (£40k), telephone charges (£36k), legal costs (£73k), tree works (£20k), Hammerprint costs (£19k) and housing office running costs (£44k).
Commissioning and Quality Assurance	(231)	A forecast overspend due to less salary costs being able to be capitalised than predicted of £30k is offset by underspends on the costs of the new Resident Involvement structure (£78k), transfer and

Departmental Division	Variance £000s	Explanation & Action Plans
		decant payments (£94k), legal costs (£53k) and other minor variances (£36k).
Property Services	(120)	Underspends relating to staffing costs (£147k) and running costs (£58k) are offset by overspends on legal costs of £60k and other minor variances of £25k. The legal fees overspend all relates to Wilmott Dixon legal costs pending the outcome of the review by the costs draftsman of what the Council can claim.
Housing Options	(132)	This mainly relates to underspends on Temporary on Licence (TOLS) accommodation costs (£110k) arising mainly from lower than expected furniture costs, and on Hostel accommodation net costs (£101k) largely as a result of a reduction in the increase to the bad debt provision required due to an improvement in the collection rate (from a budgeted figure of 90% to a forecast of 94%). These underspends are offset by overspends of £65k on staffing, and of £14k on valuation fees for Right to Buys.
Regeneration	112	An underspend on salaries of (£35k) due to vacancies is offset by a reduced capitalisation of salary costs of £147k arising from a change in the expected work programme as the in-house Housing Development Programme is under review.
Housing Capital	(298)	This relates to additional interest receivable on HRA balances following a review of the average interest rate on short term investments and the forecast balances expected within the HRA general reserve, major repairs reserve and Decent Neighbourhoods Fund.
Other	(83)	There are no other individual divisional variances greater than £100k/(£100k).
<b>Total</b>	<b>(1,569)</b>	

**Table 3: Key Risks**

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
<b>Housing Development Programme:</b> 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
<b>Total</b>	250	1,389

**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
<b>HRA General Reserve</b>	<b>(7,494)</b>	<b>(3,030)</b>	<b>(1,569)</b>	<b>(12,093)</b>

**6. Comments from the Executive Director**

The Housing Revenue Account currently forecasts an under-spend of (£1,569k) for 2014/15, a favourable movement of (£933k) from the CRM 9 position. The movement relates primarily to the following:

- Rents and Charges: due to uncertainty about the timing of universal credit and the impact on the Council's ability to collect rental income, the budget for the increase in the bad debt provision was set on a prudent basis. Current monitoring of the arrears position indicates that this budget will deliver an underspend of (£435k) though arrears trends will continue to be monitored and any change in the level of underspend will be reported accordingly. Additionally, an adverse

movement of £40k relating to minor changes on various forecasts is predicted.

- Housing Services: underspends on telephone charges (£36k), sheltered office utility charges (£77k) and tree works (£20k) are newly identified; the underspend on incentive payments to enable tenant moves to appropriately sized homes has increased by (£75k) due to lower demand; underspends across a number of other budgets have increased by (£12k).
- Commissioning and Quality Assurance: the forecast underspend on the costs of the new Resident Involvement structure (£78k) where staff are not yet all in post is newly reported this month, offset by other minor movements of £2k.
- Property Services: the forecast underspend on salaries has reduced by £32k due to revised capitalisation estimates.
- Housing Repairs: the forecast overspend on contractors costs has reduced by (£248k), this is due to the virement of a £401k repairs provision from Finance and Resources.
- Housing Options: the movement of (£26k) is due primarily to reductions in forecast hostel repairs costs.

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 released a provision of £1m to revenue. The Council is progressing the recovery of its legal costs and this will be reported on in due course.