

# MUNICIPAL YEAR 2010/2011 REPORT NO. 234

**MEETING TITLE AND DATE:**

Cabinet 27<sup>th</sup> April 2011

**REPORT OF:**

Director of Finance and  
Corporate Resources

Contact:

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**AGENDA PART 1****ITEM 6**

**Subject:** Revenue and Performance  
Monitoring Report - February 2011

**Wards:** All

**Cabinet Member consulted:**

Councillor Andrew Stafford

**1. EXECUTIVE SUMMARY**

- 1.1 This report sets out the Council's revenue budget monitoring position for 2010/11 based on information to the end of February 2011. The report indicates a projected underspend on the General Fund of £339k in 2010/11. This figure assumes that the recommendations for carry forwards detailed below are agreed.

**2. RECOMMENDATIONS**

It is recommended that Cabinet:

- 2.1 Notes the revenue outturn projection of £339k underspend in 2010/11.
- 2.2 Approves the transfer of additional Performance Reward Grant to Earmarked Reserves as set out in paragraph 4.5.
- 2.3 Approves the list of additional spending items set out in Appendix 1 of £3.902m, funded from departmental underspends.
- 2.4 Approves the list of Project Carry Forwards totalling £2.706m as set out in Appendix 2.
- 2.5 Approves the list of Grant carry forwards totalling £7.551m as set out in Appendix 3
- 2.6 Delegates the final decision on the allocation of funding to each of these measures to the Leader of the Council, in consultation with the Lead Member for Finance and Resources and the Director of Finance and Corporate Resources.
- 2.7 Notes the recommended contribution to an invest to save reserve of £1.197m with regard to mixed garden and food waste as set out in paragraph 4.6.
- 2.8 Approves the use of resources of £3.026m previously set aside for the Building Schools for the Future programme as set out in paragraph 5.8.

### 3. BACKGROUND

- 3.1 The Council's revenue expenditure against budget is monitored via the regular monitoring reports to CMB and Cabinet. These reports provide a snapshot of the revenue position for each Department and for the Council as a whole, and provide details of any projected additional budget pressures and risks, or any significant underspends. The underspent funds, outlined in this report, can be appropriated in a number of ways. Appendix 1 sets out items to be considered for contributions to other funding streams, such as capital and redundancy reserves. Appendix 2 sets out for approval the schedule of project carry forward items from 2010/11. Appendix 3 sets out for consideration and approval those unspent revenue grants and contribution balances expected to be unapplied at 31<sup>st</sup> March 2011 and the proposed use of the funding in future years.
- 3.2 The Revenue Monitoring Report is a result of the monthly monitoring process carried out by the individual Departments, which is based on the following principles to ensure accuracy, transparency and consistency:
- Risk assessments, to enable greater emphasis to be placed on high-risk budgets throughout the year.
  - Comparisons between expenditure to date, current budgets and budget profiles.
  - Expenditure is predicted to the year-end, taking account of seasonal fluctuations and other determinants of demand.
  - The 'Key Drivers' that affect, particularly, the high-risk budgets are monitored and reported to Department Management Teams.
  - Action plans to deal with any areas that are predicting or experiencing problems staying within agreed budgets are produced.

### 4. FEBRUARY 2011 MONITORING - GENERAL FUND

- 4.1 A summary of the departmental projected outturns and variances against budget is shown in the table below:

**Monitoring Statement for February 2011 - General Fund**

	<b>Original Budget</b>	<b>Approved Changes</b>	<b>Approved Budget</b>	<b>Projected Outturn</b>	<b>Projected Variation</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Chief Executive	820	1,248	2,068	1,623	(445)
Environment	40,947	942	41,889	41,879	(10)
Finance and Corporate Resources	22,143	1,220	23,363	22,561	(802)
Health, Housing &	102,507	523	103,030	102,071	(959)

## Monitoring Statement for February 2011 - General Fund

	Original Budget	Approved Changes	Approved Budget	Projected Outturn	Projected Variation
	£000s	£000s	£000s	£000s	£000s
Adult Social Care					
Regeneration, Leisure & Culture	15,479	861	16,340	16,159	(181)
Schools & Children's Services	73,740	(1,922)	71,818	70,793	(1,025)
<b>Total Department Budgets</b>	<b>255,636</b>	<b>2,872</b>	<b>258,508</b>	<b>255,086</b>	<b>(3,422)</b>
Treasury Management	10,265	0	10,265	10,065	(200)
Contribution from Capital Financing Account	(9,759)	0	(9,759)	(9,759)	0
Contribution to Bad Debt Provision	500	0	500	500	0
Contribution to/ from Reserves	(4,451)	(2,104)	(6,555)	(5,358)	1,197
IT Fund	670	302	972	972	0
One off ICT Provision	2,401	(2,401)	0	0	0
Contingent Items	3,692	(843)	2,849	2,033	(816)
Unallocated ABG (WNF)	1,781	(217)	1,564	1,564	0
Contingency	1,000	0	1,000	0	(1,000)
<b>Total Service Expenditure</b>	<b>261,735</b>	<b>(2,391)</b>	<b>259,344</b>	<b>255,103</b>	<b>(4,241)</b>
Levies	9,629	0	9,629	9,629	0
Area Based Grant	(28,788)	2,391	(26,397)	(26,397)	0
<b>Total Budget Requirement</b>	<b>242,576</b>	<b>0</b>	<b>242,576</b>	<b>238,335</b>	<b>(4,241)</b>
<b>Carry Forwards</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,902</b>	<b>3,902</b>
<b>Final Budget Position</b>	<b>242,576</b>	<b>0</b>	<b>242,576</b>	<b>242,237</b>	<b>(339)</b>

4.2 The departmental underspend has increased by £2.0m on the January Monitor. This is mainly due to:

- Schools and Children's Services being able to convert £400k to grant funded expenditure in Social Work Support Teams and Care Placement and Prevention.
- Reduced costs in Housing, Health & Adult Social Care in Mental Health of £130k, Older People £100k and Housing Strategy £100k
- An increased underspend within Finance & Corporate Resources of £720k mainly due to a reduced pressure within the Revenues and Benefits Team. This is as a result of funding a £650k budget pressure from the 2009/10

Subsidy Reserve as this is not now needed, after the completion of the audit. A prudent position is assumed throughout the year until the subsidy claim audit is complete. There are also reduced utility costs, an increase in the under spend on salary costs as a result of the centralisation of Central IT functions, and reduced legal and registration costs.

- The projected overspend in Environment of £102k has been brought under control through management action across the department.

4.3 As a result of tight budget monitoring there has been a saving on the central contingency and contingent items of £1.8m in 2010/11. Appendix 1 set out a schedule of potential spend areas where the overall underspend can be applied.

4.4 £750k was transferred to revenue expenditure in Health, Housing & Adult Social Care Department (HHASC) from unapplied grant as part of the restatement of the balance sheet in accordance with new International Financial Reporting Standard guidelines. It is recommended that these funds are applied to a HHASC reserve to mitigate the risks in this area as set out in table 8a - Efficiency Proposals (Adult Social Care £1.72m) of the budget report to Council on 2nd March 2011 relating to the risks associated with the non achievement of savings in 2011/12.

4.5 The Council has recently received an additional allocation of Performance Reward Grant in respect of its performance in achieving the targets contained in the Local Area Agreement ending 31st March 2009 - this followed DCLG consideration of further performance data provided by the Council subsequent to its original LAA outturn submission.

This additional funding amounts to £270k made up of revenue (£189k) and capital (£81k). In line with previous practice in the use of PRG, it is proposed to allocate the funding to projects supported by the Enfield Strategic Partnership.

4.6 The Council is changing the outlet for the bulking and processing of the mixed garden and food waste from the North London Waste Authority (NLWA), where it is currently delivered to the London Waste site in Edmonton, and re directs this waste through Greenstar. This proposal will make significant savings in future years but due to the NLWA Levy funding mechanism an Invest to Save reserve of £1.197m will need to be set up to bridge the 2 year time lag before the NLWA levy fully reflects the reduced tonnages in 2013/14. The table above includes a proposed contribution to this reserve.

## **5. SERVICE AREA MONITORING INFORMATION – BUDGET PRESSURES & PROJECTED SAVINGS**

### **5.1 Chief Executive Department**

This department is currently projecting an underspend of £445k, as detailed in the table below.

CEX Service Centre	Jan 2011	Feb 2011	Notes
	£000's	£000's	
Corporate Improvement	-176	-209	Unfilled vacant posts, maternity leave not covered and staff on secondment, have resulted in savings of £101k, a further saving of £108k is due to reduced training & consultancy costs.
Agency Rebate	-332	-335	Within the Chief Executive budgets the rebate for the current agency contract is collected and then distributed to services at year end. The rebate for 2010-11 is now projected to exceed the budget by £335k.
Human Resources	229	106	There are unbudgeted one-off Capita consultation and legal costs associated with the Hay review. There is an estimated £101k of legal and consultancy fees relating to advice on single status. These are to be funded from contingency reserve. Funding for the apprenticeship & graduate trainee schemes by the Working Neighbourhoods Fund has to be finalised.
Community House	8	-17	Under recovery of income of £62k, offset by underspend on running costs £79k
Chief Exec - Other Minor Variances	8	10	Within Print & Design there is a loss of income of 15k from Enfield Homes, this is offset by projected savings of 5k from the Chief Executives department.
<b>Total Variation – Chief Executive</b>	<b>-263</b>	<b>-445</b>	


## 5.2 Environment

This department is currently projecting an underspend of £10k, as detailed in the table below.

ENV Service Centre	Jan 2011	Feb 2011	Notes
	£000's	£000's	
Highways Service	120	80	Due to the relatively clement weather experienced in January and February, the lower winter maintenance costs for this period reduces the forecast overspend from £120k to £80k. The budget pressures arising from the loss of income for skip licences and advertising hoardings have been reduced by a one-off contribution from contingency (£142k), leaving a forecast income shortfall of £47k. This and other budget pressures, including the contract indexation uplift, are being contained by favourable variances from New Roads and Street Works Act permits and Traffic Management Orders income.
Street Lighting	-408	-376	Projected underspends on the Street Lighting PFI contractor payments and energy costs are partially offset by an overspend on street lighting client expenditure.
Parking	233	148	Except during the inclement weather in December, there has been an increase in parking receipts over the past few months. Receipts are still significantly below the budget profile, due to the closure of the temporary car park at Cecil Road and better compliance with traffic regulations under the current economic climate. The shortfall on parking receipts is forecast to reduce by £65k (from £779k to £714k) due to the relatively clement weather in January and February. The shortfall in parking receipts is partly offset by savings in contractor costs (£463K), a one off saving in business rates (£93k) and some minor underspends on operating costs (10k).
Fleet Management	-67	-67	A favourable variance is forecast in this area due to the slippage of the procurement of refuse vehicles that will yield a saving of £138k on leasing

ENV Service Centre	Jan 2011	Feb 2011	Notes
	£000's	£000's	
			charges. This is partly offset by a shortfall on income from the MOT service.
AD - Planning & Environmental Protection	-15	-8	Savings in salary costs (£17k) are offset by a small overspend in other operating costs.
Environmental Protection	26	26	The service forecasts an overspend on employee costs.
Developmental Control	138	84	Due to a tighter control on salary, agency staff and other operational costs, the forecast adverse variance narrows by £54k to £84k. However, planning application income is likely to remain low due to property developers reassessing the viability of development schemes in light of the withdrawal of housing grants, and house owners are reluctant to spend on house extensions in the current economic climate. The number of fees earning Development Control applications is projected to be 2,059 for 2010/11
Building Control	153	172	Building Control faces the same difficult business environment as Development Control. The adverse variance consists of an income shortfall of £163k and a £9k overspend in employee costs. The number of fees earning Building Control applications is projected to be 1,149 for 2010/11
Business Regulation	-12	-29	In this area, there is a projected over achievement of income of £39k and a £10k overspend on other operating costs
AD - Waste Management	17	0	The overspend has been eliminated by management actions.
Waste & Street Scene - Operations	-97	-97	Savings are projected on vehicle maintenance and staff costs, due to the delay in the roll out of wheeled bins across the borough.
Community Safety	-75	-75	Savings have been achieved from a reduction in overtime payments to Police Community Support Officers (£30k) and keeping one post vacant (£30k). It should be noted that the budget for this post has been earmarked to address the budget pressure for an essential post in the ASB team, the grant funding for which will expire after 10/11. There is also a projected underspend of £15k on emergency planning exercises.
Resources	266	235	The biggest budget pressure continues to be on external legal costs (£155k), for which there is only a minimal budget provision (£6k). In addition, there is a projected overspend on operating costs. This is a one-off problem in 2010/11 as it has been addressed in the 2011/12 budget setting process.
Parks and Open Spaces	-71	-51	Savings are due to the cessation of the use of agency staff to cover the Head of Service post, the retirement of a finance officer and some operational posts being kept vacant.
Waste Client	-106	-7	Due to a lower than expected volume of commercial waste for disposal, North London Waste Authority recently confirmed that the final 2010/11 commercial waste disposal levy will be £961k, which is £106k lower than the budget provision, giving rise to a one off underspend. It is proposed to carry forward most of this saving to contribute to the one off costs of the roll out of the wheeled bins project.
Traffic & Transportation	0	-45	Following the inclement weather in December there has been a noticeable increase in the number of applications for temporary Traffic Management Orders, which gives rise to an over achievement of income of £45k
<b>Total Variation – Environment</b>	<b>102</b>	<b>-10</b>	

## Environment Performance Indicators

PI Code	PI Name	Current Value	Current Target	Status	Last Update	Latest Note
NI016	Serious acquisitive crime rate - number of crimes	7,029	6,803		Feb 2011	Figures at the end of February 2011 are off target. Within the four indicators that make up this target, burglary is significantly down on last year although we have seen an increase in offending over recent months during the seasonal peak. Robbery and theft of a Motor Vehicle (MV) are showing minor reductions or are consistent with last year's performance whereas theft from a MV has seen an increase on last year. However, offending levels have fallen significantly over recent months following the introduction of various partnership initiatives. We are working as a partnership to continually reduce these crimes through groups such as our SAFE tasking process and still hope to meet our overall NI16 target.

This report shows the performance position to the end of February. For many Environment Indicators such as recycling and household waste collection, data is available on a quarterly rather than monthly basis.

Members will be updated on these indicators in the next report to show the performance data to the end of March 2011.





### 5.3 Finance & Corporate Resources

This department is currently projecting an underspend of £802k, as detailed in the table below.



F&CR Service Centre	Jan 2011	Feb 2011	Notes
	£000's	£000's	
Legal Services	78	-32	The projected saving is mainly due to an unexpected grant of £34k from central government to offset the loss of income following the revocation of personal searches in July 2010. The movement from January relates to the above item plus additional income from schools legal work and the Registrars / Citizenship Service.
Customer Service, Information & Transformation & Procurement	12	-16	Budgets from various departments have now been consolidated into CIT and a review of these against current staffing levels has led to this underspend. There could be further savings on third party contract payments. An unbudgeted £40k annual cost of e-marketplace has been included in this figure but is expected to be funded from council-wide savings in 2011/12.
FCR Director	0	13	This overspend is made up of a number of small items of expenditure, these are offset by savings elsewhere in the department.
Revenues & Benefits	500	13	The Housing Benefit Admin Grant has reduced, but there has been no reduction in work load. This has led to agency staff being kept on without a current source of funding, resulting in a budget pressure of £650k. However, the 2009/10 Housing Subsidy Audit is now complete and the provision of £637k set aside in the accounts as contingency against subsidy loss is not now required. It is proposed to reduce the contribution to subsidy reserve (now audited) to meet the overspend. A further provision of £722k is already accounted for in the 2010/11 budget, to mitigate the risk of the 2010/11 subsidy claim being amended.
Corporate Governance	-63	-80	There is a net £80k underspend on Democratic Services from a variety of one-off savings being made. The principal area of saving is Member's allowances.

F&CR Service Centre	Jan 2011	Feb 2011	Notes
	£000's	£000's	
			where no inflation increase was taken. The £28k saving from vacancies within audit & risk management is reduced by the £25k drop in income from schools for Building Schools for the Future initiative, which will not be achieved as there has been no audit involvement.
Corporate Items	-66	-86	This mainly relates to Audit commission fees that were £41k less than budgeted. There has also been a £32k rebate on the audit commission fee re transition to IFRS and a £6k saving on subscription payments. London Eye Income is £4k more than budgeted. There are other minor variances of £3k.
Accountancy & Exchequer Services	11	0	Reduced income from schools following the introduction of 'Parentpay' for school meals income has been offset by staff savings due to vacancies.
Property Services	-551	-673	The reported underspend is due largely to savings from the cost of utilities and maintenance of corporate buildings and facilities as well as from the residual budgets of vacated buildings. There are also projected savings in employee costs stemming from the delay in recruitment into some posts. The underspend is partly offset by overspends due to the accelerated rate of activities on assets disposal programme, agency costs relating to Interim Head of Property and IFRS consultant involved in creating new Asset Management System and loss of income due to voluntary groups at the Ark being unable to pay their rents. The underspend has increased due to a mixture of factors, the most significant of which were additional savings from cost of utilities and a reduction in the projected cost of R&M.
Architectural Services (Trading Account)	-1	59	The overspend is due to a retrospective reduction in fees, as tenders received in February 2011 were lower than estimated.
<b>Total Variation – F&amp;CR</b>	<b>-80</b>	<b>-802</b>	

### FCR Performance Indicators

PI Code	PI Name	Current Value	Current Target	Status	Last Update	Latest Note
BV010	Percentage of Non-domestic Rates Collected	95.53%	96.00%		Feb 2011	Further work has been undertaken to target high value debtors but we are not expecting to meet target this year due to system conversion interrupting our recovery programme. Not seen as long term collection issue.
BV009	% of Council Tax collected	92.54%	92.47%		Feb 2011	
NI181	Time taken to process Housing Benefit/Council Tax Benefit new claims and change events (days)	13.78	13.50		Feb 2011	Slightly below target at this stage, although better progress made than expected in processing the backlog of work due to system conversion. This will provide a much improved performance for the month of March and we will more than achieve the annual target.
BV008	% of invoices paid within 30 days for all Departments	92.5%	95%		2010/11	Year to Date for Council overall: 92.5% (106,654 within 30 days; 115,299 invoices paid in total) Monthly snapshot for Feb: 92.3%. Departments - Year to Date: PSF 95.7%; C/Ex 94%



PI Code	PI Name	Current Value	Current Target	Status	Last Update	Latest Note
						ESS 92.6%; ECSL 92% HASC 91.5%; FCR 91% (the new Departmental structure will be reflected in 11/12 reports).
CSC 002	Customer Service Centre enquiries dealt with at first point of contact (caller does not abandon call before connection)	95.7%	95.0%		Feb 2011	Monthly snapshot for February 95.7% (30,479/31,852). Cumulative YTD 97.4% (346,598 / 355,450)
FCRF P20	Land charges income generation	£29,8900	£31,9210		Feb 2011	On target for year end (monthly targets are estimates spread across the year)




#### 5.4 Health, Housing & Adult Social Care

This department is currently projecting an underspend of £959k, as detailed in the table below.





H,H&ASC Service Centre	Jan 2011	Feb 2011	Notes
	£000's	£000's	
Strategy and Resources	0	-71	The Training and Development Team is reporting an underspend of £126k, mainly because additional income has been received from external bodies. This underspend is offset by additional one-off costs in relation to services commissioned in 2009/10, which have only recently been resolved. Procedures are now in place to minimise this risk in future. The service has also taken on additional resources to manage a number of large procurements.
Mental Health	-270	-400	Reductions have been made in projected care packages and staffing costs and further Health funding has been obtained. The move away from residential care costs, in favour of additional support, has contributed significantly to this underspend. The movement this month arises as a result of a reduced likelihood that additional placements may have to be made.
Older People	149	54	Pressures continue within external Homecare and Care Purchasing costs. A decrease in projected staffing costs within In-House Homecare has led to a reduction in the overspend of £95k.
Learning Difficulties	16	0	The service has worked towards ensuring that the budget has a break even position at year end. The service operates an Efficiency Board which continues to oversee projects to achieve these savings through efficiencies and service reviews in 2010/11.
Physical Disabilities	11	0	A reduction in care package costs has resulted in the previously reported overspend being eliminated.
Occupational Therapy	-47	-46	Underspends as a result of reductions in staffing costs.
Total Care	-366	-338	One-off staffing costs have been funded from department contingency.

H,H&ASC Service Centre	Jan 2011	Feb 2011	Notes
	£000's	£000's	
Purchasing - Central Contingency			thereby reducing it. The reduction in the Social Care contingency this month is to cover enhanced pension costs of 28k.
Housing Strategy	-47	-158	The movement between months of £111k in this area is due to a reduced salary recharge from the Housing Revenue Account and various small savings.
Community Housing	0	0	There is currently an underspend of £557k projected in Community Housing. However, it is proposed that this will be added to the initiatives reserve at the end of the year. The underspend is due mainly to a reduction in the number of high cost types of temporary accommodation and the associated repair and furniture budget. There is also a reduction in staffing costs and savings in the management fees paid to Housing Associations. The Community Housing budget remains volatile.
<b>Total Variation –Health, Housing &amp; Adult Social Care</b>	<b>-554</b>	<b>-959</b>	

### Health, Housing and Adult Social Care Performance Indicators

PI Code	PI Name	Current Value	Current Target	Status	Last Update	Latest Note
NI135	Carers receiving needs assessment or review and a specific carer's service, or advice and information	27.00%	23.00%		Feb 2011	The number of carers receiving a carer's service as a percentage of all clients receiving a community-based service is 27.00% at February 2011. This is 2,648 carers receiving support. Target is 23% this year and has now been met. This includes carers offered information & advice.
NI136	People supported to live independently through social services (all adults)	3668.0	3374.0		Feb 2011	February performance for this indicator is 3668. This is above the target of 3374. This is an age standardised indicator and equates to 7715 actual clients that have been helped to live at home as at the end of February
NI130	Social care clients receiving Self Directed Support	25.12%	30.00%		Feb 11	At the end of Feb 2011, 2443 clients had received self directed support (25.12%) - 690 Clients received direct payments and 1753 clients receiving a personal budget (either via the pilot or reviewed using the self directed approach). This indicator has increased since January and further increases are being achieved during March. Target for 2010/11 is 30%.

## Health Housing and Adult Social Care Performance Indicators (Housing)

PI Code	PI Name	Current Value	Current Target	Status	Last Update	Latest Note
BV072	% of urgent repairs completed within Government time limits	98.46%	98.75%		Jan 2011	Jan 11: Improved performance in January has made a positive contribution toward the achievement of year end target performance. $9,371/9,518=98.46\%$
BV073	Average time taken to complete non-urgent responsive repairs (days)	6.22	7.50		Jan 2011	Jan 11: This PI continues to remain on target. Current performance indicates that we will achieve median quartile performance by year end. With the exit of poorly performing contractor, it is hoped that there will be a continued steady upturn over the last quarter to push towards upper quartile. $136,011 / 21,860 = 6.22$
BV212	Average time taken to re-let local authority housing (days).	27	27		Feb 2011	Feb 11: Performance in February has been adversely affected by hard to let units including sheltered housing lettings (average period for these units of 57.6 days). Strong performance in the re-letting of general needs units of 15.3 days average turnaround has absorbed this impact leading to a combined turnaround average of 26.6 days for the month and a rolling 12 month average of 26.6 days. As a result performance year to date remains within target and exceeds last years outturn
HO013	Fly-tipping & graffiti removal by Enfield Homes, within timescale	100%	100%		Feb 2011	Feb 11: Performance on the removal of reported fly tips on our estates has consistently remained on target; performance on the removal of reported graffiti on our estates has consistently remained on or near target. Access problems in January resulted in a minor dip in performance, compromising the achievement of the challenging 100% year end target. Offensive graffiti = 2/2 Non-offensive graffiti = 2/2 Fly-tipping removal by specialist contractor = none recorded 4/4=100%

## 5.5 Regeneration, Leisure & Culture

This department is currently projecting an underspend of £181k, as detailed in the table below.

RL&C Service Centre	Jan 2011	Feb 2011	Notes
	£000's	£000's	
Leisure	-110	-175	The underspend from the Leisure Centres project was due to the unknowns surrounding a Court case that meant the Council could have been exposed to extra costs. This case has now come to a conclusion and the Council are no longer at risk of suffering a financial penalty. The remaining underspend was due to a delayed programme of engagement in Cultural Services. Both underspends have been earmarked to contribute to the outstanding QEII car park and road access project.
Culture - Millfield Theatre	-27	0	The underspend in this service has been approved as a project carry forward to be utilised to fund the replacement of the main dimmer switches at Millfield Theatre.
Events	17	0	The overspend reported last month due to The Autumn Show and The New Year's Day Parade can now be covered by over achievement of income for the Dugdale Centre.
Minor Variances	3	0	This minor salaries overspend can now be covered by over achievement of income for the Dugdale Centre.
Leisure Enhanced Pensions	0	-6	This variance has arisen due to reducing retired staff costs.
<b>Total Variation – Regeneration, Leisure &amp; Culture</b>	<b>-117</b>	<b>-181</b>	

The Regeneration, Leisure and Culture department was created in January 2011. Monthly PI's are being discussed and will feature in future reports.

## 5.6 Schools & Children's Services

This department is currently projecting an underspend of £1,025k, as detailed in the table below.

### Children's Services

S&CS Service Centre	Jan 2011	Feb 2011	Notes
	£000s	£000s	
<b>Education</b>			
Continuing Professional Development Service	-175	-175	The previously reported underspend of £125k has now been substantially reduced by grant reductions to £57k. This loss in grant income is more than compensated for by a projected underspend of £130k within the Schools Improvement Service and £52k for Inclusion, Equalities & Diversity due to the freezing of staff vacancies. However, these underspends are reduced by projected income losses totalling £64k.
<b>Early Intervention &amp; Access</b>			
Admissions Service	-84	-90	The school uniform grant is projecting an underspend of £90k due to a lower than anticipated take-up.
Community Access Childcare & Support	-268	-7	A net underspend is being projected across the CACS grant funded budgets mainly for employee costs plus there is an anticipated total underspend of £142k against the graduate leader fund due to the delay in recruiting staff

S&CS Service Centre	Jan 2011	Feb 2011	Notes
	£000s	£000s	
			who meet the specified criteria. This underspend has now been reduced by a transfer of eligible general fund expenditure to maximise the grant which is reflected in underspends in other service areas.
Sure Start	-47	-40	Sure Start is predicting an underspend due mainly to 2 months closure of Edmonton Green Family Centre for refurbishment plus the inability to recruit staff and general under utilisation of the Day Care Service with a resulting decrease in both employee & operating costs that has now stabilised at around £40K.
ABG Allocation for Child Poverty Action	0	-77	An ABG allocation was received late in the year, after most of the work for which the allocation was given had been completed, resulting in this projected underspend.
CAMHS/EPS	-80	-50	The underspend has resulted primarily from decreased staffing levels and increased income plus relevant costs have been identified that can be charged to the Targeted Mental Health in Schools project. The underspend has reduced by £30k in February in anticipation of a project carry-forward for sound proofing work.
Transport	-102	-140	The savings as a result of the summer re-routing exercise are now beginning to reduce as a result of increased client numbers. This has been compensated to a certain extent by reduced use of agency cover for escorts due to improved sickness levels and income from another authority for an out-borough child.
<b>Commissioning</b>			
Children & Families Commissioning	-39	-29	The Controlled Development budgets are projecting a £29k underspend due to staff vacancies.
Human Resources	-36	-32	H.R. has a number of small underspends, the most notable of which are enhanced pensions -£10k and C.R.B checks -£22k. The latter is due to a reduction in recruitment.
School Staff Termination of Employment	0	-65	The incidence and demographics of redundancies in schools has resulted in costs being less than budgeted.
Ladysmith Road	-51	-51	Savings will be made as a result of a Safeguarding Social work team vacating part of Ladysmith Road a year earlier than originally anticipated.
Provision for pupil transport (Academy Bus)	-83	-83	In view of the need to identify in year savings, it is felt that this earmarked provision cannot be kept to meet an uncertain need and instead should be identified as a possible future risk. The current provision of £83k is therefore reported as a saving.
Strategy, Systems and Performance	-159	-195	An underspend of £195k is reported primarily due to a 2009/10 carry-forward of £140k not being required. The Database project was completed within the available resources. The remaining £55k is the net result of an employee cost underspend of nearly £70k off-set by a loss of income relating to Schools Service agreements due to an increasing number of schools switching to alternative service providers. This months increase in underspend is due to the under-recovery of income from this year's SLA not being as high as originally anticipated.
Contact Point System Development	0	-40	As the project has now been stopped by the Government, there will be an underspend on the costs of development compared to the grant funding which was provided in 2009/10.
Asset Management & Development	73	57	The overspend is primarily due to Architects management fees of £41k on the Conditions Survey which were not anticipated and £11k for an unbudgeted payment relating to the Property Information System. £26k of the overspend is attributable to the Lettings Agency where a number of schools have withdrawn from the service.

S&CS Service Centre	Jan 2011	Feb 2011	Notes
	£000s	£000s	
Catering	-145	-137	The Catering Service budget is projected to underspend by approximately £137k. The phased implementation of the cashless payment system in schools has resulted in the service receiving payment for more of the meals which are provided, resulting in increased income. In addition, increased numbers of pupils in primary schools are also contributing to increased income.
<b>Director's Office</b>			
Directors Employee Costs	7	-32	A net underspend of £32k is primarily as a result of Neil Rousell transferring to Regeneration, Leisure & Culture group in the new year where funding for a directors post already existed.
<b>Safeguarding Division</b>			
Social Work & Support Teams	-131	-379	The £248k increase on the Jan underspend results mainly from the allocation of £185k from the Sure Start & Early Years grant funding to the Joint Service for Disabled Children. There have also been further reductions in the projected agency cover until the year end, however these reductions were restricted by the need to hold onto some agency staff within the Children in Need team following the recent unannounced inspection.
Care Placements & Prevention	370	239	Care Placements & Prevention budgets within the Safeguarding Division are now projecting a £239k overspend which is an decrease of £131k on the January projection. This is due to an allocation of £51k from the Sure Start and Early Years Grant into S17 Prevention and a further contribution of £75k from the SEN budget. There have also been further reductions within Adoption Allowances (-£24k) and Southwark 'LAC' (-£15k), which has helped offset increases within the Agency Fostering budget (+£23k). The general trend is that the numbers of Looked After Children are still increasing as the figure for February was up 11 to 300.
Youth Support Services	-180	-231	The underspend has resulted mainly from delays earlier in the year in appointing professional youth workers as part of the planned extended opening of youth centres and detached teams. The increase in the underspend this month (-£51k) is due to a further review of the Detached Team projections (-£23k) and an underspend now being reported within the Positive Activities for Young People's budget (-£28k).
External Legal Advice	420	420	The cost relating to external legal advice were reported earlier in the year as a risk on the basis that funding would be provided corporately following the centralisation of the budgets earlier in the year. In view of the other variances included in this report, the costs of external legal work can be met within available resources.
Net other minor variances - non schools	-49	-85	
Unallocated Reserve	0	-167	
Less contribution to mid year budget reduction	364	364	
<b>Total Variation – Non Schools</b>	<b>-395</b>	<b>-1,025</b>	

## Schools Budgets

Schools Service Centre	Jan 2011	Feb 2011	Notes
	£000's	£000's	
Early Years- Inc Flexibility (Standards Fund)	-495	-495	The cost of introducing the early years single funding formula is projected to be £495k lower. This is largely due to the grant funding being more than required and the number and scale of early years settings which have moved to flexible provision being lower than estimated.
DSG allocation 2010-11	-115	-115	The most recent notification of our gross DSG Allocation for 2010-11 indicates an increase in income of £115k from £227.557m to £227.672m (£67k additional DSG and £48k exceptional circumstances grant)
Special Education Needs	-177	-72	The underspend is primarily due to starters & leavers within recoupment resulting in a net reduction of 19 clients. This has been partially off-set by an agreement to contribute a total of £200k for shared cost placements within Independent Residential service which would otherwise be charged to Safeguarding.
Learning Disabilities	-89	-93	The £93k underspend is due to additional grant funding of £59k, plus delays in recruiting experienced staff
Maternity Cover	43	43	The Secondary Schools Maternity budget is overspent as at the end of Dec and it is probable that the other maternity budgets will be fully spent at the year end.
Reception Classes	193	193	High demand for School placements has resulted in 5 Bulge Classes being opened in addition to the 6 classes opened earlier in the year and it is possible that a further 1 or 2 additional classes will be required in the Spring term.
Contingency General	0	-192	A balance of £192k left in general schools contingency to allow for exceptional need and nursery places in the Spring term count will not be required in 2010/11
Academies	-400	-410	Two secondary schools converted to academy status on 1 September and the closing financial balance of the predecessor schools reverts to the Authority. Both schools were initially estimated to be in deficit at the point of closure. However the latest analysis of the position indicates a projected underspend. This is due to one of the schools being in surplus rather than a deficit. Further work is being undertaken to finalise the position.
Exceptional Circumstances Grant	-603	-603	Notification has been received of an increase in Dedicated Schools Grant in both 2010/11 and 2011/12 as a result of increased number of pupils between the January and autumn 2010 pupil censuses. The amount for 2010/11 is £603k.
Area SENCO contract	-112	-112	Following the decision not to continue with the commissioning of this service there will be a projected underspend.
Schools PFI Benchmarking	0	-404	During the 25 year contract a benchmarking exercise is undertaken every 5 years by the provider on 4 specific services to determine if the charges for these are in line with market conditions. A prolonged tendering exercise has been undertaken by the provider and although the tenders have now been returned, there is no announcement on the successful bidder. Based on the returned tenders it is highly likely that there will be an underspend on the provision set aside as substantially higher costs were anticipated. Although the amount cannot be declared prior to the decision of the successful tenderers being announced.
Net Other Minor Variances - Schools	43	6	
Unallocated Reserve	0	-548	
<b>Total Variation - Schools</b>	<b>-1,712</b>	<b>-2,802</b>	



## 5.7 Schools Budget-Risk Item

There is a significant risk that the dedicated schools grant for 2011/12 will include money due to the Authority from the Department for Education in respect of 2010/11 which in effect means that the 2010/11 funding received will be £1.2m below the budget. Such a loss would result in the projected underspend being only £1.602m. If this risk crystallises, the Authority will join with other authorities to make a legal challenge against the Department for Education.


## 5.8 Building Schools for the Future

Previous monitors have referred to the cessation of the BSF Programme and advised that the financial implications would be reported subsequently. Previously, Council and the Schools Forum gave approval to funding for the BSF Programme amounting to £4.2m for development costs and £1.450m from the accumulated DSG reserve for expenditure on works which were not eligible to BSF funding. Expenditure on the development costs amounted to £1.950m prior to the programme being stopped, leaving £3.026m unspent up to 31 March 2011.





<b>This is apportioned as follows:</b>	<b>£,000s</b>
Accumulated DSG reserve	1,450
Earmarked resources from earlier years	1,419
Schools Budget underspend in 2010/11	157
<b>Total</b>	<b>3,026</b>

A very large proportion of this funding was derived from dedicated schools grant resources and a request was made to the Schools Forum for the above resources which are no longer needed for funding development and refurbishment of some secondary schools to be used for the primary capital programme. At its meeting on 3 February 2011, the Schools Forum gave approval to this and Cabinet is asked to give a similar approval and also approve a virement. This will reduce the costs to the Council of the Primary Capital Programme.

## Schools & Children's Services Performance Indicators

PI Code	PI Name	Current Value	Current Target	Status	Last Update	Latest Note
NI062 (BV049)	Stability of placements of looked after children: number of moves	15.3%	12.0%		Feb 2011	46/300 (15.3%) of "Children Looked After" (CLA) have had 3 or more placements in the past year as at the end of February 2011 - a slight decrease on Jan 2011. The placement panel carefully monitors the moves of all children during the year. There is one child in the current cohort who will become 18 before the end of this financial year and will no longer be included in this indicator. It is widely recognised that "older" young people move more frequently than younger CLA. Of the current group of children 40% are aged 16-17 years old, and several have had moves into semi-independent living as part of their care plan, which has an impact on this indicator. The method of calculation for this indicator is very prescriptive and states that even a very short period when a child is missing from



PI Code	PI Name	Current Value	Current Target	Status	Last Update	Latest Note
						placement must be recorded as a placement change and counted for this indicator. If not included, the figure would decrease slightly. Placements continue to be scrutinised regularly by the Senior Management Team for appropriateness and stability through the placement panel process.
NI063 PAF- CF/D78	Stability of placements of looked after children: length of placement	74.4%	72.0%		Feb 2011	Actual Numbers 58/78 children looked after for more than 2.5 years had been in their current placement for over two years.
NI060	Percentage of core assessments for children's social care that were carried out within 35 working days of their commencement	89.2%	83.0%		Feb 2011	1216/1363= 89.2% of Core Assessments completed within 35 working days as at the end of February 2011, exceeding the end of year target of 83%.
NI117	16 to 18 year olds who are not in education, employment or training (NEET)	5.80%	6.50%		2010/11	5.8% is the final figure for 2010/11. This is the average of November, December and January. This is a good performance. Enfield has had a reduction in NEETs for the last 3 years in a row. Actual Numbers: November: 488, December: 461 January: 410
NI059	Percentage of initial assessments for children's social care carried out within 7 working days of referral	87.3%	75.0%		Feb 2011	1809/2164 = 87.3%. Department of Education guidance states that an Initial Assessment completed within 10 days is the new measure. For February this will be 2007/2164 = 92.7%. The NI definition is still 7 working days and will be changed when they are reviewed. Safeguarding services will report on both 7 and 10 days for this financial year.

## 6. OTHER GENERAL FUND ITEMS

### 6.1 Treasury Management – Projected underspend of £200k

There has been an increased outflow of the Council's cash balances due to an acceleration of capital expenditure and a change to housing benefit payment profile. There is however, sufficient flex within the budget to meet the impact of this increased outflow.

London Borough of Enfield Internal Investments as at 28th February 2011	Principal	Start Date	Effective Maturity	Days to Maturity	Rate	Credit Rating
HERITABLE BANK	2,392,702	28/02/11	28/02/11	-	0.00%	<b>C</b>
ROYAL BANK OF SCOTLAND	450,000	--	01/03/11		0.80%	<b>A+</b>

London Borough of Enfield Internal Investments as at 28th February 2011	Principal	Start Date	Effective Maturity	Days to Maturity	Rate	Credit Rating
				1		
SANTANDER (UK) PLC INSTANT ACCESS DEPOSIT ACCOUNT	5,000,000	--	01/03/11	1	0.70%	AA-
BARCLAYS BANK PLC	5,000,000	28/09/10	27/09/11	211	1.45%	AA-
BARCLAYS BANK PLC	5,000,000	03/12/10	03/06/11	95	1.10%	AA-
LLOYDS BANK PLC	7,500,000	19/10/10	18/10/11	232	1.90%	A+
LLOYDS BANK PLC	7,500,000	10/02/11	10/05/11	71	1.21%	A+
LLOYDS BANK PLC	5,000,000	03/12/10	02/12/11	277	1.95%	A+
<b>Total - Internal Investments</b>	<b>37,842,702</b>				<b>Average Rate</b>	<b>1.31%</b>
<b>Average Investment Size</b>	<b>4,730,338</b>				<b>Average Rating</b>	<b>AA-</b>
<b>Time Weighted Average Days to Maturity</b>				<b>137</b>		

## 7. Housing Revenue Account (HRA) – Projected £1,278k Underspend

- 7.1 A comprehensive review of rental income has been conducted. As a result rental income is now projected to over achieve by £858k. This is partly due to reprofiling the decanting of Ladderswood tenants, part year rent received for sheltered units and the phasing of the transfer of TFL properties to Notting Hill Housing Association.
- 7.2 Additional income from Highmead shops of £131k is expected in 2010-11. The Highmead shops were excluded from the estimates, a decision was taken that when the retail shops were repurchased the retailer would be encouraged to remain in the retail parade at a reduced rent, to prevent anti-social behaviour. There are also additional savings of £34k due to an increase in rental income from aereals.
- 7.3 An over-recovery of income of £140k in leaseholder's service charges has now been achieved. This is mainly due to an increase in income from leaseholder block repairs that was not originally budgeted.
- 7.4 An under-recovery of income of £112k on garage rent has been identified. This is partly due to more demolitions (budget £59k – actual £161k) than originally anticipated and partly due to a higher void rate.
- 7.5 When setting the budget the interest rate was 0.38%, the rate has now increased to 0.42% resulting in additional income of £20k on HRA balances.
- 7.6 A pressure in sheltered housing where decant costs are expected to be £40k in 2010-11. There are four tenants remaining at Tudor Crescent entitled to home loss and disturbance allowance who will be moved in 2010-11.
- 7.7 The tendering for the tree management survey contract was due to starting this

financial year. Due to delays in the tender process this will not start until March 2011, which has resulted in a saving of £100k. An additional saving of £31k has been identified due to savings in the arboricultural budget.

- 7.8 Extensive reconciliation work has been completed on the payments made to Thames Water, which has resulted in a refund of £199k.
- 7.9 A saving of £78k in council tax paid on void properties has been identified due to reductions in the number of long term voids.
- 7.10 A detailed review of housing subsidy has identified further increases to the Housing Subsidy payments. This is partly due to changes in the consolidated rate of interest (CRI), which will be offset by a decrease in Capital Charges.
- 7.11 A further review of the bad debt provision has been undertaken. This has resulted in the increase in variance from the £100k previously reported to £205k. This is still under review.
- 7.12 The managed repairs and maintenance budgets are high risk budgets. These budgets are demand-led and require close monthly monitoring. Enfield Homes is currently anticipating an underspend of £200k a decrease of £195k from last month. This is mainly as a result of a significant underspend on the painting programme. This is offset in part by additional expenditure on other areas of planned maintenance and on responsive repairs. Any underspends at year end will be transferred into the Repairs Fund. In addition, Highmead Security, Estate Improvements and Asbestos (£1.5m) costs will be funded from the Repairs Fund.
- 7.13 The HRA includes the £18.1m management fee paid to Enfield Homes. As agreed as part of the 2009/10 outturn, an additional £519k will be paid to Enfield Homes, for service improvements. This will be funded from HRA balances and represents a carry forward of resources allocated to Enfield Homes for 2009/10. Enfield Homes are currently reporting an underspend of £140k on their delegated budgets; this is due to savings in supplies and services budgets.

## **8. ACHIEVEMENT OF SAVINGS**

- 8.1 The 2010/11 Budget Report included efficiency and other savings, and the achievement of increased income totalling £16.4m to be made in 2010/11. Overall these savings have been achieved with the projected variance in this budget report being an underspend of £339k.
- 8.2 The Budget Report agreed at Council on 2<sup>nd</sup> March approved savings and additional income of £34.5m in 2011/12. Work has already started on the implementation and monitoring the savings targets for 2011/12. Information on the progress in achieving these savings will form part of the 2011/12 Monitoring process to Corporate Management Board and Cabinet.

## **9. ALTERNATIVE OPTIONS CONSIDERED**

Not applicable to this report.

## **10. REASONS FOR RECOMMENDATIONS**

To ensure that Members are aware of the projected budgetary position for the Authority, including all major budget pressures and underspends which have

contributed to the present monthly position and that are likely to affect the final outturn.

## **11. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE RESOURCES AND OTHER DEPARTMENTS**

### **11.1 Financial Implications**

As the Section 151 Officer, the Director of Finance & Corporate Resources is required to keep under review the financial position of the Authority. The monthly revenue monitoring is part of this review process and this latest monitoring report confirms that there is no deterioration in the financial position of the Authority. If required, measures will be put in place to address risks identified through the monitoring process and to contain expenditure within approved budgets.

### **11.2 Legal Implications**

The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties.

### **11.3 Property Implications**

Not applicable in this report.

## **12. KEY RISKS**

There are a number of general risks to the Council being able to match expenditure with resources this financial year:-

- Ability of Departments to adhere to savings targets and contain projected overspends, especially given the additional £6.89m in year target.
- State of the UK economy - which impacts on the Council's ability to raise income from fees and charges and on the provision for bad debt.
- Uncontrollable demand-led Service Pressures e.g. Adult Social Care, Child Protection etc.
- Potential adjustments which may arise from the Audit of various Grant Claims.
- Movement in interest rates
- Potential liability to fund losses incurred by the former insurance underwriter Municipal Mutual.

Risks associated with specific Services are mentioned elsewhere in this report.

## **13. IMPACT ON COUNCIL PRIORITIES**

**13.1 Fairness for All** – The recommendations in the report fully accord with this Council priority.

**13.2 Growth and Sustainability** – The recommendations in the report fully accord with this Council priority.

**13.3 Strong Communities** – The recommendations in the report fully accord with this Council priority.

## **14. PERFORMANCE MANAGEMENT IMPLICATIONS**

The report provides clear evidence of sound financial management, efficient use of resources.

**Budget Carry Forwards- 2010/11**

	£000's
<b>Schools &amp; Children's Services</b>	
1. £350k for additional interim children's social workers to respond to the continuing high levels of referrals and to ensure capacity for further improvements to the quality of services,	350
2. £300k to provide a capital budget to carry out a programme of fire prevention works in schools.	300
3. £65k to fully fund the rolling programme of school condition surveys in 2011/12,	65
4. £150k to fund the project costs of the departmental "building resilience" review that has been initiated following the recent Leaner reviews. The project will ensure that services for children, young people and their families are easy to access and use and that problems are identified and addressed as early as possible. It would also seek to deliver savings for the 2012/13 budget,	150
5. £100K To enable additional case workers to be appointed to the Youth Offending Service (YOS) in order to keep caseloads within the Youth Justice Board guidelines. Caseloads are currently too high and getting higher because more high-risk offenders are being supported in the community. YOS is being inspected in June 2011.	100
6. £150k to fund the start-up and development of a training and skills development centre, in conjunction with Regeneration, Leisure and Culture, in the premises of the former Delta City Learning Centre,	150
7. A new database is needed for the governor support service at a cost of £20k,	20
8. £17k to establish a string orchestra for children living in Edmonton, where there are currently limited opportunities for group music making. The orchestra will rehearse on a weekly basis and give regular performances. Participants and their families will have increased knowledge of the musical opportunities available locally.	17
<b>Health, Housing &amp; Adult Social Care</b>	
1. £300k to establish a HASC Reserve to mitigate the risk of un-achieved savings through the implementation of transforming the customer pathway for 2011/12 and potential PCT creditors. The risk reserve will accommodate the assumed savings derived from assigning clients with Personal budgets, to purchase their own care, calculated through the Resource Allocation System.	300
<b>Regeneration, Leisure &amp; Culture</b>	
The Council has previously approved funding for the restoration of the QEII stadium towards a replacement athletics track and related athletics facilities and towards the refurbishment of the Grade II listed building at the site. The stadium will become the home ground for Enfield Town FC. Planning Permission and Listed Building consent were required for the works. Listed Building consent was granted on 9 July 2010 Planning permission was granted on 20 July 2010. Planning permission was accompanied by 33 planning conditions, two of which have a significant unfunded financial impact. These two conditions relate to making improvements to Donkey lane including its widening and resurfacing and the provision of a continuous footpath and also to make improvements to the car park at the stadium. Initial estimates	500

	<b>£000's</b>
suggest that carrying out the works for these two conditions will cost £500k.	
<b>Contribution to Sustainable Service Development Fund</b> £1.75m was allocated to this as part of the May Monitoring Report from in year procurement savings on the IT and Leisure contracts for the purpose of creating a Sustainable Service Development Programme. £105k will top up the fund to £1.9m agreed in the May 2010 Monitoring Report.	<b>150</b>
<b>Capital- Revenue Contribution</b>	<b>800</b>
<b>Redundancy Reserve</b>	<b>1,000</b>
<b>Total</b>	<b>3,902</b>
<b>Revised Underspend</b>	<b>(339)</b>