	London Borough of Hammersmith & Fulham CABINET 12 OCTOBER 2015
CORPORATE REVENUE MONITOR 2015/16 MONTH 4- JULY	
Report of the Cabinet Member for Finance: Councillor Max Schmid	
Open Report	
Classification: For Decision Key Decision: Yes	
Wards Affected: All	
Accountable Director: Hitesh Jolapara, Strategic Director for Financial Corporate Services	
Report Author: Gary Ironmonger, Finance Manager (Revenue Monitoring)	Contact Details: Gary Ironmonger Tel: 020 (8753 2109) E-mail: gary.ironmonger@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. The General Fund outturn forecast is an overspend of £5.723m with budget risks of £7.145m.
- 1.2. The HRA is forecast to underspend by £0.905m with HRA general reserves of £16.544m at year end. The HRA budget risks are £1.419m.
- 1.3. General fund virements of £1.170m are requested.
- 1.4. Due to the on-going transition the CRM4 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.

2. RECOMMENDATIONS

- 2.1. To note the General Fund and HRA month 4 revenue outturn forecast.
- 2.2. To agree the proposed virements of £1.170m as detailed in appendix 11.
- 2.3. All overspending departments to agree proposals/action plans for bringing spend in line with budget.

3. REASONS FOR DECISION

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

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

Table 1: General Fund Projected Outturn – Period 4

Department	Revised Budget At Month 4 £000s	Forecast Year End Variance At Month 4 £000s	Forecast Year End Variance At Month 3 £000s
Adult Social Care	59,323	1,468	1,471
Centrally Managed Budgets	26,898	0	0
Children's Services	46,697	3,767	3,464
Environment, Leisure & Residents' Services	29,179	(58)	(55)
Finance and Corporate Services	16,156	690	534
Housing & Regeneration	6,613	(59)	(106)
Library Services (Tri- Borough)	3,221	0	0
Public Health Services	0	0	0
Transport & Technical Services	16,354	658	748
Controlled Parking Account	(21,318)	(743)	(497)
Net Operating Expenditure*	183,123	5,723	5,559
Key Risks		7,145	6,611

*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 favourable variance for Centrally Managed Budgets excludes any unspent contingency funds. Currently £2.3m of contingency balances are uncommitted.

CORPORATE REVENUE MONITOR 2015/16 HOUSING REVENUE ACCOUNT

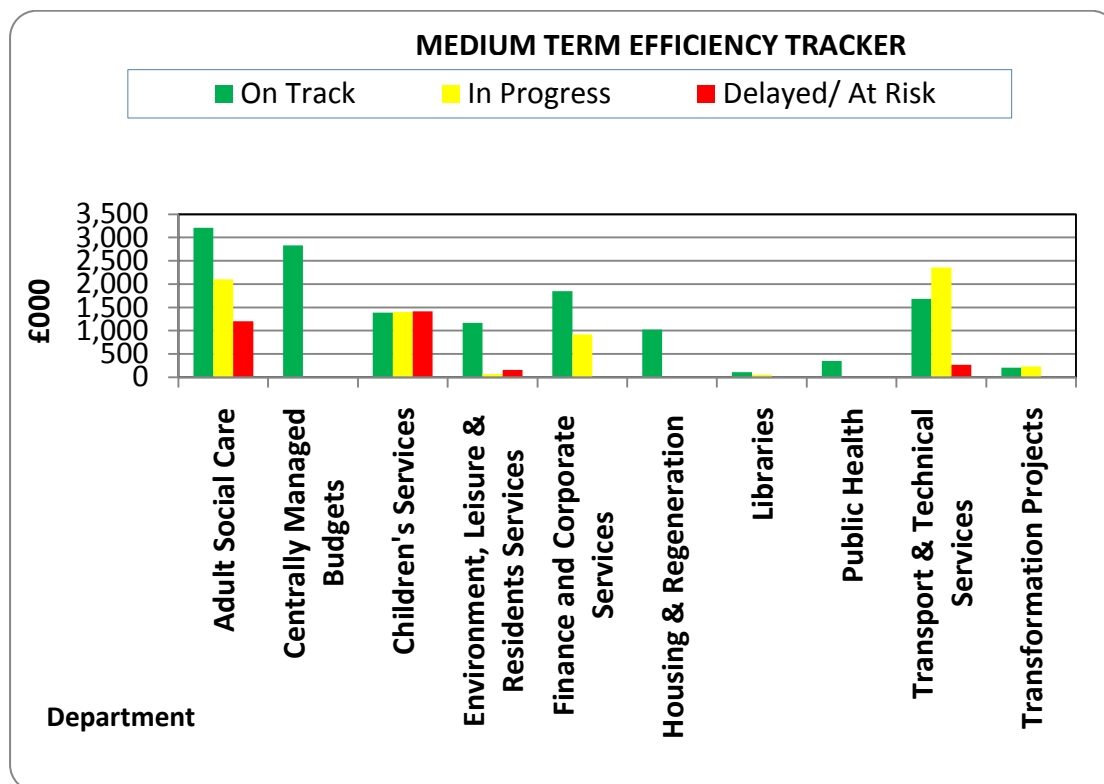
Table 2: Housing Revenue Account Projected Outturn - Period 4

Housing Revenue Account	£000s
Balance as at 31 March 2015	(13,165)
Add: Budgeted Contribution to Balances	(2,474)
Add: Forecast Underspend	(905)
Projected Balance as at 31st March 2016	(16,544)
Key Risks	1,419

- 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 £1.170m are requested. These are for funding the Lead Local Flood Authority surface water drainage proposals (£0.057m), contribution to Operation Makesafe (child sex abuse awareness £0.050m), realignment of final funding settlement (£0.327), realignment of budgets for Independent Living grant determination (£0.671m), transfer of budget from waste disposal to street enforcement (£0.65m).
- 6.3. There are no write off requests at month 4.

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 4 is for an overspend of £5.723m.
- 10.2. The HRA outturn forecast at Month 4 is an underspend of £0.905m.
- 10.3. Due to the on-going transition the CRM4 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, Finance Manager (Revenue Monitoring), telephone 0208 753 2109

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**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
	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 (Tri-Borough) Monitor
Appendix 8	Public Health Services Monitor
Appendix 9	Transport and Technical Services Monitor
Appendix 9a	Controlled Parking Account Revenue Monitor
Appendix 10	Housing Revenue Account Monitor
Appendix 11	Virements

APPENDIX 1: ADULT SOCIAL CARE

BUDGET REVENUE MONITORING REPORT – PERIOD 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
Integrated Care	41,442	2,378	2,131	<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 £862,000. The department jointly with the Clinical Commissioning Groups (CCG) have commissioned a piece of work to understand the pressures on the health system leading to 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. The main change since last month's projection is a £220,000 increase in the overspend due to the five Supported Living customers not factored into previous projections.</p> <p>There is an underspend in the PFI budget of (£365,000) 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 and for Health and the Council saved £1.66m in 2014/15.</p> <p>Within the Learning Disability (LD) Service, there is a net projected overspend of £674,000. The main reasons for the overspend relate to the full year effect of transitions customers and a further five Social Care customers</p>

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
				<p>now staying for the full year, resulting in the net LD Placement projected overspend of £374,000. Included in the projections is £87,000 MTFS shortfall and in Day Care review, an additional pressure of £198,000 for 7 new day centre clients and £15,000 overspend in the LD Supported living service.</p> <p>Within Mental Health services, the projected underspend of (£150,000) is within the Placements budget with the continued reduction of customer numbers since the commencement of this year. Since last month's projection, there is a reduction in the underspend of £74,000 compared to period the three underspend of (£224,000) due to four new Supported Living customers not factored into the previous month's projection.</p> <p>There are pressures emerging in the Assistive Equipment Technology budget with a projected overspend of £120,000 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. There is an income shortfall of £280,000 on Careline services.</p> <p>There is a £2 million risk that Better Care Fund savings will not be fully realised. The majority of the savings are from the new Community Independence Service (CIS) enabling reductions in residential and nursing placements as well as a reduction in homecare from reablement. The early data shows that the CIS service is moving in the right direction, with some reduction in volumes of residential and nursing placements. The savings will be closely monitored during the year. Partly offset by this pressure is spending within the Physical Support, Sensory Support and Support with Memory and Cognition client groups, the Placement budget is projecting a net underspend of (£613,000) which is consistent with the departmental</p>

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
				strategy to reduce the number of customers in residential and nursing placements. In addition there is a projected underspend of (£650,000) from additional integrated care from health funding, leaving a net shortfall of £737,000.
Strategic Commissioning & Enterprise	9,679	247	258	There is a projected overspend of £164,000 from Supporting People procurement savings mainly resulting from three MTFS projects that cannot be progressed. There is £83,000 unachievable MTFS savings of Advocacy in the commissioning third sector payment services which can be funded from the pressures & reserve fund.
Finance & Resources	7,420	0	0	
Executive Directorate	782	0	0	
Total	59,323	2,625	2,389	
Funding from Pressures and Demand Reserve		(1,157)	(918)	An increase in the requested funding from reserves to reflect the increase in the projected overspend in month 4.
Variance Post Reserve Funding		1,468	1,471	

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
Inflationary pressures for Older People, Physical Disabilities & Learning disabled people placements.	0	300
Increased Learning disabled transitions placements and care packages demand (no growth has been budgeted)	0	290
Total		1040

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

Adult Social Care		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000s	£000s	£000s	£000s
Total MTFS Savings		6,514	3,209	2,105	1,200
Schèmes Delayed/ At Risk	£000s	Reason			
In Progress	2,105	Discussions are on-going with the service providers and at this stage are expected to be delivered			
Delayed / at Risk	1,200	Factored into the month 4 projections to be managed as part of the over all département budget.			

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

Adult Social Care (ASC) is projecting a net overspend of £1,468,000 as at end of period four, a decrease in the overspend of £3,000 compared to the period three projected overspend of £1,471,000. This is after funding from the pressures and demand balance sheet reserve of (£1,157,000) to mitigate on a one off basis the overall projected pressures of £2,625,000.

The department is expected to deliver savings of £6,514,000 in this financial year and at this stage of the year 30% are on track to be delivered.

The Department is proposing to drawdown the following balances from the carry forward of the 2014-15 underspend to arrive at the projected position of £1,468,000.

Learning Disabilities Service	£ 674,000
Careline Income Shortfall	£ 280,000
Equipment pressures	£ 120,000
Advocacy Services	<u>£ 83,000</u>
Total	<u>£1,157,000</u>

Similar to last month's report, the projections should be treated with caution due to difficulties experiencing of the introduction of the Agresso new Managed Services system.

5. Action Plan to Monitor Budget Overspend.

The Department has commenced work with budget managers to produce action plans to reduce overspends and bring the budget to break-even. In addition, the ASC Transformation Programme reviews progress of the projects and programmes which will bring about the savings on a two-weekly basis, with deep dives to check on progress.

The reviews will focus on the LD budget overspend, the emerging supported living customers, the review of homecare costs pressures and level of reserve funding that can be utilised on a one-off basis to bring the budget into balance.

6. Transfer of Independent Living Fund (ILF) to Local Authorities

Hammersmith and Fulham took responsibility for the payment of Independent Living Fund (ILF) to 48 customers on 1st July 2015. These customers have had annual reviews of their Adult Social Care needs by social workers and have been kept informed via a series of meetings and letters regarding the transfer of ILF. The grant determination issued by the Department of Communities and Local Government confirmed funding for LBHF of £671,292, which covers the ILF payments of the 48 ILF customers for the period 1st July 2015 to 31st March 2016. The department is proposing this grant is vired into the ASC budget to fund the financial requirement.

The grant determination also advises that funding beyond April 2016 will be decided as part of the next Government spending review. The financial commitments from 2016/17 is estimated at an annual figure of £894,458.

APPENDIX 2: CENTRALLY MANAGED BUDGETS

BUDGET REVENUE MONITORING REPORT – PERIOD 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
Corporate & Democratic Core	5,857	0	0	
Housing and Council Tax Benefits	(91)	0	0	
Levies	1,570	0	0	
Net Cost of Borrowing	1,082	0	0	
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	8,644	0	0	
Pensions & Redundancy	9,836	0	0	
Total	26,898	0	0	

2: Key Risks

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

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)

The final grant settlement has resulted in additional funding of £0.249m of un-ringfenced grant funding and £0.078m of additional NNDR related funding compared to the budget position as agreed by full council. It is proposed that this funding is initially used to top up the unallocated contingency.

Due to continuing problems with Agresso this is a light touch monitor.

APPENDIX 3: CHILDREN'S SERVICES

BUDGET REVENUE MONITORING REPORT – PERIOD 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
Schools Commissioning and Education Services	4,531	196	242	<p>As reported previously, a pressure of £359k is forecast as a result of the requirement for additional staffing posts in relation to support the conversion of Special Education Needs SEN Statements into the new Education, Health and Care Plan (EHCP) format. This pressure is partially offset by underspends in the school improvement service due to overachievement of income at the Professional Development Centre (£57k). There are also further projected underspends in the Attendance, Children employment and Elective home education (ACE) team (£41k), reduced levels of client expenditure in Pupil Travel (£29k) plus small underspends across the division (£36k),</p> <p>Movement from month 3 mainly as a result of reduced forecast spend on SEN support services and outreach (-£30k), a reduction of SEN team costs following a review by management (-£30k), offset by an increase in the SEN transport contract forecast of £20k.</p>
Family Services	30,023	2,975	2,842	<p>Following a review of placement numbers within the service, a number of high cost Looked After Children (LAC) residential placements are forecast to present themselves as other, cost-effective placement types (Semi Independent Living, Assessments), reducing the forecast spend in this area. The pressure on LAC residential placements is now forecast at £580k.</p> <p>The pressures in relation to Assessment placements are now</p>

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
				<p>forecast to be £222k, whilst Semi Independent Living placement pressures are anticipated to be £223k.</p> <p>There continues to be significant pressures in Fostering through the use of Independent Fostering Agencies (IFAs) as a result of cheaper, in-house options being exhausted and therefore are not available to the service. (£551k).</p> <p>Levels of support to those classed as Children in Need (Section 17) and those classified as Childcare LAC Support (section 23) are forecast to continue similar to that in 14/15, and present further forecast pressures in 15/16 of £346k.</p> <p>Although there are mitigations within Special Guardianship, Children With Disabilities placements and other placement areas (£-181k), the service is projecting a £1.74m pressure on its placements budgets in month 4.</p> <p>As previously reported, of these placement pressures, new burdens established by Government which have not been fully funded continue to present significant challenges for the service. These are outlined in the key concerns area below.</p> <p>There are also staffing cost pressures across the service (£634k), pressures on the Youth Offending Service as a result of a reduction in funding allocated from central Government (£153k), plus further pressures in relation to non-staffing costs (£305k).</p> <p>The movement from month 3 is mainly as a result of confirmation in the cut in Youth Offending grant funding which has led to a further</p>

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
				85k income budget pressure for month 4, plus an additional 70k pressure on Youth Offending team costs.
Children's Commissioning	5,290	200	(62)	An in year pressure is forecast as full delivery of some MTFS savings in relation to service restructure are anticipated to be delayed (200k), although there are potential opportunities that have been identified to mitigate this pressure through a review of services.
Safeguarding, Review and Quality Assurance	1,737	211	239	Projected overspend due to staffing costs pressures within the Safeguarding team (£170k), as a result of previous years MTFS target not being achieved. The service will look to move towards meeting current budget pressure through further service review. There are also underfunded staffing costs within the Local Safeguarding Childrens Board team (£43k)
Finance & Resources	5,116	185	203	The Finance and Resources projected overspend is mainly due to pressures in relation to delivery of savings within the Finance team due to the delay in full implementation of the Managed Services project (263k) Additional pressures are forecast for costs to support the development of major projects and service reviews within Family and Children's Services (£69k), although this forecast has reduced by £61k from month 3. These pressures are partially offset by additional rental income. Other movements in month 4 are due to an increase in the forecast of ICT costs (£43k).
Total	46,697	3,767	3,464	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
21+ Increase in Education	88	175
Staying Put	132	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	85	100
Serious Case Review Costs	25	50
Unaccompanied Asylum Seeking Children 18+ (unfunded 25 FTEs)	180	250
No Recourse to Public Funds	20	50
Southwark Judgement	125	196
Delayed start to Assessment Contract	86	118
ICT Costs	30	100
New users to SEN Transport service	0	150
Total	868	1,614

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	1,386	1,400	1,413
Schemes Delayed/ At Risk	£000s	Reason		
People Portfolio Savings	128			
Commissioning staff reduction	140			

Schemes Delayed/ At Risk	£000s	Reason
IFA 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.
Better support to foster carers to reduce residential need	250	There has been an increase in the number of children presenting with complex needs and requiring residential placement in 15/16, in some cases where fostering placements have proved to be unsustainable, there has been no other alternative available to the service.
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 Performance 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)

Although the SEN transport contract is currently forecast to budget, there is a risk that high cost users could present at the beginning of the new academic year thus increasing the pressure on the service.

The department is projecting a net overspend of £3.7m at this early stage as a number of cost pressures highlighted in previous years 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.

£1.74m of these pressures relate to placement costs. A number of 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.

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.

The areas where particular placement pressures as a result of new burdens are relevant are:

- **UASC (Unaccompanied Asylum Seeking Children) - £180k.** Funding from the Home Office does not cover the costs of first 25 placements once they turn 18+.
- **NRPF (No Recourse to Public Funds) - £20k.** UASC over the age of 18 who have been refused Asylum & subsequently have All Rights Exhausted (ARE). These children may have a right to financial support from the LA (accommodation and subsistence), and no funding is received from Government as they deem these young people to be no longer Asylum Seekers and not entitled to Government Support.
- **Southwark Judgement - £125k.** Demand-growth change in our provision as a result of a 2009 court judgement that young people aged 16-17 were entitled to have a core assessment to determine their level of need and whether they met the criteria under Section 20 of the 1989 Children Act. This therefore requires the Local Authority to classify the child as looked after and provide appropriate support via semi-independent accommodation, with additional subsistence, travel and education top up.
- **Staying Put - £149k** - Support given to young people to continue to live with their former foster carers once they turn 18 as part of the Children's and Families Act 2014. The consequential cost of this is to accommodate younger children in external independent fostering placements as in-house fostering placements are blocked for new entrants.
- **18+ CWD not meeting ASC criteria - £80k.** The impact of 18+ Children With Disabilities (CWD) not meeting Adult Social Care criteria and therefore being classified as Children.

- **21+ increase in education - £80k.** This reflects the cost of young people who have been Looked After Children (LAC), returning and remaining in Education post 21 years of age. Where Children enter Further Education courses such as Medicine, the potential liability to the Local Authority may be over several years.
- **Impact of Secure Remand on Leaving Care - £85k.** The cost of subsequent Leaving Care services provided to Children who became Looked After following time spent on Remand. Whilst the Local Authority is partially funded for costs whilst on Remand, the subsequent Leaving Care costs remain the burden of the Local Authority.

The projected higher limits of these pressures are highlighted in the Key Risks table above

Virement Request

Operation Makesafe is a campaign led by the Metropolitan Police Service in partnership with London boroughs to raise awareness of Child Sexual Exploitation within the business community including hotels, taxi companies and licensed premises. The department has requested funding of £50k to contribute towards the funding of a shared strategic lead post, plus additional funds for sovereign operational work to enable the Local Authority to complement and contribute to this project.

APPENDIX 4: ENVIRONMENT, LEISURE & RESIDENTS SERVICES

BUDGET REVENUE MONITORING REPORT – PERIOD 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
Cleaner, Greener & Cultural Services	20,944	(934)	(997)	<p>(£999) Waste Disposal – 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 by £440k on overall waste tonnages. Year to date total waste tonnages are broadly in line with last year, but recycle tonnages have reduced by an average 4%. No commodity income from the sale of recycle is now forecast (only £50k was achieved last year). An additional £634k one off rebate has also been received relating to the period 2011/2012 to 2014/15, arising from the treatment in the contract between WRWA and Cory of government payments to electricity generators. We do not know at this stage whether such payments will flow in the future.</p> <p>£65k Street Scene Enforcement – A £16k legal pressure is forecast. The council always prosecutes those who do not pay Fixed Penalty Notices (FPNs). Prosecutions for flytipping have also been stepped up, as FPNs cannot be used for this type of offence. 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. Given the targeted approach to tackling this type of waste enforcement, it is proposed that a permanent budget virement is made from the waste disposal budget to re-base the ongoing budget requirement.</p>
Safer Neighbourhoods	7,757	539	569	<p>£90k Cemeteries Income – Income was £120k less than budget in 2014/15 and a downward trend has been observed in recent years. However, there has been a positive upturn in quarter 1, with sales up 17%/£30k compared to the same period last year. This has allowed for a small favourable movement on</p>

Departmental Division	Revised Budget £000s	Variance Month 4 £000s	Variance Month 3 £000s	Variance Analysis
				the forecast overspend. £100k Transport – The Transport budgets are set on the assumption that the Passenger Transport service would be brought back in house for 2015/16, meaning £100k p.a. additional management and repair income for ELRS. This is still being reviewed and so the full year shortfall is included in the forecast. £70k Hammersmith All Weather Pitch – the arrangements for the leisure facility have been reviewed and it is not expected that the prior year saving in this area will now be achieved. A growth item is included in the 2016/17 MTFS. £279k Phoenix Fitness Centre – invest to save. The £319k one off investment required to deliver ongoing annual savings of £350k is included in the forecast. This is also the subject of a separate cabinet report.
Customer & Business Development	631	184	220	£60k Registrars – 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 before year end. £195k Ducting contract - 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. (£71k) Commercial Waste – waste disposal charges attributable to commercial waste are expected to be less than budget for the reasons set out above.
Director & Resources	(153)	153	153	£153k People Portfolio Saving – the savings target is not expected to be met, both in this year and in future years.
Total	29,179	(58)	(55)	

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, which increases the likelihood of bad debts. This is a particular risk where services have already been provided but not yet invoiced (e.g. events and filming).	0	300
Risk that central government funding will not be secured for the additional Coroner and Mortuary costs associated with the terror attacks in Tunisia (LBHF share of the West London costs).	0	100
Total	0	400

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	See table one			

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

The department is expecting to end the year with a small surplus. However, a number of pressure areas exist that are being offset by the one off waste disposal rebate from Western Riverside Waste Authority. With regard to the ongoing budget pressures, a £65k permanent budget virement is proposed from the waste disposal budget to re-base the ongoing budget requirement for street enforcement (see table one). Budget growth is being requested for both Hammersmith All Weather pitch (ongoing) and the Phoenix Fitness Centre invest to save proposal (one off) as part of the 2016/17 MTFS process. It is expected that the People Portfolio target will be reviewed council wide to determine whether this is deliverable in the longer term. Cemeteries income and Passenger Transport income will continue to be reviewed and reported. The remaining pressures are expected to be one off for 2015/16.

APPENDIX 5: FINANCE AND CORPORATE SERVICES

BUDGET REVENUE MONITORING REPORT – PERIOD 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
H&F Direct	19,132	300	300	The main pressures remain a projected £150k shortfall in Collection Fund court costs recovery (due to an expected reduction in recovery resulting from Agresso delays and a shortfall against income and debt provision targets) and £150k projected overspend in Housing Benefits temporary staff (to prevent future backlogs and maintain target service standards).
Innovation & Change Management (ICM)	(209)	65	65	The overspend is forecast as the potential reduction in ICM headcount may mean there is insufficient capacity to generate external income and meet the division's external income target. However, work continues to mitigate this risk.
Legal and Electoral Services	(183)	(32)	(123)	Democratic Services have transferred to Delivery and Value.
Third Sector, Strategy & Communications	0	0	209	The majority of this service area has transferred to Delivery and Value.
Finance & Audit	259	0	0	
Procurement & IT Strategy	(2,630)	155	155	HFBP support costs have increased as a result of the requirement for additional support to facilitate working across the shared services Boroughs. Discussions continue with HFBP to see how this overspend can be mitigated.
Executive Services	(833)	(47)	(47)	
Human Resources	393	(25)	(25)	
Delivery and Value	227	274		Continuing pressure in historic budgets due to lack of income streams against past MTFS savings. Closing this income shortfall will be a priority for the incoming Commercial Director.

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
Other				
Total	16,156	690	534	

2: Key Risks

None to report.

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)

The key risks have been identified in the variance analysis above. The department continues to work to mitigate the risks and pressures in year.

APPENDIX 6: HOUSING & REGENERATION DEPARTMENT

BUDGET REVENUE MONITORING REPORT – PERIOD 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
Housing Options, Skills & Economic Development	6,677	(59)	(106)	This relates mainly to a forecast reduction in procurement costs (£177k) following the expiry of an expensive lease for temporary accommodation, a forecast reduction in the net costs of Bed and Breakfast (B&B) accommodation of (£286k) due to a reduction in average client numbers from a budgeted figure of 175 to a forecast of 107, offset by inflationary cost pressures of £305k associated with procuring suitable temporary accommodation from private sector landlords. In addition, there are salary pressures of £99k as a result of long term sickness in the Reviews and Complex Cases team.
Housing Strategy & Regeneration	7	0	0	
Housing Services	43	0	0	
Strategic Housing Stock Options Appraisal - General Fund				
Finance & Resources	(114)	0	0	
Total	6,613	(59)	(106)	

2: Key Risks

Risk Description	Lower Limit £000s	Upper Limit £000s
Temporary Accommodation Procurement Costs – recent months have seen increased difficulties in containing the inflationary 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. This cost pressure has been further exacerbated by the withdrawal of properties by some landlords due to late payments as a result of the Managed Services implementation. In the event that this risk crystallises, the resultant costs will be mitigated by the Temporary Accommodation reserve.	177	434
Managed Services – 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
Total	Unknown	Unknown

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 (£59k).

The monthly movement mainly relates to a reduction in procurement costs (£22k) following the expiry of an expensive lease for temporary accommodation, a forecast reduction in the net cost of Bed and Breakfast (B&B) accommodation of (£44k), inflationary cost pressures of £14k associated with procuring suitable temporary accommodation from private sector landlords and salary pressures of £99k as a result of long term sickness in the Reviews and Complex Cases team.

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.

APPENDIX 7: LIBRARY SERVICES (Shared Services)

BUDGET REVENUE MONITORING REPORT – PERIOD 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s		£000s	
Libraries Shared Service	3,221	0	0	At this stage forecast is budget.
Total	3,221	0	0	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
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
Total	20	60

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

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

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 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
Sexual Health	6,410	0	0	
Substance Misuse	5,464	0	0	
Behaviour Change	2,753	(22)	(93)	Estimated underspends in Behaviour Change services, including health checks, smoking cessation and Community Champions.
Intelligence and Social Determinants	89	0	0	
Families and Children Services	5,135	163	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	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	0	
Drawdown from Reserves	(783)	(1,621)	(133)	Additional drawdown of reserves to cover rolled forward funding for PHIF and estimated grant cut based on Department of Health preferred calculation.
Public Health – Grant	(20,855)	1,417	0	Estimated grant cut based on Department of Health preferred calculation.
Public Health 0-5 Programme Grant (from Oct 2015)	(1,833)	(163)	(163)	Variance due to the 0-5 programme (see Families & Children's above).
Total	0	0	0	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
In-year Public Health Grant cut, based on Department of Health preferred calculation (per consultation paper)	1,417	1,417
Total	1,417	1,417

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

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

The £350,000 MTFS target is achieved by reducing the budgeted contribution from the General Fund from £350,000 in 2014/15 to zero in 2015/16.

Other contributions from Public Health to the MTFS, take the form of replacement funding in other council departments who are contributing to Public Health outcomes. These savings are reported within those departments.

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

On the 31st July the Department of Health started a four week consultation process to determine how the £200M grant cut should be applied across local authorities. The DH preferred method of calculation is a flat rate across all Local Authorities, which represents a cut of £1.4M for Hammersmith and Fulham. This consultation finishes on the 28th August, and the outcome will follow in due course.

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 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
Building & Property Management (BPM)	(1,957)	693	730	<p>The adverse variance in BPM relates to the following</p> <ul style="list-style-type: none"> • £710k in Advertising Hoardings – The advertising hoarding income forecast from the principal site on the A4 has remained at very low levels this month. The operator (Ocean) claims that competition and flyover closures are the reasons, but that does not explain why the reductions have happened suddenly since January 2015. A meeting has taken place with Ocean to discuss a recovery plan for the income on the Two Towers site on the A4. The Council has also asked Deloitte to undertake a one-off audit of Ocean’s books in August 2015. The Council is reviewing the options to secure recovery of the income for the Two Towers. This would include changing the rent payable from a profit sharing model to a fixed rent with possibly a profit sharing element; continuing with the current agreement and retendering the site in 2017; varying the planning conditions to permit moving images at specific times which may result in profits increasing. The aim of these negotiations is to rectify the adverse variance we are seeing in 2015/16. If negotiations do not succeed, we can expect a further deterioration instead of an improvement. • £74k in Civic Accommodation – Due to a combination of

Departmental Division	Revised Budget £000s	Variance Month 4 £000s	Variance Month 3 £000s	Variance Analysis
				<p>unachievable rental income target of about £42k and anticipated overspend on utilities of £32k.</p> <ul style="list-style-type: none"> There is a risk that the Property Disposal section will overspend by £180k due to disposal costs exceeding the permitted levels. However, this will be offset by a drawdown from reserve of (£100k). <p>The above overspends will be offset mainly by the following:-</p> <ul style="list-style-type: none"> A favourable variance of (£127k) in Facilities Management section deriving from the EC Harris contract (£20k) and Carbon Reduction (£30k). In addition, there is an underspend of (£76k) in BPM Professional Services because of the July staffing restructure. A Favourable variance of (£64k) in Building Control –This is due to additional income from large building schemes.
Transport & Highways	12,684	(24)	1	This is due to additional external income from Land Surveys projects.
Planning	2,622	(61)	6	The favourable position is mainly from higher than expected levels of income recovered from Planning Regeneration projects.
Environmental Health	3,478	32	(7)	The overspend is mainly on staffing costs.
Support Services	(473)	18	18	
Total	16,354	658	748	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
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.		180
If there is a continuing shortfall for the rest of the year in advertising hoarding income on certain sites		500
Risk of increase in write off due to late billing (if bad debts were 20% of first quarter's income)		500
Total	0	1,180

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

Transport & Technical Services		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000s	£000s	£000s	£000s
Total MTFS Savings		4,307	1,685	2,358	264
Schemes Delayed/ At Risk	£000s	Reason			
Advertising Hoarding Income	200	Lower than expected income from Advertising Hoardings sites.			
LED lighting and Column replacement maintenance budgets	64	Street lighting LED pilots are running, and plans are in place to extend this. Currently, only 36% of the savings are expected to be achievable.			
Total	264				

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

The overall position is an unfavourable variance of £658k against a net budget of £16,354k. Progress in all budget areas will be monitored closely by the Management Team. Where there are significant variances remedial actions and financial controls are being developed to contain actuals within Budget.

APPENDIX 9a: CONTROLLED PARKING ACCOUNTS (CPA)

BUDGET REVENUE MONITORING REPORT – PERIOD 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
Pay & Display (P&D)	(12,229)	1,139	1,590	Pay and display receipts are lower in the first four months of 2015-16 than they were in the same period last year, but with some signs of improvement in July. This will be monitored closely over the coming months.
Permits	(4,690)	71	97	The amount received for parking permits to the end of July is similar to the previous year.
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	798	877	The number of PCNs issued in the first four 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)	(637)	(649)	There has been an increase in the numbers of PCNs issued in the first four months of the year as compared with the same period in the previous year. This has lead to a forecast surplus against budget.
CCTV Parking PCNs	0	(64)	(70)	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. The forecast variance assumes a virement takes place from the corporate contingency created for this purpose. This was requested in the CRM2 report.
Moving Traffic PCNs	(5,814)	(1,179)	(1,067)	The number of PCNs issued in the first four months of 2015-16 is higher than the same period in the previous year. This has resulted in a forecast above the budgeted amount.

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
Parking Bay Suspensions	(2,423)	(772)	(931)	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)	53	82	Receipts from towaways are at a similar level to the previous year.
Expenditure and Other Receipts	11,919	(152)	(425)	Staffing is forecast to underspend. The forecast is based on the actual spend in the first 4 months, with the assumption that the vacant posts in parking enforcement are filled for an average of 6 months in 2015-16.
Total	(21,318)	(743)	(497)	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
None to report		
Total		

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

APPENDIX 10: HOUSING REVENUE ACCOUNT

BUDGET REVENUE MONITORING REPORT – PERIOD 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000s	£000s	£000s	
Housing Income	(77,484)	(500)	0	An underspend on the bad debt provision for rental income on Council homes is forecast, primarily as a prudent allowance was made for the impact of Welfare Reform, the full impact of which has not yet been felt.
Finance and Resources	15,164	(250)	0	Underspends on salaries (£75k) and IT projects (£175k) are expected.
Housing Services	9,578	0	0	
Commissioning and Quality Assurance	3,119	0	0	
Strategic Housing Stock Options Appraisal HRA	0	0	0	
Property Services	2,163	0	0	
Housing Repairs	13,748	0	0	
Housing Options	369	0	0	
HRA Central Costs	0	0	0	
Adult Social Care	48	0	0	
Regeneration	267	0	0	
Safer Neighbourhoods	578	0	0	
Housing Capital	29,976	(155)	(155)	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.
(Contribution to)/ Appropriation From HRA General Reserve	(2,474)	(905)	(155)	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Housing Development Programme: if the Council's housing development projects progress in accordance with approved plans, then the associated costs will be capitalised. However, if projects do not progress or there is a lack of certainty around plans at the year end, then an element of the costs incurred will need to be written off to revenue.	250	1,419
Managed Services – 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 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
Total	unknown	unknown

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

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

4: HRA General Reserve

	B/Fwd	Budgeted (Contribution to)/Appropriation from General Reserve	HRA Variance (Surplus)/ Deficit	Forecast C/F
	£000s	£000s	£000s	£000s
HRA General Reserve	(13,165)	(2,474)	(905)	(16,544)

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

The Housing Revenue Account currently forecasts an under-spend of (£905k) for 2015/16.

The monthly movement mainly relates to an underspend on the bad debt provision for rental income on Council homes (£500k) and on salaries (£75k) and IT projects (£175k) within Finance & Resources. It should be noted that the underspend on the bad debt provision for rental income on Council homes has arisen primarily as a prudent allowance has been made for the impact of Welfare Reform, the full impact of which has not yet been felt.

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.**

APPENDIX 11 - VIREMENT REQUEST FORM

BUDGET REVENUE MONITORING REPORT – PERIOD 4

Details of Virement	Amount (£000)	Department
GENERAL FUND:		
Lead Local Flood Authorities - funding for technical advice on surface water drainage proposals	57.4/(57.4)	TTS/CMB
Increase in contingencies due to final funding settlement adjustments (see appendix 2 supplementary information)	327/(327)	CMB/CMB
Funding for the LBHF contribution to Operation Makesafe campaign targeting awareness of child sexual exploitation	50/ (50)	CHS/CMB
Transfer of budget from Waste Disposal to Street Enforcement to cover additional cost pressures due to increased prosecutions for fly tipping and litter compliance.	65/ (65)	ELRS/ELRS
Budget realignment for Independent Living Fund grant allocation (see appendix 1)	671/ (671)	ASC/CMB
Total General Fund Virements (Debits)	1,170.4	
HRA:	0	
Total HRA Virements (Debits)		

Departmental Name Abbreviations	
ASC	Adult Social Care
CMB	Centrally Managed Budgets
CHS	Children's Services
ELRS	Environment, Leisure and Residents' Services
TTS	Transport & Technical Services