

MUNICIPAL YEAR 2015/16 REPORT NO: 223

MEETING TITLE AND DATE:

Cabinet: 27th April 2016

Report Of:

Director of Finance, Resources and Customer Services

Contact:

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AGENDA PART 1

ITEM 6

Subject: Revenue Monitoring Report 2015/16: February 2016 and Financial Update

Wards: All

Councillors Consulted:

Cllr Andrew Stafford

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the Council's 2015/16 provisional revenue outturn (based on spend to the end of February 2016 and departmental outturn forecasts). The report shows an improvement in the January position with the forecast use of reserves reduced by £0.540m.
- 1.2 Corporate Management Board is working with Departmental Management Teams and Finance Officers to identify in year savings that will be used to reduce the forecast contribution from reserves in the final outturn.
- 1.3 This report includes an update on potential financial implications for the 2016/17 Medium Term Financial Plan following the Chancellor's 2016 Budget announcement on 16th March 2016.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Notes the forecast outturn and the use of one-off earmarked reserves and in-year savings.
- 2.2 Notes that officers will continue to work to identify further savings to be reported to Cabinet in July in the 2015/16 Revenue Outturn so as to minimise the final use of reserves.
- 2.3 Notes the implications on the Chancellors 2016 Budget and that the Medium Term Financial Plan will be updated where possible for all known pressures and other financial implications for reporting as part of the first 2016/17 revenue monitor.

3. BACKGROUND

- 3.1 This final 2015/16 financial report updates Cabinet on:

1. The Chancellor's 2016 Budget which included several announcements that could have financial implications for the Council's Medium Term Financial Plans and
2. The first provisional 2015/16 revenue outturn against budget report.

3.2 2016 Budget

The Chancellor announced his 2016 Budget on 16th March. There were significant changes that will affect local government. Details are still unclear, but set out below are the potential financial implications for the Council where indications can be assessed. In many cases no indications can be given until further details are released by the Government.

2019/20 Additional Spending Reductions

The latest forecast budget gap over the MTFP period is shown in the table below:

	2016/17	2017/18	2018/19	2019/20
Budget Gap (£'000)	0	1,122	(1,849)	(13,015)

The Government will undertake an efficiency review to identify a further £3.5 billion of departmental spending cuts in 2019/20. No changes were announced to local government funding allocations set out in the 2016/17 LGF settlement. London Councils report no indications that this will affect the 4-year funding settlement but this cannot be guaranteed because:

- The guarantee could be used to force Councils to agree the deal by providing a minimum funding guarantee only available to councils who sign up; and
- All previous Government spending cuts have resulted in councils facing greater cuts as they have not been protected.

At present no firm details are available from the Government that could be used to indicate the impact on Enfield. Assuming the cut will be applied to the Resource Departmental Expenditure Limits (RDELs) only and using 2015 Spending Review figures, Enfield may face further funding reductions of between £6m to £8m in 2019/20 in addition to the budget gap set out in the table above, although, as indicated before, it is not known at this stage whether council funding for 2019/20 will be affected. Also, any reduction would be subject to changes resulting from the implementation of 100% business rates retention.

Business Rates

The Government will explore with London options for moving to 100% business rates retention ahead of the full roll-out of the business rates reforms. The GLA's share of retained business rates will be increased and responsibility transferred for funding TfL's capital projects in April 2017.

Small Business Rate Relief will be permanently doubled to 100% and the thresholds moved. At present this reduces Enfield's business rates by £2m per annum. Enfield's share of the loss is £0.6m which is currently funded by a special Government grant. The Treasury says it will "compensate", but it is currently unclear whether this means actual cash or an adjustment to spending power.

Business rates will be indexed to CPI rather than RPI from April 2020. The CPI is generally lower than RPI so this will have the effect of reducing Enfield's annual inflationary increase in business rates tax. Based upon the current business rates tax base, a loss of 1% would reduce the total annual increase by £1m which will become a significant tax loss under 100% business rate retention.

The government will publish a discussion paper in March 2016 on moving to 3-year business rates revaluations. This may result in increased turbulence in business rates receipts as there can be significant distributional impact between regions if the Government continues its current policy to reset the business rate multiplier so that overall the impact is financially neutral.

Schools

All schools are expected to either become academies, or be in the process of converting to academy status, by the end of 2020.

Proposals to replace the current system of funding schools from 2017/18 with a National Funding Formula are currently out to consultation. From 2020 schools will

be funded directly and the LAs role in allocating and distributing Dedicated Schools Grant (DSG) funding will cease. A second phase of the consultation is to follow and will provide exemplifications which will give us a better indication of the impact of the new formula on Enfield schools.

In the Chancellor's budget he announced £500 million of additional funding is to be provided to accelerate the transition to a National Funding Formula for schools, with the Government aiming for 90% of schools who gain from the new formula to receive the full amount they are due by 2020. It is unlikely that this will benefit Enfield as we have been considered to be one of the higher funded authorities and have not received any of the additional funding distributed in 2014/15 and 2015/16 to the authorities considered to be the least fairly funded.

For Enfield the total academisation programme would result in around 74 schools moving from Enfield's control to Academy status, with the resultant loss of Education Support Grant (ESG) funding and a loss of flexibility in the application of the schools budget. The most significant risk within the DSG element of the schools budget is that the Council may be left with limited resources available to support an increasing number of pupils with high needs, which will continue to be a LA responsibility. This may result from the Government's proposals to ring-fence the funding blocks within the DSG, whereas currently LAs have the freedom to apply the DSG across the blocks to address need.

If these proposals go ahead the loss of ESG would be around £3.5m based on 2016/17 funding rates and pupil numbers. This would result in a reduced grant of approximately £1m, assuming that we would still receive the same general funding rate for pupils in Special Schools and Pupil Referral Units as well as the retained duties rate of £15 per pupil for all pupils in the borough.

Local Government Pension Scheme

The government will reduce the public service pension scheme discount which will increase the contributions employers pay to the schemes from 2019/20 onward. Detailed costs are still needed.

Other Policy Announcements

At this stage it is too early to determine if there are significant financial implications of the announcements regarding Housing, Planning and other bullet points listed by London Councils. Under monitoring a risk has been reported due to the CLG review of homelessness grant, which may result in removal of the £0.54m grant to Enfield. Officers will continue to monitor subsequent Government announcements and report any updates on the financial implications.

3.3 Revenue Monitoring 2015/16

The Revenue Monitoring Report is a result of the monthly monitoring process carried out by Departments. Over the last few months, officers have managed the previously projected overspend down through a series of cost cutting initiatives. Explicit monitoring of temporary staffing, increased controls over office expenditure and detailed Budget Challenge meetings have all contributed to an improved outturn position.

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 the Council's provisional General Fund outturn 2015/16 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		
		Dec	Jan	Feb
Income and expenditure position	<ul style="list-style-type: none"> Year-end forecast outturn variances in relation to General Fund budgets are being met by the use of one-off reserves and in year savings in order to achieve a balanced position. 	Amber	Amber	Amber
	<ul style="list-style-type: none"> The HRA is projecting an outturn underspend of £1.3m in 2015-16. 	Green	Green	Green
Balance Sheet	<ul style="list-style-type: none"> The current profile of cash investments continues to be in accordance with the Council's approved strategy. 	Green	Green	Green
	<ul style="list-style-type: none"> The year-end outturn projection for the General Fund balances will meet the Council's Medium Term Financial Strategy target levels based on the use of uncommitted reserves to meet the one-off overspends in 2015/16. 	Green	Green	Green
Cash flow	<ul style="list-style-type: none"> 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
	<ul style="list-style-type: none"> Interest receipts forecast for the year are on target with budget. 	Green	Green	Green

4. February 2016 Monitoring – General Fund

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

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

February 2016	Net Controllable Budget						January Variation £000s
	Original Budget £000s	Approved Changes £000s	Reserves £000s	Latest Budget £000s	Provisional Outturn £000s	February Variation £000s	
Department							
Chief Executive	3,372	1,279		4,651	3,638	(1,013)	(709)
Regeneration & Environment	28,796	(2,495)		26,301	25,582	(719)	(490)
Finance, Resources & Customer Services	44,365	12,408	1,241	58,014	58,014	0	0
Health, Housing and Adult Social Care	91,276	(5,921)	2,716	88,071	88,071	0	0
Children's Services	49,045	(2,935)	2,072	48,182	50,852	2,670	2,665
Enfield 2017	(15,100)	9,600	5,500	0	0	0	0
In Year Savings	0	1,466	(528)	938	0	(938)	(1,466)
Contribution from reserves	0	0	(11,001)	(11,001)	(11,001)	0	0
Total Department Budgets	201,754	13,402	0	215,156	215,156	0	0
Collection Fund	(2,825)	0		(2,825)	(2,825)	0	0
Corporate Items	36,419	(7,095)		29,324	29,324	0	0
Government Funding	(134,431)	(6,307)		(140,738)	(140,738)	0	0
Council Tax Requirement	100,917	0	0	100,917	100,917	0	0

5. DEPARTMENTAL PROVISIONAL OUTTURN INFORMATION – BUDGET PRESSURES & PROJECTED SAVINGS

5.1 Chief Executive's Department (Appendix A1)

The department's provisional outturn position is an over recovery of income against budget of £1,013k mainly relating to the Matrix Agency rebate and Schools Human Resources buyback service for 2015/16.

5.2 Regeneration & Environment (Appendix A2)

The department is currently projecting a favourable provisional outturn variance of £719k; explanations for variances over £50k are detailed in Appendix A2:

5.3 Finance, Resources & Customer Services (Appendix A3)

Finance, Resources and Customer Services provisional outturn position for 2015/16 includes the previously reported pressures due to Serco contract volumetrics and the delayed data centre move. The pressure requires the use of one off earmarked reserves to contain net spend within the departmental budget.

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

Adult Social Care

The Adult Social Care provisional outturn pressure of £2.832m will be addressed through a contribution from HHASC earmarked reserves and other control measures in order to stay within budget. The main forecast pressures are in Learning Disabilities (£1.9m), Older People (£1.82m) and Physical Disabilities (£0.34m). These figures include the allocation of 2015/16 Better Care Fund monies.

Key assumptions within the forecast are based on projected activity and year to year trends. 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. It should also be noted that the use of one-off resources to achieve a balanced budget in 2015/16 does mean that budget pressures remain for future years due to demographic pressures, provider cost pressures and a growing demand for social care services.

Community Housing

There is currently a projected nil outturn variance for 2015/16. This figure includes a transfer back to the initiatives reserve of £116k. However, this area of spend remains volatile and the underlying pressure due to the increased volume of homelessness still remains. There has been a £2m net budget increase in 2015/16 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.

5.5 Children's Services (Appendix A5)

Children's Services are projecting a £2.67m provisional outturn overspend. This is similar to the position reported in January. The departmental overspend arises due to increasing demand for Children's services, including:

- Leaving Care Client costs (£1.350m)
- Children in Need Social Work Teams (£0.688m)
- Unaccompanied Asylum Seeking Children and UASC aged 18+ (£0.752m)
- SEN Transport (£2.072m)
- Special Guardianship & Adoption Allowances (£0.137m)
- Residential Child Care places (£0.438m)

These pressures are partially offset by savings elsewhere in the service. The SEN Transport pressure is being funded from reserves and has therefore been offset within the reported overspend figure of £2.67m.

Despite the management action that is being undertaken to identify mitigating savings, a significant year end provisional outturn overspend is 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 £117m as at 29th February to a total of £372m 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, the purchase of a farm and continued investment in to residential homes through Housing Gateway and Enfield Innovation.

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. Following the Chancellor's March budget and economic forecast most commentators expect interest rates to remain unchanged in 2016 and for the medium term. However a sudden rise in interest rates remains as a risk due to the uncertainty surrounding the EU referendum and the potential for a period of instability in the event of a vote for UK exit.

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

6.2 Contingency- General Fund

The Council maintains a general contingency of £1.0m. £0.85m of this contingency had been utilised for the funding of expenditure relating to No Recourse to Public Funds costs agreed by Cabinet in 2014-15. The balance of £0.15m is currently unutilised and the saving has been included in the provisional outturn to reduce the use of reserves.

7. Housing Revenue Account (HRA) – Projected outturn underspend of £1.3m

The HRA outturn projection for February is an underspend of £1.3m. A predicted 2015/16 underspend on repairs of £2.3m will be partially offset by one-off expenditure which needs to be paid out of the HRA this financial year.

An analysis of day to day repairs information based on nine months' data reveals that the cost per repair has reduced as a result of the new contracts. The saving attributed is estimated to be £1m, and may be ongoing into future years. The rest of the underspend arises through a combination of past years' commitments being finalised at a lower cost than estimated (£500k), and reduced costs of the planned maintenance programme (£800k).

This year, however, there is a requirement to fund up-front costs of feasibility work which will allow the Council to accelerate the future Estate Renewal and Housing Development 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.

The housing related costs of implementing Enfield 2017 will also be funded from the HRA.

Together, these two items of one-off expenditure will amount to £1m.

Any identified 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 exceeded, but work is still ongoing to identify further savings where possible.

8. ACHIEVEMENT OF SAVINGS

8.1 The 2015/16 Budget Report included new savings targets totalling £31.6m to be made in 2015/16. 100% of these savings are now classified as Blue or Green (fully achieved or on course for full achievement). Where implementation delays have led to a shortfall in savings in the current year this has been managed by the use of departmental or corporate reserves to achieve a balanced budget, with the expectation that the saving will be achieved in full in 2016/17. The overall savings position in terms of traffic light classifications is set out below:

Table 4: New Savings Monitor - Summary Position February 2016

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%	0	0%	(1,003)	85%	(180)	15%	(1,183)
Housing, Health & Adult Social Care	0	0%	0	0%	(10,760)	100%	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	0	0%	0	0%	(15,100)	100%	0	0%	(15,100)
Total New Savings for 2015/16	0	0%	0	0%	(29,817)	94%	(1,770)	6%	(31,587)

9. ALTERNATIVE OPTIONS CONSIDERED

Not applicable to this report.

10. REASONS FOR RECOMMENDATIONS

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

11.1 Financial Implications

As the Section 151 Officer, the Director of Finance, Resources & Customer Services is required to keep under review the financial position of the Authority.

The 2016 Budget confirms that pressure on public spending will continue throughout the life of this Parliament and that the Medium Term Financial Plan requires revision for reporting to Cabinet as soon as possible in response to the Chancellor's policy announcements affecting Local Government.

The monthly revenue monitoring is part of this review process and this latest provisional outturn 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 and the overspend on Children's Services and IT. The Council's reserves are sufficient to meet current forecast pressures and risks as set out in the 2016/17 Budget Report to Council but will need replenishing to provide for future new risks.

Reported pressures in 2015/16 are expected to be ongoing in a number of areas especially as a result of demographic changes, welfare reforms increasing the cost of temporary accommodation, population growth and changing needs. Additional funding was included in the 2016/17 budget to address these pressures together with the additional staffing costs arising from pay awards, changes in NI and the London living wage and the loss of government funding. These high risk budgets will be monitored closely during 2016/17 to ensure the budget remains in balance.

11.2 Legal Implications

The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties.

11.3 Property Implications

Not applicable in this report.

12. KEY RISKS

There are a number of general risks to the Council being able to match expenditure with resources this financial year and over the Medium Term Financial Plan:-

- 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.
- 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
- Schools National Funding Formula and conversion of all schools to Academies by 2022

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

13. IMPACT ON COUNCIL PRIORITIES

- 13.1 **Fairness for All** – The recommendations in the report fully accord with this Council priority.
- 13.2 **Growth and Sustainability** – The recommendations in the report fully accord with this Council priority.
- 13.3 **Strong Communities** – The recommendations in the report fully accord with this Council priority.

14. EQUALITIES IMPACT IMPLICATIONS

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

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

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

15. PERFORMANCE MANAGEMENT IMPLICATIONS

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

Background Papers

None.

Appendix A1

Chief Executive	Budget Variation February 2016 (£'000)
The department is currently projecting an over recovery of income against budget of £825k relating to the Matrix Agency rebate for 2015/16. The level of agency rebate income is unlikely to be as high in future years since the use of agency staff is planned to reduce from 2016/17 onwards.	(825)
Overachievement of income on the Schools Buyback service and underspends within Human Resources Management.	(199)
Underspend in Communications is mainly due to the cancellation of non-essential planned marketing activities to meet 15/16 Budget Challenge (£42k).	(53)
Income shortfall on the Design & Print Service	94
Other variations	(30)
Chief Executive Total	(1,013)

Appendix A2

<i>Regeneration & Environment</i>	<i>Budget Variation February 2016 (£'000)</i>
Underspend due to efficiencies identified following an on-going project to review services across the department.	(173)
Underspend is mainly due to the underspend in the PCSO contract.	(192)
Underspend due to efficiencies identified following an on-going service reviews in the Planning, Highway and Transportation division.	(77)
Additional external legal costs in Regulatory Services.	53
Underspend in the Corporate Health and Safety Team - due to underspend in salaries, contract costs and additional income received from undertaking Asbestos Surveys in Housing Gateway Limited properties.	(75)
Architectural Services fees	(110)
Contribution to street lighting reserve.	90
Underspend in Traffic & Transportation Service due to additional Temporary Traffic Order income and a reduction in Traffic signal maintenance payments to TfL.	(418)
Overspend in People Transport Services due to growth in children requiring transport services.	273
Underspend in vehicle leasing charges, which is due to the planned delays in the vehicle and parks equipment replacement programme	(113)
Favourable variance as a result of additional income generated from the successful marketing of the trade waste service, improved income from Schedule 2 Waste services and additional income from parks leases.	(384)
Adverse variance due to a fall in the market price for recyclable materials and current levels of contamination in waste collected.	333
Other Variations: Other minor variances	74
<i>Regeneration & Environment Total</i>	(719)

Appendix A3

Finance, Resources & Customer Services	Budget Variation February 2016 (£'000)
Information & Comm. Technology (ICT) - £1.2m overspend from delayed migration to cloud infrastructure and increased volumetrics cost. £50k overspend due to PWC audit. £400k overspend on MFDs due to historic income targets and insufficient budget.	1,601
Legal & Corporate Governance Services - Legal agency costs & citizenship grant reduced.	30
Property Services - There is a shortfall on strategic property services, mainly in underachievement of rental income from the Palace Gardens Development. This has been more than offset by additional rental income from the Civic Centre and Ordnance Unity Hub.	(227)
Customer Services, Revenues & Exchequer Services	(143)
Other Items	(20)
Use of reserves and other control measures	(1,241)
Finance, Resources & Customer Services Total	0

Health, Housing and Adult Social Care	Budget Variation February 2016 (£'000)
Adult Social Care	
Strategy & Resources - The service is projecting an overspend from an increase in Deprivation of Liberty (DoLS) applications (+£257k) This is partly offset through Housing Related Support contracts (-£182k), due to the early achievement of future year savings.	75
Mental Health - The service is currently projecting an overspend for the year on care packages.	296
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 .	1,874
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.	2,160
Independence & Wellbeing Services - The projected underspend is due to additional client income.	(151)
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.	0
Use of reserves and other control measures.	(2,832)
Adult Social Care & Public Health	0
Community Housing	
The Community Housing service February 2016 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 £179k in this area. This is predominantly made up of a £206k overspend resulting from the loss of 149 units in the Private Sector Leased portfolio and Private Leased Annexe portfolio and £55k overspend on repairs budget due to the introduction of a new contract. However, there is a (£508k) 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 £78k, 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 (£42k) is projected due to the reduction in PSL numbers and an £325k projected overspend mainly due to increase in NPA current tenant arrears. There is a projected £20k underspend in the HRA recharge due to a reduction in time spent on General Fund tasks.	179
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, £1.222m will be utilised to fund PSL and PLA incentives, £68k will be utilised to support extra capacity in the grants team and L&D staff member , £78k to fund Out of hours costs, £400k to fund DHP expenditure and £58k to fund further work by RMG leaving a closing balance of £620k after this contribution of £212k.	116
Community Housing Total	0
Housing, Health & Adult Social Care Total	0

Children's Services	Budget Variation February 2016 (£'000)
Asset Management The latest estimated eligible recharge to capital expenditure for this team has resulted in a further decrease of non-capitalised agency staff expenditure this month.	77
Catering The Catering Service is projecting an underspend of £202k based on current meal numbers. This underspend has increased since last month due to higher than expected take up of pupil meals especially in primary schools £96k, a food rebate being received for £31k, a reduction in capital finance spending, £30k and a reduction in the cost per meal.	(202)
School Enhanced Pensions. The projection assumes that the current monthly payments continue until year-end resulting in an underspend of £58k. The early retirement costs £22k has reduced the underspend this month.	(58)
SEN Services This underspend is reflective of the staff vacancies expected until year end. A charge for management overheads of £30k has led to a reduction in the underspend this month.	(111)
SEN Transport An overspend of £2,072k is projected based on current information from Environmental Services. Work is ongoing to reduce this projected overspend.	2,072
Education Welfare. An underspend is projected in the employee budget due to long term sickness, maternity leave and vacancies. The increasing underspend is as a result of a delay in recruiting 2 Senior E.W.Os.	(79)
Unallocated Department Wide Budgets - This budget includes previous years' MTFP savings not yet achieved relating to previous years management reviews and the reduced loss of joint venture income.	152
E.A.S.S. Music An underspend of £108k is anticipated as a result of staff vacancy and additional grant funding.	(108)
External Residential Child Care Placements The external residential homes and agency fostering budgets are now showing a net overspend of £438k, which is an increase of £77k on last month's projection. It should be noted that these projections are only based on current and planned placements so future unknown placement changes will cause the overspend to increase or decrease in the coming months. Within the external agency fostering budget there is an overspend of £343k 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. An increase of £5k from last month. The Education / SEN placements are reporting £172k overspend. The Community Homes sector has seen a further increase this month, £54k and is now reporting a £110k overspend. These overspends are partly offset by current underspends within the Secure Welfare (-£38k), and Secure Remand (-£150K). The overall £77k increase is due to new placements and extensions to existing placements within the Community Homes, Agency Fostering, Secure Remand and budgets.	438
Children's Division Underspends have been identified within the indirect salary budgets and running cost budgets held by the Assistant Director. This underspend has reduced this month due to increased settlements and disbursements expenses.	(90)
Children In Need - Social Work Teams The ongoing 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 earlier in the year to approve additional agency staff to cope with the significant rise in Contacts, Referrals, Child Protection Investigations and Registrations and LAC. These additional agency staff have now been ceased and improved recruitment timescales are helping to control costs. Despite a number of management decisions regarding agency staff cover there is still an increase this month of £21k. 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.	688
No Recourse to Public Funds. As in previous years the overspend on this budget will be dealt with as a corporate pressure and no variation will be reported as part of the SCS monitor. However the full overspend is currently £925k, a £74k increase on last month. SCS are unable to resolve the immigration status of these clients the numbers of families (was 132 in January) and costs are increasing as they are now being supported longer with resultant additional costs.	73

Children's Services	Budget Variation February 2016 (£'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.	65
In House Fostering Allowances. The in house service is supporting an additional 272 weeks of placements above the budget, which would have gone into more expensive agency foster placements. The projection for allowances has increased by £34.8k this month as a result of 10 new placements, 4 planned placements, increased DBS checks £30k which has been partly offset by increased income of £4.1k for consortium placement.	294
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. The service is also using £52k of the Adoption Reform grant to reduce this overspend. In January, the overspend has reduced by £5k because of delays in 2 adoption cases.	137
Leaving Care - Client Costs The Leaving Care client costs budget is currently projecting an overspend of £1,350k. 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 increased costs on existing clients due to their complex needs and providers not accepting LHA.	1,350
Unaccompanied Asylum Seeking Children This budget is now supporting an additional 744 UASC client weeks above the original budget. During February there has been a net increase of 2 new 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 hence an increase of £6k this month.	239
Former Unaccompanied Asylum Seeking Children 18+ We are currently providing 1,601 weeks of care and support to former UASC clients now 18 and over who acquired leaving care rights whilst under 18. The shortage of suitable accommodation for this client group has resulted in more expensive placements and we have more clients than allowed for in the original 2015/16 budget. As the actual client numbers are now above the 25 fte threshold some grant funding is now available. These clients are now subject to validation checks by the Home Office and some currently supported are still in the verification process. This could result in a further loss of grant income if they are confirmed as not valid by the Home Office.	513
Joint Service for Disabled Children - this service is reporting an increased 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.	(282)
Youth Offending Unit - The underspend is due to recruitment difficulties and a cap on non essential expenditure. Additionally, income includes a recharge from the Troubled families grant £100k to fund 2 social workers. This may be recouped by the service as the grant can be utilised over a two year period if not fully spent this year.	(145)
Youth Strategy & Support Service The main reason for the underspend is a planned spending reduction within the Special Projects and Positive Activities for Young Children budgets which are required to reduce the pressures within the overall Children's Division budget. The underspend has increased this month mainly due to less cover for a vacant post. Additionally, an increased income from mediation services.	(368)
Other Minor Variations	87
Use of reserves and other control measures	(2,072)
Children's Services Total	2,670

Schools Budget	Budget Variation February 2016 (£'000)
Schools Budgets - these variations do not form part of the General Fund position.	
Delegated Primary Schools Budget (DSG). Increase in expenditure due to former childrens centre pupils being funded via school rather than direct from early years team.	240
Early Years. Subsequent investigations following the Spring headcount has provided more accurate year end figures. This shows a reduction in the underspend by £98k.	(1,449)
Behaviour Support. There is an underspend in these services of £94k. This is mainly due to the staff vacancies in both the Primary Behaviour Support service, £102k suppressed by an overspend in the Secondary Behaviour support, £8k. Increases in referrals for college placements has been identified in the Secondary support service which has led to a decrease this month in the overall underspend by £60k.	(94)
Special Education Needs	
Mainstream Tuition. The variance to budget of £93k is the net result of 12 leavers . There has been minimal change this month.	(93)
L.A. Special School Day. The overspend reflects an increase in the number of pupils placed in out borough maintained special schools.	140
Speech Therapy. An underspend is predicted. SEN are in discussions with the NHS to match the budget.	(111)
Independent Day & Residential. The overspend has remained at a similar to level to previous months and reflects all anticipated income from health and Children's Services where the cost of the placement is joint funded.	475
Central Licences. Overspend as a result of licence costs being far greater than de-delegated budget and will be reviewed as part of 2016/17 budget process.	106
Post 16 SEN. An over estimation as to the number of applicants applying for Education, Health and Care Plan in January. This has been revised down in line with actual applicants £325k This is a decrease of £532k from last month.	325
Budgets with no/ minor variances	54
Total Schools Education Services Variation	(407)
Children's Division	
Child Learning Disabilities. Unable to recruit enough experienced staff to cover the 6 vacancies in this financial year.	(63)
Pre-School Support. The reported underspend is due to lower premises costs for rent and rates and adjusted staff costs for a vacant post which is to be filled next year.	(36)
Total Schools Children's Services variation	(99)
Allocation from Contingency (£848k maximum)	(848)
Total Variation – Schools Budget	(1,354)

APPENDIX B

Treasury Management Cashflow Investments & Borrowing as at 29th Feb 2016

The Treasury Management position as at 29th Feb 2016 is set out below:

	Mar-15 £000's	Jun-15 £000's	Sep-15 £000's	Dec-15 £000's	Feb-16 £000's
Long term borrowing	272,532	272,532	314,986	324,986	354,837
Short-term borrowing	40,500	17,000	19,000	39,000	58,000
Total borrowing	313,032	289,532	333,986	363,986	412,837
Total investments	58,370	19,315	46,195	30,560	41,220
Net debt	254,662	270,217	287,791	333,426	371,617
Increase in Net debt since 1April		15,555	33,129	78,764	116,955

Movement in debt over year

	1 st April 2015 £000's	Debt repaid £000's	New debt £000's	29th Feb 2016 £000's
PWLB	227,978		60000	287,978
Commercial loan	30,000	0	0	30,000
Gloucester CC	10,000	0	0	10,000
Salix	1,462		0	1,462
Temporary borrowing	40,500	(37,500)	55,000	58,000
LT Loans Maturing In Year	3,092	(1,546)	0	1,546
LT Borrowing Local Authorities			8,000	8,000
LT Borrowing from LEEF			6,000	6,000
EIB LT Borrowing			9851	9,851
Total borrowing	313,032	-39,046	138,851	412,837

London Borough of Enfield Investments at 29th Feb 16

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-
Handlesbanken	15,000,000		On demand	0.50%	1	AA-
Money Market Funds						
Ignis	10,000,000		On demand	0.50%	1	AAAm*
Goldman Sachs	0		On demand	0.44%	1	AAAm*
Call Accounts						
HSBC TREASURY CENTRE CALL ACCOUNT	8,720,000		On demand	0.40%		
SVENSKA HANDLESBANKEN CALL ACCOUNT	15,000,000		On demand	0.50%		
Notice Accounts						
Santander 31 Day Notice Account	2,000,000		On demand	0.65%		
Money Market Funds						
HSBC Sterling	0		On demand	0.42%		AAAm*
GOLDMAN SACHS STERLING LIQUID RESERVE FUND			On demand	0.41%		
IGNIS LIQUIDITY FUND	8,000,000		On demand	0.50%		
Long Term Deposits						
Lloyds Bank PLC	7,500,000	06/05/2015	05/05/2016	1.00%	126	A
Total - Investments	41,220,000		Average	0.55%	126	
Number of Investments	6					

London Borough of Enfield Short Term loans at 29th Feb 2016

Financial Institution	Principal	Start Date	Effective Maturity	Rate	Days to Maturity
Wokingham BC	£3,000,000	11/08/2015	19/07/2016	0.50%	141
NW Leicestershire DC	£2,000,000	26/06/2015	24/06/2016	0.50%	116
Tyne & Wear Transport	£2,000,000	03/06/2015	01/06/2016	0.50%	93
Sedemoor DC	£5,000,000	04/06/2015	02/06/2016	0.50%	94
Wokingham BC	£2,000,000	08/09/2015	18/08/2016	0.50%	171
Thameside MBC	£10,000,000	01/10/2015	01/04/2016	0.45%	32
South Ayrshire Council	£5,000,000	27/10/2015	25/10/2016	0.55%	239
Milton Keynes Council	£10,000,000	01/12/2015	30/11/2016	0.60%	275
POLICE AND CRIME COMM WEST MIDLANDS	£5,000,000	29/01/2016	27/01/2017	0.65%	333
CHICHESTER DISTRICT COUNCIL	£2,000,000	28/01/2016	07/12/2017	0.60%	647
ISLINGTON COUNCIL	£5,000,000	28/01/2016	26/01/2017	0.65%	332
WEST SOMERSET COUNCIL	£2,000,000	15/01/2016	13/01/2017	0.56%	319
POLICE AND CRIME COMM WARWICKSHIRE	£5,000,000	12/01/2016	20/05/2016	0.38%	81
Total	£58,000,000		Average	0.53%	221