

## MUNICIPAL YEAR 2012/2013 REPORT NO. 174

### MEETING TITLE AND DATE:

Cabinet  
20<sup>th</sup> March 2013

### REPORT OF:

Director of Finance, Resources  
and Customer Services

AGENDA PART 1

ITEM: 6

**Subject: January 2013 Revenue  
Monitoring Report.**

**Cabinet Member consulted:  
Cllr Andrew Stafford**

### Contact:

Richard Tyler: 0208 379 4732

### 1. EXECUTIVE SUMMARY

- 1.1 This report sets out the Council's revenue budget monitoring position based on information to the end of January 2013.
- 1.2 The report forecasts an outturn position of £785k underspend for 2012/13.

### 2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Notes the £785k underspend revenue outturn projection.
- 2.2 Agrees that departments reporting pressures should continue to manage budgets in order to eliminate any overspend in 2012/13.
- 2.3 Notes that Enfield has been successful in securing DCLG funding of £2.46M through Weekly Collection Support Scheme and the financial implications for 15/16 and 16/17 associated with the acceptance of this funding (paragraph. 5.2)
- 2.4 Agrees that £0.7M additional cost is provided by the Council for two years to meet the additional recycling waste collection costs in 2015/16 and 2016/17 and to include this in the Council's Medium Term Financial Plan as required in the grant conditions by the Department for Communities and Local Government (paragraph 5.2).

### 3. BACKGROUND

- 3.1 The Council's revenue expenditure against budget is monitored by budget managers, supplemented by regular reports to the 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.

## REVENUE MONITORING

3.2 The Revenue Monitoring Report is a result of the monthly monitoring process carried out by 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.

3.3 This report provides information on the main budget variances as well as their causes that are affecting the Council. Although a full budget monitor is carried out each month within departments, the variations in this report are deliberately limited to +/- variances of £50,000 or over in order to provide a greater strategic focus.

## 4. January 2013 Monitoring – General Fund

4.1 A summary overview of financial performance is outlined below in Table 1. The intention of this is to provide the key highlight messages in a “dashboard” style summary. It is designed to capture the key messages across the Council’s main financial areas, namely:

1. Income and expenditure;
2. Balance sheet (liquidity, debtor/creditor management, investments and use of balances); and
3. Cash flow forecasting and management.

4.2 The inclusion of a colour-coded risk rating helps to focus attention on emerging issues that need addressing, where:

- Red = corrective action needs to be taken.
- Amber = close monitoring required.
- Green = on target, no emerging issue identified.

**Table 1: Financial Performance Overview**

Area of review	Key highlights	Risk Rating		
		Nov	Dec	Jan
Income and expenditure position	<ul style="list-style-type: none"> <li>Year end forecast variances of £785k underspend have been identified as at January 2013. These budget variances need to be managed closely to ensure timely appropriate action can be taken in order that overspending departments fall within budget at the end of the financial year. Reduced income levels are also being closely monitored as part of this exercise.</li> </ul>	Green	Green	Green
	<ul style="list-style-type: none"> <li>A greater focus on budget profiling across all departmental budgets will continue to be applied in order to better reflect predicted net spending patterns throughout the year.</li> </ul>	Amber	Amber	Amber
	<ul style="list-style-type: none"> <li>The HRA is projecting an underspend of £612k for 2012/13. The forecast takes account of the fact that in the current year there has been a significant increase in repair and maintenance costs. Similar increased costs are being experienced in neighbouring boroughs and are as a result of continued wet weather conditions in 2012/13.</li> </ul>	Green	Green	Green
Balance Sheet	<ul style="list-style-type: none"> <li>The current profile of cash investments continues to be in accordance with the Council's approved strategy for prioritising security of funds over rate of return.</li> </ul>	Green	Green	Green
	<ul style="list-style-type: none"> <li>The year end projections for General Fund balances are in line with the Council's Medium Term Financial Strategy target levels.</li> </ul>	Green	Green	Green
Cash flow	<ul style="list-style-type: none"> <li>The Council's cash balances and cashflow forecast for the year (including borrowing) will ensure sufficient funds are available to cover planned capital and revenue commitments when they fall due.</li> </ul>	Green	Green	Green
	<ul style="list-style-type: none"> <li>Interest receipts forecast for the year are on target with budget.</li> </ul>	Green	Green	Green

4.3 A summary of the departmental and corporate projected outturns and variances against budget is set out in Table 2 as follows:

**Table 2: Net Controllable Budget**

Department	Net Controllable Budget				
	Original Budget	Approved Changes	Approved Budget	Projected Outturn	Projected Variation
	£000s	£000s	£000s	£000s	£000s
Chief Executive	3,944	507	4,451	4,451	0
Environment	27,820	2,318	30,138	30,646	508
Finance, Resources & Customer Services	41,841	3,859	45,700	45,700	0
Health, Housing and Adult Social Care	94,619	9,016	103,635	103,166	(469)
Regeneration, Leisure & Culture	9,723	214	9,937	9,937	0
Schools & Children's Services	57,818	2,415	60,233	59,409	(824)
<b>Total Department Budgets</b>	<b>235,765</b>	<b>18,329</b>	<b>254,094</b>	<b>253,309</b>	<b>(785)</b>
Contribution to / from balances	0	(17,175)	(17,175)	(17,175)	0
Corporate Items	8,627	(1,154)	7,473	7,473	0

January 2013	Net Controllable Budget				
	Original Budget	Approved Changes	Approved Budget	Projected Outturn	Projected Variation
Department	£000s	£000s	£000s	£000s	£000s
Government Funding	(122,892)	0	(122,892)	(122,892)	0
<b>Council Tax Requirement</b>	<b>121,500</b>	<b>0</b>	<b>121,500</b>	<b>120,715</b>	<b>(785)</b>

## 5. DEPARTMENTAL MONITORING INFORMATION – BUDGET PRESSURES & PROJECTED SAVINGS

### 5.1 Chief Executive's Department

The department is currently projecting a level spend for 2012/13.

### 5.2 Environment

The department is currently projecting a £508k overspend, explanations for variances over £50k (totalling £675k) are detailed below:

- +£350k Loss of income on Building Control fees due to the continuing low level of building construction activities in the current economic climate. The Service forecasts the income shortfall on the basis that there is no optimism that the construction industry will recover in the last two months of 2012/13.
- -£91k Underspend on Fleet management, £247k saving in leasing charges which is due to the planned delay in the replacement of some refuse vehicles following an assessment of their condition earlier this year, and the revision of leasing repayment rates for vehicles purchased last year has reduced the planned contribution to the Internal Leasing Fund. This is partially offset by the loss of MOT test income following a decision to cease MOT tests service from September 2012.
- +£520k Reduction in parking receipts. A number of factors impact on this income, such as the slow economic recovery, footfall, drivers improved parking behaviour and weather conditions need to be taken into consideration when projecting parking income. This income is volatile and is closely monitored throughout the year. There has been a significant reduction in income in the first 10 months in this financial year as compared to the same period last year. The adverse movement in the reported variance by £63K, in the January forecast, is as a result of the recent inclement weather that has caused a reduction in footfall in main shopping centres and the loss of three enforcement days. Enfield, like neighbouring boroughs, is experiencing a downward trend on the number of PCNs issued over the last five years, which has resulted in a significantly reduced parking receipt over time. Enfield continues to concentrate its effort in ensuring that PCNs are issued appropriately and has one of the highest rates for defending appeals in London. Where no payment occurs, bailiffs collection rates have increased from 12% to 18% over the last two years, which puts Enfield as the top performer in London.

- +£50k Overspend in stray dog service due to a higher demand for the stray dog service in the borough.
- -£259k Underspend in the disposal costs for trade waste and dry co-mingled waste. The saving arising from the dry co-mingled waste disposal contract is due to the favourable material prices during 12/13 and Enfield is entitled to a share of the financial benefits based on the price sharing mechanism that operates in this contract.
- +£170k Loss of fees income in Architectural Services as a result of a reduction in the commissioning of work for the Capital Programme.
- -£60k Overachievement in planning fees income as a result of the receipt of a few one-off large applications in the third quarter.
- -£55k Underspend in Business and Technical Services due to a vacant post and the reduction in operating costs.
- +£50k Overspend in external legal costs after taking into consideration of a one-off settlement received earlier this financial year.

### **Weekly collection support scheme**

Weekly Collection Support Scheme has been set up by the DCLG to support local authorities that want to deliver weekly waste and recycling services to their residents. Enfield is one of the 90 local authorities which have been successful in bidding for funding from the Scheme, and has been awarded £2.46m over 2.5 years (up to 2014/15) to improve its existing recycling services across the borough. One key funding condition for this Scheme is that local authorities must commit to five years of weekly collection on residual waste from when the funding is accepted. This will result in some financial implications in 2015/16 and 2016/17 as the additional costs of providing the improved recycling services, around £0.7m per year, need to be met by the Council. The Department for Communities and Local Government require the later year funding to be approved by Members as a requirement of the grant conditions.

### **5.3 Finance, Resources & Customer Services**

The department is currently projecting even spend. Explanations for variances over £50k are detailed below:

- A projected short-fall in income £25k from land charges resulting from the current economic climate. Citizenship fee, booking levels have been lower than anticipated. There is an £260k over spend from the cost of external legal costs for additional safeguarding demands. These costs will be funded from the specific provision within the Council's contingent items.
- Property Services have continued to be affected by the general downturn in the economy with lower occupancy rates of commercial/ industrial sites and the resultant loss of rentals. This loss of income will be will funded from the specific provision within the Council's contingent items. (+£400k).

- An under spend from Concessionary Fares of (£157k) is due to the low take-up of taxi cards and additional income blue card renewals. It proposed to put part of this underspend into an earmarked reserve to meet any future increases in concessionary fares.
- There is a £100k overspend in the Customer Services resulting from the transfer of the Community Alarm services being transferred into the service. It is anticipated these costs can be contained from other areas within the department.

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

The department is currently projecting an underspend of £469k, explanations for variances over £50k (which total £411k) are detailed below:

- -£268k Projections in Mental Health Services continue to indicate an underspend as a result of variations in the net cost of client care packages.
- +£380k Learning Disabilities are projecting an overspend. There is an agreed savings plan that we anticipate could reduce the overspend during the remainder of the year. The outturn projection also includes new client commitments which are based on named and known clients. The variation in month of £67k is due to the achievement of in year savings.
- +£166k The Customer Pathway continues to project an overspend outturn position.
- -£217k The underspend in Provider services is a result of variations in client income, due to an increase in service users.
- -£472k The care purchasing contingency has been created to manage fluctuations in care purchasing need during the year. It is normal for the budget to be redirected into service areas during the year to offset pressures as they arise. There has been no movement in month, however it is anticipated that funds may be required to fund pressures arising from Continuing Health care (CHC) & Ordinary Residence (OR) obligations in Learning Disabilities. This will have a nil impact on the overall reported position.

#### **Community Housing**

The Community Housing Division is currently projecting an underspend of £191k for 2012/13. Any overspend or underspend on this service will be managed within the Initiatives Reserve Fund, of which projected balance is £2.8m at 31<sup>st</sup> March 2013.

The projected variances over £50k are set out below:

#### **Temporary Accommodation:**

- +£574k overspend on rents. The current projections show that the number of Private Sector Leases are declining and as a result the Council is having to increase the usage of the more expensive nightly paid annexes, to house homeless tenants. It is relevant to note there is a potential overspend of £958k on rents for the year (this includes £384k funded from Initiatives Reserve). This level of pressure on rents is forecast to continue next year.

- -£240k underspend on costs of repairs due to reduction in property numbers where the Council has a repairs liability.
- -£124k underspend on furniture costs due to reduction in property numbers where furniture has to be provided.
- -£52k underspend on salaries due to vacancies.
- -£227k underspend on bad debt provision contributions due to improvement in collection rates.
- -£123k Additional income due from Home Office for housing casework supporting former Asylum seekers
- £123k Additional expenditure on new business incentives to stem reducing numbers in the Private Sector Leases and Private Lease annexes portfolio.
- -£92k underspend on refunds recovered by the service from previous deposits scheme.

#### **Housing Other:**

- -£53k underspend on HRA recharges due to changes in HRA/GF staff time split.

### **5.5 Regeneration, Leisure & Culture**

The department is currently projecting a nil variation from approved budget and there are no current variances over £50k to report.

### **5.6 Schools & Children's Services**

The SCS department is currently projecting an underspend of £824k. Within this there are individual budget areas with projected variances over £50k. Explanations for these are detailed below:

- Intervention. There is an underspend of £70k in the salary budget resulting from a delay in appointing to a number of posts.
- Children Centres are reporting an underspend of £126k. This is due to anticipated costs associated with the additional advice sessions, relating to the new Welfare Reforms, being contained within the Commissioning budget.
- 2 Year Olds are reporting an underspend of £51k for the first time this month due to non-placement in approved settings.
- Sufficiency and Access An underspend of £59k is due to a combination of staff vacancies -£11k, an increase in income from Early Years training programme-£7k and the cost of moving the IF teams from De Bohun to the Civic totalling £7k less than anticipated. In addition £34k will not be spent on staff projects due to staff illness.

- Schools Building Project. £100k underspend. This budget includes the provision for the manager of the Primary Expansion Programme whose costs will be charged to a number of capital projects resulting in a revenue saving.
- Legal Expenses. The legal disbursements budget is likely to overspend by at least £62k of which £22k is due to SEN appeals and £39k to employment tribunals /payments.
- Children Centres Development Team. £75k underspend. This quarter Children Centres have had restricted capacity to deliver additional services resulting in a £75k saving.
- Catering Service. £250k underspend. This is based on current levels of income & expenditure. The increase in underspend is primarily as a result of an increase in meal numbers which has generated additional income.
- Safeguarding Management - The underspend of £209k results mainly from a scaling back of the recruitment into the vacant graduate social work trainee posts. In addition an underspend of £50k has resulted following a Pilot Inspection for LAC conducted by OFSTED and a Mock Inspection commissioned from Children's Improvement Board focusing on CP practise. These costs have been significantly reduced thereby increasing the underspend this month. A further review of the equipment budget has identified further savings this month.
- The Children in Need Team is reporting a £97k overspend due to these teams needing to be fully staffed to provide a safe service. The overspend has reduced this month due to a review and reduction in the number of agency staff following the appointment of permanent social workers.
- Prevention of Care Section 17 – is overspending by £53k due to Housing (Rent and Deposits) expenditure for families requiring support to avoid children coming into care.
- No Recourse to Public Funds £153k overspend. The projection is based on current requests for funding and does not include a projection for any unknown new cases that may arise before the year end. There have been 2 new families in January which have increased the overspend this month by £11k.
- The Adolescent Support Team £180k underspend. This is a new service and the team was not fully staffed until early autumn, resulting in salary underspends in the first part of the year. A new underspend has been identified this month due to a delay in moving to new team premises which will not now happen this financial year.
- In House Fostering –This budget is now underspending by £194k which is an increase of £48k this month mainly as a result of the provision for possible future placements being removed.
- The LAC care purchasing budgets are reporting an overspend of £121k, an increase of £23K. The reason for the increase is a secure remand placement arising during January with a projected cost of £16k plus 2 new placements and some extended placements in residential care resulting in an additional cost of £54K. However the provision of £50k for new placements which had been included in earlier estimates has been removed.



- LAC Support Costs Section 20 - Following a review of actual expenditure to date and future commitments an underspend of £75k is now expected on this budget.
- The LAC team is projecting an overspend of £61k as it is fully staffed in order to meet caseload pressures.

**The key risks associated with these projections are:**

- The LAC external care purchasing budget projections will show increased spending if new placements are made or existing placements are extended beyond their current projected end dates.
- Youth Justice Secure Remand Pressures – with effect from November the first impact of the new Youth Sentencing proposals will start to impact upon the Council as those young people remanded into secure custody will immediately obtain LAC status. This will increase LAC caseloads resulting in additional staffing costs.
- Welfare Benefit Changes - although these will not be introduced until April there is a risk that an impact will be felt before then, particularly in relation to those services that support homeless families.
- Youth Service - The My Place Project is nearing completion, however there is a potential dispute with the contractor which could result in additional costs to the council which cannot be funded from the capital budget. Project officers are currently assessing the contractors claim. A provision of £100k has been included in this month's projection however, this may not cover the pressure and further information will be reported in the February Monitoring Report.

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

The Schools Budget is currently projecting a £7k underspend as compared to last months projected underspend of £28k. The underspend is due mainly to the following variances over £50k:-

- An increase in the number of children eligible within the Nursery Education Grant is more than was originally anticipated resulting in a projected overspend of £200k. However this figure is likely to reduce see 'Schools Risks.'
- The 3-4 Year Old Increased Participation project will not now be developed in 2012/13 resulting in an underspend of £100k. A further report is to be submitted to the schools forum.
- The Admissions Service is projecting an underspend of £85k resulting from the relocation of Bowes at Swan Annexe and a reduction in the number of students both continuing and being placed at College.
- Behaviour Support are reporting underspends totalling £112k of which

Secondary Tuition Centre (STC) Eldon is reporting £40k primarily due to staff vacancies, STC Swan a small underspend of £3k and Swan Behaviour Support Team is projecting a £75k underspend due to unbudgeted buyback income. Outturn projections are dependent on a large investment in I.T. currently being undertaken and the underspend could increase if this project is not completed by year-end.

- The Child Learning Disability team is projecting an underspend of £80k due to 4 vacancies arising earlier in the year. The recruitment process has started and appointments are planned. The variance from last month is due to recruitment taking longer than previously estimated.
- School Bulge Classes. In order to provide the additional primary school places, a number of schools have opened bulge classes from the February half term. The estimated cost of setting these up is £200k

#### Schools Risks

Nursery Education Grant - We are still waiting for the final school nursery numbers to be submitted. Although new nursery classes have opened in the maintained sector this appears to have resulted in numbers falling in existing nursery classes rather than an overall increase as predicted. Private, voluntary and independent sector numbers and adjustments for the spring term 2013 are still being finalised. The overspend in this area is likely to reduce, however we will have a clearer picture next month.

## **6. OTHER GENERAL FUND ITEMS**

### **6.1 Treasury Management**

As stated in previous monitoring reports the Authority has been delaying borrowing to avoid the costs of carrying debt by utilising the Council's cash balances.

During January the Authority borrowed £6m to fund the Council's capital expenditure programme. This was achieved by securing two new loans during the month. These loans are set out below:

<b>Lender</b>	<b>Amount (£m)</b>	<b>Interest Rate %</b>	<b>Maturity date</b>
Cambridge City Council	£2m	0.31%	28 <sup>th</sup> March 2013
Slough Borough Council	£4m	0.4%	15 <sup>th</sup> January 2014

Cash balances are predicted to fall over the next two months with the reduction of income from direct debit council payments. (The majority of our Council tax income is received over the first ten months of the year).

As at 31<sup>st</sup> January the Council's treasury position was as follows:

<b>Borrowing &amp; Investments</b>	<b>Position 31<sup>st</sup> January £m</b>	<b>Position 31<sup>th</sup> December £m</b>
Long term borrowing	244.1	244.1
Short-term borrowing	26.0	20.0
<b>Total borrowing</b>	<b>270.1</b>	<b>264.1</b>
Total investments	(56.2)	(48.7)
<b>Net debt</b>	<b>213.9</b>	<b>215.4</b>

An analysis of the investments held as at 31<sup>st</sup> January is shown below:

### **London Borough of Enfield Investments at 31st January 2013**

<b>Financial Institution</b>	<b>Principal</b>	<b>Start Date</b>	<b>Effective Maturity</b>	<b>Rate</b>	<b>Days to Maturity</b>	<b>Lowest Credit Rating</b>
SANTANDER UK PLC	£8,000,000	31/01/2013	01/02/2013	0.60%	1	<b>A</b>
HSBC BANK PLC	£7,750,000	31/01/2013	01/02/2013	0.40%	1	<b>AA-</b>
ROYAL BANK OF SCOTLAND PLC	£7,500,000	31/01/2013	01/02/2013	0.80%	1	<b>A-</b>
BARCLAYS BK PLC-ADR C	£7,500,000	10/01/2013	10/04/2013	0.45%	69	<b>A</b>
LLOYDS TSB BANK PLC	£7,500,000	06/11/2012	06/02/2013	1.30%	6	<b>A</b>
NATIONWIDE BUILDING SOCIETY	£7,500,000	11/01/2013	11/04/2013	0.44%	70	<b>A</b>
HSBC ASSET MANAGEMENT	£1,100,000	31/01/2013	01/02/2013	0.34%	1	<b>AA-</b>
GOLDMAN SACHS ASSET MANAGEMENT	£2,450,000	31/01/2013	01/02/2013	0.36%	1	<b>AA</b>
DB ADVISORS (DEUTSCHE)	£2,250,000	31/01/2013	01/02/2013	0.37%	1	<b>AA-</b>
IGNIS ASSET MANAGEMENT	£2,350,000	31/01/2013	01/02/2013	0.45%	1	<b>A+</b>
FEDERATED PRIME RATE CAPITAL MANAGEMENT	£2,250,000	31/01/2013	01/02/2013	0.42%	1	<b>A</b>
<b>Total - Internal Investments</b>	<b>£56,150,000</b>		<b>Average</b>	<b>0.61%</b>		
<b>Number of Investments</b>	<b>11</b>					
<b>Average Investment Size</b>	<b>£ 5,104,545</b>					

\*Where the maturity shows one day this means that cash can be called back on demand.

#### **6.2 Corporate Items (Including Contingency & Contingent Items)**

The Council maintains a general contingency of £1.0m. There are also a number of contingent items set aside for various purposes. These are monitored and allocated to departments throughout the year.

#### **6.3 Enfield Residents Priority Fund (ERPF)**

The Residents Priority Fund was split into one third revenue funding and two thirds capital funding and the financing of the Fund was included as part of the budget build up for 2012/13. Each project bid is evaluated to determine if it constitutes Revenue expenditure or Capital and only expenditure which creates or enhancing an asset is determined as Capital. We are now over half way through the fund cycle and the trend has been an increased number of revenue projects being requested from residents. In order for the fund to continue to meet the priorities of the residents the original split of the fund has been adjusted by £400k as shown in the table below.

<b>ERPF Status Update 31<sup>st</sup> December 2012:</b>	<b>Capital £000's</b>	<b>Revenue £000's</b>	<b>Total £000's</b>
Initial allocation	1,400	700	2,100
Adjustment between funds	(400)	400	0
Schemes approved to date	(513)	(894)	(1,407)
<b>Balance currently available</b>	<b>487</b>	<b>206</b>	<b>693</b>
Bids submitted for approval at last Sub Committee	(202)	(212)	(414)
<b>Balance remaining if all projects approved</b>	<b>285</b>	<b>(6)</b>	<b>279</b>

The use of this fund will continue to be monitored and reported during the year and the effect on both the revenue and capital budgets considered accordingly.

#### **7. Housing Revenue Account (HRA) – Projected £612k underspend**

The Housing Revenue Account is currently projecting a £612k underspend against the approved budget. Within this there are individual budget areas with projected variances over £50k. Explanations for these are detailed below:

- (£250k) Over-recovery of income in Dwellings Rent has been identified due to a reduction in the void rate, the estimated void rate was 1.6% but the current rate is 1.29%.
- (£298k) Refund on the 11/12 Final Subsidy settlement for the HRA due to a change in the consolidated rate of interest (CRI) from 3.55% used by LBE to 3.53% used by CLG. When the outturn for 11/12 was done, CLG advised us to use a rate of 3.55%.
- Additional Aerial income of £106k has been received due to Property Services completing a review of previous years inflation charges. The outcome of the review has identified that inflationary increases haven't been applied for several years resulting in back dated charges. Additional rental income of £36k from shops has also been identified, this is slightly offset by additional energy and rates costs
- When calculating the 12-13 estimates a bad debt provision of £200k for welfare reform was made. As this has been delayed and will not be implemented until the new year this provision will now not be required.
- A detailed review of the interest on balances and Item 8 calculation has been completed this month. The HRA loans have been split between capital financing requirement and self-financing, we have then applied actual interest rates on the debt. The estimated Consolidated Rate of Interest (CRI) was 4.67% and the actual average CRI is 3.28%, this reduction in interest rates has resulted in a saving of £552k.
- The savings target for Repairs and Maintenance was £972k for 2012-13. 80% of this target has been successfully achieved. However, there has been a 12%

increase in the number of repairs to the end of October and if this trend continues then the budget is projected to overspend by £760k.

- Management fee- £122k overspend. The HRA costs include the £15.63m management fee paid to Enfield Homes. Enfield Homes delegated budgets are currently reporting an overspend of £122k. This is due to additional agency staff costs in the Property and Technical services department. This budget will be monitored closely throughout the year to reduce this variance. Therefore, this figure is excluded from the projected underspend of £612k highlighted above.

## **8. ACHIEVEMENT OF SAVINGS**

- 8.1 The 2012/13 Budget Report included savings and the achievement of increased income totalling £12m to be made in 2012/13. All departmental savings proposals are either achieved or on track which is reflected in the overall underspend. Further work is still required to achieve a proportion of the procurement savings.

## **9. ALTERNATIVE OPTIONS CONSIDERED**

Not applicable to this report.

## **10. REASONS FOR RECOMMENDATIONS**

To ensure that Members are:

- 10.1 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 both in the short and medium term. This report is part of the review and planning process and confirms that there is no deterioration in the financial position of the Authority whilst plans are in place to balance the Medium Term Financial Plan. If required, measures will be put in place to address risks identified through the monitoring and planning process and to contain expenditure within current and future 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 and over the Medium Term Financial Plan:-

- 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.

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. EQUALITIES IMPACT IMPLICATIONS**

The Council is committed to Fairness for All to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.

The Council does not discriminate on grounds of age, colour, disability, ethnic origin, gender, HIV status, immigration status, marital status, social or economic status, nationality or national origins, race, faith, religious beliefs, responsibility for dependants, sexual orientation, gender identity, pregnancy and maternity, trade union membership or unrelated criminal conviction. The Council will promote equality of access and opportunity for those in our community who suffer from unfair treatment on any of these grounds including those disadvantaged through multiple forms of discrimination. Financial monitoring and planning is important in ensuring resources are used to deliver equitable services to all members of the community.

## **15. PERFORMANCE MANAGEMENT IMPLICATIONS**

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

## **16. PUBLIC HEALTH IMPLICATIONS**

There are no public health implications directly related to this Revenue Monitoring and Medium Term Financial Plan update Report.