


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">9 OCTOBER 2017</p>	
<p style="text-align: center;">CORPORATE REVENUE MONITOR 2017/18 MONTH 3 – 30th JUNE 2017</p>	
<p style="text-align: center;">Report of the Cabinet Member for Finance – Councillor Max Schmid</p>	
<p>Open Report</p>	
<p>Classification - For decision and for information</p> <p>Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p style="text-align: center;">Accountable Director: Hitesh Jolapara – Strategic Finance Director</p>	
<p>Report Author: Andrew Lord – Head of Strategic Planning and Monitoring</p>	<p>Contact Details:</p> <p>Tel: 020 8753 2531</p> <p>Andrew.Lord@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. The General Fund 2017/18 forecast outturn variance for month 3 is a gross overspend of £4.742m.
- 1.2. The potential value of mitigating actions is £2.378m, if fully delivered, which will result in a net overspend of £2.364m. Delivery of action plans is assigned to relevant responsible Directors. They are also tasked with developing further plans to close the remaining projected overspend.
- 1.3. The forecast overspend outturn variances reported by departments in overspend value order are:
 - 1) Regeneration, Planning and Housing Services, mainly due to temporary accommodation pressures
 - 2) Adult Social Care pressures within the Home Care and Direct Payments budgets
 - 3) Children’s Services primarily due to Commissioning and Family Services
 - 4) Centrally Managed Budgets due to low interest rates on Council cash balances
 - 5) Environmental Services due to underachievement of income within building and property management and commercial operations.

6) Libraries and Archives due to non-delivery of planned savings.

1.4. The Housing Revenue Account outturn variance for 2017/18 is a break even position at Month 3 with a forecast contribution of £0.789m to HRA general reserves, with a HRA credit balance of £21.918m at year-end.

2. RECOMMENDATIONS

2.1. To note the General Fund and Housing Revenue Account month 3 forecast revenue outturn variances.

2.2. To note the action plans amounting to £2.815m, seeking to address the General Fund gross overspend forecast variance of £4.742m. All overspending departments will need to respond with further actions to reduce the net forecast overspend after mitigating actions of £2.364m.

2.3. To approve the proposed virements requests in appendix 11.

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) 2017/18 MONTH 3 GENERAL FUND

4.1. Table 1 below sets out the position for month 3.

Table 1: 2017/18 General Fund Gross Forecast Outturn Variance – Month 3

Department ¹	Revised Budget Month 3 £m	Forecast Outturn Variance Month 3 £m	Forecast Outturn Variance Month 2 £m	Variance between months 2 and 3 £m
Adult Social Care (ASC)	59.509	1.277	(0.012)	1.289
Children's Services (CHS)	45.446	1.191	1.227	(0.036)
Controlled Parking Account (CPA)	(22.235)	(0.437)	(0.130)	(0.307)
Corporate Services	16.528	(0.367)	(0.367)	0.000
Environmental Services (ES)	42.677	0.496	0.494	0.002
Regeneration, Planning and Housing Services (RPHS)	8.567	1.775	0.877	0.898

¹ Figures in brackets represent underspends

Library & Archives Service	2.685	0.142	0.142	0
Public Health Services	0	0	0	0
Centrally Managed Budgets (CMB)	18.921	0.665	0.665	0
Total	172.098	4.742	2.896	1.846

- 4.2. Within the overall departmental positions there are some significant over spends. The ASC overspends are partially offset against additional external funding allocations of £6.05m². In addition to this external funding, the Council provided £2.66m budget growth on an ongoing basis to support ASC budget pressures. The total additional funding is £8.71m in 2017/18.
- 4.3. Temporary Accommodation is the main budget pressure for RPHS. A combination of inflation, an increase in client numbers and changes to the funding of incentive payments to Direct Letting landlords has led to a forecast overspend of £1.775m. This is after a net increase in funding of £1.25m³.
- 4.4. Pressure on salary budget due to high utilisation of commissioning capacity above the budgeted establishment, loss of grant funding and income shortfall expected from the out of borough residents at the Haven are the main contributors to the Children's Services overspend.
- 4.5. Table 2 summaries the value of mitigating actions departments have identified to reduce overspends.. The potential value of mitigating actions is **£2.378m, if fully delivered**, which will result in a net overspend of **£2.364m**. All overspending departments will need to respond with further actions to reduce the net forecast overspend to nil by year-end. Any overspends at year end will require the use of Council reserves. Delivery of action plans has been assigned to relevant responsible officers below.

² This consists of improved Better Care Funding of £0.831m, Spring Budget funding of £4.297m and Adult Social Care grant of £0.922m.

³ For 2017/18 the Council will receive, after allowance for payments to Registered Social landlords, homelessness support grant of £3.25m. £2m of this compensates the Council for loss of a temporary accommodation management fee of £2m received in 2016/17.

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

Department	Gross Forecast Outturn Variance Month 3 £m	Potential Value of Action Plan Mitigations Month 3 £m	Forecast Outturn Variance Net of Planned Mitigations £m
Adult Social Care	1.277	1.050	0.227
Children's Services	1.191	0.323	0.868
Controlled Parking Account	(0.437)	(0.437)	0
Corporate Services	(0.367)	0	(0.367)
Environmental Services	0.496	0.496	0
Regeneration, Planning and Housing Services	1.775	0.141	1.634
Library & Archives Service	0.142	0.140	0.002
Centrally Managed Budgets	0.665	0.665	0
Total	4.742	2.378	2.364
%	100%	50%	50%

5. CORPORATE REVENUE MONITOR 2017/18 MONTH 3 DEDICATED SCHOOLS GRANT

- 5.1. Dedicated schools grant (DSG) is paid in support of local authority schools budgets, being the main source of income for the schools budget. This is split between central expenditure and the individual schools budget (ISB) in conjunction with the local schools' forum.
- 5.2. DSG is forecasting a £4m overspend around the High Needs Block for 2017/18. The forecast overspend is due to the number of children with special education needs and the degree of complexity, as well as the requirement to provide education for post-19, which has not been matched by increased funding and that has placed significant pressures on the High Needs Block for the last three years.
- 5.3. The forecast allows for some contingency for costs in second half of the year. However, further work needs to be done to refine the placement models around SEN and for Early Years with the introduction of the 30 hours' childcare. The Council also gave the commitment to all providers of full-time nursery education

that it would honour arrangements for the 2017/18 Academic year. These additional costs are expected to be offset through additional funding achieved through the Government's 30 hour's child care initiative, but this will not be known until the Autumn. Finance are working with the service to refine the forecast models, understand the assumptions made.

- 5.4. There are some mitigations which have already been put in place to reduce contract spend in year on the High Needs Block as well as a movement in DSG from Schools Block to High Needs Block agreed at school's forum earlier this year. The 16/17 outturn position benefited from one off recouplement income and this accounts for much of the apparent deterioration in the outturn forecast year on year.

6. CORPORATE REVENUE MONITOR 2017/18 MONTH 3 HOUSING REVENUE ACCOUNT

- 6.1. The Housing Revenue Account is currently forecasting a **break even position** at Month 3 (appendix 10).

Table 3: Housing Revenue Account Forecast Outturn - Month 3

Housing Revenue Account	£m
Balance as at 31 March 2017	(20.129)
Add: Budgeted (Contribution) / Appropriation from Balances	(0.789)
Add: Forecast Surplus Outturn Variance	0.000
Projected Balance as at 31st March 2018	(20.918)

- 6.2 Following the disaster at Grenfell Tower, additional plans to enhance fire safety for the residents of the Council's homes are being put in place. One of these enhancements will be free replacement appliances for tenants and leaseholders whose electrical appliances fail electrical safety testing. There is currently no budget in place for this, the costs are currently being finalised but are expected to be in the range of £1.8m to £6.0m. There are also likely to be other revenue costs because of this programme. Costs will be updated as a programme of significant investment and funding is developed in the coming months.

7. VIREMENTS & WRITE OFF REQUESTS

- 7.1. Cabinet is required to approve all budget virements that exceed £0.1m. General Fund budget virements of £4.766m are proposed at month 3. These relate to budget adjustments within Corporate Services and a more consistent treatment of how section 106 contributions are reported. There is also a correction in how the Public Health Budget is shown. The HRA have also requested virements of £0.197m relating to drawdown from reserves. Appendix 11 has the details.
- 7.2. The virement requests this month include two MSP work streams. Commercial discussions and MSP maintenance and remedial work. Taking the commercial discussions to a conclusion will require additional resources of £0.256m. Until a

decision is reached on the future for Managed Services the Council will continue to incur additional costs to maintain all areas of MSP (Finance, HR, and Payroll). It is estimated that these will be £1.006m for 2017/18. Further details are provided in the Corporate Services appendix 4.

7.3. There are no write-off requests for month 3.

8. CONSULTATION

8.1. N/A.

9. EQUALITY IMPLICATIONS

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

10. LEGAL IMPLICATIONS

10.1. There are no legal implications for this report.

11. FINANCIAL AND RESOURCES IMPLICATIONS

11.1. This report is financial in nature and those implications are contained within. Moving On are being reviewed and may impact on the accuracy of the figures in this report.

11.2. Implications completed by: Gary Ironmonger, Finance Manager, 0208 753 2109.

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.	None		

LIST OF APPENDICES

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

**APPENDIX 1: ADULT SOCIAL CARE
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 3**

Table 1 - Variance By Departmental Division				
Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Budget Performance Since The Last Report
	£000	£000	£000	£000
Integrated Care	46,813	6,377	5,088	↓
Strategic Commissioning & Enterprise	4,774	(30)	(30)	→
Finance & Resources	7,382	0	0	→
Executive Directorate	540	(20)	(20)	→
Funding from ASC Pressures and Demand Reserves	0	(5,050)	(5,050)	→
TOTAL	59,509	1,277	(12)	↓

Table 2 - Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
Integrated Care		
A projected overspend of £3,969,000 on Home Care and Direct Payments. Similar to the previous 2 years, there are continued pressures as part of the out of hospital strategy including 7- day 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. The main reasons for the forecast overspend in 2017/18 are the full year effect of increased customer's numbers from last year of 207 new customers, to date there are 46 new customers this year leading to a budget pressure of £3,105,000. The Home Care and Direct payment rates have increased due to the London living wage increases which results in pressures of £864,000.	3,969	3,430
Better Care Fund savings shortfall of £1,194,000. Within the base budget is an MTFs efficiency of £2m following previous negotiations with Health over the Better Care Fund. The efficiency target has various target measures to deliver savings by the avoidance of care in placements, savings in jointly commissioned contracts and securing lower prices. The department is projecting to deliver reductions on placements however in the last period there has been 11 new customers which has reduced the projected underspend in placements to (£806,000).	1,194	587

Table 2 - Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
Mental Health Services is projecting an overspend of £979,000. This service continues to have an increasing number of placements with the full year effect of last year of 6 new customers and prices increases above inflation leading to budget pressures of £717,000. In Mental Health, Home Care and Direct payment pressures amount to £262,000 with the full year effect of 6 further new customers.	979	977
Learning Disability services is projecting a net overspend of £119,000. There are demand pressures in Direct payments and Day care services.	119	0
Minor Variances	116	94
Total Integrated Care	6,377	5,088
Strategic Commissioning & Enterprise		
Small contractual underspends because of reduction in take up.	(30)	(30)
Total Strategic Commissioning & Enterprise	(30)	(30)
Executive Directorate		
Projected underspend against supplies and services budgets within the Directorate and Executive support budgets.	(20)	(20)
Total Executive Directorate	(20)	(20)
Funding from ASC Pressures and Demand Reserves		
ASC Funding from December 2016 and Spring 2017 budget settlements. The Department has been allocated Improved Better Care Funding of £4,297,000 in the Spring Budget and £831,000 in the December funding settlement. The plans for this funding are being discussed with Health and will need to be presented to the Health & Wellbeing Board. The funding can be used to stabilise Adult Social Care, manage the transfer of care, invest in out of hospital services and market management of providers. Given the financial pressures in both the Health and social care sectors each party is proposing to set aside £1m to develop a more sustainable market. The department also received a one off ASC support grant in December settlement of £922,000 which is proposed to allocate toward the Home Care demand pressures mentioned above. (A budget virement has been requested in the period 2 CRM report and approved at Political Cabinet).	(5,050)	(5,050)
Total Funding from ASC Pressures and Demand Reserves	(5,050)	(5,050)
TOTAL VARIANCE	1,277	(12)

Table 3 - Key Risks - Detail Items Over £250,000

Risk Description	Risk At Month 3 £000	Risk At Month 2 £000	Risk Management Since Last Report £000
Investment from health through the Better Care Fund has not yet been agreed for 2017/18. There is uncertainty about future years funding as Health budgets are also under significant financial pressures.	800	1,000	↑
Commissioners are continuing to receive requests for inflationary increases from placement providers above that which has already been built into the base budget.	236	236	→
Savings from Transformation Commissioning Programme to be delivered currently RAG rated amber.	744	744	→
Demographic pressures on Adult Social Care services would continue to increase as the population gets older. We continue to experience increases in numbers greater than anticipated during this financial year.	500	500	→
TOTAL RISKS MANAGED	2,280	2,480	↑

Supplementary Monitoring Information

The Department continues to experience significant budget pressures. This is mainly because of the full year implications of new customers coming through the service from 2016/17 especially within home care and direct payments, there has been 57 new customers compared to previous month and price increases due to market pressures. The Department is proposing to use the new additional funding from the Improved Better Care Fund (IBCF) to mitigate the majority of these pressures leaving us with a projected overspend of £1,277,000. The department has commenced an action plan with a potential value of mitigating actions totalling £1,050,000 which will result in a net projected overspend of £227,000.

Historically, the Department's budget has had underlying budget pressures, which were partly mitigated in year by using a combination of one off reserves, the carry forward of underspends and funding from health. For 2017/18, we are proposing to use the IBCF monies to reduce the projected overspend as shown above. This funding is time limited over a 3- year period, year one being 2017/18.

At this early stage of the year, the department is highlighting a maximum potential risk of £2.3m due to negotiations with health which are yet to be finalised, in year savings at risk of non-delivery and demographic increases.

APPENDIX 2: CHILDREN'S SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 3

Table 1 - Variance By Departmental Division				
Departmental Spending Heads	Revised Budget	Variance Month 3	Variance Month 2	Budget Performance Since The Last Report
	£000	£000	£000	£000
Family Services	26,954	429	644	↑
Education	6,729	244	131	↓
Commissioning	4,995	787	787	→
Safeguarding, Review, and Quality Assurance	1,521	37	(9)	↓
Finance and Resources	5,247	(306)	(326)	↓
Schools Funding	0	0	0	→
TOTAL	45,446	1,191	1,227	↑

Table 2 - Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
Family Services		
Family Support & Child Protection - Salary pressures due to increased caseloads and activity plus the loss of grant funding this year. However, the overspend has reduced in P3 partly due to mitigating actions reducing reliance in agency spend and delays in recruitment.	86	204
Contact and Assessment - 4 Deputy Team manager posts and the loss of grant funding this year is contributing to the current forecast.	343	369
Multi Agency Safeguarding Hub - salary pressures over and above the budget due to a high level of maternity leave cover	63	75
Minor Variances	(63)	(4)
Total Family Services	429	644
Education		
The Haven – Although additional income is forecast to be generated from out of borough residents at The Haven, the overall income for 17/18 is forecast to be lower than that for 16/17.	208	(100)

Table 2 - Variance Analysis

Departmental Division	Month 3 £000	Month 2 £000
Children With Disabilities staffing - restructure has been delayed but will deliver planned efficiencies but further pressures remain after savings have been made in 17/18.	89	90
Short Breaks and Looked After Disabled Children - a small number of high cost placements are causing a pressure on this budget. The overspend is equivalent to one specialist placement.	171	171
Special Educational Needs (SEN) – there are cost pressures which have arisen due to the employment of additional staff post to support the SEN service in delivering the statutory requirement set out in the Children's and Families Act. These are mitigated in year by Invest to Save funding agreed by Members.	(15)	152
Educational Psychology - strong traded income generated by this service.	(93)	(93)
Governors Support - staffing vacancies and positive budget impact of 3BM taking over the clerking service.	(59)	(59)
Minor Variances	(57)	(30)
Total Education	244	131
Commissioning		
Pressure on salary budget due to the high utilisation of commissioning capacity above the baseline budgeted establishment in addition to additional projects and activity which are also beyond the baseline scope of the service. This issue was raised at the Budget Challenge Meeting in July and will be considered further.	787	787
Total Commissioning	787	787
Safeguarding, Review, and Quality Assurance		
Minor Variances	37	(9)
Total Safeguarding, Review, and Quality Assurance	37	(9)
Finance and Resources		
Finance and resources contains pressure budget which is due to be dispersed to various services to cover staffing spend pressures	(306)	(326)
Total Finance and Resources	(306)	(326)
TOTAL VARIANCE	1,191	1,227

Table 3 - Key Risks - Detail Items Over £250,000

Risk Description	Risk At Month 2 £000	Risk At Month 3 £000	Risk Management Since Last Report £000
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.	2,100	2,100	→
Tri-borough to Sovereign Service Delivery - £1.5m is a crude estimate pending key decisions and detailed costings of proposed service delivery models	1,500	1,500	→
No Recourse for Public Funds - risk of adverse variance based on 2016/17 outturn. Current year actuals and trends will be closely monitored.	270	270	→
TOTAL RISKS MANAGED	3,870	3,870	→

**APPENDIX 3: CONTROLLED PARKING ACCOUNT
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 3**

Table 1 - Variance By Departmental Division				
Departmental Spending Heads	Revised Budget	Variance Month 3	Variance Month 2	Budget Performance Since The Last Report
	£000	£000	£000	£000
Pay & Display (P&D)	0	(1,686)	(1,198)	↑
Permits	0	(112)	(135)	↓
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	0	(60)	159	↑
Bus Lane PCNs	0	(187)	(235)	↓
CCTV Parking PCNs	0	(29)	(30)	↓
Moving Traffic PCNs	0	655	468	↓
Parking Bay Suspensions	0	194	95	↓
Towaways and Removals	0	68	69	↑
Expenditure and Other Receipts	0	720	677	↓
TOTAL	0	(437)	(130)	↑

Table 2 - Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
Pay & Display (P&D)		
Overachievement of income is due to cashless parking roll out (partly offset by additional expenditure to run the scheme). Income received in 2017-18 from P & D (including phone payments and card payments) is 12% higher than the same period the previous year. The introduction of phone payment has resulted in an increase in total.	(1,686)	(1,198)
Total Pay & Display (P&D)	(1,686)	(1,198)
Permits		

Table 2 - Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
Overachievement of income due to higher number of permits issued. However, income received in 2017-18 is slightly lower than the same period last year.	(112)	(135)
Total Permits	(112)	(135)
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PAN)		
Income to date is 15% more than the same period last year.	(60)	159
Total Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PAN)	(60)	159
Bus Lane PCNs		
The numbers of PCNs issued is 3% lower than same period last year. Also income to date is 15% lower than same period the previous year. This has been exacerbated by the inability to register cases at Court or send warrants due to an IT issue with Traffic Enforcement Centre (TEC) earlier in the financial year. Recovery expected between July-Sept 2017.	(187)	(235)
Total Bus Lane PCNs	(187)	(235)
CCTV Parking PCNs		
Income in line with previous year, there are restrictions on the areas where CCTV can be used for parking enforcement. The number of PCNs is at the lowest levels and expected to continue for the rest of the year.	(29)	(30)
Total CCTV Parking PCNs	(29)	(30)
Moving Traffic PCNs		
The numbers of PCNs issued is 10% lower than same period last year. Income is also 14% lower than same period the previous year. Income here is difficult to predict as compliance and non-compliance with traffic rules and traffic flows has an impact on PCN issuance.	655	468
Total Moving Traffic PCNs	655	468
Parking Bay Suspensions		
Parking Suspensions is down in general and this was already flagged up. Income to date is 23% lower than same period the previous year though non-chargeable suspensions up due to a large number of gully maintenance works and the next phase of new electric charging bays being installed by highways.	194	95
Total Parking Bay Suspensions	194	95

Table 2 - Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
Towaways and Removals		
Income is similar to previous year, so forecast outturn is expected to be in line with the 2016-17 outturn	68	69
Total Towaways and Removals	68	69
Expenditure and Other Receipts		
Forecast includes an allowance to fill vacancies as soon as possible especially for staff to help clear the backlog and ensure prompt response to correspondence.	(2)	(100)
Additional expenditure in relation to cashless parking e.g. cashless parking contract, maintenance, and cash collection contracts. This has now taken into consideration new lower contract figures and additional costs for card processing fees.	823	853
Additional income due to cross departmental recharges, legal disbursements, and recovery in line with previous year.	(101)	(100)
Minor Variances	0	24
Total Expenditure and Other Receipts	720	677
TOTAL VARIANCE	(437)	(130)

Table 3 - Key Risks - Detail Items Over £250,000
None to report

APPENDIX 4: CORPORATE SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 3

Table 1 - Variance By Departmental Division				
Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Budget Performance Since The Last Report
	£000	£000	£000	£000
H&F Direct	15,202	0	0	→
Human Resources & Electoral Services	1,649	0	0	→
Finance & Audit	913	0	0	→
Delivery & Value	905	0	0	→
Executive Services	280	0	0	→
Commercial Director	94	0	0	→
Innovation & Change Management	(379)	(367)	(367)	→
Legal Services	(781)	0	0	→
ICT Services	(1,355)	0	0	→
TOTAL	16,528	(367)	(367)	→

Table 2 - Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
Innovation & Change Management (ICM)		
Business Intelligence - as of P3 there is £1,000k agreed in principal compared to a budget of £633k. This has the potential to increase as the year progresses. As of period 4 the responsibilities of this directorate are being transferred to Delivery and Value and the Commercial (Business Intelligence only). The associated virement request is included in this report.	(367)	(367)
Total Innovation & Change Management (ICM)	(367)	(367)
TOTAL VARIANCE	(367)	(367)

Table 3 - Key Risks - Detail Items Over £250,000
None to report

Supplementary Monitoring Information
<p>At this early stage of the financial year it is anticipated that all directorates will outturn on budget, this is except for ICM who are expecting a favourable variance based on £1,000k of agreements in principal at month 2. Whilst there are some challenging efficiencies included in the budget and some potential pressures it is expected that these will be managed by budget managers.</p> <p>Further work is required to conclude Commercial Discussions with BT in relation to the MSP contract. To maintain the current team working on this will costs up to £256k if this team is required to the end of the year. It is likely that this team will also work on other areas of MSP progression which is why a prudent estimate of the costs has been used for this virement request.</p> <p>MSP and the Agresso system are required for 2017/18 to deliver finance and HR services. Based on 2016/17 costs and 2017/18 work programmes for LBHF staff and the Intelligent Client Function it is estimated that these will be £1,006k.</p>

APPENDIX 5: ENVIRONMENTAL SERVICES GROUP
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 3

Table 1- Variance By Departmental Division				
Departmental Spending Heads	Revised Budget	Variance Month 3	Variance Month 2	Budget Performance Since The Last Report
	£000	£000	£000	£000
Building & Property Management (BPM)	(1,938)	631	384	↓
Transport, Highways, Parks & Leisure	18,056	(4)	(20)	↓
Environmental Health, Community Safety & Emergency Planning	6,387	87	(2)	↓
Cleaner, Greener & Cultural Services	20,763	(147)	(114)	↑
Other LBHF Commercial Services	(220)	(12)	293	↑
Executive Support and Finance	(371)	(59)	(48)	↑
TOTAL	42,677	496	494	↓

Table 2 - Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
Building & Property Management (BPM)		
Advertising hoardings income shortfall due to one off contract void period (new contract starts in July). One off costs relating to the new contract (£167k agency fees)	765	145
New commercial income opportunities not yet confirmed--being discussed with the Commercial Director	100	100
Rent income shortfall on commercial and civic accommodation, mainly due to a one off void period on the new Lila Huset lease	92	148
Building Control income shortfall due to reduction in service demand. Remedial plans include improved marketing to potential contractors	80	0
One off prior year credits from the Total Facilities Management contract	(300)	0
Reduced energy consumption in civic buildings giving rise to rebates	(145)	0
Staffing overspend in Technical Support	36	0
Minor Variances	3	(9)
Total Building & Property Management (BPM)	631	384

Table 2 - Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
Transport, Highways, Parks & Leisure		
Income overachievement due to increase in rechargeable project work	(104)	(96)
Wifi income shortfall, assuming income in line with last year	133	133
Underspend on TfL traffic lighting charges	(67)	(67)
Actual grounds maintenance contract inflation more than budget growth awarded. Inflation requirements to be revisited for 2018/19.	27	27
Minor Variances	7	(17)
Total Transport, Highways, Parks & Leisure	(4)	(20)
Environmental Health, Community Safety & Emergency Planning		
Forecast shortfall in licencing fees, mostly due to the downward revision of a major licence fee	73	0
Minor Variances	14	(2)
Total Environmental Health, Community Safety & Emergency Planning	87	(2)
Cleaner, Greener & Cultural Services		
Actual waste and street cleansing contract inflation more than budget growth awarded. Inflation requirements to be revisited for 2018/19	78	78
Forecast underspend on waste disposal due to continuation of reduced rate for recycling. Actual tonnages for June were lower than previously forecast	(229)	(194)
Minor Variances	4	2
Total Cleaner, Greener & Cultural Services	(147)	(114)
Other LBHF Commercial Services		
Settlement agreement now reached with ducting concession holder. Forecast assumes full receipt of guaranteed contractual income plus £135k draw down from departmental reserves. Full year income target is £290k	0	290
Minor Variances	(12)	3
Total Other LBHF Commercial Services	(12)	293
Executive Support and Finance		
Staffing underspends, mostly due to vacancy drag pending service reorganisation.	(48)	(48)
Minor Variances	(11)	0
Total Executive Support and Finance	(59)	(48)
TOTAL VARIANCE	496	494

Table 3 - Key Risks - Detail Items Over £250,000

Risk Description	Risk At Month 3 £000	Risk At Month 2 £000	Risk Management Since Last Report £000
If unplanned costs arise from the termination of the LINK shared service	400	400	→
Staffing budget shortfalls if savings cannot be achieved (unfunded pay award and apprentice levy costs)	250	250	→
If the market cannot sustain new income targets (CCTV, Parks & Markets Events). Forecast assumes these will be achieved in full	200	200	→
If expenditure incurred on disposed assets cannot be met by disposal receipts and on properties not being sold.	250	0	↓
Advertising hoardings income for Two Towers site - risk arising from the uncertainty in relation to former providers (Ocean), if actual income is lower than accrued for Q4 2016/17 and Q1 2017/18.	267	0	↓
TOTAL RISKS MANAGED	1,367	850	↓

Supplementary Monitoring Information

It is requested that s106 contribution of £600k be vired from Environmental Services to Centrally Managed Budgets, so that all the developer contributions used to support the Revenue Budget strategy are held centrally.

APPENDIX 6: REGENERATION, PLANNING HOUSING SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 3

Table 1 - Variance By Departmental Division				
Departmental Spending Heads	Revised Budget	Variance Month 3	Variance Month 2	Budget Performance Since The Last Report
	£000	£000	£000	£000
Housing Solutions	5,333	1,775	877	↓
Housing Strategy	110	0	0	→
Economic Development, Learning & Skills	748	0	0	→
Development & Regeneration	13	0	0	→
Housing Services	108	0	0	→
Planning	2,194	0	0	→
Finance & Resources	61	0	0	→
TOTAL	8,567	1,775	877	↓

Table 2 - Variance Analysis

Departmental Division	Month 3 £000	Month 2 £000
Housing Solutions		
Inflationary pressure on temporary accommodation rents from private landlords has resulted in an adverse variance of £1,517k. This comprises of £561k direct inflationary pressure compared to 16/17 prices and savings on the net rental cost of £956k assumed in the budget that inflationary pressures on rents has made difficult to achieve despite pursuing longer term leases. There is also a forecast increase in average client numbers (from a budget of 782 units to a forecast of 889 (882 at CRM 2) that results in an adverse variance of £316k. The impact of the loss of the management fee has resulted in an adverse variance of £1,841k. There is a new adverse variance of £235k due to a revision this month to the bad debt provision (from a budget of 8.5% of rental income to a forecast of 10.5%) due to continuing pressures on income collection resulting from the implementation of Universal Credit.	3,906	3,329
Homelessness Support Grant provided by Department for Communities and Local Government (DCLG) to cushion the impact of the Homelessness Reduction Bill (after deducting an assumed £250,000 which we expect Registered Providers to claim). It should be noted that so far this is only promised for 17/18 and 18/19 so there is a risk of significant budget pressure thereafter.	(3,277)	(3,250)
Increase in Bed and Breakfast accommodation net costs due to continuing increasing inflationary pressures on rents results in an adverse variance of £248k. Higher average client numbers (155 forecast up from 147 at CRM 2 vs 134 in the budget) has resulted in an adverse variance of £46k. Also, a revision this month to the bad debt provision (from a budget of 10% of rental income to a forecast of 25%) of £270k has been forecast due to continuing pressures on income collection because of the implementation of Universal Credit.	564	216
Incentive payments to Direct Letting landlords formerly funded from an earmarked reserve. The variance is after funding £18k already requested in CRM2 from the remainder of the specific reserve held for this purpose.	582	582
Total Housing Solutions	1,775	877
TOTAL VARIANCE	1,775	877

Table 3 - Key Risks - Detail Items Over £250,000

Risk Description	Risk At Month 3 £000	Risk At Month 2 £000	Risk Management Since Last Report £000
Overall Benefit Cap	452	452	→
Direct Payment (Universal Credit)	560	560	→
Increase in the number of households in Bed & Breakfast accommodation	159	159	→
Change in Local Housing Allowance subsidy entitlements	830	830	→
Inflationary pressures on Temporary Accommodation landlord costs	395	292	↓
Increased number of homelessness acceptances	336	336	→
The Governments High value void sales policy as legislated for in Housing & Planning Act 2016 - reduction in available accommodation	unknown	unknown	
Skills Funding Agency grant reduction	174	174	→
Planning application fee income - the first quarter's fee income invoicing will be reviewed for CRM 4 and this will inform the action required to manage staffing levels and other operating costs.	175	0	↓
TOTAL RISKS MANAGED	3,081	2,803	↓

Supplementary Monitoring Information

Changes to the wider political, legislative, and economic environment are of such a scale that the financial pressure can only be partially offset. The action plan to minimise the overspend for the year is included separately within this report. We are experiencing increasing inflationary pressure as we are outbid for temporary accommodation by other London Boroughs especially those looking to reduce the number of families they have in B&B.

**APPENDIX 7: LIBRARIES AND ARCHIVES SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 3**

Table 1 - Variance By Departmental Division				
Departmental Spending Heads	Revised Budget	Variance Month 3	Variance Month 2	Budget Performance Since The Last Report
	£000	£000	£000	£000
Libraries Shared Services	0	142	142	→
TOTAL	0	142	142	

Table 2 - Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
Libraries Shared Services		
Commercial opportunities – delays in progressing some commercial ideas, and council is accepting lower than market rents and delays in rental agreements in Hammersmith Libraries.	142	142
Total Libraries Shared Services	142	142
TOTAL VARIANCE	142	142

Table 3 - Key Risks - Detail Items Over £250,000 - None to Report
None to report

Supplementary Monitoring Information
<p>The commercial opportunities are significantly behind target for the year. There have been delays to other schemes including workarries, and a café in Fulham Library. However, there is a carry forward balance of £45k, as well as other one off credits in the year which have reduced this forecast variance on the Commercial opportunities down to the £27k reflected.</p> <p>Programme support has now been allocated to push through initiatives and to ensure that there are further mitigating activities to ensure that the full savings can be achieved going forward.</p>

APPENDIX 8: PUBLIC HEALTH SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 3

Table 1 - Variance By Departmental Division				
Departmental Spending Heads	Revised Budget	Variance Month 3	Variance Month 2	Budget Performance Since The Last Report
	£000	£000	£000	£000
Sexual Health	5,674	(376)	0	↑
Substance Misuse	4,570	(320)	0	↑
Behaviour Change	1,961	(126)	0	↑
Intelligence and Social Determinants	33	10	(12)	↓
Families and Children Services	6,388	(7)	(113)	↓
Public Health Investment Fund (PHIF)	4,162	0	0	→
Salaries and Overheads	160	86	0	↓
Transfer Payments	510	981	0	→
Drawdown from Reserves	0	(248)	125	↑
S113 Income	(1,119)	0	0	→
Public Health – Grant	(22,338)	0	0	→
TOTAL	0	0	0	↑

Table 2 - Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
Sexual Health		
Genito Urinary Medicine - savings from service redesign and lower prices	(300)	0
Young People's Services	(66)	0
Other Minor Variances	(10)	0
Total Sexual Health	(376)	0
Substance Misuse		
Detoxification and Residential Placements - lower costs based on activity levels and changes in practice	(210)	0
Reducing Reoffending	(60)	0
Other Minor Variances	(50)	0
Total Substance Misuse	(320)	0
Behaviour Change		
Smoking Cessation - contract extension agreed with savings	(96)	0
Other Minor Variances	(30)	0
Total Behaviour Change	(126)	0
Intelligence and Social Determinants		
Other Minor Variances	10	(12)
Total Intelligence and Social Determinants	10	(12)
Families and Children Services		
Community based health improvement - redirection of funds for community preventative projects	206	206
0-5 Health Visiting Programme - lower contract values agreed for extension	(137)	(288)
Obesity and Dietetics	(45)	0
Other Minor Variances	(31)	(31)
Total Families and Children Services	(7)	(113)
Salaries and Overheads		
s113 recharges - historical budget set too low so realignment needed	981	0
Other Minor Variances	86	0
Total Salaries and Overheads	1,067	0
Drawdown from Reserves		
Transfer to/from reserve to reduce the operating balance to zero.	(248)	125
Other Minor Variances		
Total Drawdown from Reserves	(248)	125

Table 2 - Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
TOTAL VARIANCE	0	0

Table 3 - Key Risks - Detail Items Over £250,000
None to report

Supplementary Monitoring Information
<p>All the public health contracts are being reviewed in light of the development of a prioritisation framework. Where contracts ended recently, services were redesigned to extract greater value from the new specifications. The new service models have led to financial savings as listed above. A budget virement is proposed to clarify what grant is received in year and the drawdown from the Public Health reserve. The income receivable from section 113 agreements is also corrected.</p>

APPENDIX 9: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 3

Table 1 - Variance By Departmental Division				
Departmental Division	Revised Budget	Variance Month 3	Variance Month 2	Budget Performance Since The Last Report
	£000	£000	£000	£000
Corporate & Democratic Core	3,556	0	0	→
Housing and Council Tax Benefits	(328)	0	0	→
Levies	1,570	(36)	(36)	→
Net Cost of Borrowing	32	750	750	→
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	5,403	0	0	→
Pensions & Redundancy	8,688	(49)	(49)	→
TOTAL	18,921	665	665	→

Table 2 - Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
Levies		
Other Minor Variances	(36)	(36)
Total Levies	(36)	(36)
Net Cost of Borrowing		
Historically low interest rates are expected to continue for the near future. This means investment income from the council's cash balances is likely to be in line with last year and an overspend of £750k is forecast.	750	750
Total Net Cost of Borrowing	750	750
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)		
The housing market continues to be sluggish. Income for April and May support this prognosis and an overspend of £250k is forecast.	0	250
Contingency budget has been increased due to Business rate income for 2017-18 being higher than originally budgeted. This will be used to mitigate other spending pressures within Centrally Managed Budgets.	0	(250)
Total Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	0	0

Table 2 - Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
Pensions & Redundancy		
Other Minor Variances	(49)	(49)
Total Pensions & Redundancy	(49)	(49)
TOTAL VARIANCE	665	665

Table 3 - Key Risks - Detail Items Over £250,000			
Risk Description	Risk At Month 3 £000	Risk At Month 2 £000	Risk Management Since Last Report £000
The Commercialisation Savings of £0.5m are held on Centrally Managed Budgets. There is a risk that the full savings will be delivered in 2017-18.	500	500	→
TOTAL RISKS MANAGED	500	500	0

Supplementary Monitoring Information
There are £0.6m of commitments against the unallocated contingency budget of £1.8m. This leaves an uncommitted balance of £1.2m.

APPENDIX 10: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 3

Table 1- Variance By Departmental Division				
Departmental Spending Heads	Revised Budget	Variance Month 3	Variance Month 2	Budget Performance Since The Last Report
	£000	£000	£000	£000
Housing Income	(76,283)	264	0	↓
Finance and Resources	14,907	(377)	0	↑
Housing Services	13,354	(459)	0	↑
Property Services	2,822	26	0	↓
Housing Repairs	13,768	533	0	↓
Housing Solutions	114	50	0	↓
Housing Strategy	256	0	0	→
Adult Social Care	48	0	0	→
Regeneration	355	(37)	0	↑
Safer Neighbourhoods	622	0	0	→
Capital Charges	29,248	0	0	→
(Contribution to) / Appropriation from HRA	789	0	0	→
TOTAL	0	0	0	→

Table 2- Variance Analysis

Departmental Division	Month 3 £000	Month 2 £000
Housing Income		
This relates to better than expected void performance on Council homes rents (from a budgeted figure of 1.3% to a forecast outturn of 0.9%) and tenant service charges (£367k), offset by a reduction in the forecast for Advertising Hoarding income of £381k due to delays and contractual issues, and a reduced forecast for income from commercial property of £250k. We are meeting with the agents overseeing the Council's commercial properties to review the portfolio and its performance.	264	0
Total Housing Income	264	0
Finance and Resources		
This relates mainly to delays in recruitment for the Finance and Rent Income teams.	(377)	0
Total Finance and Resources	(377)	0
Housing Services		
Underspends are expected on staffing costs (£300k) due to delays in recruitment, and lower than expected decant volumes (£122k). Also, an underspend on incentive payments to encourage tenants to downsize to smaller homes (£106k) is mainly due to a lack of homes that meet the requirements of potential tenants.	(528)	0
This is mainly due to forecast overspends on legal charges of £30k, storage costs of £18k and costs of £21k for providing emergency accommodation for residents.	69	
Total Housing Services	(459)	0
Property Services		
This predominately relates to a shortfall on rechargeable repairs income of £31k offset by small underspends across a few different budget heads (£5k).	26	
Total Property Services	26	0
Housing Repairs		
The out of scope element of the repairs contract with MITIE is predicted to overspend by £500k. This is due mainly to an increase in the identification by MITIE of the number of chargeable jobs, increases in void costs and increases in the number of disrepair cases.	533	0
Total Housing Repairs	533	0
Housing Solutions		

Table 2- Variance Analysis		
Departmental Division	Month 3 £000	Month 2 £000
This relates to a shortfall on rental income for Hostels due to the decanting of Lavender Court required following Cabinet's approval to dispose of the land at Lavender Court under a land sale agreement which will enable the development of 60 new affordable homes.	50	0
Total Housing Solutions	50	0
Regeneration		
This relates to lower than expected security costs for the Earls Court regeneration programme	(37)	0
Total Regeneration	(37)	0
(Contribution to) / Appropriation From HRA	0	0

Table 3 - Key Risks - Detail Items Over £250,000			
Risk Description	Risk At Month 3 £000	Risk At Month 2 £000	Risk Management Since Last Report £000
Due to delays in installing advertising hoardings at a number of sites, there is a risk that the income target will not be achieved this year. The risk has crystallised this month but officers are working to minimise the delay.	0	400	↑
Following the disaster at Grenfell Tower, additional plans to enhance fire safety for the residents of the Council's homes are being put in place. One of these enhancements will be free replacement appliances for tenants and leaseholders whose electrical appliances fail electrical safety testing. There is currently no budget in place for this, the costs are currently being finalised but are expected to be in the range of £1.8m to £6.0m. There are also likely to be other revenue costs because of this programme. Costs will be updated as a programme of significant investment and funding is developed in the coming months.	6,000	0	↓
A review of revenue repair costs and volumes on the out of scope element of the MITIE repairs and maintenance contract indicate that there is a risk of an overspend this year. Officers have reviewed the position in detail and the risk has crystallised this month.	0	500	↑

Table 3 - Key Risks - Detail Items Over £250,000

Risk Description	Risk At Month 3 £000	Risk At Month 2 £000	Risk Management Since Last Report £000
MITIE continue to charge the Council for additional services that were discontinued at the end of last year. Officers are currently in discussion with MITIE and the position will be updated next month.	473	0	↓
CLG's Settlement Payments Determination included a five-year transitional period during which time Councils may use the uplifted Major Repairs Allowance (MRA) as a proxy for depreciation. The Council subscribed to the transitional period and this ended in 2016/17. This year there is a risk that the depreciation charge will result in an increase in revenue costs. Officers are working through the implications and will provide an update in the coming months.	1,100	0	↓
Refunds to tenants as a result of the Southwark Water judgement. A £10m contingent liability has been included in the accounts and the majority of this risk is covered from earmarked reserves. There remains a residual risk that would apply in very limited circumstances of £600k	600	0	↓
TOTAL RISKS MANAGED	8,173	900	↓

Supplementary Monitoring Information

Reserve Drawdown Request - Cabinet approved the use of £197,000 from HRA reserves to fund the capital investment required to deliver an alternative weed treatment (instead of the use of glyphosate herbicide) for the Council's housing estates. The HRA Efficiency earmarked reserve will be used to fund these costs.

APPENDIX 11 - VIREMENT REQUEST FORM

BUDGET REVENUE MONITORING REPORT – Month 3

Details of Virement	Amount (£000)	Department
GENERAL FUND:		
Transfer Business Intelligence budgets plus 30% of Head of Innovation and Change Management (ICM) salary budget to the Commercial directorate (from CRM 4 there will no longer be a ICM directorate reported).	543 (543)	CS – Innovation and Change Management CS – Commercial Directorate
Transfer Change Delivery and Portfolio/Programme Management budgets plus 70% of Head of Innovation and Change Management (ICM) salary budget to the Commercial directorate.	164 (164)	CS – Innovation and Change Management CS – Delivery & Value
Transfer from Corporate Demands & Pressures reserve to MSP reserve to cover costs of Commercial Discussions. To be drawn down to revenue as costs incurred.	256 (256)	CS CMB
Transfer from Corporate Demands and Pressures Reserve to MSP Reserve to cover costs of MSP maintenance work. To be drawn down to revenue as costs incurred.	1,006 (1,006)	CS CMB
Transfer s106 contributions from the Environmental Services Group to Centrally Managed Budgets, so that all the s106 contributions relating to planning will be held corporately.	(600) 600	ES CMB
Differentiate between in-year grant receivable and the Receipts in Advance drawn down for Public Health and a correction in how section 113 Income is reported.	(2,197) 2,197	CMB (Public Health Receipts in Advance) PH
Total of Requested Virements (Debits)	4,766	
HOUSING REVENUE ACCOUNT (HRA)		
Drawdown from HRA Efficiency earmarked reserves	197 197	HRA HRA
Total of Requested Virements (Debits)	197	
CS – Corporate Services ES – Environmental Services CMB – Centrally Managed Budgets		

Details of Virement	Amount	Department
PH – Public Health		