

MUNICIPAL YEAR 2015/16 REPORT NO: 111

MEETING TITLE AND DATE:

Cabinet: 18th November 2015

Report Of:

Director of Finance, Resources and
Customer Services

Contact:

Isabel Brittain: 0208 379 4732

AGENDA PART 1**ITEM 6**

**Subject: Revenue Monitoring Report
2015/16: September 2015 &
2016/17 Budget Update**

Wards: All

Councillors Consulted:

Councillor Stafford

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the Council's revenue budget monitoring position based on information to the end of September 2015. The report forecasts an outturn position of £2.7m overspend for 2015/16. This figure takes account of the mitigation of the Enfield 2017 savings shortfall of £5.5m that will be met from reserves in 2015/16. This will be fully achieved in 2016/17.
- 1.2 Corporate Management Board are working with departmental Management Teams and Finance Officers to identify in-year savings to manage the £2.7m departmental overspend.
- 1.3 It also updates Cabinet on the Budget preparations for 2016/17 and the Medium Term Financial plan 2016-20. This includes the proposed Budget Consultation plans due to start in December.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Notes the £2.7m departmental overspend revenue outturn projection
- 2.2 Agrees that departments reporting pressures should formulate and implement action plans to ensure that all possible actions are undertaken to remain within budget in 2015/16. An exercise to reduce agency staff across the Borough is currently being finalised in order to achieve an in-year saving of £1.5m. This will be part of the mitigation actions in order to manage the departmental overspend. This is reflected in the September projection.
- 2.3 Notes the progress made to date in the preparation of the 2016/17 budget.
- 2.4 Agrees the new savings proposals for 2016-17 set out in Appendix D.
- 2.5 Agrees that, if necessary, a supplementary paper regarding the Spending Review and Local Government Finance Settlement is submitted to the next Committee after the publication of the main monitoring report.
- 2.6 Notes the work that has been undertaken to bring the Council's 30-Year HRA Business Plan back into balance as described in Appendix E.
- 2.7 Agrees that the updated, balanced, 30-Year HRA Business Plan is adopted as the Council's new "base" Business Plan.

3. BACKGROUND

- 3.1 The Council's revenue expenditure against budget is monitored through 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.
- 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 and their causes that are affecting the Council across all departments. Although a full budget monitor is carried out each month, the variations in this report are deliberately limited to +/- variances of £50,000 or over in order to provide a greater strategic focus.
- 3.4 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.

Table 1: Summary performance overview

Area of review	Key highlights	Risk Rating		
		July	Aug	Sept
Income and expenditure position	• Year-end forecast variances of £2.7m departmental overspend have been identified to date in relation to General Fund net controllable expenditure. Plans are being implemented to manage this variance.	Red	Amber	Amber
	• Budget profiling across all departmental budgets will continue to be applied in order to reflect predicted net spending patterns.	Amber	Amber	Amber
	• The HRA is projecting a level spend in 2015-16.	Green	Green	Green
Balance Sheet	• The current profile of cash investments continues to be in accordance with the Council's approved strategy.	Green	Green	Green
	• The year-end projections for General Fund balances may not meet the Council's Medium Term Financial Strategy target levels based on the current forecast overspend.	Amber	Amber	Amber
Cash flow	• 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.	Green	Green	Green
	• Interest receipts forecast for the year are on target with budget.	Green	Green	Green

4. September 2015 Monitoring – General Fund

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

Table 2: Forecast Outturn Table- Net Controllable Budget / Spend

September 2015	Net Controllable Budget				
	Original Budget	Approved Changes	Approved Budget	Projected Outturn	September Variation*
	£000s	£000s	£000s	£000s	£000s
Department					
Chief Executive	3,372	1,781	5,153	4,653	(500)
Regeneration & Environment	28,796	(2,154)	26,642	25,916	(726)
Finance, Resources & Customer Services	44,365	11,680	56,045	56,860	815
Health, Housing and Adult Social Care	91,276	(5,195)	86,081	86,094	13
Children's Services	49,045	(3,285)	45,760	48,969	3,209
Enfield 2017	(15,100)	0	(15,100)	(9,600)	5,500
Total Department Budgets	201,754	2,827	204,581	212,892	8,311
Contribution from reserves	0	0	0	(5,500)	(5,500)
Collection Fund	(2,825)	0	(2,825)	(2,825)	0
Corporate Items	36,419	(2,827)	33,592	33,510	(82)
Government Funding	(134,431)	0	(134,431)	(134,431)	0
Council Tax Requirement	100,917	0	100,917	103,646	2,729

*The September variances include an in-year saving of £1.5m on use of agency staff that will be consolidated corporately in the monitoring report

*Enfield 2017 is projected to achieve approximately £9.6m of a £15.1m savings total included in the budget for 2015/16. Any balance of savings required will be funded through the use of one-off reserves. The full year effect of the Enfield 2017 proposals will provide £15.1m of savings in 2016/17.

5. DEPARTMENTAL MONITORING INFORMATION – BUDGET PRESSURES & PROJECTED SAVINGS

5.1 Chief Executive's Department (Appendix A1)

The department is currently projecting an over recovery of income against budget of £500k relating to the Matrix Agency rebate for 2015/16.

5.2 Regeneration & Environment (Appendix A2)

The department is currently projecting a favourable variance of £726k; explanations for variances over £50k are detailed in Appendix A.

5.3 Finance, Resources & Customer Services (Appendix A3)

The Finance Resources and Customer Services are projecting an overspend in 2015/16 of £815k. The overspend is due mainly to loss of rent income from across the commercial portfolio as a result of redevelopment and vacant units as well as loss of income from Transport for London's bus shelter contract due to cessation. There are additional budget pressures due to loss of government grant income from Registrar Services and non-recoverable costs of Multifunction Devices (MFDs).

5.4 Health, Housing & Adult Social Care (Appendix A4)

Adult Social Care

The department is forecasting a £13k overspend. Although there is currently a projected budget overspend of £3.052m, pressures to the value of £3.039m will be addressed through the use of one off earmarked reserves. The main forecast pressures are in Learning Disabilities (£1.7m), Older People (£1.8m) and Physical Disabilities (£0.35m). These figures include the allocation of 2015/16 Better Care Fund.

Community Housing

There is currently a projected nil variance for 2015/16. Included in this variance is a one-off contribution to reserves of £324k. However, this area of spend remains volatile and the underlying pressure due to an increased number of homeless clients still remains. There has been a £2m net budget to increase in 15/16 to reduce these pressures and there is also on-going mitigation work being carried out looking at cost avoidance schemes which will manage both service demand and costs of all forms of temporary accommodation. There is a risk around the market management of NPA as it is under severe stress due to the West London DPS procurement framework. If this goes ahead the service will not be able to achieve the £5m proposed savings target. There is also an emerging risk due to the CLG review of Homelessness Grant, which may result in removal of the £539k Homelessness Prevention Grant.

5.5 Children's Services (Appendix A5)

Children's Services are currently projecting an overspend of £3.209m. This arises due to increasing demand for Children's services, including, Leaving Care Client costs (£1.089m), Social Work Teams (£0.587m), Unaccompanied Asylum Seeking Children (UASC) and UASC aged 18+ (£0.691m), SEN Transport (£0.800m), Special Guardianship Allowances (£0.228m), Prevention of Care payments (£100k). These pressures are partially offset by savings elsewhere in the service, including an additional £518k of in year savings that have been identified this month to mitigate the cost of agency staff.

Despite the management action that is being undertaken to identify mitigating savings a significant year end overspend is currently anticipated due to the continued upward trend of the demographic pressures and the increasing numbers of children presenting with complex needs. This was recognised as a risk in the budget setting process for 2015/16.

5.6 Schools Budgets (Appendix A6)

These variations do not form part of the General Fund position but are reported for information.

6. OTHER GENERAL FUND ITEMS

6.1 Treasury Management and cash flow analysis

The Council's net debt position has increased since 1st April 2015 by £33 million and will continue to do so over the year. This is because of the impact of a number of key strategic land purchases for Meridian Water (£18m) and the purchase of a farm (£3m) and as the Council continues to

purchase/build residential homes through Housing Gateway and Enfield Innovation. A further land acquisition for Meridian Water (£29m) is planned for later in the year. This will also need to be financed.

The Governor of the Bank of England has now confirmed that short-term rates will rise steadily over the next two years. Hence, it now looks an opportune time to move into longer term rates.

The Council will continue to look to minimise the cost of borrowing, however, this increased borrowing cost has been recognised in the Council's Medium Term Financial Plan.

A summary of this year's Treasury Management activity is set out in Appendix B.

6.2 Corporate Items (Including Contingency & Contingent Items) General Fund

The Council maintains a general contingency of £1.0m. It is expected that £0.6m of this contingency will be utilised for the funding of expenditure in Schools & Children's Services relating to No Recourse to Public Funds costs agreed by Cabinet in 2014-15. The balance of £0.4m is currently unutilised.

7. Housing Revenue Account (HRA) – Projected Level Spend

The HRA projection for September is a nil variance. This is because any identified underspends which are deemed to be ongoing are being removed from managers' budgets in order to assist in addressing the impact of the Government's new rent policy. This policy will lead to a shortfall in income of £2.2m in 2016/17 alone. So far, £1.05m has been identified as ongoing savings to the HRA. The target is to find £1.5m in total. A major review of the Business Plan has been undertaken, the results of which are set out in Appendix E. Cabinet is asked to note the work that has been undertaken as set out in that Appendix and adopt the updated, balanced 30-Year HRA Business Plan as the Council's new "base" Business Plan.

8. ACHIEVEMENT OF SAVINGS

- 8.1 The 2015/16 Budget Report included new savings and the achievement of increased income totalling £31.6m to be made in 2015/16. To date £15.7m of savings (49%) are classified as Blue or Green (on course for full achievement). £8.8m are currently Amber with £7.1m currently classed as Red. The Enfield 2017 element of this saving (£5.5m) will be met from contributions from reserves as the savings come on-line, as stated in the July monitoring report to Cabinet. Appendix C provides supporting information for the Amber / Red savings. The overall savings position in terms of traffic light classifications is set out below:

Table 4: New Savings Monitor - Summary Position September 2015

Department	Red		Amber		Green		Blue		Total
	£000's	%	£000's	%	£000's	%	£000's	%	£000's
Environment	0	0%	0	0%	(1,894)	100%	0	0%	(1,894)
Finance, Resources & Customer Services	0	0%	(56)	5%	(947)	80%	(180)	15%	(1,183)
Housing, Health & Adult Social Care	(1,560)	14%	(8,450)	79%	(750)	7%	0	0%	(10,760)
Schools & Children's Services	0	0%	(292)	18%	(700)	44%	(598)	38%	(1,590)
Corporate	0	0%	0	0%	(1,060)	100%	0	0%	(1,060)
Enfield 2017	(5,500)	36%	0	0%	(9,600)	64%	0	0%	(15,100)
Total New Savings for 2015/16	(7,060)	22%	(8,798)	28%	(14,951)	47%	(778)	2%	(31,587)

9. 2016-17 BUDGET UPDATE.

- 9.1 Cabinet, on 22nd July 2015 as part of the Revenue Outturn Report 2014/15 were updated on the preparations for the setting of the 2016/17 Revenue Budget and the Medium Term Financial Plan. The report set out the latest position regarding the 2016/17 Medium Term Financial Strategy and work in hand to identify savings to meet the funding gap.
- 9.2 Since July, Directors have now identified and agreed £5.45m of new 2016/17 savings with Portfolio Members and these are set out in Appendix D for approval. Once agreed, where possible, the savings in Appendix D will, where possible, be implemented in 2015/16. Further savings have also been proposed by Directors but are subject to further scrutiny and consultation before being submitted for approval by Cabinet.
- 9.3 The MTFP covers the next 4 years from 2016/17 to 2019/20 and is constantly evolving with new pressures and budget assumptions being challenged and updated as the financial picture continues to develop. Since the Cabinet meeting in July, work has progressed so that the latest draft 2016/17 Budget and Medium Term Financial Plan has been revised to take account of more up to date information on existing forecast and new emerging pressures. Previously agreed savings included as full year effects have also been reviewed and revised to take into account progress so far and adjusted for more accurate information on costs such as redundancy, IT development and staff support through training and redeployment. The movements in the latest MTFP forecast gap is shown below. The assumed council tax increase for 2016/17 is 1%, however, after taking this increase into account there is still a budget gap of £3.96m so a further 1% increase (total 1.99%) may need to be considered.

Medium Term Financial Plan 2016/17 Update	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Budget Gap as presented to Council 25 February 15:	18,113	11,687	18,283	0
Further cost increases				
Contingency Provision-Schools and Children's Services 15/16 pressures	2,500			
Pension Fund- Latest Assessment by Actuaries		3,000		
Add in estimated 2019/20 Increase in costs to MTFP				11,500
Total New cost increases	2,500	3,000	0	11,500
Reduced cost / profile changes against previous assumptions:				
Revised Full Year Savings Profiles	3,500	2,500	(6,000)	
Reduce Temporary Accommodation Forecast Pressures	(4,867)	(5,362)		
Adult Social Care Demographic to be contained	(1,580)	(2,000)		
Reduce contingent provision for inflation	(700)			
Total reductions in forecast costs	(3,647)	(4,862)	(6,000)	0
Latest Budget Gap	16,966	9,825	12,283	11,500
Savings for approval (Appendix D)	(5,450)	(2,469)	(1,100)	(733)
Budget Gap after approval of savings by Cabinet	11,516	7,356	11,183	10,767
Further savings proposals identified for further consultation	(7,557)	(7,821)	(6,029)	(2,745)
Remaining Gap	3,959	(465)	5,154	8,022
Incremental Remaining Gap	3,959	3,494	8,648	16,670

- 9.4 As reported in July, councils are now waiting for the Chancellor's Spending Review announcement now confirmed as the 25th November with the actual Local Government Finance Settlement numbers expected in December. This situation means that it is not possible to add any significant detail to the 2016/17 financial position set out previously apart from Chancellor's 5th October announcement that councils will retain 100% of business rates. Mr Osborne was not clear in his speech to the Conservative party conference about the timescale for the proposals. He said the local government grant would be "phased out", implying that the changes could take some time although 100% retention should be fully in place by 2020. Pending details promised in the spending Review, provisional observations indicate that:
- 9.4 Top-up and tariffs which act as a resource equalisation mechanism will remain in place. Enfield receives a top-up of £35.28m due to its relatively low tax base compared to need and deprivation.
- 9.5 The core grant from Whitehall will be phased out, and local government will take on new responsibilities (and costs).
- 9.6 The Government will abolish the Uniform Business Rate and give local authorities the power to cut business rates to boost enterprise and economic activity in their areas. However, only those areas which choose to have city-wide elected mayors will get greater flexibility to increase rates for spending on local infrastructure projects, as long as they win the support of local business. This power will be limited by a cap, likely to be set at 2p on the rate. The Mayor of London (GLA) already levies an extra 2p on local business for Crossrail so it is not clear how the new proposals fit in with current arrangements.
- 9.7 The changes will not affect the 2016/17 Settlement.
- 9.8 The Government has published the Housing & Planning, Welfare Reform & Work and Cities and Local Government (Devolution) Bills. These will have

implications, especially in respect of social housing which are being assessed by Officers for future reporting to Members.

- 9.9 A report will be provided to the next Cabinet on 16th December setting out the analysis of the Spending Review and as much detail as possible as to the implication for Enfield; this will be dependent on the publication of the Provisional Local Government Finance Settlement so Cabinet is asked to agree that, if necessary, a supplementary paper is submitted to the Committee after the publication of the main monitoring report.

9.10 Budget Consultation

As in previous years the Council is committed to consulting local residents on its budget plans and the 2016/17 Budget Consultation Process is currently being finalised. In November Enfield Council will start consulting with residents and businesses on its budget proposals for 2016/17 and the consultation will run from 9 November 2015 to 29 January 2016.

Methods of consultation and engagement

It is proposed to make the following consultation and engagement methods available:

- **Online questionnaire** using SNAP software – open to all residents/members of the public, stakeholders and partner organisations
- **Budget Consultation Publication** sent to all households in the Borough
- **Up to Four Focus Groups** consisting of participants recruited from the voluntary and community sector, as well as representatives from harder to engage or disadvantaged communities
- **Three Public Meetings** of residents drawn from Associate Cabinet Member Areas (these are co-terminus with parliamentary Constituency boundaries (Enfield North, Enfield Southgate, Edmonton))

Outcomes

The feedback from all these consultation processes will be put together and presented to the Budget Scrutiny Commission in January 2016. This feedback will then directly inform decision making on where funds will be prioritised and which savings measures will be adopted in the budget report to Council in February 2016.

10. ALTERNATIVE OPTIONS CONSIDERED

Not applicable to this report.

11. REASONS FOR RECOMMENDATIONS

- 11.1 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.
- 11.2 To agree the early implementation where possible of the new “Amber” savings for 2016/17 in the current financial year.

11.3 To agree the HRA 30 Year Business Plan.

12. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

12.1 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 will be a reduction in the Council's reserves in order to manage the Council's major transformation initiative Enfield 2017. In terms of the departmental projected variance of £2.7m, measures will be put in place to address risks identified through the monitoring process and contain expenditure within approved budgets.

This report sets out the plans to manage the 2016-17 budget and Medium Term Financial Plan.

12.2 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.

12.3 Property Implications

Not applicable in this report.

13. 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:-

- Achievement of challenging 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.
- Changes to Government funding

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

14. IMPACT ON COUNCIL PRIORITIES

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

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

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

15. 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 is important in ensuring resources are used to deliver equitable services to all members of the community.

16. PERFORMANCE MANAGEMENT IMPLICATIONS

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

Background Papers

None

Appendix A1

Chief Executive	Budget Variation September 2015 (£'000)
The department is currently projecting an over recovery of income against budget of £500k relating to the Matrix Agency rebate for 2015/16.	(500)
Chief Executive Total	(500)

Appendix A2

<i>Regeneration & Environment</i>	<i>Budget Variation September 2015 (£'000)</i>
Overspend in Community Safety due to a delay in reconfiguring agreed budgets.	65
Overspend in Development Management due to an under achievement in building control income and overspend in salaries.	138
Overspend in Street Lighting is forecast as a result of additional payments to the Street Lighting Reserve.	90
Underspend in Vehicle Leasing charges which is due to the planned delay as a result of service reviews in the purchase of vehicle and parks equipment.	(184)
Efficiencies identified following on-going project to review services across the department.	(260)
Underspend in Traffic & Transport Service as a result of capitalisation of salaries to approved capital schemes e.g. Cycle Enfield, additional Temporary Traffic Order income and a reduction in Traffic signal maintenance payments to TfL.	(356)
In year savings in Highway Services	(175)
Planning reserve in year savings	(50)
<i>Other Variations:</i>	6
Regeneration & Environment Total	(726)

Appendix A3

Finance, Resources & Customer Services	Budget Variation September 2015 (£'000)
Information & Comm. Technology (ICT) - Reduction in recovery of MFD printing costs	137
Legal & Corporate Governance Services - Reduction in citizenship income from Government and additional staff costs in Legal services due to use of agency staff.	181
Property Services - Shortfall of rent income mainly from Palace Garden Exchange, New Southgate Estate, Bus Shelters, Community House, the Ark and Swan Annexe respectively. These have been offset in part by additional rent income from the Civic Centre, Ordnance Hub, Green Towers and Housing Gateway Ltd.	618
Other Items	(121)
Finance, Resources & Customer Services Total	815

Health, Housing and Adult Social Care	Budget Variation September 2015 (£'000)
Adult Social Care	
Key assumptions within the forecast are based on projected activity and year to year trends, which suggest that this is an accurate projection at this point in the financial year. A significant risk in 2015/16, as a consequence of the Cheshire West Supreme Court ruling, has been the broadening of what is considered a Deprivation of Liberty. This ruling has had a major impact on all English Councils who have a responsibility for Adult Social Care and we have seen a significant increase in the number of people requiring a DoLs assessment.	
Strategy & Resources - The service is projecting an overspend from an increase in Deprivation Of Liberty (DoLs) applications (+£378k) and Voluntary Community Sector (+£183k). This is partly offset through Housing Related Support contracts (-£119k), due to the early achievement of future year savings.	450
Mental Health - The service is currently projecting an overspend for the year on care packages.	276
Learning Disabilities - The service continues to project an overspend position as a result of managing demand led services. Not included in the monitor are additional risks of £0.5m for Continuing Health Care .	1,712
Older People and Physical Disabilities (the Customer Pathway) - The service is projecting care purchasing overspends against a net budget of £34m. This position is consistent with last year's care purchasing overspend.	2,183
Independence & Wellbeing Services - The projected underspend is due to additional client income.	(147)
Application of one off resources - New Burdens Grant (£1.422m) previously allocated towards the implementation of the Care Act.	(1,422)
Public Health Grant The departmental forecast also includes ring fenced Public Health Grant. Public Health grant allocated in 2015/16 is £14.2m. The Public Health grant is ring fenced and as per the Department of Health guidance, underspends have been carried forward to meet the grant conditions.	0
Use of reserves and other control measures	(3,039)
Adult Social Care & Public Health	13
Community Housing	
The Community Housing service September 2015 position is reporting a nil variance. Any underspend or overspend is managed within the Homelessness Initiatives Reserve Fund.	
Temporary Accommodation - There is a net underspend of £29k on temporary accommodation. This is made of a £204k overspend resulting from the loss of 98 units in the Private Sector Leased portfolio and Private Leased Annexe portfolio, and a £47k overspend on repairs budget due to the introduction of a new contract. However, there is a (£423k) underspend in nightly paid accommodation because the continuing inter-borough agreement has produced an average 5.02% unit cost reduction in price. Tactically, it is considered more cost effective to make block bookings in advance in order to preserve the accommodation at the agreed nightly rates. The cost of these reserved bookings is £163k and the increase in usage of out of hours accommodation is £21k. This area is not budgeted for and is currently under review . There is an overachievement of £40k generated from refunds collected by the cash deposit recovery officer.	(29)
Empty property Strategy - Alternative funding has been secured for Empty Property works from external grants carried forward and the New Homes Bonus grant. This has resulted in a projected underspend of £295k.	(295)
Transfer back to reserve to fund initiatives. The reserve opening balance at 1 April 2015 is £2.234m, £1.149m will be utilised to fund PSL and PLA incentives, £88k will be utilised to support extra capacity in the grants team and an L&D staff member. £78k will be used to fund Out of hours costs, leaving a closing balance of £1.243m after this contribution of £324k.	324
Community Housing Total	0
Housing, Health & Adult Social Care Total	13

Children's Services	Budget Variation September 2015 (£'000)
Early Years There is a salary overspend of £170k due to the delay with the implementation of the new Play Service structure. This overspend has been offset by underspends of £221k elsewhere within the Early Years service.	(51)
Asset Management Projected overspend on salaries as some strategic staff expenditure cannot be capitalised	74
Catering. An underspend of £106k is projected based on current meal numbers.	(106)
School Enhanced Pensions. An underspend of £71k is projected assuming the current monthly payments continue until year-end.	(71)
Educational Psychologists An overspend is estimated due in part to the non achievement of £350k staffing savings but is partially offset by other operational underspends and the inclusion of the additional Care Commissioning Grant income.	85
SEN Transport An overspend of £800k is projected based on current information from Environmental Services.	800
Education Welfare. Savings are projected in the employee budget due to long term sickness, maternity leave and vacancies.	(41)
Young Person Substance Misuse There has been a contract value renegotiation with Compass resulting in a reduction which removes the need for a council contribution to the service.	(81)
Unallocated Department Wide Budgets - This budget includes previous years' MTFP savings not yet achieved relating to previous years management reviews and the loss of joint venture income.	200
E.A.S.S. Music An underspend of £53k is anticipated as a result of staff vacancy and additional grant funding.	(53)
External Residential Childcare Placements The external residential homes and agency fostering budget are now showing a net overspend of £10k. It should be noted that these projections are only based current and planned placements so future new placements will cause the overspend to increase in the coming months. In the 12 months to April 2015 there was a net increase of 50 or 16% in Looked After Children and the numbers are expected to remain around the 350 level. Within the external agency fostering budget there is an overspend of £320k due to a larger than expected increase in adolescent children coming into care who cannot be accommodated by our in house fostering service due to their complex needs. This projection has increased by £99k this month as there were 7 new placements. The Education / SEN placements are also reporting a £213k overspend, which is down 81k this month as 2 placements have ended. These are offset by a reduced underspends of £103k within the community homes sector (now -£261k) and Secure Remand (now -£192K).	10
Careers Underspend of £87k estimated primarily as a result of additional income (-£40k) and the earlier implementation of a staffing restructure in January 2016 (-£47K).	(87)
Children in Need - Social Work Teams The increasing demand for front line social work services requires these teams to maintain their full staffing establishment to provide a safe service. A number of key vacant posts need to be covered temporarily by experienced agency staff due to maternity leave, secondments and to provide support to newly qualified less experienced social workers recently recruited to join the teams as permanent staff. As the teams are fully staffed this results in a non-achievement of the £237k vacancy factor within the staffing budget. The remaining overspend results from a decision taken by the previous Director of SCS to approve the ongoing usage of additional agency staff to cope with the significant rise in Contacts, Referrals, Child Protection Investigations and Registrations and LAC, which started last Autumn and currently shows no sign of permanently reducing. The August projection was reduced by £62k at the previous DMT meeting. The increase this month reflects the non-achievement so far of the proposed reductions. The service will aim to reduce the overspend by reviewing cases that can be managed by our universal services and ensuring newly qualified staff are provided with sufficient support and management.	524
Prevention of Care - Section 17. The budget is overspending due to the demand for residence orders, rents & deposits for families in need. The projection has been based on the recent average monthly spend and actuals to date. An agreed contribution of £100k from the Emergency Support Scheme budget as in previous years has reduced this overspend.	100
Assessment & Intervention Team. Following a successful restructure the team is now fully staffed which means that the vacancy factor of £38k is unlikely to be achieved. There are also some PRP costs which currently cannot be contained within the budget and higher than estimated costs arising from a recharge for a clinical psychologist post, which account for the remaining variances.	63
In House Fostering Allowances The projection for allowances has decreased by £54k this month mainly as a result of 2 placements ending and 5 planned endings to placements. There is also additional income of £5k expected for consortium placements.	83

Children's Services	Budget Variation September 2015 (£'000)
Adoption Allowances This budget is overspending mainly due to an increase in the number of special guardianship allowances becoming payable and projected lower income from inter-agency fees.	228
Leaving Care - Client Costs The Leaving Care client costs budget is currently projecting an overspend of £1089k. This is partially due to a 21% increase in the number of clients since June 2013 with no corresponding budget increase. There is also 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. The LAC service are continuing to review the most expensive support packages and exploring alternative or new options for service provision for these clients where possible. There is also a shortage of semi-independent accommodation which means clients are unable to be moved from their expensive residential placements. The overspend has increased this month due to 2 new client placements and increased costs on existing clients due to their complex needs.	1,089
Unaccompanied Asylum Seeking Children. This budget is now supporting an additional 490 UASC client weeks above the original budget. During September there has been a net increase of 2 clients, but their costs are covered by the grant. The budget is under pressure as there is also a shortage of suitable accommodation for the recent arrivals resulting in the use of more expensive agency fostering placements. The government grant is also insufficient to cover the actual client costs for some clients who require expensive placements.	197
Former Unaccompanied Asylum Seeking Children 18+ The shortage of suitable accommodation for this client group has resulted in costlier provision. As the actual client numbers are now above the 25 fte threshold so grant funding of upto £81k will be claimable this year and is reflected in the forecast.	494
Joint Service for Disabled Children - this service is reporting an underspend within its staffing and running cost budgets plus there has been a reduction in the number of children accessing commissioned services as a result of the short break grant scheme.	(79)
Youth & Family Support Service - Business Support The overspend is due payments in lieu of notice and additional early retirement pension costs for 2 senior management posts which were deleted in 15/16. The overspend has reduced this month following a review of non-staffing cost projections.	50
Youth Offending Unit The overspend is due to full staffing, agency staff to cover maternity leave and vacant posts and a reduction in the Youth Justice Board grant of £32k.	106
Youth Strategy & Support Service The main reason for the underspend is a planned spending reduction within the Positive Activities for Young Children budget which is required to offset the overspends within the overall YFSS service. The underspend has been increased this month by £176k, following a review of predicted spend on staffing and additional projected income from premises rentals and traded services	(363)
Safeguarding & Quality Assurance The overspend is due to the team being fully staffed and unconsolidated PRP payments. The overspend has reduced this month as a member of staff is now part time.	58
Other Minor Variations	(20)
Children's Services Total	3,209

Appendix A6

Schools Budget	Budget Variation September 2015 (£'000)
Schools Budgets - These variations do not form part of the General Fund position.	£000
Behaviour Support An underspend of £119k is projected by Primary B.S. as a result of staff vacancies which in some cases will now not be filled until January.	(119)
Special Education Needs- Overspends of £220k for L.A. Special Day, £993k for Independent Day and £24k for Mainstream Tuition are reduced by an underspend of £45k for Independent Residential and £21k for SEN Equipment.	1,171
Central Licences Overspend as a result of licence costs being far greater than delegated budget and will be reviewed as part of 2015/16 budget process.	106
Other minor Variations	(9)
Schools Contingency- A contingency provision was set aside in the 2015/16 budget to offset anticipated pressures, mainly in the SEN service. Based on current projections the provision of £848k has already been exceeded by around £300k.	(848)
Schools Total	301

Treasury Management Cashflow Investments & Borrowing as at 30th September 2015

	31st March 2014	30th June 2015	31st July 2015	28th August 2015	30th Sept 2015
	£000's	£000's	£000's	£000's	£000's
Long term borrowing	272,532	272,532	293,532	306,532	314,986
Short-term borrowing	40,500	17,000	17,000	17,000	19,000
Total borrowing	313,032	289,532	310,532	323,532	333,986
Total investments	58,370	19,315	37,540	48,980	46,195
Net debt	254,662	270,217	272,992	274,552	287,791

Movement in debt over the year:

	1 st April 2015	Debt Repaid	New debt	30th Sep 2015
	£000's	£000's	£000's	£000's
PWLB	230,031	(1,026)	20000	249005
Commercial loan	30,000	0	0	30000
Gloucester CC	10,000	0	0	10000
Salix	2,501	(520)	0	1981
Temporary borrowing	40,500	(32,500)	11,000	19,000
LT Borrowing Local Authorities			8,000	8,000
LT Borrowing from LEEF			6,000	6,000
EIB LT Borrowing			10,000	10,000
Total borrowing	313,032	(34,046)	55,000	333,986

London Borough of Enfield Investments at 30th September 15

Financial Institution	Principal	Start Date	Effective Maturity	Rate	Days to Maturity	Lowest Credit Rating
Call Accounts	£					
HSBC	7,695,000		On demand	0.40%	1	AA-
Handelsbanken	15,000,000		On demand	0.50%	1	AA-
Money Market Funds						
Ignis	9,000,000		On demand	0.48%	1	AAAm*
Goldman Sachs	7,000,000		On demand	0.43%	1	AAAm*
Termed Deposits						
Lloyds Bank PLC	7,500,000	06/05/2015	05/05/2016	1.00%	218	A
Total - Investments	46,195,000		Average	0.55%	218	
Number of Investments	5					

London Borough of Enfield Short Term loans at 30th Sep 2015

Financial Institution	Principal	Start Date	Effective Maturity	Rate	Days to Maturity
Wokingham BC	£3,000,000	11/08/2015	19/07/2016	0.50%	293
North Yorks CC	£5,000,000	01/12/2014	30/11/2015	0.70%	61
NW Leicestershire DC	£2,000,000	26/06/2015	24/06/2016	0.50%	268
Tyne & Wear Transport	£2,000,000	03/06/2015	01/06/2016	0.50%	245
Sedemoor DC	£5,000,000	04/06/2015	02/06/2016	0.50%	246
Wokingham BC	£2,000,000	08/09/2015	18/08/2016	0.50%	323
Total	£19,000,000		Average	0.53%	239

2015/16 Budget & Medium Term Financial Plan (£'000)
Appendix C
Departmental Red & Amber Savings - September 2015 (Excluding Enfield 2017)

Ref No.	Proposal	Risk	Total 2015/16 £000's	Remarks
Red Savings				
Health, Housing & Adult Social Care				
HHASC 15/16 S3	Reduction in unit costs - care purchasing	Red	(1,200)	HHASC 15/16 S3 & S4 being met through EY savings proposal S02. Current projected saving for 15/16 is £2,140k.
HHASC 15/16 S8	Voluntary Sector Contracts	Red	(360)	Notice still needs to be given to VCS organisations re: funding reductions. Until this happens no progress can be made on this saving.
Enfield 2017				
E2017	Implementation of the E2017 Transformation	Red	(5,500)	This sum will reduce as the savings from this major transformation project come on-line. In 2015-16 any shortfall from implementation delays will be met from a contribution from reserves.
Total Red Savings			(7,060)	
Amber Savings				
Housing, Health & Adult Social Care				
HHASC S1	Brokerage Redesign	Amber	(800)	HHASC 15/16 S1 & S2 being met through EY savings proposal S01. Current projected saving for 15/16 is £385k.
HHASC S2	Demand Management - Dementia	Amber	(50)	
HHASC S6	Personalisation of Transport services	Amber	(100)	£20k achieved to date. Work is ongoing to achieve the £100k in year.
HHASC S4	Care purchasing reduction through market management	Amber	(2,000)	HHASC 15/16 S3 & S4 being met through EY savings proposal S02. Current projected saving for 15/16 is £2,140k.
HHASC S7	Residential Price improvement	Amber	(500)	Estimated savings achievable in 15/16.
HHASC TA	TA Mitigation	Amber	(5,000)	On-going mitigation work being carried out looking at cost avoidance schemes which will manage both service demand and costs of all forms of temporary accommodation. There is a risk around the inter-borough agreement (for Nightly paid accommodation), it is under severe stress as a result of the West London DPS negotiations to protect Enfield is underway. There is another risk due to the likely removal of the £539k Homelessness prevention grant by the government.
Finance, Resources & Customer Services				
FRCS 25-1 (2)	Culture and Arts development at Forty Hall	Amber	(56)	Arts & Culture restructure is still in the process of being implemented
Schools & Children's Services				
SCS 15/16 S5	Commissioning and Community Engagement Team Merger	Amber	(120)	Service currently reporting an overspend due to agency cover
SCS 15/16 S8	Early Years - Play Service	Amber	(172)	Restructure has been delayed but alternative savings are being sought from within the Early Years budgets.
Total Amber Savings			(8,798)	
Total Red / Amber Savings			(15,858)	

Appendix D

New Saving Proposals 2016/17 Amber Classification	2016/17	2017/18	2018/19	2019/20	Full Year
	£000's	£000's	£000's	£000's	£000's
<u>Regeneration & Environment-Savings</u>					
CRC allowances one -off reduction in estimated expenditure	(154)	154	0	0	0
Carbon Reduction Commitment one-off saving through recovery of CRC allowances purchased in advance from the Environment Agency					
Application of SFA grant in Skills for Work Service	(60)	(100)	0	0	(160)
<i>Apportionment of grant to cover element of resource time allocated to this service area £60K</i>					
Increase Lorry Park charges	(30)	0	0	0	(30)
<i>Lorry Park receipts received in 2014/15 were approximately £118K (ex VAT). Benchmarking against neighbouring lorry parks indicates that we would remain competitive with an increase of 25%.</i>					
Targeting interventions for smoking cessation and public health checks	(300)	0	0	0	(300)
<i>Currently health checks and smoking cessation is a universal service provided irrespective of need or ability to pay. It is proposed to target this work to deliver these services in the 5 wards of greatest need where health is the issue.</i>					
Increase recovery and rationalisation of costs in traffic and transportation.	(120)	0	0	0	(120)
<i>This rationalisation is based on past budget monitoring and anticipated future recharge opportunities</i>					
Increase recharge of highway inspections to the capital programme	(100)	0	0	0	(100)
<i>Increase the salary recharge for managing the repair of highway defects to the capital programme (£100K).</i>					
Management of Council Housing Contracts and Workstreams	(40)	0	0	0	(40)
<i>Apportionment of management time to ensure effective delivery of functions provided by Council Housing, namely trees, grounds maintenance, inspections of footways and roads etc.</i>					
Integration of Corporate Landlord with Corporate H&S	(70)	0	0	0	(70)
<i>Integrate Corporate Landlord responsibilities for planned maintenance with Corporate Health & Safety (£70K).</i>					
Efficiencies and increased income in Corporate Health & Safety	(25)	0	0	0	(25)
<i>Efficiencies and increased income in Corporate Health & Safety £18K from the contract with Health Management Ltd. £3K from Group training and £4K from equipment purchase for health and safety, such as personal protective equipment and specialist monitoring equipment, noise, vibration equipment etc.</i>					
Capital Programme Reduction	(75)	(75)	0	0	(150)
<i>Reducing capital spend on Highways by £1m creating a revenue saving of £75K.</i>					
Change from amenity grass to general grass specification. This will reduce the frequency of grass cuts to sites across the borough.	(50)	0	0	0	(50)
<i>Reduction of 2 x scale 3 staff and equipment less impact of additional time for cutting longer grass. Appearance of parks sites will significantly change with longer grass specification.</i>					
Commercial waste Additional income £20k	(20)	0	0	0	(20)
<i>Preliminary service Calculations based on budget, last years outturn and anticipated/planned changes.</i>					
Parks Assets Income £70k	(70)	0	0	0	(70)
<i>Preliminary service Calculations based on budget, last years outturn and anticipated/planned changes.</i>					
Parks events additional income £30k, from Bear Grylls survival challenge and other large scale events.	(30)	(50)	(50)	0	(130)
<i>Parks events additional income £30k, from Bear Grylls survival challenge and other large scale events.</i>					
Public Realm Improvement Officer post deletion £27k	(27)	0	0	0	(27)
<i>Vacant post.</i>					
Saturday OT recharge for collection of contaminated recycling bins at ECH properties	(45)	0	0	0	(45)
<i>Recovery of Saturday overtime costs to collect contaminated recycling bins at ECH properties.</i>					
Improved sales of existing and additional burial plots	0	(100)	(100)	0	(200)
<i>Cemeteries additional income £210k improved sales figures of existing and additional burial plots through making available to non-residents with existing relatives buried in Enfield Cemeteries and restructure of charges to facilitate this.</i>					
Efficiencies from route optimisation software	0	(200)	0	0	(200)
<i>Saving associated with reducing vehicles through the revision of routes.</i>					
SO1 post deletion	(36)	0	0	0	(36)
<i>Post reduction through management restructure.</i>					
Building / Dev Control income	0	(100)	(100)	0	(200)
<i>There has been a review of services and funding levels. As a result efficiencies have been achieved across Environmental Services and the HRA. The total amount of the efficiencies is 400k.</i>					
Further efficiencies from merging Regeneration, Environment and Housing functions.	(320)	0	0	0	(320)
<i>Delivering a one team approach across Regeneration, Environment and the HRA.</i>					

New Saving Proposals 2016/17 Amber Classification	2016/17	2017/18	2018/19	2019/20	Full Year
	£000's	£000's	£000's	£000's	£000's
Grounds Maintenance tender	(60)	0	0	0	(60)
Saving to be achieved from the recent re-tender of services.					
Revised approach to gully cleansing	(60)	0	0	0	(60)
Standardisation of gully cleansing with neighbouring boroughs.					
SEN Transport operational efficiency	0	(200)	0	0	(200)
Operational efficiencies emerging from the EDGE review.					
Vehicle Leasing-Cage Tippers	0	0	(50)	0	(50)
Extending lifetime of caged tipper vehicles across the fleet to 5 years reducing annual cost per vehicle.					
Regeneration & Environment-Total Savings	(1,692)	(671)	(300)	0	(2,663)
<u>Finance, Resources & Customer Services Original Savings</u>					
Arts & Culture Business Plan	(58)	0	0	0	(58)
<i>Arts & Culture Business Plan - reduction in overall costs, less already agreed (FYE) savings, provides £58k Saving : The approved business plan for Arts & Culture Services demonstrates that, should it be successfully achieved, a further £58k can be saved against the current budget.</i>					
Civic Restaurant income increased	(20)	0	0	0	(20)
<i>Figures have been calculated by reviewing and increasing the prices charged by the Restaurant, charging for some that have not been charged in the past, and introducing a minimum charge for catering services that covers the cost of delivery.</i>					
Salisbury House hire income increased	(10)	0	0	0	(10)
<i>Increased income generation based on securing a core tenancy and ability to increase hires.</i>					
Leisure Facilities latent defects	(20)	0	0	0	(20)
<i>This is a saving from the Leisure Facilities budget for Leisure Centres, to cover works on latent defects. The Leisure Centres contract is now at a stage where this is no longer required.</i>					
Fusion Contract Bond value decreased	(20)	0	0	0	(20)
<i>As part of the Leisure Contract with Fusion Lifestyle, the Council required a Bond to cover for the risk of the operator going in to liquidation whilst running the Council's Leisure Centres. Fusion have expanded their business and spread the cost of running Enfield's facilities, so if the Council agrees that they can reduce the Bond by half, this would provide further management fee income to the Council.</i>					
Treasury Interest Receivable increased	(60)	0	0	0	(60)
<i>Increased income from investments on short term funds. This is to be achieved by prudential lending within strict risk management guidelines.</i>					
Arts & Culture Business Plan - Future Years Savings by increased income	0	(194)	(61)	(58)	(313)
<i>Arts and Culture Business Plan- expected increased income and reduction in overall costs for future years, from the approved 4 year business plan for the Arts & Culture Service.</i>					
Leisure Facilities reduced project development work	0	(50)	0	0	(50)
<i>This is a saving from the Leisure Facilities budget for work on projects; this will reduce the amount of development work that can be done on improving and introducing new leisure facilities in the Borough.</i>					
Further savings post Enfield 2017 Transition	0	(150)	0	0	(150)
<i>Further post reductions as part of the service transition.</i>					
Reduction in building running costs (Civic Centre)	(21)	0	0	0	(21)
<i>Reduction in operating costs for the Civic Centre.</i>					
Finance, Resources & Customer Services-Total Savings	(209)	(394)	(61)	(58)	(722)
<u>Health, Housing & Adult Social Services Original Savings</u>					
Adult Social Care Transport	(400)	0	0	0	(400)
<i>Reduction in ASC recharge for transport and spend through unit cost reduction and charges for transport services.</i>					
Independent Living Fund	(50)	(50)	(50)	0	(150)
<i>Fewer clients in place eligible for the service.</i>					
Increased Income	(150)	(150)	(150)	(125)	(575)
<i>Increasing disability related income to more people in order to generate increased income through fees and charges, supporting more people to claim disability benefits to which they may be entitled.</i>					
Supported tenancy	(1,200)	0	0	0	(1,200)
<i>Reduce external care purchasing spend with supported tenancy providers.</i>					
Public Health	(270)	(500)	0	0	(770)
<i>Budget reduction against Public Health non prescribed functions, including the Drug Treatment service.</i>					

New Saving Proposals 2016/17 Amber Classification	2016/17	2017/18	2018/19	2019/20	Full Year
	£000's	£000's	£000's	£000's	£000's
Community Housing - cost avoidance	(500)	(500)	(500)	(500)	(2,000)
<i>Mitigating actions planned to reduce the projected £4.8m TA budget pressure and in addition to achieve a £0.5m saving.</i>					
Health, Housing & Adult Social Services-Total Savings	(2,570)	(1,200)	(700)	(625)	(5,095)
Schools & Children's Services Original Savings					
Reduction in Base Budget Contribution to Drug & Alcohol Action Team	(81)	0	0	0	(81)
<i>Removal of the SCS base budget contribution of £81,830 per annum towards the Enfield Drug and Alcohol Action Team (DAAT). The aim is to identify other options to avoid SCS pressures occurring in future beyond 2018.</i>					
Reduced tuition budget for Children in Care	(30)	0	0	0	(30)
<i>Tuition support will be funded from 2016/17 onwards from the Pupil Premium Grant. This is a DfE programme where money is made available for each child in care of statutory school age both to support their individual educational progress and to fund Local Authority work to promote the educational outcomes of children in care.</i>					
Reduction of training & equipment budgets- LAC Service	(14)	0	0	0	(14)
<i>Deletion of service specific training budget £5,000, deletion of £3,820 leaving care training and marketing allowance and reduction of the equipment budget by £5,000.</i>					
Reduced sessional hours - Edmonton Contact Centre	(25)	0	0	0	(25)
<i>Reduction in sessional hours budget at Edmonton Contact Centre.</i>					
Assessment and intervention Service - Deletion of a managers post.	(52)	0	0	0	(52)
<i>The Moorfields team works with vulnerable children and their families. This proposal is a proportionate reduction in managerial capacity within the service following other staff reductions.</i>					
Enfield Safeguarding Children Board (ESCB)	(14)	0	0	0	(14)
<i>Reduce costs and increase income generation.</i>					
Safeguarding training programme	(27)	(24)	0	0	(51)
<i>Increasing income from trading by charging schools for safeguarding training.</i>					
Merging support and management of Children and Adults Safeguarding Boards	0	(34)	(29)	0	(63)
<i>Merger of management and support functions of the Enfield Safeguarding Children Board (ESCB) and Safeguarding Adults Board (SAB).</i>					
Commission Outreach & Intervention Service	0	(85)	0	0	(85)
<i>To commission the Outreach and Intervention service from the voluntary sector in 2017/18.</i>					
Careers Service re-modelling	(109)	(61)	(10)	0	(180)
<i>Re-modelling the service offer and reducing staffing.</i>					
Youth Engagement Panel	(25)	0	0	0	(25)
<i>Cease funding currently given to the Police to offset their expenses supporting the YEP.</i>					
Reduce Children's Centre commissioning of Counselling and English for Speakers of Other Languages (ESOL)	(112)	0	0	0	(112)
<i>Contract review and de-commissioning. This work will be undertaken by the Children's Centres Social Worker going forward. There will be a small reduction to ESOL provision (signposting to existing provision elsewhere in the borough).</i>					
Enfield Parents and Centre contract	(35)	0	0	0	(35)
<i>To amend the contract so that Enfield Parents Centre (EPC) will no longer operate in the SPOE. Referrals will be distributed by the children's centres social worker in the future.</i>					
Contract review for young carers with HHASC	(50)	0	0	0	(50)
<i>To re-commission services provided to young carers, to achieve best value.</i>					
External Provision of Safeguarding Training	(25)	0	0	0	(25)
<i>Consolidate existing external providers so that costs can be reduced by 50%.</i>					
Single Provider of First Aid Training	(20)	0	0	0	(20)
<i>The saving will be achieved by using a single provider for all First-Aid training for schools, early years settings and childminders.</i>					
Contract review of all training providers	(39)	0	0	0	(39)
<i>Re-commissioning existing contracts to focus on key statutory priorities.</i>					
Parent Advocacy Service for parents of children with Special Educational Needs and Disability (SEND)	(20)	0	0	0	(20)
<i>The service will be re-commissioned to deliver this saving.</i>					

New Saving Proposals 2016/17 Amber Classification	2016/17	2017/18	2018/19	2019/20	Full Year
	£000's	£000's	£000's	£000's	£000's
Parenting Programmes	(18)	0	0	0	(18)
<i>Reduction of the Parenting Support Programmes' contract value.</i>					
School Uniform Grant	(73)	0	0	0	(73)
<i>Families with exceptional needs will be supported from existing resources.</i>					
Regionalisation of Adoption Services	0	0	0	(50)	(50)
<i>The Government has put plans in place to regionalise some aspects of adoption services within the life of the current parliament. In London this is likely to lead to some centralised services to which all local authorities will contribute. It is anticipated that the cost of the contribution will be lower than the current cost of sole delivery.</i>					
Child and Adolescent Mental Health Service (CAMHS)	(210)	0	0	0	(210)
The Clinical Commissioning Group (CCG) will increase their contribution to this service, allowing for a commensurate reduction in council expenditure					
Schools & Children's Services-Savings Total	(979)	(204)	(39)	(50)	(1,272)
Savings Total	(5,450)	(2,469)	(1,100)	(733)	(9,752)
Cumulative		(7,919)	(9,019)	(9,752)	

Review of the Council's 30-Year HRA Business Plan**1. Background**

- 1.1 In July 2015, the Government announced that rents for social housing will be reduced by 1% a year for four years, commencing in April 2016, and that this would not just be policy, it would be law. Previously, National Social Rent Policy was that rents would increase each year by the Consumer Prices Index (CPI) + 1%, so Enfield's plans were based on this assumption.
- 1.2 The change means that rental income to Enfield's 30-Year HRA Business Plan will be reduced by £325m over the 30 years. The more immediate effect is that, in 2016/17, rental income will reduce by £2.2m, in 2017/18 the reduction will be £4.4m, then £6.6m and £8.8m in the following two years respectively.
- 1.3 It should be noted that the £325m quoted assumes that, from 2020/21, rents will revert to increasing annually by CPI + 1%.
- 1.4 The years of rent reduction coincide with the years that Enfield's 30-Year HRA Business Plan was most constrained anyway. This is because the Council took advantage of HRA Self-Financing to catch up on a significant level of backlog repairs and kickstart an ambitious estate regeneration programme.
- 1.5 The Council planned to invest in its stock using the additional income from revenue, so, on top of the revenue shortfall described above, there are now capital shortfalls totalling £81.6m across the 30 years and spread as follows:
 - 2018/19 - £12.7m
 - 2019/20 - £ 8.5m
 - 2020/21 - £ 9.1m
 - 2021/22 - £ 2.0m
 - 2024/25 - £13.0m
 - 2025/26 - £36.3m
- 1.6 Enfield is not alone in finding itself in this position – the majority of (and probably all) other stock-owning Councils have modelled their Business Plans based on Government Social Rent Policy, as have Housing Associations.

2. Proposed Actions

- 2.1 Since the announcement, the Council's HRA Governance Board and Housing Board have suggested a number of actions to bring the 30-Year HRA Business Plan back into balance, undertaken a review and modelled the results into the plan.
- 2.2 The following updates have been modelled:
 - Consider the possibility of identifying £1.5m ongoing revenue savings from the HRA commencing in 2015/16. This will increase the balance flowing forward into 2016/17 and thus help to alleviate shortfalls commencing in that year. This budget monitoring report confirms that savings of £1.05m have already been found and banked to the end of September 2015. The service is on target to identify £1.5m by the end of this financial year.

- Review the Estate Renewal Capital Programme and the Right to Buy One for One Capital Receipts Programme to ensure that all figures are as accurate and up to date as possible. This will ensure that resources are not being tied up unnecessarily in the early years, and that all income has been properly registered in the latest version of the Business Plan. These two programmes are monitored monthly anyway, so, whilst this exercise did not change the Business Plan greatly, it did reaffirm the current financial position.
- Update the Major Repairs Programme. This is the part of the review so far that has had the most significant impact on the Business Plan. Revisiting the Major Repairs Programme has led to estimated savings across the 30 years of £293m, without any change to asset lives (i.e. a kitchen that would have been replaced in 15 years' time still will be). The main reasons for the reduced costs are:
 - Some component replacement unit costs have reduced
 - Prices reflect tender experience
 - Most catch up work is now complete
 - Eco works funded some replacement, thus saving the HRA money
 - Replacement has been completed on an holistic basis, leading to savings
 - Replacement has been carried out to a better standard
 - There was some, minor duplication in the original figures
 - Condition survey data is now much better
- Re-profile the Repayment of Debt. Enfield will commence repaying debt with effect from 2025/26. However, by making smaller repayments than previously planned across the years 2026/27 to 2040/41, the Business Plan will remain balanced during those years. It is still assumed that all HRA debt will be fully repaid by year 30 of the Business Plan.

2.3 The result of modelling all of the above amendments into the Business Plan is that it is back in balance through all of the 30 years (ie there are no capital shortfalls), with revenue balances increasing by £65m over the 30 years and not going below £20m in any one year (the acceptable minimum balance is set at £6m for the HRA). This version of Enfield's 30-Year HRA Business Plan is therefore recommended as the new "base". A graph of the plan is attached as Appendix E (i).

3. Other Actions Currently Being Considered

3.1 The following actions are also being considered and will be modelled into the proposed new base Business Plan:

- Responsive Repairs – Let the new contracts settle and then assess potential for ongoing savings.
- Future Estate Renewal Schemes – Model into the Business Plan now that the schemes have been agreed (at October Cabinet). Consider the potential for schemes to be delivered by the proposed new Registered Provider Company if this is agreed (see report elsewhere on this Cabinet agenda).
- Consider the introduction of "affordable rent" across new estate renewal schemes – this work will take place as new estate renewal schemes are modelled as described above – it should be noted that the Council has a definition of "affordable rent" as that which is affordable to local people, i.e. not necessarily 80%.

- Sale of assets – the Council could consider selling some assets as opposed to developing them themselves - garage sites, for example.
- Increase service charges – Service charges are currently under review to ensure that all costs are fully recharged to those receiving the services. This exercise may highlight some possibilities to increase service charges, but the impact is not expected to be significant.

3.2 Reviewing all of these areas will give the Council more flexibility to absorb future pressures as and when they arise, or make other choices as to how to spend its HRA income.

4. Other Risks

- 4.1 In July 2015, the Government also announced that:
“tenants on higher incomes (over £40,000 in London and over £30,000 outside London) will be required to pay market rate, or near market rate, rents”
 The proceeds of the increase in rent from Social rent to market rent will be due back to Central Government.
 Another announcement was that Councils will be required to dispose of their high value assets, with the proceeds going back to Government to help pay towards the extension of Right to Buy to Housing Association tenants.
 Once the financial impact of these two policies is better understood, then these may have an impact on the 30-Year HRA Business Plan that will require further mitigating action to be taken.
- 4.2 Another significant risk is that rents will not revert to CPI + 1% after four years – the impact of this is currently being modelled, but will be unsustainable if rent does not rise at all, or, worse still, continues to reduce.
- 4.3 Whilst there is some allowance in the HRA Business Plan for debts to increase following the impacts on households of Welfare Reform, this too could present a risk which requires careful monitoring.

