

MUNICIPAL YEAR 2015/2016 – REPORT NO. 24

MEETING TITLE AND DATE

Cabinet: 22nd July 2015

REPORT OF:

Director of Finance, Resources and Customer Services

AGENDA PART 1

ITEM : 6

SUBJECT -

REVENUE OUTTURN 2014/15

Cabinet Member consulted:

Councillor Stafford

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1. EXECUTIVE SUMMARY

- 1.1 This report sets out the overall Council General Fund and Housing Revenue Account outturn position for 2014/15
- 1.2 It also provides an update on the 2016/17 budget including an update on the financial outlook, and the work being undertaken to address the budget gap in 2016-17 and future years.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Notes the General Fund and Housing Revenue Account (HRA) outturn for 2014/15.
- 2.2 Agrees specific changes to reserves as set out in paragraph 4.3 and detailed in the service appendices.
- 2.3 Notes the latest position regarding the 2016/17 MTFS and budget outlook as reported in Section 6.

3. INTRODUCTION

- 3.1 This revenue outturn and budget review sets out the financial position of the Council and the arrangements in hand to manage the budget process for 2016/17 and across the period of the Medium Term Financial Plan.

4. GENERAL FUND

2014/15 Revenue Outturn Position

- 4.1 The final outturn position is set out in Table 1 below. It provides a comparison between the latest budget and final outturn (subject to Cabinet confirming the carry forward of reserves for specific projects

and risks in 2015/16. A more detailed explanation of budget variations is included in the Appendices.

Table 1: Service Departments Revenue Outturn Position 2014/15	Budget £'000	Total Spend	Variance £'000
Chief Executive	3,592	3,509	(83)
Regeneration & Environment	33,640	33,638	(2)
Finance, Resources & Customer Services	48,609	48,609	0
Health, Housing & Adult Social Care	92,156	92,156	0
Schools & Children's Services	55,933	55,933	0
Service Net Costs	233,930	233,845	(85)
Corporate:	18,856	19,543	687
Net Expenditure	252,786	253,388	602
Revenue Support Grant	(80,483)	(80,485)	(2)
Business Rates	(66,257)	(66,257)	0
Collection Fund	319	319	0
Other	319	319	0
Central Funding Grants	(9,086)	(9,686)	(600)
Council Tax	(97,598)	(97,598)	0
General Fund Corporate Financing	(252,786)	(253,388)	(602)
General Fund Grand Net Total	0	0	0

- 4.2 The final outturn position for 2014/15 is one of a level spend. It should be noted that the final approved estimate figures included in Table 1 are controllable departmental budgets excluding central support allocations and capital and asset impairment charges. These figures show the net budget that is directly controlled by Departments.

Earmarked Reserves

- 4.3 The following contributions to reserves are set out below for noting and approval.

Table 2 : Specific Reserves	£000's
Finance, Resources & Customer Services	38
Health, Housing & Adult Social Care	174
Schools & Children's Services	1,419
Transfer to reserves	1,631

- 4.4 The level of General Fund Earmarked reserves at 31st March 2015 has reduced by £14.5m to £53.6m (£68.1m 31st March 2014). The HRA reserves have increased by £9.7m from £15.2m to £24.9m.
- 4.5 Details of total reserves as at 31st March 2015 are set out in Appendix 6. It should be noted that these reserves are not held in cash form and that there has also been an increase in the Council's net borrowing. The Council continues to maintain appropriate levels of reserves and monitor the Council's liquidity to ensure financial resilience is maintained.

The reserve for the Enfield Residents Priority Fund relates to committed but unspent funds.

Collection Fund

4.6 The Collection Fund covers both council tax and business rates. The Collection Fund recorded the following performance in 2014/15:

- A council tax in year surplus of £3.7m and a surplus balance on the account of £7.8m at 31st March 2015. The surplus is due to continued better than expected collection levels following the introduction of the local council tax support scheme two years ago. Whilst encouraging, more time is needed to confirm that collection rates will hold up over the longer term.
- A business rate deficit of £6.628m largely due to the need to provide a further £7.2m provision for potentially successful business rate appeals including backdated refunds relating to the National Non Domestic Rates (NNDR) Pool that was closed by the Government on 31 March 2013. The Local Government Association continues to lobby the Government to take responsibility for the continuing high level of losses nationally on appeals before April 2013 and offset all of these losses against the old NNDR Pool.

Enfield's share (% in columns) of the Collection Fund balances is as follows:

Table 5: Enfield Collection Fund Balances	Council Tax (78%)	Business Rates (30%)	Total
	£'000	£'000	£'000
Final accounts balance brought forward	(3,197)	956	(2,241)
(Surplus)/ deficit in year	(2,934)	1,988	(946)
Balance carried forward 31 March 2015	(6,131)	2,944	(3,187)

The Council 2015/16 budget includes an estimated Collection Fund surplus for Enfield at 31st March 2015 of £2.825m. The revised estimated Collection Fund balance as at 31st March 2016 for the 2016/17 budget will take into account the increased net surplus of £0.362m.

4.7 General Fund Balance

The level of the General Fund balances at 31 March 2015 was unchanged at £14m. This level of balances excludes the amount attributable to schools' delegated budgets and is in line with the assumptions included in the Budget 2015/16 and Medium Term Financial Plan report considered by Council in February 2015.

School revenue balances reduced by £2.2m to £11.3m at 31 March 2015. This reflects schools' decisions in the allocation of their resources. School balances are reported separately to the remainder of the General Fund as they are held for specific school purposes.

5. HOUSING REVENUE ACCOUNT

- 5.1 The outturn position on the HRA was a revenue surplus of £1.9m; a movement of £0.2m from the surplus of £1.7m reported in the February monitor.

5.2 HRA Outturn Variances 2014/15

HRA Outturn Variances	Variance £'000
Right to Buy fee income- Central Government	(397)
Grounds maintenance - from contract renegotiation and work reduction	(526)
Reduced heating budget - lower energy costs and more accurate charging structure	(395)
Reduced insurance premiums	(400)
Increased cost of council Tax- void properties	226
Loss of income from higher RTB sales and additional decants on estate renewal properties	455
Repairs and maintenance procurement costs were lower than anticipated	(111)
Additional Depreciation on land and buildings	698
More efficient collection rates has reduced the bad debt contribution	(78)
Saving in the Repairs painting programme and cancellation of old work accruals	(1,235)
The underspend in the Enfield Homes budget is due to savings in matrix costs, and increase in water rates commission and vacant posts	(148)
Service Net Costs	(1,911)

5.3 HRA Managed Budget

The Repairs and maintenance service underspent by £1,235k. This is £406k more than reported in February monitor and is partly due to a delay in starting some planned and cyclical maintenance programmes and partly due to cancelling old year accruals. The underspend is returned to the repairs and maintenance reserve at the year end.

5.4 Statement of Accounts Position

The HRA statement of Accounts shows a surplus of £573k for 2014/15 and this is due to the statutory adjustments which has to be included in the Accounts and includes additional depreciation and contributions to and from earmarked reserves.

6 2016/17-BUDGET AND FINANCIAL OUTLOOK UPDATE

Funding Settlement Update

- 6.1 The Government's programme of reducing public sector debt and spending is now embedded in the Council's financial planning. However, the previous Coalition Government only issued departmental public spending plans up to 2015/16. For this reason the Council's Medium Term Financial Plan (MTFP) includes illustrative forecasts of Government Funding based on recent Settlements. On the 8th July 2015, the Chancellor delivered the Summer Budget, the first of the new Parliament. It provided an update of public finances including the economic outlook and future plans for both public spending and taxation up to 2020-21. There was no comprehensive departmental spending detail which continues to hinder the Council's forward financial planning.

The Summer Budget contained a number of policies which are likely to impact on local government. At this stage it is too early to confirm what the exact impact will be for Enfield. More detail should be announced in this year's Government Spending Review but no confirmation has been given about the exact date in the Autumn or period that the review will cover. The headlines for London local government are summarised below:

- The Government has delayed the expected return to a budget surplus by a year to 2019/20, meaning fiscal consolidation will be at the same pace as over the last Parliament
- Overall reductions to departmental spending are less steep than forecast at the March Budget. However, the protection of certain departments, including the addition of Defence, will require larger cuts to unprotected budgets including Local Government.
- £12 billion of planned savings from the working-age welfare budget will be made by 2019/20 including:
 - The household benefit cap will be lowered from £26k to £23k in London, and £20k elsewhere;
 - Working age benefits will be frozen for four years;
 - A new youth obligation for 18-21 year olds will prevent automatic eligibility to housing benefit;
 - Social housing rents will be reduced by 1% a year for 4 years;
 - High income social tenants (those earning above £40k in London and £30k in the rest of England) will be required to be charged a market or near market rent. Additional rental income raised by councils is to be returned to the Government. The Government will consult on implementation.
- The Government will make £800m over the next five years available to councils for Discretionary Housing Payments to protect the vulnerable and help households adjust to Housing Benefit reforms.

- The Government will provide £30m to further speed up adoption and pave the way for regional adoption agencies
- Public sector pay increases will be limited to 1% a year until 2019-20. This is the level of provision in the Council's MTFP
- There is a commitment to £10 billion of transport investment in London over this Parliament
- The Government has published the interim findings from its business rate review which is due to report by the Budget 2016.

6.2 As with last year's settlement, specific issues with the current finance regime continue:

- Relative changes in population and deprivation will not be reflected in grant distribution which is likely to remain fixed until 2020.
- Council tax support funding is now merged into general Government funding and will be cut in line with local government finance generally so will also not reflect changing patterns of benefits.
- Welfare reform pressures continue especially on the homelessness budget and could be exacerbated following the policies announced in the Summer Budget.
- The Government has increased the risk around funding levels by transferring cash-limited grant funding from allocations based on resource equalisation and deprivation to incentive based funding such as business rate localisation and New Homes Bonus.
- The 2015/16 Local Government Settlement was not re-opened for the in-year savings imposed by the new Government earlier this year. However, the 2016/17 departmental spending limits baselines will be reduced for the in-year savings including the reduction to the Public Health Grant.

The Medium Term Financial Plan

6.3 The Council has a statutory duty to set a balanced budget and agree its Council Tax and Housing Rent levels for 2016/17 by early March 2016. The Medium Term Financial Plan (MTFP) agreed by Council in February set a balanced budget for 2015/16, and identified a range of pressures in the subsequent years. The latest estimated overall budget gap is £62m¹ over four years with the fourth year of the plan currently being finalised.

	2016/17	2017/18	2018/19	2019/20
	£m's	£m's	£m's	£m's
Budget Gap Council February 2015	18.1	11.7	18.3	13.5²

It should be noted that these budget gaps are after taking into account Enfield 2017 savings of £15.1m in 2015/16 as well as £7m in 2016/17 and a further £7m in 2017/18.

¹ Assuming a council tax increase of 1% from 2016/17 onwards

² Indicative only at this stage

The plan will be extended to four years as part of the budget process to take into account new pressures and risks not yet built into the MTFP and in particular those resulting from the Summer Budget. Other new pressures emerging are:

- **Care Act 2014**

The 2014/15 Budget Report to Council in February 2014 identified the risk of the Government not funding fully the social care proposals in the Dilnot Review. The Government has now confirmed that from April 2016 a cap will be introduced limiting the amount of money people will have to pay towards their care. This cap will be set at £72,000. The Government will also raise the means testing threshold at which people are eligible for support from local authorities, from the current £23,250 to £118,000. Analysis by London Councils forecasts that the potential total additional cost pressure that could be faced by London by 2019/20 as a result of introducing the cap and raising the threshold and current on-going social care cost pressures is approximately £1.3 billion. Around £877 million of this will be as a direct result of implementing the capped cost model for care and raising the eligibility threshold over the first four years. The total estimated pressure for Enfield, which is derived from London Councils' model, is between £8m and £15m from 2018/19 and Government funding has not yet been confirmed.

At this time insufficient grant funding is anticipated. However, if greater than anticipated funding is made available the budget risk to the local authority will be reduced or mitigated.

- **Employer's National Insurance Changes 2016/17**

The Government has announced that the single-tier State Pension will begin in 2016/17. This will abolish the current practice whereby employees get a National Insurance (NI) rebate of 3.4% for contracting out of the second state pension to enter final-salary schemes. The Council will now have to pay higher NI contributions, amounting to 3.4% of their employees' relevant earnings.

- **Interest Rates**

The Governor of the Bank of England has not yet given any guidance on the date when interest rates may begin to rise. Whilst he expects base rates to remain 'materially below' its historic average of 5% for the next three years, there is clearly a risk of increases during the period of the MTFP which will add to current forecast shortfall.

- **Revenue impact of Capital Expenditure**

The capital programme sets out the Council's medium and long term investment plans in:

- Local Regeneration including Meridian Water and Alma Towers
- The Lee Valley Heat Network producing cheaper energy locally

- Affordable Housing including 100 Houses and Small Sites programmes
- Schools Expansion Plan to meet increasing demand for school places within the borough
- The Enfield 2017 Transformation Programme to improve customer access services whilst reducing Council back office costs
- Maintaining local infrastructure including roads and streets

Many of these programmes are invest to save that will produce revenue savings both in the Medium and Longer Term. The Council will also revise its accounting policies, where possible, to take advantage of commercial practice to mitigate the revenue impact of capital investment in major regeneration developments such as Meridian Water. It will also take into account any increased risks and mitigate any impact as far as possible including the retention of sufficient reserves and balances to meet short term financial demands of major projects.

Budget Process

- 6.4 Work has begun on the 2016/17 budget and subsequent years so that new savings proposals to balance the budget will be presented to Cabinet members in September to deliver a balanced budget over the period of the Medium Term Financial Plan. This year, the Chancellor's July Budget and Spending Review will be the first indications of the new Government's spending plans for local government and will need to be built into the MTFP.
- 6.5 The first phase of savings will be agreed with Members in November for implementation as soon as practicable, with the finalisation of the package in the Budget Report to Cabinet and Council in February 2016.
- 6.6 Circumstances will change over the next four years, and the MTFP will need to be reviewed annually and updated accordingly, both to reflect changing Administration priorities, changing funding levels and the impact of external factors (such as demographic growth, the economy, and the housing market).
- 6.7 The Council has a well-tested financial planning and budget setting process, which is being used again this year. Enfield has traditionally had a very strong track record of financial management, and has been rated as such by our External Auditor. The size of the budget gap the council faces is once again significant, and will require significant changes to front line, middle and back office services, in order to live within the funding available. During the course of this budget round, decisions will continue to be made in accordance with the following principles:
 - Continuously review the Council's existing and planned Capital Programme, to minimise the capital investment that is reliant upon increased borrowing funded by the council tax.

- Utilise business and commercial practices where possible to increase investment without recourse to public funding.
- To invest where affordable so as to:
 - Grow the borough by developing Meridian Water to increase council tax revenues and boost local business and economy
 - Invest to Save in line with Enfield 2017 principles
- A further programme of property disposals, covering short, medium and long-term opportunities, in order to create capital funding that, in part, should be used to reduce the overall level of Council borrowing.
- Review front line service savings proposed by Directors and Cabinet members, in order to find savings to balance the 2016/17 budget and MTFS.
- Continue with the Enfield 2017 Transformation Programme for the Council that will deliver a much more automated, digitally supported experience for both internal and external customers of the Council.
- Continue the commercial development of the Council, so that income can be generated wherever possible, and/or longer term asset wealth is created. This covers a wide range of issues, including fees and charges (primarily in Environment, but also across the Council more generally), developing existing commercial relationships (with, for example, Serco and Fusion Leisure), trading of council services (e.g. cleaning, HR and payroll) with other councils, sharing services (building on the successful joint procurement unit with Waltham Forest), the development of the council's housing companies³, and, potentially, longer term opportunities such as the Lee Valley Heat Network and Garden Enfield.

7 ALTERNATIVE OPTIONS CONSIDERED

- 7.1 The Medium Term Financial Plan will be updated for the latest Government spending plans.

8 REASONS FOR RECOMMENDATIONS

- 8.1 To ensure that members are aware of the outturn position for the authority including all major variances which have contributed to the outturn position.
- 8.2 Cabinet needs to manage the 2016/17 financial planning process with particular regard to continuing reductions in public spending.

³ The second to hold housing generated by the small sites work will be submitted to Cabinet for agreement.

9 COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE RESOURCES AND OTHER DEPARTMENTS

9.1 Legal implications

The Council has a statutory duty to ensure the proper administration of its financial affairs and a fiduciary duty to tax payers to use and account for public monies in accordance with proper practices.

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.

9.2 Financial Implications

Financial implications are implicit in the body of the report. The variances and risks identified through the closure of accounts will be taken into account in the financial monitoring process for 2015/16.

By planning an effective budget round, and considering financial resources in the light of the Council's strategic priorities and other resources the framework for the development of the budget is robust, and in line with service delivery requirements. By considering risk as part of this process, council reserves and balances will be appropriately set to ensure the continued financial stability of the Authority.

9.3 KEY RISKS

The budget risks during 2014/15 were managed through detailed revenue monitoring reports provided monthly to Cabinet. Departments took action to minimise budget pressures and align departmental spend to budget. Some of these pressures will also affect 2015/16 and departments are already taking action to contain current year spending pressures, examples include:

- A reduction in fee income across all service areas has continued due to the recession and is being monitored in 2015/16 as part of the monthly budget monitoring regime.
- Welfare reforms especially relating to homelessness.
- Increased demand for services which is subject to tight financial control in all areas of spend
- Other pressures arising from the state of the UK economy and the continuation of the new Government's debt reduction programme.

10 EQUALITIES IMPACT IMPLICATIONS

- 10.1 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.

- 10.2 Financial reporting and planning is important in ensuring resources are used to deliver equitable services to all members of the community.

11 PERFORMANCE MANAGEMENT IMPLICATIONS

- 11.1 The report provides clear evidence of sound financial management and efficient use of resources.

12 IMPACT ON COUNCIL PRIORITIES

- 12.1 Fairness for All – The recommendations in the report fully accord with this Council priority.
- 12.2 Growth and Sustainability – The recommendations in the report fully accord with this Council priority.
- 12.3 Strong Communities – The recommendations in the report fully accord with this Council priority.

13 PUBLIC HEALTH IMPLICATION

- 13.1 There are no public health implications directly related to this report

Background Papers

None

Chief Executive's Department Revenue Outturn Position 2014/15

APPENDIX 1

Notes	Chief Executive	Latest Controllable Budget £000's	Service Net Expenditure £000's	Budget Variation £000's	Service Net Expenditure & Transfers £000's	Outturn Variation to Latest Budget £000's
1	Sustainable Communities	1,200	1,200	0	1,200	0
	Corporate Improvement	924	849	(75)	849	(75)
	Former Employees	110	102	(8)	102	(8)
	Communications	1,056	1,035	(21)	1,035	(21)
	Human Resources	238	251	13	251	13
	Chief Executive	372	350	(22)	350	(22)
	Design & Print Trading Service	(308)	(278)	30	(278)	30
	2014/15 Service Budget	3,592	3,509	(83)	3,509	(83)
	2014/15 Net Expenditure	3,592	3,509	(83)	3,509	(83)

Explanation of Chief Executive's Department variances greater than £50k:		Variance £000's
1	Corporate Improvement	(75)
	A planned focus group was postponed until 2015/16 combined with refunds on a number of goods receipted from previous years.	
	Other Variances	(8)
	2014/15 Service Budget Variance	(83)

Regeneration & Environment Revenue Outturn Position 2014/15

APPENDIX 2

Notes	Environment	Latest Controllable Budget £000's	Service Net Expenditure £000's	Budget Variation £000's	Service Net Expenditure plus Reserves £000's	Outturn Variation to Latest Budget £000's
	Director	657	620	(37)	620	(37)
	Planning, Highways & Transportation					
	Technical & Business Services	544	532	(12)	532	(12)
	Asst Dir Planning	105	115	10	115	10
	Corporate Maintenance & Construction	181	162	(19)	162	(19)
1	Development Management	191	254	63	254	63
	Parking	(1,043)	(1,056)	(13)	(1,056)	(13)
	Highways Services	3,189	3,231	42	3,231	42
2	Street Lighting	2,679	2,751	72	2,751	72
	Env Protection & Regulatory Services	2,857	2,903	46	2,903	46
	Corporate Health & Safety	559	557	(2)	557	(2)
3	Traffic & Transportation	588	500	(88)	500	(88)
	Public Realm					
4	Waste, Parks & Fleet Services	17,298	17,396	98	17,396	98
5	Vehicle Lease	961	704	(257)	704	(257)
	Economic Development					
	AD Economic Development	139	136	(3)	136	(3)
	Growth & Inward Investment	271	269	(2)	269	(2)
	Economic Development	500	505	5	505	5
6	People Transport Service	(647)	(458)	189	(458)	189
	Regeneration & Planning					
	Regeneration, Planning & Programming	(349)	(349)	0	(349)	0
	Neighbourhood Regeneration	573	565	(8)	565	(8)
	Strategic Planning & Design	606	606	0	606	0
	Sustainability	481	468	(13)	468	(13)
	Community Safety	2,196	2,188	(8)	2,188	(8)
7	Programme Office	1,104	1,039	(65)	1,039	(65)
	2014/15 Service Budget	33,640	33,638	(2)	33,638	(2)
	2014/15 Net Expenditure	33,640	33,638	(2)	33,638	(2)

Regeneration & Environment Department Outturn 2014-15

		Variance £000's
Explanations of variances greater than £50k:		
1	Development Management The service has an underspend in Development Control due to an overachievement of income that resulted from a number of large applications received, this is offset by overspends in Building Control and the Licencing service due to under achievements in income. There has been a sustained loss of income which has continued from 2013/14 in relation to Building Control fees. This is due to the continued low level of building construction activities in the current economic climate.	63
2	Street Lighting The overspend was due to expenditure on festive lighting, which in past few years has been funded corporately but for 2014/15 has been managed within the departments overall resources.	72
3	Traffic & Transportation This is mainly due to an over achievement of Temporary Traffic Orders income.	(88)
4	Waste, Parks & Fleet Services The overspend has been caused by (i) decision not to implement savings associated with bank holiday waste collection (ii) increased security requirements at Morson Road depot, (iii) fluctuating market prices for recyclable materials collected under the dry co-mingled contract; 2014/15 market prices resulted in a cost to the Council, whereas in previous years they were at a level that resulted in an income stream and (iv) pressure caused by the Household Waste Recycling Centre contract. These have been managed within the departments overall resources and partially mitigated through the early achievement of the future year saving in waste disposal costs relating to HRA sites.	98
5	Vehicle Leases This is a one-off underspend in the vehicle leasing budget as a result of the decision to introduce a nine year replacement cycle for the majority of waste vehicles following a review of the vehicle replacement programme undertaken recently. The changes have led to the re-profiling of the outstanding internal leasing payments for these vehicles over their remaining life, resulting in a short term reduction in annual charges until the vehicles are disposed of.	(257)
6	People Transport Service As reported in the February monitor there is an overspend in People Transport Service due to delay in contract award for buses and taxi service. Also due to the procurement and implementation of a new routing solution to replace the current manual processes in the People Transport Service which will deliver efficiencies.	189
7	Programme Office This is due to an over achievement in street naming and numbering income and an underspend in the GIS teams salaries budget.	(65)
	A planned focus group was postponed until 2015/16 combined with refunds on a number of goods receipted from previous years.	
	Other Variations	(14)
	2014/15 Service Budget Variance	(2)

Finance, Resources & Customer Services Outturn Position 2014/15
APPENDIX 3

Notes	Finance, Resources and Customer Services	Latest Controllable Budget	Service Net Expenditure	Budget Variation	Ring-Fenced Grant	Service Net Expenditure plus Reserves	Outturn Variation to Latest Budget
		£000's	£000's	£000's	£000's	£000's	£000's
1	Property Services	3,047	3,176	129	0	3,176	129
2	Corporate Items	338	273	(65)	0	273	(65)
	Administration	402	402	0	0	402	0
	Former Employees	735	690	(45)	0	690	(45)
	Corporate Procurement	349	349	0	0	349	0
	Corporate Governance	3,791	3,791	0	0	3,791	0
3	Legal & Registrars Services	682	474	(208)	0	474	(208)
	Accountancy	2,176	2,192	16	0	2,192	16
	Customer Services	15,284	15,284	0	0	15,284	0
	Leisure & Culture	6,229	6,192	(37)	38	6,230	1
	Director of FR&CS	349	349	0	0	349	0
	Central Support	247	232	(15)	0	232	(15)
4	ICT	14,286	14,473	187	0	14,473	187
	Transformation	694	694	0	0	694	0
	2014/15 Service Budget	48,609	48,571	(38)	38	48,609	0
	2014/15 Net Expenditure	48,609	48,571	(38)	38	48,609	0

<u>Explanation of variances greater than £50k:</u>		Variance £000's
1	Property Services	129
	Shortfall in income from across the investment portfolio due to economic and development factors as well as additional provision for dilapidation of leased-in properties.	
2	Corporate Items	(65)
	Reduced spend on coroners services.	
3	Legal & Registrars Services	(208)
	Over-achievement of income by Legal Services (£73k) & Land Charges (£269k), and an overspend caused by unrealised Home Office grant for Registration (£134k), culminated in the overall underspend for these Services.	
4	ICT	187
	Unachieved savings and overspend due to delay in implementation of Cannon contract regarding Multi-funtional devices (MFD)	
	Other Variations	(43)
	2014/15 Service Budget Variance	0

APPENDIX 3

Finance, Resources and Customer Services: Grant Reserves 2014/15			2014/15 Grant
Purpose of carry forward	Reason for slippage	Contribution to Council's Strategic Objectives	£'000
Part of the HLF grant funded project at Forty Hall includes payments for volunteer time. The Head of Service for Leisure & Culture requests that this funding is carried forward to be available to pay for future costs in developing volunteering services at Forty Hall, including training and development, equipment and uniforms, etc.	Of £48k grant carried forward, £10k spent in 14/15; more Forty Hall volunteers to be recruited & trained in 2015/16	ENFIELD 2017 Strong communities - Encourage active citizenship	38.0
Total			38.0

Health, Housing & Adult Social Care Outturn Position 2014/15

APPENDIX 4

Notes	Health, Housing and Adult Social Care	Latest Controllable Budget	Service Net Expenditure	Budget Variation	Ring-Fenced Grant	Service Net Expenditure plus Reserves	Outturn Variation to Latest Budget
		£000's	£000's	£000's	£000's	£000's	£000's
1	Strategy & Resources	10,213	7,636	(2,577)	0	7,636	(2,577)
	Adults Division		0				
2	Customer Pathway	36,481	38,033	1,552	0	38,033	1,552
3	Adult Mental Health	6,943	6,833	(110)	0	6,833	(110)
	Provider	9,964	9,964	0	0	9,964	0
4	Learning Disabilities	22,611	23,746	1,135	0	23,746	1,135
	Public Health	(52)	(52)	0	0	(52)	0
	Community Housing						
	HHASC Other	387	387	0	0	387	0
	Housing Strategic Services	(11)	(11)	0	0	(11)	0
	Assistant Director	0	0	0	0	0	0
	Business Development	394	394	0	0	394	0
	GF Temp Accommodation team	3,318	3,318	0	0	3,318	0
	Housing Gateway	0	0	0	0	0	0
	Housing Options & Advice	1,100	1,100	0	0	1,100	0
	Obsolete codes	0	0	0	0	0	0
	Residential Services	808	634	(174)	174	808	0
	2014/15 Service Budget	92,156	91,982	(174)	174	92,156	0
	2014/15 Net Expenditure	92,156	91,982	(174)	174	92,156	0

Health, Housing & Adult Social Care Outturn Position 2014/15

APPENDIX 4

Explanation of variances greater than £50k:

Variance
£000's

1	Strategy & Resources	(2,577)
	The service has an underspend on Housing Related Support contracts (-£0.42m), due to the early achievement of future year savings and underspends in the Commissioning & Procurement team due to vacant posts (-£0.1m). However, these underspends have been offset by expenditure from an increase in DoLs applications and Safeguarding cases (+£0.07m). There is an underspend against the care purchasing contingency reserve, which was used to manage the in year pressure on demand led budgets (-£142k) in addition to unused accrued rent on Community Link (-£55k). The need for £2.1m of one-off funding in 14/15 to balance the outturn position is unsustainable and reflects a significant pressure which will need to be addressed in 15/16 so that the department's net expenditure can be contained within base budget. A one off contribution of £1.91m has been used to balance the Department's service budget for 2014/15.	
2	Customer Pathway (Older People & Physical Disabilities)	1,552
	The Customer Pathway service has overspent on demand led care purchasing budgets for Residential (+£1.34m) and Non-Residential (+£217k) care packages due to an increase in the average cost of packages, reduced income and a steady increase in the volume of client activity.	
3	Adult Mental Health	(110)
	The Mental Health service has underspent due to reduced net cost of care purchasing packages placement in year (-£83k) and reduced operational expenditure (-£27k).	
4	Learning Disabilities	1,135
	The 2014/15 outturn position for Learning Disabilities is consistent with the February monitor. The overspend of £1.1m consists of approximately £800k for costs associated with a) people being placed in Enfield by other local authorities whereby they become 'ordinarily resident' in the borough and the financial responsibility of Enfield Council and b) people who no longer met the criteria for NHS Continuing Health Care, for whom the Council became financially responsible. Both these items were included as Risk in the 2014/15 MTFP. The remaining £300k is as a result of expenditure for new people previously unknown to the service.	
	Note: Community Housing- Net Nil Variance	
	The Community Housing service Outturn position is reporting a nil variance. This is as reported in the February 2015 monitor. Any underspend or overspend is managed within the Homelessness Initiatives Reserve Fund. An opening balance of £1,808k reserve was available in 14/15 and an additional £1,594k was contributed in year. The drawdown from the reserve in 14/15 is £1,168k. This was as a result of incentive payments made to agents and landlords to secure accommodation and some additional staffing costs required to deal with the rising demand for the service but was offset by service underspends. The balance of the Homelessness Initiatives Reserve Fund is £2,234k as at 31 March 2015.	
	Temporary accommodation procurement of nightly paid accommodation is reporting an overspend of £1,098k. This is due to continued increase in procurement of the more expensive nightly paid accommodation. However, the nightly paid rates continued to be managed by the service. There has been a £368k underspend on Repairs and a further £117k underspend on furniture replacement & repair. This underspend was due in part to favourable winter but also due to the reduction in the availability of Private Sector Leased temporary accommodation. The area of former tenant debt has also been reviewed and an £184k underspend is reported in 14/15. A £274k net underspend in PSL accommodation is reported, again this is due to reduction in PSL rates payable and a reduction in average PSL numbers. The reduction in the void rate from 3% to 1.45%, resulted void losses being minimised. A further underspend of £38k was due to a Thames Water rebate, with a further £88k contribution from the dilapidation reserve reported.	
	This area of spend remains volatile and there has been a significant increase in the number of families placed in more expensive nightly paid temporary accommodation this year (Average 2,350 compared to the budget of 2,059 in temporary accommodation as per the information available in March 2015 - an increase of 14.1%). The underlying pressure due to increased number of homelessness still remains.	
	Other Variations	0
	2014/15 Service Budget Variance	0

Housing, Health & Adult Social Care: Grant Reserves 2014/15			
			2014/15 Grant
Purpose of Project / Grant	Reason for slippage	Contribution to Council's Strategic Objectives	£'000
Bringing empty properties back into use maximises the use of the boroughs housing stock for those in housing need and improves neighbourhoods.	Due to additional external grants secured from GLA for empty property use.	Both the Council and the Mayor of London recognise this as a priority area.	174
Total			174

Schools & Children's Services Outturn Position 2014/15

APPENDIX 5

Notes	Schools & Children's Services	Latest Controllable Budget £000's	Service Net Expenditure £000's	Budget Variation £000's	Ring-Fenced Grant £000's	Service Net Expenditure plus Reserves £000's	Outturn Variation to Latest Budget £000's
	Children's Services						
1	Children's Services -Assistant Director	479	348	(131)	0	348	(131)
	Social Work Training Grant	23	23	0	0	23	0
2	Looked After Children	11,717	13,128	1,411	126	13,254	1,537
3	Children in Need	8,572	8,793	221	0	8,793	221
4	Cheviots	3,633	2,866	(767)	597	3,463	(170)
	Safeguarding & Quality Assurance	1,453	1,303	(150)	138	1,441	(12)
	Early Intervention Support Services	99	78	(21)	0	78	(21)
5	Youth Management & Business Support	7,040	5,899	(1,141)	558	6,457	(583)
	Education Services						
	Behaviour Support	82	95	13	0	95	13
	Community Acces, Childcare & Support	4,545	4,510	(35)	0	4,510	(35)
6	Admission Service	(17)	(86)	(69)	0	(86)	(69)
7	Asset Management	(88)	33	121	0	33	121
	Catering Services	(559)	(560)	(1)	0	(560)	(1)
	Human Resources	2,232	2,220	(12)	0	2,220	(12)
	Departmental Management Team	185	185	0	0	185	0
	Children & Adolescent MH & EPS Services	1,727	1,685	(42)	0	1,685	(42)
	Special Needs & Inclusion / Transport	4,803	4,783	(20)	0	4,783	(20)
	Schools Sports	(10)	(52)	(42)	0	(52)	(42)
	College Pension costs	83	77	(6)	0	77	(6)
	School Improvement Service	1,368	1,372	4	0	1,372	4
	Commissioning & Community Engagement						
	Children & Family Commissioning	1,853	1,862	9	0	1,862	9
	Commissioning Management Team	64	63	(1)	0	63	(1)
8	Enfield Art Support Service	159	72	(87)	0	72	(87)
9	Residential Care Purchasing (Children)	4,571	6,133	1,562	0	6,133	1,562
	Learning Skills for Work	623	624	1	0	624	1
	Resources IT	54	33	(21)	0	33	(21)
10	Business Improvement	870	667	(203)	0	667	(203)
11	Movement in Reserves	0	(2,059)	(2,059)	0	(2,059)	(2,059)
	Director	372	419	47	0	419	47
	2014/15 Service Budget	55,933	54,514	(1,419)	1,419	55,933	0
	2014/15 Net Expenditure	55,933	54,514	(1,419)	1,419	55,933	0

Schools & Children's Services Departmental Outturn 2014-15

Variance

Explanation of variances greater than £50k:

£000's

1	Childrens Services -Assistant Director	(131)
	There was an underspend within the division wide operational costs, which includes legal charges which were substantially lower than in previous years.	
2	Looked After Children	1,537
	The main causes of this overspend were the Leaving Care client costs overspend of £1,043k which is partially due to a 25% increase in the number of clients in the last 2 years and an increase in the number of young offenders and young people at risk of sexual exploitation who require more specialised and intensive support plus an increase in client demand/needs pressures. There is a shortage of semi-independent accommodation which means clients are unable to be moved from their expensive residential placements to reduce accommodation costs. There was also an overspend of £282k within the Unaccompanied Asylum Seeking Childrens budgets due to the increased number of clients (+ 1321 weeks) and higher costs resulting from the lack of suitable accommodation resulting in the usage of higher cost agency placements. The Fostering and Adoption service also reported an overspend of £225k due to higher than budgeted numbers of clients and additional special guardianship arrangements. The variance at the year end compared to February (+£165k) was mainly due to Leaving care client costs not previously included in the projections.	
3	Children in Need	221
	The increasing demand for the CiN service requires the social work teams to maintain their full staffing establishment to provide a safe service which resulted in additional expenditure of £333k. Staff turnover which increased in the first half of the year resulting in higher costs due to agency staff filling key vacant posts has been reduced by recruitment and retention payments. This overspend was partially offset by an underspend within the Section 17 budget of £105k due to a contribution from the Discretionary Housing Payments budget. The outturn was £60k lower than the February projection due to lower agency staff costs and Section 17 payments in March.	
4	Cheviots	(170)
	There was an underspend of £100k within the commissioned services as a result of the short break grant scheme. There was also an underspend of £58k within the overnight breaks budget due to 2 overnight providers being unable to provide a service.	
5	Youth Management & Business Support	(583)
	Following the restructuring of the YFSS service during 14/15 there was an underspend of £183k mainly within the staffing budgets as a number of posts were temporarily vacant. A further £380k of managed underspend has arisen within the Positive Activities for Young People and Special Activities budgets. The £65k variance between February and the year end is due to consultancy and training costs which did not take place before the end of March and an insurance claim settlement.	
6	Admission Service	(69)
	A pending restructure of the service has led to an underspend in this area.	
7	Asset Management	121
	The overspend relates to a £55k reduced profit share from the Cleaning Joint Venture and staffing costs which did not specifically relate to the School Expansion Project and therefore could not be capitalised.	
8	Enfield Art Support Service	(87)
	The underspend is mainly a result of lower premises hire costs plus additional buy-back income from schools.	
9	Residential Care Purchasing (Children)	1,562
	The external residential homes and agency fostering budgets were overspent due to more clients (+ 605 client weeks) and higher weekly average costs (+ £820k) for clients who are more challenging and vulnerable, which means they require specialist care placements to address their complex needs. The increase of £55k at year end compared to February is mainly due to new or extended agency fostering or residential placements that commenced in March.	
10	Business Improvement	(203)
	The underspend resulted from the delay in the implementation of a new staffing structure within the service. The £68k increase in the underspend at year end was due to lower than expected staffing and agency costs in the last few months of 14/15.	
11	Movement in Reserves	(2,059)
	Movement from Risk Reserves in order to mitigate the Children's Services pressure highlighted throughout the year in the Revenue Monitoring Reports to Cabinet	
	Other Variations	(139)
	2014/15 Service Budget Variance	0

Schools & Children's Services: Grant Reserves 2014/15			2014/15 Grant
Purpose of Project / Grant	Reason for slippage	Contribution to Council's Strategic Objectives	£'000
Adoption Reform Grant is a Government grant to local authorities to support and develop adoption services. Its focus is on new approaches to encourage families to adopt, finding homes for hard to place children and addressing organisational barriers to recruitment.	Enfield was awarded £390,000 for 2014/15 and £264,000 of this has been spent. Slippage re the remaining £126,000 is the result of delay in recruiting to the specialist posts outlined in the grant spending plan. The grant reserve is required to fund continuation of the Care Proceedings Manager post for a further year. This post has been crucial in driving improved practice in this area and reducing the length of care proceedings in line with national expectations. All North London boroughs are continuing these positions for a further year at least. The impact of this role was commended in the recent Ofsted inspection	The grant reserve will contribute very significantly to the Council's priority Fairness for All. The Council is corporate parent to our looked after children requiring adoptive homes and is responsible for their well-being. The national focus on adoption performance gives this area strategic importance. Under the current family justice framework, courts are increasingly reluctant to agree plans of adoption which means that those children leaving Council care through this mechanism are those who have already suffered, or are likely to suffer, very significant harm and abuse in their families of origin.	126.0
Special Educational Needs & Disability Grants. The purpose of the SEND Implementation Grant is to enable the Council to implement the wide reaching SEND Reforms as required in law, by the Children & Families Act 2014.	There have been some delays in the recruitment and training of staff plus the programme manager role is due to continue until March 2016. Funding for the design, build and implementation of an Education, Health & care Plan within Enfield 2017 also needs to be carried forward into 2015/16.	The SEND reform agenda provides an inclusive system which will strengthen and sustain family life, ensuring improved outcomes for children and young people. Training professionals and families is central to the cultural change and supports collective learning and collaboration.	597.0
Troubled Families Grant - The 'Change and Challenge' project represents the means by which the Council and its partners can bring about a transformation in engaging and working with our most complex and challenging families. The name reflects the fact that it is as much about transforming local service delivery as it is about families and individuals radically transforming their own lives.	In order to make best use of this funding it has been necessary to plan for its spend across the 5 years to 2019 (duration of this program) in order to ensure best value and sustainable initiatives are funded in line with the grant funding conditions and requirements.	The grant contributes very significantly to the Council's priority Fairness for All. Change & Challenge workers only intervene with the most complex & vulnerable families in the borough, working to promote "Fairness for All" and tackle inequality by supporting the provision of high quality services and opportunities to disadvantaged communities. C & C workers aim to enable young people and their families to achieve their potential, and thereby contribute to the Council's strategic objectives.	558.2
Social Work Improvement Fund - was a one off ring-fenced grant, and the ongoing, ring-fenced, Assessed and Supported Year in Employment (ASYE) grant for all Newly Qualified Social Workers (NQSWS). The purpose of both grants is to support social work improvement plans of local authorities in line with national requirements.	In order to make best use of this funding it has been necessary to plan for its spend across 14/15 and 15/16 in order to ensure best value and sustainable initiatives are funded in line with the grant funding conditions and requirements. All programmes to be funded by this grant have been prioritised by the Children's Services Division Operational Management Team.	Children & Families social workers only intervene with the most vulnerable families in the borough, working to promote "Fairness for All" and tackle inequality by supporting the provision of high quality services and opportunities to disadvantaged communities. Social work aims to enable all young people to achieve their potential, and thereby contribute to the Council's strategic objectives.	138.0
Total			1,419.2

This Appendix sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2014/15.

Reserves and Balances 2014/15	Balance at 31 March 2014 £m's	Net Transfers 2014/15 £m's	Balance at 31 March 2015 £m's
Housing Revenue Account			
HRA Repairs Fund	1.5	1.40	2.90
HRA - Capital Reserve	13.7	8.30	22.00
Total HRA	15.20	9.70	24.90
General Fund			
Commitments Reserve	5.10	(3.00)	2.10
Risk Reserve	6.70	(1.80)	4.90
ICT Investment Fund	6.40	(1.30)	5.10
Interest Rate Equalisation Reserve	4.60	0.20	4.80
Insurance Fund	5.30	1.20	6.50
Council Restructuring Reserve	2.20	0.00	2.20
General Fund - Capital Reserve	5.00	(0.80)	4.20
Sustainable Service Development	1.10	(0.20)	0.90
European Social Fund	0.70	(0.30)	0.40
Repair & Maintenance	1.60	0.10	1.70
Residents Priority Fund	0.60	0.10	0.70
Welfare Benefits Reserve	4.80	0.00	4.80
Council Development Reserve	4.70	(3.60)	1.10
Projects Reserves	19.30	(5.10)	14.20
Sub Total Excluding Schools / Public Health	68.10	(14.50)	53.60
Dedicated Schools Grant Reserve	7.1	(1.10)	6.00
S106 Receipts	0.6	(0.10)	0.50
Public Health	1.2	0.40	1.60
Total General Fund Reserves	77.00	(15.30)	61.70
Total Earmarked Reserves	92.20	(5.60)	86.60