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| <b>London Borough of Hammersmith &amp; Fulham</b><br><br><b>CABINET</b><br><br><b>2 NOVEMBER 2015</b> |   | <br>hammersmith & fulham |
| <b>CORPORATE REVENUE MONITOR 2015/16 MONTH 5- AUGUST</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><br>Tel: 020 (8753 2109)<br>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 £5.226m with budget risks of £8.093m.
- 1.2. Overspends have reduced in Environmental Services and Finance and Corporate Services. Significant overspends (largely driven by demand and Government policy) remain in Adult Social Care and Children's Services. These four departments are agreeing updated action plans to bring spend in line with budget despite demand pressure, and in-year savings are being pursued across the council.
- 1.3. The HRA is forecast to underspend by £0.925m with HRA general reserves of £16.564m at year end. The HRA budget risks are £0.070m.
- 1.4. There are two General Fund virements totalling £0.514m. The first request is for Adult Social Care to draw down £0.384m from their Pressures and Demands reserve to fund demand led overspends. The second is from Children's Services requesting £0.130m to fund the employee led mutual overhead costs relating to Human Resources, ICT and other services.
- 1.5. Due to the on-going transition the CRM5 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.

- 1.6. Problems with the managed services implementation have impacted on council tax and business rates income collection rates. Whilst substantial amounts of income are still sitting in suspense accounts (which are now in the process of being cleared) and collection action can be taken in later months to rectify uncollected income, there is a risk that receipts will be lower than budgeted. This would not affect 2015/16's budget but would be relevant to the Collection Fund in 2016/17.

## 2. RECOMMENDATIONS

- 2.1. To note the General Fund and HRA month 5 revenue outturn forecast.
- 2.2. To agree the proposed virements of £0.514m as detailed in appendix 10.
- 2.3. Overspending departments to agree updated 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 5 GENERAL FUND

**Table 1: General Fund Projected Outturn – Period 5**

| Department                        | Revised Budget<br>At Month 5<br>£000s | Forecast Year End<br>Variance<br>At Month 5<br>£000s | Forecast Year End<br>Variance<br>At Month 4<br>£000s |
|-----------------------------------|---------------------------------------|--|--|
| Adult Social Care                 | 59,242                                | 1,643  | 1,468  |
| Centrally Managed Budgets         | 26,898                                | 0  | 0  |
| Children's Services               | 46,697                                | 3,780  | 3,767  |
| Environmental Services            | 45,533                                | 332  | 600  |
| Controlled Parking Account        | (21,318)                              | (885)  | (743)  |
| Finance and Corporate Services    | 16,156                                | 370  | 690  |
| Housing Department                | 6,694                                 | (14)   | (59)   |
| Library Services (Tri- Borough)   | 3,221                                 | 0  | 0  |
| Public Health Services            | 0                                     | 0  | 0  |
| <b>Net Operating Expenditure*</b> | <b>183,123</b>                        | <b>5,226</b>   | <b>5,723</b>   |
| <b>Key Risks</b>                  |                                       | <b>8,093</b>   | <b>7,145</b>   |

\*note: figures in brackets represent underspends

- 4.1. Detailed variance and risk analysis by department can be found in Appendices 1 to 9. Details of the main adverse variances can be found in appendices 1 (Adult Social Care) and 3 (Children's Services).
- 4.2. The favourable variance for Centrally Managed Budgets excludes any unspent contingency funds. Currently £2.1m of contingency balances are uncommitted.

- 4.3. Problems with the managed services implementation have impacted on council tax and business rates income collection rates. Whilst substantial amounts of income are still sitting in suspense accounts (which are now in the process of being cleared) and collection action can be taken in later months to rectify uncollected income, there is a risk that receipts will be lower than budgeted. This would not affect 2015/16's budget but would be relevant to the Collection Fund in 2016/17.

#### **CORPORATE REVENUE MONITOR 2015/16 HOUSING REVENUE ACCOUNT**

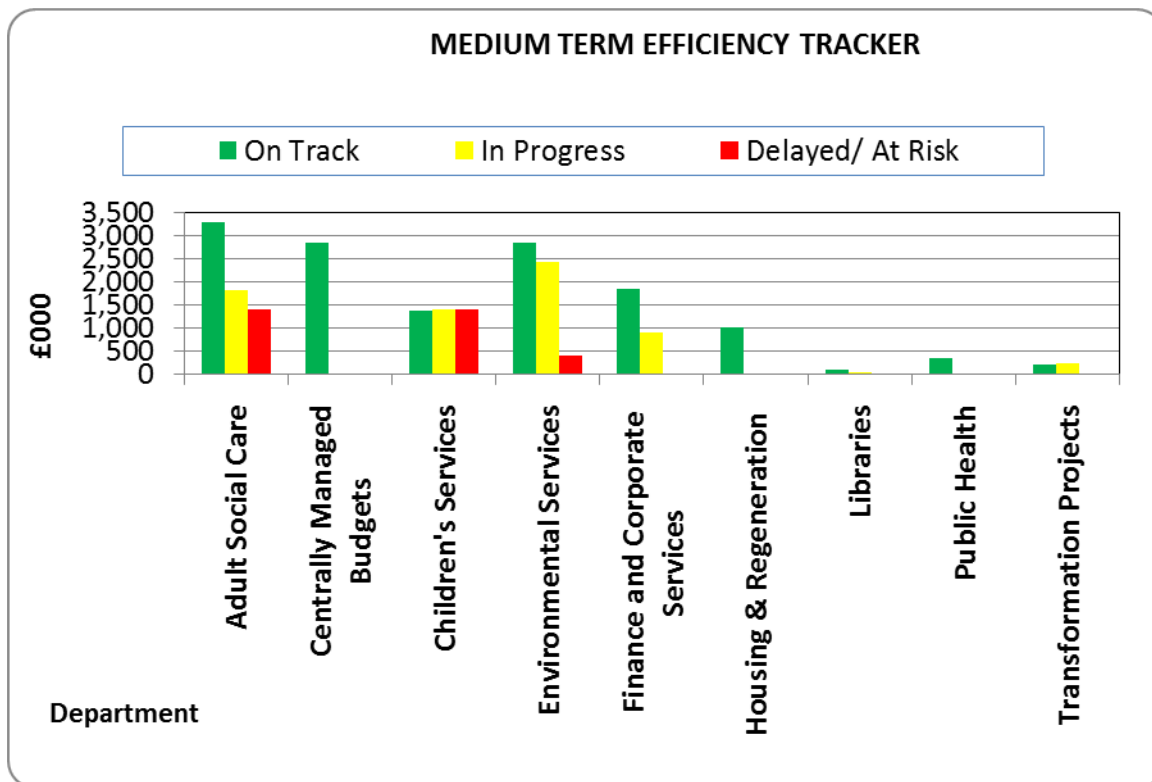
**Table 2: Housing Revenue Account Projected Outturn - Period 5**

| <b>Housing Revenue Account</b>                 | <b>£000s</b>    |
|--|-----------------|
| <b>Balance as at 31 March 2015</b>             | <b>(13,165)</b> |
| Add: Budgeted Contribution to Balances         | (2,474)         |
| Add: Forecast Underspend                       | (925)           |
| <b>Projected Balance as at 31st March 2016</b> | <b>(16,564)</b> |
| <b>Key Risks</b>                               | <b>70</b>       |

- 4.4. 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. There are two General Fund virements totalling £0.514m. The first request is for Adult Social Care to draw down a further £0.384m from their Pressures and Demands reserve to fund demand led overspends. The second is from Children's Services requesting £0.130m to fund the employee led mutual overhead costs relating to Human Resources, ICT and other services
- 6.3. There are no write off requests at month 5.

## 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 5 is for an overspend of £5.226m. This forecast is offset by £2.1m of contingency balances that are currently uncommitted.
- 10.2. The HRA outturn forecast at Month 5 is an underspend of £0.925m.

10.3. Due to the on-going transition the CRM5 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**

| 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 Services Revenue Monitor
- Appendix 4a     Controlled Parking Account Revenue Monitor
- Appendix 5      Finance and Corporate Services Revenue Monitor
- Appendix 6      Housing Department Revenue Monitor
- Appendix 7      Library Services (Tri-Borough) Monitor

|             |                                 |
|-------------|---------------------------------|
| Appendix 8  | Public Health Services Monitor  |
| Appendix 9  | Housing Revenue Account Monitor |
| Appendix 10 | Virements                       |

## APPENDIX 1: ADULT SOCIAL CARE

### BUDGET REVENUE MONITORING REPORT – PERIOD 5

#### 1: Variance by Departmental Division

| Departmental Division | Revised Budget | Variance Month 5 | Variance Month 4 | Variance Analysis  |
|-----------------------|----------------|------------------|------------------|--|
|                       | £000s          | £000s            | £000s            |  |
| Integrated Care       | 41,442         | 2,640            | 2,378            | <p>Similar to the previous year, there are increasing 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 projected overspend of £1,424,000 which is partially offset by Community Independence Service (CIS) one off Investment allocation of (£358,000) to <b>£1,066,000</b>. The projected overspend in the home care budget has increased by £204,000 since last month with the increasing activity. The department jointly with the Clinical Commissioning Groups (CCG) have commissioned a piece of work to understand the pressures on the health system and what is causing the overspend in homecare. There will be additional cost pressures on the Homecare budget with the tendering of the new Home care contracts during 2015/16 - both from an increase in prices to improve quality and a potential increase in demand although this is excluded from the current projections. The modelling of the effects of the contract 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 the departmental pressures and demand balance sheet reserve.</p> <p>There is an underspend in the Private Finance Initiative (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</p> <p>Within the Learning Disability (LD) Service, there is a net projected overspend of <b>£616,000</b>. The main reasons for the overspend relate to the full</p> |

| Departmental Division | Revised Budget | Variance Month 5 | Variance Month 4 | Variance Analysis   |
|-----------------------|----------------|------------------|------------------|---|
|                       | £000s          | £000s            | £000s            |   |
|                       |                |                  |                  | <p>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 £320,000. Included in the projections is £87,000 MTFs shortfall and in Day Care review, an additional pressure of £198,000 of 7 new day centre clients. The department has commenced a management review of the high cost placements to see if any meet Continuing Health Care.</p> <p>Within Mental Health services, the net projected underspend is <b>(£35,000)</b>. The Placements budget shows a continued reduction in customer numbers since the commencement of this year and is projecting an underspend of (£298,000). This is offset by pressures in Home Care of £158,000 and in Supporting Living with four new customers with a projected overspend of £105,000.</p> <p>There are pressures emerging in the Assistive Equipment Technology budget with a projected overspend of <b>£120,000</b> 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 <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. The early data shows that the CIS service is moving in the right direction, with some reduction in volumes of residential and nursing and the savings will be closely monitored during the year. Partly offset by this pressure is within the Physical Support, Sensory Support and Support with Memory and Cognition client groups, the Placement budget is projecting a net underspend of <b>(£613,000)</b></p> |



| Departmental Division                     | Revised Budget | Variance Month 5 | Variance Month 4 | Variance Analysis  |
|---|----------------|------------------|------------------|--|
|   | £000s          | £000s            | £000s            |  |
|   |                |                  |                  | which is consistent with the departmental strategy to reduce the number of customers in residential and nursing placements. In addition there is a projected underspend of <b>(£650,000)</b> from additional integrated care from health funding, leaving a net shortfall of £737,000.   |
| Strategic Commissioning & Enterprise      | 9,598          | 315              | 247              | There is a projected overspend of £232,000 from Supporting People (SP) procurement savings mainly resulting from three MTFS projects that cannot be progressed of which £80,000 can be funded from the SP reserve. There are £83,000 of unachievable MTFS savings relating to 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            | (75)             | 0                | A projected underspend within the workforce development training budgets.  |
| <b>Total</b>                              | <b>59,242</b>  | <b>2,880</b>     | <b>2,625</b>     |  |
| Funding from Pressures and Demand Reserve |                | <b>(1,237)</b>   | <b>(1,157)</b>   | An increase in the requested funding from reserves to reflect the increase in the projected overspend in month 5. The total ASC Pressures & Demand Reserve at the commencement of the financial year was £4.4m. Cabinet in September approved use of £0.853m of these reserves. The department is requesting an additional £0.384m funding from the reserve. After allowing for the total drawn down of £1.237m, the balance of the reserve of £3.163m is earmarked for further pressures resulting from the new Home Care contracts and demand pressures in Learning Disabilities and Older people care groups over the next two financial years. |
| <b>Variance Post Reserve Funding</b>      | <b>59,242</b>  | <b>1,643</b>     | <b>1,468</b>     |  |

**2: Key Risks**

| <b>Risk Description</b>  | <b>Lower Limit</b> | <b>Upper Limit</b> |
|--|--------------------|--------------------|
|  | <b>£000s</b>       | <b>£000s</b>       |
| 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. |                    | 450                |
| Increase in inflationary pressures for Older People, Physical Disabilities & Learning disabled people  |                    | 300                |
| Increase in demand Learning disabled transitions placements and care packages as no growth has been budgeted for.                              |                    | 290                |
| <b>Total</b>   |                    | <b>1,040</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              | 3,287  | 1,821              | 1,406                   |
| <b>Schemes Delayed/ At Risk</b> | <b>£000s</b>       | <b>Reason</b>  |                    |                         |
| In Progress                     | 1,821              | Discussions are on-going with the service providers and at this stage are expected to be delivered |                    |                         |
| Delayed / at Risk               | 1,406              | Factored into the month 5 projections to be managed as part of the over all departmental budget.   |                    |                         |

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

Adult Social Care (ASC) is projecting a net overspend of £1,643,000 as at end of period five, this is an increase in the overspend of £172,000 compared to the period four projected overspend of £1,468,000. This is after funding from the pressures and demand balance sheet reserve of (£1,237,000) to mitigate on a one off basis the overall projected pressures of £2,880,000.

The department is expected to deliver savings of £6,514,000 in this financial year and at this stage of the year 50% 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             | £ 83,000          |
| Supporting People Reserve     | <u>£ 80,000</u>   |
| Total                         | <u>£1,237,000</u> |

Similar to last month's report, the projections should be treated with caution due to difficulties experienced with 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 overspend and bring the budget to break-even. In addition, the ASC Transformation Programme reviews progress on a two-weekly basis of the projects and programmes which will bring about the savings, 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.

The Executive Director and Deputy Executive Director are commencing funding negotiations with Health colleagues for 2016/17, in liaison with the LBHF Director for Finance.

#### **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 1<sup>st</sup> 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 unringfenced 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. This grant will be vired into the ASC budget to fund the full ILF financial requirements for 2015/16.

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 5****1: Variance by Departmental Division**

| <b>Departmental Division</b>  | <b>Revised Budget</b> | <b>Variance Month 5</b> | <b>Variance Month 4</b> | <b>Variance Analysis</b> |
|---|-----------------------|-------------------------|-------------------------|--------------------------|
|   | <b>£000s</b>          | <b>£000s</b>            | <b>£000s</b>            |                          |
| 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<br>(Includes Contingencies,<br>Insurance, Land Charges) | 8,644                 | 0                       | 0                       |                          |
| Pensions & Redundancy   | 9,836                 | 0                       | 0                       |                          |
| <b>Total</b>  | <b>26,898</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>       |
| Risk of additional borrowing costs due to interest rate rises. |                    | 1,000              |
| Land Charge Income risk due to housing market activity levels. |                    | 100                |
| <b>Total</b>   |                    | <b>1,100</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)**

Due to continuing problems with Agresso this is a light touch monitor. In some areas (e.g. Land Charge income) activity levels have been used to determine the budget forecast and potential risks.

**APPENDIX 3: CHILDREN'S SERVICES****BUDGET REVENUE MONITORING REPORT – PERIOD 5****1: Variance by Departmental Division**

| <b>Departmental Division</b>                 | <b>Revised Budget</b> | <b>Variance Month 5</b> | <b>Variance Month 4</b> | <b>Variance Analysis</b>   |
|--|-----------------------|-------------------------|-------------------------|--|
|  | <b>£000s</b>          | <b>£000s</b>            | <b>£000s</b>            |  |
| Schools Commissioning and Education Services | 4,531                 | 196                     | 196                     | <p>As reported previously, a pressure of £359k is forecast as a result of the requirement for additional unfunded posts required to support service stability through the conversion of Special Education Needs (SEN) Statements into the new Education, Health and Care Plan (EHCP) format.</p> <p>This pressure is partially mitigated by 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> |
| Family Services                              | 30,023                | 3,153                   | 2,975                   | <p>Demand-led placement pressures continue to present significant challenges to contain within current budgets, for which the directorate is forecasting a pressure of £1,777k in Period 5. Many of these pressures have arisen as a result of legislative and/or regulatory changes imposed by Central Government resulting in a number of areas being underfunded.</p> <p>£1,200k of these demand-led pressures at CRM 5 can be explained as detailed as below and further outlined in the key concerns area:</p> <p>£195k as a result of a change in Case Law requiring a change in the</p>   |

| Departmental Division | Revised Budget | Variance Month 5 | Variance Month 4 | Variance Analysis  |
|-----------------------|----------------|------------------|------------------|--|
|                       | £000s          | £000s            | £000s            |  |
|                       |                |                  |                  | <p>level of our provision (Southwark Judgement);<br/>           £20k in relation to Families and individuals may have a right to financial support (accommodation and subsistence) to avoid destitution or because of complex health needs (No Recourse to Public Funds);<br/>           £196k as the additional &amp; consequential cost of a child Staying Put with a carer over the age of 18;<br/>           £371k for Unaccompanied Asylum Seeking Children (UASC) due to underfunding from the Home Office;<br/>           £250k impact of Secure Remand on Leaving Care and high cost cohorts;<br/>           £80k impact of 18+ Children With Disabilities (CWD) not meeting Adult Social Care criteria;<br/>           £88k regarding 21+ Increase in Education costs of young people who have been Looked After Children (LAC), returning to Education post 21 years of age.</p> <p>A further £220k pressure is now forecast in Youth Offending services, mainly as a result of the impact of the new Government's recent decision to reduce Youth Justice grant funding by 14%.</p> <p>There are staffing cost pressures across the service of £373k. Within this pressure, £250k is in relation to the LAC and Leaving Care teams, of which £135k is directly attributable to social work on UASC cases.</p> <p>There is an overall £242k pressure on the Fostering and Adoption service in the following areas:<br/>           Client support costs (training and out of hours contact - £57k); Inter</p> |



| Departmental Division                      | Revised Budget | Variance Month 5 | Variance Month 4 | Variance Analysis  |
|--|----------------|------------------|------------------|--|
|  | £000s          | £000s            | £000s            |  |
|  |                |                  |                  | <p>agency and inter country adoption fees (£35k); Advertising and costs for recruitment of foster and adoptive carers, and subscriptions to professional networks (£107k); plus support services including legal, vetting, medical expenses (£42k).</p> <p>The Multi Agency Safeguarding Hub (MASH) continues to present a budget pressure and the forecast expenditure at period 5 is £180k.</p> <p>A shortfall of income at the Haven short break residential unit is forecast as a result of non-achievable MTFS targets, resulting in a pressure of £125k, plus a further MTFS shortfall in relation to Virtual Schools of £113k.</p> <p>There is also a pressure of £98k as a result of the delay to the Assessment Contract, plus a further £25k pressure for costs in relation to Serious Case Reviews.</p> |
| Children's Commissioning                   | 5,290          | 200              | 200              | 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              | 211              | Projected overspend due to staffing costs pressures within the Safeguarding team as a result of previous years MTFS target not being achieved (£170k). 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.   |

| Departmental Division | Revised Budget | Variance Month 5 | Variance Month 4 | Variance Analysis  |
|-----------------------|----------------|------------------|------------------|--|
|                       | £000s          | £000s            | £000s            |  |
| Finance & Resources   | 5,116          | 0                | 185              | There are pressures in relation to delivery of savings within the Finance team due to the delay in full implementation of the Managed Services project, plus costs to support the development of major projects and service reviews within Family and Children's Services, a shortfall in contributions from the employee-led mutual and ICT team costs. These pressures are offset by additional rental income. The favourable movement from the previous month is a result of a review by senior management to identify and mitigate in-year cost pressures. |
| <b>Total</b>          | <b>46,697</b>  | <b>3,780</b>     | <b>3,767</b>     |  |

## 2: Key Risks

| Risk Description   | Lower Limit | Upper Limit |
|--|-------------|-------------|
|  | £000s       | £000s       |
| 21+ Increase in Education                                    | 88          | 175         |
| Staying Put  | 179         | 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                      | 250         | 295         |
| Serious Case Review Costs                                    | 25          | 50          |
| Unaccompanied Asylum Seeking Children 18+ (unfunded 25 FTEs) | 371         | 400         |
| No Recourse to Public Funds                                  | 20          | 50          |
| Southwark Judgement  | 195         | 250         |
| Delayed start to Assessment Contract                         | 98          | 118         |
| ICT Costs  | 30          | 100         |

| <b>Risk Description</b>                   | <b>Lower Limit</b> | <b>Upper Limit</b> |
|---|--------------------|--------------------|
|   | <b>£000s</b>       | <b>£000s</b>       |
| New users to SEN Transport service        | 0                  | 150                |
| LAC and Leaving Care Team                 | 135                | 225                |
| Tower Hamlets Kinship Fee Payments        | 0                  | 174                |
| Multi Systemic Therapy (MST) contribution | 0                  | 50                 |
| <b>Total</b>                              | <b>1,488</b>       | <b>2,462</b>       |

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

| <b>Children's 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   |              | 4,199  | 1,386           | 1,400              | 1,413                   |
| <b>Schemes Delayed/ At Risk</b>                            | <b>£000s</b> | <b>Reason</b>  |                 |                    |                         |
| People Portfolio Savings                                   | 128          |  |                 |                    |                         |
| Commissioning staff reduction                              | 140          |  |                 |                    |                         |
| 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)**

The majority of these pressures relate to changes in practice forced by legislation and regulation changes introduced by the Coalition Government for which inadequate funding has been distributed to local authorities to meet the additional liability. Decisions taken by the current Government will also impact on local services. The reduction in Justice Funding impacts directly on the funding of our Youth Offending Service.

Some pressures have been present for a number of years such as Southwark Judgement costs which have been appropriately identified as demand-growth and have been fully funded from corporate contingency. However the department has sought to contain other pressures, which had not been identified as growth, within Children's Services budgets through underspends elsewhere in the department or use of specific provisions. Provisions had been made on the balance sheet for Secure Remand and Leaving Care pressures. Expenditure on children who have No Recourse to Public Funds (NRPF) has been covered by prior years' asylum balances which is considered appropriate given the overlap of the client base, however this is being exhausted and the pressure is now being felt in-year.

Staying Put is a relatively new pressure, as is the rise of Remand Children presenting for Leaving Care services. There are also pressures relating to staffing levels in the LAC team.

The following table sets out the impact that the above pressures have had on the department's finances.

| <b>Service Area</b>         | <b>2015/16 Budget (£000s)</b> | <b>2015/16 Pressures (£000s)</b> |
|-----------------------------|-------------------------------|----------------------------------|
| <b>Leaving Care -</b>       |                               |                                  |
| Southwark Judgement         | 600                           | 195                              |
| No Recourse to Public Funds | 200                           | 20                               |

| <b>Service Area</b>                                 | <b>2015/16<br/>Budget<br/>(£000s)</b> | <b>2015/16<br/>Pressures<br/>(£000s)</b> |
|---|---------------------------------------|--|
| 21+ increase in education                           | 70                                    | 88                                       |
| Unaccompanied Asylum Seeking Children18+            | 0                                     | 371                                      |
| Staying Put   | 71                                    | 179                                      |
| Staying Put (Consequential Costs)                   | 25                                    | 17                                       |
| 18+ CWD not meeting ASC criteria                    | 80                                    | 80                                       |
| Impact of Secure Remand on LC                       | 0                                     | 250                                      |
|   |                                       |  |
| <b>Looked After Children -</b>                      |                                       |  |
| Secure Remand                                       | 200                                   | 0  |
| <b>Permanency</b>                                   |                                       |  |
| Increasing Adoption Arrangements                    | 117                                   | 0  |
| Increasing Special Guardianship Orders arrangements | 254                                   | 0  |
|   |                                       |  |
| <b>Total</b>  | <b>1,617</b>                          | <b>1,200</b>                             |

At present, we have 5 children who were taken into care as a direct result of concerns over Child Sexual Exploitation (CSE). These children are typically moved away from their local area and we forecast that we are currently spending £362k towards their placement costs. In addition, 2 children who were Looked After Children (LAC) have had to be moved to different placements due to ongoing concerns over CSE, with a resulting increase in the placement forecasts of £117k from the previous year.

### **Virement Request**

Upon establishing the employee-led mutual (3BM), included in the contract sum was an allowance for those overheads that 3BM will no longer require from the council. The amount required by the mutual to purchase equivalent services was set out as £130,600 in the Cabinet Report of 2011.

CHS is therefore requesting a virement of £130,600 in order to cover this shortfall.

**APPENDIX 4: ENVIRONMENTAL SERVICES****BUDGET REVENUE MONITORING REPORT – PERIOD 5****1: Variance by Departmental Division**

| <b>Departmental Division</b>         | <b>Revised Budget</b> | <b>Variance Month 5</b> | <b>Variance Month 4</b> | <b>Variance Analysis</b>   |
|--------------------------------------|-----------------------|-------------------------|-------------------------|--|
|                                      | <b>£000s</b>          | <b>£000s</b>            | <b>£000s</b>            |  |
| Cleaner, Greener & Cultural Services | 20,944                | (1,003)                 | (934)                   | <p><b>(£1,081k) 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 by £446k 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 forecast (only £50k was achieved last year). An additional £634k one off rebate has also been received relating to the period 2011/12 to 2014/15, arising from the treatment of government payments to electricity generators set out in the contract between WRWA and Cory. We do not know at this stage whether such payments will flow in the future.</p> <p><b>£65k Street Scene Enforcement</b> – 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.</p> <p><b>£13k Other net overspends</b></p> |
| Safer Neighbourhoods                 | 7,757                 | 592                     | 539                     | <p><b>£50k Cemeteries Income</b> – Year to date income is strong compared to last year (2014/15 ended with a £120k shortfall), although current expectations are that full year income will be less than budget.</p> <p><b>£125k Transport</b> – The Transport budgets are set on the assumption that the</p>  |

| Departmental Division               | Revised Budget<br>£000s | Variance Month 5<br>£000s | Variance Month 4<br>£000s | Variance Analysis  |
|-------------------------------------|-------------------------|---------------------------|---------------------------|--|
|                                     |                         |                           |                           | <p>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 now treated as unlikely and so the full year shortfall is included in the forecast. Staffing structures are under review to address the remaining budget pressure.</p> <p><b>£70k Hammersmith All Weather Pitch</b> – 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.</p> <p><b>£279k Phoenix Fitness Centre</b> – 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.</p> <p><b>£29k CCTV</b> – one off pressure due to cover for long term sickness absence.</p> <p><b>£24k Parks Police</b> – one off budget pressure due to delays in implementing phase 2 of the restructure. Staff consultation is currently underway.</p> <p><b>£15k Other net overspends</b></p> |
| Customer & Business Development     | 631                     | 60                        | 184                       | <p><b>£40k Registrars</b> – Extended opening hours and increased staffing resource has allowed the forecast income shortfall to be reduced from £60k to £40k. The expectation is that this will reduce further before year end.</p> <p><b>£195k Ducting contract</b> – There is a risk that the 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.</p> <p><b>(£98k) Commercial Waste</b> – waste disposal charges attributable to commercial waste are less than budget for the reasons set out above.</p> <p><b>(£77k) Director post</b> – early delivery of 2016/17 MTFS saving now factored into the forecast.</p>  |
| Former ELRS Directorate & Resources | (153)                   | 120                       | 153                       | <p><b>£153k People Portfolio Saving</b> – the savings target is not expected to be met, both in this year and in future years.</p> <p><b>(£43k) Executive Director post</b> – early delivery of 2016/17 MTFS saving now factored into the forecast (part year saving).</p>   |

| Departmental Division                | Revised Budget<br>£000s | Variance Month 5<br>£000s | Variance Month 4<br>£000s | Variance Analysis  |
|--------------------------------------|-------------------------|---------------------------|---------------------------|--|
|                                      |                         |                           |                           | <b>£10k Other net overspends</b>   |
| Building & Property Management (BPM) | (1,957)                 | 764                       | 693                       | <p>The adverse variance in BPM relates to the following</p> <p><b>£713k in Advertising Hoardings</b> – 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. 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; or varying the planning conditions to permit moving images at specific times which may result in profits increasing.</p> <p>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.</p> <p><b>£75k in Civic Accommodation</b> – This is due to a combination of an unachievable rental income target of about £42k and an anticipated overspend on utilities of £32k.</p> <p><b>£82k Valuation Services</b> - 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> <p><b>£16k Technical Support</b> – Staffing overspend.</p> <p>The above overspends will be offset mainly by the following:-</p> <p><b>(£67k) Facilities Management</b> section deriving from the EC Harris contract and Carbon Reduction. In addition, there is an underspend in BPM Professional Services because of the staffing restructure that took place in July.</p> <p><b>(£64k) Building Control</b> – This is due to additional income from large building schemes.</p> |
| Transport &                          | 12,684                  | (8)                       | (24)                      |  |



| Departmental Division       | Revised Budget<br>£000s | Variance Month 5<br>£000s | Variance Month 4<br>£000s | Variance Analysis   |
|-----------------------------|-------------------------|---------------------------|---------------------------|---|
| Highways                    |                         |                           |                           |   |
| Planning                    | 2,622                   | (66)                      | (61)                      | The favourable position is mainly from higher than expected levels of income recovered from Planning Regeneration projects.   |
| Environmental Health        | 3,478                   | (145)                     | 32                        | <b>(£161k) Staffing underspend</b> due to vacant posts and the impact of S113 staff recharges to Kensington and Chelsea.<br><b>(£92k) Pest Control income</b> is forecast to be greater than budgeted.<br><b>£108k</b> shortfall expected for <b>Licensing income</b> . |
| Former TTS Support Services | (473)                   | 18                        | 18                        |   |
| <b>Total</b>                | <b>45,533</b>           | <b>332</b>                | <b>600</b>                |   |

## 2: Key Risks

| Risk Description   | Lower Limit<br>£000s | Upper Limit<br>£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                  |
| 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                    | 180                  |
| If there is a continuing shortfall for the rest of the year in advertising hoarding income on certain sites  | 0                    | 500                  |
| Risk of increase in write off due to late billing (if bad debts were 20% of first quarter's income)  | 0                    | 500                  |
| If a legal challenge on the sex establishment license fees is successful   | 0                    | 42                   |
| <b>Total</b>   | <b>0</b>             | <b>1,622</b>         |

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

| Environmental Services                                  |       | MTFS Target   | On Track | In Progress | Delayed/ At Risk |
|---|-------|---|----------|-------------|------------------|
|   |       | £000s   | £000s    | £000s       | £000s            |
| Total MTFS Savings                                      |       | 5,702   | 2,855    | 2,423       | 424              |
| Schemes Delayed/ At Risk                                | £000s | Reason  |          |             |                  |
| Increased income from CCTV ducting contract             | 160   | See table one   |          |             |                  |
| 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. In the current year only 36% of the savings are expected to be achievable. |          |             |                  |

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

A number of pressure areas exist that are being offset by significant one off underspends. 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.

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 4a: CONTROLLED PARKING ACCOUNTS (CPA)****BUDGET REVENUE MONITORING REPORT – PERIOD 5****1: Variance by Departmental Division**

| <b>Departmental Division</b>                                       | <b>Revised Budget</b> | <b>Variance Month 5</b> | <b>Variance Month 4</b> | <b>Variance Analysis</b>   |
|--|-----------------------|-------------------------|-------------------------|--|
|  | <b>£000s</b>          | <b>£000s</b>            | <b>£000s</b>            |  |
| Pay & Display (P&D)  | (12,229)              | 1,118                   | 1,139                   | Pay and display receipts are lower in the first five months of 2015-16 than they were in the same period last year, but with some signs of improvement in July and August. This will be monitored closely over the coming months.  |
| Permits  | (4,690)               | 57                      | 71                      | The amount received for parking permits to the end of August is similar to the previous year.  |
| Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN) | (6,814)               | 851                     | 798                     | 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)                   | (637)                   | 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 led to a forecast surplus against budget.  |
| CCTV Parking PCNs  | 0                     | (63)                    | (64)                    | 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)               | (1,075)                 | (1,179)                 | 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.  |

| <b>Departmental Division</b>   | <b>Revised Budget</b> | <b>Variance Month 5</b> | <b>Variance Month 4</b> | <b>Variance Analysis</b>  |
|--------------------------------|-----------------------|-------------------------|-------------------------|---|
|                                | <b>£000s</b>          | <b>£000s</b>            | <b>£000s</b>            |   |
| Parking Bay Suspensions        | (2,423)               | (774)                   | (772)                   | 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)                 | 57                      | 53                      | Receipts from towaways are at a similar level to the previous year.   |
| Expenditure and Other Receipts | 11,919                | (421)                   | (152)                   | Staffing is forecast to underspend by £421k. The forecast is based on the actual spend in the first 5 months, with the assumption that the vacant posts are filled for an average of 4 months in 2015-16. |
| <b>Total</b>                   | <b>(21,318)</b>       | <b>(885)</b>            | <b>(743)</b>            |   |

**2: Key Risks**

None to report

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

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

| <b>Departmental Division</b>         | <b>Revised Budget</b> | <b>Variance Month 5</b> | <b>Variance Month 4</b> | <b>Variance Analysis</b>  |
|--------------------------------------|-----------------------|-------------------------|-------------------------|---|
|                                      | <b>£000s</b>          | <b>£000s</b>            | <b>£000s</b>            |   |
| H&F Direct                           | 19,132                | 180                     | 300                     | The main pressure remains 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). However, one-off funding from DWP has offset the majority of the projected overspend in Housing Benefits temporary staff. |
| 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.   |
| Legal and Electoral Services         | (183)                 | (32)                    | (32)                    |   |
| Finance & Audit                      | 259                   | 0                       | 0                       |   |
| Shared ICT Services & Procurement    | (2,630)               | 0                       | 155                     | Having received HFBP's update on the outstanding Shared Services Support Costs plus the reduced Microsoft Licensing charges arising from the new RBKC framework, the service is forecast to be on budget.   |
| Executive Services                   | (833)                 | (47)                    | (47)                    |   |
| Human Resources                      | 393                   | (70)                    | (25)                    |   |
| Delivery and Value                   | 227                   | 274                     | 274                     | There is continuing pressure in historic budgets due to lack of income streams against past MTFS savings.   |
| Other                                |                       |                         |                         |   |
| <b>Total</b>                         | <b>16,156</b>         | <b>370</b>              | <b>690</b>              |   |

**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 DEPARTMENT****BUDGET REVENUE MONITORING REPORT – PERIOD 5****1: Variance by Departmental Division**

| <b>Departmental Division</b>                             | <b>Revised Budget</b> | <b>Variance Month 5</b> | <b>Variance Month 4</b> | <b>Variance Analysis</b>   |
|--|-----------------------|-------------------------|-------------------------|--|
|  | <b>£000s</b>          | <b>£000s</b>            | <b>£000s</b>            |  |
| Housing Options, Skills & Economic Development           | 6,758                 | (14)                    | (59)                    | <p>This mainly relates to:</p> <ul style="list-style-type: none"> <li>• a reduction in procurement costs (£177k) following the expiry of an expensive lease for temporary accommodation,</li> <li>• a reduction in the net costs of Bed and Breakfast (B&amp;B) accommodation of (£304k) due to lower average client numbers (103 forecast compared to 175 in the original budget) which is offset by a predicted overspend of £368k as a result of inflationary pressures on rents for suitable temporary accommodation from private sector landlords.</li> <li>• a £99k salary overspend as a result of long term sickness in the Reviews and Complex Cases team.</li> </ul> |
| Housing Strategy & Regeneration                          | 7                     | 0                       | 0                       |  |
| Housing Services   | 43                    | 0                       | 0                       |  |
| Strategic Housing Stock Options Appraisal - General Fund |                       |                         |                         |  |
| Finance & Resources                                      | (114)                 | 0                       | 0                       |  |
| <b>Total</b>   | <b>6,694</b>          | <b>(14)</b>             | <b>(59)</b>             |  |

**2: Key Risks**

| Risk Description   | Lower Limit | Upper Limit |
|--|-------------|-------------|
| <b>Temporary Accommodation Procurement Costs</b> – 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. | 160         | 392         |
| <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>   | 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 (£14k).



The movement mainly relates to a forecast reduction in the net cost of Bed and Breakfast (B&B) accommodation of (£17k), and inflationary cost pressures of £62k on the rents for providing suitable temporary accommodation from private sector landlords to enable the Council to meet its homelessness obligations.

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 5****1: Variance by Departmental Division**

| Departmental Division    | Revised Budget | Variance Month 5 | Variance Month 4 | Variance Analysis                   |
|--------------------------|----------------|------------------|------------------|-------------------------------------|
|                          | £000s          | £000s            | £000s            |                                     |
| Libraries Shared Service | 3,221          | 0                | 0                | At this stage forecast is to budget |
| <b>Total</b>             | <b>3,221</b>   | <b>0</b>         | <b>0</b>         |                                     |

**2: Key Risks**

| Risk Description   | Lower Limit | Upper Limit |
|--|-------------|-------------|
|  | £000s       | £000s       |
| Reduced fees and charges income due to less demand for increasingly obsolete product formats (DVDs, CDs etc.). | 10          | 30          |
| Increased premises and utility costs including Westfield   | 10          | 30          |
| <b>Total</b>   | <b>20</b>   | <b>60</b>   |

**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 5****1: Variance by Departmental Division**

| <b>Departmental Division</b>                      | <b>Revised Budget</b> | <b>Variance Month 5</b> | <b>Variance Month 4</b> | <b>Variance Analysis</b>  |
|---|-----------------------|-------------------------|-------------------------|---|
|   | <b>£000s</b>          | <b>£000s</b>            | <b>£000s</b>            |   |
| Sexual Health                                     | 6,410                 | 0                       | 0                       |   |
| Substance Misuse                                  | 5,464                 | 0                       | 0                       |   |
| Behaviour Change                                  | 2,753                 | (126)                   | (22)                    | Estimated underspends in Behaviour Change services, including health checks, smoking cessation and Community Champions.                                     |
| Intelligence and Social Determinants              | 89                    | (40)                    | 0                       | Underspend caused by delay in commencing new projects.  |
| 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                 | 248                     | 226                     | Updated for latest position.  |
| Salaries and Overheads                            | 1,435                 | 0                       | 0                       |   |
| Drawdown from Reserves                            | (783)                 | (1,499)                 | (1,621)                 |   |
| Public Health – Grant                             | (20,855)              | 1,417                   | 1,417                   | 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).  |
| <b>Total</b>                                      | <b>0</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 Public Health Grant cut, based on Department of Health preferred calculation (per consultation paper) | 1,417              | 1,417              |
| <b>Total</b>  | <b>1,417</b>       | <b>1,417</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                       |

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)**

The DH consultation process to determine how the £200M grant cut should be applied has ended. Although stating that PH grant should not be cut, LBHF also stated its preferred option as a reduction of 6.2% to grant for all councils. The Government's decision 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, will mean that PH need to identify the necessary resources to achieve this in the given time frame.

**APPENDIX 9: HOUSING REVENUE ACCOUNT****BUDGET REVENUE MONITORING REPORT – PERIOD 5****1: Variance by Departmental Division**

| <b>Departmental Division</b>                  | <b>Revised Budget</b> | <b>Variance Month 5</b> | <b>Variance Month 4</b> | <b>Variance Analysis</b>  |
|---|-----------------------|-------------------------|-------------------------|---|
|   | <b>£000s</b>          | <b>£000s</b>            | <b>£000s</b>            |   |
| Housing Income                                | (77,484)              | (500)                   | (500)                   | It is anticipated that there will be an underspend on the bad debt provision for rental income on Council homes, primarily as a very prudent allowance was been made in the budget for the impact of Welfare Reform. The full impact of welfare reform has not been felt yet and the Government has not rolled out Universal Credit at the speed allowed for in our budget. |
| Finance and Resources                         | 15,164                | (250)                   | (250)                   | 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                   | (20)                    | 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  |

| Departmental Division  | Revised Budget | Variance Month 5 | Variance Month 4 | Variance Analysis  |
|--|----------------|------------------|------------------|--|
|  | £000s          | £000s            | £000s            |  |
|  |                |                  |                  | 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>(925)</b>     | <b>(905)</b>     |  |

## 2: Key Risks

| Risk Description   | Lower Limit    | Upper Limit    |
|--|----------------|----------------|
|  | £000s          | £000s          |
| <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, delayed and missing 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        |
| <b>Housing Repairs -</b> There is a risk of approx. £70k for the CCTV (Chroma Vision) contract where there is no budget provision and where an additional request has been made for further funding by corporate colleagues and a business case is awaited.  | 70             | 70             |
| <b>Total</b>   | <b>unknown</b> | <b>unknown</b> |

## 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                |
| <b>Schemes Delayed/ At Risk</b> | <b>£000s</b> | <b>Reason</b> |             |                  |

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

#### **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)   | (925)                           | (16,564)     |

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

The Housing Revenue Account currently forecasts an under-spend of (£925k) for 2015/16, a favourable movement of (£20k) since last month.

The movement mainly relates to an underspend on running costs on Temporary on Licence properties (£20k).

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. Whilst BT has released these reports to LBHF, they still cannot be accessed by key staff. 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 10 - VIREMENT REQUEST FORM****BUDGET REVENUE MONITORING REPORT – PERIOD 5**

| Details of Virement  | Amount (£000) | Department       |
|--|---------------|------------------|
| <b>GENERAL FUND:</b>   |               |                  |
| Drawdown from ASC Pressures & Demands Reserve to cover demand pressures across the department (see appendix 1 for detail)          | 384/ (384)    | ASC/ASC Reserves |
| Funding for CHS employee led mutual (£BM) overhead costs (see appendix 2 for detail) Permanent Virement from Corporate Contingency | 130.6/(130.6) | CHS/CMB          |
|  |               |                  |
|  |               |                  |
| <b>Total General Fund Virements (Debits)</b>   | <b>514.6</b>  |                  |
|  |               |                  |
| <b>HRA:</b>  |               |                  |
|  |               |                  |
| <b>Total HRA Virements (Debits)</b>  | <b>0</b>      |                  |

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