	<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>7 SEPTEMBER 2015</b>
<b>CORPORATE REVENUE MONITOR 2015/16 MONTH 2 - MAY</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 – Strategic Director for Financial Corporate Services</b>	
<b>Report Author: Gary Ironmonger</b>	<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 an overspend of £4.280m with budget risks of £7.210m.
- 1.2. The HRA is forecast to underspend by £0.205m with HRA general reserves of £15.844m at year end. The HRA budget risks are £1.419m.
- 1.3. General fund virements of £1.853m are requested. A contingency of £1m was created within the 2015/16 budget to cover potential income shortfalls that were likely from changes to CCTV use for parking enforcement. The legislation has now been passed and a virement is requested to transfer budget from contingencies to the Controlled Parking budgets. Adult Social Care are requesting the drawdown from reserves of £0.853m budget carried forward to cover demand pressures in the Learning Disability Service (£0.473m), Careline service (£0.280m) and for provision of Assistive Equipment and Technology to clients (£0.1m).
- 1.4. Due to the on-going transition the CRM2 forecast is not based on data taken from MSP/Agresso, provided by BT. It is focused on high risk areas and reflects discussions with service managers and information taken from other systems (e.g. Adult Social Care framework-i care payments &

management system). As this forecast concentrates on high risk areas it is focused on the budgets with the highest probability of overspending. Whilst this provides some assurance to the forecast figures it does expose the authority to a higher than normal financial risk. The longer the transition takes the greater the financial risk.

## 2. RECOMMENDATIONS

- 2.1. That the General Fund and HRA month 2 revenue outturn forecast be noted.
- 2.2. That the proposed virements of £1.853m as detailed in appendix 11 be agreed.

## 3. REASONS FOR DECISION

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

## 4. CORPORATE REVENUE MONITOR (CRM) 2015/16 MONTH 2 GENERAL FUND

**Table 1: General Fund Projected Outturn – Period 2**

Department	Revised Budget At Month 2 £000s	Forecast Year End Variance At Month 2 £000s
Adult Social Care	59,323	1,226
Centrally Managed Budgets	26,594	0
Children's Services	46,697	3,000
Environment, Leisure & Residents' Services	29,179	0
Finance and Corporate Services	16,156	413
Housing & Regeneration	6,613	(156)
Library Services (Shared Services)	3,221	0
Public Health Services	0	0
Transport & Technical Services	16,354	311
Controlled Parking Account	(21,318)	(514)
<b>Net Operating Expenditure*</b>	<b>182,819</b>	<b>4,280</b>
<b>Key Risks</b>		<b>7,210</b>

\*note: figures in brackets represent underspends

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

- 4.2. The variance for Centrally Managed Budgets excludes any unspent contingency funds. Currently £2.5m of contingency balances are uncommitted and £1m has been earmarked to cover the loss of income due to legislative changes on the use of CCTV for parking enforcement.

## CORPORATE REVENUE MONITOR 2015/16 HOUSING REVENUE ACCOUNT

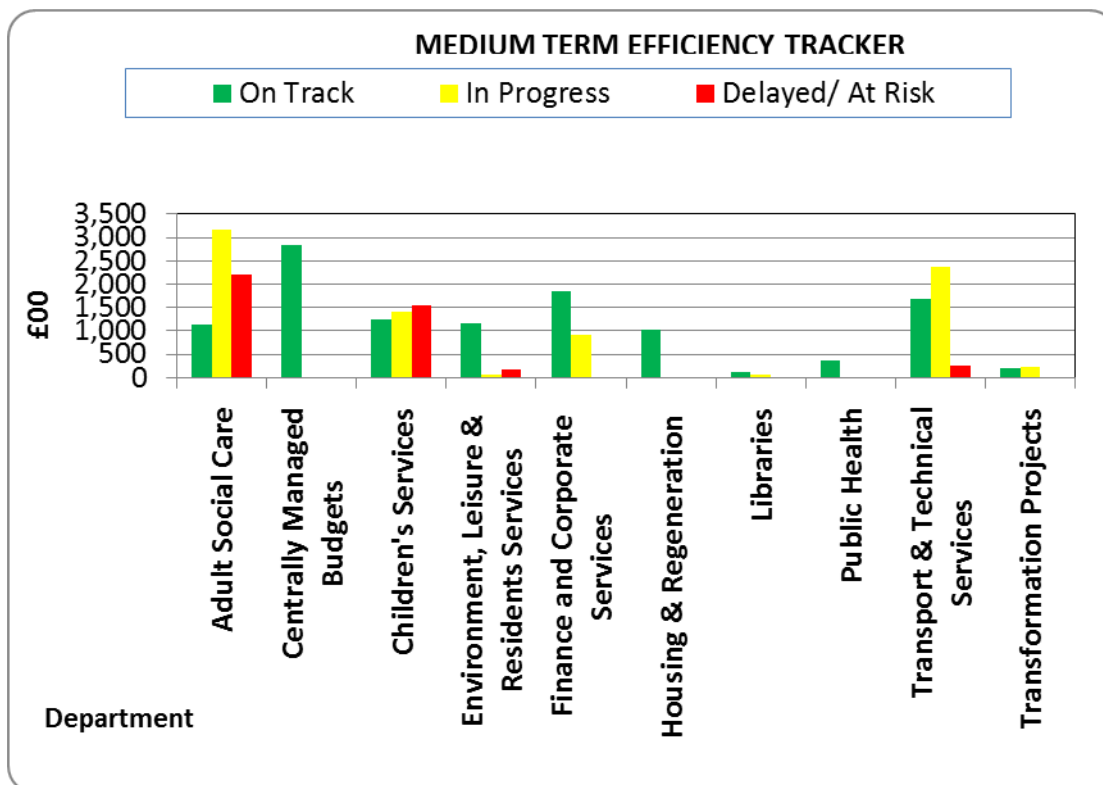
**Table 2: Housing Revenue Account Projected Outturn - Period 2**

Housing Revenue Account	£000s
Balance as at 31 March 2015	(13,165)
Add: Budgeted Contribution to Balances	(2,474)
Add: Forecast Underspend	(205)
<b>Projected Balance as at 31st March 2016</b>	<b>(15,844)</b>
<b>Key Risks</b>	<b>1,419</b>

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

## 5. MEDIUM TERM FINANCIAL STRATEGY EFFICIENCY TRACKER SUMMARY

- 5.1. The 2015/16 budget included efficiency proposals of £24m. 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. General fund virements of £1.853m are requested. A contingency of £1m was created within the 2015/16 budget to cover potential income shortfalls that were likely from changes to CCTV use for parking enforcement. The legislation has now been passed and a virement is requested to transfer budget from contingencies to the Controlled Parking budgets. Adult Social Care are requesting the drawdown from reserves of £0.853m budget carried forward to cover demand pressures in the Learning Disability Service (£0.473m), Careline service (£0.280m) and for provision of Assistive Equipment and Technology to clients (£0.1m).
- 6.3. There are no write off requests at month 2.

## **7. CONSULTATION**

- 7.1. N/A.

## **8. EQUALITY IMPLICATIONS**

- 8.1. It is not considered that the adjustments to budgets will have an impact on one or more protected group so an EIA is not required.

## **9. LEGAL IMPLICATIONS**

- 9.1. There are no legal implications for this report.

## **10. FINANCIAL AND RESOURCES IMPLICATIONS**

- 10.1. The General Fund outturn forecast at Month 2 is for an overspend of £4.280m.
- 10.2. The HRA outturn forecast at Month 2 is an underspend of £0.205m.
- 10.3. Due to the on-going transition the CRM2 forecast is not based on data taken from Agresso. It is focused on high risk areas and reflects discussions with service managers and information taken from other systems (e.g. Adult Social Care framework-i care payments & management system). Whilst this provides some assurance to the forecast figures it does expose the authority to a higher than normal financial risk. The longer the transition takes the greater the financial risk.
- 10.4. Implications verified/completed by: Gary Ironmonger

## **11. IMPLICATIONS FOR BUSINESSES**

- 11.1. Nothing within this report impacts on local businesses.

## **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. N/A

#### **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>
	None		

#### **List of Appendices**

- Appendix 1      Adult Social Care Revenue Monitor
- Appendix 2      Centrally Managed Budgets
- Appendix 3      Children's Services 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 (Shared Services) Monitor
- Appendix 8      Public Health Services Monitor
- Appendix 9      Transport and Technical Services Monitor
- Appendix 9a     Controlled Parking Account Revenue Monitor
- Appendix 10     Housing Revenue Account Monitor
- Appendix 11     Virements



## APPENDIX 1: ADULT SOCIAL CARE

### BUDGET REVENUE MONITORING REPORT – PERIOD 2

#### 1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000s	£000s	
Integrated Care	41,442	1903	<p>Similar to the previous year, 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 <b>£889,000</b>. The department jointly with the Clinical Commissioning Group (CCG) have commissioned a piece of work to understand the pressures on the health system causing the overspend in homecare. There is likely to be cost pressures on the Homecare budget with the tendering of the new Home care contracts during 2015/16. This is currently being modelled to include an increase in prices to improve quality and a potential increase in demand and is excluded from the current projections. The modelling will also include mitigations such as negotiating a contribution from the CCG and potential economies from new ways of working. In 2015/16 any budget pressures will be funded from departmental pressures and demand balance sheet reserve.</p> <p>Within the Physical Support, Sensory Support and Support with Memory and Cognition client groups, the Placement budget is projecting a net underspend of <b>(£521,000)</b> which is consistent with the departmental strategy to reduce the number of customers in residential and nursing placements.</p>

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000s	£000s	
			<p>There is an underspend in the PFI budget of <b>(£365,000)</b> in 2015/16 due to an out of court settlement reached with Care UK under the PFI contract in April 2015. This settlement resulted in significant one off savings for the Council. The Council also saved <b>(£1.66m)</b> which was reflected in the outturn figures in 2014/15.</p> <p>Within the Learning Disability Service, there is a net projected overspend of <b>£560,000</b>. The main reasons for the overspend relate to the full year effect of transitions customers and a further five Social Care customers now staying for the full year, resulting in the net LD Placement projected overspend of £554,000. Included in the projections is £87,000 MTFS shortfall in Day Care review and this is offset by (£81,000) net underspend in the LD Home care service.</p> <p>The projected underspend of <b>(£395,000)</b> in Mental Health Services is within the Placements budget with the continued reduction of customers numbers since the commencement of this year.</p> <p>There are pressures emerging in the Assistive Equipment Technology budget with a projected overspend of <b>£106,000</b> due to the out of hospital strategy and the additional spending on the Community Independence Service (CIS) to prevent entry into hospital. From 2015/16, there is CCG funding from the CIS model to assist with the budgetary pressure. There is an income shortfall of <b>£280,000</b> on Careline services.</p> <p>There is a <b>£2 million</b> risk that Better Care Fund savings will not be fully realised. The majority of the savings are from the new Community Independence Service enabling reductions in residential and nursing placements as well as a reduction in homecare from reablement. This saving will be closely monitored during the year. Partly offsetting this</p>



Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000s	£000s	
			pressure is a projected underspend of (£650,000) from additional integrated care health funding.
Strategic Commissioning & Enterprise	9,679	176	There is a projected overspend of £176,000 from Supporting People procurement savings mainly resulting from 3 projects not progressed as proposed saving measures.
Finance & Resources	7,420	0	
Executive Directorate	782	0	
<b>Total</b>	<b>59,323</b>	<b>2,079</b>	
Funding from Pressures and Demand Reserve		<b>(853)</b>	
<b>Variance Post Reserve Funding</b>		<b>1,226</b>	

## 2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
There is an aging population as growth is expected to be 1% per annum. The budget has been set with no overall growth for this financial year.	0	450
Increase in inflationary pressures for Older People, Physical Disabilities & Learning disabled people placements.	0	300
Increase in demand Learning disabled transitions placements and care packages as no growth has been budgeted for.	0	700
.		
<b>Total</b>	<b>0</b>	<b>1,450</b>

### **3: MTFS Progress (with explanations of schemes Delayed or at Risk)**

<b>Adult Social Care</b>		<b>MTFS Target</b>	<b>On Track</b>	<b>In Progress</b>	<b>Delayed/ At Risk</b>
		<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Total MTFS Savings		6,514	1,146	3,163	2,205
<b>Schèmes Delayed/ At Risk</b>	<b>£000s</b>	<b>Reason</b>			
In Progress	3,163	Discussions are on-going with the service providers and at this stage are expected to be delivered			
Delayed / at risk	2,205	Factored into the month 2 projections to be managed as part of the overall department budget.			

### **4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)**

Adult Social Care (ASC) is projecting a net overspend of £1,226,000 at this early stage of the financial year. This is after funding from the pressures and demand balance sheet reserve of (£853,000) to mitigate on a one off basis the overall projected pressures of £2,079,000.

The Department is proposing to drawdown the following balances from the carry forward of the 2014-15 underspend to arrive at the projected variance of £1,226,000.

Learning Disabilities Service	£473,000
Careline Income Shortfall	£ 280,000
Equipment pressures	<u>£ 100,000</u>
Total	<u>£853,000</u>

At this early stage of the financial year, this is a light touch monitoring report and as the months progress, more detail monitoring work will be undertaken. This month's projection should be treated with caution due to the issues with the introduction on the Managed Services system.

**APPENDIX 2: CENTRALLY MANAGED BUDGETS**

**BUDGET REVENUE MONITORING REPORT – PERIOD 2**

**1: Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>	<b>Variance Analysis</b>
	<b>£000s</b>	<b>£000s</b>	
Corporate & Democratic Core	5,857	0	
Housing and Council Tax Benefits	(91)	0	
Levies	1,570	0	
Net Cost of Borrowing	1,082	0	
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	8,340	0	
Pensions & Redundancy	9,836	0	
<b>Total</b>	<b>26,594</b>	<b>0</b>	

**2: Key Risks**

<b>Risk Description</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
	<b>£000s</b>	<b>£000s</b>
Risk of additional borrowing costs due to interest rate rises.		1,000
<b>Total</b>		<b>1,000</b>

**3: MTFS Progress (with explanations of schemes Delayed or at Risk)**

Centrally Managed Budgets		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000s	£000s	£000s	£000s
Total MTFS Savings		2,833	2,833		
Schemes Delayed/ At Risk	£000s	Reason			

**4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)**

CRM 2 is a light touch monitor concentrating on the high risk or high value budget areas.

**APPENDIX 3: CHILDREN'S SERVICES**

**BUDGET REVENUE MONITORING REPORT – PERIOD 2**

**1: Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>	<b>Variance Analysis</b>
	<b>£000s</b>	<b>£000s</b>	
Schools Commissioning and Education Services	4,531	41	<p>130k pressure due to additional posts required in relation to the conversion of Special Education Needs (SEN) Statements into the new Education, Health and Care Plan (EHCP) format.</p> <p>There are also additional cost pressures within the SEN transport contract (34k) and the Music Hub (30k).</p> <p>These have been partially offset by 155k of planned underspends across the service including staffing costs and increased income.</p>
Family Services	30,023	2,579	<p>Family Services is currently projecting a £2.6m overspend as it continues to incur significant placement pressures not fully funded by the Government. These placement pressures include Semi-Independent Living costs as a result of 16-17 year olds requiring accommodation (£492k), support to those Families and Children in Need (283k), Independent Fostering Agencies (IFA) where in-house options are not available to the service (£414k), plus overspends on residential placements for Looked After Children (LAC) as the service is faced with high-risk, complex needs children (£318k).</p> <p>Additional pressures are projected with regards to staffing costs across the service (£700k). This is currently under review by the Senior Leadership Team within Children's services to see what measures can be introduced to contain this expenditure further.</p>

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000s	£000s	
			Similarly there will be reviews of invest to save projects relating to Multi Agency Safeguarding Hub (MASH) and Adoption Reform proposals (£404k).
Children's Commissioning	5,290	(2)	Projected 60k overspends due to staffing & project costs within Transport Commissioning Team. This is to be offset by a reduction in contract costs with the West London Mental Health Trust.
Safeguarding, Review and Quality Assurance	1,737	123	Projected overspend due to underfunded staffing costs within Safeguarding teams
Finance & Resources	5,116	259	The Finance and Resources projected overspend relates to additional costs to support the development of major projects and service reviews within Family and Children's Services (196k). There are also pressures in relation to delivery of savings within the Finance team due to the delay in full implementation of the Managed Services project (263k). These overspends are offset by additional rental income.
<b>Total</b>	<b>46,697</b>	<b>3,000</b>	

## **2: Key Risks**

<b>Risk Description</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
	<b>£000s</b>	<b>£000s</b>
21+ Increase in Education	88	100
Staying Put	192	235
Consequential Costs of Staying Put Arrangements	17	30
18+ Children With Disabilities not meeting ASC criteria	80	160
Impact of Secure Remand on Leaving Care	158	190
Increasing Adoption Arrangements	169	175
Increasing Special Guarding Arrangements	136	150
Serious Case Review Costs	25	50
Unaccompanied Asylum Seeking Children 18+ (unfunded 25 FTEs)	250	300
No Recourse to Public Funds	20	50
Southwark Judgement	75	165
Delayed start to Assessment Contract	68	90
ICT Costs	30	100
<b>Total</b>	<b>1,278</b>	<b>1,695</b>
<b>Note:</b> The lower limit for these risks has been included within the reported variance in section one above which effectively means the additional risk within these budget areas is £417k		

### 3: MTFS Progress (with explanations of schemes Delayed or at Risk)

Children's Services		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000s	£000s	£000s	£000s
Total MTFS Savings		4,199	1,252	1,400	1,547
Schemes Delayed/ At Risk	£000s	Reason			
People Portfolio Savings	128				
Independant Fostering Agencies Review	250	The profile of the current LAC population and the un-availability of suitable in-house foster carers has meant an over reliance on more expensive Independent Fostering Provider placements. Strategies to increase the pool of available in-house foster carers are currently being scoped.			
Finance Restructure	250	Delay in the proposed restructure of the service as resources are retained for the full implementation of the Managed Services project.			
Remodel of LAC Service	300	The LAC service re-organisation is currently underway and should be concluded shortly. The re-organisation will not result in a full year saving and the reliance on the use of agency staff members could put the savings target at risk in 15/16.			
Substitution funding (Education DSG, PHS, Troubled Families)	200	The strategy to deliver the £200k saving has not yet been defined. The strategy of using one off grant funding or Payment By Results will not result in long-term efficiencies and is uncertain.			
10 more relative placements	70	The service will explore the availability and willingness of connected persons to care for LAC children in all appropriate cases, however may not be able to achieve this target.			
New model for Respite overnight care	125	The strategy to deliver this saving has not yet been clearly defined.			



#### **4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)**

The department is projecting a net overspend of £3m at this early stage as a number of cost pressures highlighted last year continue to manifest themselves in the current financial year based on forecast models. Whilst the department continues to look at alternative models of service delivery to try and contain many of the pressures faced, changes in practice forced by legislative and regulatory changes introduced under the previous Government have resulted in inadequate funding being distributed to local authorities.

£1.2m of these pressures relate to increased placement cost. These costs manifest themselves as a result of either 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 provision are entitled to; or changes in the role of the Corporate Parent, as determined by the previous 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 the local authorities.

The areas where particular placement pressures are relevant are:

- Secure Remand
- NRPF (No Recourse to Public Funds)
- UASC (Unaccompanied Asylum Seeking Children)
- Southwark Judgement
- Staying Put

**APPENDIX 4: ENVIRONMENT, LEISURE & RESIDENTS SERVICES**

**BUDGET REVENUE MONITORING REPORT – PERIOD 10**  
**BUDGET REVENUE MONITORING REPORT – PERIOD 2**

**1: Variance by Departmental Division**

Departmental Division	Revised Budget £000s	Variance Month 2 £000s	Variance Analysis
Cleaner, Greener & Cultural Services	20,944	(350)	<p><b>(£415k) Waste Disposal</b> – Western Riverside Waste Authority (WRWA) has been able to freeze waste disposal tonnage prices for 2015/16 and as a result we are expecting to underspend. However, like other London Boroughs, more expensive general waste tonnages are increasing (2014/15 ended 3% up on the previous year) whilst cheaper recycling tonnages are decreasing (down an average 7% year on year).</p> <p><b>£65k Street Scene Enforcement</b> - The council always prosecutes those who do not pay Fixed Penalty Notices (FPNs). Since last summer it has also stepped up its prosecutions for flytipping, as FPNs cannot be used for this type of offence. This is expected to add a £16k pressure on the legal budgets. FPNs are also reducing, mostly due to increased littering compliance in the borough’s transport hubs, which has a positive impact on the overall street scene but at the same time is expected to give rise to a £49k income pressure.</p>
Safer Neighbourhoods	7,757	290	<p><b>£120k Cemeteries Income</b> – Income was £120k less than budget in 2014/15 and a downward trend has been observed in recent years. This is expected to continue in 2015/16 although in-borough grave spaces are now available for purchase by non-residents. Any sales at this premium rate will have a positive impact on the forecast.</p> <p><b>£100k Transport</b> – The Transport budgets are set on the assumption that the Passenger Transport service would be brought back in house for 2015/16, meaning</p>

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000s	£000s	
			additional management and repair income for ELRS (£100k annually). This is still being reviewed and so the full year shortfall is included in the forecast. <b>£70k Hammersmith All Weather Pitch</b> – the arrangements for the leisure facility are currently under review. It is not expected that the prior year saving in this area will now be achieved. This is the subject of a separate report.
Customer & Business Development	631	60	<b>£28k Registrars</b> – There was a £70k shortfall in income in 2014/15 which was largely due to temporary capacity issues in the team. Managers are working to resolve this and close the budget gap. An overspend is currently forecast whilst this is under review.
Director & Resources	(153)	0	
<b>Total</b>	<b>29,179</b>	<b>0</b>	

## 2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Due to the delay in the sales to cash module in Agresso becoming operational the department is not up to date with sales invoicing. This is especially risky where services have already been provided but not yet invoiced (e.g. events and filming).	0	200
<b>Total</b>	<b>0</b>	<b>200</b>

**3: MTFS Progress (with explanations of schemes Delayed or at Risk)**

Environment, Leisure & Residents Services		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000s	£000s	£000s	£000s
Total MTFS Savings		1,395	1,170	65	160
Schemes Delayed/ At Risk	£000s	Reason			
Increased income from CCTV ducting contract	160	Risk that underground ducting concession contract will not achieve the income target in full. The guaranteed element is £87k in 2015/16 compared to the overall target of £282k. Any shortfall is expected to be funded from the ELRS MTFS pressures reserve.			

**4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)**

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

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

**APPENDIX 5: FINANCE AND CORPORATE SERVICES**

**BUDGET REVENUE MONITORING REPORT – PERIOD 2**

**1: Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>	<b>Variance Analysis</b>
	<b>£000s</b>	<b>£000s</b>	
H&F Direct	19,444	250	The main pressures are: a projected £150k shortfall in Collection Fund court costs recovery (due to an expected reduction in recovery resulting from Agresso delays against a historic unachievable income target); and £150k overspend in Housing Benefits temporary staff (to prevent future backlogs and maintain target service standards). These are partially offset by savings elsewhere.
Innovation & Change Management	(165)	0	
Legal Democratic Services	(1,387)	(155)	This is a projection based on the first months' activity on our trading account. This forecast is broadly consistent with last year's outturn.
Third Sector, Strategy & Communications	1,156	238	The overspend is forecast due to a historical income target based on print which is unachievable due to digitisation.
Finance & Audit	132	0	
Procurement & IT Strategy	(2,619)	155	HFBP support costs have increased as a result of the requirement for additional support to facilitate Shared Services working.
Executive Services	(830)	(50)	There are no expected changes from last year's outturn.
Human Resources	425	(25)	
Other			
<b>Total</b>	<b>16,156</b>	<b>413</b>	

## 2: Key Risks

Key risks have been identified above. The department will work to mitigate the risks and pressures in year.

## 3: MTFS Progress (with explanations of schemes Delayed or at Risk)

Finance & Corporate Services		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000s	£000s	£000s	£000s
Total MTFS Savings		2,762	1,845	917	
Schemes Delayed/ At Risk	£000s	Reason			

## 4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)

**APPENDIX 6: HOUSING & REGENERATION DEPARTMENT**

**BUDGET REVENUE MONITORING REPORT – PERIOD 2**

**1: Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>	<b>Variance Analysis</b>
	<b>£000s</b>	<b>£000s</b>	
Housing Options, Skills & Economic Development	6,677	(156)	This relates to a forecast reduction in procurement costs (£156k) following the expiry of an expensive lease for temporary accommodation and the Council procuring suitable alternative accommodation more cost effectively.
Housing Strategy & Regeneration	7	0	
Housing Services	43	0	
Strategic Housing Stock Options Appraisal - General Fund			
Finance & Resources	(114)	0	
<b>Total</b>	<b>6,613</b>	<b>(156)</b>	

## 2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
<b>Temporary Accommodation Procurement Costs</b> – recent months have seen increased difficulties in containing the cost pressures associated with procuring suitable temporary accommodation from private sector landlords. Officers are continuing to make use of incentive payments to private landlords in mitigating this risk.	239	585
<b>Managed Services</b> – the general lack of data available from the system, the lack of systems assurance and reconciliation reporting, the time taken to resolve payment issues, the opportunity cost of officer time in managing issues arising and other factors are expected to have both a financial and non-financial impact on the Council.	unknown	unknown
<b>Total</b>	<b>unknown</b>	<b>unknown</b>

## 3: MTFs Progress (with explanations of schemes Delayed or at Risk)

Housing & Regeneration Department		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000s	£000s	£000s	£000s
Total MTFs Savings		1,023	1,023		
Schemes Delayed/ At Risk	£000s	Reason			



#### **4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)**

The Housing and Regeneration department currently expects the overall outturn for the year 2015/16 to produce a favourable variance of (£156k).

It should be noted that it has not been possible to complete detailed budget monitoring via Agresso this month due to the delay on the roll out of key monitoring reports. However, finance officers have met with Heads of Service in order to identify significant variances from budget and to ensure that appropriate management action is taken in order to contain cost pressures. Nevertheless, there remains a significant risk to the accuracy of forecasts until Managed Services is fully implemented.

Further detail relating to the issues arising as a result of Managed Services are outlined in the Key Risks section above.

**APPENDIX 7: LIBRARY SERVICES (Shared Services)**

**BUDGET REVENUE MONITORING REPORT – PERIOD 2**

**1: Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>	<b>Variance Analysis</b>
	<b>£000s</b>	<b>£000s</b>	
Libraries Shared Service	3,221	0	
<b>Total</b>	<b>3,221</b>	<b>0</b>	

**2: Key Risks**

<b>Risk Description</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
	<b>£000s</b>	<b>£000s</b>
Income from customer fees and charges due to less demand for increasingly obsolete product formats (DVDs, CDs etc.).	10	30
Premises and utility costs including Westfield	10	30
<b>Total</b>	<b>20</b>	<b>80</b>

**3: MTFS Progress (with explanations of schemes Delayed or at Risk)**

<b>Libraries Shared Services</b>	<b>MTFS Target</b>	<b>On Track</b>	<b>In Progress</b>	<b>Delayed/ At Risk</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Total MTFS Savings :	162	107	55	
<b>Schemes Delayed/ At Risk</b>	<b>£000s</b>	<b>Reason</b>		

#### **4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)**

At this stage in the year, no significant financial issues causing an unmitigated pressure are foreseen.

**APPENDIX 8: PUBLIC HEALTH SERVICES**

**BUDGET REVENUE MONITORING REPORT – PERIOD 2**

**1: Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>	<b>Variance Analysis</b>
	<b>£000s</b>	<b>£000s</b>	
Sexual Health	6,410	0	
Substance Misuse	5,464	0	
Behaviour Change	2,753	0	
Intelligence and Social Determinants	89	0	
Families and Children Services	5,135	163	Variance due to the 0-5 programme to be transferred to LBHF in October 2015, actual figures replacing the original estimates included the budgeted figures.
Public Health Investment Fund (PHIF)	2,185	226	Additional spend due to late started PHIF project funding being rolled forwards to 2015/16 (underspends in 14/15 taken to reserves).
Salaries and Overheads	1,435	0	
Drawdown from Reserves	(783)	(226)	Additional drawdown of reserves to cover rolled forward funding for PHIF.
Public Health – Grant	(20,855)	0	In-year reduction in Public Health Grants have been announced by Central Government, however exact details of allocations have yet to be finalised.
Public Health 0-5 Programme Grant (from Oct 2015)	(1,833)	(163)	Variance due to the 0-5 programme (see above).
<b>Total</b>	<b>0</b>	<b>0</b>	

## **2: Key Risks**

<b>Risk Description</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
	<b>£000s</b>	<b>£000s</b>
In year reduction to Public Health Grant	876	Unknown
<b>Total</b>	<b>876</b>	<b>Unknown</b>

## **3: MTFS Progress (with explanations of schemes Delayed or at Risk)**

<b>Public Health Services</b>	<b>MTFS Target</b>	<b>On Track</b>	<b>In Progress</b>	<b>Delayed/ At Risk</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Total MTFS Savings	350	350	0	0

## **4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)**

Public Health Grant Reduction;

Public Health is currently working on possible scenarios and action plans following the announcement that the Public Health Grant will be cut by £200m across England. It is currently unclear how these cuts will affect individual councils and various scenarios are being looked into. The amount listed in the Risks Section's lower limit represents 7.2% of the budget (the average reduction across Local Authorities, pro-rata down to 7 months), however as we have not been given details of where the cuts will fall, it is impossible to give an upper limit.

Re-procurement

A number of large contracts will come to an end during this financial year, this combined with the possible need to re-procure early following the announcement of cuts to the Public Health Grant, we will need to identify the necessary resources to achieve this in the given time frame.

**APPENDIX 9: TRANSPORT AND TECHNICAL SERVICES**

**BUDGET REVENUE MONITORING REPORT – PERIOD 2**

**1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000s	£000s	
Building & Property Management (BPM)	(1,957)	291	<p>The adverse variance at this stage in BPM relates to the following</p> <ul style="list-style-type: none"> <li>• £275k in Advertising Hoardings – For the month of April, the advertising hoarding income for one of the sites has reduced by £183k as compared to the same period last year. Officers are seeking an urgent meeting with the main contractor to determine the causes. The flyover closures may be part of the reason, but when they occurred last year they did not affect income to the same extent.</li> </ul> <p>It is difficult to predict the impact this will have for the rest of the year if it continues. The current forecast is therefore based on the assumption that the poor income levels in April were one off and that the income pattern for the rest of the year will be the same as that achieved during 2014/15. Remedial actions are being investigated and income levels will be monitored closely in the coming months. The risk of further income shortfalls is shown in Table 2.</p> <ul style="list-style-type: none"> <li>• £76k in Civic Accommodation – Due to a combination of an unachievable rental income target of about £42k and an anticipated overspend on utilities of £32k based on previous years consumption.</li> </ul> <p>Some of the above overspend is offset by the Building Control Section’s favourable variance of £66k arising from additional income from large building schemes.</p>

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>	<b>Variance Analysis</b>
	<b>£000s</b>	<b>£000s</b>	
Transport & Highways	12,684	1	
Planning	2,622	8	
Environmental Health	3,478	(7)	
Support Services	(473)	18	
<b>Total</b>	<b>16,354</b>	311	

## **2: Key Risks**

<b>Risk Description</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
	<b>£000s</b>	<b>£000s</b>
If expenditure incurred on disposed assets cannot be met by disposal receipts and on properties not being sold, this would need to be funded from Corporate Reserves.	0	200
If there is a continuing shortfall in advertising hoarding income.	300	2,000
<b>Total</b>		<b>2,200</b>

### **3: MTFS Progress (with explanations of schemes Delayed or at Risk)**

<b>Transport &amp; Technical Services</b>		<b>MTFS Target</b>	<b>On Track</b>	<b>In Progress</b>	<b>Delayed/ At Risk</b>
		<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Total MTFS Savings		4,307	1,685	2,372	250
<b>Schemes Delayed/ At Risk</b>	<b>£000s</b>	<b>Reason</b>			
Advertising Hoardings Income	200	Lower than expected income from Advertising Hoardings sites for remedial works.			
LED lighting and Column replacement maintenance budgets	50	Street lighting LED pilots are running, and plans are in place to extend this. Currently, only 50% of the savings are expected to be achievable.			

### **4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)**

Progress in all budget areas will be monitored closely by the Executive Director and the Management Team. Where there are significant variances remedial actions will be developed to contain actuals within budget.



**APPENDIX 9a: CONTROLLED PARKING ACCOUNTS (CPA)**

**BUDGET REVENUE MONITORING REPORT – PERIOD 2**

**1: Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>	<b>Variance Analysis</b>
	£000s	£000s	
Pay & Display (P&D)	(12,229)	847	Pay and display receipts are 5% lower at the start of 2015-16 than they were in the same period last year. To be monitored closely over the coming months.
Permits	(4,690)	97	The forecast is based on the previous year's final outturn. No major changes are expected in the numbers of permits in issue.
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	925	The number of PCNs issued in the first two months of 2015-16 is 10% lower than in the same period last year. This has resulted in a forecast shortfall against budget.
Bus Lane PCNs	(915)	(368)	There has been an increase in the numbers of PCNs issued in the first two months of the year.
CCTV Parking PCNs	0	(83)	New legislation came into effect in 2015-16 to no longer allow the enforcement of parking through the use of CCTV, except in certain limited circumstances. A virement has been requested below to remove the income budget associated with this.
Moving Traffic PCNs	(5,814)	(1,060)	The number of PCNs issued in the first two months of 2015-16 is higher than the same period in the previous year. This has resulted in a forecast above the budgeted amount.
Parking Bay Suspensions	(2,423)	(918)	Income from parking bay suspensions has continued at the level seen last year. The budget for income was increased by £863k for 2015-16.
Towaways and Removals	(352)	87	Receipts from towaways are at a similar level to the previous year.

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>	<b>Variance Analysis</b>
	£000s	£000s	
Expenditure and Other Receipts	11,919	(41)	Staffing costs are assumed to be at the same level as at the end of 2015-16. This will be updated for the next report, when more information is available.
<b>Total</b>	<b>(21,318)</b>	<b>(514)</b>	

## **2: Key Risks**

<b>Risk Description</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
	£000s	£000s
None to report		
<b>Total</b>		

## **3: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)**

A budget of £1m was set aside as a corporate contingency in the 2015-16 budget, to allow for a change in legislation that would no longer permit the use of CCTV for enforcement, except in certain very limited circumstances (such as outside schools). This new legislation came into effect in April, and as a result there has been a great reduction in the numbers of PCNs being issued using CCTV, from an average of 1,830 per month in 2014-15 to a monthly average of 127 in April and May 2015. The transfer of this contingency budget into the controlled parking account is requested, to allow for this reduction. It has been assumed that this virement will happen in the monitoring report above.

**APPENDIX 10: HOUSING REVENUE ACCOUNT**

**BUDGET REVENUE MONITORING REPORT – PERIOD 2**

**1: Variance by Departmental Division**

<b>Departmental Division</b>	<b>Revised Budget</b>	<b>Variance Month 2</b>	<b>Variance Analysis</b>
	<b>£000s</b>	<b>£000s</b>	
Housing Income	(77,484)	0	
Finance and Resources	15,164	(50)	An underspend on salaries of (£50k) is expected due to vacancies.
Housing Services	9,578	0	
Commissioning and Quality Assurance	3,119	0	
Strategic Housing Stock Options Appraisal HRA	0	0	
Property Services	2,163	0	
Housing Repairs	13,748	0	
Housing Options	369	0	
HRA Central Costs	0	0	
Adult Social Care	48	0	
Regeneration	267	0	
Safer Neighbourhoods	578	0	
Housing Capital	29,976	(155)	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.
<b>(Contribution to)/ Appropriation From HRA General Reserve</b>	<b>2,474</b>	<b>(205)</b>	

## 2: Key Risks

<b>Risk Description</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
	<b>£000s</b>	<b>£000s</b>
<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	1,419
<b>Managed Services</b> – the general lack of data available from the system, the lack of systems assurance and reconciliation reporting, the time taken to resolve payment issues, the delay in implementing the system for leaseholder service charges, the delay in cash files preventing rent arrears from being managed and the associated significant bad debt risk, the opportunity cost of officer time in managing issues arising and other factors are expected to have both a financial and non-financial impact on the department.	unknown	unknown
<b>Total</b>	<b>unknown</b>	<b>unknown</b>

## 3: MTFS Progress (with explanations of schemes Delayed or at Risk)

<b>Housing Revenue Account</b>	<b>MTFS Target</b>	<b>On Track</b>	<b>In Progress</b>	<b>Delayed/ At Risk</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Total MTFS Savings	2,187	2,187	0	0
<b>Schemes Delayed/ At Risk</b>	<b>£000s</b>	<b>Reason</b>		

#### **4: HRA General Reserve**

	<b>B/Fwd</b>	<b>Budgeted (Contribution to)/Appropriation from General Reserve</b>	<b>HRA Variance (Surplus)/ Deficit</b>	<b>Forecast C/F</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>HRA General Reserve</b>	<b>(13,165)</b>	<b>(2,474)</b>	<b>(205)</b>	<b>(15,844)</b>

#### **5: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)**

The Housing Revenue Account currently forecasts an under-spend of (£205k) for 2015/16.

It should be noted that it has not been possible to complete detailed budget monitoring via Agresso this month due to the delay on the roll out of key monitoring reports. However, finance officers have met with Heads of Service in order to identify significant variances from budget and to ensure that appropriate management action is taken in order to contain cost pressures. Nevertheless, there remains a significant risk to the accuracy of forecasts until Managed Services is fully implemented.

Further detail relating to the issues arising as a result of Managed Services are outlined in the Key Risks section above.

**APPENDIX 11 - VIREMENT REQUEST FORM**

**BUDGET REVENUE MONITORING REPORT – PERIOD 2**

<b>Details of Virement</b>	<b>Amount (£000)</b>	<b>Department</b>
<b>GENERAL FUND:</b>		
Parking - to allow for a change in legislation that no longer permits the use of CCTV for enforcement, except in certain limited circumstances.	1,000/ <b>(1,000)</b>	TTS/CMB
Drawdown from budget carried forward for Learning Disability Service pressures	473/ <b>(473)</b>	ASC/ASC Reserves
Drawdown from budget carry forward for Careline Income shortfall	280/ <b>(280)</b>	ASC/ ASC Reserves
Drawdown from budget carry forward for Assistive Equipment & Technology budget pressures	100/ <b>(100)</b>	ASC/ ASC Reserves
<b>Total General Fund Virements (Debits)</b>	<b>1,853</b>	
<b>HRA:</b>		
<b>Total HRA Virements (Debits)</b>		

<b>Departmental Name Abbreviations</b>	
ASC	Adult Social Care
CMB	Centrally Managed Budgets
TTS	Transport & Technical Services