

MUNICIPAL YEAR 2015/16 REPORT NO: 133

MEETING TITLE AND DATE:

Cabinet: 16th December 2015

Report Of:

Director of Finance, Resources and Customer Services

Contact:

Isabel Brittain: 0208 379 4732

AGENDA PART 1

ITEM 7

**Subject: Revenue Monitoring Report
2015/16: October 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 October 2015. The report forecasts an outturn position of £1.6m overspend for 2015/16.
- 1.2 Corporate Management Board are working with departmental Management Teams and Finance Officers to identify in-year savings to manage the £1.6m departmental overspend.
- 1.3 The report also provides Members with a brief update on the Spending Review 2015.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Notes the £1.6m 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.
- 2.3 Authorise a loan to the value of £1.5m to Enfield Innovations Ltd to be accessed over the life of the company to be funded either from reserves or by external borrowing depending on the financial instrument used (Section 7.3).
- 2.4 Authorise the ability for the Council to pay the £1.5m loan in instalments as required by the company and delegate authority to the Director of Finance, Resources and Customer Services to formalise this via a second Facility Letter, as per the terms agreed via the Portfolio non-key decision in July 2015 (Section 7.3).
- 2.5 Cabinet notes the 2016/17 budget update (Section 5).

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		
		Aug	Sept	Oct
Income and expenditure position	• Year-end forecast variances of £1.6m 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. October 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

October 2015	Net Controllable Budget				
Department	Original Budget	Approved Changes	Approved Budget	Projected Outturn	October Variation
	£000s	£000s	£000s	£000s	£000s
Chief Executive	3,372	1,292	4,664	4,164	(500)
Regeneration & Environment	28,796	(2,615)	26,181	25,526	(655)
Finance, Resources & Customer Services	44,365	12,706	57,071	57,886	815
Health, Housing and Adult Social Care	91,276	(5,952)	85,324	85,324	0
Children's Services	49,045	(3,968)	45,077	48,533	3,456
Enfield 2017	(15,100)	0	(15,100)	(9,600)	5,500
Total Department Budgets	201,754	1,463	203,217	211,833	8,616
Contribution from reserves	0	0	0	(5,500)	(5,500)
Collection Fund	(2,825)	0	(2,825)	(2,825)	0
Corporate Items	36,419	(1,463)	34,956	33,427	(1,529)
Government Funding	(134,431)	0	(134,431)	(134,431)	0
Council Tax Requirement	100,917	0	100,917	102,504	1,587

*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. 2016/17 Budget & Medium Term Financial Plan Update

The Chancellor set out the Government's Spending Review on 25th November 2015. This was too late to include a comprehensive analysis in this report. The on the day headlines for local government include:

- 56% cut in the Local Government Departmental Expenditure Limit and a forecast 13% increase in council tax and business rates¹. Government report that overall local government spending is forecast to be higher in cash terms by 2019/20 but is a real terms reduction of 1.7% per year. The financial impact on councils will not be known until the Local Government Finance Settlement is published.

Table 2.17: Local Government

	£ billion					
	Baseline		Plans			
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
DCLG Local Government DEL ¹	11.5	9.6	7.4	6.1	5.4	*
Locally financed expenditure ²	28.8	29.0	31.5	33.6	35.1	*
Local government spending³	40.3	38.6	38.9	39.7	40.5	*

¹ In this table, Resource DEL excludes depreciation.

² Treasury/DCLG analysis based on data underlying the OBR's Local Authority Current Expenditure (England) forecast.

³ Does not include the impact of business rate reforms, which the government will consult on shortly.

- Creation of a social care precept by giving social care councils the flexibility to raise council tax by up to 2% above the referendum threshold². Government forecast a potential additional £2bn could be

¹ Office of Budget responsibility Forecast

² 2016/17 threshold not known yet.

raised nationally by 2019/20. Also, social care funds of £1.5bn to be made available and included in the Better Care Fund by 2019/20.

- Government still committed to Dilnot reforms to social care with funding in 2019/20 to cover the cost of local authorities preparing for these changes. The cap on reasonable care costs and extension of means tested support will then be introduced and funded from April 2020.
- By the end of Parliament local government will retain 100% of business rate revenues. The system of top-ups and tariffs which redistributes revenues between local authorities will be retained. The uniform business rates will be abolished so that:
 - Any local area will be able to cut business rates as much as required to win new jobs and generate wealth and
 - Elected city wide mayors will be able to add a premium to business rates to pay for new infrastructure, provided they have the support of local business community determined by the Local Enterprise Partnership.

As part of these reforms the main local government grant will be phased out and additional responsibilities devolved to local authorities. For example the Government will consider transferring responsibility for funding the administration of housing benefits for pensioners and public health to councils. This will be consulted upon in 2016.

- The government will consult on reforming the New Homes Bonus including the reduction in the length of payment from 6 to only 4 years. The government estimates a saving of £800m which can be used for social care. Proposals will form part of the local government finance settlement consultation including damping to ensure no council loses out disproportionately.
- Around £600m savings will be made from the Education Services Grant (ESG) including phasing out the additional funding schools receive through the ESG. The government will reduce the local authority role in running schools and remove a number of statutory duties. The government will consult on policy and funding proposals in 2016. ESG is paid to councils for the schools they maintain and directly to academies. In 2015/16 councils received £570m out of a total of £815m. More information is needed on how the cuts will be achieved and what proportion will come from council budgets.
- The government will issue new guidance to restrict excessive salaries and drive efficiencies for local tax payers. To support the efficiency drive the Government will allow local authorities to spend 100% of their fixed asset receipts (Excluding Right to Buy) on the revenue cost of reform projects. Conditions will include limiting the years of the flexibility and qualifying criteria which will be included in the local government finance consultation in December.

The date for the local government finance settlement consultation had not been announced before publication of this report.

6. DEPARTMENTAL MONITORING INFORMATION – BUDGET PRESSURES & PROJECTED SAVINGS

6.1 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.

6.2 Regeneration & Environment (Appendix A2)

The department is currently projecting a favourable variance of £655k; explanations for variances over £50k are detailed in Appendix A:

6.3 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).

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

Adult Social Care

The department is currently forecasting a projected budget overspend of £3.186m. This will be addressed through the use of a one off £2.50m contribution from earmarked reserves and the remaining £0.686m through other control measures in order to achieve the reported balanced position at year end. The main forecast pressures are in Learning Disabilities (£1.7m), Older People (£1.87m) and Physical Disabilities (£0.37m). These figures include the allocation of 2015/16 Better Care Fund.

Community Housing

There is currently a projected nil variance for 2015/16. However, this area of spend remains volatile and the underlying pressure due to increased number of homelessness 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. 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.

6.5 Children's Services (Appendix A5)

Children's Services are currently projecting an overspend of £3.456m. This arises due to increasing demand for Children's services, including, Leaving Care Client costs (£1.155m), Social Work Teams (£0.587m), Unaccompanied Asylum Seeking Children (UASC) and UASC aged 18+ (£0.705m), SEN Transport (£0.800m), Special Guardianship Allowances (£0.229m), Prevention

of Care payments (£112k). These pressures are partially offset by savings elsewhere in the service. Additional in year savings of £518k that were identified to offset agency costs were included in the SCS forecast last month; this saving is now being reported as a corporate saving to offset overall pressures.

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.

6.6 Schools Budgets (Appendix A6)

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

7. OTHER GENERAL FUND ITEMS

7.1 Treasury Management and cash flow analysis

The Council's net debt position has increased since 1st April 2015 by £39m as at 31st October to a total of £294m 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.

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

The Council maintains a general contingency of £1.0m. It is expected that £0.8m 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 £0.2m is currently unutilised.

7.3 Enfield Innovations Limited

In July 2014 Cabinet agreed to establish a wholly owned local authority company to develop, own and manage a portfolio of new homes for local people to be available for market rent (KD 3890). This is part of a wider redevelopment strategy to increase the supply of value for money, quality accommodation in Enfield. Funding for the development of 57 units was agreed by Council in April 2014 (KD 3780).

The company (Enfield Innovations Ltd) has now been established and leases have been assigned from the developer to the company as required by the Development Agreement. The financial model for Enfield Innovations has been updated to reflect current market rental levels and all expected expenditure for the company. Due to the phasing of the loan repayments, a requirement for initial working capital to the value of £1.5m has been identified, to ensure the company can make the outstanding payments to the developer without resulting in a cash deficit in the early years. The model indicates that the majority of the working capital requirement is in year 1-3 and by the end of the term the company will have a positive cash flow and Net Present Value.

It is proposed that the working capital is accessed by Enfield Innovations Ltd in instalments as required and governed by a Facility Letter to track the value of the instalments and associated interest rate, in line with the existing mechanisms in place for the agreed loan.

Cabinet is asked to authorise a working capital³ loan to the value of £1.5m to Enfield Innovations Ltd to be accessed over the life of the company to be funded either from revenue reserves or by external borrowing depending on the financial instrument used.

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

The HRA projection for October is a nil variance. A predicted 2015/16 underspend on planned repairs of £500k will be offset by one-off expenditure on feasibility studies to kick-start the next phases of estate regeneration and the small sites rolling programme.

The repairs underspend is one-off and will not be ongoing, so the monies will be used to fund up-front costs of feasibility studies (also one-off). This will allow the Council to accelerate the future Estate Renewal Programme and build more housing. In the longer term, once new schemes have been identified, there is an expectation that the cost of feasibility work will be taken into account in determining financial viability such that the programme is delivered on a cost neutral basis and the upfront costs repaid.

Any identified HRA underspends which are deemed to be ongoing continue to be removed from managers' budgets in order to assist in addressing the impact of the Government's new social rent policy. The target to find £1.5m savings in total in 2015/16 has now been achieved, but work is ongoing to identify further savings where possible.

9. ACHIEVEMENT OF SAVINGS

- 9.1 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 £16.0m of savings (57%) are classified as Blue or Green (on course for full achievement). £5.0m are currently Amber with £8.6m 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

³Working capital is the commercial accounting for short term revenue current assets and liabilities.

savings. The overall savings position in terms of traffic light classifications is set out below:

Table 4: New Savings Monitor - Summary Position October 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	(3,060)	28%	(4,950)	46%	(2,750)	26%	0	0%	(10,760)
Schools & Children's Services	0	0%	0	0%	0	0%	(1,590)	100%	(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	(8,560)	27%	(5,006)	16%	(16,251)	51%	(1,770)	6%	(31,587)

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 update members on the latest position in relation to the 2016/17 Financial Settlement and Spending Review information as it affects the London Borough of Enfield.

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 provides a further budget update on the preparation of 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 October 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 October 2015 (£'000)</i>
Overspend in Regulatory services due to external legal costs.	60
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 in service reviews in the purchase of vehicle and parks equipment.	(183)
Efficiencies identified following on-going project to review services across the department.	(347)
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.	(323)
Underspend in Architectural services due to additional fees from recharges of officers time as a result of work undertaken for the capital and maintenance programmes.	(136)
<i>Other Variations:</i>	46
Regeneration & Environment Total	(655)

Appendix A3

<i>Finance, Resources & Customer Services</i>	<i>Budget Variation October 2015 (£'000)</i>
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 October 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 (+£290k) and Voluntary Community Sector (+£183k). This is partly offset through Housing Related Support contracts (-£78k), due to the early achievement of future year savings.	402
Mental Health - The service is currently projecting an overspend for the year on care packages.	334
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.	2,238
Independence & Wellbeing Services - The projected underspend is due to additional client income.	(78)
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 now £15.67m, this reflects a reduction in grant of £1.034m but also an additional grant allocation of £2.447m for 0 to 5 year olds. 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	(3,186)
Adult Social Care & Public Health	0
Community Housing	
The Community Housing service October 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 overspend of £128k 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 £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 more cost effective to make block bookings in advance, 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 £27k, 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. The area of provision for tenant debt has also been reviewed and an underspend of (£46k) is projected due to the reduction in PSL numbers and an £198k projected overspend mainly due to increase in NPA current tenant arrears.	130
Empty property Strategy - Alternative funding has been secured for Empty Property works from external grant carried forward and 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, £1.207m will be utilised to fund PSL and PLA incentives, £78k will be utilised to support extra capacity in the grants team and L&D staff member , £78k to fund Out of hours costs and leaving a closing balance of £1.036m after this contribution of £165k.	165
Community Housing Total	0
Housing, Health & Adult Social Care Total	0

Children's Services	Budget Variation October 2015 (£'000)
Early Years There is a salary overspend of £170k due to the delay with the implementation of the Play structure. This overspend has been offset by underspends of £220k elsewhere within the Early Years section.	(51)
Asset Management The latest estimated eligible recharge to capital expenditure by the service manager has resulted in an increase of the non-capitalised agency staff expenditure this month.	100
Catering This service is now projecting an underspend of £67k based on current meal numbers . The reduction in the underspend this month is mainly due to the £50k in year budget reduction agreed by CMB which resulted from savings on the programmed maintenance and renewals of cashless systems software & hardware.	(67)
School Enhanced Pensions. An underspend of £72k is projected assuming the current monthly payments continue until year-end.	(72)
Educational Psychologists & CAMHS Following an in year budget saving of £95k being actioned and the inclusion of £210k from the Care Commissioning Grant income a reduced overspend is now estimated. The overspend is due in part to the non achievement of £375k staffing savings but is partially offset by other operational underspends and the inclusion of the additional income.	31
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 continuing vacancies.	(52)
Young Persons Substance Misuse The previously reported underspend of £81k as a result of contract value renegotiation with Compass has effectively been removed by an in year saving budget reduction of £81k agreed at CMB.	(2)
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 £61k is anticipated as a result of staff vacancy and additional grant funding.	(61)
External Residential Child Care Placements The external residential homes and agency fostering budget are now showing a net underspend of £69k. It should be noted that these projections are only based current and planned placements so future new placements will cause the projection to increase in the coming months. Within the external agency fostering budget there is an overspend of £248k 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. The Education / SEN placements are also reporting a £146k overspend. These overspends are offset by current underspends within the community homes sector (-£218k) and Secure Remand (-£185k).	(69)
Careers An underspend of £87k primarily as a result of additional income (-£40k) and the implementation of a staffing restructure in January 2016 (-£47K) has reduced this month as a result of the in year saving budget reduction of £47k agreed at CMB.	(35)
Assistant Director - Childrens Division Further underspends have been identified within the indirect salary budgets and running cost budgets held by the Assistant Director	(60)
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 is due to 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 service will continue to seek options 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.	527
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.	112

Children's Services	Budget Variation October 2015 (£'000)
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.	60
In House Fostering Allowances The projection for allowances has increased by £64k this month mainly as a result of 5 new placements and 1 new planned placement plus an extension to 2 parent and child placements. There is also an increase of £10k for assessment costs.	157
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.	229
Leaving Care - Client Costs The Leaving Care client costs budget is currently projecting an overspend of £1155k. This is partially due to an increase in the number of clients staying put within the Leaving Care service with no corresponding budget increase and the numbers of adolescents becoming LAC now turning 17. 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 1 new client placements and increased costs on existing clients due to their complex needs.	1,155
Unaccompanied Asylum Seeking Children This budget is now supporting an additional 604 UASC client weeks above the original budget. During October there has been a net increase of 6 clients. 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.	211
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 fee threshold so grant funding of upto £81k will be claimable this year.	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.	(146)
Youth & Family Support Service - Business Support The overspend is due to payments in lieu of notice and additional early retirement pension costs for 2 senior management posts which were deleted in 15/16.	50
Youth Offending Unit The overspend is due to full staffing, agency staff to cover maternity leave and vacant posts plus a reduction in the Youth Justice Board grant of £32k.	62
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 mainly as a result of a virement of £170k for in-year budget savings agreed at CMB.	(208)
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.	54
Other Minor Variations	37
Children's Services Total	3,456

Appendix A6

Schools Budget	Budget Variation October 2015 (£'000)
Schools Budgets - These variations do not form part of the General Fund position.	£000
Behaviour Support An underspend of £82k is projected by Primary B.S. as a result of staff vacancies which in some cases will now not be filled until January. The reduction in underspend this month is the result of the inclusion of the full cost of recharges previously omitted.	(82)
Special Education Needs- Overspend of £218k for L.A. Special Day, £772k for Independent Day and £64k for Mainstream Tuition are reduced by an underspend of £303k for Independent Residential and £21k for SEN Equipment.	730
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	(30)
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 a total of £724 will be required.	(724)
Schools Total	0

Treasury Management Cashflow Investments & Borrowing as at 31st Oct 2015

The Treasury Management position as at 31st Oct 2015 is set out below:

	31st March £000's	30th June £000's	30th Sept £000's	31st Oct £000's
Long term borrowing	272,532	272,532	314,986	314,986
Short-term borrowing	40,500	17,000	19,000	34,000
Total borrowing	313,032	289,532	333,986	348,986
Total investments	58,370	19,315	46,195	55,190
Net debt	254,662	270,217	287,791	293,796

Movement in debt over the year:

	1 st April £000's	Debt repaid £000's	New debt £000's	31st Oct £000's
PWLB	230,031	(1,026)	20,000	249,005
Commercial loan	30,000	0	0	30,000
Gloucester CC	10,000	0	0	10,000
Salix	2,501	(520)	0	1,981
Temporary borrowing	40,500	(32,500)	26,000	34,000
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	70,000	348,986

London Borough of Enfield Investments at 31st Oct 15

Financial Institution	Principal	Start Date	Effective Maturity	Rate	Days to Maturity	Lowest Credit Rating
Call Accounts	£					
HSBC	1,315,000		On demand	0.40%	1	AA-
Handelsbanken	15,000,000		On demand	0.50%	1	AA-
Money Market Funds						
Ignis	10,000,000		On demand	0.50%	1	AAAm*
Goldman Sachs	10,000,000		On demand	0.44%	1	AAAm*
Deutsche	6,775,000		On demand	0.43%	1	AAAm*
HSBC	4,600,000		On demand	0.42%	1	AAAm*
Termed Deposits						
Lloyds Bank PLC	7,500,000	06/05/2015	05/05/2016	1.00%	187	A
Total - Investments	55,190,000		Average	0.54%	187	
Number of Investments	7					

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%	262
North Yorks CC	£5,000,000	01/12/2014	30/11/2015	0.70%	30
NW Leicestershire DC	£2,000,000	26/06/2015	24/06/2016	0.50%	237
Tyne & Wear Transport	£2,000,000	03/06/2015	01/06/2016	0.50%	214
Sedemoor DC	£5,000,000	04/06/2015	02/06/2016	0.50%	215
Wokingham BC	£2,000,000	08/09/2015	18/08/2016	0.50%	292
Thameside MBC	£10,000,000	01/10/2015	01/04/2016	0.45%	153
South Ayrshire Council	£5,000,000	27/10/2015	25/10/2016	0.55%	360
Total	£34,000,000		Average	0.52%	220

2015/16 Budget & Medium Term Financial Plan
 Departmental Red & Amber Savings - October 2015

Appendix C

Ref No.	Proposal Summary (from template)	Risk	Total 2015/16	Remarks
Red Savings			£000's	
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.
HHASC TA Mit	TA Mitigation	Red	(1,500)	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). There is also another risk due to the likely removal of the £539k Homelessness prevention grant by the Government.
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			(8,560)	
Amber Savings				
Housing, Health & Adult Social Care				
HHASC 15/16 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 15/16 S2	Demand Management - Dementia	Amber	(50)	
HHASC 15/16 S6	Personalisation of Transport services	Amber	(100)	£20k achieved to date. Work is ongoing to achieve the £100k in year.
HHASC 15/16 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 TA Mit	TA Mitigation	Amber	(1,500)	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). There is also another risk due to the likely removal of the £539k Homelessness prevention grant by the Government.
HHASC 15/16 S7	Residential Price improvement	Amber	(500)	Estimated savings achievable in 15/16.
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
Total Amber Savings			(5,006)	
Total Red / Amber Savings			(13,566)	