

MUNICIPAL YEAR 2011/2012 REPORT NO. 75

MEETING TITLE AND DATE:

Cabinet 14th September 2011

REPORT OF:

Director of Finance, Resources
and Customer Services

Contact:

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AGENDA PART 1**ITEM 7**

Subject: Revenue Monitoring Report:
July 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 based on information to the end of July 2011. The report indicates a projected overspend on the General Fund of £861k in 2011/12.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Notes the revenue outturn projection of £861k overspend in 2011/12.
- 2.2 Agrees that departments reporting pressures should formulate and implement action plans to ensure that they remain within budget in 2011/12.

3. BACKGROUND

- 3.1 The Council's revenue expenditure against budget is monitored by regular monitoring reports to Corporate Management Board 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.
- 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. JULY 2011 MONITORING - GENERAL FUND

4.1 A summary of the departmental and corporate projected outturns and variances against budget is set out in Table 1 below:

Table 1: Monitoring Statement for July 2011 - General Fund

| | Original Budget | Approved Changes | Approved Budget | Projected Outturn | Projected Variation |
|---|-----------------|------------------|-----------------|-------------------|---------------------|
| | £000s | £000s | £000s | £000s | £000s |
| Chief Executive | 938 | 380 | 1,318 | 1,516 | 198 |
| Environment | 40,967 | 1,195 | 42,162 | 42,682 | 520 |
| Finance, Resources and Customer Services | 22,504 | 2,277 | 24,781 | 25,036 | 255 |
| Health, Housing and Adult Social Care | 101,752 | 5,176 | 106,928 | 106,928 | 0 |
| Regeneration, Leisure & Culture | 14,796 | 284 | 15,080 | 15,080 | 0 |
| Schools & Children's Services | 81,027 | 1,751 | 82,778 | 82,666 | (112) |
| Total Department Budgets | 261,984 | 11,063 | 273,047 | 273,908 | 861 |
| Treasury Management | 9,192 | 0 | 9,192 | 9,192 | 0 |
| Contribution from Capital Financing Account | (15,622) | 0 | (15,622) | (15,622) | 0 |
| Contribution to Bad Debt Provision | 812 | 0 | 812 | 812 | 0 |
| Earmarked Reserves | 0 | (9,953) | (9,953) | (9,953) | 0 |
| IT Fund | 972 | (9) | 963 | 963 | 0 |
| Contingent Items | 2,642 | 18 | 2,660 | 2,660 | 0 |
| Contingency | 1,000 | 0 | 1,000 | 1,000 | 0 |
| Total Service Expenditure | 260,980 | 1,119 | 262,099 | 262,960 | 861 |
| Levies | 8,809 | (469) | 8,340 | 8,340 | 0 |
| Revenue Grant & Contribution | (17,478) | (650) | (18,128) | (18,128) | 0 |
| Total Budget Requirement | 252,311 | 0 | 252,311 | 253,172 | 861 |

5. DEPARTMENTAL MONITORING INFORMATION – BUDGET PRESSURES & PROJECTED SAVINGS

5.1 Chief Executive Department

This department is currently projecting an overspend of £198k, as detailed in the table below.

| Service Centre | June 2011 | July 2011 | Notes |
|--|-----------|------------|--|
| | £000's | £000's | |
| Human Resources | 88 | 190 | Estimated £91k overspend on HR salaries due to vacancy factor. Reduced income from external recruitment, training & other charges has led to a net projection of £99k shortfall in income. |
| Minor Variances | 8 | 8 | The variances include a projected overspend of £6k in employee costs and £4k projected shortfall in income from 'Our Enfield'. |
| Total Variation - Chief Executive | 96 | 198 | |

5.2 Environment

This department is currently projecting an overspend of £520k, as detailed in the table below.

| Service Centre | June 2011 | July 2011 | Notes |
|-------------------------------|-----------|-----------|--|
| | £000's | £000's | |
| Highways Service | 99 | 362 | The overspend comprises of an under recovery of skip licence income (£51k) and a £48k overspend on the current highway works contract, due to the lack of additional budget to meet the cost of indexation uplifts in 2009 and 2010. The award of the Highway Works Contract Nov 2011 to Oct 2015 is likely to create a part year pressure of £263k. |
| Parking | 52 | 52 | There is a projected shortfall on parking receipts of £282k. The shortfall is partly offset by savings in contractor costs and additional income from parking permits. |
| Fleet Management | -77 | -77 | This variance comprises an underspend of £150K in Fleet Leasing budget due to the phasing in of the 12 refuse vehicles procured for the roll out of wheeled bin project, partly offset by a £73K shortfall in income recovery (MOT tests) in Fleet Management. |
| Corporate Health & Safety | 13 | 0 | The reported overspend in June has been eliminated by management actions. |
| Business & Technical Services | 0 | -17 | An underspend in employee costs is forecast, as no agency cover has been put in place for a member of staff who is on maternity leave. |
| External Legal | 0 | 0 | Due to an unfavourable court judgement and interim payment thereof, the projected overspend on external legal costs is £180K. External legal costs are being treated as a corporate risk and will be addressed in a separate narrative and therefore a nil variance is reported. |
| Development Management | 264 | 258 | Building construction activities have not shown signs of recovery. Therefore, a shortfall on planning fees income and building control application fees income of £99K and £159K respectively is forecast. The department is currently identifying actions to mitigate the overspend. |

| Service Centre | June 2011 | July 2011 | Notes |
|--------------------------------------|------------|------------|--|
| | £000's | £000's | |
| Licensing | -50 | -30 | The favourable variance is due to an over achievement of income. |
| Parks Client | 0 | -28 | The favourable variance is due to an over achievement of income. |
| Total Variation – Environment | 301 | 520 | |

5.3 Finance, Resources & Customer Services

This department is currently projecting an overspend of £255k, as detailed in the table below.

| Service Centre | June 2011 | July 2011 | Notes |
|--|-----------|-----------|--|
| | £000's | £000's | |
| Legal Services | 111 | 55 | There is an estimated £65k shortfall in income from registrars and citizenship. Estimated £10k increase in land charges income due to increasing number of full searches. |
| Customer Service, Information & Transformation | 117 | 108 | The outsourcing of the out of hours service has been delayed until 1 Sept 2011. There have been increased staffing costs, and the ALMO income budget was not adjusted to reflect the reduced income for the outsourced service. |
| Corporate Governance | 0 | 140 | A £110k overspend is showing in audit and risk management. The budget has been set based on a full year's savings being achieved through the restructure. The new structure was not implemented until 1st July 2011 and with pay in lieu of notice and salaries during trial periods, significant staff costs have been incurred that were not covered by the budget. Actions are being taken to try and reduce the size of the overspend by holding vacancies as long as possible and by the potential reduction in contractor spend in 2011/12. A £24k overspend is predicted for Corporate Scrutiny and £11k in Committee Services, due to the delay in restructuring & PRP. Late legal bills of £5k have been received for the PCT judicial review. A post within Member Services is being held vacant (-£10k) in order to reduce the overall overspend. |
| Corporate Items | -70 | -73 | The annual audit fee is likely to be £70k below budget. A pension of £3k is no longer paid. |
| Accountancy & Exchequer Services | 0 | -93 | Savings on staffing, due to managed vacancies. There is a saving from a vacant post to be deleted as part of the 12/13 budget exercise. |
| Property Services | 5 | 118 | The overspend in this service is largely from a shortfall of £390k in rental income across the commercial portfolio, mainly from The Ark, New Southgate Industrial Estate, Palace Garden Development and Claverings Estate. These have been offset in part by savings of £272k from energy, employees and other running costs from administrative buildings and related facilities. The increase of £113k in the level of overspend over that of last month was due mainly to under-achievement of income from Community House rents (£58k) which moved from CEX to FRCS and the Business Innovation Centre (BIC) -£41k and 12 Queen Annes Road (QAR) -£15k due to tenants moving out of |

| Service Centre | June 2011 | July 2011 | Notes |
|---|-----------|-----------|---|
| | £000's | £000's | |
| | | | the BIC and sale of Queen Annes Road premises respectively. |
| Total Variation – Finance, Resources & Customer Services | 163 | 255 | |

5.4 Health, Housing & Adult Social Care

This department is currently projecting year end expenditure to be as budget, as detailed below.

Good levels of performance continue this year within all service areas, with particular success in reducing the number of residential admissions and people whose hospital discharge is delayed, as well as an increase in the number of people suffering from mental ill health or people with a learning disability being helped to gain paid employment.

The service is on track to meet its target of 60% of people self-directing their own community care services. Service satisfaction level of 95% is similar to last year.

| Service Centre | June 2011 | July 2011 | Notes |
|---|-----------|-----------|---|
| | £000's | £000's | |
| Strategy and Resources | 113 | -73 | Movement in month of £186k caused by £150k use of Aids/HIV Grant and £36k of variations of service costs. |
| Mental Health | -245 | -255 | Underspend has occurred as a result of client care package variations resulting in reduced commitments. This is offset against projections for anticipated intakes from Barnet and Haringey following clarification of the 'Ordinary Residence' legislation. This includes some one off carry forward amounts for specific projects. |
| Learning Disabilities | 400 | 400 | The projected overspend in Learning Disabilities Services is made up of both the Enfield Council share of the LD Pool and care purchasing projections. The LD Efficiency board continues to manage the risk associated with the 11/12 savings target via a planned reduction in care costs over the year. |
| Older People & Physical Disabilities (Customer Pathway) | 284 | 548 | The movement between periods of £264k is due mainly to £221k of client refunds relating to previous years. There has also been a reduction of income due to safeguarding issues. In addition, there has been an increase in client numbers and costs of individual packages. It is important to note that there is a £1.7m savings target against the Transforming Social Care programme. Care purchasing costs for existing services continue to be monitored against trend analysis. The new self-directed support / personalised budget projections will need to be monitored closely to ensure processes for capturing costs are appropriately adopted. |

| Service Centre | June 2011 | July 2011 | Notes |
|--|------------|-----------|--|
| | £000's | £000's | |
| HHASC Risk Reserve | 0 | -208 | HHASC Risk Reserve created in 2010/11 to reduce risk of red savings brought forward to 2011/12 |
| Total Care Purchasing - Central Contingency | -350 | -412 | It is usual practice to review the position mid-year and allocate this fund as appropriate where individual services are experiencing ongoing pressures which cannot be sustained. |
| Community Housing | 48 | 0 | Community Housing is reporting a break even position. The main reason for this is a projected underspend of £14k on the Bed and Breakfast portfolio. There is also £20k underspend on the HALS (Housing Associations Leased Schemes) management fees; £26k underspend on the Barnet Sub Region staffing grant; £45k received in refunds from rent deposits paid to landlords and £24k additional income from care and repair fees. This is offset by £18k overspend on environment recharges for the M3 database system not budgeted; £108k unachievable income target on recharges on PSL administration budget and £3k overspend on PSL rents budget. |
| Total Variation - Health, Housing and Adult Social Care | 250 | 0 | |

5.5 Regeneration, Leisure & Culture

The Department is projecting year end expenditure to be as budget at the end of July. Budgets will be kept under close review throughout the year.

5.6 Schools & Children's Services

This department is currently projecting an underspend of £112k as detailed in the table below.

Children's Services

| Education | | | |
|--------------------------------------|-----------|-----------|---|
| Service Centre | June 2011 | July 2011 | Notes |
| | £'000s | £'000s | |
| A.D. Education | 0 | -34 | An underspend of £34k is projected in anticipation of funding from Haringey Council, in respect of the provision of the Assistant Director. |
| Schools Improvement Service | 0 | -40 | An underspend of £40k is reported as a result of the secondment of a senior post to Human Resources |
| Early Intervention & Access | | | |
| Service Centre | June 2011 | July 2011 | Notes |
| | £'000s | £'000s | |
| Community Access Childcare & Support | -227 | -266 | Overall underspend due to staff vacancies as a result of the delay in implementing the restructure plus an erroneous 2010/11 reserve of which £48k will not be realised. Uncommitted projects put on hold, resulting in an underspend of £200k |

| Service Centre | June 2011 | July 2011 | Notes |
|--------------------|-----------|-----------|--|
| | £'000s | £'000s | |
| Children's Centres | 421 | 421 | The total overspend of £421k due to a delay in implementing the children's centre restructure. The 2011/12 budget had anticipated a saving due to this restructure which is now unlikely to happen until the last quarter of the year. |
| Think Family | -70 | -50 | The £70k underspend reported last month due to postponement of recruitment whilst the Assertive Outreach team is developed has been reduced by £20k due to the employment of temporary data input clerks to ensure effectiveness of the eCAF system. |
| CAMHS/EPS | 0 | 73 | Projected overspend due primarily to a shortfall in schools buying back into our services in relation to service level agreements. |
| Transport | 0 | 33 | Overspend mainly due to the level of outreach transport usage being greater than anticipated in original budget. |

| Commissioning | | | |
|---|------------------|------------------|--|
| Service Centre | June 2011 | July 2011 | Notes |
| | £'000s | £'000s | |
| Catering | -200 | -200 | Based on the surplus in last year's accounts, adjusted for the closure of the Forty Hall café during building works and one secondary school no longer using the Catering Service, there is expected to be an underspend of approximately £200k. |
| Strategy, Systems and Performance | 0 | 38 | A net overspend of £38k is reported primarily due to increased IT, maintenance & support costs. |
| Enhanced Pension Contributions | -122 | -122 | Following a review of the enhanced pension budget for former employees, a saving of £122k is reported. |
| Ladysmith Road | 0 | -33 | The lease on this property expires later in the year and the part year cost has been provided for in the budget at £33k. In addition to the accommodation being vacated, the current year costs are being charged to the DSG, resulting in estimated savings of the £33k. |
| Safeguarding Division | | | |
| Service Centre | June 2011 | July 2011 | Notes |
| | £'000s | £'000s | |
| Divisional Management-Legal | 0 | 0 | Further to a Leaner Review of Legal Services in 10/11 all legal budgets were withdrawn, but they were subsequently funded within the departmental underspend in 10/11. Although a further review is planned the Division still has no budget for its external legal costs and we are currently projecting a £487k overspend, which is based on recent monthly legal costs. |
| Divisional Management-Employee Costs | 0 | -135 | The variance within this area is due to projected underspends within the graduate social work training and the recruitment and retention budgets. The increase in the underspend this month is due to the planned start date for some social work graduate trainees now being backdated to Jan 2012 or not recruited until 2012/13. |
| No Recourse to Public Funds | -132 | -133 | The projected underspend is based on the known clients and their funding requests. There is currently no provision included for any unknown new clients. It is assumed that the clients will be supported by the Council long term until their asylum status or residence in the UK is resolved. The budget was increased in 11/12 to reflect the additional spending in 10/11 within this service, but currently the projected spend is £152k less than in 10/11. This is a result of the ongoing review of cases that was commenced earlier this year and the ability now to place clients into cheaper accommodation. |
| Support to Children in Need | 39 | 8 | This is a projected salaries overspend which has been reduced this month following the allocation of Social Work Improvement grant funding to cover additional staffing cover costs and a post which is now vacant until it is recruited to later in the year. |
| Adoption Allowances | 74 | 46 | There is a projected overspend on allowances as a result of 68 additional client weeks and a higher average weekly cost (+£5) than budgeted for. This is partially offset by additional income anticipated from the inter agency fees. The projection has reduced following the monthly review of planned dates for future Adoption and Special Guardianship placements. |
| Looked After Children Social Work & Support Teams | 49 | -12 | There is now a projected underspend due to a small number of vacancies arising and the delay in the appointment of trainee social workers. |
| Leaving Care Team | 58 | 50 | The projected overspend of £50k is mainly within the client placement and support budgets which have increased this month by £22k following the need for some clients to move into more expensive placements. However this was offset by a £30k reduction in the staffing projections |
| In House Fostering | 71 | -47 | This service is now reporting an underspend of £47k in foster allowances. The main reason for the movement since June is that a |

| Service Centre | June 2011 | July 2011 | Notes |
|--|------------|-------------|---|
| | £'000s | £'000s | |
| | | | projection for future possible placements of £100k is no longer included as the service is nearly at full capacity. The foster allowances also include a provision as a result of a new law from 1st April which means that family & friends who look after children that are in Local Authority care must now be paid the same allowance as other foster carers. These carers would previously be paid at DSS benefit rates until they had been assessed & approved by the Fostering Panel. However once the fostering service has assessed their suitability as a Foster Carer(within 16 weeks) the full maintenance allowance has to be paid. It is currently planned to implement this from 1st September with an additional cost of £76k, however this may be higher if payments are subsequently backdated to 1st April 2011. |
| External Residential Care Purchasing | 423 | 388 | There is a net projected outturn of +£388k across the range of LAC external residential placements. There is a large overspend of £697k within the Agency Fostering budget as a result of additional placements (+878 wks) in excess of the budget. These have arisen following a lack of suitable placements within the In House Fostering service which is at near full capacity. There is also an overspend of £70k within the Secure budget which is mainly due to a considerable increase (+£1,811) in the average weekly cost for those clients currently in this high cost accommodation. There are currently projected underspends within the Community Homes (-£110k), Special Needs (-£190k), Mother & Baby (-£81k) due to fewer client weeks than budgeted (-197 wks). The main reason for the £35k reduction is a net reduction in agency fostering placement days. |
| Unaccompanied Asylum Seeking Children | -56 | -119 | There are currently two clients under 16 that are receiving support where the flat rate grant funding received is significantly higher than their actual placement costs. The increase in the underspend since June is due to the Home Office accepting two late cases relating to 2010/11 which has generated additional grant funding now due in 2011/12. |
| Youth Support Services | 64 | -28 | The pressures previously reported concerning the delivery of a programme of youth activities in Ladderswood (£29k) and the Craig Park Youth Centre temporary decant costs (£25k) will now be funded from previously unapplied grant funding. There is also a reduction (£38k) within the YSS management employee costs this month. |
| Minor Variances | 63 | 50 | A number of small variances across the department. |
| Total Variation – Schools & Children’s Services | 455 | -112 | |

Schools and Children’s Services Risks:

External Care Purchasing: although currently projecting a £388k overspend this position may change dramatically if the increased activity in child protection matters continues to result in more children being taken into care between now and the year-end. Since Dec 2010 to June 2011 the number of Looked after Children has increased from 294 to 319. As the In – House Fostering service is at capacity any further demand for placements will need to be found externally in more expensive placements. There is also the possibility that as a result of recent events that more young people may be placed into care.

Fostering: as a result of the change in the Friends & Family regulations there is a possibility that it may be necessary to backdate the increase to the 1st April 2011. There is also a risk that the increase in allowances may lead to more Friends & Family caring for young children. This will be monitored over the coming months.

Youth Offending & Youth Support Services: as a result of the recent disturbances it is likely that increasing demands will be placed upon these services. However it is too early to estimate the likely financial impact of increasing numbers within the youth offending service or any additional youth services that may be required.

Services undergoing transition: A number of services have undergone major changes and there are risks concerning the financial impact. In particular the School Improvement Service has recently undertaken a major reorganisation in order to find savings and to deal with a substantial reduction in grant funding. The monitoring reports which have been received show that all affected services will spend within their budgets, but there must be a risk that there may be a significant variation. The ICT Team is in a transitional phase and dealing with a cessation of the schools' service level agreement and this also represents a risk.

Service Level Agreement with Schools: The SCS Department provides a range of services to schools under service level agreements. There is a risk that the level of buy-back from schools may not be sufficient to achieve the income targets included in the budget. Information is still being received from schools regarding their intentions on SLAs and more accurate predictions of income from this source will be included in the next financial monitor.

Improving PVI Capital Developments: As a result of a Stage 3 complaint not satisfying the complainant, there is a risk that the matter may be referred to the Ombudsman and that a payment may need to be made.

Schools Budgets - These variations do not form part of the General Fund position

| Service Centre | June 2011 | July 2011 | Notes |
|-------------------------|-----------|-----------|--|
| | £000's | £000's | |
| Early Years | 0 | 151 | Based on last year's outturn and one term's figures in 2011 it would appear that the take up of free entitlement for 3 & 4 year olds is increasing. The opening of a nursery at Woodpecker Hall School can only increase numbers further, however the extent of the overspend is difficult to project as this expenditure is demand led. |
| DSG allocation 2010-11 | -65 | -65 | The DfE has announced the final grant income for 2011/12 and this is £65k higher than estimated. Further work will be done to check their calculations as the amount held back for academies appears to be higher than expected. |
| Special Education Needs | -67 | -67 | It is projected that the contingency provision for the out of borough residential placements can be reduced by £100k. Based on recent trends and last year's outturn, the hospital schools' budget is projecting an overspend of £100k offsetting the above saving. However Hearing Impairment is now estimating an underspend of £67k which may make this call on contingency unnecessary |
| Learning Disabilities | -60 | -73 | Delays in appointing to posts will result in an underspend in the employee budget. |
| Maternity | 0 | 128 | Based on known claims the maternity cover budget will be overspent at the end of the year by around £130k. Some members of staff may not return to work but this will be offset by cover required for cases now not known. |

| Service Centre | June 2011 | July 2011 | Notes |
|----------------------------------|-------------|-----------|---|
| | £000's | £000's | |
| Schools Rates | 0 | 150 | Following receipt of the actual rates bills for schools there is a potential additional cost of £150k across primary and secondary. The Business Rates Team has been asked to investigate the position. |
| Schools PFI Benchmarking | -180 | -180 | The long-running benchmarking exercise is not fully resolved but the indications from the tenders received are that there will be an underspend of approximately £250k depending on final decisions regarding notifications of change. However this will be reduced by £70k as a result of the inflationary indexation being higher than estimated. |
| Minor Variances | -6 | -7 | |
| Total Variation - Schools | -378 | 37 | |

6. OTHER GENERAL FUND ITEMS

6.1 Treasury Management – Projected Level Spend

The Treasury Management financial position is largely dependent on the level of borrowing needed to support the Capital Programme. The policy agreed with our treasury advisors over the last two years has been to reduce our short term investments to fund capital expenditure because it is cheaper to use cash holdings than to borrow. However this cannot go on indefinitely and the Council's short term investments are now at a point where the Council will need to borrow to fund future capital expenditure. This is entirely in line with the Treasury Management Strategy agreed annually by Council and the reduction in cash holdings is as planned.

It is clear we will need to increase borrowing in order to maintain the Council's liquidity position. The Treasury team continue to monitor the most appropriate time to borrow and the duration of the loan. The need to borrow will be reduced by the generation of capital receipts.

The Council recognises this borrowing position and is reviewing the affordability of all capital schemes as part of the current budget process. Affordability is an ongoing issue for all authorities and requires regular review alongside the Council's Disposal Strategy and other grant funding sources.

Members should also be aware that the new Housing Revenue Account reform will come into effect from April 2012. We will need to borrow approximately £39m by 28th March 2012 to finance the change.

The Heritable bank administrators have recently announced an increase in the amount to be recovered up to 90%. We still consider this to be a prudent estimate and have the expectation that the final amount recovered will be closer to 97%.

| London Borough of Enfield Investments as at 31st July 2011: | | | | | | |
|--|-----------------------------|-----------------------|-------------------------------|-----------------------|-----------------------------|--------------------------|
| | Principal £000's | Start Date | Effective Maturity | Rate | Days to Maturity | Credit Rating |
| GOLDMAN SACHS | £12,650 | 30/06/11 | 01/08/11 | 0.63% | 1 | AAA |
| ROYAL BANK OF SCOTLAND | £19,550 | 30/06/11 | 01/08/11 | 0.80% | 1 | A+ |
| BARCLAYS BANK PLC | £5,000 | 28/09/10 | 27/09/11 | 1.45% | 89 | AA- |
| LLOYDS BANK PLC | £5,000 | 03/12/10 | 22/12/11 | 1.45% | 175 | A+ |
| LLOYDS BANK PLC | £7,500 | 19/10/10 | 18/10/11 | 1.90% | 110 | A+ |
| LLOYDS BANK PLC | £5,000 | 03/12/10 | 02/12/11 | 1.95% | 155 | A+ |
| Total – Investments | 54,700 | | | Average Rate | | 1.36% |
| Average Investment Size | 9,117 | | | Average Rating | | AA- |
| Time Weighted Average Days to Maturity | 52 | | | | | |

6.2 Contingency and Contingent Items

The Council maintains a general contingency of £1,000k to deal with unforeseen events and as a general safeguard against the risk of a general overspend. In addition, there are a number of contingent items that relate to spending requirements that are expected to arise during the current financial year, but about which there is some uncertainty regarding the timing of the financial impact. At this stage it is expected that all of the contingency and contingent items will be used, but a review is currently underway to identify any provision that will not be required. Any under-provision will be identified in future monitoring reports. The table below identifies the key provisions included in contingent items as at 31st July 2011.

| Contingent Items | £000's |
|--------------------------------|---------------|
| Residents Priority Fund | 830 |
| Regeneration match funding | 100 |
| Redundancy provision | 500 |
| Demographic change contingency | 1,000 |
| Other items | 230 |
| Total Contingent Items | 2,660 |

6.3 There is currently a budget risk in relation to expenditure on external legal / Counsel fees across departments. These costs were contained last year within overall departmental budget provisions. If this proves problematic in 2011/12 an allocation from contingency will be considered.

6.4 **Enfield Residents Priority Fund (ERPF).** The Sub Committee have so far held 2 approval meetings, in July and August 2011. Through this process 21 applications have so far been approved by the Panel. An overall summary of the applications approved to date is set out below, a detailed summary of these applications by Ward is provided in Appendix 1.

| Ward | Amount Available | Applications Approved | Amount Remaining |
|-----------------|----------------------|-----------------------|----------------------|
| Edmonton Green | £185,000 | £0 | £185,000 |
| Upper Edmonton | £156,000 | £21,895 | £134,105 |
| Lower Edmonton | £142,000 | £16,579 | £125,421 |
| Ponders End | £140,000 | £9,300 | £130,700 |
| Turkey Street | £135,000 | £0 | £135,000 |
| Haselbury | £129,000 | £0 | £129,000 |
| Enfield Highway | £127,000 | £0 | £127,000 |
| Enfield Lock | £121,000 | £60,650 | £60,350 |
| Jubilee | £118,000 | £0 | £118,000 |
| Southbury | £115,000 | £111,242 | £3,758 |
| Bowes | £103,000 | £9,246 | £93,754 |
| Chase | £99,000 | £0 | £99,000 |
| Palmers Green | £90,000 | £0 | £90,000 |
| Southgate Green | £74,000 | £0 | £74,000 |
| Highlands | £57,000 | £0 | £57,000 |
| Winchmore Hill | £57,000 | £0 | £57,000 |
| Cockfosters | £56,000 | £0 | £56,000 |
| Bush Hill Park | £54,000 | £2,000 | £52,000 |
| Southgate | £51,000 | £0 | £51,000 |
| Town | £51,000 | £0 | £51,000 |
| Grange | £40,000 | £20,000 | £20,000 |
| TOTAL | £2,100,000.00 | £250,912.00 | £1,849,088.00 |

The next meeting of the ERPF Sub Committee is due to take place on 19th September where a further 36 applications totalling approximately £367,000 will be considered.

6.5 Government Funding Update

Discussions are currently taking place with regard to additional funding in relation to the damage to businesses as a result of the recent public disorder in the borough. Further information will be reported as it comes available.

6.6 S106 Payments

The Council currently holds S106 receipts earmarked for works around the borough. Officers are reviewing the utilisation of these receipts within the parameters of each scheme and this is regularly reported to Councillors through the Cabinet sub-group on Performance.

7. Housing Revenue Account (HRA) – Projected £21k underspend

| Service Centre | June 2011 | July 2011 | Notes |
|------------------------|------------|------------|---|
| | £000's | £000's | |
| All Rents | 5 | -2 | Additional income of £53k from aereals is due to an increase in the rental income. An under recovery of income of £51k on garage rent has been identified; this is due to a higher void rate then budgeted for. |
| Interest on Balances | -20 | -19 | When setting the budget the interest rate was 0.41%, the rate has now increased to 0.44% resulting in additional income of £19k |
| Total Variation | -15 | -21 | |

8. ACHIEVEMENT OF SAVINGS

8.1 The 2011/12 Budget Report included efficiency and other savings, and the achievement of increased income totalling £34.5m to be made in 2011/12

| Department | Red | | Amber | | Green | | Blue | | Total |
|--|----------|-----------|---------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | £000's | % | £000's | % | £000's | % | £000's | % | £000's |
| Chief Executive | 0 | 0% | 0 | 0% | -320 | 57% | -241 | 43% | -561 |
| Environment | 0 | 0% | -40 | 1% | -2,868 | 67% | -1,376 | 32% | -4,284 |
| Finance, Resources & Customer Services | 0 | 0% | -678 | 13% | -1,564 | 30% | -2,962 | 57% | -5,204 |
| Health, Housing & Adult Social Care | 0 | 0% | -1,394 | 15% | -6,023 | 65% | -1,870 | 20% | -9,287 |
| Regeneration, Leisure & Culture | 0 | 0% | -465 | 30% | -1,063 | 70% | 0 | 0% | -1,528 |
| Schools & Children's Services | 0 | 0% | -133 | 2% | -4,289 | 67% | -2,019 | 31% | -6,441 |
| Corporate | 0 | 0% | -2,225 | 31% | -900 | 12% | -4,086 | 57% | -7,211 |
| Total Savings | 0 | 0% | -4,935 | 14.3% | -17,027 | 49.3% | -12,554 | 36.4% | -34,516 |

Amber Savings

| Area of Saving | Dept | Amount £000s | Progress in Achieving Savings |
|---|------|--------------|---|
| Procurement savings | CORP | -1,500 | CMB are currently considering the allocation of this saving with Procurement Board. |
| Reduced Insurance Fund contributions | CORP | -75 | Work is currently being undertaken to achieve this saving. This will be fully reviewed in September. |
| Service Review efficiencies | CORP | -200 | CMB to agree the methodology of achieving this saving in 2011/12. |
| Car Allowance | CORP | -250 | Human Resources have prepared a paper to achieve these savings that will be considered by CMB in September. |
| Overtime | CORP | -200 | Overtime payments across departments are currently being reviewed in order to achieve this saving. |
| Modernisation of Waste Management - Integration of refuse, recycling and street cleansing services into one depot | ENV | -40 | Alternative saving to be found until depot solution achieved. |
| Registrars Review (service level reduction to core services only) | FRCS | -100 | The above review has resulted in JD's being re evaluated and posts being reviewed. Whilst a proportion of this additional saving will be achieved it is unlikely the target will be achieved in full |
| Increased registrars income | FRCS | -75 | Following the review of income it is apparent that the originally anticipated income savings will not be achieved. The department is reviewing its budgets for alternative measures to mitigate this saving |
| Selling on of IT contract work | FRCS | -25 | Work ongoing to achieve this saving. |
| Revs & Bens staff realignment and other cost efficiencies | FRCS | -238 | This saving has been fully identified but will be only part implemented in 2011/12. The saving has been part achieved already through the deletion of vacant posts following staff realignment. There will be a further post reduction which will follow during the year. |
| Reducing provision for potential subsidy loss (ie:increased risk) | FRCS | -240 | This saving is dependant on the subsidy outturn and so will not be confirmed until later in the year. The process however has been reviewed improving data |

| Area of Saving | Dept | Amount £000s | Progress in Achieving Savings |
|--|-------|-----------------|--|
| | | | integrity and quality which reduces the risk of subsidy loss substantially. |
| Learning Difficulties savings re Care Purchasing, net of transition & current client pressures. Set against prior years pressures rather than applied as a new saving | HHASC | -400 | LD Efficiency board in place, meeting regularly with planned approach to achieving savings target in year. Care purchasing budgets are demand led and are reviewed within monthly financial monitoring to ensure volatility is managed throughout the year. |
| Physical Disabilities savings re care purchasing Option B - Home Care & Direct Payments and Park Ave, net of Option B Residential & Nursing and Supported Tenancy pressures. Set against prior years pressures rather than applied as a new saving | HHASC | -548 | The savings have been identified as a part of a review of client trends. Savings have been netted off against the predicted growth. Care purchasing budgets are demand led and are reviewed within monthly financial monitoring to ensure volatility is managed throughout the year. |
| Re-specification and tender of support and care service provision at the Carterhatch Project. | HHASC | -250 | Tendering project on track for timeframe. Providers have been contacted regarding reduction in unit costs, agreement between parties are in place, DAR is awaiting sign off, savings proposed are £311k. Additional savings will be identified. |
| Reduce Grant Related Expenditure - Mental Health Grant | HHASC | -105 | Commissioning staff reviewing existing commitments. |
| Reconfiguration of Extra Care Team at Reardon Court | HHASC | -37 | Delay in start of project due to capacity within service. The capacity issue has now been resolved. |
| Restructure Housing strategic services | HHASC | -54 | Restructure of this area has secured potential savings, delay in implementation places achieving full year effect at risk. |
| Leisure Centre Operators | RLC | -126 | Risks Identified in the Project managers August 2011 report for the capital build process at Albany, Southgate and Bramley Road. |
| Libraries Strategy | RLC | -310 | The Library strategy consultation has commenced, but this level of saving is unlikely to be achieved in 11/12. |
| Enfield Business Centre Management Review | RLC | -15 | The review has not created any savings in 2011/12. Partners reluctant to set up social enterprise before December 2011. |
| Charging of management fee for monitoring S106 agreements | RLC | -14 | Requirement for monitoring fee applies to planning applications received after 1/1/10 so will there will be a time lag for applications to be determined and S106 agreements signed before fees are received. During Q1 of 2011/12 only one S106 agreement was completed resulting in £5k fee received. Fee is dependent on the number and type of planning applications received and is sensitive to wider market conditions. |
| CAMHS & EPS savings | SCS | -83 | Current monitor records overspend |
| SEN Home to School Transport | SCS | -50 | Current monitor reports £30k overspend. |
| TOTAL AMBER SAVINGS | | -4,935 | |

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, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

11.1 Financial Implications

As the Section 151 Officer, the Director of Finance, Resources & Customer Services 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.
- 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.

APPENDIX 1

Enfield Residents Priority Fund- Funding Analysis 2011/12

| UPPER EDMONTON ORIGINAL ALLOCATION £156,000 | | | | | |
|---|---|----------------------------------|---|-----------------|--|
| Meeting Date | Project Title | Provider | Summary | Amount | |
| 07.07.11 | Hanlon Centre New Equipment | Hanlon Centre | Purchase, gym & boxing Equipment, Instruction, Music Studio & Computer | £11,500 | |
| 09.08.11 | Children's Security Improvement Oakthorpe Primary School | Oakthorpe Sch/ Council | Match funding to provide Security Gates and fences, to reduce crime and to prevent children being visible and approached from the lane by passers by. | £10,395 | |
| | | | Amount Allocated | £21,895 | |
| | | | Amount Left 2011/12 | £134,105 | |
| LOWER EDMONTON ORIGINAL ALLOCATION £142,000 | | | | | |
| Meeting Date | Project Title | Provider | Summary | Amount | |
| 09.08.11 | DJ & MC Academy | DJ & MC Academy | To run a twice weekly mobile unit that goes to the estates. The 2-3 hour sessions will teach and provide qualifications for under 25ys olds about music through radio shows, interview techniques and positive lyrical writing. | £9,079 | |
| 09.08.11 | ECYPS Soft Play at the Ark | Enfield Children & Young Peoples | To provide funding to operate the service for a further 6 months to enable additional support and funding to be obtained. | £7,500 | |
| | | | Amount Allocated | £16,579 | |
| | | | Amount Left 2011/12 | £125,421 | |
| PONDERS END ORIGINAL ALLOCATION £140,000 | | | | | |
| Meeting Date | Project Title | Provider | Summary | Amount | |
| 07.07.11 | Enfield Bangladeshi Welfare Festival | Enfield Bangladeshi Association | Annual Community Event | £9,300 | |
| | | | Amount Allocated | £9,300 | |
| | | | Amount Left 2011/12 | £130,700 | |

ENFIELD LOCK ORIGINAL ALLOCATION £121,000

| Meeting Date | Project Title | Provider | Summary | Amount |
|--------------|---|------------------------------|--|----------------|
| 07.07.11 | Home Security & Privacy | Council | Wall or fence alongside path behind houses, Alley gate, locks and Bolts. | £10,000 |
| 07.07.11 | Additional Cleaning Turkey Brook | Council | Cleaning of Turkey Brook (Bi-Monthly) | £6,000 |
| 07.07.11 | Alley Gate on Bradley Road | Council | Alley Gate to provide security for residents 1,3 & 5 Preston Gardens | £6,000 |
| 07.07.11 | Enfield Island Village 'Active Communities' | Enfield Island Village Trust | Community Involvement Activities (£10k, Volunteer & Training Costs £5k, Office Running costs £2,150, Project Staff £15k, Publicity, Engagement & Contribution to 1 Year Community Apprentice £6,500) | £38,650 |
| | | | Amount Allocated | £60,650 |
| | | | Amount Left 2011/12 | £60,350 |

SOUTHURBY ORIGINAL ALLOCATION £115,000

| Meeting Date | Project Title | Provider | Summary | Amount |
|--------------|--|---|--|-----------------|
| 07.07.11 | Ayley Croft Cycle Parking | Council | 2 accessible secure cycling storage facilities for bikes and prams for Ayley Croft residents. | £12,912 |
| 09.08.11 | Basket ball sessions at Southbury Leisure Centre | Enfield Trust Basketball Club | Provide coaching services to young adults as a path way to a life of sports and fitness. (8 weeks 1 session per week) | £3,330 |
| 09.08.11 | Public Benches | Council | Provision of public benches in and around Main Ave, Lincoln Road and Roman | £6,000 |
| 09.08.11 | Han Bro Map MUGA | Council | Multi Use Games Area on the Green of Broadfield Square. | £74,000 |
| 09.08.11 | Allotments for All | Bishop Stopford Sch/ Enf Education Business Partnership | Creation of allotments in school grounds for pupils and residents to work together to grow produce that can be sold to the Community. Including cooking demonstrations and seminars. | £5,000 |
| 09.08.11 | Environment Construction Skills | Bishop Stopford Sch/ Enf Education Business Partnership | A construction bus will be on the school site to deliver training on skills for construction for the home and garden. This will be accessible for the pupils and residents. | £10,000 |
| | | | Amount Allocated | £111,242 |
| | | | Amount Left 2011/12 | £3,758 |

BOWES ORIGINAL ALLOCATION £103,000

| Meeting Date | Project Title | Provider | Summary | Amount |
|--------------|---|----------------------------|---|----------------|
| 09.08.11 | Tile Kiln Lane Community Green Space | Council | Provision of match funding to enable the reclaim of an urban wasteland, to develop into a usable community open space | £1,956 |
| 09.08.11 | 2x Perimeter mountain Bikes for Bowes Safer Neighbourhood Patrol Team | Safer Neighbourhood Team | Provide 2 bikes for the Bowes Safer Neighbourhood Team to enable a quicker response rate and greater coverage of the Bowes Ward. | £790 |
| 09.08.11 | Two Environment Days | Bowes Park Community Assoc | 2 Environment days in Bowes Park to promote sustainable living to residents including give and take stall, waste prevention, recycling and energy advice. And information on growing food and sustainable forms of transport. | £500 |
| 09.08.11 | Alley Gating Mitchell Road N13 | Council | To install Alley Gates in Mitchell Road N13 | £6,000 |
| | | | Amount Allocated | £9,246 |
| | | | Amount Left 2011/12 | £93,754 |

BUSH HILL PARK ORIGINAL ALLOCATION £54,000

| Meeting Date | Project Title | Provider | Summary | Amount |
|--------------|--|----------|--|----------------|
| 09.08.11 | Toddler Group Purchase of Toys and Educational Equipment | Council | To purchase new toys and educational equipment to support a voluntary run Toddler group. | £2,000 |
| | | | Amount Allocated | £2,000 |
| | | | Amount Left 2011/12 | £52,000 |

GRANGE ORIGINAL ALLOCATION £40,000

| Meeting Date | Project Title | Provider | Summary | Amount |
|--------------|---|----------|--|----------------|
| 09.08.11 | Under 3 yrs Play Area Enfield Town Park | Council | Provision of a play area in Enfield Town Park that is specifically design for children up to the age of 3 years. | £20,000 |
| | | | Amount Allocated | £20,000 |
| | | | Amount Left 2011/12 | £20,000 |