


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">10 OCTOBER 2016</p>	
<p style="text-align: center;">CORPORATE REVENUE MONITOR 2016/17 MONTH 3 – 30 JUNE 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 and for information Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Hitesh Jolapara – Strategic Finance Director</p>	
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1. EXECUTIVE SUMMARY

- 1.1. The General Fund 2016/17 outturn variance at month 3 is a projected overspend of **£5.301m** (an increase of £1.381m from month 2). Compared with 2015/16 the General Fund forecast outturn variance for month 3 was an overspend of £5.559m; with the final outturn variance being an underspend of £5.178m. The largest overspending departments are Adult Social Care primarily due to home care, direct payments and Better Care savings reasons; and Children’s Services mainly due to commissioning and support services functions.
- 1.2. Action plans, that seek to address the forecast overspend, are set out in the Departmental Monitoring Reports (refer to appendices).
- 1.3. The Housing Revenue Account outturn variance for 2016/17 is a deficit of **£0.134m** (compared with a breakeven position at month 2). HRA general reserves of £1.061m remain forecast to be carried forward into 2017/18, with a HRA credit balance of £19.447m at year-end. The total value of HRA budget risks is unknown.

2. RECOMMENDATIONS

- 2.1. To note the General Fund and HRA month 3 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 reasons for the recommendations are to report the revenue position for the Council and to comply with the Financial Regulations.

4. CORPORATE REVENUE MONITOR (CRM) 2016/17 MONTH 3 GENERAL FUND

4.1. There are 5 departments forecast to overspend by 31st March 2017 which contributes to the overspend outturn variance of **£5.301m** (appendices 1 to 9). The largest overspending departments are Adult Social Care primarily due to home care, direct payments and Better Care savings reasons; and Children's Services primarily due to commissioning and support services functions.

4.2. The unfavourable variance for Centrally Managed Budgets excludes any unspent contingency funds. Currently **£0.9m** of contingency balances are uncommitted.

Table 1: 2016/17 General Fund Projected Outturn – Month 3

Department	Revised Budget At Month 3 £m	Forecast Year End Variance At Month 3 £m	Forecast Year End Variance At Month 2 £m	Variance Between Months 2 and 3 £m
Adult Social Care	57.973	2.609 ¹	2.409	0.200
Centrally Managed Budgets	21.540	0.028	(0.272)	0.300
Children's Services	47.581	1.935 ²	1.043	0.892
Controlled Parking Account	(22.406)	(0.171)	(0.471)	0.300
Corporate Services	16.754	0	0.180	(0.180)
Environmental Services	44.832	0.596	1.031	(0.435)
Housing General Fund	8.143	0.304	0	0.304
Library & Archives Service	3.175	0	0	0
Public Health Services	0	0	0	0
Net Total³	177.592	5.301	3.920	1.381
Key Risks		8.111	9.782	(1.671)

¹ Assumed potential transfer from reserves has not been implemented

² As footnote 1

³ figures in brackets represent underspends

5. CORPORATE REVENUE MONITOR 2016/17 MONTH 3 HOUSING REVENUE ACCOUNT

- 5.1. The Housing Revenue Account currently forecasts a deficit outturn variance of **£0.134m** for 2016/17 from a nil outturn variance in month 2 (appendix 10).

Table 2: Housing Revenue Account Projected Outturn - Month 3

Housing Revenue Account	£m
Balance as at 31 March 2016	(18.520)
Add: Budgeted (Contribution) / Appropriation to Balances	(1.061)
Add: Forecast Deficit	0.134
Projected Balance as at 31st March 2017	(19.447)

6. MEDIUM TERM FINANCIAL STRATEGY - EFFICIENCY SAVINGS

- 6.1. The original 2016/17 budget included efficiency proposals of £15.857m which have been revised to **£15.866m** for month 3. 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)	1.050	1.050	0	0
Children's Services	3.227	2.557	0	0.670
Corporate Services	3.175	3.175	0	0
Environmental Services	2.668	1.272	1.024	0.372
Housing General Fund	0.405	0.265	0	0.140
Libraries and Archives	0.020	0	0.020	0
Total	15.866	10.053	2.377	3.436
Total %	100%	63%	15%	22%

7. VIREMENTS & WRITE OFF REQUESTS

- 7.1. Cabinet is required to approve all budget virements that exceed £0.1m.
- 7.2. A budget virement has been requested for Adult Social Care from an earmarked reserve (appendix 11).
- 7.3. There were no write-off requests at month 3.

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. The ongoing implementation of Managed Services and Agresso have financial implications which are being reviewed and may impact on the accuracy of the figures in this report.

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. There are no implications for this report.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	<i>Description of Background Papers</i>	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 & Archives Service 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 3****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
Integrated Care	44,143	4,623	4,417	<p>1. A gross projected overspend of £3,436,000 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 £1,900,000. The department is proposing a transfer of £400,000 from ASC reserves to partly offset the pressure out of a total transfer of £800,000 as a number of customers are still to be transferred onto the new contract. The financial modelling of the effects of the new contract will also include mitigations estimated at (£1,100,000) such as negotiating a contribution from the Clinical Commissioning Group (CCG) and potential savings 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 £400,000 was received in 2015/16</p>

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
				<p>and 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 £1,187,000 to offset these pressures which is subject to CCG Board approval.</p> <p>Another reason for the projected overspend in home care is the financial impact of the full year effect of customers from 2015/16.</p> <p>2. Better Care Funding savings (£393,000). 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:</p> <ul style="list-style-type: none"> • Reductions in residential and nursing placements is moving in the right direction with reduction in volumes of placements and supported living with savings of (£1,424,000) factored in. • A number of contracts have been renegotiated relating to Elgin and Olive House homes with savings of (£183,000). This leaves a net shortfall of £393,000 from the £2m target efficiency. <p>3. A net projected underspend in Learning Disability services of (£207,000). There is a reduction in the underspend of £211,000 compared to period two</p>

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
				<p>underspend of (£419,000) is due to the addition of 6 new customers and a respite placement. Within LD service there continues to be demand pressures within the Day care service of £170,000 and this is proposed to be funded from ASC reserves.</p> <p>4. The Mental Health service is projecting a net overspend of £511,000. This has increased by £74,000 since period 2 report due to the additional one new client and an increases in placement prices. The budget pressures are due 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>5.The total projected overspend on the Social Care activity is £85,000. 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. 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 of £56,000 is proposed to be funded from ASC reserves.</p> <p>6.There is an income shortfall of £315,000 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>7. There are pressures within the Parkview establishment centre of £90,000. This is due to additional running costs which are proposed to be funded from ASC reserves.</p>

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
Strategic Commissioning & Enterprise	5,495	(36)	(30)	8. Similar to the outturn, the meals services is projecting an underspend of (£36,000) due to a decrease in the number of clients.
Finance & Resources	7,791	0	0	
Executive Directorate	544	(75)	(75)	9. There is a projected underspend of (£75,000) within the workforce development training budgets.
Total	57,973	4,512	4,312	
Funding from ASC Pressures and Demand Reserves		(716)	(716)	The department is requesting Cabinet approval for £716,000 from ASC Pressures and Demand reserves to partly offset the budget pressures as forecast in month 3.
Better Care Fund – Health Contribution		(1,187)	(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	57,973	2,609	2,409	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £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	537
Inflationary pressures greater than provided in the 2016/17 budget settlement.	150	300
Total	550	1,383

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 £4,512,000 as at end of period three, there is an increase in the overspend of £200,000 compared to the period two projection overspend of £4,312,000. 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 £2,609,000.

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	<u>£ 56,000</u>
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 has commenced an action plan to work with budget managers to reduce overspend and aim bring the budget to break-even at outturn. The main actions include:

- Review of customer care needs as part of the transfer to the new Home care providers or through Direct Payments.
- Review of Learning Disabilities Day Care costs and in-house day services.
- Review of 50/50 funded placements within Mental Health services.
- Review of high cost placements, Home care packages and Direct payments customers.
- All spending will be reviewed that is not directly related to an eligible social care need as identified in an individual customers support plan.
- 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 to conclude the 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 is now requiring formal sign-off.
- Ascertain further funding from the Pressures and Demand reserve to assist with reducing the forecasted overspend position.

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. Historically, the Department's budget has had underlying budget pressures, which were mitigated by using a combination of one off reserves, the carry forward of underspends and funding from health. The Department was unable to carry forward any underspends in 2015/16 and has estimated the budget pressures as detailed in report for 2016/17. The department anticipates the recovery action plan will be more difficult to achieve a balanced budget by year end and may take the view, in conjunction with the Lead Cabinet Member, to request later in the year funding from Corporate balances to address the structural base budget shortfall.

APPENDIX 2: CENTRALLY MANAGED BUDGETS**BUDGET REVENUE MONITORING REPORT – MONTH 3****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
Corporate & Democratic Core	6,066	0	0	
Housing and Council Tax Benefits	(291)	0	0	
Levies	1,570	0	0	
Net Cost of Borrowing	32	300	0	The unfavourable variance forecast is due to the poor outlook for interest rates over the next year. This will lead to reduced income on the cash balances held by the Council.
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	4,713	0	0	
Pensions & Redundancy	9,450	(272)	(272)	Past Service costs less than budgeted.
Total	21,540	28	(272)	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £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)	0
Total	(500)	0

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			

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

Currently there is £1.4m of approved expenditure to be funded from unallocated contingencies. This leaves an unallocated contingency balance of £0.9m.

The forecast shortfall in investment Income is due to factors outside LBHF control (i.e. Bank of England interest rate policy). Compensating underspends will be sought from other budget areas to mitigate this overspend.

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

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000s	
Family Services	33,119	518	273	<p>Family services is forecast to have an in year over spend of £518k as a number of pressures continue to manifest themselves in 16/17 from previous years.</p> <p>Staffing pressures exist in the Contact and Assessment Service (CAS) which has experienced an increase in the demand for assessments. To address this demand, there has been recruitment of 3 supernumerary demand led deputy team managers and resulting in-year pressure of £112k. Additionally, there are further staff cost pressures in the Disabled Children Team (DCT) of £77k. Insufficient budget for the Multi Agency Safeguarding Hub has led to an overspend of £170k. However, there is a favourable variance on staffing costs (-£100k) anticipated within the Fostering and Adoption Service</p> <p>Family Support and Locality services are currently forecast to achieve underspends in the current financial year (-£175k). The adverse movement from p2 (£174k) is due to planned recruitment to vacant posts. This underspend will partly offset MTFS targets of £467k which are currently at risk.</p> <p>Small underspends on direct client expenditure, and across placement budgets result in a favourable variance of (-£83k). However, there has been a delay in the implementation of the shared service contact centre, resulting in a cost pressure of £50k.</p>

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000s	
Schools Commissioning and Education Services	3,508	151	174	<p>A pressure of £208k is forecast across the SEN service as a result of the continued requirement for additional unfunded posts required to support service stability through the conversion of Special Educational Needs (SEN) Statements into the new Education, Health and Care Plan (EHCP) format. A future Report is anticipated that will request a virement of £125k regarding such costs. If approved this would reduce the forecast overspend.</p> <p>This pressure is partially offset by forecast underspends on SEN Transport, Educational Achievement, Lilla Huset additional traded services and a vacant early years lead advisor post.</p>
Children's Commissioning	4,739	533	286	<p>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.</p> <p>There is a £177k overspend forecast for salary costs associated with various projects for which the business case needs to be approved.</p>
Safeguarding, Review and Quality Assurance	1,427	131	142	<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. Work is underway to find additional cost reduction within the service.</p>
Finance & Resources	4,788	602	168	<p>£570k of the overspend relates to an income budget for HR and payroll services to schools, for which no income will be credited to Children's Services.</p>

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000s	
				<p>There is a projected overspend on Finance team salaries due to the delay in the restructure, which results in a shortfall against the previous year's MTFS saving (£250k). There are unfunded Portfolio Team costs (£212k) plus overspends on ICT team salaries (£47k).</p> <p>These pressures are partially mitigated by a favourable variance on contract spend in relation to the employee-led mutual, plus budget held for departmental National Insurance contributions and salary inflation which will be reallocated in-year.</p>
Schools Funding	0	0	0	
Total	47,581	1,935	1,043	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £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	2,557	0	670
Schemes Delayed / At Risk	£000	Reason			
Commissioning of a Children's Services contact service centre	50	Delay in the implementation until June 2016.			
Achieving permanent care for children, reducing LAC numbers and placement costs	487	Activities to be defined by the service.			
YOT	9	Staffing pressures			
Disabled Children Team	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)

The Family Services forecast is expected to reduce for CRM 4 following a full review of the placement model (potential £130k favourable movement). Overall, the service is seeing placement costs stabilise. Intensive work has been undertaken around reviewing care leavers placements to try and move them into more sustainable and cost effective placements. This is starting to take effect through increased Housing allocations and quicker closure of cases no longer eligible for Public Funding. In addition, Family Services DMT are looking at options to further mitigate the in-year directorate overspend position for 2016/17.

As referred to above, 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. A Cabinet paper requesting funding is being developed.

2016/17 CRM Month 3

The Commissioning Directorate are pursuing £250k of opportunities to mitigate non staffing adverse variances, and an improved forecast position is expected for CRM4. There are significant capacity pressures and a significant work programme for Hammersmith and Fulham. The directorate is reviewing every opportunity to contain these pressures, however the resource required for the current work programme exceeds the available budget resource which will require a further cabinet paper.

A review by Corporate Finance to bring together various elements of HR/Payroll SLA income and contract budgets for the BT Shared Service is planned. Within Children's Services a budget and associated pressure of £570k is held with respect to HR and Payroll SLA income with schools. It is expected that this budget and pressure be moved from Children's Services. Corporate Finance expect that the net impact on the Council will be significantly lower than £570k.

APPENDIX 4: CONTROLLED PARKING ACCOUNTS (CPA)**BUDGET REVENUE MONITORING REPORT – MONTH 3****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
Pay & Display (P&D)	(11,808)	94	421	Income received at the start of 2016-17 from P&D (including phone payments and card payments) is higher than in the same period in the previous year. However, there is still an adverse variance of £94k forecast.
Permits	(4,496)	(112)	194	Income from resident permits in the first quarter of 2016-16 is higher than the same period last year, which has resulted in a favourable forecast.
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	376	193	The number of PCNs issued in the first two months of the financial year are 2.74% down on the same period last year.
Bus Lane PCNs	(1,257)	(275)	(703)	The number of PCNs issued in the first two months of 2016-17 is similar to the same period last year.
CCTV Parking PCNs	0	(7)	(11)	There are restrictions on the areas where CCTV can be used for parking enforcement. The number of PCNs issued is at a minimal level and this is expected to continue for the rest of the year.

2016/17 CRM Month 3

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
Moving Traffic PCNs	(6,314)	(136)	13	The numbers of PCNs issued in April and May 2016 were significantly lower than in the same period last year (20%). It is not expected that this will continue for the full year. This will be monitored closely and the forecast adjusted as appropriate. The budgeted income was reduced by £500k in the 2016-17 budget planning process.
Parking Bay Suspensions	(3,223)	(125)	(585)	Income in the first two months of 2016-17 has increased in comparison with the previous year. The risk associated with suspensions income means that the forecast for the last 10 months has been assumed to remain at the level seen last year. The budgeted income was increased by £500k in the 2016-17 budget planning process.
Towaways and Removals	(325)	14	27	Income to date 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.
Expenditure and Other Receipts	11,831	0	(20)	Staffing costs are forecast to underspent by £61k and Supplies and services are forecast to be overspent by £61k.
Total	(22,406)	(171)	(471)	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £000
Moving Traffic Offences – potential reduction in income level	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)

This is the first forecast for 2016/17 that can be based on a reasonable amount of actual data, and results in a forecast underspend of £171k. 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 driven by the general state of the economy. The Moving Traffic Offences activity will also be regularly reviewed, to identify whether driver behaviours are changing.

The variances in the table above assumes the virement requested in CRM2, to better realign parking income budgets with actual activity, is approved.

APPENDIX 5: CORPORATE SERVICES REVENUE MONITOR**BUDGET REVENUE MONITORING REPORT – MONTH 3****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
H&F Direct	19,023	0	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)	(210)	0	0	
Legal and Electoral Services	786	0	0	
Finance & Audit	477	0	0	
Shared ICT Services & Procurement	(3,388)	0	180	Previously reported adverse variance of £180k has now been reduced to £62k and the department is confident that this can be eliminated completely by year end.
Commercial Directorate	70	0	0	There is a budget pressure relating to the non-recovery of budgets from departments for savings assumed from the new stationery contract. This issue is expected to be resolved before end of the second quarter.
Executive Services	(721)	0	0	
Human Resources	23	0	0	
Delivery and Value	694	0	0	
Total	16,754	0	180	

2: Key Risks

2016/17 CRM Month 3

N/A

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

Finance & 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 3****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
Cleaner, Greener & Cultural Services	21,539	(792)	(420)	<p>(£641k) Waste Disposal – A one-off rebate of £470k has been confirmed by Western Riverside Waste Authority, relating to underspends in 2015/16. Year to date tonnages are 2% more than the same period last year. The forecast assumes this continues to year end, giving rise to a reduced forecast underspend of £171k.</p> <p>(£188k) Waste and Street Cleansing contract – actual contract inflation is less than included in the budget this year. Proposals to reallocate this budget to ongoing overspends within the service group are currently being considered.</p> <p>£24k Waste Policy and Development – recycling sack sponsorship income target will not be achieved due to lack of demand for waste related advertising.</p> <p>£13k Other smaller overspends</p>
Safer Neighbourhoods	7,754	548	554	<p>£150k Transport – there is a £100k loss of management and repair income as a result of the Passenger Transport service being outsourced. There is an ongoing budget pressure of £100k for 2016/17 and future years. Additional pressures from 2015/16 are 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>£341k Phoenix Fitness Centre – Capital improvement works to increase the income generating potential of the centre, and therefore</p>

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
				<p>reduce its annual management fee have been delayed. Discussions with the school have been constructive and it is now expected that the works will be undertaken this year, enabling the management fee to be reduced to nil over a 3 year period. As such, part of this pressure will be ongoing into 2017/18 for which budget growth is being requested.</p> <p>£48k CCTV Service – mostly relating to forecast salary overspends, which are being investigated.</p> <p>£9k Other smaller overspends</p>
Other LBHF Commercial Services	399	177	177	<p>£186k Ducting contract – The income target is £291k, 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.</p> <p>(£9k) Other smaller underspends</p>
Executive Support and Finance	(300)	0	0	
People Portfolio Saving	150	150	153	<p>£150k People Portfolio Saving – this historic savings target is not expected to be met again this year. Proposals to permanently remove this target through a realignment of other service budgets are being considered.</p>
Building & Property Management (BPM)	(2,779)	356	156	<p>£200k in Advertising Hoardings – It is anticipated that advertising hoarding income will be in line with budget for most sites except for the Two Towers and L’Oreal sites. This accounts for the forecast adverse variance. The income forecasts are based on the average income for the six months to March 2016 in the absence of more current information. Given the challenges from the previous year, this area will be monitored closely.</p> <p>£268k in Civic Accommodation – This is mainly the result of unachievable MTFS savings on Fulham Town Hall. The disposal of</p>

Departmental Division	Revised Budget £000	Variance Month 3 £000	Variance Month 2 £000	Variance Analysis
				<p>this property has been delayed and in the meantime the Council continues to incur running costs.</p> <p>£77k - Rent and Other Properties. The unfavourable variance is due an unachievable MTFs savings of £63k and an unachievable income target on Galena Road of £14k.</p> <p>£44k Technical Support and BPM Business Support – The Overspend relates to staffing costs in Technical Support of £42k. This is due to abnormal workload pressures.</p> <p>(£47k) Building Control – The favourable variance is due to additional income from large building control schemes.</p> <p>(£188k) Valuation Services –The favourable variance relates to the rebate from the laser contract and underspends in the carbon reduction team.</p> <p>£2k Other.</p>
Transport & Highways	13,706	(77)	349	<p>(£77k) Transport & Highways -The overall variance and the significant movement compared to last month is due to an increase in the cost of staff time that can be charged to projects - mainly from Better Junctions and the Hammersmith Gyratory schemes.</p>
Planning	1,998	233	7	<p>£233k Planning - The overall unfavourable variance is due to an anticipated increase in legal charges and claimants costs from challenges to planning decisions made by the Council. The Planning Division are using existing reserves to fund a proportion of these costs. This leaves unfunded costs of £229k. It is quite possible that these costs will increase further during the year. See the Risk Profile in section 2 below.</p>
Environmental Health	3,021	1	51	<p>There is a reduction in the overspend, compared to last month, due to a s113 income reforecast of (£43k).</p>
Former TTS Support Services	(656)	0	4	

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
Total	44,832	596	1,031	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £000
Advertising Hoarding Income - Lower than expected income from Advertising Hoardings sites, and potential dispute with contractor.	200	500
Unfunded Judiciary Review expenditure and exceptional items in Planning Division.	250	450
If costs arise from the termination of the LINK shared service.	0	500
Total	450	1450

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	2,668	1,272	1,024	372
Schemes Delayed/ At Risk	£000	Reason		
Additional Rental income	63	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 roll out across the borough. Currently, only 55% of the savings are expected to be achievable as a result of a start date that is later than assumed in the budget.		

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 factors not within its control.

Running costs of Fulham Town Hall continue to be incurred (£242k overspend) and Planning is seeing additional unbudgeted legal costs to defend judicial review challenges and public inquiries, the main one also being Fulham Town Hall (£229k). Planning costs may easily rise still further as a result of new legal challenges. Discussions continue to try and progress the delayed capital works at the Phoenix Fitness Centre to deliver revenue benefits (consequently these will not come in 2016/17, giving a £341k overspend). The service has raised many times the income shortfall resulting from the Passenger Transport service not transferring back in-house (£100k adverse). Advertising hoardings income is £200k adverse.

Overall, parking is forecast to be £171k favourable, and Environment Services is forecast to be £596k overspent, giving a net position of £425k adverse. This position is inherently volatile, particularly in parking, planning legal costs, waste disposal, and advertising hoardings. Expenditure that could feasibly be reduced quickly in year, if the Council made a decision to do that could result in higher costs overall in future years. Environmental Services hold significant earmarked reserves and these will be reviewed by the ES DMT for the next CRM to determine the extent to which they could cover the £425k adverse variance currently forecast.

APPENDIX 7: HOUSING DEPARTMENT - GENERAL FUND**BUDGET REVENUE MONITORING REPORT – MONTH 3****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
Housing Strategy, Options, Skills & Economic Development	7,918	304	0	This mainly relates to a forecast overspend of £666k as a result of inflationary pressures on rents for suitable temporary accommodation from private sector landlords offset by a reduction in the net costs of Bed and Breakfast (B&B) accommodation of (£96k) due to lower average client numbers (103 forecast compared to 130 in the original budget) and a reduction in Bad Debt Provision (BDP) because of the better than expected collection performance on B&B (£37k) and Private Sector Leasing (PSL) (£229k).
Housing Strategy & Regeneration	7	0	0	
Housing Services	44	0	0	
Strategic Housing Stock Options Appraisal - General Fund	0	0	0	
Finance & Resources	174	0	0	
Total	8,143	304	0	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £000
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.	109	274
No recourse to public funds - recent legislative changes mean that asylum seekers granted Leave to Remain are not given access to public funds. This means that households have the legal right to remain in the UK but are unable to access benefits and social housing. As a result, the Council has seen an increase in the number of applications for assistance. In order to mitigate against this, officers are reviewing the application and assessment process and liaising with colleagues from Adult and Children Services to identify funding.	278	464
Total	387	738

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 £265k TA & £140k EDLS	405	265	0	140
Schemes Delayed / At Risk	£000	Reason		
Adult Learning and Skills Service MTFS	140	Officers are planning to achieve this saving through the implementation of a restructure. This is expected to be initiated when the Director for Housing Growth & Strategy is in post.		

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 overspend against the budget by £304k. The department continues to work on ways to mitigate this forecast overspend.

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**BUDGET REVENUE MONITORING REPORT – MONTH 3****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
Libraries Shared Services	3,175	0	0	No variance for the month
Total	3,175	0	0	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £000
Reduction in income from internet usage on PC's	10	10
Total	10	10

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		

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

The risk of £10k is to reflect the reduced income from the decision to allow 1hour free usage on PC's, which will need to be mitigated through increased income elsewhere (in addition to MTFS requirements). This is currently rated as in progress as there is work being undertaken to identify the income streams, but not all of these have been introduced yet. This will be monitored closely throughout the year.

APPENDIX 9: PUBLIC HEALTH SERVICES**BUDGET REVENUE MONITORING REPORT – MONTH 3****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
Sexual Health	5,768	0	0	
Substance Misuse	4,870	0	0	
Behaviour Change	2,527	(47)	0	Health Trainers performance trigger unlikely to be met; trend follows prior year.
Intelligence and Social Determinants	60	(10)	0	Specialist project work not required in current year.
Families and Children Services	6,440	0	0	
Public Health Investment Fund (PHIF)	2,162	39	0	Minor overspend of £39k which is due to projects spending in 2016/17 which were agreed in the previous year.
Salaries and Overheads	1,285	0	0	
Drawdown from Reserves	(596)	405	(14)	
Public Health – Grant	(18,524)	(387)	14	Grant confirmation received March 2016, £18,911k.
Public Health 0-5 Programme Grant (from Oct 2015)	(3,992)	0	0	
Total	0	0	0	

2: Key Risks

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

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

N/A

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

Relatively few invoices are paid in relation to current financial year, so variance is based on budget manager forecasting, which will be analysed in greater depth once invoices are received and paid.

APPENDIX 10: HOUSING REVENUE ACCOUNT**BUDGET REVENUE MONITORING REPORT – MONTH 3****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Variance Analysis
	£000	£000	£000	
Housing Income	(76,571)	0	0	
Finance and Resources	15,151	(35)	0	This underspend relates to a delay in IT project spend.
Housing Services	11,417	89	0	Increase in grounds maintenance costs, with an estimated additional £180k for an improved process of weeding. These additional costs will be partially offset by underspends in staffing, projected at (£91k).
Commissioning and Quality Assurance	1,638	0	0	
Strategic Housing Stock Options Transfer	0	0	0	
Property Services	2,405	0	0	
Housing Repairs	13,869	0	0	
Housing Options HRA	343	(14)	0	This mainly relates to higher than expected income from hostels due to a lower void rate than budgeted.
Adult Social Care	48	0	0	
Regeneration	237	94	0	This relates to costs associated with the Earls Court Regeneration Project for 70 Lillie Road which cannot be funded from capital of £70k. In addition, refurbishment costs at Mund Street of £24k are forecast.
Safer Neighbourhoods	578	0	0	
Housing Capital	29,824		0	
(Contribution to)/ Appropriation From HRA General Reserve	(1,061)	134	0	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £000
Universal Credit: A very prudent allowance was made in the budget for the impact of Welfare Reform, however, the full impact of Welfare Reform has not been felt yet. The timing of the roll out of Universal Credit and the resultant financial impact is being closely monitored and will be reported on monthly.	unknown	unknown
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 Development Programme: This relates to a reduction in the capitalisation of staffing costs resulting from delays in commencing construction on Housing Development programme projects compared to the position assumed when the original budget was prepared.	0	200
Termination of IT contract: the contract with Hammersmith & Fulham Bridge Partnership will terminate this year and it is expected that should there be any additional unbudgeted costs, these will be funded from an earmarked reserve set aside for this purpose.	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

	Opening Balance	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)	134	(19,447)

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

The Housing Revenue Account is forecast to over spend by £134k against the budget for 2016/17. The department continues to work on ways to mitigate this forecast overspend.

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: ADULT SOCIAL CARE</u>	
The department is requesting Cabinet approval for a virement of £716,000 from ASC Pressures and Demand reserves to partly offset the budget pressures in Integrated Care Services such as Homecare and Direct Payments.	DR £716 CR (£716) ASC / Earmarked Reserves
Total General Fund Virements (Debits)	716
Housing Revenue Account (HRA):	
Total HRA Virements (Debits)	0