


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">5 DECEMBER 2016</p>	
<p style="text-align: center;">CORPORATE REVENUE MONITOR 2016/17 MONTH 5 – 31st AUGUST 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>	
<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 for month 5 is a gross overspend of **£3.333m** (a reduction of **£1.252m** compared with £4.585m in month 4). In 2015/16, General Fund forecast outturn variance at month 5 was an overspend of £5.226m; with the final outturn variance an underspend £5.178m.
- 1.2. The potential value of mitigating actions is **£0.842m, if fully delivered**, which will result in a net overspend of **£2.491m** (a reduction of **£0.983m**, compared with £3.474m at month 4). Delivery of action plans is assigned to relevant responsible Directors, which seek to address the total General Fund forecast overspend (1.9% revised budget compared with 2.6% month 4) as set out in section 4.2.
- 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) Housing General Fund; and (5) Libraries. Libraries replace Centrally Managed Budgets which is predicting an underspend this month.
- 1.4. The Housing Revenue Account outturn variance for 2016/17 is a surplus of **£0.245m** (compared with a surplus at month 4 of £0.270m). HRA general

reserves of **£1.061m** remain forecast to be carried forward into 2017/18, with a HRA credit balance of **£19.826m** at year-end.

2. RECOMMENDATIONS

- 2.1. To note the General Fund and Housing Revenue Account month 5 forecast revenue outturn variances.
- 2.2. To note the action plans amounting to **£0.842 million**, seeking to address the General Fund gross overspend forecast variance of **£3.333 million**. All overspending departments to respond with further actions to reduce the net forecast overspend of **£2.491 million**.

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 5 GENERAL FUND

- 4.1. Table 1 below sets out the position for month 5.

Table 1: 2016/17 General Fund Gross Forecast Outturn Variance – Month 5

Department ¹	Revised Budget Month 5 £m	Forecast Outturn Variance Month 5 £m	Forecast Outturn Variance Month 4 £m	Variance Between Months 4 and 5 £m	Month 4 Forecast Variance %
Adult Social Care	57.982	2.245	2.480 ²	(0.235)	1.3%
Children's Services	47.581	0.580	0.832	(0.252)	0.3%
Controlled Parking Account	(22.406)	(0.142)	(0.060)	(0.082)	0%
Corporate Services	16.850	(0.364)	0	0	0%
Environmental Services	44.763	0.940	1.023	(0.083)	0.5%
Housing General Fund	8.158	0.082	0.082	0	0%
Library & Archives Service	3.175	0.014	0	0	0%
Public Health Services	0	0	0	0	0%
Centrally Managed Budgets	21.656	(0.022)	0.228	(0.250)	0%
Total	177.759	3.333	4.585	(1.252)	1.9%

- 4.2. Action plans to mitigate the forecast overspends are summarised in table 2 below. The potential value of mitigating actions is **£0.842m, if fully delivered**, which will result in a net overspend of **£2.491m** (a reduction of **£0.983m**, compared with £3.474m at month 4). All overspending departments to respond

¹ Figures in brackets represent underspends

² This figure assumes ASC earmarked departmental reserve drawdown

with further actions to reduce the net forecast overspend of **£2.491m** to nil. Delivery of action plans is assigned to relevant responsible Directors.

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

Department	Gross Forecast Outturn Variance Month 5 £m	Potential Value of Action Plan Mitigations Month 5 £m	Forecast Outturn Variance Net of Planned Mitigations £m
Adult Social Care	2.245	0	2.245
Children's Services	0.580	0.360	0.220
Controlled Parking Account	(0.142)	0	(0.142)
Corporate Services	(0.364)	0	(0.364)
Environmental Services	0.940	0.386	0.554
Housing General Fund	0.082	0.082	0
Library & Archives Service	0.014	0.014	0
Centrally Managed Budgets	(0.022)	0	(0.022)
Total	3.333	0.842	2.491
%	100%	25%	75%

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

- 5.1. The Housing Revenue Account currently forecasts a surplus outturn variance of **£0.245m** for 2016/17 compared with a surplus outturn variance of £0.270m in month 4 (appendix 10).

Table 3: 2016/17 Housing Revenue Account Forecast Outturn - Month 5

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	(0.245)
Projected Balance as at 31st March 2017	(19.826)

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	Savings On Target	Savings In Progress	Savings Delayed / at risk
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	£m	£m	£m	£m
Adult Social Care	5.321	2.862	0.205	2.254
Children's Services	3.227	2.941	0.116	0.286
Corporate Services	3.175	3.175	0	0
Environmental Services	2.668	0.751	1.523	0.394
Housing General Fund	0.405	0.265	0	0.140
Libraries and Archives	0.020	0	0.016	0.004
Centrally Managed Budgets	1.050	1.050	0	0
General Fund Total	15.866	11.044	1.860	3.078
GF %	100%	70%	12%	19%
Housing Revenue Account Total	0.922	0.922	0	0
HRA %	100%	100%	0%	0%

7. VIREMENTS & WRITE OFF REQUESTS

- 7.1. Cabinet is required to approve all budget virements that exceed £0.1m. No budget virement requests have been requested for month 5.
- 7.2. No write-off requests for month 5.

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 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.

- 11.2. Implications 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.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Revenue budget monitoring reports	Jade Cheung 0208 753 3374	Finance

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 1: ADULT SOCIAL CARE
BUDGET REVENUE MONITORING REPORT – MONTH 5

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
Integrated Care	43,999	3,012	3,238	<p>1. A projected overspend of £1,768,000 on the Home Care and Direct Payments budgets. Similar to the last 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 admissions or to enable early discharge. This has naturally led to an increase in home care costs above that which is normally expected. In 2016/17, further reasons for projected overspends are:</p> <p>A. Additional pressures on the home care budget due to the tendering of new home care contracts which are now operational from an increase in price to improve quality and potential increase in demand totalling £1,900,000. The Department is also proposing an additional transfer of £400,000 from ASC Reserves to partly offset the pressures out of a total of £800,000 as a number of customers remain to be transferred to 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>B. There is an additional financial impact of the full year effect of customers from 2015/16. The projected overspend of £1,768,000 has been managed downwards by (£1,172,000) Better Care fund contribution and (£450,000) from Care Act funding.</p>

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
				<p>2. Better Care Funding Savings of £499,000 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. At this stage of the year the department is projecting the delivery of the following against this target: Reductions in residential and nursing placements is moving in the right direction with reduction in volumes of placements and supported living with savings of (£1,424,000) factored in. A number of contracts have been renegotiated relating to Elgin and Olive House homes with savings of (£182,000). There is a projected overspend in the PFI budget of £105,000 for Funding Nursing Contribution income shortfall due to reduced client numbers receiving nursing care. This leaves a shortfall of £499,000 from the £2m target efficiency.</p> <p>3. A projected underspend in Learning Disability Services of (£343,000) The management actions from the reviews are leading to reduction of costs of care in LD packages and placements. Within LD service there continues to be demand pressures within the Day Care services of £170,000 and this is proposed to be funded from ASC reserves.</p> <p>4. Mental Health Service is projecting an overspend of £404,000</p>

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
				<p>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 is £279,000 The overspend of £205,000 is due to the Customer Journey shortfall in savings due to delays in implementation. There are pressures of £85,000 continuing in the Assistive Equipment Technology budget due to the out of hospital strategy and additional spending on the Community Independence Service (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. Other variances total £18,000.</p> <p>6. Income shortfall of £315,000 on 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. Cost 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>
Strategic Commissioning & Enterprise	5,648	(51)	33	8. There is a small underspend in this area.
Finance & Resources	7,791	0	0	
Executive Directorate	544	0	(75)	9. Following discussion with the Learning and Development Manager, the Department has a revised training programme with the budget anticipated to be fully spend by the end of the year.

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
Total	57,982	2,961	3,196	
Funding from ASC Pressures and Demand Reserves		(716)	(716)	The department has obtained Cabinet approval for £716,000 from the ASC Pressures and Demand reserves to partly offset the budget pressures.
Total	57,982	2,245	2,480	

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	The department is projecting a number of savings at risk as a number of these 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

Adult Social Care (ASC) is projecting a gross overspend of £2,961,000 as at end of period five, which is a reduction in the overspend of (£235,000) compared to the period four projected overspend of £3,196,000. The reduction in overspend is due to the commencement of the action plan. After funding from the ASC Pressures and Demand reserve of (£716,000) which has Cabinet approval, this will mitigate the overall pressures to a net projected overspend of £2,245,000. The following services are proposed for a contribution from reserves:

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 experienced following the introduction of the Agresso Managed Services system. 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.

APPENDIX 2: CHILDREN'S SERVICES
BUDGET REVENUE MONITORING REPORT – MONTH 5

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
Family Services	33,119	295	386	<p>The favourable movement from month 4 results from the confirmation of Pupil Premium Grant (PPG) funding in the Virtual Schools team. In addition, a review of the Multi Agency Safeguarding Hub (MASH) has resulted in the reduction of the in year forecast, and a small net reduction in forecast placement expenditure.</p> <p>There are a number of salary related pressures which total £305k within the directorate as follows:</p> <p>MASH (Multi Agency Safeguarding Hub) £146k - The on-going costs related to the shared MASH service are forecast to exceed the budget initially established for the service. Looked After Children (LAC) and Leaving Care Teams £116k (within this staffing pressure, the service is forecasting a 65k pressure on LAC Assist).</p> <p>CAS (Contact and Assessment) £112k – 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.</p> <p>Other staffing underspends (£69k) - Underspends held within</p>

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
				<p>Early Help and Localities, plus Fostering and Adoption teams have helped to offset other overspends across the directorate.</p> <p>Virtual Schools £200k - Whilst the confirmation of PPG funding has reduced the forecast pressure, the historic MTFS target is not expected to be met in this financial year.</p> <p>Children with Disabilities (CWD) and Fostering & Adoption (£453k) – within Fostering and Adoption, there are forecast underspends against post order support budgets due to an ageing out of the population. However, the placement budget in the disabilities service, net of joint funding is forecast to be over spent at Period 5. This cost pressure is currently being mitigated within the service, whilst LAC and Care Leaver placement budgets including client transport, asylum and remand, are set to break even at year end.</p> <p>Fostering contract £66k - There is an overspend on contract spend in relation to the recruitment of internal fosterers. Contact Centre £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 budget pressures £140k - These relate mainly to the contribution to the WLA (West London Alliance) Care Place work undertaken, Family Group Conferencing and a forecast overspend where additional resource for Adult Psychiatric assessments have been agreed in order to meet current</p>

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
				demand for parenting assessments and prevent the use of spot purchase assessments.
Education	3,508	7	124	The current outturn forecast for LBHF Education is for the directorate to perform within budget. SEN (Special Education Needs) £259k - pressures relating to staffing costs for the SEN Transfers Team. A future business case is anticipated that will request a virement of £125k regarding such costs. If approved this would reduce the forecast overspend. Education Psychology (£105k) - increased level of traded income expected to be achieved. Passenger Transport (£81k) - favourable variance against contract spend. Further small underspends across the directorate (£66k).
Commissioning	5,022	282	282	Commissioning Team £544k - Costs relating to additional resource to support the transition to new structure and deliver departmental projects. Contracts and Joint Commissioning (£262k) – Due to underspends on youth contracts and CAMHS (Child and Adolescent Mental Health Services).
Safeguarding, Review and Quality Assurance	1,144	99	126	Despite ongoing work by officers to reduce the forecast overspend by £27k from P4, a shortfall in delivery from prior year MTFS savings has resulted in a cost pressure on the service. Work is underway to find additional cost reduction within the service.
Finance and Resources	4,788	(103)	(86)	Forecast pressures on salaries (£485k), offset by salary budget to be vired out to departments (-£523k), an underspend on the 3BM contract (-£89k), and other minor variances (£24k).

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
Schools Funding	0	0	0	
Total	47,581	580	832	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £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
Impact of Queen's Speech - Impact on extending our responsibilities for care leavers up to 25 (was 21)	Unknown	Unknown
Total	(30)	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	3,057	0	170
Schemes Delayed / At Risk	£000	Reason		
Commissioning of a Children's Services contact service centre	37	Delay in the implementation until June 2016.		
Disabled Children Team	77	Staffing Pressures		
YOT	9	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.		
Total	170			

4: Supplementary 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.

The Queen's Speech set out plans to extend local authority responsibilities for care leavers up to 25 years of age (this was previously 21). As of yet, the impact in terms of additional cost pressure is unknown. Work needs to be undertaken by officers to identify eligible care leavers for the extended cohort, who may now return to the service for support.

APPENDIX 3: CONTROLLED PARKING ACCOUNTS (CPA)
BUDGET REVENUE MONITORING REPORT – MONTH 5

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
Pay & Display (P&D)	(11,808)	(12)	43	Income received in the first five months of 2016/17 from P&D (including phone payments and card payments) is higher than in the same period in the previous year. The budget has been adjusted to reflect activity, so there is a small surplus forecast of £12k.
Permits	(4,496)	(139)	(139)	Income from resident permits in 2016/17 is higher than the same period last year.
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	240	323	The numbers of PCNs issued at the start of 2015/16 were lower than the same period last year, due to a number of vacant enforcement posts. Recruitment has taken place in August and the service is now fully staffed, however the forecast for the year is expected to be £240k less than budgeted.
Bus Lane PCNs	(1,257)	(191)	(207)	The numbers of PCNs issued in the first five months of 2016/17 are 7.5% less than the same period in the previous year.
CCTV Parking PCNs	0	(6)	(6)	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)	332	260	The numbers of PCNs issued in 2016/17 are significantly lower than in the same period last year (14.15%). 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 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
Parking Bay Suspensions	(3,223)	(71)	(71)	Income in the first five 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 7 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)	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	(308)	(276)	Staffing costs are forecast to be underspent by £330k based on current staffing and enforcement posts that have been vacant for part of the year. Supplies and services are forecast to be overspent by £22k.
Total	(22,406)	(142)	(60)	

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

The parking forecast is an underspend of £142k, 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. Measures have been put in place to ensure the full establishment of Civil Enforcement Officers is maintained.

APPENDIX 4: CORPORATE SERVICES REVENUE MONITOR
BUDGET REVENUE MONITORING REPORT – MONTH 5

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
H&F Direct	18,660	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)	(251)	0	0	No change
Legal and Electoral Services	787	0	0	No change
Finance Services	379	0	0	No change
Audit, Risk, Fraud and Insurance	12	(199)	0	£113k underspend on Corporate Investigation team due to £136k underspend on staffing cost due to 3 vacant posts, recruitment for 2 post are in process and £23k overspend on legal cost. £10k underspend on Internal Audit Supply & Services budget. £77k underspend on Bi-Borough Insurance Service is due to refund on S113 staffing charges (wrongly charged twice) from RBKC for 2015/16.
Shared ICT Services	(3,388)	0	0	No change.
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 by the end of second quarter.
Executive Services	(721)	0	0	No change
Human Resources	651	0	0	No change
Delivery and Value	653	(165)	0	£22k underspend on staffing budget due part year staff vacancy within the service, £8k underspend on Supply & services for Mayoral services and

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
				£135k underspend on grants funding.
Total	16,850	(364)	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 5

1: Variance by Departmental Division

Departmental Division	Revised Budget £000	Variance Month 5 £000	Variance Month 4 £000	Variance Analysis
Cleaner, Greener & Cultural Services	21,461	(711)	(729)	<p>(£730k) 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>(£41k) 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>£40k Filming - pressure on income due to delay in launch of film location library</p> <p>(£4k) Other smaller underspends</p>
Safer Neighbourhoods	7,831	844	865	<p>£168k Transport – there is a £100k loss of management and repair income as a result of the Passenger Transport service which will be reprocured. 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</p>

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
				<p>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. £382k pressure is included due to additional costs from stopping the use of glysohate weedkiller in parks.</p> <p>£48k CCTV Service – mostly relating to forecast salary overspends, which are being investigated.</p> <p>£15k Other smaller overspends</p>
Other LBHF Commercial Services	45	(1)	(3)	The forecast includes drawdowns of £180k from 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	70	7	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 service budgets are being considered.
Building & Property Management (BPM)	(2,779)	526	539	£258k in Advertising Hoardings – It is anticipated that advertising hoarding income will be in line with budget for most sites except for the

Departmental Division	Revised Budget £000	Variance Month 5 £000	Variance Month 4 £000	Variance Analysis
				<p>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>£75k - Rent and Other Properties. The unfavourable variance is due to unachievable MTFs savings of £61k and an unachievable income target on Galena Road of £14k.</p> <p>£264k in Civic Accommodation</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>£6k – Other overspends. (£78k) Valuation Services – Asset Management Team underspend by (£8k) and a proposed drawdown from reserve of (£70k) depending on the outturn. (£43k) Building Control – The favourable variance is due to additional income from large building control schemes.</p>
Transport & Highways	13,706	(151)	(74)	(£151k) Transport & Highways -The favourable overall variance is due to staff costs that could be charged to projects.
Planning	1,982	237	239	£237k - 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 very likely that these costs will increase further during the year. See the Risk Profile in section 2 below for further details.
Environmental Health	3,021	23	19	£23k Licensing Section – The adverse variance mainly relates to shortage of licensing income.

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
Former TTS Support Services	(724)	16	17	
Total	44,763	940	1,023	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £000
Advertising Hoarding Income – Significant risk due to lack of up to date information and uncertainty in income level on some advertising hoarding sites.	200	500
Unfunded Judiciary Review expenditure and exceptional items in Planning Division	300	450
If unplanned costs arise from the termination of the LINK shared service	0	500
Insurance of the Cecil French bequest - currently stored and insured at Sotheby's at nil cost. This arrangement is unable to continue. It is proposed the collection is to be stored in the strong room of Lilla Huset for free but the council will need to fund the insurance costs for which there is no budget.	20	30
It is unlikely that the council will receive any income from the ducting contract as we have recently learnt that the company is experiencing financial difficulties	0	186
Total	520	1,666

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	751	1,523	394
Schemes Delayed/ At Risk	£000	Reason			
Additional Rental income	61	Charge to Amey for accommodation is recharged back to the Council under the contract.			
Accommodation Savings	245	Delays on the sale of Fulham Town Hall.			
Street lighting Energy	50	Street lighting LED pilots are running, and plans are in place to roll out across the borough. Currently, 67% of the savings are expected to be achievable as a result of a start date that is later than assumed in the budget.			
Environmental Health-Private Sector Housing	38	Improving standards in the Private Rented Sector via licensing. The additional licensing scheme is not expected to come into effect until 2017/18.			
Total	394				

4: 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 5

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
Housing Strategy, Options, Skills & Economic Development	7,931	20	20	This mainly relates to a forecast overspend of £661k as a result of inflationary pressures on rents for suitable temporary accommodation from private sector landlords offset by: <ul style="list-style-type: none"> ● a reduction in the net costs of Bed and Breakfast (B&B) accommodation of (£63k) due to lower average client numbers (106 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 (£65k) and on Private Sector Leasing (PSL) (£323k), ● and income of (£190k) from the DWP New Burdens Fund for the removal of the TA Management Fee Subsidy.
Housing Strategy & Regeneration	8	62	62	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	175	0	0	
Total	8,158	82	82	

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.	82	205
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 mitigation, officers are reviewing the application and assessment process and liaising with colleagues from Adult and Children Services to identify funding.	278	464
Total	360	669

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: 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 no change 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 5

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
Libraries Shared Services	3,175	14	0	There is a forecast overspend of £14k for 2016/17. This is partly as a result of a Member decision to offer PC usage for free for the first hour instead of 30 minutes (£10k, this was identified as a risk in P4), and some delays in implementing new income streams, such as weddings at Fulham Library
Total	3,175	14	0	

2: Key Risks

N/A

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		16	4
Schemes Delayed / At Risk	£000	Reason		
Weddings at Fulham Library	4	There has been a delay to launching weddings at Fulham Library, due to issues with setting up card payment facilities. This has led to 6 months lost income. It is hoped that Fulham will be able to take bookings from the end of October		

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 5

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	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	(157)	(47)	Health Trainers performance is below target with an estimated underspend £127k, which is similar to previous years. Health Checks also forecast to be below expectations by £30k.
Intelligence and Social Determinants	60	(10)	(10)	Specialist project work not required in current year.
Families and Children Services	6,440	343	0	Proposed savings for School Nursing will not be realised, due in part to delays in procurement and unattainable savings.
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)	172	405	The current identified variances will reduce the estimated drawdown from reserves, which is budgeted at £596k and will instead be £424k.
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 £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

Relatively few invoices are paid in relation to the current financial year, so variance is based on budget manager forecasting, which will be analysed in greater depth once more 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 7.

APPENDIX 9: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING REPORT – MONTH 5

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
Corporate & Democratic Core	5,863	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)	5,032	(50)	200	A favourable variance of £250k on the corporate contingency held to fund the annual uplift in Non Domestic Rates is offset by a £200k adverse variance due to reduced Land Charge income caused by the slowdown in housing market activity.
Pensions & Redundancy	9,450	(272)	(272)	Past Service costs less than budgeted.
Total	21,656	(22)	228	

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

Currently there is £1.4m of approved expenditure from the Unallocated Contingency leave an available balance of £0.9m.

APPENDIX 10: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING REPORT – MONTH 5

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Variance Analysis
	£000	£000	£000	
Housing Income	(76,571)	0	0	
Finance and Resources	15,151	(369)	(369)	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	114	89	Increase in grounds maintenance costs, with an estimated additional £180k. These additional costs will be partially offset by (£91k) projected underspends in staffing and a further £25k on contract costs.
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	24	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	(1,061)	(245)	(270)	

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)	(245)	(19,826)

5: Supplementary Monitoring Information

The Housing Revenue Account is forecast to show an underspend of (£245k) against the budget for 2016/17. This represents an unfavourable movement of £25k since last month. 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.