

CORPORATE REVENUE MONITOR 2017/18 MONTH 9 – 31st DECEMBER 2017

Report of the Cabinet Member for Finance – Cllr Max Schmid

Open Report

Classification - For decision and for information

Key Decision: Yes

Wards Affected: All

Accountable Director: Hitesh Jolapara – Strategic Finance Director

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1. EXECUTIVE SUMMARY

- 1.1. 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, the Chief Executive, and Directors in discharging the statutory responsibility. It is essential that additional steps are now taken to manage the serious ongoing budget pressures facing the Council.
- 1.2. The General Fund 2017/18 forecast outturn variance for month 9 is a net overspend of £2.759m.
- 1.3. Officers are taking action to reduce expenditure between now and year end.
- 1.4. The forecast gross overspend is £6.466m. Officers have identified potential mitigating actions of £3.707m, **if fully delivered** this will result in a net overspend of **£2.759m**. Delivery of action plans is assigned to relevant responsible Directors. The Housing Revenue Account forecast outturn variance for 2017/18 is also forecasting an unfavourable variance of £0.463m at month 9.
- 1.5. To facilitate the move to a new finance system by September 2018 the Accounts will be closed earlier than the statutory deadline. A significant amount of activity is necessary to meet this deadline. A number of actions will be required which normally need Cabinet approval, for example final budget carry-forwards, use of reserves, budget virements, level of bad debt provision etc. To meet the early final accounts deadline decision making in relation to these issues is delegated to the Strategic Finance Director in consultation with the Cabinet Member for Finance.

1.6. Given the overall forecast overspend there will be no budget carry-forwards and for any remaining overspends first consideration will be given to meeting these from departmental reserves.

1.7. This month 9 report will be the last report before the year end.

2. RECOMMENDATIONS

2.1. To approve the decision making in relation to production of final accounts to be delegated to the Strategic Finance Director in consultation with the Cabinet Member for Finance.

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

2.3. To approve the consolidation of corporate reserves in line with the categorisation shown in appendix 13.

2.4. To note that officers are putting in place additional financial controls in response to the forecast overspend.

2.5. To note primary consideration will be given to the use of departmental reserves for to mitigate any year end overspends, the decision making on this is delegated to the Strategic Finance Director in consultation with Cabinet Member for Finance.

2.6. To note that no budget underspend carry-forward requests are agreed.

2.7. To note that month 9, will be the last Corporate Revenue Monitor Report before the year-end.

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 9.

Table 1: 2017/18 General Fund Gross Forecast Outturn Variance – Month 9

Department ¹	Revised Budget Month 9 £m	Forecast Outturn Variance Month 9 £m	Forecast Outturn Variance Month 7 £m	Movement £m
Adult Social Care (ASC)	60.282	0.581	0.769	(0.188)
Children's Services (CHS)	47.368	3.876	3.412	0.464
Controlled Parking Account (CPA)	(22.118)	(0.248)	(0.497)	0.249
Corporate Services	25.671	0.802	0.508	0.294
Environmental Services (ES)	33.449	(0.094)	0.095	(0.189)
Regeneration, Planning, and Housing Services (RPHS)	8.806	1.594	2.093	(0.499)
Library & Archives Service	2.678	0.056	0.056	0.000
Public Health Services	0.000	0.000	0.000	0.000
Centrally Managed Budgets (CMB)	18.221	(0.117)	(0.062)	(0.055)
Total	174.357	6.466	6.374	92

4.2. Within the overall departmental positions there are some significant overspends which are detailed in the Appendices.

4.3. Action plans to mitigate the forecast overspends are summarised in table 2 and detailed below, but have not secured sufficient impact. All overspending departments will need to respond with further actions to reduce the net forecast overspend by year-end. Delivery of action plans has been assigned to relevant responsible officers. The action plans include the potential use of additional developer contributions of £2.5m.

¹ Figures in brackets represent underspends/ favourable movements

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

Department	Gross Forecast Outturn Variance Month 9 £m	Potential Value of Action Plan Mitigations Month 9 £m	Forecast Outturn Variance Net of Planned Mitigations £m
Adult Social Care	0.581	0.583	(0.002)
Children's Services	3.876	0.375	3.501
Controlled Parking Account	(0.248)	0.000	(0.248)
Corporate Services	0.802	0.016	0.786
Environmental Services	(0.094)	0.000	(0.094)
Regeneration, Planning, and Housing Services	1.594	0.183	1.411
Library & Archives Service	0.056	0.050	0.006
Centrally Managed Budgets	(0.117)	0.000	(0.117)
Council wide (developer contributions)		2.500	(2.500)
Total	6.466	3.707	2.759

5. CORPORATE REVENUE MONITOR 2017/18 MONTH 9 HOUSING REVENUE ACCOUNT

- 5.1. The Housing Revenue Account is currently forecasting a deficit outturn variance of £0.463m at Month 9 (appendix 10).

Table 3: Housing Revenue Account Forecast Outturn - Month 9

Housing Revenue Account	£m
Balance as at 31 March 2017	(20.129)
Add: Budgeted (Contribution) / Appropriation from Balances	1.382
Less: Forecast Adverse Outturn Variance	463
Projected Balance as at 31st March 2018	(18.284)

6. VIREMENTS & WRITE OFF REQUESTS

- 6.1. Cabinet is required to approve all budget virements that exceed £0.1m. General Fund budget virements of £17.231m are proposed at month 9. The major virement of £11.757m is for the transfer of the Waste contract budget from Environmental Services to Corporate Services. There is also a proposed drawdown of £0.5m to facilitate commercial directorate savings. The other major virements are for the reallocation of the Improved Better Care Funding and draw down from reserves to fund the new Landlord Licensing scheme. The HRA have requested virements of £2.171m at Month 9 (see Appendix 11).

6.2. There are no write-off requests for month 9.

7. RESERVES REVIEW

7.1. A review of earmarked reserves was conducted as part of the quarter three close of accounts process (Appendix 12). The review identified that a significant number of the reserves were created for expenditure that was fundamentally similar (e.g. several reserves were created for property related expenditure). To streamline the management of these funding sources it is proposed that corporate reserves are consolidated in a smaller number as shown in appendix 13.

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 IMPLICATIONS

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

11.2. Implications completed by: Gary Ironmonger, Finance Manager, tel. 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. COMMERCIAL 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	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 12	Corporate Earmarked Reserves Forecast as at December 2017
Appendix 13	Corporate Reserves Consolidation

**APPENDIX 1: ADULT SOCIAL CARE
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 9**

Table 1 - Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 9	Variance Month 7	Performance since last report
	£000	£000	£000	£000
Integrated Care	46,099	4,991	5,168	↑
Strategic Commissioning & Enterprise	5,721	(4)	(4)	→
Finance & Resources	7,921	0	0	→
Executive Directorate	541	(97)	(86)	↑
Funding from ASC Pressures and Demand Reserves	0	(4,309)	(4,309)	→
TOTAL	60,282	581	769	↑

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Integrated Care		
A projected overspend of £2,564,000 on Home Care and Direct Payments. There are continued pressures as part of the out of hospital strategy to support people at home and avoid hospital admissions or to enable early discharge which 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 client numbers from last year of 227 & to date there are net 56 new clients this year leading to a budget pressure of £1,700,000. The Home Care and Direct payment rates have increased due to the London living wage increases which results in pressures of £864,000. The main change in the forecasted position since month seven is an additional 9 new care packages.	2,564	2,427
Better Care Fund savings shortfall of £985,000. 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 which since the start of the last year shows a net reduction of 6 people to date which has reduced the projected underspend in placements to (£439,000). The main change in the forecasted position since month seven is recharging by improved utilisation of vacant beds to other boroughs service users occupying beds in the PFI block contract homes of £576,000.	985	1,557

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Mental Health Services is projecting an overspend of £1,020,000. This service continues to have increasing number of placements with the full year effect of new people and increases above inflation leading to budget pressures of £763,000. In Mental Health, Home Care and Direct Payment pressures amount to £257,000 with the full year effect of service demand.	1,020	1,000
Learning Disability services is projecting a net overspend of £55,000. There is increasing demand pressures in Home care, Direct Payments and Day care services of £411,000. These are partly offset by underspends in the placement budget of (£356,000) mainly to the continued review of the high cost placements.	55	(147)
Provided services projected overspend of £174,000. There are demand pressures in the Careline to fund a 24/7 service and a review of the delivery model has commenced.	174	174
Minor other variances.	193	157
Total Integrated Care	4,991	5,168
Strategic Commissioning & Enterprise		
Minor contractual underspends.	(4)	(4)
Total Strategic Commissioning & Enterprise	(4)	(4)
Executive Directorate		
Projected underspend against supplies and services budgets within the Directorate and Executive support budgets.	(97)	(86)
Total Executive Directorate	(97)	(86)
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 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. A virement is requested for approval in this report to allocate the funding to the service areas incurring the additional spends.	(4,309)	(4,309)
Total Funding from ASC Pressures and Demand Reserves	(4,309)	(4,309)

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
TOTAL VARIANCE	581	769

Table 3 - Key Risks - Detail Items Over £250,000			
Risk Description	Risk At Month 9 £000	Risk At Month 7 £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 financial liability will rest with the organisation responsible for the customer. Following recent discussions with Health this risk is reduced to £450k.	450	900	↑
Following a recent review of the savings from the Transformation Commissioning Programme a number remain as amber RAG rated. Further work is being undertaken on the delivery of the savings.	951	951	→
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.	200	400	↑
TOTAL RISKS MANAGED	1,601	2,251	0

Supplementary Monitoring Information

The Department continues to experience significant budget pressures. The Department is projecting a gross overspend of £4,890,000 as at end of period nine, there is a reduction in the overspend of (£188,000) compared to the period seven projection of £5,078,000. The reduction in the overspend in the forecasted position since month seven is due to recharging through improved utilisation of vacant beds to other boroughs service users occupying beds in the PFI block contract homes. The overspend is mainly as a result of the full year implications of new service users coming through the service from 2016/17 especially within home care and direct payments, new services users in 2017/18 and price increases due to market pressures. The Department is proposing to use the new additional funding from the Improved Better Care Fund (iBCF) of £4,297,000 & £831,000 to mitigate the majority of these pressures leaving a projected overspend of £581,000. The department has an action plan with a potential value of mitigating actions totalling (£583,000) which will result in a projected small underspend.

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. Since the last period, the Department is highlighting a reduced maximum potential risk of £1.601m due to financial pressures on the s.75 health budgets, in year savings at risk of non-delivery and demographic increases. A virement is requested for approval in this report to allocate the Improved Better Care Fund (iBCF) funding to the service areas incurring the additional spends.

APPENDIX 2: CHILDREN'S SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 9

Table 1 - Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 9	Variance Month 7	Performance since last report
	£000	£000	£000	£000
Family Services	27,388	2,579	2,074	↓
Education	7,419	866	783	↓
Commissioning	5,100	609	642	↑
Safeguarding, Review and Quality Assurance	1,521	32	67	↑
Finance and Resources	5,940	(215)	(159)	↑
Schools Funding	0	4	4	→
TOTAL	47,368	3,876	3,412	↓

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Family Services		
<p>Looked After Children (LAC) & Leaving Care - Building on recent in-depth review of all cases with team managers work since period 7 has identified a further increase of £0.368m. 6 new cases have added £0.118m to the forecast and changes to 20 existing cases have added £0.440m across the Looked After Children & Leaving Care and Fostering and Adoption forecasts.</p> <p>A comparison of spend v 16/17 shows a slight increase in costs based on current forecasts. However, a comparison of LAC and Leaving care numbers in place at period 7 shows an overall increase of 15 LAC and 28 leaving care based on the same point in the previous year. These figures include 13 DUBS cases (DUBS: refers to an amendment to the 2016 UK Immigration Act tabled by Lord Alf Dubs. The Regulation states that asylum seekers with family members already under international protection, or in the process of seeking asylum, have the right to claim asylum in the same country). Savings are being achieved in this area. LAC and permanency placements have reduced but the expenditure has increased on Unaccompanied Asylum-Seeking Children (UASCs), an element of this is predicted to be on the 13 DUBS cases.</p>	2,680	2,312

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Family Support & Child Protection - Salary pressures due to increased activity and case load and the loss of grant funding this year (£0.273m). There has been a requirement to recruit additional workers to cover the unallocated cases in this service. Staffing pressures have been partly mitigated by reductions in non-staff costs, particularly residential family assessments.	95	36
Contact and Assessment - 4 Deputy Team manager posts and the loss of grant funding this year is contributing to the current forecast.	320	327
Multi Agency Safeguarding Hub - 2017/18 finds salary pressures over and above the budget due to a high level of maternity leave requiring cover.	45	43
Early Help and Social Work - Staffing pressures based on the usage and corresponding cost allocation for the shared Emergency Duty Teams and the Action for Change service.	74	74
Fostering and Adoption - underspend split between placement costs (£0.642m) and staffing (£0.039m). The movement from period 7 is due to the placement forecast changes referred to under Looked After Children & Leaving Care above.	(720)	(832)
Other small variances across the service.	85	114
Total Family Services	2,579	2,074
Education		
Travel Care and Support Services - Forecast pressure related to the increased costs from mini-bus framework re-tendering process over the summer netted off by savings in taxi journeys. Full year projection of minibus transportation during the re-tendering process was £1.184m for minibus and £1.053m for taxis compared with the current FY forecast of Minibus transportation (£1.771m) and taxis (£0.755m). All agreed growth is included in the forecast variance.	97	50
Special Educational Needs - Staffing pressures including those in Relationships and Quality Assurance (£0.089m) and Service Delivery teams (£0.143m) are predominantly caused due by the employment of additional staff posts to support the SEN service in delivering the statutory requirement set out in the Children's and Family's Act. These are partly mitigated in year by Invest to Save funding agreed by Members. The increase from period 7 is partly due to increased use of agency staff to support the service.	285	138
Short Breaks - Pressure remains on the short breaks placement budget, primarily because of high cost care packages that have been set up in year in lieu of residential placements.	562	737
Special Educational Needs (SEN) and Disabilities – the Sensory and Language Impairment Team are showing a	(86)	(139)

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
favourable staffing and traded income variance.		
Minor variances across the service.	8	(3)
Total Education	866	783
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 as a result of the 2016 restructure which was based on a skeletal service model. This is partially offset by underspends on the Early Years element of the SALT contract and against the Children's and Adolescents Mental Health Services budget.	609	642
Total Commissioning	609	642
Safeguarding, Review and Quality Assurance (SRQA)		
Although work has been done to bring back an historically overspending service back in line with budget, SQRA is forecast to overspend by £0.032m. A re-organisation in the Children's Rights Service has not as yet been completed. This should have delivered a £0.050m saving in 17/18 and once completed, this should bring spending back in line with budget.	32	67
Total Safeguarding, Review and Quality Assurance	32	67
Finance and Resources		
Finance and Resources contains pressure budget which is due to be dispersed to various services to cover staffing spend pressures.	(215)	(159)
Total Finance and Resources	(215)	(159)
Schools Funding		
Minor Variances	4	4
Total Schools Funding	4	4
TOTAL VARIANCE	3,876	3,412

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

APPENDIX 3: CONTROLLED PARKING ACCOUNT
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 9

Table 1 - Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 9	Variance Month 7	Performance since last report
	£000	£000	£000	£000
Pay & Display (P&D)	(12,145)	(2,481)	(2,326)	↑
Permits	(4,496)	(112)	(112)	→
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	(573)	(757)	↓
Bus Lane PCNs	(1,257)	(137)	(137)	→
CCTV Parking PCNs		(19)	(19)	→
Moving Traffic PCNs	(6,314)	1,197	1,197	→
Parking Bay Suspensions	(3,223)	622	452	↓
Towaways and Removals	(325)	88	68	↓
Expenditure and Other Receipts	12,456	1,167	1,137	↓
TOTAL	(22,118)	(248)	(497)	↓

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Pay & Display (P&D)		
Overachievement of income is due to the telephone parking roll out (partly offset by expected expenditure to run the scheme see Expenditure and Other receipts below). Income received in 2017/18 from P & D (including phone payments and card payments) is 12.0% higher than the same period the previous year.	(2,481)	(2,326)
Total Pay & Display (P&D)	(2,481)	(2,326)
Permits		
Overachievement of income compared to budget. Income received in 2017/18 is slightly higher than budget which is similar to last year.	(112)	(112)
Total Permits	(112)	(112)
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)		
The numbers of CEO PCNs issued is 7% higher than same period last year. This is due to more effective enforcement following 30 new CEOs starting in August 2016. The forecast has been revised downwards since the last report to reflect two issues: 1) PCN processing has suffered delays due to changes in the County Court IT system. This has slowed the progression of cases when trying to register cases as debt and subsequently send warrants. 2) There is a backlog of correspondence and it is taking	(573)	(757)

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
longer than anticipated to clear which is slowing the PCN income recovery at all stages.		
Total Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(573)	(757)
Bus Lane PCNs		
Actuals in to December are indicating that we are likely to overachieve against budget.	(137)	(137)
Total Bus Lane PCNs	(137)	(137)
CCTV Parking PCNs		
Actuals in 2017/18 are indicating that we are likely to overachieve against budget.	(19)	(19)
Total CCTV Parking PCNs	(19)	(19)
Moving Traffic PCNs		
The numbers of PCNs issued is 5% lower than same period last year. Income is also 12% 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. Recovery rates would also have been impacted upon by the inability to register cases with the County Court (see comments on CEO PCNS above).	1,197	1,197
Total Moving Traffic PCNs	1,197	1,197
Parking Bay Suspensions		
The number of Parking Suspensions has significantly reduced in general as highlighted in previous reports. We know from reductions in planning applications and in building control applications that the property market is not thriving at the moment, and this is affecting parking suspensions as well. 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.	622	452
Total Parking Bay Suspensions	622	452
Removals		
Income 9% down on the same period in 2016/17 and this has been reflected in the forecast.	88	68
Removal	88	68
Expenditure and Other Receipts		

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Now that the we are approaching year end it is becoming more apparent that we will not be filling all our vacant posts and this is represented by the drop-in forecast overspend.	44	146
The forecast incorporates expected expenditure in relation to cashless parking, which is covered by the additional P&D income, as anticipated in the original cabinet decision. The costs include: 1) Contractor costs for provision of cashless parking solution. 2) P&D machine maintenance and cash collection. 3) Credit/Debit card and text messaging fees. We have now completed budget setting for 2018/19 which will more appropriately reflect the extra income and costs that have arisen from cashless parking, now we have some experience of the rates of take up of the new service.	1,224	1,092
Additional income due to cross departmental recharges, legal disbursements and recovery in line with previous year.	(101)	(101)
Total Expenditure and Other Receipts	1,167	1,137
TOTAL VARIANCE	(248)	(497)

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

**APPENDIX 4: CORPORATE SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 9**

Table 1 - Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 9	Variance Month 7	Performance since last report
	£000	£000	£000	£000
H&F Direct	15,229	0	0	→
Human Resources & Electoral Services	1,281	(178)	0	↑
Finance & Audit	809	0	0	→
Delivery & Value	1,099	112	0	↓
Executive Services	280	0	0	→
Commercial Director	9,109	537	508	↓
Legal Services	(781)	282	0	↓
ICT Services	(1,355)	50	0	↓
TOTAL	25,671	802	508	↓

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
H&F Direct		
Minor Variances	0	0
Total H&F Direct	0	0
Human Resources and Electoral Services		
Salary underspends to be reflected in £100k saving agreed for 2018/19	(178)	0
Minor Variances		
Total Human Resources & Electoral Services	(178)	0
Finance & Audit		
Minor Variances	0	0
Total Finance & Audit	0	0
Delivery & Value		
Unfunded smarter budgeting costs	166	0
Minor Variances	(54)	0
Total Delivery and Value	112	0
Executive Services		
Minor Variances	0	0
Total Executive Services	0	0
Commercial Directorate - Commercial Operations		

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Business Intelligence - The BI team are forecast to achieve the income target of £633k (£500k of this relates to 2017/18 MTFs target) but will not complete works to the value of £1m this financial year as reported previously. To date £287k has been invoiced. This is due to slower than expected progression of sales to contract and delivery stage as a result of key staff being diverted to other projects.	0	(367)
Minor Variances	30	0
Commercial Directorate - <i>Building and Property Management (BPM)</i>		
Advertising Hoardings: The adverse variances are mainly due to shortfall in income from the old contract for the Two Towers site (new contract started in July), and L'Oreal, Bentworth Road and Woodstock Grove sites. One-off costs of £167k were also incurred on agency fees relating to the new contract. Some of the costs will be deferred to match future benefits. There were income shortfalls on the old Two Towers contract in 2016/17 quarter 4 of £117k and 2017/18 quarter 1 of £22k which have now crystallised. The net movement of £10k relates to the L'Oreal site where the tenants are disputing a proportion of the charges.	935	924
New commercial income opportunity for advertising is no longer being pursued. Alternatives being discussed with the Commercial Director. In addition, no income is expected this year from Walham Green Court as the lease has yet to be completed and hoarding still to be erected.	126	126
Rental and civic properties: There is a forecast rental income shortfall on commercial properties of £63k primarily due to savings not being achieved from 2015/16. In Civic Accommodation, the forecast variance is (£305k) favourable. There has been a successful claim for a rates refund on the Town Hall, backdated to 2010. There is an overspend in Lila Husset due to a one-off unbudgeted stamp duty, rent free period and removal costs. The effect of the overspend is mainly offset by an empty property exemption business rates refund for Fulham Town Hall, and an underspend in utilities.	(242)	112
Building Control income shortfall due to reduction in service demand. Remedial plans include improved marketing to potential customers.	121	119
Prior year credits from the Total Facilities Management contract. The forecast has been adjusted to reflect backdated change controls and a change in the cost allocation from 24.08% to 26.35% for Hammersmith and Fulham. The impact overall has led to a reduction in the TFM reserve from £592k to £277k.	(293)	(293)
Valuation services: Favourable variances due to reduced energy consumption in civic buildings giving rise to rebates, and staffing costs recharges and a vacant post.	(204)	(208)

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Valuation services: There was an overspend of £50k which relates to expenditure incurred in relation to the asset disposal programme. These costs were planned to be funded from capital receipts but will not now qualify for offset against the capital programme. These overspend will be offset by a drawdown from reserve with a current balance (£21.5k).	29	56
Staffing overspend in Technical Support	18	26
Minor Variances	1	(2)
Commercial Directorate - Waste Management & Street Scene Enforcement		
Actual inflation on the waste contract was more than the budget growth awarded (2% estimate compared to 3% actual). Additional budget growth has been agreed from 2018/19, but this will continue to be a pressure this year	78	78
Due to operational changes agreed after the Leaders Urgent Decision. Forecast assumes £40k draw down of balance on s106 funding earmarked for this purpose.	72	72
Waste recharges to other services forecast to be more than budgeted (assuming income is in line with last year).	(68)	(43)
Salary underspends due mostly to vacancy drag.	(43)	(36)
Street Scene Enforcement Fixed Penalty Notice income forecast to be better than budget, assuming income is in line with last year.	(14)	(30)
Various Minor Variances.	(9)	(26)
Total Commercial Directorate	537	508
Legal Services		
Employee costs. The forecast includes £260k of agency costs. £184k incurred to date plus a forecast of £76k for Q4.	286	0
Credit from over accrual in 2016/17	(95)	0
Under recovery of income	132	0
Minor Variances	(41)	0
Total Legal Services	282	0
ICT Services		
Minor Variances	50	0
Total ICT services	50	0
TOTAL VARIANCE	802	508

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

Risk Description	Risk At Month 9 £000	Risk At Month 7 £000	Risk Management Since Last Report £000
Unplanned costs arising from the termination of the LINK shared service.	400	400	→
Expenditure incurred on disposed assets cannot be met by disposal receipts and on properties not being sold.	100	250	↑
Unfunded revenue costs incurred in appropriation of General Fund assets to HRA as well as transactions costs for transfer of assets for community benefits.	50	250	↑
Potential costs of legal challenge in BPM.	200	200	→
Lyric Theatre - Unfunded repairs and maintenance costs above the agreed cap of £50k.	100	250	↑
If costs of cleaning and maintaining pavements is higher than budget.	185	185	→
TOTAL RISKS MANAGED	1,035	1,535	

APPENDIX 5: ENVIRONMENTAL SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 9

Table 1- Variance By Departmental Division				
Departmental Division	Revised Budget	Variance Month 9	Variance Month 7	Performance since last report
	£000	£000	£000	£000
Transport, Highways, Parks & Leisure	18,073	244	159	↓
Environmental Health, Community Safety & Emergency Planning	6,215	115	194	↑
Cleaner, Greener & Cultural Services	9,141	(219)	(186)	↑
Other LBHF Commercial Services	(220)	(7)	(7)	↓
Executive Support and Finance	240	(227)	(65)	↑
TOTAL	33,449	(94)	95	↑

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Transport, Highways, Parks & Leisure		
Income overachievement due to staff costs that will be rechargeable to projects.	(107)	(72)
Wifi income shortfall, assuming income in line with last year.	72	87
Underspend on TfL traffic lighting charges.	(51)	(51)
Streetlighting - 15/16 savings not achieved.	50	59
Reduction in Network Management Fixed Penalty Notice income due to contractors being more aware of the system to avoid being charged and a change of ruling in one of the footway offences.	124	87
Increase in winter maintenance.	73	46
Parks and Leisure - Actual grounds maintenance contract inflation more than budget inflation awarded. Inflation requirements to be revisited in 2018/19. The main movement from month 7 is due to the delayed implementation of new Sports Booking contract; net impact of consequential costs and reduced income.	83	3
Total Transport, Highways, Parks & Leisure	244	159
Environmental Health, Community Safety & Emergency Planning		
Additional spend on Corporate Safety. Additional funding has been approved for 2018/19.	58	0
Historic budget pressures in Noise and Nuisance, relating to	47	0

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
staff costs.		
Forecast shortfall in licencing fees, mostly due to the downward revision of a major licence fee.	73	73
New commercial income targets for deployable CCTV (£100k) and Professional Witnesses (£15k) not delivered.	115	65
Parks Police salary underspend due to vacancy drag	(38)	0
Registrars salary underspend due to staff retention difficulties and recruitment delays.	(126)	(80)
Environmental Health salaries overspend.	0	169
Minor Variances.	(14)	(33)
Total Environmental Health, Community Safety & Emergency Planning	115	194
Cleaner, Greener & Cultural Services		
Forecast underspend on waste disposal due to continuation of reduced rate for processing recycling.	(299)	(203)
New commercial income target for Parks and Markets Events not delivered.	100	0
Salary underspends due to new senior management arrangements. Factored into the budget for 2018/19.	(51)	(51)
Forecast net underspend on Commercial Waste, mostly due to reduced recycle processing costs.	(41)	(43)
Forecast shortfall on filming income partly due to the delay in the opening of the Location Library which is not expected to deliver the anticipated savings.	147	125
One off events income	(64)	0
Minor Variances	(11)	(14)
Total Cleaner, Greener & Cultural Services	(219)	(186)
Other LBHF Commercial Services		
Income shortfall on the non-guaranteed income element of the ducting contract	135	0
Planned departmental reserve draw down included in the forecast for approval - to fund ducting income shortfall.	(135)	0
Minor Variances.	(7)	(7)
Total Other LBHF Commercial Services	(7)	(7)
Executive Support and Finance		
Executive Support staffing underspend - vacancy drag pending service reorganisation.	(27)	(17)
Early delivery of senior management savings.	(30)	(30)
Forecast underspend against IT budgets.	(143)	0
Expected budget transfer to RPHS department for finance support relating to transferred services.	42	0
Underspend due to not backfilling secondment of Programme Manager to FCS.	(69)	0

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Minor Variances.	0	(18)
Total Executive Support and Finance	(227)	(65)
TOTAL VARIANCE	(94)	95

Table 3 - Key Risks - Detail Items Over £250,000			
Risk Description	Risk At Month 9 £000	Risk At Month 7 £000	Risk Management Since Last Report £000
The forecast includes a £385k draw down from the invest to save fund as part of the smarter budgeting business plan for landlord licensing. If this is unable to be drawn down, the forecast for ES will worsen by £385k.	385	300	↓
TOTAL RISKS MANAGED	385	300	↓

Supplementary Monitoring Information
There have been a number of uncontrollable overspends in Environmental Services this year - the forecast above includes drawdowns of £675k from Environmental Services departmental reserves to help fund some of these. This is requested despite an overall forecast underspend, in order to help the overall position of the Council. The forecast also includes a drawdown of £385k from the Invest to Save fund. Without this draw down, the forecast for ES will worsen by £385k.

APPENDIX 6: REGENERATION, PLANNING HOUSING SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 9

Table 1 - Variance By Departmental Division				
Departmental Division	Revised Budget	Variance Month 9	Variance Month 7	Performance since last report
	£000	£000	£000	£000
Housing Solutions	6,133	1,317	1,436	↑
Housing Strategy	110	0	0	→
Economic Development, Learning & Skills	769	27	27	→
Development & Regeneration	13	0	0	→
Housing Services	108	0	0	→
Planning	2,194	250	630	↑
Finance & Resources	61	0	0	→
TOTAL	9,388	1,594	2,093	↑

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Housing Solutions		
<p>Inflationary pressure on temporary accommodation rents from private landlords has resulted in an adverse variance of £1,544k. This comprises of:</p> <ul style="list-style-type: none"> • £588k direct inflationary pressure compared to 16/17 prices mostly on properties acquired through the West London managing agents framework agreement where agents are demanding rent rises on homes in their portfolio already occupied by households in temporary accommodation (£470k of the £588k). This overspend has reduced as a result of mitigating action reducing expensive properties in the portfolio. • £956k of savings on the net rental cost assumed in the budget that are not being realised despite pursuing more longer term leases. <p>There is also a forecast increase in average client numbers (from a budget of 782 units to a forecast of 924 (910 at CRM7)) that results in an over spend of £418k.</p> <p>The impact of the loss of the management fee has resulted in an over spend of £1,922k, although this is offset in this year by the grant received below.</p> <p>There is an overspend of £91k (down from £164k in CRM7) predicted on the bad debt provision (from a budget of 8.5% of rental income to a forecast of 8.75%) because of continuing pressures on income collection resulting from the implementation of Universal Credit.</p>	3,974	3,964

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Incentive payments to private sector landlords are expected to exceed the budget by £32k. Major landlords have threatened to withdraw their homes unless we pay them additional sums, again this is happening a lot on properties acquired through the West London managing agents framework agreement. For example, we are having to pay £1,000 per property to retain 31 TA units that are currently occupied provided by one of these agents. Officers are working on plans to procure alternative accommodation.	32	32
Homelessness Support Grant provided by CLG 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). CLG 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.	(3,277)	(3,277)
Increase in Bed and Breakfast accommodation net costs due to continuing increasing inflationary pressures on rents results in an adverse variance of £218k. Higher average client numbers (164 forecast up from 163 at CRM 7 vs 134 in the budget) has resulted in an adverse variance of £136k. The overspend on the bad debt provision has fallen to £92k this month (£285k at CRM 7) due to a revision to the forecast for bad debts from 25% of rental income at CRM 7 to 15% this month (the budget is 10%). This is due to continuing pressures on income collection as a result of the implementation of Universal Credit.	446	575
It is expected that repair costs on PSL properties will exceed the budget by £100k, and legal costs relating to disrepair and complex cases will overspend by £95k.	195	195
A detailed review of salary apportionments, which included looking at practices elsewhere, has resulted in an additional salary recharge to HRA for the Assessment teams in Housing Solutions.	(53)	(53)
Total Housing Solutions	1,317	1,436
Housing Strategy		
Other Minor Variances.	0	0
Total Housing Strategy		
Economic Development, Learning & Skills		
It's not been possible to identify alternative funding sources for the Mayor's tea dances.	27	27
Other Minor Variances.	0	0
Total Economic Development, Learning & Skills	27	27

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Development and Regeneration	0	0
Other Minor Variances.	0	0
Total Development and Regeneration	0	0
Housing Services		
Stable Way - travellers site managed by RBKC TMO. Hammersmith and Fulham Council have nomination rights and contribute towards the running of the site.	(11)	(11)
Aids and Adaptations - minor overspend	11	11
Total Housing Services	0	0
Planning		
Development Management - The division is currently predicting a staffing cost overspend of £13k and a shortfall in planning fee income of £406k. It's not been possible to offset the loss of income with reductions in staff as the service are still working through planning applications which came in earlier this year as well as dealing with non chargeable work but income prediction has improved this month following an increase in the volume of fee generating applications received by the team. In addition, forecast overspends on printing, publication and publicity costs of £61k, third party payments of £36k and other minor overspends of £18k are offset by an underspend on internal legal recharges of (£89k).	445	594
Planning Regeneration - Higher than budgeted staffing costs of £265k are largely offset by an improved forecast for planning fee income of (£458k). In addition, the forecast for bad debt write offs is £50k.	(143)	88
Planning Director's Office - this relates primarily to the vacant Director of Planning role.	(126)	(127)
Policy - New Homes Bonus funding for the production of Supplementary Planning Documents has been exhausted, therefore, there is a shortfall of £107k this year. In addition, staffing costs are forecast to overspend by £2K, as well as, there will be an underspend of (£35k) for inspection costs.	74	75
Total Planning	250	630
Finance & Resources	0	0
Total Finance & Resources	0	0
TOTAL VARIANCE	1,594	2,093

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

Risk Description	Risk At Month 9 £000	Risk At Month 7 £000	Risk Management Since Last Report £000
Overall Benefit Cap	88	110	↑
Direct Payment (Universal Credit)	130	389	↑
Increase in the number of households in Bed & Breakfast accommodation	159	159	→
Change in Local Housing Allowance subsidy entitlements	0	121	↑
Inflationary pressures on Temporary Accommodation landlord costs	87	261	↑
Increased number of homelessness acceptances	168	168	→
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 for the production of Supplementary Planning Documents has been exhausted. There is a risk that the costs of current and future work on SPDs will need to be charged to revenue. The risk has been updated this month and some of the risk has crystallised and is reported as a variance above. Officers will continue to monitor the risk each month.	100	100	→
The Council has been refused permission for the Triangle scheme, so there is now a risk of a public enquiry which could cost the Council in excess of £250k in legal fees. This may impact on 17/18 (up to 50% of the risk).	125	125	→
TOTAL RISKS MANAGED	1,031	1,607	↑

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. 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).

Approval is requested to draw down £12,000 from the Temporary Accommodation reserve to fund the costs of preparing the departmental plan for managing the impact of the Homelessness Reduction Act.

Approval is also requested to draw down £90,000 from the King Street Regeneration Reserve (a budget of £250,000 was approved by the Leader in April 2017) to fund project management costs.

APPENDIX 7: LIBRARIES AND ARCHIVES SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 9

Table 1 - Variance by Departmental Division				
Departmental Division	Revised Budget	Variance Month 9	Variance Month 7	Performance since last report
	£000	£000	£000	£000
Libraries Shared Services	2,678	56	56	□
TOTAL	2,678	56	56	□

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £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 which include reduction in stock spend of £76k, and vacancies which have been held, and possible use of "Ground Work London" for 12 week placements to fill some vacancies temporarily.	(101)	(101)
Total Libraries Shared Services	56	56
TOTAL VARIANCE	56	56

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

Supplementary Monitoring Information

The commercial opportunities are significantly behind target for the year. There have been delays to other schemes including workaries, 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.

Programme support as well as working closely with Property and Commercial is helping 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.

A mitigating action plan has been put in to place, which has resulted in a reduction in the overspend of £101k to £56k. This includes a reduction in stock spend of £76k, and also vacancies that have been held in the year, with the possibility of using the Ground Work London scheme to temporarily fill some of those vacancies at a reduced cost.

**APPENDIX 8: PUBLIC HEALTH SERVICES
BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 9**

Table 1 - Variance By Departmental Division				
Departmental Division	Revised Budget	Variance Month 9	Variance Month 7	Performance since last report
	£000	£000	£000	£000
Sexual Health	5,554	(197)	(109)	↑
Substance Misuse	4,570	(882)	(354)	↑
Behaviour Change	2,411	(277)	(445)	↓
Intelligence and Social Determinants	33	10	10	→
Families and Children Services	6,215	(82)	(64)	↑
Public Health Investment Fund (PHIF)	4,162	0	0	→
Salaries and Overheads	160	391	411	↑
Transfer Payments	1,175	254	19	↓
Drawdown from Reserves	(1,813)	832	581	↓
S113 Income	(127)	(49)	(49)	→
Public Health – Grant	(22,338)	0	0	→
TOTAL	0	0	0	→

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Sexual Health		
Genito Urinary Medicine - forecast based on block contracts as reconciliations haven't yet been provided to the Council.	289	289
Young People's Services - activity now monitored in Public Health Investment Fund.	(237)	(227)
Lot 2 Sexual Health Screening - contract was finalised after budget setting.	244	314
Lot 1 Contraception and Support - contract was finalised after budget setting.	(128)	(76)
Release of risk fund.	(365)	(409)
Total Sexual Health	(197)	(109)
Substance Misuse		
Detoxification and Residential Placements - savings from changes in practice to be monitored.	(215)	(215)
Community based services - budget to be realigned based on new agreements.	(182)	(91)
Reducing Reoffending - standalone pilot ended and existing contract will continue work resulting in efficiency saving.	(402)	(68)
Release of risk fund.	(83)	20
Behaviour Change	(882)	(354)
Community Champions - match funding secured for some	(56)	(97)

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
projects.		
Health Trainers - Contract ended in December. Forecast includes final invoice.	(397)	(389)
Smoking Cessation - performance incentive is forecast to be triggered.	135	0
Other Minor Variances.	41	41
Total Behaviour Change	(277)	(445)
Intelligence and Social Determinants		
Pharmaceutical Needs Assessment cost greater than budget.	10	10
Total Intelligence and Social Determinants	10	10
Families and Children Services		
0-5 Health Visiting Programme - forecast increased until current year charges are agreed.	136	136
Obesity and Dietetics - underspends in childhood obesity due to delayed initiatives.	(183)	(160)
Other Minor Variances.	(35)	(40)
Total Families and Children Services	(82)	(64)
Salaries and Overheads		
Overheads correction. for	596	381
Total Salaries and Overheads	596	381
Drawdown from Reserves		
Transfer to reserve to reduce the operating balance to zero.	832	581
Total Drawdown from Reserves	832	581
TOTAL VARIANCE	0	0

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

Supplementary Monitoring Information
For the year-to-date, savings have been realised in all re-procured activity (Health Visiting, Sexual Health and Substance Misuse), with further savings to be realised in GUM. As GUM has large block contracts with quarterly reconciliations, the forecast is expected to reduce as any under-performance is known. Any underspends detailed in the monitoring will have the effect of prolonging the life of the Public Health Reserve due to a lower sum being required for the current year.

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

Table 1 - Variance By Departmental Division				
Departmental Division	Revised Budget	Variance Month 9	Variance Month 7	Performance since last report
	£000	£000	£000	£000
Corporate & Democratic Core	3,529	0	0	→
Housing and Council Tax Benefits	(328)	0	0	→
Levies	1,570	(36)	(36)	→
Net Cost of Borrowing	32	500	500	→
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	4,730	(476)	(426)	↑
Pensions & Redundancy	8,688	(105)	(100)	↑
TOTAL	18,221	(117)	(62)	↑

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Levies		
Other Minor Variances	(36)	(36)
Total Levies	(36)	(36)
Net Cost of Borrowing		
Interest rates remain at historically low levels. However, a 0.25% increase in the Bank of England base rate has resulted in a more favourable forecast for future investment income.	500	500
Total Net Cost of Borrowing	500	500
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)		
The housing market continues to be sluggish. Income to the end of December support this prognosis and an overspend of £200k is forecast.	200	250
A central budget is held for NNDR inflation. Analysis of the charges for 2017/18 indicate there will be an underspend of £390k on this budget.	(390)	(390)
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.	(249)	(249)
Other Minor Variances.	(37)	(37)
Total Other Corporate Items	(476)	(426)

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
(Includes Contingencies, Insurance, Land Charges)		
Pensions & Redundancy		
Spend on unfunded pension costs is less than budget. The unfunded pensions costs relate to redundancy decisions made in the past that had an unfunded element related to the pension fund.	(105)	(100)
Total Pensions & Redundancy	(105)	(100)
TOTAL VARIANCE	(117)	(62)

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

Supplementary Monitoring Information
The balance of unallocated contingency after allowing for current commitments is £1.1m.

APPENDIX 10: HOUSING REVENUE ACCOUNT

BUDGET REVENUE MONITORING REPORT – 2017/18 MONTH 9

Table 1- Variance By Departmental Division				
Departmental Division	Revised Budget	Variance Month 9	Variance Month 7	Performance since last report
	£000	£000	£000	£000
Housing Income	(76,283)	(531)	(416)	↑
Finance and Resources	13,567	(514)	(422)	↑
Housing Services	13,636	(691)	(308)	↑
Property Services	2,880	1,381	955	↓
Housing Repairs	14,768	1,279	1,253	↓
Housing Solutions	114	50	119	↑
Housing Strategy	256	0	0	→
Adult Social Care	48	0	0	→
Regeneration	355	198	196	↓
Safer Neighbourhoods	622	0	0	→
Capital Charges	26,784	(709)	193	↑
Revenue Contribution to Capital	4,635	0	0	→
(Contribution to) / Appropriation From HRA	1,382	463	1,570	↑

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Housing Income		
This relates to better than expected void performance on rents and tenant service charges for Council homes (from a budgeted figure of 1.3% to a forecast outturn of 1.1%) and tenant service charges (£327k in total), commission earned following an agreed variation to the contract with Thames Water (£581k) and additional income from commercial property following the backdated renewal of leases (£31k) offset by a reduction in the forecast for advertising hoarding income of £400k due to delays and contractual issues.	(539)	(416)
Minor variances in relation to fees and commission within the commercial portfolio.	8	0
Total Housing Income	(531)	(416)
Finance and Resources		

Table 2 - Variance Analysis

Departmental Division	Month 9 £000	Month 7 £000
This relates mainly to delays in recruitment for the Finance and Resources division (£256k), 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) within the Rent Income team, an underspend on legal budgets (£71k) and underspends on printing, postage and publications (£56k). These underspends are off-set by an expected overspend of £56k on business rates.	(530)	(422)
Minor Variances	16	0
Total Finance and Resources	(514)	(422)
Housing Services		
Lower than budgeted decant volumes has resulted in a fall in the cost of placing decanted tenants into temporary accommodation (£172k). There is an underspend on incentive payments to encourage tenants to downsize to smaller homes (£146k) which is mainly due to a lack of homes that meet the requirements of potential tenants and lower than expected interest from tenants. Further, following the completion of the feasibility stages of the Estate Parking Project, there is an expected underspend of (£95k). An underspend anticipated on the Estate Playsites inspection and maintenance budget (£83k) due to fewer maintenance and refurbishment works required. Lower than expected expenditure on resident involvement activities including resident training, activities and events and service improvement groups (£80k). Rental income targets at Edward Woods Hub Offices are forecast to improve due to an increase in the number of lets agreed in the year (£25k). Estate ground maintenance costs are expected to underspend by (£70k) this year.	(671)	(323)
Minor Variances.	(20)	15
Total Housing Services	(691)	(308)
Property Services		
Fire Safety Plus Expenditure - additional plans to enhance fire safety for the residents of the Council's homes have been put in place. These costs include the additional staffing and professional consultancy costs associated with developing and delivering the Fire Safety Plus programme which we have been unable to capitalise under accounting regulations. Whilst it is expected that the costs of investment in the Council's homes are charged to capital, the revenue costs will be updated as a programme of significant investment and funding is further developed in the coming months.	748	396

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
The latest review of Property Services indicates a forecast overspend on core staff costs of £503k. In addition, overspends on compensation costs of £38k and shortfalls in income from rechargeable work of £95k and insurance recovery of £154k are expected. These are offset by underspends on core service running costs (£124k) and managed repairs and other contractors (£33k).	633	559
Total Property Services	1,381	955
Housing Repairs		
The out of scope element of the repairs contract with MITIE is predicted to overspend by £674k. 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 balance of the overspend is due to fire safety related work.	926	674
MITIE continue to charge the Council for additional services that should have been discontinued at the end of last year. Officers are working with MITIE to resolve the situation.	353	579
Total Housing Repairs	1,279	1,253
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. This money may be recoverable from the developer but this can not be confirmed until contracts are signed.	63	50
This relates to a review of the bad debt provision for hostels (£30k), an expected underspend due to lower than budgeted hostel voids (£35k), and a further underspend on hostel repairs (£17k).	(82)	0
This follows a review of the time spent by the Assessment Team between activities relating to the General Fund and Housing Revenue Account.	53	53
Minor Variances.	16	16
Total Housing Solutions	50	119
Housing Strategy		
Minor Variances	0	0
Total Housing Strategy	0	0
Adult Social Care		
Minor Variances	0	0

Table 2 - Variance Analysis		
Departmental Division	Month 9 £000	Month 7 £000
Total Adult Social Care	0	0
Regeneration		
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	192
Earls Court - minor overspend as a result of costs that were previously thought to be Capital Spend but now cannot be capitalised as its now clearer what the nature of the spend is.	6	4
Minor Variances.	0	0
Total Regeneration	198	196
Safer Neighbourhoods		
Minor Variances.	0	0
Total Safer Neighbourhoods	0	0
Capital Charges		
The forecast for interest earned from HRA balances has been reduced by £245k as instead the cash has been used for internal borrowing this year with the advance receipts from the Earls Court regeneration programme being used to finance the HRA capital programme. These receipts can not be recognised and used to reduce the capital financing requirement 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. Following a review of the basis of the depreciation calculation, it is expected that there will be a reduction in the depreciation charge this year of (£998k). This is mainly due to a review of the useful economic lives assigned to housing assets. There is a reduction in the income expected from discounts on HRA loans of £48k. This is partially offset by a number of other minor variances of (£4k).	(709)	193
The budget for revenue contributions to capital of £2.464m is forecast to include an additional £2.170m due to additional funding required for the Fire Safety Plus Programme. This additional spend has been approved by Full Council on 18th October 2017 and therefore a virement has been made to allow for this.	0	0
Minor Variances.	0	0
Total Capital Charges	(709)	193
(Contribution to) / Appropriation From HRA	463	1,570

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

Risk Description	Risk At Month 9 £000	Risk At Month 7 £000	Risk Management Since Last Report £000
This relates to the potential for additional fire warden costs.	394	0	↓
There is a risk that Out Of Scope costs may not be recoverable from insurers. Property Services are currently liaising with the insurance companies.	184	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	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 £20k to £300k (reduced from £6.0m). There may also be other revenue costs as a result of this programme. Costs will be updated as a programme of significant investment and funding is updated.	300	500	↑
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 an further overspend this year in addition to that declared above. Officers are reviewing the position monthly in detail.	500	500	→
TOTAL RISKS MANAGED	1,978	1,600	

APPENDIX 11 - VIREMENT REQUEST FORM
BUDGET REVENUE MONITORING REPORT – Month 9

Details of Virement	Amount (£000)	Department
GENERAL FUND:		
Improved Better Care Funding – income Re-allocate Improved Better Care to Service Budgets.	(4,309) 4,309	Adult Social Care Adult Social Care
Drawdown from Tri-borough Facilities Management (TFM) reserve to realise Commercial Contract Management Saving.	500 (500)	TFM Reserve Commercial Directorate
Transfer of Waste Management and Street Scene Enforcement Budgets to Commercial Directorate.	11,757 (11,757)	Commercial Directorate Environmental Services
Draw down from Efficiency Reserve to fund new Landlord Licensing schemes as part of Decent Homes Smarter Budgeting savings plans. The business case approved a drawdown of £665k. The forecast is that only £385k will be required as a draw down this year, but this may change before year end depending on actual income levels.	Up to (665) Up to (665)	Centrally Managed Budgets Environmental Services
Total General Fund requests (Debits)	17,231	
HRA		
Adjustment to budget for increased revenue contribution to capital.	2,171	Capital Charges
Adjustment to budget for increased revenue contribution to capital.	(2,171)	Contribution from HRA Reserves
Total HRA Requested Virements (Debits)	2,171	

APPENDIX 12 – CORPORATE EARMARKED RESERVES FORECAST AS AT DECEMBER 2017

	<u>Balance At 31March 2017</u>	<u>Budgeted Contributions 2017/18 and 2018/19</u>	<u>Already Committed</u>	<u>Balance Available</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Corporate				
Dilapidations/Office Moves	(3,327)	(138)	605	(2,860)
Civic Accommodation	(516)		250	(266)
Business Board Contingency	(1,080)			(1,080)
Computer Replacement Fund	(1,000)			(1,000)
MTFS Delivery Risk	(5,625)			(5,625)
Corporate Demand Pressures	(7,531)		2,244	(5,287)
Council Tax Discount Administration	(270)			(270)
Debtors/Creditors Review	(619)			(619)
Efficiency Projects Reserve	(15,950)	(3,642)	13,684	(5,908)
Human Resources Reserve	(920)			(920)
IT Infrastructure	(2,389)	(1,600)	2,707	(1,282)
Managed Services	(279)		279	0
NDR Deficit Support	(3,208)			(3,208)
Redundancy Reserves	(3,747)			(3,747)
VAT Reserves	(2,500)			(2,500)
White City Neighbourhood	(135)			(135)
Unallocated Contingency	(98)			(98)
Individual Electoral Registration	(195)			(195)
Customer Service	(450)			(450)
Stock Option Appraisal	(,009)			(1,009)
Housing Benefit	(2,248)			(2,248)
3SIF Grant Reserve	(1,008)			(1,008)
Total Corporate	(54,104)	(5,380)	19,769	(39,715)

APPENDIX 13 – CORPORATE RESERVES CONSOLIDATION

	Reserve at 1/4/17	Budgeted Contributions	Current Commitments	Balance Available
	£'m	£'m	£'m	£'m
Property (includes current dilapidations budget and Civic Accommodation Reserve)	6.0	0.1	(0.8)	5.3
People (includes Redundancy and HR Reserve)	4.0			4.0
Managed Services (includes current pressures and transition)	12.0		(2.5)	9.5
Technology (Includes IT)	4.0	1.6	(2.7)	2.9
Invest to save/Transformation	16.0	3.6	(13.7)	5.9
Financial Resilience (covers NDR/VAT/HB etc)	3.0			3.0
Third Sector Investment	1.0			1.0
Corporate Demands and Pressures	8.1			8.1
Total	54.1	5.3	(19.7)	39.7