


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">6 MARCH 2017</p>	
<p style="text-align: center;">CORPORATE REVENUE MONITOR 2016/17 MONTH 8 – 30th NOVEMBER 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, Corporate Finance</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 year end variance for month 8 is a gross overspend of **£1.557m** (a reduction of **£0.517m** compared with **£2.074m** in month 7).
- 1.2. The potential value of mitigating actions is **£0.972m, if fully delivered**, which will result in a net overspend of **£0.585m** (a reduction of £0.464m, compared with £1.049m at month 7). Delivery of action plans is assigned to relevant responsible Directors, which seek to address the total General Fund forecast overspend (0.9% revised budget compared with 1.2% month 7) as set out in section 4.2.
- 1.3. The forecast overspend 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) Children’s Services mainly due to commissioning and support services functions; (3) Housing General Fund; (4) Environmental Services; and (5) Libraries.
- 1.4. The Housing Revenue Account year end variance for 2016/17 is a surplus of **£0.784m** at month 8 (an increase of £0.221m compared with a surplus at month 7 of £0.563m). HRA general reserves of **£1.061m** remain forecast to be carried forward into 2017/18, with a HRA balance of **£20.365m** at year-end..

1.5. Carry-forward requests for underspends will be considered in the CRM9 report. As usual requests will only be considered if the department is underspending and they are affordable given the overall forecast.

2. RECOMMENDATIONS

2.1. To note the General Fund and Housing Revenue Account month 8 forecast revenue variances.

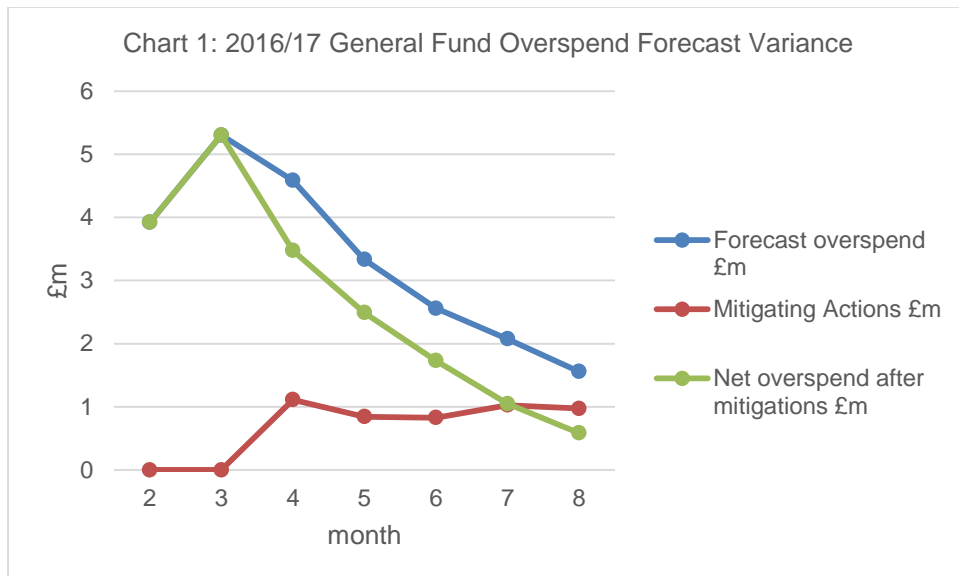
2.2. To note that there are mitigating action plans amounting to **£0.972m**, seeking to address the General Fund gross overspend forecast of **£1.557m**. All overspending departments to respond with further actions to reduce the net forecast overspend of **£0.585m**.

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 MONTH 8 GENERAL FUND

4.1. Chart 1 to illustrate the General Fund overspend forecast for months 2 to 8 this year:



4.2. Table 1 sets out the position for month 8 as follows:

Table 1¹: 2016/17 General Fund Forecast Outturn Variance – Month 8

Department	2016/17 General Fund Gross Forecast Outturn Variance – Month 8					Summary of Net Forecast Outturn Variances After Action Plans	
	Revised Budget Month 8 £m	Forecast Outturn Variance Month 8 £m	Forecast Outturn Variance Month 7 £m	Variance Between Months 7 and 8 £m	Month 8 Forecast Variance %	Potential Value of Action Plan Mitigations Month 8 £m	Forecast Outturn Variance Net of Planned Mitigations £m
Adult Social Care	58.698	2.008	2.065 ²	(0.057)	1.1%	0.550	1.458
Children's Services	47.581	0.663	0.437	0.226	0.4%	0.240	0.423
Controlled Parking Account	(22.406)	(0.925)	(0.472)	(0.453)	-0.5%	0	(0.925)
Corporate Services	16.918	(0.324)	(0.324)	0	-0.2%	0	(0.324)
Environmental Services	44.778	0.076	0.309	(0.233)	0.1%	0.076	0
Housing General Fund	8.143	0.082	0.082	0	0%	0.082	0
Libraries & Archives Service	3.175	0.014	0.014	0	0%	0.024	(0.010)
Public Health Services	0	0	0	0	0%	0	0
Centrally Managed Budgets	21.656	(0.037)	(0.037)	0	0%	0	(0.037)
Total	178.542	1.557	2.074	(0.517)	0.9%	0.972	0.585
%		100%				62%	38%

Action plans to mitigate the forecast overspends are summarised in table 1.

¹ Figures in brackets represent underspends

² The ASC forecast for CRM7 and CRM8 includes the proposed budget virement request of £0.400m which is due to be agreed by Cabinet on 16th January 2017. This is the second virement request from ASC for a drawdown from their ASC Pressures and Demands earmarked reserve (the first was £0.716m approved in CRM3 also included in the forecast). Refer to appendix 1.

5. 2016/17 MONTH 8 HOUSING REVENUE ACCOUNT

- 5.1. The Housing Revenue Account currently forecasts a surplus outturn variance of **£0.784m** for 2016/17; an increase of £0.221m compared with a surplus outturn variance of £0.563m in month 7 (appendix 10).

Table 3: 2016/17 Housing Revenue Account Forecast Outturn - Month 8

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	(0.784)
Projected Balance as at 31st March 2017	(20.365)

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 are on target at **£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	3.141	0.205	1.975
Children's Services	3.227	3.166	0	0.061
Corporate Services	3.175	3.175	0	0
Environmental Services	2.668	0.816	1.317	0.535
Housing General Fund	0.405	0.265	0	0.140
Libraries and Archives	0.020	0	0.005	0.015
Centrally Managed Budgets	1.050	0.550	0	0.500
General Fund Total	15.866	11.113	1.527	3.226
GF %	100%	70%	10%	20%
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 proposed budget virements were requested in month 8.
- 7.2. No write-off requests for month 8.

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 the main report and 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.	Background Papers	Name	Department
1.	Revenue budget monitoring reports and supporting papers	Jade Cheung 0208 753 3374	Corporate Finance

LIST OF APPENDICES

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	Libraries & 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 – 2016/17 MONTH 8

1: Variance by Departmental Division

Departmental Division	Revised Budget £000	Variance Month 8 £000	Variance Month 7 £000	Variance Analysis
Integrated Care	44,902	2,528	2,570	<p>1. A projected overspend of £1,472,000 on the Home Care and Direct Payments budgets</p> <p>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. Cabinet have agreed a 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. Although pressures continue within the budget, since last month there has been a decrease in overspend of (£160,000) due to review of customers as part of the transfer to the new Home care providers or through Direct payments. The Department is requesting a further £400,000 from ASC Pressures and Demand to assist with the budget pressures.</p> <p>B. There is an additional financial impact of the full year effect of customers from 2015/16. The projected overspend of £1,472,000 has</p>

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
				<p>been managed downwards by (£1,172,000) Better Care fund contribution, (£450,000) from Care Act funding and (£400,000) from ASC reserve.</p> <p>2. Better Care Funding Savings of £494,000</p> <p>Within the ASC 2016/17 base budget is an MTFS efficiency of £2m following the negotiations with health over the second year of the Better Care Fund. The £2m efficiency target has various target measures to deliver this saving which include avoidance of care in residential and nursing placement, reduction in home care hours, saving from jointly commissioning section 75 contracts and securing lower prices from placement providers.</p> <p>At this stage of the year the department is projecting the delivery of the following against this target:</p> <p>Reductions in residential and nursing placements is moving in the right direction with reduction in volumes of placements and supported living with savings of (£1,498,000) factored in.</p> <p>A number of contracts have been renegotiated relating to Elgin House homes with savings of (£100,000). There is a projected overspend in the PFI budget of £225,000 for Funding Nursing Contribution income shortfall due to reduced client numbers receiving nursing care, which has been offset by proposed drawdown from PFI earmarked reserve of (£133,000). This leaves a shortfall of £494,000 from the £2m target efficiency.</p> <p>3. A projected underspend in Learning Disability Services of (£427,000)</p> <p>The continue management actions from the reviews are leading to reduction of costs of care in LD packages and placements.</p>

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
				<p>4. Mental Health Service is projecting an overspend of £563,000 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 is £111,000 The overspend of £62,000 is due to the Customer Journey shortfall in savings due to delays in implementation of the Community Independence Service (CIS) to prevent entry into hospital. There are net budget pressure of £49,000 from Social work practice to additional customer demand.</p> <p>6. Income shortfall of £315,000 on Careline Services Income less than budgeted. A review is underway to encourage more users.</p>
Strategic Commissioning & Enterprise	5,461	(100)	(90)	7. Projected underspend of (£100,000).
Finance & Resources	7,791	(5)		8. Small underspend in supply services budgets.
Executive Directorate	544	(15)	(15)	9. Small underspend in supply services budgets.
Total	58,698	2,408	2,465	
Funding from ASC Pressures and Demand Reserves		(400)	(400)	The department has requested Cabinet approval for additional £400,000 from ASC Pressures and Demand reserves to partly offset the Home Care budget pressures in the CRM period 7 report.
Total	58,698	2,008	2,065	

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	400
London Living Wage for Social Care Costs.	150	300
Inflationary pressures greater than provided in the 2016/17 budget settlement	150	300
Total	550	1,000

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	3,141	205	1,975
Schemes Delayed / At Risk		£000	Reason		
Various savings are at risk		1,975	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		

4: Supplementary Monitoring Information

Adult Social Care (ASC) is projecting an overspend of £2,408,000 as at end of period eight, which is a decrease in the overspend of (£57,000) compared to the period seven projected overspend of £2,465,000. After funding from the ASC Pressures and Demand reserve of (£400,000) which is proposed for Cabinet approval, this will mitigate the overall pressures to a net projected overspend of £2,008,000. The reduction in overspend is due to management actions to mitigate the projected overspend with a particular focus on the review of customer care needs as part of transfer to new Home Care providers or through Direct Payment saving £160,000 which is partly offset by net additional contact costs of £103,000.

The department is expected to deliver savings of £5,321,000 in this financial year and at this stage of the year 59% 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.

APPENDIX 2: CHILDREN'S SERVICES
BUDGET REVENUE MONITORING REPORT – 2016/17 MONTH 8

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
Family Services	29,898	443	223	<p>The increase in the forecast from P8 is mainly as a result of an increase in high cost residential placements and additional pressure on semi independent accommodation due to the block contract being fully utilised.</p> <p>An agreement to fund an estimated budget shortfall in Housing, which is related to the work they do with families who have No Recourse for Public Funds (NRPF) status. An adverse variance of £191k has been created by this pressure on the NRPF service. Children's Services are working with housing colleagues to fully understand and refine the impact.</p> <p>There are a number of salary related pressures within the directorate as follows: Looked After Children [LAC] and Leaving Care Teams £82k, Family Services Child Protection teams £117k. CAS [Contact and Assessment] £150k – 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. Other staffing underspends £106k - Underspends held within Early Help and Localities, plus Fostering and Adoption teams have helped to offset other small staffing</p>

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
				<p>overspends across the directorate.</p> <p>Virtual Schools £200k - Whilst the confirmation of Pupil Premium (PPG) funding has reduced the forecast pressure, the historic MTFS target is not expected to be met in this financial year.</p> <p>Fostering & Adoption [F&A] (-£236k) – Within Fostering and Adoption, there are forecast underspends against post order support budgets due to an ageing out of the population. A mid year review of placement numbers has been undertaken to ensure the cohort still expected to come into the service, net of numbers expected to age out of care, remains realistic.</p> <p>LAC and Care Leaver placements £65k - Budgets including client transport, asylum and remand are forecast to be overspent at year end.</p> <p>Other small departmental underspends - (-£20k).</p>
Education	6,665	(22)	(28)	<p>SEN (Special Education Needs) £27k - small pressures relating to staffing costs for the SEN Transfers Team to support the SEN service in delivering the statutory requirement set out in the Children's and Family's Act.</p> <p>CWD (Children With Disabilities) and The Haven £156k - Staffing pressures across the LBHF CWD service, partially offset by increased income from traded placements.</p> <p>Education Psychology (-£110k) - increased level of traded</p>

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
				<p>income expected to be achieved.</p> <p>Passenger Transport (-£181k) - favourable variance against contract spend.</p> <p>Further small overspends across the directorate - £86k.</p>
Commissioning	5,022	212	194	<p>Commissioning Team £473k - Costs relating to additional resource to support the transition to new structure and deliver departmental projects.</p> <p>Contracts and Joint Commissioning (-£283k) – Due to underspends on youth contracts and CAMHS (Child and Adolescent Mental Health Services).</p> <p>Other small overspends -£22k.</p>
Safeguarding, Review and Quality Assurance	1,208	15	35	<p>Safeguarding, Review and Quality Assurance is forecast to over spend by £15k in 1617, and this is a favourable variance of -£20k from P7, which relates to the reduction in salary forecast for the Senior Coordinator post as well as a reduction of non staff related expenditure at P8. The overspend remains, despite ongoing work to re-structure parts of the service. Prior year MTFS 2013/14 to 2014/15 have not been achieved and in year re-organisation does not result in aligning spend to base budget.</p>
Finance and Resources	4,788	15	13	<p>Overall forecast overspend of £15k, which is made up of pressures on salaries (£585k), offset by salary budget to be vired out to departments (-£481k), an underspend on the 3BM contract (-£89k), and other minor variances.</p>

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
Schools Funding	0	0	0	
Total	47,581	663	437	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £000
Passenger Transport - There is a risk that volume decreases within the Sep-16 cohort of pupils could be somewhat reversed if parents successfully appeal some of the decisions with regards to pupil eligibility	0	75
Tower Hamlets Judgement - The likely liability should all connected carers be paid carers fees for prior years as far back as 2011 is estimated to be £2.1m. Work is being undertaken to analyse this further.	0	2,100
Risk of additional high cost placements entering the CWD service.	0	100
No Recourse for Public Funds - The forecast budget shortfall for Housing NRPf families is £191k at P7. This is based on the current families they are accommodating, but this risk represents the estimate from Housing as to possible max budget pressure.	191	484
Total	191	2,759

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	3,166	0	61
Schemes Delayed / At Risk	£000	Reason			
Commissioning of a Children's Services contact service centre	61	Delayed implementation of the service until June 2016			
Total	61				

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. However, high cost placements will be reviewed by the LAC and Leaving Care team in Period 9 under the guidance of Head of Service, to ensure LAC placements remain appropriate and robust move on plans are in place for young people moving into leaving care.

Following discussion with Housing colleagues, agreement has been reached for Family Services to fund a housing budget shortfall in year in relation to their work with families who have No Recourse to Public Funds (NRFPs). A joint working strategy has been agreed with Housing, in order to review these cases and take appropriate action. Budget has been established through historic successful growth bids and this spending pressure is sought to be contained within the departmental budget for 2016/17.

The Commissioning directorate is reviewing every opportunity to contain its pressures reported, however the resource required for the current work programme exceeds the available budget resource at present. The clear eligibility criteria developed by the SEN service in close collaboration with parents over the last year has helped reduce the pressure on the Passenger Transport service. Phase 2 of the finance team restructure is due to commence after consultation took place in September. This will deliver savings with the full year effect seen in 2017/18.

APPENDIX 3: CONTROLLED PARKING ACCOUNTS (CPA)
BUDGET REVENUE MONITORING REPORT – 2016/17 MONTH 8

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
Pay & Display (P&D)	(11,808)	(972)	(290)	Income received in 2016/17 from P&D (including phone payments and card payments) is higher than in the same period in the previous year. The introduction of phone payment has resulted in an increase in the total. The council is still in the process of rolling out the implementation, so this will be monitored closely to see if the increased income continues.
Permits	(4,496)	(157)	(133)	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)	51	240	The numbers of PCNs issued at the start of 2016/17 were lower than the same period last year, due to a number of enforcement staff leaving. Recruitment took place in August and the service is now fully staffed, and the impact on PCNs is being seen.
Bus Lane PCNs	(1,257)	(205)	(209)	The numbers of PCNs issued in 2016/17 are 8.5% 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)	673	332	The numbers of PCNs issued in 2016/17 are significantly lower than in the same period last year (21%).
Parking Bay Suspensions	(3,223)	(33)	(2)	Income in 2016/17 is similar to the same period last year. The budgeted income was increased by £500k in the 2016/17 budget planning, to match activity.
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.

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
Expenditure and Other Receipts	11,831	(289)	(417)	Staffing costs are forecast to be underspent by £246k based on current staffing and enforcement posts that were vacant earlier in the year. Supplies and services are forecast to be overspent by £23k.
Total	(22,406)	(925)	(472)	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £000
Moving Traffic Offences – risk that driver behaviour changes	0	750
Economic downturn resulting in fewer parking bay suspension requests	0	750
Total	0	1,500

3: Supplementary Monitoring Information

The parking forecast is an underspend of £925k, which is explained in detail 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. The impact of cashless parking will also be closely monitored.

Measures have been put in place to ensure the full establishment of CEOs is maintained.

APPENDIX 4: CORPORATE SERVICES REVENUE MONITOR
BUDGET REVENUE MONITORING REPORT – 2016/17 MONTH 8

1: Variance by Departmental Division

Departmental Division	Revised Budget £000	Variance Month 8 £000	Variance Month 7 £000	Variance Analysis
H&F Direct	18,711	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 service is within its overall budget.
Innovation & Change Management (ICM)	(251)	0	0	Cross borough cost recovery (recharges) of shared services are on-going.
Legal and Electoral Services	786	0	0	No change
Finance Services	379	0	0	No change
Audit, Risk, Fraud and Insurance	12	(199)	(199)	This is made of one off underspends from: <ul style="list-style-type: none"> ■ £112k on Corporate Investigation team due to 3 vacant posts - recruitment for 2 post are in process. ■ £10k on Internal Audit Supply & Services budget. ■ £77k on Bi-Borough Insurance Service due to refund on S113 staffing charges (overpayment) from RBKC for 2015/16.
Shared ICT Services	(3,388)	0	0	No change
Commercial Directorate	70	40	40	The net adverse variance relates to the non recovery of budgets from departments for savings of £60k assumed from the new stationery contract offset by savings of £20k from a vacant post.
Executive Services	(721)	0	0	
Human Resources	650	0	0	No change
Delivery and Value	670	(165)	(165)	£22k underspend is from part year staff vacancy within the service, £8k underspend on Supply & services for Mayoral services and £135k underspend on grants funding.
Total	16,918	(324)	(324)	

2: Key Risks

None

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 – 2016/17 MONTH 8

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
Cleaner, Greener & Cultural Services	21,461	(1,074)	(885)	(£809k) Waste disposal - £470k one off rebate relating to prior years; £339k other waste disposal due to continuation of reduced recycle charge (£183k) waste contract - contract inflation less than budgeted. Realigned with unachievable savings elsewhere in the department as part of 2017/18 budget setting. (£38k) Fireworks - latest forecast suggests a net positive variance against the budget (£44k) other smaller net underspends
Safer Neighbourhoods	7,830	458	610	£307k Phoenix Leisure Centre - management fee not reducing due to delayed capital improvement works. works are now underway and on track to be completed in February 2017, but we still have the bear the impact of the delay in 16/17. £194k Transport service pressure due mostly to loss of Passenger Transport income following outsource of the service. Forecast assumes part year saving from closing the workshop in January 2017. Budgets have been reset as part of 2017/18 budget setting, so this is a one off pressure for this year only. (£43k) other smaller net underspends.
Other LBHF Commercial Services	45	59	29	£30k - Ducting Contract - expected income shortfall on the ducting contract of £185k offset by proposed drawdown from departmental reserves. £22k - Markets and Street Trading income shortfall. Options to increase income before year end are being explored.

Departmental Division	Revised Budget £000	Variance Month 8 £000	Variance Month 7 £000	Variance Analysis
				£7k other smaller net overspends
Executive Support and Finance	70	8	8	£8k small net overspend.
People Portfolio Saving	150	150	150	£150k People Portfolio Saving – this historic savings target is not expected to be met again this year. The savings target has been permanently removed from 2017/18 as part of the budget setting process, through a realignment with ongoing underspends elsewhere in the service group.
Building & Property Management (BPM)	(2,779)	838	789	<p>£543k in Advertising Hoardings – Based on the quarter 1 information received in October, the forecast income from the two Towers will be £751k below budget. However the effect of this adverse movement is offset by income over recovery from the other sites. Given the challenges and uncertainty from the previous year, this area will be monitored closely.</p> <p>£69k - Rent and Other Properties. The unfavourable variance is due to unachievable MTFs savings of £55k and an unachievable income target on Galena Road of £14k.</p> <p>£249k in Civic Accommodation – This is mainly the result of unachieved MTFs savings on the disposal of Fulham Town Hall. The disposal of this property has been delayed due to the expected buyer not producing a scheme that was planning compliant.</p> <p>£40k Technical Support and BPM Business Support – The Overspend relates to staffing costs in Technical Support. Options for generating income and internal recharges are currently being investigated to reduce the overspend.</p> <p>£12k Building Control – The adverse position is due to lower income achieved on small jobs since September.</p> <p>(£71k) Valuation Services – Overspend of £91k on staffing costs due to the TFM team. This is offset by a rebate from the utility contract of (£90k) and a proposed drawdown from reserve of</p>

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
				(£70k) depending on the outturn. (£4k) Other smaller underspends.
Transport & Highways	13,706	(619)	(636)	(£619k) Transport & Highways -The favourable overall variance is due to staff costs that will be chargeable to projects.
Planning	1,998	244	229	£244k - Planning - The overall unfavourable variance is due to an increase in legal charges and costs. The Planning Division are using existing reserves to fund a proportion of these costs. This leaves unfunded costs of £312k. It is very likely that these costs will increase further during the year. Planning may be seeing the first drop in applications for several years. This will affect income if sustained. This is tracked carefully each month and adjustments made to staffing as necessary. See the Risk Profile in section 2 below for further details.
Environmental Health	3,021	13	15	£13k Licensing Section – The adverse variance mainly relates to shortage of licensing income.
Former TTS Support Services	(724)	0	0	
Total	44,778	76	309	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £000
Advertising Hoarding Income – Significant risk due to absence of up to date income information from contractors and uncertainty in income level on some advertising hoarding sites.	550	800
Unfunded Judiciary Review expenditure and exceptional items in Planning Division	320	420
If unplanned costs arise from the termination of the LINK shared service	0	400
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
The ducting contract remains problematic as the council has received no contract payments yet. The dispute process in the contract is being followed.	0	186
Planning applications may fall leading to a loss of income.	0	100
Total	890	1,936

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		2,669	816	1,317	535
Schemes Delayed/ At Risk	£000	Reason			
Additional Rental income	55	Charge to Amey for accommodation is recharged back to the Council under the contract.			
Accommodation Savings	245	Delays on the purchase from the Council of Fulham Town Hall.			
Street lighting Energy	155	Street lighting LED pilots are running, and plans are in place to roll out across the borough. Currently, the savings are unachieving 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, therefore contributions to reserves will not be realised until next financial year.			
Additional filming income	42	The filming location library will not be implemented as quickly as originally planned this financial year.			
Total	535				

4: Supplementary Monitoring Information

This year the Environmental Services budget is seeing the financial impact of a number of factors not within its control, including advertising income, Fulham Town Hall, the Phoenix leisure centre, the transport vehicle workshop and alternative weed treatment. However it has been able to absorb these pressures from non-recurring sources, principally waste disposal one-off benefits and a strong year for transport and highways projects.

APPENDIX 6: HOUSING DEPARTMENT - GENERAL FUND
BUDGET REVENUE MONITORING REPORT – 2016/17 MONTH 8

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
Housing Strategy, Options, Skills & Economic Development	7,916	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	8,143	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 Social Care Services to identify funding.	18	50
Housing Joint Venture - Costs relating to restructuring of the Council's joint venture vehicle are expected to be funded from Section 106. There is a risk that costs may exceed the funding available.	0	175
Economic Development schemes funded by Section 106 - following changes to the treatment of Section 106 funds related to the Earls Court Regeneration programme, officers have identified alternative Section 106 agreements to fund key Economic Development initiatives and Cabinet is expected to approve these in March 2017.	155	295
Total	255	725

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. In addition, there are a number of significant risks to the outturn position which are outlined above in the Key Risks section. Officers are working to mitigate these risks and a further update will be provided next month.

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.

Refer to action plan in the main report.

**APPENDIX 7: LIBRARIES AND ARCHIVES SERVICE
BUDGET REVENUE MONITORING REPORT – 2016/17 MONTH 8**

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
Libraries Shared Services	3,175	14	14	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	14	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £000
Declining income levels	10	25
Total	10	25

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		5	15
Schemes Delayed / At Risk	£000	Reason		
Weddings at Fulham Library	15	There has been a delay to launching weddings at Fulham Library, due to issues with setting up card payment facilities. This has led to 8 months lost income. It is hoped that Fulham will be able to take bookings from December. Other schemes such as the Amazon Lockers were not fitted until October, meaning six months lost income.		

4: Supplementary Monitoring Information Refer to action plan in the main report.

APPENDIX 8: PUBLIC HEALTH SERVICES
BUDGET REVENUE MONITORING REPORT – 2016/17 MONTH 8

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
Sexual Health	5,768	(200)	(192)	Invoicing is more up-to-date from large suppliers, with credits received for the previous year for under-performance on block contracts leading to a forecast underspend for the year.
Substance Misuse	4,870	(500)	(500)	Lower than expected costs associated with demand-driven detox placements. Forecast reduced as trend shows for the lower cost to be in relation to demand rather than slow invoicing from providers.
Behaviour Change	2,527	(132)	(112)	Health Trainers performance below target with an estimated underspend of £122k; with some minor overpends in Health Checks and Adult Malnutrition, offset by minor savings in smoking cessation.
Intelligence and Social Determinants	60	(10)	(10)	Small underspends on Specialist Project Work and Health Promotion Resource Centre.
Families and Children Services	6,440	263	293	Some proposed savings will not be realised, due in part to delays in procurement and unattainable savings leading to £408k, offset in part by expected savings of £115k in obesity.
Public Health Investment Fund (PHIF)	2,162	39	39	Minor overpends of £39k which is due to projects spending in 2016/17 which were agreed in the previous year.
Salaries and Overheads	1,285	0	0	
Drawdown from Reserves	(596)	927	869	The current identified variances will reduce the estimated drawdown from reserves, which is budgeted at £596k and will instead be a contribution of £331k.
Public Health –	(22,516)	(387)	(387)	

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
Grant				
Total	0	0	0	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £000
Awaiting consultation response for Department of Health funding formula	0	1,930
Total	0	1,930

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

N/A.

4: Supplementary Monitoring Information

APPENDIX 9: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING REPORT – 2016/17 MONTH 8

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	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	600	600	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	(140)	(140)	A favourable variance of £400k on the corporate contingency held to fund the annual uplift in Non Domestic Rates is offset by a £260k adverse variance due to reduced Land Charge income caused by slowdown in housing market activity.
Pensions & Redundancy	9,450	(497)	(497)	Past Service costs less than budgeted.
Total	21,656	(37)	(37)	

2: Key Risks

Risk Description	Lower Limit £000	Upper Limit £000
Risk of lower income due to interest rates movements resulting form Brexit.	0	500
Total	0	500

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

Centrally Managed Budgets		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000	£000	£000	£000
Total MTFS Savings		1,050	550	0	500
Schemes Delayed / At Risk		£000	Reason		
Investment Income	550	Interest rate movement following Brexit means saving will not be delivered			
Total	550				

4: Supplementary Monitoring Information

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

APPENDIX 10: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING REPORT – 2016/17 MONTH 8

1: Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
Housing Income	(76,571)	(256)	0	A shortfall of income of £321k is expected as a result of void commercial properties and garages (32% void rate). Income from dwelling rents will exceed expectations (£177k) due to the number of Right to Buy disposals being lower and the number of buybacks of homes being higher than budgeted. In addition, the speed of the rollout of the Government's Welfare Reform programme has been slower than anticipated and the Rent Income team have been very successful in implementing an effective rent collection strategy (the collection rate currently exceeds 99%). This means there will be an underspend on the budgeted bad debt provision (£400k).
Finance and Resources	15,055	(429)	(499)	This relates to vacant posts (£133k), recruitment costs (£72k), redundancy costs (£80k), printing costs (£40k) and other movements (£104k).
Housing Services	12,839	(2)	33	This mainly relates to an overspend against the grounds maintenance contract of £132k and on removal and storage costs of £107k. This is offset by underspends against the budgets for grants for downsizing tenants (£95k) and consultation with residents on parking controls on housing estates (£84k). Additionally, rental income is being generated from the Edward Woods Community Centre (£62k).
Strategic Housing Stock Options Transfer	0	0	0	
Property Services	2,699	0	0	

Departmental Division	Revised Budget	Variance Month 8	Variance Month 7	Variance Analysis
	£000	£000	£000	
Housing Repairs	13,869	0	0	
Housing Options HRA	350	(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	241	24	24	This relates to refurbishment costs at Mund Street, which are forecast at £24k.
Safer Neighbourhoods	585	0	0	
Capital Charges	29,824	(107)	(107)	A reduction in debt servicing costs (£158k) due to lower than expected levels of borrowing is offset by a reduction in interest earned on HRA balances of £51k following a deterioration in the rate of interest on short term investments (from a budget of 0.55% to 0.3%) caused by a reduction in the base rate.
(Contribution to)/ Appropriation From HRA	(1,061)	(784)	(563)	

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	0	200

Risk Description	Lower Limit £000	Upper Limit £000
from delays in commencing construction on Housing Development programme projects compared to the position assumed when the original budget was prepared.		
Advertising Income: A delay to the pruning of trees obscuring the hoardings at Falkland House on the West Cromwell Road is likely to result in a loss of income. Officers are engaging with Transport for London to gain access to enable the Council to carry out the pruning.	50	200
Termination of IT contract: the contract with Hammersmith & Fulham Bridge Partnership has terminated 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
Shepherd's Court Fire - until the insurance claim has been fully assessed and liability has been accepted by the Council's insurers , there is a risk to the revenue account.	0	100
Total	50	500

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: Revenue Overspend Action Plan

	£000
Current Forecast Overspend	N/A Net Underspend
Potential Value of Action Plan Mitigations	10
Overspend Net of Planned Mitigations	N/A: Net Underspend

	Mitigating Actions	Proposed mitigations £000	Responsible Officer	Deadline
1 Garage Income	<ul style="list-style-type: none"> ● Officers have made and continue to make progress on reducing the current void rate ● A programme of capital investment has commenced which will bring properties currently unfit for letting to a lettable standard. ● Policy decision to enable out of borough residents to rent garages and to allow garages to be let for storage purposes – rationale in progress and meeting to be arranged. ● It is likely that these plans will generate additional income in 2017/18. 	0	Nilavra Mukerji	Already implemented
2 Commercial Property	Improvements to the management of the commercial property portfolio including a review of the voids turnaround process and repairs is expected to result in a reduction in the voids rate and an increase in income in 2017/18.	10	Nilavra Mukerji	Already implemented
	Total	10		

5: 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)	(784)	(20,365)

6: Supplementary Monitoring Information

The Housing Revenue Account is forecast to show an underspend of (£784k) against the budget for 2016/17. This represents an improvement of (£221k) since last month. However, the forecast underspend needs to be considered in the context of a number of risks as outlined in the Key Risks section above.

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.