


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">5 SEPTEMBER 2016</p>	
<p style="text-align: center;">CORPORATE REVENUE MONITOR 2016/17 MONTH 2 – 31 MAY 2016</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 / For Information Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p style="text-align: center;">Accountable Director: Hitesh Jolapara – Strategic Finance Director</p>	
<p>Report Author: Jade Cheung – Finance Manager</p>	<p>Contact Details: Tel: 020 8753 3374 E-mail: Jade.Cheung@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. The General Fund 2016/17 outturn variance at month 2 is a projected overspend of £3.920m, with budget risks of £9.782m.
- 1.2. The Housing Revenue Account currently forecasts a breakeven outturn variance for 2016/17. HRA general reserves of £1.061m are forecast to be carried forward into 2017/18, with a HRA balance of £19.581m at year-end. The value of HRA budget risks is unknown.

2. RECOMMENDATIONS

- 2.1. To note the General Fund and HRA month 2 forecast revenue outturn variances.
- 2.2. All overspending departments to agree proposals/action plans for bringing spend in line with budget.
- 2.3. To approve the budget virements in Appendix 11.

3. REASONS FOR DECISION

- 3.1. The reason for the recommendations is to comply with the Councils' Financial Regulations.

4. CORPORATE REVENUE MONITOR (CRM) 2016/17 MONTH 2 GENERAL FUND

- 4.1. Detailed variance and risk analysis by department can be found in appendices 1 to 9 for the General Fund.
- 4.2. The favourable variance for Centrally Managed Budgets excludes any unspent contingency funds. Currently £1.2m of contingency balances are uncommitted.

Table 1: 2016/17 General Fund Projected Outturn – Month 2

Department	Revised Budget At Month 2 £m	Forecast Year End Variance At Month 2 £m
Adult Social Care	57.871	2.409
Centrally Managed Budgets	22.284	(0.272)
Children's Services	47.377	1.043
Corporate Services	16.589	0.180
Controlled Parking Account	(22.458)	(0.471)
Environmental Services	45.996	1.031
Housing General Fund	6.775	0
Library Services (Shared Services)	3.158	0
Public Health Services	0	0
Net Total¹	177.591	3.920
Key Risks		9.782

5. CORPORATE REVENUE MONITOR 2016/17 MONTH 2 HOUSING REVENUE ACCOUNT

- 5.1. The Housing Revenue Account currently forecasts a breakeven outturn variance for 2016/17 (appendix 10).

Table 2: Housing Revenue Account Projected Outturn - Month 2

Housing Revenue Account	£m
Balance as at 31 March 2016	(18.520)
Add: Budgeted (Contribution)/ Appropriation to Balances	(1.061)
Add: Forecast Underspend	0
Projected Balance as at 31st March 2017	(19.581)
Key Risks	Unknown

¹ figures in brackets represent underspends

6. MEDIUM TERM FINANCIAL STRATEGY - EFFICIENCY SAVINGS

- 6.1. The 2016/17 budget included efficiency proposals of £15.857m. Progress against these is summarised in table 3 (and in appendices 1 to 10).

Table 3: 2016/17 Medium Term Financial Strategy - Efficiency Savings

Department	2016/17 Savings Target £m	Savings On Target £m	Savings In Progress £m	Savings Delayed / at risk £m
Adult Social Care	5.321	1.734	1.333	2.254
Centrally Managed Budgets (Council Wide Savings)	1.050	0	1.050	0
Children's Services	3.227	2.542	0	0.685
Corporate Services	3.175	3.175	0	0
Environmental Services	2.799	1.272	0.990	0.537
Housing General Fund	0.265	0.265	0	0
Libraries and Archives	0.020	0	0.020	0
Total	15.857	8.988	3.393	3.476

7. VIREMENTS & WRITE OFF REQUESTS

- 7.1. Cabinet is required to approve all budget virements that exceed £0.1m.
- 7.2. Budget virements have been requested for the Controlled Parking Account, Housing General Fund and Environmental Services (appendix 11).
- 7.3. There were no write-off requests at month 2.

8. CONSULTATION

- 8.1. N/A.

9. EQUALITY IMPLICATIONS

- 9.1. Adjustments to budgets are not considered to have an impact on one or more protected groups so an equality impact assessment (EIA) is not required.

10. LEGAL IMPLICATIONS

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

11. FINANCIAL AND RESOURCES IMPLICATIONS

- 11.1. This report is financial in nature and the financial implications are contained within.
- 11.2. Implications verified/completed by: Jade Cheung, Finance Manager, 0208 753 3374.

12. IMPLICATIONS FOR BUSINESS

12.1. There are no implications for local businesses.

13. RISK MANAGEMENT

13.1. Details of actions to manage financial risks are contained in appendices 1-10.

14. PROCUREMENT AND IT STRATEGY IMPLICATIONS

14.1. 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 Monitor
Appendix 3	Children's Services Revenue Monitor
Appendix 4	Controlled Parking Account Revenue Monitor
Appendix 5	Corporate Services Revenue Monitor
Appendix 6	Environmental Services Revenue Monitor
Appendix 7	Housing General Fund Revenue Monitor
Appendix 8	Library Services (Shared Services) Revenue Monitor
Appendix 9	Public Health Services Revenue Monitor
Appendix 10	Housing Revenue Account Revenue Monitor
Appendix 11	Virement Requests

APPENDIX 1: ADULT SOCIAL CARE**BUDGET REVENUE MONITORING REPORT – MONTH 2****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
Integrated Care	44,176	4,417	<p>A gross projected overspend of £3.909m on the Home Care Packages and Direct Payments</p> <p>Similar to the previous two years, there are continued pressures as part of the out of hospital strategy, including 7 days social care services 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.</p> <p>In 2016/17, the main reasons for the projected overspend are additional pressures on the Homecare budget with the tendering of the new Home care contracts now operational both from an increase in prices to improve quality and a potential increase in demand, totalling £1.900m. The department is proposing a transfer of £400k from ASC reserves to partly offset the pressure out of a total transfer of £800k as a number of customers are still to be transferred onto the new contract. The modelling of the effects of the new contract will also include mitigations estimated at (£1.100m) such as negotiating a contribution from the Clinical Commissioning Group (CCG) and potential economies from new ways of working which are not factored into the projections at this early stage of the year.</p> <p>Last year 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. Funding of £400k was received in 2015/16 and</p>

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
			<p>a further contribution from Health towards the additional Home care costs in 2016/17 will be proposed to the CCG Board. At this stage of the process the department has assumed a Better Care Fund contribution from Health of £1.187m to offset these pressures which is subject to CCG Board approval.</p> <p>A third main contribution to the projected overspend in home care is the financial impact of the full year effect of customers from 2015/16.</p> <p>Within the ASC 2016/17 base budget is an MTFS efficiency of £2m following the negotiations with health over the second 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>At this stage of the year 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 reduction in volumes of placements and supported living with savings of (£1.424m) factored in. A number of contracts have been renegotiated relating to Elgin and Olive House homes with savings of (£183k). This leaves a net shortfall of £393k from the £2m target efficiency.</p> <p>A net projected underspend spend of (£419k) on the Learning Disability (LD) Service. This is on the assumption all the savings are delivered. Within LD service there continues to be demand pressures within the Day care service of £170k and this is proposed to be funded from ASC reserves.</p>

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
			<p>The Mental Health Team budget is projecting a net overspend of £437k.</p> <p>This relates to demand pressures in Home Care and an increasing number of 50/50 placements with Health. The department has commenced a review plan which has been provided to the social care mental health lead.</p> <p>The total projected overspend on the Social Care activity is £85k</p> <p>There are pressures continuing in the Assistive Equipment Technology budget due to the out of hospital strategy and the additional spending on the CIS to prevent entry into hospital.</p> <p>From 2016/17, there is CCG funding from the CIS model to assist with the budgetary pressure of £29,000 and the balance of the shortfall is proposed to be funded from ASC reserves.</p> <p>An income shortfall of £315k on the Careline services. This as a result of an unachievable MTFs measure resulting from no increase in charges. A new review has commenced exploring the options for the service.</p> <p>There are pressures within the Parkview establishment centre of £90k.</p> <p>This is due to additional running costs which are proposed to be funded from ASC reserves.</p>
Strategic Commissioning & Enterprise	5,316	(30)	Similar to the outturn, the meals services is projecting an underspend of (£30k) with a lower number of customers.
Finance & Resources	7,778	0	
Executive Directorate	601	(75)	There is a projected underspend of (£75k) within the workforce development training budgets.

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
Total	57,871	4,312	
Funding from ASC Pressures and Demand Reserves		(716)	The department is requesting Cabinet approval for £716k from ASC Pressures and Demand reserves to partly offset the budget pressures as forecast in month 2.
Better Care Fund – Health Contribution		(1,187)	This is the second year of the Better Care Fund and the department is in constructive discussions with Health for contributions towards Home Care, Community Investment Service and Assistive Technology as part of its joint out of hospital strategy.
Total	57,871	2,409	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000	£000
Demand pressures on Adult Social Care services would continue to increase as the population gets older. We continue to experience increases in numbers during this financial year.	250	546
National Living Wage for Social Care Costs.	150	300
Inflationary pressures greater than provided in the 2016/17 budget settlement.	150	300
Total	550	1,146

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

Adult Social Care		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000	£000	£000	£000
Total MTFS Savings		5,321	1,734	1,333	2,254
Schemes Delayed / At Risk	£000	Reason			
Various savings are at risk	2,254	At this early stage of the financial year the department is projecting a number of savings at risk. A number of these are savings are increasingly difficult to deliver considering the year on year savings the department has delivered in previous years. The department will continue to monitor these on a monthly basis and aim to deliver the savings.			

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

Adult Social Care (ASC) is projecting a gross overspend of £4,312,000 as this early stage of the financial year. After funding from the ASC Pressures and Demand reserve of (£716,000) which is proposed for Cabinet approval and Better Care funding from Health of (£1,187,00), these will mitigate the overall pressures to a net projected overspend of £2,409,000.

The Department is proposing to drawdown from the ASC Pressures and Demand reserve of £716,000 to contribute to the net projected forecast. The following services are proposed for a reserve's contribution:

Home Care new contract price (1/2 year)	£400,000
Learning Disabilities Service	£170,000
Parkview running costs	£ 90,000
Equipment pressures	£ 56,000
Total	<u>£716,000</u>

The department is expected to deliver savings of £5,321,000 in this financial year and at this stage of the year 33% are on track to be delivered in full and a further 25% in progress.

Similar to last year's forecasts, the projections should be treated with caution due to the on-going difficulties experiencing of the introduction of the Agresso Managed Services system.

5: Action Plan to Monitor Budget Overspend.

The Department will commence an action plan to work with budget managers to reduce overspend and aim bring the budget to break-even at outturn. Similar to last year when the department was projecting an overspend for the majority of the year, the action plan delivered reductions in the budget to the extent the department outturned with a (£62,000) underspend. 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 Executive Director and Deputy Executive Director have had constructive funding negotiations with Health colleagues for 2016/17. The department's has negotiated funding 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 which will be presented to CCG boards for approval.

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

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
Corporate & Democratic Core	6,066	0	
Housing and Council Tax Benefits	(291)	0	
Levies	1,570	0	
Net Cost of Borrowing	32	0	
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	5,457	0	
Pensions & Redundancy	9,450	(272)	Past Service costs less than budgeted.
Total	22,284	(272)	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000	£000
Interest rate fluctuations and changes in the Council's cash balances could result in favourable or adverse movements in the Net Cost of Borrowing.	(500)	500
Total	(500)	500

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

Centrally Managed Budgets		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000	£000	£000	£000
Total MTFS Savings		1,050		1,050	
Schemes Delayed / At Risk	£000	Reason			

APPENDIX 3: CHILDREN'S SERVICES**BUDGET REVENUE MONITORING REPORT – MONTH 2****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
Family Services	33,119	273	<p>At this early stage, Family Services is forecast to have an in year over spend of £273k as a number of pressures continue to manifest themselves in 16/17 from previous years.</p> <p>There is a favourable variance on staffing costs (£313k) anticipated within the Fostering and Adoption Service, Looked After Children and Leaving Care. Family Support and Locality services are currently forecast to achieve underspends in the current financial year (£349k), which will offset MTFS targets which are currently at risk of £467k.</p> <p>However the Contact and Assessment Service (CAS) has experienced an increase in the demand for assessments. To address this demand, there has been an increase in the recruitment of agency supernumerary staff and a resulting pressure of £155k. Additionally, there are further pressures in the Disabled Children Team (DCT) of £77k, the Emergency Duty Team (EDT) of £55k and the Youth Offending Team (YOT) of £9k.</p> <p>Small underspends on direct client expenditure, and across placement budgets result in a favourable variance of (£66k). However, there has been a delay in the implementation of the shared service contact centre, resulting in a cost pressure of £65k.</p>
Schools Commissioning and Education Services	4,524	174	A pressure of £315k is forecast across the SEN service as a result of the continued requirement for additional unfunded posts required to support

Departmental Division	Revised Budget £000	Variance Month 2 £000	Variance Analysis
			service stability through the conversion of Special Educational Needs (SEN) Statements into the new Education, Health and Care Plan (EHCP) format. A request for a budget virement to support the additional staffing needed to maintain the service is outlined in the detail below. This pressure is partially offset by forecast underspends on SEN Transport, reduced catering and premises expenditure within the Asset Strategy service, plus vacancies held within the Schools Standards service.
Children's Commissioning	4,739	286	Although the implementation of the new structure has now taken place, there remains a pressure due to the use of agency and consultancy staff to provide transitional support, as the directorate has encountered difficulties in recruiting permanent staff to posts.
Safeguarding, Review and Quality Assurance	1,427	142	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.
Finance & Resources	4,584	168	Projected overspend on Finance team salaries due to delay in restructure, resulting in a shortfall against the previous year's MTFS saving (£250k) . There are unfunded Portfolio Team costs (£212k) plus overspends on ICT team salaries (£83k) . These pressures partially mitigated by a favourable variance on contract spend in relation to the employee-led mutual (£89k) , plus budget held for departmental National Insurance contributions which will be reallocated in-year (£320k)
Schools Funding	(1,016)	0	
Total	47,377	1,043	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000	£000
SEN Transport – Additional cost of September and January cohort intake.	0	100
SEN Transport – Post 16. The transport costs of these young adults may be transferred back to ASC, dependent on an agreement between CHS and ASC. One of the aims of The Children's and Family's Act working group is to create a decision tree to allow these costs to be allocated in future.	(68)	0
Total	(68)	100

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

Children's Services	MTFS Target	On Track	In Progress	Delayed/ At Risk
	£000	£000	£000	£000
Total MTFS Savings	3,227	2,542	0	685
Schemes Delayed / At Risk	£000	Reason		
Commissioning of a Children's Services contact service centre	65	Delay in the implementation until June 2016.		
Achieving permanent care for children, reducing LAC numbers and placement costs	467	Activities to be defined by the service.		
YOT	9	Staffing pressures		
DCT	77	Staffing pressures		
Reorganisation of Commissioning Team	47	Although the reorganisation has been implemented, there has been a need to recruit agency staff to cover vacancies. This will be subject of a separate report.		

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

Budget Virement Request

As previously mentioned, as a result in a change of legislation set out by the Department for Education, Children's Services are required to provide a conversion of Special Educational Needs (SEN) Statements into the new Education, Health and Care Plan (EHCP) format for young adults Post 16. The increased demand this requirement has placed upon the department has led to the establishment of a Transfer Team whose focus is to achieve the conversion rates set out by statute. There are 1634 plans that need to be converted and the plan is to have them converted by the end of December 2017. The requirement in order to convert these will be for 10 additional caseworkers and 1 manager.

The department is preparing a business case for Member approval and will potentially require a virement (£315k per annum) to cover costs to April 2018. A future update will be provided based on the Member decision.

APPENDIX 4: CONTROLLED PARKING ACCOUNTS (CPA)**BUDGET REVENUE MONITORING REPORT – MONTH 2****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
Pay & Display (P&D)	(12,229)	421	Income in April 2016 is similar to the previous year, so the forecast outturn at this early stage is expected to be in line with the 2015/16 outturn.
Permits	(4,690)	194	Income in April 2016 is similar to the previous year, so the forecast outturn at this early stage is expected to be in line with the 2015-16 outturn.
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	193	The numbers of PCNs issued in April 2016 were similar to the same period last year. The outturn is therefore forecast at the same level as the 2015/16 outturn.
Bus Lane PCNs	(915)	(703)	The numbers of PCNs issued in April were similar to the same period last year. The outturn is therefore forecast at the same level as the 2015/16 outturn.
CCTV Parking PCNs	0	(11)	The number of CCTV parking PCNs issued in April were similar to the last couple of months of 2015/16. It is expected that the numbers will stay at this level throughout the year.
Moving Traffic PCNs	(6,314)	13	The numbers of PCNs issued in April 2016 were significantly lower than in the same month last year (27%). It is not expected that this will continue for the full year, but the forecast has been adjusted to allow for some reduction in the numbers of PCNs. The budgeted income was increased by £500k in the 2016/17 budget planning.
Parking Bay Suspensions	(2,923)	(585)	Income in April 2016 is similar to the previous year, so the forecast outturn at this early stage is expected to be in line with the 2015/16 outturn. The budgeted income was increased by £500k in the 2016/17 budget planning.
Towaways and Removals	(352)	27	Income in April 2016 is similar to the previous year, so the forecast outturn at this early stage is expected to be in line with the 2015/16 outturn.

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
Expenditure and Other Receipts	11,779	(20)	Staffing costs are forecast to be underspent by £202k based on current staffing and agency spend. Supplies and services are forecast to be overspent by £181k.
Total	(22,458)	(471)	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000	£000
Moving Traffic Offences – risk that driver behaviour changes	0	1,500
Economic downturn resulting in fewer parking bay suspension requests	0	1,000
Total	0	2,500

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

The parking forecast at this early stage is an underspend of (£471k). Officers will continue to keep a close eye on the performance of Parking income and expenditure and in particular review regularly the Parking Bay Suspension income which may change at short notice due to fluctuations in demand. The Moving Traffic Offences activity will also be regularly reviewed, to identify whether driver behaviours are changing.

Virements are requested to the income budgets as outlined in appendix 11, to align them with the trends in actual activity seen over the last 12 months.

APPENDIX 5: CORPORATE SERVICES**BUDGET REVENUE MONITORING REPORT – MONTH 2****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
H&F Direct	18,972	0	Similar to last financial year, there is likely to be continued budget pressure on the recovery of court costs. However, currently it is anticipated that the favourable savings from the delivery of taxi cards will negate these pressures to ensure that the department is within its overall budget.
Innovation & Change Management (ICM)	(220)	0	
Legal and Electoral Services	768	0	
Finance & Audit	453	0	
Shared ICT Services & Procurement	(3,393)	180	The department is currently forecasting an additional cost of £180k for its supplies and services. Discussions have already started to review potential remedies/ mechanisms to deal with this adverse variance.
Commercial Directorate	65	0	There is a budget pressure relating to the non-recovery of budgets from departments for savings assumed from the new stationery contract. The issue is expected to be resolved before end of the second quarter.
Executive Services	(725)	0	
Human Resources	0	0	
Delivery and Value	669	0	
Total	16,589	180	

2: Key Risks

No risks to report.

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

Corporate Services		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000	£000	£000	£000
Total MTFS Savings		3,175	3,175		
Schemes Delayed / At Risk	£000	Reason			

APPENDIX 6: ENVIRONMENTAL SERVICES**BUDGET REVENUE MONITORING REPORT – MONTH 2****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
Cleaner, Greener & Cultural Services	21,525	(420)	<p>(£359k) Waste Disposal – Western Riverside will continue to charge a reduced rate for recycle this year, giving rise to a forecast underspend of £359k for 2016/17 (assuming waste tonnages remain in line with last year). Waste tonnages can increase as well as decrease and there is a London wide trend of more expensive general waste tonnages increasing and cheaper recycling tonnages decreasing.</p> <p>£119k Waste Contract and Enforcement – Forecast overspend on variable charges of £54k for Smartbanks and £65k for domestic recycling sacks. These were offset by underspends on contract inflation in 2015/16, but this cannot be relied upon for 2016/17.</p> <p>(£180k) Waste and Street Cleansing contract – actual contract inflation is less than included in the budget this year.</p>
Safer Neighbourhoods	8,107	554	<p>£163k Transport – £100k loss of management and repair income as a result of the Passenger Transport service being outsourced. The Council has decided that the service will remain outsourced, meaning there is an ongoing budget pressure of £100k for 2016/17 and future years. Additional pressures from 2015/16 expected be ongoing - mostly due to a smaller mark up being achieved on fuel, leases and the workshop as a result of declining activity. Budget growth is being pursued and options for the continuation of the workshop are being explored.</p> <p>£50k Coroners and Mortuary Service – An increasing number of cases, some of which are high profile, is resulting in significant legal costs. Increasing activity levels as a result of recent legislative changes is being</p>

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
			<p>analysed. If these changes are likely to mean a sustained increase in activity, a request for budget growth may be submitted.</p> <p>£341k Phoenix Fitness Centre – Capital improvement works to increase the income generating potential of the centre, and therefore reduce its annual management fee have not happened as planned due to ongoing discussions with the school. If the management fee stays at the current rate, there is an ongoing budget pressure of £341k for 2016/17 and future years.</p>
Other LBHF Commercial Services	11	177	<p>£177k Ducting contract – The income target is £282k, compared to £105k guaranteed income for 2016/17. The non-guaranteed income forecast for year 2 is £267k, so there is potential for this position to improve, but there has been no non-guaranteed income to date, and the amounts owed by the contractor are growing so this remains high risk.</p>
People Portfolio Saving	(153)	153	<p>£153k People Portfolio Saving – this historic savings target is not expected to be met again this year. Officers are working on options to permanently remove this pressure going forwards.</p>
Building & Property Management (BPM)	(2,801)	156	<p>£0k in Advertising Hoardings – There is limited information at this early stage but it is anticipated that Advertising Hoarding income will be in line with budget. However given the challenges from the previous year, this area will be monitored closely.</p> <p>£242k in Civic Accommodation – This is mainly the result of unachievable MTFS savings on Fulham Town Hall. The disposal of this property has been delayed because it is currently subject to planning decision (the Council continues to incur running costs).</p> <p>£35k Technical Support and BPM Business Support – Overspend on staffing costs in Technical Support of £35k.</p> <p>(£12k) Building Control – This is due to additional income from large building schemes.</p> <p>(£212k) Facilities Management – These are very early days but the indications are that most of this favourable variance relates to the rebate</p>

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
			from the laser contract in the Carbon Reduction team. £96k - Rent and Other Properties. Unachievable MTFS savings of £86k and unachievable income target on Galena Road of £14k.
Transport & Highways	13,674	349	This unfavourable variance is mainly attributable to a pressures on staffing costs and assumed lower income levels from traffic orders. It is currently assumed that maintenance expenditure will be the same as budget.
Planning	1,971	7	
Environmental Health	2,994	51	The unfavourable variance is mainly due to shortage of licensing income and some pressure in staffing costs.
Former TTS Support Services	(660)	4	
Adult Learning and Education	1,328	0	
Total	45,996	1,031	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000	£000
Due to the delay in the sales to cash module in Agresso becoming operational the ES service group is still catching up with debt recovery processes, 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). Bad debt provisions were increased in 2015/16 accordingly, so the risk to the general fund remains reasonably low.	0	100
Risk that central government funding will not be secured for the additional Coroner and Mortuary costs associated with the terror attacks in Tunisia.	0	1,800
Advertising Hoarding Income - Lower than expected income from Advertising Hoardings sites.	0	500

Risk Description	Lower Limit	Upper Limit
	£000	£000
Unfunded Judiciary Review expenditure and exceptional items in Planning Division		350
Total	0	2,750

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

Environmental Services	MTFS Target	On Track	In Progress	Delayed/ At Risk
	£000	£000	£000	£000
Total MTFS Savings	2,799	1,272	990	537
Schemes Delayed/ At Risk	£000	Reason		
Additional filming and events income	42	Depends on demand		
Additional commercial waste income	100	Downward trend in income between 2014/15 and 2015/16. Targeted action being taken to drive up income.		
Additional rental income	86	Charge to Amey for accommodation is recharged back to the Council under the contract.		
Accommodation savings	245	Depends on the sale of Fulham Town Hall.		
Streetlighting energy	64	Street lighting LED pilots are running, and plans are in place to extend this. Currently, only 55% of the savings are expected to be achievable.		

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

This year the Environmental Services budget is seeing the financial impact of a number of decisions not within its control.

Discussions with Children's Services Directors and lead cabinet members are ongoing, with a view to progressing the delayed capital works at the Phoenix Fitness Centre (£341k pressure). Budget growth is being pursued to remove the ongoing income pressure as a result of the Passenger Transport service not transferring back in house (£100k). Running costs of Fulham Town Hall are continuing to be incurred (£242k) and Planning is beginning to see the costs of the public inquiry in relation to this project. The underlying causes for the pressures on the Coroners Service and Mortuary will continue to be reviewed and a growth bid may be submitted as appropriate.

APPENDIX 7: HOUSING DEPARTMENT - GENERAL FUND**BUDGET REVENUE MONITORING REPORT – MONTH 2****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
Housing Strategy, Options, Skills & Economic Development	6,551	0	
Housing Strategy & Regeneration	7	0	
Housing Services	44	0	
Strategic Housing Stock Options Transfer	0	0	
Finance & Resources	173	0	
Total	6,775	0	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
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. In the event that this risk crystallises, the resultant costs will be mitigated by the Temporary Accommodation reserve.	410	836
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	410	836

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

Housing Department		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000	£000	£000	£000
Total MTFS Savings		265	265		
Schemes Delayed / At Risk	£000	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 break even against the budget.

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

APPENDIX 8: LIBRARIES AND ARCHIVES SERVICES (SHARED SERVICES)

BUDGET REVENUE MONITORING REPORT – MONTH 2

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
Libraries Shared Services	3,158	0	No variance for the month
Total	3,158	0	

2: Key Risks

None to report.

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

Libraries Shared Services	MTFS Target	On Track	In Progress	Delayed/ At Risk
	£000	£000	£000	£000
Total MTFS Savings	20		20	
Schemes Delayed / At Risk	£000	Reason		

APPENDIX 9: PUBLIC HEALTH SERVICES**BUDGET REVENUE MONITORING REPORT – MONTH 2****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
Sexual Health	5,768	0	
Substance Misuse	4,870	0	
Behaviour Change	2,527	0	
Intelligence and Social Determinants	60	0	
Families and Children Services	6,823	0	
Public Health Investment Fund (PHIF)	2,162	0	
Salaries and Overheads	1,385	0	
Drawdown from Reserves	(678)	(14)	
Public Health – Grant	(18,925)	14	Grant confirmation received March 2016, £18,911k.
Public Health 0-5 Programme Grant (from Oct 2015)	(3,992)	0	
Total	0	0	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000	£000
Awaiting consultation response for proposals to amend the funding formula for 2016/17 onwards.	0	1,930
Total	0	1,950

Upper limit is based on 2015/16 reduction to grant, although this level of reduction in 2016/17 is unlikely.

APPENDIX 10: HOUSING REVENUE ACCOUNT**BUDGET REVENUE MONITORING REPORT – MONTH 2****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 2	Variance Analysis
	£000	£000	
Housing Income	(76,571)	0	
Finance and Resources	15,151	0	
Housing Services	11,417	0	
Commissioning and Quality Assurance	1,638	0	
Strategic Housing Stock Options Transfer	0	0	
Property Services	2,405	0	
Housing Repairs	13,869	0	
Housing Options HRA	343	0	
Adult Social Care	48	0	
Regeneration	237	0	
Safer Neighbourhoods	578	0	
Housing Capital	29,824	0	
(Contribution to)/ Appropriation From HRA General Reserve	(1,061)	0	

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
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
		£000	£000	£000	£000
Total MTFS Savings		922	922		
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
	£000	£000	£000	£000
HRA General Reserve	(18,520)	(1,061)	(0)	(19,581)

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

The Housing Revenue Account forecast outturn is expected to break even against the budget for 2016/17.

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 11 - VIREMENT REQUESTs

Details of Virement				Amount (£000)
GENERAL FUND:				
<u>Department: Controlled Parking Account (in £)</u>				
				Various intra-departmental virements listed here
Description	Original Budget 2016-17	Proposed Virements	Revised Budget 2016-17	
Bus Lane PCNs	-915,400	-342,000	-1,257,400	
Towaways Fines	-351,900	27,000	-324,900	
Parking Bay Suspension Charges	-2,923,200	-300,000	-3,223,200	
Pay and Display	-12,228,700	421,000	-11,807,700	
Residents Parking Permits	-3,853,500	194,000	-3,659,500	
<u>Departments: Housing General Fund / Environmental Services</u>				DR £1,328k / CR (£1,328K)
Within the original budget 2016/17 a number of cost centres relating to Adult Learning and Education were reporting to Environmental Services. It is now clarified that these will report to Housing General Fund and a virement is set out here.				Housing General Fund / Environmental Services
Total General Fund Virements (Debits)				as above
Housing Revenue Account (HRA):				0
Total HRA Virements (Debits)				0