


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">8 FEBRUARY 2016</p>	
<p style="text-align: center;">CORPORATE REVENUE MONITOR 2015/16 MONTH 7- OCTOBER</p>	
<p style="text-align: center;">Report of the Cabinet Member for Finance – Councillor Max Schmid</p>	
<p>Open Report</p>	
<p>Classification: For Decision Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p style="text-align: center;">Accountable Director: Hitesh Jolapara – Strategic Finance Director</p>	
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1. EXECUTIVE SUMMARY

- 1.1. The General Fund outturn forecast is an overspend of £3.365m (a decrease of £0.459m from month 6), with budget risks of £8.040m.
- 1.2. The HRA is forecast to underspend by £0.900m with HRA general reserves of £16.539m at year end. The HRA budget risks are £0.070m.
- 1.3. Due to the on-going implementation of the Agresso financial system the CRM7 forecast is not based on actual expenditure data taken from Agresso. CRM7 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. That the General Fund and HRA month 7 revenue outturn forecast be agreed.

- 2.2. That the drawdown of £1.445m from the Corporate demands and pressures reserve to fund the 2015/16 Children's Services demand pressures arising from unfunded new burdens imposed on the Council be agreed.
- 2.3. That 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 Councils' Financial Regulations.

4. CORPORATE REVENUE MONITOR (CRM) 2015/16 MONTH 7 GENERAL FUND

Table 1: General Fund Projected Outturn – Period 7

Department	Revised Budget At Month 7 £000s	Forecast Year End Variance At Month 7 £000s	Forecast Year End Variance At Month 6 £000s
Adult Social Care	60,766	1,238	1,323
Centrally Managed Budgets	25,221	(120)	(120)
Children's Services	46,697	3,234	3,331
Corporate Services	16,399	120	119
Environmental Services	45,416	49	180
Controlled Parking Account	(20,318)	(1,144)	(997)
Housing General Fund	6,694	(12)	(12)
Library Services (Shared Services)	3,221	0	0
Public Health Services	0	0	0
Net Operating Expenditure*	184,096	3,365	3,824
Key Risks		8,040	8,110

*note: figures in brackets represent underspends

- 4.1. Detailed variance and risk analysis by department can be found in appendices 1 to 8. Details of the main adverse variances can be found in appendices 1 (Adult Social Care), 3 (Children's Services), and 4 (Corporate Services).
- 4.2. The favourable variance for Centrally Managed Budgets excludes any unspent contingency funds. Currently £2.0m of contingency balances are uncommitted.

CORPORATE REVENUE MONITOR 2015/16 HOUSING REVENUE ACCOUNT

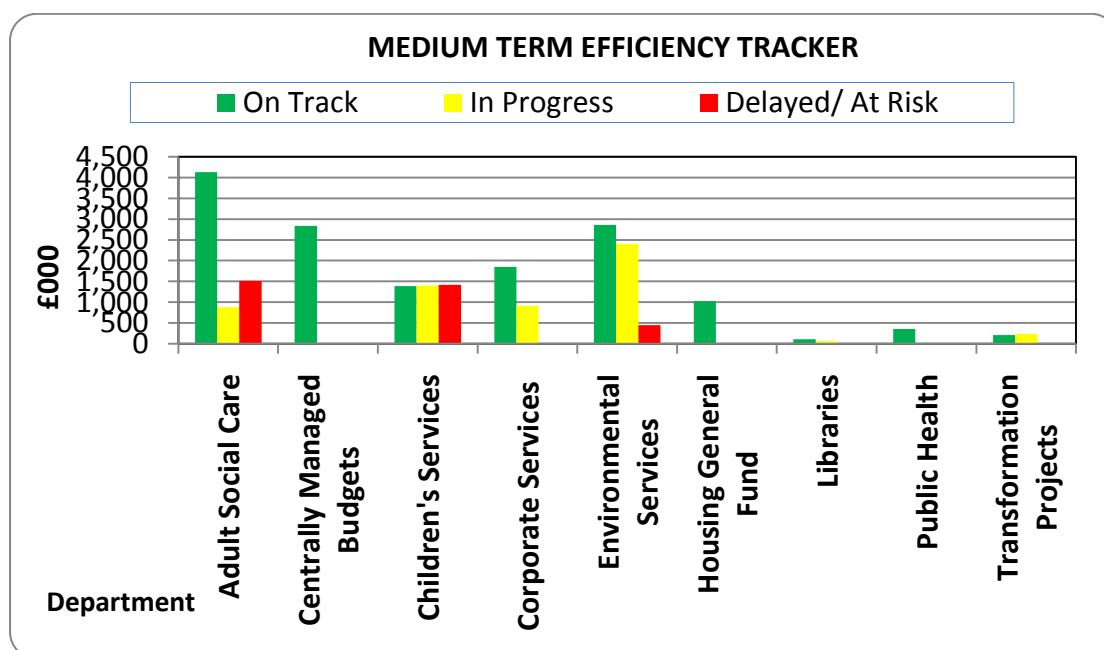
Table 2: Housing Revenue Account Projected Outturn - Period 7

Housing Revenue Account	£000s
Balance as at 31 March 2015	(13,165)
Add: Budgeted Contribution to Balances	(2,474)
Add: Forecast Underspend	(900)
Projected Balance as at 31st March 2016	(16,539)
Key Risks	70

4.3. Detailed variance and risk analysis can be found in Appendix 9.

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. A drawdown of £1.445m from the corporate demands and pressures reserve to fund the 2015/16 Children's Services demand pressures arising from unfunded new burdens imposed on the council is proposed (appendix 10).

7. CONSULTATION

7.1. N/A.

8. EQUALITY IMPLICATIONS

8.1. Adjustments to budgets are not considered to have an impact on one or more protected groups so an EIA is not required.

9. LEGAL IMPLICATIONS

9.1. There are no legal implications for this report.

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1. The General Fund outturn forecast at month 7 is for an overspend of £3.365m (a decrease of £0.459m from month 6). The forecast overspend excludes any application of the £2.0m of currently uncommitted contingency balances.

10.2. The HRA outturn forecast at month 7 is an underspend of £0.900m.

10.3. Due to the on-going implementation of the Agresso financial system the CRM7 forecast is not based on actual expenditure data taken from Agresso. CRM7 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: Jade Cheung.

11. IMPLICATIONS FOR BUSINESSES

11.1. To our knowledge 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 (1-9).

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
1.	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 Corporate Services Revenue Monitor
- Appendix 5 Environmental Services Revenue Monitor
- Appendix 5a Controlled Parking Account Revenue Monitor
- Appendix 6 Housing Department General Fund Revenue Monitor
- Appendix 7 Library Services (Shared Services) 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 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Integrated Care	45,546	1,407	1,585	<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 £1,647,000 which is partially offset by CIS one off Investment allocation of (£358,000) and Care Act funding of (£557,000) to £732,000. Since the commencement of the year there have been an increase in customer numbers of 123 in 2015/16 which accounts for the significant increase in the projected overspend.</p> <p>The department jointly with the 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.</p>

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
				<p>There is an underspend in the PFI budget of (£294,000) 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. The Council saved (£1.66m) which was reflected in the outturn figures in 2014/15.</p> <p>Within the Learning Disability (LD) Service, there is a net projected overspend of £259,000. The on-going total overspend in LD services would be £732,000 which has been offset by one off budget virement of £473,000 from earmarked reserve. The main reasons for the overspend is pressure of £198,000 of 7 new day centre clients. Since last month there has been an increase of a net 3 new customers within LD Placements costing £128,000. 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 overspend is £3,000. The Placements budget shows a continued reduction in customer numbers since the commencement of this year and is projecting an underspend of (£257,000). This is offset by pressures in Home Care of £155,000 and in Supporting Living with four new customers with a projected overspend of £105,000.</p> <p>There are pressures continuing in the Assistive Equipment Technology budget with a projected overspend of £20,000 due to the out of hospital strategy and the additional spending on the CIS to prevent entry into hospital. The total projected overspend was £120,000 which has been offset by one off budget virement of (£100,000) from earmarked reserve. From 2015/16, there</p>

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
				<p>is CCG funding from the CIS model to assist with the budgetary pressure. There is an income shortfall of £280,000 on Careline services, which has been fully funded by one off budget virement from earmarked reserve.</p> <p>Within the ASC 2015/16 base budget is an MTFs efficiency of £2m following the negotiations with health over the first year of the Better Care Fund. The £2m efficiency target has various target measures to deliver this saving which include avoidance of care in residential and nursing placement, reduction in home care hours, saving from jointly commissioning section 75 contracts and securing lower prices from placement providers.</p> <p>To date the department is projecting the delivery of the following against this target: Reductions in residential and nursing placements is moving in the right direction with some reduction in volumes of placements with savings of (£516,000) factored in. There is a projected underspend of (£650,000) from cost which meet benefit jointly commissioned social and health outcomes.</p> <p>After allowing for these two favourable variance, this leaves a net shortfall of £834,000.</p>
Strategic Commissioning & Enterprise	7,087	228	197	<p>There is a projected overspend of £62,000 from Supporting People procurement savings mainly resulting from MTFs projects that cannot be progressed, offset by £80,000 funding from the SP reserve. There is £80,000 unachievable in MTFs savings relating to Advocacy in the commissioning third sector payment services which can be funded from the pressures & reserve fund. Since last month report, there has been work undertaken on the S.113</p>

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
				recharges resulting in a net projected overspend of £117,000 which is partly offset by a projected under spend of (£52,000) within Meals services.
Finance & Resources	7,351	0	0	
Executive Directorate	782	(13)	(75)	There is a projected underspend of (£75,000) within the workforce development training budgets which is offset by a S113 salaries recharge overspend of £62,000 .
Total	60,766	1,622	1,707	
Funding from Pressures and Demand Reserve		(384)	(384)	Cabinet approved drawdown of £853,000 on 7 th September and £384,00 on 2 nd of November of the total requested amount of £1,237,000. The total ASC Pressures & Demand Reserve at the commencement of the financial year was £4.4m. After allowing for the total drawn down of £1.237m, the balance of the reserve of £3.163m is available for any future demand pressures
Variance Post Reserve Funding	60,766	1,238	1,323	

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.		450
Increase in inflationary pressures for Older People, Physical Disabilities & Learning disabled people		150
Increase in demand Learning disabled transitions placements and care packages as no growth has been budgeted for.		150
Total		750

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	4,134	875	1,505
Schemes Delayed / At Risk	£000s	Reason		
	875	Discussions are on-going with the service providers and at this stage are expected to be delivered		
	1,505	Factored into the month 7 projections to be managed as part of the overall departmental budget.		

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

Adult Social Care (ASC) is projecting a net overspend of £1,238,000 as at end of period 7, this is an decrease in the overspend of £85,000 compared to the period six projected overspend of £1,323,000. The Department is expected to deliver savings of £6,514,000 in this financial year and at this stage of the year 63% are on track to be delivered in full.

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 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 have focused on the LD budget overspend, the emerging supported living customers and the review of home care costs pressures.

The Executive Director and Deputy Executive Director have commenced funding negotiations with Health colleagues for 2016/17, in liaison with the LBHF Director for Finance. The department's expectation is funding will be available from Health to contribute to the Home care costs as part of the out of hospital strategy to support customers at home and avoid hospital admission or to enable early discharge. The department will review the operational service model if sufficient funding is not available.

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 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.

2015/16 CRM Month 7

This grant has been vired into the ASC budget to fund the full ILF financial requirements for 2015/16. This has been actioned and now included in the ASC net budget.

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 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Corporate & Democratic Core	5,857	(20)	(20)	Audit fees are forecast to be under budget.
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)	6,967	0	0	
Pensions & Redundancy	9,836	(100)	(100)	Unfunded pension costs (from historic redundancies) forecast to be under budget.
Total	25,221	(120)	(120)	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Shared Services Office Accommodation Costs	0	720
Land Charge Income risk due to housing market activity levels.	0	100
Total	0	820

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)

Land charge income held on suspense codes is now being processed weekly so the risks identified above relating to Land Charge income are entirely due to the risk of volatility in housing market activity.

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

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Family Services	30,023	2,704	2,612	<p>Demand-led placement pressures continue to present significant challenges to contain within current budgets, for which the directorate is forecasting a pressure of £1,347k in Period 7. Many of the reported pressures have arisen as a result of legislative and/or regulatory changes imposed by Central Government resulting in a number of areas being underfunded. £1,296k of these demand-led pressures at CRM 7 can be explained as detailed as below and further outlined in the key concerns area:</p> <p>£70k as a result of a change in Case Law requiring a change in the level of our provision (Southwark Judgement); £330k as the additional & consequential cost of a child Staying Put with a carer over the age of 18; £371k for Unaccompanied Asylum Seeking Children (UASC) due to underfunding from the Home Office; £234k impact of Secure Remand on Leaving Care and high cost cohorts; £291k 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>There are staffing cost pressures across the service of £368k. Within this</p>

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
				<p>pressure, £246k is in relation to the LAC and Leaving Care teams as expenditure on agency workers has been higher than expected due to difficulties in the recruitment to permanent posts.</p> <p>£135k of the LAC pressure is directly attributable to social work on UASC cases.</p> <p>LAC numbers are not falling as has been anticipated in year – there are 10 additional LAC in care that are unexpected at this stage based on the assumption that we would have 15 less LAC in the year.</p> <p>In addition, the delay of the Semi-Independent Living (SIL) contact implementation has meant the full year effect has not been realised this year, although this should take effect in full next year. (£243k)</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>The Multi Agency Safeguarding Hub (MASH) continues to present an unfunded budget pressure of £185k as the expected reduction in assessments has not materialised. This is being reviewed by the service with a view to reducing expenditure to manage this pressure.</p> <p>A shortfall of income at the Haven short break residential unit is forecast as a result of non-achievable MTFS target resulting in a pressure of £125k, pressures on Virtual Schools as a result of a shortfall on the MTFS target and a reduction in grant funding of £173k, plus pressures in relation to Serious Review case costs of £43k.</p>

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
				The movement from month 6 is mainly as a result of an increase in forecast expenditure on home care and sessional carers.
Schools Commissioning and Education Services	4,531	49	196	<p>A pressure of £243k is forecast as a result of the requirement for additional unfunded posts required to support service stability through the conversion of SEN Statements into the new Education, Health and Care Plan (EHCP) format. There are also additional pressures within Education Psychology and SEN service team costs of £85k.</p> <p>This pressure is partially mitigated by projected underspends across the Schools Improvement service (£208k), and in the Attendance, Children employment and Elective home education (ACE) team (£58k), plus other small underspends within the directorate (£13k).</p>
Children's Commissioning	5,290	272	272	Pressure on salaries due to delayed implementation of restructure to Jan 2016 and additional costs associated with transition to new structure of £467k partially mitigated by in year savings on LAC Designated Nurse (£140k) and Fulham College budgets. (£55k)
Safeguarding, Review and Quality Assurance	1,737	209	251	<p>After review, the service has indicated that some of the MTFs target may be achievable and is projecting that the Local Safeguarding Children's Board (LSCB) will not result in an in-year cost pressure, thus a £42k favourable movement from last month.</p> <p>The projected overspend is due to staffing costs pressures within the Safeguarding team, mainly as a result of previous years MTFs target not being achieved in full.</p>
Finance & Resources	5,116	0	0	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

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
				service reviews within Family and Children's Services and ICT team costs. These pressures are offset by additional rental income.
Total	46,697	3,234	3,331	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Delay in Commissioning restructure	200	256
21+ Increase in Education	305	350
Staying Put	245	300
Consequential Costs of Staying Put Arrangements	85	125
18+ Children With Disabilities not meeting ASC criteria	0	80
Impact of Secure Remand on Leaving Care	234	295
Serious Case Review Costs	45	50
Unaccompanied Asylum Seeking Children 18+ (unfunded 25 FTEs)	506	550
No Recourse to Public Funds	0	50
Southwark Judgement	70	70
Delayed start to Assessment Contract	0	25
ICT Costs	30	100
New users to SEN Transport service	0	50
LAC and Leaving Care Team	115	225
Tower Hamlets Kinship Fee Payments	0	149

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Multi Systemic Therapy (MST) contribution	0	50
Total	1,835	2,725

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	Full implementation of new structure to take place by January 2016		
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	Saving not yet implemented.		

10 more relative placements	70	The service is exploring the availability and willingness of connected persons to care for LAC children in all appropriate cases, however this target remains difficult to achieve.
New model for Respite overnight care (The Haven)	125	Saving not yet implemented.

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

The departmental overspend has reduced by £97k since month 6. The Department will continue to seek opportunities to mitigate overspends related to non-pressure items throughout the remainder of the year in order to minimise overspends as much as possible.

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.

Service Area	2015/16 Budget (£000s)	2015/16 Pressures (£000s)
Leaving Care -		
Southwark Judgement	600	70
No Recourse to Public Funds	200	0
21+ increase in education	70	305
Unaccompanied Asylum Seeking Children18+	0	371
Unaccompanied Asylum Seeking Children18+ (staffing)	0	135
Staying Put	71	245
Staying Put (Consequential Costs)	25	85
18+ CWD not meeting ASC criteria	80	0
Impact of Secure Remand on LC	0	234
Looked After Children -		
Secure Remand	200	0
Permanency		
Increasing Adoption Arrangements	117	0
Increasing Special Guardianship Orders arrangements	254	0
Total	1,617	1,445

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.

Within the Commissioning directorate, there are potential opportunities in Youth, Health Commissioning and funding on Fulham College (£202k) to mitigate the current overspend, but these are still being assessed and will be confirmed later in the year.

Budget Virement

A budget virement of £1,445k is proposed fund the 2015/16 spending pressures arising from new burdens imposed by Government, as identified above. This virement will be funded from the corporate demands and pressures reserve. Work has been undertaken to map the cost of these new burdens in future years so that they can be reflected in future budgets.

APPENDIX 4: CORPORATE SERVICES**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
H&F Direct	19,252	230	230	The main pressure remains a projected £200k shortfall in court costs recovery (due to an expected reduction in recovery resulting from Agresso delays and a shortfall against income targets). Work continues to mitigate budget pressures elsewhere.
Innovation & Change Management (ICM)	(5)	0	0	Work continues to mitigate the previously reported risks.
Legal and Electoral Services	(183)	0	(41)	The legal services recharging model is nearing completion and the outturn is expected to be within budget.
Finance & Audit	265	0	0	No change.
Shared ICT Services & Procurement	(2,630)	0	0	Expected to be within budget, provided budget virements are made for special projects that were funded centrally in previous years.
Executive Services	(716)	0	0	No change.
Human Resources	393	(110)	(70)	This is due to the early achievement of next year £80K savings and use of graduates and holding vacancies
Delivery and Value	23	0	0	An action plan to mitigate the previously reported pressure in historic budgets due to lack of income streams against past MTFS savings is being developed and is currently offset by other service underspend.
Total	16,399	120	119	

2: Key Risks

None to report that have not been reported elsewhere.

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			

APPENDIX 5: ENVIRONMENTAL SERVICES**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Cleaner, Greener & Cultural Services	20,935	(1,143)	(1,123)	<p>(£1,091k) 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 £457k on overall waste tonnages. Year to date total waste tonnages are broadly in line with last year, but recycle tonnage 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 2011/2012 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>(£61k) Waste Policy – staffing underspends due to vacancies pending implementation of a new structure.</p> <p>£9k Other net overspends</p>
Safer Neighbourhoods	8,904	620	611	<p>£120k 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 the Transport workshop. This is not likely now so the full year shortfall is included in the forecast.</p> <p>£54k Coroners Service - Pressure due mostly to increased legal fees for high profile cases and one off office moves (potentially to be funded corporately). Partially offset by savings on undertakers contract</p>

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
				<p>£71k Mortuary - £46k pressure on salaries due to additional resource required to deal with high volume of cases and £25k MTFS target for digital autopsies not expected to be achieved due to delays in implementation.</p> <p>£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 proposed in the 2016/17 MTFS.</p> <p>£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 was approved by Cabinet.</p> <p>£26k Other net overspends</p>
Customer & Business Development	600	13	11	<p>£81k Registrars – Forecast income shortfall of £138k, partially offset by £57k staffing underspend due to vacant posts. Resourcing and opening hours currently under review with the aim of maximising income generating potential and reducing the forecast overspend before year end.</p> <p>£195k Ducting contract - Risk that the underground ducting concession contract will not achieve the income target in full.</p> <p>(£193k) Commercial Waste – mostly due to waste disposal charges attributable to commercial waste being less than budget.</p> <p>(£77k) Director post – early delivery of 2016/17 MTFS saving</p> <p>£7k Other net overspends</p>
Former ELRS Directorate & Resources	(104)	64	113	<p>£153k People Portfolio Saving – the savings target is not expected to be met, neither in this year nor in future years.</p> <p>(£51k) Executive Director post – early delivery of 2016/17 MTFS saving</p> <p>(£38k) Other net underspends - executive support posts to be realigned.</p>

Departmental Division	Revised Budget £000s	Variance Month 7 £000s	Variance Month 6 £000s	Variance Analysis
Building & Property Management (BPM)	(1,960)	839	838	<p>The adverse variance in BPM relates to the following:</p> <p>£745k in Advertising Hoardings – Income shortfall being closely monitored and options to increase income are being explored.</p> <p>£69k in Civic Accommodation – This is due to a combination of a difficult rental income target and an anticipated overspend on utilities.</p> <p>£132k Valuation Services – It is expected that the Property Disposal section will overspend due to costs incurred on properties that will not be sold.</p> <p>£27k Technical Support – Staffing overspend.</p> <p>The above overspends will be offset mainly by the following:-</p> <p>(£63k) Facilities Management – (£57k) of this favourable variance is due to the staffing restructure in BPM Professional Services. There is a further underspend of (£20k) from the EC Harris contract. However, the sum of these underspends is offset by an overspend of £10k in the Carbon Reduction Section where a budget reduction is assumed.</p> <p>(£71k) Building Control – This is due to additional income from large building schemes.</p>
Transport & Highways	12,684	(314)	(253)	<p>(£240k) Network management – (£181k) of the variance is due to income from permits and fines. There is a further surplus of (£59k) from Gazetteer income.</p> <p>(£64k) Underspend from a staffing restructure.</p>
Planning	2,622	(70)	(61)	<p>The favourable position is mainly from higher than expected levels of income from Planning Regeneration projects. However, there is a risk of possible reductions in funding from Regeneration schemes due to complexity and delays. This is not included in the forecast. (ref: Risks table below)</p>
Environmental Health	3,480	21	26	<p>(£63k) Pest Control income is forecast to be greater than budgeted and an £85k shortfall is expected for Licensing income.</p>

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Former TTS Support Services	(590)	18	18	
Total	45,416	49	180	

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 still catching up with sales invoicing, which increases the likelihood of bad debts. This is a particular risk where services have already been provided but invoicing was delayed (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 there is a continuing shortfall for the rest of the year in advertising hoarding income on certain sites.	0	670
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 license fees is successful.	0	42
There is a risk of possible slippage on Regeneration schemes due to complexity and delays.	0	310
Total	0	1,922

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	2,403	444
Schemes Delayed/ At Risk	£000s	Reason			
Increased income from CCTV ducting contract	160	See table one			
Income from digital autopsies	25	See table one			
Advertising Hoarding Income	200	Lower than expected income from Advertising Hoardings sites.			
LED lighting and Column replacement maintenance budgets	59	Street lighting LED pilots are running, and plans are in place to extend this. In the current year, only 41% of the savings are expected to be achievable.			

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

The main financial problems that have arisen this year are the drop in advertising hoardings income, and the pressures in Safer Neighbourhoods. Set out in the above main tables, are the proposed actions to address these problems. The financial position is being assisted significantly by the underspend in waste disposal due mostly to the one off waste disposal rebate from Western Riverside Waste Authority. Environmental Services are achieving an early implementation of senior management savings which have been brought forward from 2016/17.

A number of other pressure areas exist. Budget growth is in the plans for 2016/17 for Hammersmith All Weather pitch (ongoing) and an invest to save bid will be submitted for the one off pressures on the Phoenix Fitness Centre. It is expected that the People Portfolio target will be reviewed council wide to determine whether this is deliverable in the longer term. The pressures on the Coroners Service, Mortuary and Passenger Transport income will continue to be reviewed and reported.

2015/16 CRM Month 7

Property Services are actively exploring the possibility of renting out Civic Accommodation to increase rental income, with some recent success. There is also continued monitoring of the expenditure on properties that have been disposed of, and those that are no longer being sold.

Progress in all budget areas will continue to be regularly monitored by the management team. Where there are significant variances, remedial actions and financial controls (as set out in this report) are being applied to contain actuals within budget for Environmental Services as a whole.

APPENDIX 5a: CONTROLLED PARKING ACCOUNTS (CPA)**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Pay & Display (P&D)	(12,229)	1,124	1,105	Pay and display receipts are lower in the first seven months of 2015-16 than they were in the same period last year. Other boroughs in London are seeing similar reductions.
Permits	(4,690)	68	11	The amount received for parking permits to the end of October is similar to the previous year.
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	645	721	The number of PCNs issued in the first seven months of 2015-16 is 9% lower than in the same period last year. This has resulted in a forecast shortfall against budget.
Bus Lane PCNs	(915)	(677)	(760)	There has been an increase in the numbers of PCNs issued in the first seven 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	(52)	(56)	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 budget has been adjusted to reflect this.
Moving Traffic PCNs	(4,814)	(1,321)	(1,032)	The number of PCNs issued in the first seven months of 2015-16 is higher than the same period in the previous year. This has led to a forecast surplus against budget.
Parking Bay Suspensions	(2,423)	(855)	(844)	Income from parking bay suspensions has continued at the level seen last year. The budget for income was increased by £863k for 2015-16.

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Towaways and Removals	(352)	48	53	Receipts from towaways are at a similar level to the previous year.
Expenditure and Other Receipts	11,919	(124)	(195)	Staffing is forecast to underspend by £124k. The forecast is based on the actual spend in the first 7 months, with the assumption that the vacant posts are filled for an average of 4 months in 2015-16.
Total	(20,318)	(1,144)	(997)	

2: Key Risks

None to report.

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

Officers will continue to keep a close eye on the performance of Parking income and expenditure and in particular review regularly Suspension income which may change at short notice due to fluctuations in demand.

APPENDIX 6: HOUSING DEPARTMENT - GENERAL FUND**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Housing Options, Skills & Economic Development	6,758	(12)	(12)	<p>This mainly relates to:</p> <ul style="list-style-type: none"> a reduction in procurement costs (£195k) following the expiry of an expensive lease for temporary accommodation (this relates to an early achievement of MTFS savings to be delivered in 2016/17); a reduction in the net costs of Bed and Breakfast (B&B) accommodation of (£348k) due to lower average client numbers (101 forecast compared to 175 in the original budget) which is offset by a predicted overspend of £397k as a result of inflationary pressures on rents for suitable temporary accommodation from private sector landlords; a £134k salary overspend 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	6,694	(12)	(12)	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£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.	141	346
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 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 (£12k). There is no movement since last month. 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 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Libraries Shared Service	3,221	0	0	At this stage forecast is to budget
Total	3,221	0	0	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Reduced income from customer fees and changes due to less demand for increasingly obsolete product formats (DVDs, CDs etc.)	10	30
Increased 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 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Sexual Health	6,410	(112)	(112)	Estimated underspends on Chlamydia and youth services' contracts.
Substance Misuse	5,464	(47)	(47)	Various minor underspends including homeless outreach and drug testing.
Behaviour Change	2,753	(383)	(383)	Estimated underspends in Behaviour Change services, including health checks, smoking cessation and Community Champions.
Intelligence and Social Determinants	89	(40)	(40)	Underspend caused by delay in commencing new projects.
Families and Children Services	5,135	(270)	(270)	Variance due to the 0-5 programme which was transferred to LBHF in Period 7; actual figures replacing the original estimates included the budgeted figures.
Public Health Investment Fund (PHIF)	2,185	616	616	Updated for latest position.
Salaries and Overheads	1,435	(200)	-	Salaries and vacancy monitoring identify savings for 15/16 year.
Drawdown from Reserves	(783)	(818)	(1,018)	Variance is the balancing figure of all the other differences.
Public Health – Grant	(20,855)	1,417	1,417	Confirmed grant cut based on Department of Health consultation responses.
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 (confirmed)	1,417	1,417
Total	1,417	1,417

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

Public Health Service	MTFS Target	On Track	In Progress	Delayed/ At Risk
	£000s	£000s	£000s	£000s
Total MTFS Savings	350	350		
Schemes Delayed / At Risk	£000s	Reason		

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)**Department of Health Consultations**

The DH consultation process to determine how the national £200M grant cut should be applied has ended. The Department confirmed their preferred method of a flat 6.2% would be applied. The position at month 7 includes the reduction in grant, which will be funded from the PH reserves.

2015/16 CRM Month 7

In addition to the consultation on the in-year cuts, we have received a 2nd consultation (8th October) regarding the formula used to calculate LA's share of the Public Health Grant. Our evaluation concluded that there would be little effect from the change, as the formula was just the method of allocating the unknown future grant cuts.

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 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
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	(225)	(250)	Underspends on salaries (£75k) and IT projects (£150k) 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)	(20)	
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)/	(2,474)	(900)	(925)	

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Appropriation From HRA General Reserve				

2: Key Risks

Risk Description	Lower Limit	Upper Limit
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, 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
Housing Repairs - 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
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		
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)	(900)	(16,539)

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

The Housing Revenue Account currently forecasts an under-spend of (£900k) for 2015/16, an adverse movement of £25k since last month. The main reason for the movement is a reduction in the forecast underspend for IT project and programme costs of £25k.

Cabinet are requested to approve the setting aside of £340k of the underspend within an earmarked reserve for the purposes of part-funding a project to enable rollout of parking controls on housing land. This initiative will deliver benefits for residents in the form of effective parking controls on housing land.

Cabinet are also requested to approve the setting aside of £250k of the underspend within an earmarked reserve to fund training and project management expertise to support the service improvement programme set out in the report “Transforming the customer experience of the housing service” presented at Cabinet on 7th December 2015.

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 7**

Details of Virement	Amount (£000)	Department
GENERAL FUND:		
To fund Children's Services demand pressures from the Corporate Demands & Pressures Reserve	1,445/ (1,445)	CHS / CMB
Total General Fund Virements (Debits)	1,445	
HRA:	0	
Total HRA Virements (Debits)	0	

Departmental Name Abbreviations	
CMB	Centrally Managed Budgets
CHS	Children's Services