


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">7 NOVEMBER 2016</p>	
<p style="text-align: center;">CORPORATE REVENUE MONITOR 2016/17 MONTH 4 – 31st JULY 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</p>	
<p>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 Jade.Cheung@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. The General Fund 2016/17 forecast outturn variance at month 4 is a gross overspend of **£4.585m**. Management action is being directed to reduce this adverse figure. In 2015/16, General Fund forecast outturn variance at month 4 was an overspend of £5.723m; with the final outturn variance an underspend £5.178m.
- 1.2. The potential value of mitigating actions is **£1.111m, if fully delivered**, which will result in a net overspend of **£3.474m**. Delivery of action plans is assigned to relevant responsible Directors, which seek to address the total General Fund forecast overspend (2.6% revised budget) as set out in section 4.4.
- 1.3. The forecast overspend outturn variances reported by five departments in overspend value order are: (1) Adult Social Care primarily due to home care, direct payments and Better Care savings reasons; (2) Environmental Services; (3) Children's Services mainly due to commissioning and support services functions; (4) Centrally Managed Budgets; and (5) Housing General Fund.
- 1.4. The Housing Revenue Account outturn variance for 2016/17 is a surplus of **£0.270m** (compared with a deficit position at month 3 of £0.134m). HRA general

reserves of **£1.061m** remain forecast to be carried forward into 2017/18, with a HRA credit balance of **£19.851m** at year-end.

2. RECOMMENDATIONS

- 2.1. To note the General Fund and Housing Revenue Account month 4 forecast revenue outturn variances.
- 2.2. To note the action plans amounting to **£1.111m**, seeking to address the General Fund overspend forecast variance of **£4.585m**. All overspending departments to respond with further actions to reduce the net forecast overspend of **£3.474m**.
- 2.3. To note that the Councils' Efficiency Plan was submitted in accordance with the Department of Communities and Local Governments deadline.

3. REASONS FOR DECISION

- 3.1. The reasons for the recommendations are to report the revenue expenditure position for the Council and to comply with the Financial Regulations.

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

- 4.1. There are five departments forecast to overspend by 31st March 2017 which contributes to the gross overspend outturn variance of **£4.585m** (table 1 and appendices 1 to 9).
- 4.2. The forecast overspend outturn variances reported by departments in overspend value order are: (1) Adult Social Care primarily due to home care, direct payments and Better Care savings reasons; (2) Environmental Services; (3) Children's Services mainly due to commissioning and support services functions; (4) Centrally Managed Budgets; and (5) Housing General Fund.
- 4.3. The overspend outturn variance for Centrally Managed Budgets of **£0.228m** excludes any unspent contingency funds. Currently **£0.900m** of contingency balances are uncommitted.

Table 1: 2016/17 General Fund Gross Forecast Outturn Variance – Month 4

Department ¹	Revised Budget Month 4 £m	Forecast Outturn Variance Month 4 £m	Forecast Outturn Variance Month 3 £m	Variance Between Months 3 and 4 £m	Month 4 Forecast Variance %
Adult Social Care	57.973	2.480 ²	2.609	(0.129)	1.4%
Children's Services	47.581	0.832	1.935	(1.103)	0.5%
Controlled Parking Account	(22.406)	(0.060)	(0.171)	0.111	0%
Corporate Services	16.754	0	0	0	0%
Environmental Services	44.832	1.023	0.596	0.427	0.6%
Housing General Fund	8.143	0.082	0.304	(0.222)	0%
Library & Archives Service	3.175	0	0	0	0%
Public Health Services	0	0	0	0	0%
Centrally Managed Budgets	21.540	0.228	0.028	0.200	0.1%
Total	177.592	4.585	5.301	(0.716)	2.6%

- 4.4. Action plans to mitigate the forecast overspends are summarised in table 2 and detailed below. The potential value of mitigating actions is **£1.111m**, if fully delivered, which will result in a net overspend of **£3.474m**. All overspending departments to respond with further actions to reduce the net forecast overspend of **£3.474m** to nil. Delivery of action plans is assigned to relevant responsible Directors below.

Table 2: Summary of Net Forecast Outturn Variances After Action Plans

Department	Gross Forecast Outturn Variance Month 4 £m	Potential Value of Action Plan Mitigations Month 4 £m	Forecast Outturn Variance Net of Planned Mitigations £m	Appendix Number reference for action plans
Adult Social Care	2.480	0	2.480	1
Children's Services	0.832	0.360	0.472	2
Controlled Parking Account	(0.060)		(0.060)	
Environmental Services	1.023	0.441	0.582	5
Housing General Fund	0.082	0.082	0	6
Centrally Managed Budgets	0.228	0.228	0	9
Total	4.585	1.111	3.474	
%	100%	24%	76%	

¹ Figures in brackets represent underspends

² This figure assumes ASC earmarked departmental reserve drawdown

5. CORPORATE REVENUE MONITOR 2016/17 MONTH 4 HOUSING REVENUE ACCOUNT

- 5.1. The Housing Revenue Account currently forecasts a surplus outturn variance of **£0.270m** for 2016/17 compared with a deficit outturn variance of £0.134m in month 3 (appendix 10).

Table 3: Housing Revenue Account Projected Outturn - Month 4

Housing Revenue Account	£m
Balance as at 31 March 2016	(18.520)
Add: Budgeted (Contribution) / Appropriation to Balances	(1.061)
Add: Forecast Surplus Outturn Variance	(0.270)
Projected Balance as at 31st March 2017	(19.851)

6. MEDIUM TERM FINANCIAL STRATEGY - EFFICIENCY SAVINGS

- 6.1. The 2016/17 General Fund budget included an efficiency savings target now revised to **£15.866m**. Progress against these is summarised in table 4 (and in appendices 1 to 10). The 2016/17 Housing Revenue Account efficiency savings target is **£0.922m**.

Table 4: 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	2.862	0.205	2.254
Children's Services	3.227	2.941	0	0.286
Corporate Services	3.175	3.175	0	0
Environmental Services	2.668	1.272	1.023	0.373
Housing General Fund	0.405	0.265	0	0.140
Libraries and Archives	0.020	0	0.020	0
Centrally Managed Budgets (Council-wide)	1.050	1.050	0	0
General Fund Total	15.866	11.565	1.248	3.053
GF %	100%	73%	8%	19%
Housing Revenue Account Total	0.922	0.922	0	0
HRA %	100%	100%		

7. H&F EFFICIENCY PLAN

- 7.1. The provisional Local Government Finance Settlement announced on 17th December 2015 stated that the Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20. A letter from the Secretary of State for Communities and Local Government dated 10th March 2016 set out the requirement that authorities wishing to take up the offer should send a link to their published Efficiency Plan by 14th October 2016. There is no specific guidance as to what the Plans should contain but that "they should be locally owned and

locally driven” (Refer to appendix 11). The Plan has been submitted in accordance with the deadline set.

8. VIREMENTS & WRITE OFF REQUESTS

- 8.1. Cabinet is required to approve all budget virements that exceed £0.1m. No new budget virements have been requested for month 4.
- 8.2. No write-off requests for month 4.

9. CONSULTATION

- 9.1. N/A.

10. EQUALITY IMPLICATIONS

- 10.1. 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.

11. LEGAL IMPLICATIONS

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

12. FINANCIAL AND RESOURCES IMPLICATIONS

- 12.1. This report is financial in nature and those 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.
- 12.2. Implications completed by: Jade Cheung, Finance Manager, 0208 753 3374.

13. IMPLICATIONS FOR BUSINESS

- 13.1. There are no implications for local businesses.

14. RISK MANAGEMENT

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

15. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 15.1. There are no implications for this report.

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 number	Title
Appendix 1	Adult Social Care Revenue Monitor
Appendix 2	Children's Services Revenue Monitor
Appendix 3	Controlled Parking Account Revenue Monitor
Appendix 4	Corporate Services Revenue Monitor
Appendix 5	Environmental Services Revenue Monitor
Appendix 6	Housing General Fund Revenue Monitor
Appendix 7	Library & Archives Service Revenue Monitor
Appendix 8	Public Health Services Revenue Monitor
Appendix 9	Centrally Managed Budgets Revenue Monitor
Appendix 10	Housing Revenue Account Revenue Monitor
Appendix 11	H&F Efficiency Plan

APPENDIX 1: ADULT SOCIAL CARE
BUDGET REVENUE MONITORING REPORT – MONTH 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000	£000	£000	
Integrated Care	43,999	4,425	4,623	<p>1. A gross projected overspend of £3,364,000 on 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 remain 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 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 and a further contribution from Health towards the additional Home care</p>

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000	£000	£000	
				<p>costs in 2016/17 have been agreed at 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.</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 Shortfall £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 (£350,000)</p>

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000	£000	£000	
				<p>There is an improvement in the underspend of (£143,000) compared to period three underspend of (£207,000) due a review and reduction of costs of care in LD packages and placements.</p> <p>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. Mental Health Service Overspend of £323,000 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. Total projected overspend on Social Care activity £290,000 The overspend has increased by £205,000 due to Customer Journey shortfall in savings due to delay in implementation. There are pressures of £85,000 continuing in the Assistive Equipment Technology budget due to the out of hospital strategy and the additional spending on the Community Independence Service (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 of £56,000 is proposed to be funded from ASC reserves.</p> <p>6. Income shortfall of £315,000 on Careline Services This is as a result of an unachievable MTFS measure resulting from no</p>

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000	£000	£000	
				increase in charges. A new review has commenced exploring the options for the service. 7. 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.
Strategic Commissioning & Enterprise	5,639	33	(36)	8. The meals services is projecting an underspend of (£36,000) due to a decrease in the number of clients. This has been offset by quarter one S113 net projected overspend of £69,000 due to additional Commissioning costs.
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	4,383	4,512	
Funding from ASC Pressures and Demand Reserves		(716)	(716)	The department has received Cabinet approval for £716,000 from the ASC Pressures and Demand reserve to partly offset budget pressures.
Better Care Fund – Health Contribution		(1,187)	(1,187)	This is the second year of the Better Care Fund and the department is in recently concluded 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	2,480	2,609	

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
London 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	2,862	205	2,254
Schemes Delayed / At Risk	£000	Reason		
Various savings are at risk	2,254	At this stage of the financial year the department is projecting a number of savings at risk. A number of these are savings which 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: Adult Social Care Revenue Overspend Action Plan

	Mitigating Action(s)	Proposed mitigations £m	Responsible Officer	Deadline
1	Review of customer care needs as part of the transfer to the new Home care providers or through Direct Payments.	*	Viv Whittingham	December 2016
2	Review of Learning Disabilities Day Care costs and in-house day services.	*	Viv Whittingham	On-going
3	Review of 50/50 funded placements within Mental Health services.	*	Ranjit Kang	On-going
4	Review of high cost placements, Home care packages and Direct payments customers.	*	Karen Clark	On-going
5	All spending will be reviewed that is not directly related to an eligible social care need as identified in an individual customers support plan.	*	Mike Boyle	On-going
6	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.		Martin Calleja	March 2017
	Total			

*A number of reviews relate to customer packages of care and any resultant savings will be factored into future month's forecast when completed.

5: Supplementary Monitoring Information

Adult Social Care (ASC) is projecting a gross overspend of £4,383,000 as at end of period four, there is a reduction in the overspend of (£129,000) compared to the period three projection overspend of £4,512,000 mainly due the commencement of the action plan as detailed in section 5 below. After funding from the ASC Pressures and Demand reserve of (£716,000) which has received Cabinet approval and Better Care funding from Health of (£1,187,00), these will mitigate the overall pressures to a net projected overspend of £2,480,000.

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:

2016/17 CRM Month 4

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 54% are on track to be delivered in full and a further 4% 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.

APPENDIX 2: CHILDREN'S SERVICES
BUDGET REVENUE MONITORING REPORT – MONTH 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000	£000	£000	
Family Services	33,119	386	518	<p>Family services is forecast to have an in year over spend of £386k at P4, which represents a favourable variance of £132k from P3 following a full review of the placement model.</p> <p>(-£568k) Fostering and Adoption – Forecast underspends against post order support budgets due to an ageing out of the population.</p> <p>(-£196k) Localities – Forecasts underspends on salaries as part of delivery of the original 3 year savings plan.</p> <p>£145k Contact and Assessment – There has been 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 £145k.</p> <p>£145k CWD (Children with Disabilities) – Overspend on staffing costs of £240k, in addition to overspends on placement related costs net of joint funding (£160k). This is partially offset by over achievement of the income target at The Haven (£256k).</p> <p>£286k Virtual Schools - The £200k historic savings target is not expected to be met in this financial year and there are also additional salary pressures of £86k in year.</p> <p>£171k MASH (Multi Agency Safeguarding Hub) - Insufficient budget established for the on-going costs related to the shared MASH service.</p>

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000	£000	£000	
				<p>£116k LAC Savings – This pressure has been reduced by £305k by moving care leavers to independence earlier and reducing the use of IFA (Independent Fostering Agency) placements from 15/16 to 16/17. There has also been a re-allocation of cost sharing for the Emergency Duty Team resulting in an additional favourable movement of £65k. Ongoing review work done by the LAC Team will look to further mitigate this cost pressure.</p> <p>Contact Centre Savings £37k - Forecast overspends on additional sessional and agency costs due to the delay in the implementation of the shared service contact centre to June 2016.</p> <p>Other smaller salary related overspends in YOS (Youth Offending Service) - £24k, Social Work for Families - £44k, unfunded Family Conference post - £55k and core LAC and LAC Assist teams - £87k.</p> <p>Other budget pressures relate to the contribution to the WLA (West London Alliance) Care Place work undertaken, and a forecast overspend where additional resource for Adult Psychiatric assessments have been agreed in order to meet current demand for parenting assessments and prevent the use of spot purchase assessments - £40k.</p>
Education	3,508	124	151	<p>SEN (Special Educational Need) £318k – pressure relating to staffing costs. 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>Passenger Transport (-£81k) – favourable variance on contract.</p>

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000	£000	£000	
				Further small underspends within Educational Achievement (-£35k), Lilla Husset additional traded services (-£25k), vacancies held (-£22k) and other underspends across the directorate (-£31k)
Children's Commissioning	4,739	282	533	£544k Commissioning Team - Costs relating to additional resource to support the transition to new structure and deliver departmental projects. (-£262k) Contracts and Joint Commissioning – Due to underspends on youth contracts and CAMHS (Child and Adolescent Mental Health Services)
Safeguarding, Review and Quality Assurance	1,427	126	131	£126k Safeguarding – The pressure results from a shortfall in delivery from prior year MTFs savings.
Finance & Resources	4,788	(86)	602	£570k favourable movement from CRM 3 due to adjustment in the HR and payroll Service Level Agreement budget. Pressures on salaries (£485k) offset by salary budgets held to be vired out to departments (-£523k), forecast underspend on the 3BM contract (-£89k), and other minor variances (£41k).
Schools Funding	0	0	0	
Total	47,581	832	1,935	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000	£000
Passenger Transport – Additional cost of September and January cohort intake.	0	100
Passenger 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.	(30)	0

Risk Description	Lower Limit	Upper Limit
	£000	£000
Parenting Assessments - increase in contract value due to additional psychiatric assessments.	0	20
Educational Psychology – additional income from traded services	(30)	0
Total	(60)	120

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	2,941	0	286
Schemes Delayed / At Risk	£000	Reason		
Commissioning of a Children's Services contact service centre	37	Delay in the implementation until June 2016.		
Achieving permanent care for children, reducing LAC numbers and placement costs	116	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: Children's Services Revenue Overspend Action Plan

	Mitigating Action(s)	Proposed mitigations £m	Responsible Officer	Deadline
1	Continue to reduce looked after children cost through reduced entry, maintain children in lower cost placements, and maximising the opportunity for throughput.	0.200	Steve Miley Director of Family Services	Ongoing
2	Reduced agency spend through recruitment to agency social work posts in looked after children service.	0.060	Adam Davies Head of Service - Looked After Children	30 th November 2016
3	Reduced expenditure on care leavers though maximising throughput into permanent housing and use of the semi-independent contact placements.	0.100	Steve Miley Director of Family Services	Ongoing
	Total	0.360		

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a**ry Monitoring Information**

Overall, Family Services is continuing to see 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.

There are significant capacity pressures within Commissioning 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.

APPENDIX 3: CONTROLLED PARKING ACCOUNTS (CPA)

BUDGET REVENUE MONITORING REPORT – MONTH 4**1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000	£000	£000	
Pay & Display (P&D)	(11,808)	43	94	Income received in the first 4 months 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 £43k forecast.
Permits	(4,496)	(139)	(112)	Income from resident permits in 2016/17 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)	323	376	The number of PCNs issued in the first four months of the financial year are 7.64% down on the same period last year. An increase is expected from September as vacant enforcement posts have been filled, however the forecast for the year is expected to be £323k less than budgeted.
Bus Lane PCNs	(1,257)	(207)	(275)	The numbers of PCNs issued in the first four months of 2016/17 are 6.44% less than the same period in the previous year.
CCTV Parking PCNs	0	(6)	(7)	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.
Moving Traffic PCNs	(6,314)	260	(136)	The numbers of PCNs issued in 2016/17 are significantly lower than in the same period last year (17.35%). However, the previous years activity was higher than would normally be expected due to the numbers of days with works on roads being higher than usual. The current forecast assumes the activity seen in June and July will continue for the rest of the financial year. This will be monitored closely and the forecast adjusted as appropriate.

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000	£000	£000	
Parking Bay Suspensions	(3,223)	(71)	(125)	Income in the first four 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 8 months of 2016/17 has been assumed to remain at the level seen last year. The budgeted income was increased by £500k in the 2016/17 budget planning.
Towaways and Removals	(325)	13	13	Income to date is similar to the previous year, so the forecast outturn is expected to be in line with the 2015/16 outturn.
Expenditure and Other Receipts	11,831	(276)	0	Staffing costs are forecast to be underspent by £298k based on current staffing and the expectation that the service will be fully staffed for 8 months. The month 3 variance was based on the assumption that the service would be fully staffed from July, but the new enforcement officers started in August. Supplies and services are forecast to be overspent by £22k.
Total	(22,406)	(60)	(171)	

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

The parking forecast is an underspend of £60k, which is explained in details in the table above. 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.

APPENDIX 4: CORPORATE SERVICES REVENUE MONITOR
BUDGET REVENUE MONITORING REPORT – MONTH 4

1: Variance by Departmental Division

Departmental Division	Revised Budget £000	Variance Month 4 £000	Variance Month 3 £000	Variance Analysis
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	0	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	694	0	0	

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000	£000	£000	
Value				
Total	16,754	0	0	

2: Key Risks

None to report.

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

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

APPENDIX 5: ENVIRONMENTAL SERVICES
BUDGET REVENUE MONITORING REPORT – MONTH 4

1: Variance by Departmental Division

Departmental Division	Revised Budget £000	Variance Month 4 £000	Variance Month 3 £000	Variance Analysis
Cleaner, Greener & Cultural Services	21,418	(729)	(792)	<p>(£764k) Waste Disposal – A one-off rebate of £470k has been confirmed by Western Riverside Waste Authority, relating to underspends in 2015/16. The change in tonnages between years has been very volatile for both general and recyclables in April - July with variances ranging from +5.2% to -7.2%. July tonnages were significantly lower than last year. The forecast assumes less volatility but this will continue to be monitored and reported.</p> <p>(£7k) 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>£18k Other smaller overspends</p>
Safer Neighbourhoods	7,852	865	548	<p>£168k Transport – there is a £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 be reprocured, meaning 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</p>

Departmental Division	Revised Budget £000	Variance Month 4 £000	Variance Month 3 £000	Variance Analysis
				<p>options for the continuation of the workshop are being explored.</p> <p>£298k Phoenix Fitness Centre – Capital improvement works to increase the income generating potential of the centre, and therefore 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>£315k Parks and Open Spaces – Net underspend due to contract inflation being less than budgeted. Proposal to realign with ongoing pressures in the transport section is being considered as feedback from FCS is that contingencies to fund pressures will not be agreed.</p> <p>A £382k pressure is included from this month due to additional costs from stopping the use of glyphosate weedkiller in parks.</p> <p>£48k CCTV Service – mostly relating to forecast salary overspends, which are being investigated.</p> <p>£24k Parks Police – salary overspend forecast, this is being investigated.</p> <p>£12k Other smaller overspends</p>
Other LBHF Commercial Services	44	(3)	177	The significant favourable movement this month is due to drawing down £180k of departmental reserves to offset the income shortfall on the ducting contract (£291k income target, compared to £105k guaranteed income for 2016/17).
Executive Support and Finance	77	0	0	
People Portfolio Saving	150	150	150	£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

Departmental Division	Revised Budget £000	Variance Month 4 £000	Variance Month 3 £000	Variance Analysis
				service budgets are being considered.
Building & Property Management (BPM)	(2,779)	539	357	<p>£258k in Advertising Hoardings – It is anticipated that advertising hoarding income will be in line with budget for most sites except for the Two Towers, L'Oreal and Bentworth Road 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>£264k in Civic Accommodation</p> <p>£78k - Rent and Other Properties. The unfavourable variance is due to unachievable MTFs savings of £64k 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. Options for generating income and internal recharges are currently being investigated to reduce the overspend.</p> <p>£5k – Other overspends.</p> <p>(£64k) Valuation Services –The change in the variance from last month mainly relates to some 2015/16 utilities invoices in the Carbon Reduction team being paid in 2016/17. The year end process has been reviewed and new actions are in place to prevent a recurrence in 16/17.</p> <p>(£46k) Building Control – The favourable variance is due to additional income from large building control schemes.</p>
Transport & Highways	13,706	(74)	(77)	(£74k) Transport & Highways -The favourable overall variance is due staff costs/time that can be charged to projects.
Planning	1,998	239	233	£233k - Planning - The overall unfavourable variance is due to an anticipated increase in legal charges and claimants costs

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000	£000	£000	
				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 very likely that these costs will increase further during the year. See the Risk Profile in section 2 below for further details.
Environmental Health	3,029	19	1	£19k Licensing Section – The adverse variance relates to a one off legal claim.
Former TTS Support Services	(664)	17	0	
Total	44,831	1,023	598	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000	£000
Advertising Hoarding Income – Contractor now working to the contract and has not had to provide income data since March 2016. There may be lower than expected income from advertising hoardings sites, and there is a potential dispute with contractor.	200	500
Unfunded Judiciary Review expenditure and exceptional items in Planning Division	300	450
If costs arise from the termination of the LINK shared service	0	500
Total	500	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	1,023	373
Schemes Delayed/ At Risk	£000	Reason			
Additional Rental Income	64	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: Environmental Services Revenue Overspend Action Plan

	Mitigating Action(s)	Proposed Mitigations £m	Responsible Officer	Deadline
1	Waste Disposal - The year to date change in tonnages between years has been very volatile for both general and recyclables with variances ranging from +5.2% to -7.2%. The current forecast assumes future general tonnages will be 0.5% higher than the same months last year, and recyclables will be 1% higher. Waste tonnages are impossible to predict, but if future month tonnages continue at the average year to date increases instead (-0.6% general waste and -0.1% recyclables), the forecast would reduce by £57k (from £294k underspend to £351k underspend). Officers are working on a number of waste reduction initiatives in order to reduce general waste and increase the recycling rate to keep waste disposal costs down. These will be presented as part of the Smarter Budgeting and Futures Board proposals. However, a reduction for this year is very high risk and cannot be guaranteed.	0.057	Jay Amies	31 st March 2017
2	Vehicle Repair & Maintenance Workshop – currently forecasting £129k pressure, due mostly to loss of Passenger Transport income following outsource	0.032	Alistair Ayres	31 st December

	Mitigating Action(s)	Proposed Mitigations £m	Responsible Officer	Deadline
	of service (£100k). Growth has been requested to permanently resolve this uncontrollable pressure. As previously discussed with the Lead Cabinet Member, closure of the workshop could reduce this pressure in year by one quarter at best (£32k), excluding redundancy costs which are expected to be funded corporately. Closure of the workshop would mean that services need to organise their own repairs and maintenance via the leasing companies.			2016
3	Registrars - The Superintendent Registrar maternity leave will not be backfilled, giving rise to a 6 month staff saving	0.034	Alistair Ayres	31 st August 2016
4	Community Safety - Restrict spend on various community safety initiatives, such as £10k Partners Tasking and £5k Safer Neighbourhood Boards administration. Further possible underspends on stray dogs service. All these limit flexibility and are high risk.	0.015	Chris Reynolds	30 th September 2016
5	Leisure Contracts - Potential part year saving if delayed works at the Phoenix Leisure Centre are completed before year end. Project expected to be signed off in September, but 20 week project time means works are not likely to be completed until the end of January 2017 at the earliest.	0.039	Christopher Allen	31 st January 2017
6	Sports Bookings - Early introduction of licences for Group Trainers (agreed in Strategic Partnership Board and Smarter Budgeting as saving from, 2017/18). £10k part year saving.	0.010	Christopher Allen	30 th September 2016
7	Environmental Health - Early implementation of smarter budgeting savings (team restructure and additional income) plus agreement to unpaid leave for some staff with no back fill.	0.025	Nick Austin	31 st December 2016
8	Planning & Development - Further legitimate drawdowns from the Community Infrastructure Levy (CIL) reserve to fund significant additional senior officer time spent on new large regeneration schemes.	0.075	Juliemma Mcloughlin	31 st December 2016
9	Building & Property Management - Explore options for increased income generation through letting Council buildings (e.g. Bagley's Lane Depot) and identifying new advertising sites.	0.064	Maureen McDonald-Khan / Nigel Brown	31 st December 2016

	Mitigating Action(s)	Proposed Mitigations £m	Responsible Officer	Deadline
10	Building & Property Management – Review obligations regarding Fulham Town Hall running costs	0.090	Maureen McDonald-Khan / Nigel Brown	30 th September 2016
	Total	0.441		

5: Supplementary Monitoring Information

This year the Environmental Services budget is seeing the financial impact of a number of factors not within its control. All areas of the service group have been reviewed to identify areas where expenditure can be curtailed or additional income generated before year end. There are very limited options available. Potential mitigating actions (some of which are very high risk and may not be able to be relied upon).

APPENDIX 6: HOUSING DEPARTMENT - GENERAL FUND
BUDGET REVENUE MONITORING REPORT – MONTH 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000	£000	£000	
Housing Strategy, Options, Skills & Economic Development	7,918	20	304	<p>This mainly relates to a forecast overspend of £622k as a result of inflationary pressures on rents for suitable temporary accommodation from private sector landlords offset by:</p> <ul style="list-style-type: none"> • 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), • a reduction in Bad Debt Provision (BDP) because of the better than expected collection performance on B&B (£37k) and on Private Sector Leasing (PSL) (£329k), and • income of (£140k) from the DWP New Burdens Fund for the removal of the TA Management fee subsidy.
Housing Strategy & Regeneration	7	62	0	This relates to costs associated with the Earls Court Regeneration Project for 70 Lillie Road which cannot be funded from capital of £62k.
Housing Services	44	0	0	
Strategic Housing Stock Options Appraisal - General Fund	0	0	0	
Finance & Resources	174	0	0	
Total	8,143	82	304	

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.	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 shortly now the Director for Housing Growth & Strategy is in post.		

4: Housing General Fund Revenue Overspend Action Plan

	Mitigating Action(s)	Proposed mitigations £m	Responsible Officer	Deadline
1	Further negotiations with landlords to reduce the current rental margin. Work on complex 'No Duty' cases to release cheaper TA to meet on-going demand. Policy decision regarding out of borough procurement – Rationale in progress and meeting to be arranged.	0.020	Jo Rowlands / Glendine Shepherd	on-going to March 2017
2	Management action is being taken to develop a plan to address the remaining underspend and a further update on these plans will be provided in next month's report.	0.062	Jo Rowlands / Glendine Shepherd	On-going to March 2017
	Total	0.082		

5: Supplementary Monitoring Information

The Housing and Regeneration department currently expects the overall outturn for the year 2016/17 to overspend against the budget by £82k. There has been an improvement of £222k in the forecast since last month. 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 7: LIBRARIES AND ARCHIVES SERVICES
BUDGET REVENUE MONITORING REPORT – MONTH 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	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	Upper Limit
	£000	£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

The risk of £10k is to reflect the reduced income from the decision to allow 1 hour 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. There is ongoing Programme work to achieve the required savings in 2017/18 as well, for which a possible shortfall of £31k for programme resourcing has been identified. This is invest to save work, and a business case will be presented to the Smarter Budgeting group to try and secure this as a growth item.

APPENDIX 8: PUBLIC HEALTH SERVICES
BUDGET REVENUE MONITORING REPORT – MONTH 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000	£000	£000	
Sexual Health	5,768	0	0	*See supplementary information below
Substance Misuse	4,870	0	0	*See supplementary information below
Behaviour Change	2,527	(47)	(47)	Health Trainers performance trigger unlikely to be met; trend follows prior year.
Intelligence and Social Determinants	60	(10)	(10)	Specialist project work not required in current year.
Families and Children Services	6,440	0	0	
Public Health Investment Fund (PHIF)	2,162	39	39	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	*See supplementary information below
Drawdown from Reserves	(596)	405	405	The current identified variances will reduce the estimated drawdown from reserves, which budgeted at £596k and will instead be £191k.
Public Health – Grant	(22,516)	(387)	(387)	Public Grant final allocation of £22.903m exceeds the original budget estimate of £22.516m, giving an increase in funding. This was due to the final allocation being issued at the end of February (after the budget-setting process had concluded)
Total	0	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	1,930

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

N/A.

4: Supplementary Monitoring Information

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. For the Sexual Health and Substance Misuse services in particular, suppliers of several large contracts are slow to invoice the Council for current activity. In previous years, this tends to be up-to-date by month 6, but until then will be based on last year's charges. These services underspent last year, so any changes to the forecast are likely to be positive.

For the Public Health Investment Fund (PHIF) expenditure, this is usually increased in-year along with Council priorities, so will change as the year progresses.

Salaries and overheads is one area that is subject to change as the year progresses, as the Public Health service is about to undergo a restructure. This may affect the forecast from month 9, but will be known in more detail at month 6.

APPENDIX 9: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING REPORT – MONTH 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	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	300	The unfavourable variance forecast is due to the poor outlook for interest rates over the next year which will lead to reduced income on the cash balances held by the council.
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	4,713	200	0	Adverse variance due to reduced Land Charge income caused by slowdown in housing market activity.
Pensions & Redundancy	9,450	(272)	(272)	Past Service costs less than budgeted.
Total	21,540	228	28	

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)	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: Centrally Managed Budgets Revenue Overspend Action Plan

	Mitigating Action(s)	Proposed mitigations £m	Responsible Officer	Deadline
1	The adverse variances reported above relate to areas outside of LBHF control (interest rates and housing market conditions). Action will be taken to identify compensating savings in other centrally controlled budget areas. This may include a review of our investments.	0.228	Andy Lord	30 th September 2016
	Total	0.228		

5: Supplementary Monitoring Information

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

APPENDIX 10: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING REPORT – MONTH 4

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 4	Variance Month 3	Variance Analysis
	£000	£000	£000	
Housing Income	(76,571)	0	0	
Finance and Resources	15,151	(369)	(35)	This underspend mainly relates to vacant posts (£165k), redundancy costs (£100k) and other minor underspends (£104k) including a delay in IT project spend.
Housing Services	13,055	89	89	Increase in grounds maintenance costs, with an estimated additional £180k. These additional costs will be partially offset by underspends in staffing, projected at (£91k).
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)	(14)	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	24	94	This relates to refurbishment costs at Mund Street, which are forecast at £24k.
Safer Neighbourhoods	578	0	0	
Housing Capital	29,824	0	0	
(Contribution to)/ Appropriation From HRA General Reserve	(1,061)	(270)	134	

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

	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)	(270)	(19,851)

5: Supplementary Monitoring Information

The Housing Revenue Account is forecast to under spend by £270k against the budget for 2016/17. This represents an improvement since last month of (£404k), however, this needs to be considered in the context of a number of risks as outlined in the Key Risks section above.

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: LONDON BOROUGH OF HAMMERSMITH AND FULHAM – EFFICIENCY PLAN

Introduction

The provisional Local Government Finance Settlement announced on 17th December 2015 stated that the Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20. A letter from the Secretary of State for Communities and Local Government dated 10th March 2016 set out the requirement that authorities wishing to take up the offer should send a link to their published Efficiency Plan by 14th October 2016. There is no specific guidance as to what the Plans should contain but that 'they should be locally owned and locally driven it is important that they show how this greater certainty can bring about opportunities for further savings.

Sound financial management and efficient working underpin the delivery of services by the Council. £39m of budget savings have been delivered over the past two years whilst delivering a £6m underspend in the last financial year. Greater certainty regarding future government funding will assist with our financial planning.

The Council has produced this Efficiency Plan to meet DCLG requirements for a four-year funded settlement.

The Efficiency Plan

The Council's Medium Term Financial Strategy (MTFS) underpins the budget setting process each year and over the strategy period. The aim of the MTFS is to give us a realistic and sustainable plan that reflects the Council's priorities.

Members are fully aware of the significant financial challenge faced by the Council as a result of the Government's ongoing budget deficit reduction programme which has resulted in continuing reductions in the financial support given to local government.

In the context of ongoing budget pressures, we believe that our MTFS is a sound process for addressing the ongoing fiscal reductions we are face. This is becoming progressively more difficult.

At the heart of the MTFS process sits the Smarter Budgeting Outcome Transformation Programme. This provides structure, focus and direction in addressing the significant financial challenge faced by the Council. In so doing it recognises that, in addressing many complex issues, we will need to adopt innovative ways of directing scarce resources in an effective, economic and efficient way without losing sight of those at the heart of why we are doing what we are doing, our residents.

The offer of a four-year settlement will bring a degree of certainty which will aid financial planning and, in turn, afford the opportunity to take a measured and structured approach to dealing with budget pressures and identifying requisite savings.

The Council considers that the combination of the MTFS and the Smarter Budgeting Outcome Transformation Programme effectively comprises the **Efficiency Plan** as required by the Secretary of State for Communities and Local Government to allow Hammersmith and Fulham to accept the multi-year settlement.

The Medium Term Financial Strategy

Hammersmith and Fulham has had to make significant savings in our financial planning since the 2010 Autumn Statement which heralded an unprecedented era of austerity for public sector finances. The provisional Local Government Settlement for the four-year period 2016/17 to 2019/20 has confirmed the need to have a sustainable plan in place to maintain services whilst protecting our most vulnerable residents. Having delivered a balanced budget for 2016/17, we have reviewed our MTFS, and anticipate we will need to deliver further base budget savings of £52 million between 2017/18 and 2020/21.

The offer of a provisional multi-year settlement has allowed the Council to model the future financial position on the basis of published figures for the first time, whilst being aware that the economic and political environment can change significantly over a four-year period.

The MTFS will be kept under regular review as assumptions change over time. By being flexible and adaptable the Council can respond to changing circumstances and amend its plans accordingly. This is a major task when our net revenue expenditure is approximately £167m million and we need to make £52million of savings by 2020/21.

MTFS Objectives

In developing this Strategy, the Council has set the following objectives:

1. To deliver sufficient savings in order to bridge the funding gap identified in the Council's MTFS.
2. To direct resources to priority areas in line with the principles of the Council's Smarter Budgeting Outcome Transformation Programme;
3. To engage with residents when determining how resources will be prioritised;
4. To maintain the Council's reputation of excellent front line service provision;
5. To be open to accept cultural change in the ways we work and offer services to our residents in order to release efficiencies and savings.

Smarter Budgeting

It is recognised that there is no one simple solution to addressing the financial challenges faced. What is clear is that the traditional approach of departmental budget targets is no longer sustainable; in recognition of this, we're looking to a new

corporate approach: outcome based budgeting, which is being developed under the Smarter Budgeting Outcome Transformation Programme. It is being developed over a timescale which mirrors the MTFS.

This Programme will allow us to direct our resources and maintain strategic focus on those outcomes that matter most: -

1. Economic Growth

Enterprise thrives in a healthy local economy, businesses are resilient and there are improved jobs, skills and opportunities for residents.

2. The best start in life for children

Children are protected from harm and all young people are given the best possible start in life.

3. Resident involvement

The views and ideas of residents are at the heart of what we do; we're working with residents to protect what they value.

4. Decent Homes

Residents find it easier to buy and rent decent homes.

5. Reducing Homelessness

Hammersmith & Fulham has a reduced level of homelessness and overcrowding.

6. Supporting Vulnerable Adults

Vulnerable adults have the right levels of support to live in dignity and as independently as possible.

7. Safer and Healthier Place

Hammersmith & Fulham is a safer and healthier place to live, work and visit.

8. Sustainable Borough

Residents enjoy a cleaner, greener and more environmentally sustainable borough.

The following overarching themes underpin delivery of priority outcomes: -

- Hammersmith and Fulham aims to be the best council, working in partnership with schools, health, the police, the third sector and other key organisations.
- We will deliver increased value for money and raise commercial revenue while improving frontline services, discharging statutory duty, and reducing the cost of the council to residents.
- At the core of our outcomes is the ambition to increase social inclusion in everything we do.

At an officer level the process is overseen by the Smarter Budgeting Board, a group of Senior Managers, who ensure the Programme is on track and that proposals from Outcome leads are feasible, sustainable and align with priority aims and objectives. It is important that the focus is not on council activities in isolation; we will bring in other organisations to ensure that we are joining up to achieve results, and we will

work with community groups to build community resilience and capacity. The Lead Cabinet Member has been fully involved in developing this approach and the whole Administration is supportive of this approach.

Summary

The MTFs sets out the four-year financial plan which will inform the level of resources the Council is able to prioritise in accordance with the key outcomes identified by engaging with our residents. The Smarter Budgeting process will ensure scarce resources are spent on activities that reflect what the community wants with due consideration of how those activities may be best delivered by working with partner organisations including neighbouring boroughs, the police, health, and the third sector. Accordingly, the Efficiency Plan combines financial planning articulated in the MTFs and the prioritisation of activities as determined by the Smarter Budgeting Outcome Transformation Programme.