

London Borough of Hammersmith & Fulham CABINET 4 DECEMBER 2017	
CORPORATE REVENUE MONITOR 2017/18 MONTH 5 – 31st AUGUST 2017	
Cabinet Member for Finance – Councillor Max Schmid	
Open Report	
Classification - For decision and for information Key Decision: Yes	
Wards Affected: All	
Accountable Director: Hitesh Jolapara – Strategic Finance Director	
Report Author: Gary Ironmonger – Finance manager	Contact Details: Tel: 020 8753 2109 Gary.Ironmonger@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. The General Fund 2017/18 forecast outturn variance for month 5 is a gross overspend of **£4.887m** an improvement of £0.275m since month 4.
- 1.2. The potential value of mitigating actions is **£1.855m which, if fully delivered**, will result in a net overspend of **£3.032m**. Delivery of action plans is assigned to relevant responsible Directors, which seek to address the total General Fund forecast overspend.
- 1.3. The budget area that is forecasting the largest overspend is General Fund Housing. Rent inflation, an increase in the number of clients housed in both temporary accommodation and Bed and Breakfast, and competition with other local authorities bidding for properties are pushing up costs. The Council is also having to fund incentive payments to landlords to secure accommodation. £0.956m of planned savings have also not been realised. This financial pressure is not unique to Hammersmith and Fulham and is being experienced London wide. London Councils estimate that 50,000 households in London are in Temporary Accommodation and that the current year budget pressure is £170m.

- 1.4. The forecast overspend outturn variances reported by other departments, in overspend value order, are:
- 1) Children's Services, primarily due to Commissioning, Education, and Family Services
 - 2) Environmental Services, due to underachievement of income within building and property management and commercial operations
 - 3) Adult Social Care, experiencing pressures within the Home Care and Direct Payments budgets
 - 4) Centrally Managed Budgets, due to low interest rates on cash balances
 - 5) Libraries and Archives, due to non-delivery of planned savings.
- 1.5. The Housing Revenue Account forecast outturn variance for 2017/18 is an unfavourable variance of £0.247m at month 5 (an improvement of £0.168m since month 4). This will result in a year end contribution the HRA balance of £0.540m giving a forecast year-end balance of £20.671m.
- 1.6. Section 151 of the 1972 Local Government Act requires the Chief Financial Officer (as the responsible officer) to ensure proper administration of the Council's financial affairs. This report forms part of the Council's budgetary control cycle for 2017/18. Budgetary control, which includes the regular monitoring of and reporting on budgets and taking corrective action to address overspends, is an essential requirement placed on Cabinet Members, Chief Executive and directors in discharging the statutory responsibility.

2. RECOMMENDATIONS

- 2.1. To note the General Fund and Housing Revenue Account Month 5 forecast revenue outturn variances.
- 2.2. To agree the departmental action plans amounting to **£1.855m**, seeking to address the General Fund gross overspend forecast variance of **£4.887m** and require that they identify and deliver further actions to reduce the net forecast overspend, after mitigating, actions of **£3.032m**.
- 2.3. To note that Children's Services will prepare an action plan to recover the £2.1m Dedicated Schools Grant (DSG) overspend within two years as required by the grant conditions and for progress to be reported monthly. Children's Services are considering recent announcements on DSG funding.
- 2.4. 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 GENERAL FUND

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

Table 1: 2017/18 General Fund Gross Forecast Outturn Variance – Month 5

Department ¹	Revised Budget Month 5 £m	Forecast Outturn Variance Month 5 £m	Forecast Outturn Variance Month 4 £m	Variance Between Months 4 and 5 £m
Adult Social Care (ASC)	59.509	0.878	0.961	(0.083)
Children's Services (CHS)	45.446	1.243	1.153	0.090
Controlled Parking Account (CPA)	(22.235)	(0.216)	(0.234)	0.018
Corporate Services	16.555	(0.367)	(0.367)	0
Environmental Services (ES)	44.677	0.885	0.531	0.354
Regeneration, Planning, and Housing Services (RPHS)	8.785	2.279	2.332	(0.053)
Library & Archives Service	2.685	0.056	0.157	(0.101)
Public Health Services	0	0	0	0
Centrally Managed Budgets (CMB)	18.894	0.129	0.629	(0.500)
Total	174.315	4.887	5.162	(0.275)

4.2. For 2016/17 the forecast variance peaked in June then reduced over time. This year there has been a peak in July. If it follows the same trend as last year we should see the forecast variance reduce as the year progresses.

¹ Figures in brackets represent underspends

- 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 £2.332m. A planned saving of £0.956m has also not been realised. This is after a net increase of £1.25m homelessness support grant.².
- 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. Action plans to mitigate the forecast overspends are summarised in table 2 and detailed below. The potential value of mitigating actions is **£1.855m which, if fully delivered**, will result in a net overspend of **£3.032m**. 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 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 5 £m	Potential Value of Action Plan Mitigations Month 5 £m	Forecast Outturn Variance Net of Planned Mitigations £m
Adult Social Care	0.878	0.865	0.013
Children's Services	1.243	0.070	1.173
Controlled Parking Account	(0.216)	0.216	0
Corporate Services	(0.367)	0	(0.367)
Environmental Services	0.885	0.549	0.336
Regeneration, Planning, and Housing Services	2.279	0.407	1.872
Library & Archives Service	0.056	0.050	0.006
Centrally Managed Budgets	0.129	0.130	(0.001)
Total	4.887	1.855	3.032

5. CORPORATE REVENUE MONITOR 2017/18 MONTH 5 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 school's budget. This is split between central expenditure and the individual schools budget (ISB) in conjunction with the local schools' forum.
- 5.2. Central expenditure including both the High Needs Block and Early Years funding have come under increased pressure in recent years. As a result, there was an overspent DSG balance of £2.165m at 31 March 2017. Children's Services are therefore considering the actions required to fund the overspend and address the underlying budget pressures, this includes considering recent announcements on DSG funding.
- 5.3. DSG is forecasting a £4m overspend around the High Needs Block of the DSG 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.
- 5.4. The forecast allows for some contingency for costs in second half of the year. However, further work should 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 and explore opportunities for further expenditure reductions and income generation from the September term and from 2018/19 financial year.
- 5.5. 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 2016/17 outturn position benefited from one off recoupment income and this accounts for much of the apparent deterioration in the outturn forecast year on year.

6. CORPORATE REVENUE MONITOR 2017/18 MONTH 5 HOUSING REVENUE ACCOUNT

- 6.1. The Housing Revenue Account is currently forecasting a deficit outturn variance of £0.247m at Month 5 compared with a deficit of £0.415m at Month 4 (appendix 10).

Table 3: Housing Revenue Account Forecast Outturn - Month 5

Housing Revenue Account	£m
Balance as at 31 March 2017	(20.129)
Add: Budgeted (Contribution) / Appropriation from Balances	(0.789)
Less: Forecast Adverse Outturn Variance	0.247
Projected Balance as at 31st March 2018	(20.671)

- 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 £0.100m to £0.750m. 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. This cost is not in the current forecast.

7. VIREMENTS & WRITE OFF REQUESTS

- 7.1. Cabinet is required to approve all budget virements that exceed £0.1m. General Fund budget virements of £4.044m are proposed at month 5. These relate to budget adjustments within Centrally Managed Budgets, budget adjustments within Public Health Service, drawdown of Adult Social Care reserves and transfer of budgets from Corporate Services to Children's Services. The HRA have not requested virements at Month 5. Appendix 11 has the details.
- 7.2. There are no write-off requests for month 5.

8. CONSULTATION

- 8.1. N/A.

9. EQUALITY IMPLICATIONS

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

10. LEGAL IMPLICATIONS

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

11. FINANCIAL AND RESOURCES IMPLICATIONS

11.1. This report is financial in nature and those implications are contained within.

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
	None		

LIST OF APPENDICES

Appendix	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 4**

Table 1 - Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Budget performance since the last report
	£000	£000	£000	£000
Integrated Care	46,813	5,237	5,320	↑
Strategic Commissioning & Enterprise	4,774	(30)	(30)	→
Finance & Resources	7,382	0	0	→
Executive Directorate	540	(20)	(20)	→
Funding from ASC Additional Grant	0	(4,309)	(4,309)	→
TOTAL	59,509	878	961	↑

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Integrated Care		
A projected overspend of £2,834,000 on Home Care and Direct Payments. As 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 led to an increase in home care costs above that which is normally expected. The main reasons for the overspend in 2017/18 are the full year effect of increased customer numbers from last year of 227 new customers, to date there are 32 new customers this year leading to a budget pressure of £1,970,000. The Home Care and Direct payment rates have increased due to the London living wage increases which results in pressures of £864,000. The department has received a one-off ASC support grant in December settlement of (£922,000) which is allocated towards the Home Care demand pressures mentioned above.	2,834	2,982
Better Care Fund savings shortfall of £0.958m. Within the base budget is an MTFS efficiency of £2m following previous negotiations with Health over the Better Care Fund. The efficiency 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 which since the start of the last year shows a net reduction of 31 customers to date. This has delivered £1.042m of the £2m of	958	977

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
savings.		
Mental Health Services is projecting an overspend of £1,075,000. This service continues to have increasing number of placements with the full year effect of last year of 7 new customers and price increases above inflation leading to budget pressures of £805,000. In Mental Health, Home Care, and Direct Payment pressures amount to £270,000 with the full year effect of 6 new customers.	1,075	1,044
Learning Disability services is projecting a net overspend of £108,000. There are increasing demand pressures in Direct payments and Day care services. Since the last period there has been 2 service reviews resulting in reduced costs of (£85,000).	108	193
Provided services projected overspend of £138,000. There are increasing demand pressures in Direct payments and Day care services. Since the last period there has been 2 service reviews resulting in reduced costs of (£85,000).	138	0
Minor Variances	124	124
Total Integrated Care	5,237	5,320
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		

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
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 have been agreed with Health and presented to the Health & Wellbeing Board in September. 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 £819,000 to develop a more sustainable market	(4,309)	(4,309)
Total Funding from ASC Pressures and Demand Reserves	(4,309)	(4,309)
TOTAL VARIANCE	878	961

Table 3 - Key Risks - Items over £250,000			
Risk Description	Risk at Month 5 £000	Risk at Month 4 £000	Risk management since last report £000
There is an estimated shortfall in the s.75 Health Commissioning budgets which are under significant financial pressures. Following discussions with Health, the LA have been advised the financial liability will rest with the organisation responsible for the customer.	1,228	800	↓
Commissioners have completed the work with placement providers on inflationary increases which can be managed from the base budget and improved better care fund resources.	0	236	↑
Following a recent review, the savings from Transformation Commissioning Programme to be delivered currently RAG rated amber have increased. Further work is being undertaken on the delivery of the savings.	1,262	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	→

Table 3 - Key Risks - Items over £250,000			
Risk Description	Risk at Month 5 £000	Risk at Month 4 £000	Risk management since last report £000
Increased costs associated with the payment of the National Minimum Wage (NMW) for care workers who work sleep-in shifts in the social care sector. Previously workers were paid below the NMW. This follows a legal reinterpretation of minimum-pay rules. The pressure is currently being quantified.	0	0	→
TOTAL RISKS MANAGED	2,990	2,280	0

Supplementary Monitoring Information
None to report

APPENDIX 2: CHILDREN'S SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 5

Table 1 - Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Budget Performance Since the Last Report
	£000	£000	£000	£000
Family Services	26,954	455	482	↑
Education	6,729	426	406	↓
Commissioning	4,995	578	577	↓
Safeguarding, Review and Quality Assurance	1,521	51	43	↓
Finance and Resources	5,246	(271)	(359)	↓
Schools Funding	0	4	4	→
TOTAL	45,446	1,243	1,153	↓

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Family Services		
Family Support & Child Protection (FSCP) - Salary pressures due to increased activity and case load and the loss of grant funding this year. The forecast has increased this month due to the requirement to recruit additional workers to cover the unallocated cases in this service. A review of the current high caseload in FSCP as part of the mitigation strategy revealed a shortage in capacity. This has meant the need for an additional 3 Social Care Workers and an acting up Deputy Team Manager for 6 months.	167	152
Contact and Assessment - 4 Deputy Team manager posts and the loss of grant funding this year is contributing to the current forecast. A headroom growth bid was submitted to the September budget challenge for £212k in 2018/19 with respect to this overspend.	345	344
Multi Agency Safeguarding Hub - salary pressures over and above the budget due to maternity leave requiring cover, although this has decreased in P4.	25	25
Minor Variances	(82)	(39)

Table 2 - Variance Analysis

Departmental Division	Month 5 £000	Month 4 £000
Total Family Services	455	482
Education		
Travel Care and Support Services - Due to the need to improve and re-procure travel care and support service provision, additional unbudgeted cost is forecast to ensure the safe transportation of children with disabilities to their school at the start of the new school year in September. Children's Services will seek to contain this pressure but the revenue implications are reported in this report.	140	157
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. The reduction in forecast is a delivery of the mitigations included in the CRM4 action plan.	83	208
Short Breaks - a small number of high cost placements are causing a pressure on this budget. The overspend is equivalent to one specialist placement.	157	171
Minor Variances	46	(81)
Total Education	426	406
Commissioning		
Pressure on salary budget due to use of interims and supernumerary staff delivering department wide projects which are outside of the Commissioning baseline capacity. Additionally, there is a baseline budget pressure because of the 2016 restructure which was based on a skeletal service model for LBHF. The forecast has reduced for CRM5 based on the assumption that costs for staff working on the Grenfell response will be recharged to the RBKC Corporate cost centre. Though some recruitment is pending, many of staff working on the Grenfell response have not been backfilled.	578	577
Total Commissioning	578	577
Safeguarding, Review, and Quality Assurance		
Minor Variances	51	43
Total Safeguarding, Review, and Quality Assurance	51	43
Finance and Resources		
Finance and Resources contains pressure budget which is due to be dispersed to various services to cover staffing spend	(271)	(359)

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
pressures.		
Total Finance and Resources	(271)	(359)
Schools Funding		
Minor Variances	4	4
Total Schools Funding	4	4
TOTAL VARIANCE	1,243	1,153

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

**APPENDIX 3: CONTROLLED PARKING ACCOUNT
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 5**

Table 1 - Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Budget Performance Since the Last Report
	£000	£000	£000	£000
Pay & Display (P&D)	(12,145)	(1,854)	(2,042)	↓
Permits	(4,496)	(112)	(112)	↓
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	(557)	(139)	↑
Bus Lane PCNs	(1,257)	(137)	(235)	↓
CCTV Parking PCNs	0	(19)	(19)	→
Moving Traffic PCNs	(6,314)	1,197	1,197	→
Parking Bay Suspensions	(3,223)	452	194	↓
Towaways and Removals	(325)	68	68	→
Expenditure and Other Receipts	12,339	746	854	↑
TOTAL	(22,235)	(216)	(234)	↓

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Pay & Display (P&D)		
Overachievement of income due to the telephone parking (Ringo) 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 15.7% higher than the same period the previous year. There has been a small reduction in the variance from P4 to P5, probably due to the impact of holidays. In relation to the full year forecast, allowance has been made for potential down time whilst the existing 1,100 pay and display machines are replaced by 400 machines (50 card/cash and 350 card only).	(1,854)	(2,042)
Total Pay & Display (P&D)	(1,854)	(2,042)
Permits		
Overachievement of income compared to budget. However, income received in 2017/18 is slightly lower than the same period last year by 1.1%	(112)	(112)
Total Permits	(112)	(112)
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)		

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Due to systems changes in 2016 income in that year was unusually low. The new systems are now in place and the recovery rate improved towards previous levels. Progress through the PCN life cycle hit a new problem in April/May 2017 whereby it was not possible to send Court Registration files for several weeks because of the County Court making an IT system change without advising Councils. This is now resolved and we have caught up resulting in improvement in recovery.	(557)	(139)
Total Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(557)	(139)
Bus Lane PCNs		
The numbers of PCNs issued is 2% lower than same period last year. Also, income to date is 7% 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. This is now resolved and we have caught up resulting in improvement in recovery.	(137)	(235)
Total Bus Lane PCNs	(137)	(235)
CCTV Parking PCNs		
Income is 31% lower than same period last year. CCTV parking PCNs are much reduced.	(19)	(19)
Total CCTV Parking PCNs	(19)	(19)
Moving Traffic PCNs		
The numbers of PCNs issued is 15% lower than same period last year. Income is also 19% lower than the same period the previous year. The aim of CCTV enforcement is to increase compliance so a reduction in PCNs is an indication of successful enforcement.	1,197	1,197
Total Moving Traffic PCNs	1,197	1,197
Parking Bay Suspensions		

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Parking Suspensions are down in general and this has previously been highlighted. Income to date is 24% lower than in the same period the previous year. Non-chargeable suspensions have increased due to a large number of gully maintenance works and the next phase of new electric charging bays being installed by Highways. This will be monitored closely throughout the year. The forecast variance in this period has been adjusted to reflect a drop-in suspension applications as well as to reflect a possible change of cash flow due to an imminent change of the Suspensions IT processing system during September 2017.	452	194
Total Parking Bay Suspensions	452	194
Towaways and Removals		
Income similar to previous year, so forecast outturn is expected to be in line with the 2016/17 outturn	68	68
Total Towaways and Removals	68	68
Expenditure and Other Receipts		
Forecast includes: <ul style="list-style-type: none"> • an allowance of £75k to fill vacancies as soon as possible especially for staff to help clear the backlog and ensure prompt response to correspondence • additional staffing costs factored in for supporting implementing the new suspension processing system and carrying out the cashless parking procurement. However, £100k of this will be capitalised due to staff working on the capital parking change programmes. 	92	149
Additional expenditure in relation to cashless parking i.e. the costs associated with the contracts for cashless parking, P&D machine maintenance and cash collection. This has now also taken into consideration new lower contract figures and additional costs for card processing fees.	755	806
Additional income due to cross departmental recharges, legal disbursements, and recovery in line with previous year.	(101)	(101)
Total Expenditure and Other Receipts	746	854
TOTAL VARIANCE	(216)	(234)

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

APPENDIX 4: CORPORATE SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 5

Table 1 - Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Budget Performance Since the Last Report
	£000	£000	£000	£000
H&F Direct	15,229	0	0	→
Human Resources & Electoral Services	1,649	0	0	→
Finance & Audit	913	0	0	→
Delivery & Value	1,069	0	0	→
Executive Services	280	0	0	→
Commercial Director	(449)	(367)	(367)	→
Legal Services	(781)	0	0	→
ICT Services	(1,355)	0	0	→
TOTAL	16,555	(367)	(367)	→

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Commercial Director		
Business Intelligence - as of P3 there is £1,000k income agreed in principal compared to a budget of £633k. This has the potential to increase as the year progresses.	(367)	(367)
Total Commercial Director	(367)	(367)
TOTAL VARIANCE	(367)	(367)

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

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

Table 1 - Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Budget Performance Since the Last Report
	£000	£000	£000	£000
Building & Property Management (BPM)	(1,938)	700	628	↓
Transport, Highways, Parks & Leisure	18,056	151	78	↓
Environmental Health, Community Safety & Emergency Planning	6,387	157	55	↓
Cleaner, Greener & Cultural Services	20,763	(7)	(130)	↓
Other LBHF Commercial Services	(220)	(7)	(7)	→
Executive Support and Finance	(371)	(109)	(93)	↑
TOTAL	42,676	885	531	↓

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Building & Property Management (BPM)		
Advertising hoardings income shortfall due to poor performance of the old contract (new contract started in July). One off costs relating to the new contract of £167k agency fees and unachievable 2016/17 quarter 4 income of £117k confirmed this month.	911	765
Delays in progressing new income opportunities.	100	100
Rent income shortfall on commercial and civic accommodation, mainly due to a one-off void period on the new Lila Huset lease and stamp duty. This is offset by Fulham Town Hall empty property exemption business rates refund from last year.	59	104
Building Control income shortfall due to reduction in service demand. Remedial plans include improved marketing to potential contractors.	97	80
Prior year credits from the Total Facilities Management contract.	(300)	(300)
Reduced energy consumption in civic buildings giving rise to rebates, staffing costs recharges and vacancy in Valuation Services.	(192)	(145)
Unfunded expenditure incurred on disposed assets that cannot be met by disposal receipts and on properties not being sold.	30	30
Staffing overspend in Technical Support	23	22
Minor Variances	(28)	(28)

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Total Building & Property Management (BPM)	700	628
Transport, Highways, Parks & Leisure		
Income overachievement due to staff costs that will be rechargeable to projects.	(60)	(119)
Wifi income shortfall, assuming income in line with last year.	133	133
Underspend on TfL traffic lighting charges.	(50)	(50)
Streetlighting - Unachievable 15/16 MTFS.	50	50
Reduction in Network Management income.	42	54
Leisure & Parks - Actual grounds maintenance contract inflation more than budget growth awarded. Inflation requirements to be revisited for 2018/19.	24	24
Minor Variances	12	(14)
Total Transport, Highways, Parks & Leisure	151	78
Environmental Health, Community Safety & Emergency Planning		
Forecast shortfall in licencing fees, mostly due to the downward revision of a major licence fee.	73	73
Forecast shortfall in pest control and food hygiene income due to a reduction in the level of activity.	18	0
Forecast overachievement of gas safety works income.	(29)	0
Environmental Health salaries overspend.	169	0
Registrars forecast salary underspend due to vacancy lag and delays in regrading posts to a higher level (£50k) and overachievement of income (£35k).	(85)	0
Markets income shortfall (budgets to be transferred to Housing)	39	0
Minor Variances	(28)	(18)
Total Environmental Health, Community Safety & Emergency Planning	157	55
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.	(198)	(213)
Forecast shortfall on filming income partly due to the delay in opening the Location Library which is not expected to deliver anticipated savings.	125	0
Minor Variances	(12)	5
Total Cleaner, Greener & Cultural Services	(7)	(130)

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Other LBHF Commercial Services		
Minor Variances	(7)	(7)
Total Other LBHF Commercial Services	(7)	(7)
Executive Support and Finance		
Staffing underspends, mostly due to vacancy drag pending service reorganisation.	(126)	(109)
Minor Variances	17	16
Total Executive Support and Finance	(109)	(93)
TOTAL VARIANCE	885	531

Table 3 - Key Risks - Detail Items Over £250,000			
Risk Description	Risk At Month 5 £000	Risk At Month 4 £000	Risk Management Since Last Report £000
Unplanned one-off costs arising from the termination of the LINK arrangement	400	400	→
The market cannot sustain new income targets (CCTV, Parks & Markets Events). Forecast assumes these will be achieved in full.	200	200	→
Expenditure incurred on disposed assets cannot be met by disposal receipts and on properties not being sold.	250	250	→
Advertising hoardings income for Two Towers site - risk arising from the uncertainty in relation to former providers (Ocean), if actual income is lower than forecast for Q1 2017/18.	118	267	↑
Costs to defend legal challenge	200	0	↓
Additional costs of keeping streets clean	268	0	↓
Unfunded revenue costs incurred in appropriation of General Fund assets to HRA (50 Commonwealth Ave, 87 Lime Grove and 2 Coverdale Rd).	250	0	↓
Unfunded costs incurred in transferring community assets for community benefits (Masbro Centre, Edward Woods Community Day Centre and 49 Brook Green).	250	0	↓

Table 3 - Key Risks - Detail Items Over £250,000			
Risk Description	Risk At Month 5 £000	Risk At Month 4 £000	Risk Management Since Last Report £000
Additional and Selective Licensing - risk if costs of operation are not recovered	300	300	→
TOTAL RISKS MANAGED	2,236	1,417	↓

APPENDIX 6: REGENERATION, PLANNING HOUSING SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 5

Table 1 - Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Budget Performance Since the Last Report
	£000	£000	£000	£000
Housing Solutions	5,551	2,027	2,000	↓
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	252	332	↑
Finance & Resources	61	0	0	→
TOTAL	8,785	2,279	2,332	↑

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Housing Solutions		
<p>Inflationary pressure on temporary accommodation rents from private landlords has resulted in an adverse variance of £1,523k. This comprise of:</p> <p>£567k direct inflationary pressure compared to 16/17 prices mostly on properties acquired through the West London managing agent's framework agreement where agents are demanding rent rises on homes in their portfolio already occupied by households in temporary accommodation (£467k of the £567k).</p> <p>£956k savings on the net rental cost assumed in the budget are not being realised despite pursuing longer term leases.</p> <p>There is also a forecast increase in average client numbers (from a budget of 782 units to a forecast of 899 (895 at CRM 4) that results in an adverse variance of £345k.</p> <p>The impact of the loss of the management fee has resulted in an adverse variance of £1,870k, although this is offset in this year by the grant received below.</p> <p>There is an adverse variance of £189k 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%) because of continuing pressures on income collection resulting from the implementation of Universal Credit.</p>	3,927	3,927

Table 2 - Variance Analysis

Departmental Division	Month 5 £000	Month 4 £000
<p>Incentive payments to private sector landlords are expected to exceed the budget by £32k. Major landlords have threatened to withdraw their homes from us within a month unless we pay them additional sums, again this is happening a lot on properties acquired through the West London managing agent's framework agreement. For example, we are having to pay £1,000 per property to retain 31 TA units that are currently provided by one of these agents. Officers are working on plans to procure alternative accommodation.</p>	32	0
<p>Homelessness Support Grant provided by Department for Communities and Local Government (DCLG) to cushion the impact of the removal of the management fee for Temporary Accommodation (after deducting an assumed £250,000 which we expect Registered Providers to claim). DCLG have stated the aim is to 'empower LAs with the freedom to support the full range of homelessness services they deliver' and plan their provisions with more certainty. 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.</p>	(3,277)	(3,277)
<p>Increase in Bed and Breakfast accommodation net costs due to continuing increasing inflationary pressures on rents results in an adverse variance of £235k. Higher average client numbers (159 forecast up from 156 at CRM 4 vs 134 in the budget) has resulted in an adverse variance of £55k. Also, a revision this month to the bad debt provision (from a budget of 10% of rental income to a forecast of 25%) of £278k has been forecast due to continuing pressures on income collection because of the implementation of Universal Credit.</p>	568	573
<p>Incentive payments to Direct Letting landlords formerly funded from an earmarked reserve. The variance is after funding of £18k already approved by Cabinet (via CRM2) from the remainder of the specific reserve held for this purpose.</p>	582	582
<p>It is expected that repair costs on Private Sector Leasing properties will exceed the budget by £100k, and legal costs relating to disrepair and complex cases will overspend by £95k.</p>	195	0
<p>Total Housing Solutions</p>	2,027	1,775
<p>Planning</p>		
<p>Development Management - the division is currently predicting a staffing cost overspend of £101k and a shortfall in planning fee income which is £74k short of the income target. Planning officers are investigating the high non-chargeable workload. In addition, printing and publication costs are forecast to overspend by £46k.</p>	221	352

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Planning Regeneration - higher than budgeted staffing costs of £243k are largely offset by higher than budgeted planning fee income of (£261k). Other overspends on minor budgets of £35k are forecast.	17	73
Planning Director's Office - the budget reporting the underspend from last month, which relates primarily to the vacant Director of Planning role, has been transferred to Development Management and Planning Regeneration to offset the shortfall in planning fee income.	0	(122)
There are minor staffing overspends within the Policy division.	14	29
Total Planning	252	332
TOTAL VARIANCE	2,279	2,332

Table 3 - Key Risks - Detail Items Over £250,000			
Risk Description	Risk At Month 5 £000	Risk At Month 4 £000	Risk Managem ent 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	395	→
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	→
New Homes Bonus funding to produce Supplementary Planning Documents (SPD) has been exhausted. There is a risk that the costs of current and future work on SPDs will need to be charged to revenue. Officers are currently calculating the potential cost and will update this risk next month.	unknown	0	

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

Risk Description	Risk At Month 5 £000	Risk At Month 4 £000	Risk Management Since Last Report £000
Mayor's Tea Dances - officers are investigating potential funding sources.	32	0	↓
TOTAL RISKS MANAGED	2,938	2,906	↓

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 TA by other London Boroughs especially those looking to reduce the number of families they have in B&B and considerable inflationary pressure on currently occupied properties acquired through the West London Managing Agents procurement framework (there are short notice periods on both sides in this contract).

The forecast outturn assumes legal and other costs for planning appeals and judicial reviews (currently forecast as £56,000), because of increasing numbers of decisions being challenged, will be funded from corporate reserves.

**APPENDIX 7: LIBRARIES AND ARCHIVES SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 5**

Table 1- Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Budget Performance Since the Last Report
	£000	£000	£000	£000
Libraries Shared Services	2,685	56	157	↑
TOTAL	2,685	56	157	0

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Libraries Shared Services		
Delay in progressing ideas to increase income. For instance, the Law Centre Occupancy in Hammersmith Library was expected for a full year, but the agreement has not yet been signed. It is forecast that there will now be 6 months' rental from this.	157	157
Mitigating actions in place including vacancies that have been held, and possible use of "Ground Work London" for 12 week placements to fill some vacancies temporarily.	(101)	0
Total Libraries Shared Services	56	157
TOTAL VARIANCE	56	157

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, with the net impact being reflected in the £42k above. 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 £42k reflected.</p> <p>Programme support has now been allocated to push through initiatives and to ensure that there are further mitigating activities and to ensure that the full savings can be achieved going forward. Within period 5 further work has been completed to ensure that the mitigating action plan is formally in place, and can now be recognised in the forecast, and has resulted in a reduction in the overspend.</p>

**APPENDIX 8: PUBLIC HEALTH SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 5**

Table 1 - Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Budget Performance Since the Last Report
	£000	£000	£000	£000
Sexual Health	5,674	(419)	(376)	↑
Substance Misuse	4,570	(26)	(320)	↓
Behaviour Change	1,961	60	(126)	↓
Intelligence and Social Determinants	33	10	10	→
Families and Children Services	6,388	(248)	(7)	↑
Public Health Investment Fund (PHIF)	4,162	0	0	→
Salaries and Overheads	160	86	86	→
Transfer Payments	510	981	981	→
Drawdown from Reserves	(991)	(444)	(248)	↑
S113 Income	(127)	0	0	→
Public Health – Grant	(22,338)	0	0	→
TOTAL	0	0	0	↑

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Sexual Health		
Genito Urinary Medicine - savings from service redesign and lower tariffs	(300)	(300)
Young People's Services – service now covered by new Lot 1 contract below, resulting in saving.	(227)	(66)
Lot 2 Sexual Health Screening – Includes all screening activity; some previously charged within GUM (above). Budget re-alignment will address variance.	245	0
Lot 1 Contraception – Consolidation of smaller contracts into Lot 1 has realised savings of £128k when compared with budget.	(128)	0
Other Minor Variances	(10)	(10)
Total Sexual Health	(419)	(376)
Substance Misuse		

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Detoxification and Residential Placements - savings from changes in practice to be monitored	0	(210)
Core drug and alcohol services - demand in alcohol services have increased	92	0
Community based services - budget to be realigned based on new agreements	(100)	0
Reducing Reoffending - demand to be monitored	0	(60)
Other Minor Variances	(18)	(50)
Total Substance Misuse	(26)	(320)
Behaviour Change		
Smoking Cessation - 23% budget reduction in one year not realistic	57	(96)
Health Trainers - 23% budget reduction in one year not realistic	112	0
Other Minor Variances	(108)	(30)
Total Behaviour Change	60	(126)
Intelligence and Social Determinants		
Other Minor Variances	10	10
Total Intelligence and Social Determinants	10	10
Families and Children Services		
Community based services - budget to be realigned based on new agreements	0	206
0-5 Health Visiting Programme - lower contract values agreed for extension	(137)	(137)
Obesity and Dietetics - childhood obesity to be integrated into Integrated Family Support Service (IFSS) model	(92)	(45)
Other Minor Variances	(19)	(31)
Total Families and Children Services	(248)	(7)
Salaries and Overheads		
s113 recharges - historical budget set too low so realignment needed	981	981
Other Minor Variances	86	86
Total Salaries and Overheads	1,067	1,067
Drawdown from Reserves		
Transfer to reserve to reduce the operating balance to zero.	(444)	(248)
Total Drawdown from Reserves	(444)	(248)

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £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 considering 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. The s113 recharge budgets would be rebased as the historical amounts were too low.</p>

APPENDIX 9: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 5

Table 1 - Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	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	600	750	↑
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	5,403	(386)	(36)	↑
Pensions & Redundancy	8,688	(49)	(49)	→
TOTAL	18,921	129	629	↑

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £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 foreseeable future. Analysis of the current rate of returns on investments (0.43%) indicates an overspend of £600k	600	750
Total Net Cost of Borrowing	600	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.	250	250
A central budget is held for NNDR inflation. Analysis of the charges for 2017/18 indicate there will be an underspend of £350k on this budget.	(350)	0
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	(249)	(249)

Table 2 - Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Centrally Managed Budgets.		
Other Minor Variances	(37)	(37)
Total Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	(386)	(36)
Pensions & Redundancy		
Other Minor Variances	(49)	(49)
Total Pensions & Redundancy	(49)	(49)
TOTAL VARIANCE	129	629

Table 3 - Key Risks - Detail Items Over £250,000			
Risk Description	Risk At Month 5 £000	Risk At Month 4 £000	Risk Management Since Last Report £000
The Commercialisation Savings of £0.5m are currently 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	

Supplementary Monitoring Information
Commitments against the unallocated contingency remain the same as last month leaving £1.2m of this budget currently uncommitted.

APPENDIX 10: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 5

Table 1 - Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 5	Variance Month 4	Budget Performance Since the Last Report
	£000	£000	£000	£000
Housing Income	(76,283)	(306)	333	↑
Finance and Resources	14,907	(479)	(509)	↓
Housing Services	13,354	(402)	(437)	↓
Property Services	2,822	26	26	→
Housing Repairs	13,768	957	936	↓
Housing Solutions	114	66	66	→
Housing Strategy	256	0	0	→
Adult Social Care	48	0	0	→
Regeneration	355	192	0	↓
Safer Neighbourhoods	622	0	0	→
Capital Charges	29,248	193	0	↓
(Contribution to) / Appropriation from HRA	789	0	0	→
TOTAL	0	247	415	↑

Table 2- Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Housing Income		
This relates to better than expected void performance on rents and tenant service charges for Council homes rents (from a budgeted figure of 1.3% to a forecast outturn of 0.9%) and tenant service charges (£367k), and commission earned following an agreed variation to the contract with Thames Water (£581k), 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 £167k, garage rental income of £39k, and estate parking permit income of £55k.	(306)	333
Total Housing Income	(306)	333
Finance and Resources		

Table 2- Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
This relates mainly to delays in recruitment for the Finance and Rent Income teams (£200k), a delay in a scheme to encourage direct debit take up (£138k), lower legal costs due to effective tenancy sustainment activity reducing the need for possession claims (£65k), underspends on printing, postage, and publications (£36k) in both Rent Income and Leasehold Services teams and lower than expected costs for IT project work (£98k). These underspends are off-set by an expected overspend of £54k on business rates on vacant commercial properties.	(483)	(479)
Minor Variances	4	(30)
Total Finance and Resources	(479)	(509)
Housing Services		
Underspends are anticipated on staffing related costs (£324k) due mainly to delays in recruitment, offset by the costs of opening reception centres at Norland & Stebbing Houses of £75k. In addition, we have lower removal costs due to lower than budgeted decant volumes (£122k). Further, 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 and lower than expected interest from tenants.	(477)	(512)
This is mainly due to forecast overspends on legal charges of £30k, storage costs of £18k and costs of £36k for providing emergency accommodation for residents. This is partly offset by a small underspend (£9k) on other supplies and services expenditure across the Housing Services division.	75	75
Total Housing Services	(402)	(437)
Property Services		
This predominately relates to a shortfall on rechargeable repairs income of £31k offset by small underspends across several different budget heads (£5k).	26	26
Total Property Services	26	26
Housing Repairs		

Table 2- Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
The out of scope element of the repairs contract with MITIE is predicted to overspend by £410k. 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. The reduction since last month is due to action taken by officers. Additionally, the forecast has been adjusted downwards to take account of the emerging trend in out of scope works volumes.	410	608
MITIE charging for activity that was budgeted to be reduced. Work is underway to bring this in line with budget.	547	328
Total Housing Repairs	957	936
Housing Solutions		
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	50
Minor Variances	16	16
Total Housing Solutions	66	66
Regeneration		
The forecast for security costs for the Earls Court regeneration programme has been revised and no variance is currently expected.	0	0
Delays on Housing Development capital projects including Spring Vale and Jepson House have meant that the amount capitalised for regeneration staff time has been lower than predicted when the budgets were produced.	192	0
Total Regeneration	192	0
Capital Charges		
The forecast for interest earned from HRA balances has been reduced due to the anticipated level of internal borrowing this year caused by advance receipts from the Earls Court regeneration programme being used to finance the HRA capital programme which are classed as General Fund receipts until the land transfers from the HRA to the developer have been completed. The reduction is also caused by the plan to use HRA balances to contribute £10m to the Fire Safety Plus investment programme.	193	0

Table 2- Variance Analysis		
Departmental Division	Month 5 £000	Month 4 £000
Total Capital Charges	193	0
(Contribution to) / Appropriation from HRA	247	415

Table 3 - Key Risks - Detail Items Over £250,000			
Risk Description	Risk At Month 5 £000	Risk At Month 4 £000	Risk Management Since Last Report £000
Refunds to tenants because 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	600	→
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 is free replacement appliances for tenants and leaseholders whose electrical appliances fail electrical safety testing. The costs are currently being finalised but are expected to be in the range of £100k to £750k (reduced from £6.0m). This month we've been able to revise the risk downwards based on the electrical testing that's been carried out recently (we've had 111 requests to visit residents as at mid-September, 106 tests have been carried out and all have passed). 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.	750	6,000	↑
A review of revenue repair costs and volumes on the out of scope element of the MITIE repairs and maintenance contract indicate that there remains a risk of a further overspend this year in addition to that declared above. Officers are reviewing	500	500	→

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

Risk Description	Risk At Month 5 £000	Risk At Month 4 £000	Risk Management Since Last Report £000
the position monthly in detail.			
<p>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. The risk of £1.1m assumes that any increase in the depreciation charge can be offset by utilising the budget for revenue contributions to capital as both are funding sources for the Decent Neighbourhoods programme. This also assumes that the Decent Neighbourhoods does not require any additional funding from the HRA because of the Fire Safety Plus programme.</p>	1,100	1,100	→
TOTAL RISKS MANAGED	2,950	8,200	↑

APPENDIX 11 - VIREMENT REQUEST FORM
BUDGET REVENUE MONITORING REPORT – Month 5

Details of Virement	Amount (£000)	Department
GENERAL FUND:		
There has been the need to effect budget realignment to split the income budget into the annual grant and contribution from reserves.	2,197	PHS
Draw down from the Public Health reserves to mitigate the budget adjustments and realignment	(2,197)	PHS
To fund the Supporting People MTFs savings target.	300	ASC
Draw down from the Supporting People Programme Reserves.	(300)	ASC
To transfer growth budget held centrally to fund the Travel Care & Support Services contract budget	222	CHS
To transfer growth budget held for Queens Manor Resource Centre (£105k) and Passenger Transport (£117k)	(222)	CMB
Use of Dilapidations and Office Moves Reserve to cover the cost of additional shared services accommodation due to slippage in the delivery of the LBHF accommodation savings from the asset management strategy	(552)	CMB Reserves
	552	CMB
Transfer of income budget for school's payroll income from CHS to HR	(570)	CS-HR
	570	CHS
Transfer of budget from Managed Services to HR to reflect lower contract payments to BT due to schools buying out of the contract	(203)	CS – Finance
	203	CS-HR
Total of Requested Virements (Debits)	4,044	
PHS - Public Health Services ASC - Adult Social Care CHS - Children's Services CMB - Centrally Managed Budgets		