

MUNICIPAL YEAR 2016/2017 – REPORT NO. 28

MEETING TITLE AND DATE

Cabinet: 7th July 2016

REPORT OF:

Director of Finance, Resources and Customer Services

AGENDA PART 1

ITEM: 7

SUBJECT - REVENUE & CAPITAL OUTTURN 2015/16

Cabinet Member consulted:

Councillor Lemonides

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1. EXECUTIVE SUMMARY

- 1.1 This report sets out the overall 2015/16 revenue and capital outturn position for the Council's General Fund and Housing Revenue Account, along with the Council's current financial state including reserves and financial risks.
- 1.2 An overview of the budget process for 2017/18 is provided together with the latest information on public expenditure and progress on the Government's plans to replace Revenue Support Grant with 100% retention of local business rates.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Notes the General Fund and Housing Revenue Account (HRA) revenue and capital outturn for 2015/16
- 2.2 Agrees specific changes to reserves as set out in paragraph 4.2 and detailed in the service appendices
- 2.3 Notes the capital outturn and agrees the funding of the Council's capital expenditure for 2015/16 as set out in this report (paragraph 6.3)
- 2.4 Notes and comments upon the budget process (paragraph 8.5)

3. INTRODUCTION

- 3.1 This report sets out the overall Council General Fund and Housing Revenue Account revenue and capital outturn position for 2015/16, with detailed service outturn information provided in the Appendices. It also provides the latest information about the planned changes to the local government funding regime and reviews national and local issues that may impact on the Medium Term Financial Plan (MTFP). An updated assessment of the main financial risks in the MTFP together with the revised reserves statement provides context to the budget setting process for 2017/18.

2015/16 REVENUE OUTTURN POSITION

4. GENERAL FUND

- 4.1 The final outturn position is set out in Table 1 below. It provides a comparison between the latest budget and final outturn (subject to Cabinet confirming the carry forward of reserves for specific projects in 2016/17). A more detailed explanation of budget variations is included in Appendices B to G.

Table 1: Service Departments Revenue Outturn Position 2015/16	Budget £'000	Net Spend £'000	Variance £'000
Chief Executive	4,288	3,773	(515)
Regeneration & Environment	28,707	28,088	(619)
Finance, Resources & Customer Services	56,008	57,359	1,351
Health, Housing & Adult Social Care	86,739	86,713	(26)
Schools & Children's Services	48,899	52,135	3,236
Service Net Costs	224,641	228,068	3,427
Corporate:	20,440	16,680	(3,760)
Net Expenditure	245,081	244,748	(333)
Revenue Support Grant	(59,325)	(59,325)	0
Business Rates	(66,798)	(66,798)	0
Collection Fund	(2,825)	(2,825)	0
Central Funding Grants	(15,216)	(14,883)	333
Council Tax	(100,917)	(100,917)	0
General Fund Corporate Financing	(245,081)	(244,748)	333
General Fund Grand Net Total	0	0	0

The outturn position for 2015/16 is within budget. It should be noted that the final approved estimate figures included in Table 1 are controllable departmental budgets excluding central support allocations and capital and asset impairment charges. These figures show the net budget that is directly controlled by Departments.

Children's Services reported an adverse outturn variance of £3.2m due to demand led pressures in respect of Looked After Children and Residential Care Purchasing. Pressures in this area were recognised in the 2016/17 budget and an additional £2.5m budget was provided, however given the outturn position this will need to be kept under close review in 2016/17 with a view to containing expenditure within budget.

Adult Social Care has reported a balanced budget position in 2015/16. However Adult Care Purchasing reported significant spending pressures totalling £4.378m resulting from service demand, with an increase in volume and some additional increase in the cost of care packages. These were met from one-off earmarked reserves in 2015/16 and as such may represent an ongoing pressure which will need to be closely monitored going forward as part of the Medium Term Financial Plan. Additional funding of £2.071m raised from the Adult Social Care Levy in 2016/17 was allocated to Adult Social Care and part of this will be used to offset these pressures.

Finance, Resources and Customer Service reported a pressure mainly due to a £1m shortfall in income from the commercial property portfolio. Work is in hand to generate additional income from new property investments.

The draft Statement of Accounts will be certified by the Director of Finance, Resources and Customer Services and shared with BDO (External Auditors) at the end of June.

Earmarked Reserves

- 4.2 The following contributions to reserves in respect of grant funding provided for specific services are set out below for noting and approval.

Table 2: New Specific Grant Reserves	£'000's
Schools and Children's Services Grants	
Troubled Families Grant	1,069
Special Educational Needs & Disability Grant (SEND)	311
Assessed and Supported Year in Employment (ASYE) grant for all Newly Qualified Social Workers (NQSWs)	114
Children's Social Care Innovation Programme (SCIF)	16
	1,510

The level of non-specific General Fund Earmarked reserves at 31st March 2016 has reduced by £14.9m to £38.6m (£53.6m 31st March 2015). The HRA reserves have increased by £0.8m from £24.9m to £25.7m. This excludes ring-fenced reserves such as HRA Capital reserves and Dedicated Schools Grant reserves. Details of total reserves as at 31st March 2016 are set out in Appendix H.

4.3 Collection Fund

The Collection Fund covers both council tax and business rates. The Collection Fund recorded the following performance in 2015/16:

- A total council tax surplus balance on the fund of £3.831m at 31st March 2016. The surplus is due to collection levels exceeding budgeted targets. Enfield's share of this surplus is £2.9m as shown in Table 3, with £0.9m going to the GLA.
- A total business rate deficit balance of £7.690m. Successful business rate appeals including backdated refunds relating to the National Non Domestic Rates (NNDR) Pool¹ are continuing and are the main reason for the deficit on the fund. Enfield's share of the deficit is £2.307m as shown out in the table below, with the balance shared between the Government and the GLA.

¹ The Pool was closed by the Government on 31 March 2013. The Local Government Association continues to lobby the Government to take responsibility for the continuing high level of losses nationally on appeals before April 2013 and offset all of these losses against the old NNDR Pool but without success.

Enfield's share of the Collection Fund balances is as follows:

Table 3: Enfield Collection Fund Balances	Council Tax	Business Rates	Total
	£'000	£'000	£'000
Final accounts balance brought forward	(6,131)	2,944	(3,187)
(Surplus)/ deficit in year	3,204	(637)	2,567
Balance carried forward 31 March 2016	(2,927)	2,307	(620)

The Council's 2016/17 budget includes an estimated Collection Fund surplus for Enfield at 31st March 2016 of £1.319m. The revised estimated Collection Fund balance as at 31st March 2017 for the 2017/18 budget will take into account the reduction of £0.699m in the net surplus.

4.4 **General Fund Balance**

The level of the General Fund balances at 31 March 2016 was unchanged at £14m. This level of balances excludes the amount attributable to schools' delegated budgets and is in line with the assumptions included in the Budget 2016/17 and Medium Term Financial Plan report considered by Council in February 2016.

School revenue balances reduced by £1.36m to £9.94m at 31st March 2016. This reflects schools' decisions in the allocation of their resources. School balances are reported separately to the remainder of the General Fund as they are held for specific school purposes.

5. **HOUSING REVENUE ACCOUNT**

- 5.1 The outturn position on the HRA is a £1.739m overspend compared to the £1.3m underspend reported in the February monitoring. The main reasons for the increase were the provision for the Southwark water billing judgement of £2.23m and higher than anticipated depreciation charges (£1.195m), partly offset by reductions elsewhere in the account as set out in the table below.

The 2015-16 year has seen significant changes to the way that the HRA revenue budget is set and managed:

- at the start of the year, budgets previously managed by Enfield Homes came back under the management of the Council
- the new repairs contracts commenced in May, with an annual saving of £1m expected
- budgets changed significantly during the year as staff moved to the new Enfield 2017 hubs out of the service and the HRA received recharges instead
- A savings plan was put in place to find £1.5m of ongoing savings. This target was exceeded and £1.955m in total was found. Cost centres were also restructured to make monitoring and management easier and clearer

- e) The Government introduced two new Bills, the first of which reduced rents over the next four years, forcing a complete review of the HRA Business Plan over the Summer period
- f) The Tenancy and Estate Management review commenced, making it more difficult to track costs in individual cost centres

5.2 HRA Outturn Variances 2015/16

Table 4: Housing Revenue Account - Outturn Variances 2015/16	Variance £'000
Dwelling Rents Rental income was higher than predicted partly because there were more properties than expected in the HRA in 2015-16 and partly because loss of income due to voids was lower than expected.	(607)
Non-Dwelling Rents During the year, some new shop relets and reviews have led to higher income levels than predicted. Also, the Council has identified some usage of land by utilities and has raised bills to recoup that income (some of which relates to a number of previous years).	(173)
Repairs A potential underspend on repairs has been reported throughout 2015/16. This has arisen as a result of the new term contracts which commenced in May 2015. The reported variance at February 2016 was a predicted underspend of £2.3m. The actual position was an underspend of £2.524m.	(2,524)
Supervision and Management General Accountancy rules require the Council to set aside provisions for future financial risks. The outcome of the Southwark water billing judgement has not yet been fully assessed for Enfield, but it is prudent to set aside £2.230m in case of a need to repay customers. This money has not been spent - it has been set aside in case it is required in the future. If it transpires that it is not required, it will be transferred back into the HRA. Other additional costs in the year were "one-off" in nature and related to: <ol style="list-style-type: none"> 1. The Enfield 2017 transformation (additional IT costs, redundancy costs, audit reviews, etc.) 2. Architects', surveyors' and planning fees to bring forward the next phase of Estate Renewal 3. Additional staffing costs incurred during the Tenancy and Estate Management Review 	3,791
Bad Debt provision Rent collection remained strong throughout the year, and, as a result, the provision required was £265k, £204k lower than the anticipated requirement of £469k.	(204)
Capital Financing In 2015-16, the Council has moved to component accounting to arrive at its depreciation charge which is ahead of the requirement to move to this new method by 2016-17. Depreciation on dwellings was £416k higher than previously expected, and this arises mainly because there are more properties in the HRA than were anticipated (only 124 properties were sold in the year against an estimated 200). In addition, depreciation on non-dwelling stock (garages, community halls etc.) was £779k higher than budgeted. It should be noted that depreciation is used to fund future capital expenditure, so it is not "lost" to the HRA.	1,195
Interest on Balances The interest rate applied to HRA balances was lower than anticipated. This is due to interest rates on short term investment remaining low throughout the 2015-16 year.	225
Other Items	36
Service Net Costs	1,739²

² The HRA statement of Accounts shows a deficit of £4.376m for 2015/16 and this is due to the statutory adjustments which have to be included in the Accounts and includes additional depreciation and contributions to and from earmarked reserves.

6. 2015/16 CAPITAL OUTTURN POSITION

- 6.1 The Council's Capital Programme for 2015/16 to 2017/18 was agreed by Council in February 2015. The Capital Programme has been monitored on a quarterly basis and quarterly reports presented to Cabinet. This capital outturn represents the 4th quarterly monitoring report for 2015/16 and a summary for the year.

The table below shows the capital expenditure incurred in 2015/16 compared to the updated programme. The re-profiling of original capital budgets throughout the year will impact on the 2016/17 total budget.

- 6.2 The principal outturn variances are shown below with the programme variances shown in more detail in Appendix I.

Table 6: Main Capital Budget Variations	Re-profiling £'000	(Under) / overspend £'000
<u>Main variations</u>		
Highways Programme	(2,322)	(10)
Parks	(1,437)	0
Electric Quarter	(4,907)	0
Meridian Water	1,831	28
Lea Valley Heat Network	(1,979)	0
Enfield 2017	(1,991)	0
Palmers Green & Enfield Library	(906)	0
Affordable Housing	(5,465)	0
Residential and Social Care Provision - Elizabeth House	(3,718)	0
Children's Centres	(700)	4
Schools Conditioning Funding	(837)	(32)
Basic Need - Primary School Places	(823)	3
Primary Expansion Plan Phase 1	4,667	51
Primary Expansion Plan Phase 2 - Grange School	(605)	0
Primary Expansion Plan Phase 2 - Garfield School	(1,169)	6
Primary Expansion Plan Phase 2	(2,661)	102
HRA	(7,482)	(3,274)
Other Projects (See appendix for all projects)	(3,364)	(674)
	(33,868)	(3,796)
Overall Variance		(37,664)

The Quarter 1 monitor in the new financial year will include details of re-profiling from 2015/16. The latest 2016/17 programme, including re-profiling, will be reviewed as part of the budget process to ensure all schemes are affordable within the Medium Term Financial Plan and meet corporate priorities.

6.3 The capital expenditure was financed as set out in the following table:

Table 7: Source of Funding	£m
Borrowing	98.9
Borrowing to be met by HGL and Enfield Innovations Ltd	34.7
Capital Grants and Contributions	41.7
Capital Receipts	7.8
Direct Revenue Contributions	20.2
Major Repairs Allowance	12.8
Total funding required to finance capital expenditure	216.1

Prudential borrowing is funded from within the overall Council budget under the Prudential Code framework. Further information is included in the Treasury Management Outturn Report also on this Cabinet meeting agenda.

7. FINANCIAL OUTLOOK

7.1 The Revenue Monitoring Report to Cabinet on 27th April set out an initial assessment of the changes announced by the Chancellor in his 2016 Budget that will affect local government. By the end of this Parliament, local authorities will keep 100% of the Business Rates that they raise locally (split between tiers of councils) and councils will become reliant on locally raised tax for providing services since the main local government grants (e.g. Revenue Support Grant) will be phased out. It is expected that additional responsibilities will be passed over to local authorities as part of this new funding regime. The Government has agreed to review the current funding distribution and consult on options for new measures of needs and resources to provide for resources equalisation between councils in the new system.

7.2 In addition to the financial review there are a number of other external national risks and pressures that may affect Enfield's financial position going forward:

- £3.5bn national reduction in public spending 2019/20 – it is not yet known whether local government will pick up any of this as a reduction in funding but an estimate of Enfield's share suggests a possible £7.610m allocation in 2019/20
- Apprenticeship Levy – introduced from April 2017, this will cost the council an estimated additional £370k per annum; this is currently assumed to be cost neutral due to grant entitlement
- National living wage impact on external provider costs has yet to be quantified
- Potential impact on the economy, public sector and interest rates of a vote to leave the EU

These pressures will be considered when updating the Medium Term Financial Plan as part of the budget process for 2017/18, along with an assessment of ongoing and emerging local pressures in service delivery and new risks captured in an updated financial risk assessment list.

8 2016/17 BUDGET AND MEDIUM TERM FINANCIAL PLAN

8.1 The Council has a statutory duty to set a balanced, achievable budget and agree the levels of Council Tax and Housing Rent for 2017/18 by early March 2017. The Medium Term Financial Plan (MTFP) agreed by Council in February set a balanced budget for 2016/17, and identified a range of pressures in the subsequent years. This position is now being updated in preparation for setting the 2017/18 budget. This will include assessing any ongoing impact of known pressures and the options for managing these and any other emerging pressures that may be identified as part of the 2016/17 monitoring.

8.2 It should be noted that the agreed MTFP includes the four year funding as set out in the 2017/18 Local Government Finance Settlement. This forms the basis of the Government's four year funding settlement to 2019/20. Interest expressed by Local Authorities in accepting this offer will only be considered if a link to a published efficiency plan is received by DCLG by 14th October. DCLG will provide confirmation of the offer shortly after the deadline. The LGA and CIPFA are to provide advice on using the MTFP to produce the efficiency plans as part of any council's acceptance³.

8.3 Reserves and Financial Risks

The reserves position as at 31st March 2016 and identified forecast use over the MTFP has been used to update the financial risk assessment as presented to Council in February. This is detailed in Appendix J and summarised below.

Table 8: Risk assessment & available Reserves Summary (Excluding Schools & HRA)	Council February 2016 £m	Latest Risk Assess. £m
General Fund Balance at 31 March 2016	(13.996)	(13.996)
Forecast Reserves uncommitted by 31 March 2020 (See Reserves Appendix H)	(14.106)	(13.182)
Latest 2015/16 Forecast Outturn prior to Council	1.700	-
Risk assessed Impact Profiled 2016/17 (Appendix J)	8.606	9.036
Resources headroom to risks at 31 March 2017	(17.796)	(18.142)
Risk assessed Impact Profiled 2017/18 to 2019/20 (Appendix J)	17.775	15.792
Resources headroom to risks to 2019/20	(0.021)	(2.350)

The weighted cost of risks has improved since the February Budget Report. However, Council at February was advised:

It should be noted that the consequences of not keeping a minimum prudent level of balances can be serious. Total risks are significantly in excess of the balances and reserves shown above and whilst this scenario would never arise, in the event of a

³ The LGA and CIPFA ran two workshops in early June bringing councils together to address how to produce an Efficiency Plan to meet the Government's requirements. Following the workshops, a 'Top Tips' will be produced by practitioners to colleagues across the sector who want to take up the Government's offer and who therefore need to produce an Efficiency Plan in time for the Government's deadline in October.

major problem or a series of events, the Council might run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

Any drawing from balances to meet non-budgeted expenditure or loss of income has to be made good in the following year's base budget, which would compound the risks in that year and weaken the Council's financial standing should the minimum level be breached.

As mentioned in the outturn section above, nearly £14.9m of net usable reserves have been used in 2015/16. The result is that since 1st April 2014 General Fund reserves have reduced by £29m or 43% (£68.10m at 1st April 2014). The remaining reserves mainly represent departmental project reserves and risk reserves such as the Insurance and Welfare Benefits Funds.

Cabinet is also reminded that the running down of reserves contributes to the increase in external borrowing: Reserves have been utilised to temporarily finance capital expenditure and this internal funding source has resulted in external borrowing being less the Capital Financing Reserve (CFR) as shown in the capital outturn section above.

Many councils are now utilising reserves to meet spending pressures as a result of the reduction in public spending and cuts to Government grants. At this stage no provision is made in the MTFP to restore reserves and this needs to be kept under review as part of budget monitoring and the budget setting process to avoid the need to call on the General Fund balance of £14m.

8.4 Significant Risks

Details of the significant risks in the Risk Assessment (Appendix J) are highlighted below:

- The achievement of savings and controlling demand led pressures is increasingly difficult as scope for efficiencies is becoming increasingly difficult. Risks include savings (£20m) and demographic pressures (£4m) that may not all be achieved or contained within budget in the first year and could be covered from reserves if in-year savings cannot be found
- School deficits are increasing and so the Council may need to support schools in financial difficulty which represents a new risk to the Council
- Some northern NHS Hospital Trusts have applied for 80% mandatory business rate relief. This is being rebutted by the Local Government Association but the new risk needs to be recognised at this stage
- Government funding the full cost of the refugee crisis has not been resolved but at this stage no financial assessment of the risk is possible
- BREXIT – Following the referendum result to leave the EU the Chancellor has delayed introducing an emergency budget until the autumn, but the prospect of further cuts to local government funding at that time remains a real risk. PWLB interest rates currently remain low despite the turmoil in financial markets but are expected to rise in the longer term; this risk will be taken into account in borrowing decisions over the coming months

- A potential risk is recognised for the capital financing cost of major projects to be financed by capitalising interest costs during development whilst making provision for debt repayment by the use of new revenue streams and/or the sale of the assets being developed. Enfield is well advanced in these innovative projects which need to be confirmed with external auditors as part of the completion of the 2015/16 Statement of Accounts. Also, any change in market conditions or delays in developments could affect short term capital financing costs. Risk provision is included in the assessment based on the approved capital programme

8.5 Budget Process

Work on 2017/18 budget and subsequent years will continue so that new savings proposals to balance the budget will be presented to Cabinet members in September to deliver a balanced budget over the period of the Medium Term Financial Plan. The first phase of savings will be agreed with Members in November for implementation as soon as practicable, with the finalisation of the package in the Budget Report to Cabinet and Council in February 2017.

The Council has a consistent financial planning and budget setting process, which is being used again this year. During the course of this budget round, decisions will continue to be made in accordance with the following principles:

- Continuously review the Council's existing and planned Capital Programme, to minimise the capital investment that is reliant upon increased borrowing funded by the council tax
- Utilise business and commercial practices where possible to increase investment without recourse to public funding
- To invest where affordable so as to:
 - Grow the borough by developing Meridian Water to increase tax revenues and boost local business and economy
 - Invest to Save
- Review service savings proposed by Directors and Cabinet members, in order to find savings to balance the MTFP
- Complete the Enfield 2017 Transformation Programme for the Council that will deliver a much more automated, digitally supported experience for both internal and external customers of the Council, and devise the next phase of the Council's transformation
- Continue the commercial development of the Council, so that income can be generated wherever possible, and/or longer term asset wealth is created. This covers a wide range of issues, including fees and charges (primarily in Environment, but also across the Council more generally), developing existing commercial relationships (with, for example Fusion Leisure), trading of council services (e.g. cleaning, HR and payroll) with other councils, sharing services,

the development of the council's housing companies, and, potentially, longer term opportunities such as Lee Valley Heat Network

- Develop the MTFP using risk based assessment so that budgets are provided based on the probability of pressures materialising whilst risks are covered by reserves and balances

9 ALTERNATIVE OPTIONS CONSIDERED

9.1 None.

10 REASONS FOR RECOMMENDATIONS

10.1 To ensure that members are aware of the outturn position for the authority including all major variances which have contributed to the outturn position.

10.2 Cabinet needs to manage the 2016/17 financial planning process with particular regard to continuing reductions in public spending.

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

11.1 Legal implications

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

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

11.2 Financial Implications

Financial implications are implicit in the body of the report. The variances and risks identified through the closure of accounts will be taken into account in the financial monitoring process for 2016/17.

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

11.3 Key Risks

The budget risks during 2015/16 were managed through detailed revenue monitoring reports provided monthly to Cabinet. Departments took action to minimise budget pressures and align departmental spend to budget. Sections 8.3 and 8.4 set out the latest position on financial risks.

12 EQUALITIES IMPACT IMPLICATIONS

- 12.1 The Council is committed to Fairness for All to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.
- 12.2 Financial reporting and planning is important in ensuring resources are used to deliver equitable services to all members of the community.

13 PERFORMANCE MANAGEMENT IMPLICATIONS

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

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 PUBLIC HEALTH IMPLICATIONS

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

Background Papers

None.

Business Rate Retention Steering Group

The Local Government Association (LGA) and the Department for Communities and Local Government (DCLG) are working together in seeking ideas for setting up the parameters and implementing the 100% business rates retention. A Steering Group with 3 Sub-Groups has been set up to guide the development of these ideas. Details of the terms of reference of the three groups are set out below. This forum will allow local government representatives and other interest bodies will provide information and expert guidance to support the LGA and DCLG in advising Ministers on the reforms. Ministers will make the final decisions on the design and operation of the scheme. This group will oversee the technical working groups and consider representations from individual councils.

The work of these groups will be key in determining how the new system will affect Enfield's future resources and it will therefore be essential that we participate as fully as possible. From Enfield's position this should include:

1. Any Settlement Funding Assessment of deprivation and needs should use the most up to date data available.
2. Any funding protection should be based on transitional arrangements with an agreed period for moving to the unadjusted funding position.
3. New needs and burdens should be adequately resourced and realistically calculated.
4. The designation of business rate growth areas such as Meridian Water so that the gain in taxation is retained by the local council over the long term (e.g. 30 years) and not lost when the business rates system is reset by the Government (currently every ten years).

Purposes and Responsibilities of the Technical Groups:

- **Needs and redistribution**

The purpose of this group is for local and central government representatives with the relevant technical expertise to work together to consider the technical issues related to creating a new needs assessment for councils under 100% business rates retention, specifically:

- a) Measuring local authorities' relative need and resource;
- b) Reviewing the indicators that have previously been used in the relative needs formulae;
- c) Distributing funding to geographies other than at the local authority level;
- d) The frequency of revisiting and approach to the needs assessment for authorities;
- e) Whether, and if so how, to transition to a new distribution of funding, and
- f) How, and what, incentives should be built in to an assessment of councils' need.

This group will address the relative needs and population concerns that Enfield has lobbied for change on

- **Responsibilities**

The Group will develop options for the devolution of responsibilities and funding and provide advice on a package or packages of responsibilities and funding that should be devolved to local government in implementing 100% rates retention.

Enfield will need to monitor the potential cost of the responsibilities proposed for transfer to the Council.

- **System Design**

The Systems Design Working Group will consider and provide information and advice on the mechanisms needed to set up and run the 100 per cent rates retention system, and the implementation of the reforms. The Systems Design Working Group will look specifically at key aspects of the reforms, including:

- Local tax flexibilities
- Managing appeal risk
- Handling growth gains
- Tier splits
- Geographies of business rates retention
- Redistribution mechanisms
- Safety net
- Central List
- Enterprise Zones
- Treatment of reliefs

The work, advice and recommendations of these groups will be critical in determining how the new system will affect Enfield's future resources although Ministers will still make the final decisions.

Chief Executive's Department Revenue Outturn Position 2015/16

APPENDIX B

Notes	Chief Executive	Latest Controllable Budget	Service Net Expenditure	Budget Variation	Ring-Fenced Grant	Service Net Expenditure & Transfers	Outturn Variation to Latest Budget
		£000's	£000's	£000's	£000's	£000's	£000's
	Sustainable Communities	0	0	0	0	0	0
	Corporate Improvement	0	0	0	0	0	0
	Former Employees	0	0	0	0	0	0
1	Communications	1,107	1,035	(70)	0	1,035	(70)
2	Human Resources	(312)	(936)	(624)	0	(936)	(624)
	Chief Executive	481	471	(10)	0	471	(10)
3	Design & Print Trading Service	(318)	(221)	97	0	(221)	97
4	Organisational Development	1,348	1,512	163	0	1,512	163
5	Performance Management	1,981	1,911	(70)	0	1,911	(70)
	2015/16 Service Budget	4,288	3,773	(515)	0	3,773	(515)
	2015/16 Net Expenditure	4,288	3,773	(515)	0	3,773	(515)

Explanation of Chief Executive's Department variances greater than £50k:		Variance £000's
1	CEX -COMMUNICATIONS	(70)
	Underspend is mainly due to the cancellation of non-essential planned marketing activities to meet 15/16 Budget	
2	CEX-Human Resources	(624)
	Overachievement in agency rebate and Schools' HR income.	
3	CEX-Design & Print	97
	Income shortfall mainly due to reduced internal orders.	
4	CEX-Organisational Development	163
	Overspend due to training costs (costs transferred from HHASC, no funding available).	
5	CEX-Performance Management	(70)
	Underspend is mainly on employee costs.	
	Other Minor Variances	(10)
	2015/16 Service Budget Variance	(515)

Regeneration & Environment Revenue Outturn Position 2015/16
APPENDIX C

Notes	Environment	Latest Controllable Budget	Service Net Expenditure	Budget Variation	Ring-Fenced Grant	Service Net Expenditure plus Reserves	Outturn Variation to Latest Budget
		£000's	£000's	£000's	£000's	£000's	£000's
	Director	364	393	28	0	393	28
	Housing Strategic Services	(11)	(35)	(24)	0	(35)	(24)
	Planning, Highways & Transportation						
	Technical & Business Services	0	0	0	0	0	0
1	Assistant Director Planning	277	206	(70)	0	206	(70)
2	Corporate Maintenance & Construction	(81)	(156)	(75)	0	(156)	(75)
3	Development Management	290	231	(58)	0	231	(58)
	Parking	(1,292)	(1,292)	0	0	(1,292)	0
	Highways Services	3,900	3,923	23	0	3,923	23
4	Env Protection & Regulatory Services	1,717	1,810	94	0	1,810	94
5	Corporate Health & Safety	551	459	(92)	0	459	(92)
6	Traffic & Transportation	483	94	(389)	0	94	(389)
7	People Transport Service	(962)	(698)	263	0	(698)	263
	Public Realm						
8	Vehicle Lease	805	692	(113)	0	692	(113)
	AD Public Realm & Sustainability	(22)	(13)	8	0	(13)	8
	Waste, Parks & Fleet Services	6,410	6,451	40	0	6,451	40
9	Commercial Services	304	(44)	(348)	0	(44)	(348)
10	Waste Management & Parks	2,692	3,055	363	0	3,055	363
11	Street, Parks, Garden Enfield & Depot Operations	8,197	8,138	(59)	0	8,138	(59)
	Economic Development						
	AD Economic Development	211	200	(11)	0	200	(11)
12	Skills for Work	(116)	149	265	0	149	265
	Growth & Inward Investment	189	189	(0)	0	189	(0)
	Economic Development	492	491	(1)	0	491	(1)
	Sustainability	519	472	(47)	0	472	(47)
	Regeneration & Planning						
	Regeneration, Planning & Programming	(345)	(76)	269	0	(76)	269
	Neighbourhood Regeneration	513	244	(269)	0	244	(269)
	Strategic Planning & Design	487	487	(0)	0	487	(0)
13	Community Safety	1,906	1,670	(236)	0	1,670	(236)
14	Programme Office	1,230	1,050	(180)	0	1,050	(180)
	2015/16 Service Budget	28,707	28,088	(619)	0	28,088	(619)
	2015/16 Net Expenditure	28,707	28,088	(619)	0	28,088	(619)

Regeneration & Environment Department Outturn 2015-16

		Variance £000's
Explanations of variances greater than £50k:		
1	Assistant Director Planning £70k underspend due to efficiencies identified following on-going service reviews in the Planning, Highway and Transportation division.	(70)
2	Corporate Maintenance & Construction Additional income from Architectural Services fees.	(75)
3	Development Management £129k favourable variance as a result of increased planning applications income has been offset by a £63k overspend in Street Lighting as a result additional contributions to reserves.	(58)
4	Env Protection & Regulatory Services Overspend is mainly due to external legal costs and licensing team salary overspend.	94
5	Corporate Health & Safety 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.	(92)
6	Traffic & Transportation Underspend in Traffic & Transportation Service due to salary recharges to capital schemes (LIP and Cycle Enfield) and additional Temporary Traffic Order income.	(389)
7	People Transport Service Overspend in People Transport Service is due to increased service demand.	263
8	Vehicle Lease Underspend in vehicle leasing charges, which is due to planned delays in the vehicle and parks equipment replacement programme.	(113)
9	Commercial Services This is mainly as a result of additional income generated from the successful marketing of the commercial waste services, cemeteries income and additional income from parks leases.	(348)
10	Waste Management & Parks Variance is mainly due to Waste Modernisation overspend (BIFFA & Organic Waste). The increase is due to waste composition and contractual costs reflecting current difficult commodity trading conditions.	363
11	Street, Parks, Garden Enfield & Depot Operations Favourable variance in Street Scene Services is due to additional income from clearances and weed spray.	(59)
12	Skills for Work The variance in the Skills For Work Service is partly due to loss of grant £90k from the special learners as a result of changes to the formulae, Heat (Salon) loss of income £99k and a decline in apprenticeships requisitions £100k; offset by other minor underspends.	265
13	Community Safety The variance was mainly due to an underspend in the PCSO contract. This was partly offset by a salary overspend in the Emergency Planning team.	(236)
14	Programme Office Underspend is due to efficiencies identified following an on-going project to review services across the department.	(180)
	Other Variations	17
2015/16 Service Budget Variance		(619)

Finance, Resources & Customer Services Outturn Position 2015/16

APPENDIX D

Notes	Finance, Resources & Customer Services	Latest Controllable Budget	Service Net Expenditure	Budget Variation	Ring-Fenced Grant	Service Net Expenditure plus Reserves	Outturn Variation to Latest Budget
		£000's	£000's	£000's	£000's	£000's	£000's
	Director of FR&CS	300	318	18	0	318	18
1	Accountancy	45	270	225	0	270	225
2	Corporate Items	357	269	(88)	0	269	(88)
3	Former Employees	742	682	(61)	0	682	(61)
	Central Support	8	9	1	0	9	1
4	Corporate Procurement	194	366	172	0	366	172
5	Corporate Governance	3,599	1,486	(2,113)	0	1,486	(2,113)
	Customer Services, Revs & Bens & Exchequer	11,603	11,639	36	0	11,639	36
6	Libraries, Leisure & Culture	2,207	2,067	(140)	0	2,067	(140)
7	ICT	13,920	15,751	1,831	0	15,751	1,831
	Leaner Programme	200	237	38	0	237	38
	Legal & Registrars Services	338	311	(27)	0	311	(27)
8	Property Services	(607)	473	1,080	0	473	1,080
9	Enfield 2017 Transition	23,102	23,480	377	0	23,480	377
	2015/16 Service Budget	56,008	57,359	1,351	0	57,359	1,351
	2015/16 Net Expenditure	56,008	57,359	1,351	0	57,359	1,351

Finance, Resources & Customer Services Outturn Position 2015/16

APPENDIX D

		Variance £000's
Explanation of variances greater than £50k:		
1	FRCS-Accountancy	225
	Overspend is mainly due to a shortfall in salary budget due to vacancy factor.	
2	FRCS-Corporate Items	(88)
	Underspend in external audit fees and subscription charges	
3	FRCS-Former Employee	(61)
	Underspend is due to a reduction in pension payments.	
4	FRCS-Corporate Procurement	172
	Overspend is due to one off costs from EY (co managed service)	
5	FRCS-Corporate Governance	(2,113)
	A £2m saving was achieved as no contribution was required to the internal insurance fund in 2015/16 based on an actuarial valuation of the fund carried out in September 2015. In addition there is an underspend of £113k due to salaries	
6	FRCS-Leisure	(140)
	Due to overachievement in income.	
7	FRCS-CIT	1,831
	Overspend of £1.5m mainly due to one-off Serco costs as a result of delayed migration to cloud infrastructure & £300k due to unfunded MFD costs.	
8	FRCS-Property Services	1,080
	Contractor costs (GVA) higher than anticipated, plus extra costs in relation to valuations. Further there was a shortfall on commercial rents in relation to Southgate Industrial estates and Palace Gardens development.	
9	Enfield 2017 Transition	377
	Net overspend in E2017 hubs due to implementation delays in some of the service restructures.	
	Other Variations	66
	2015/16 Service Budget Variance	1,351

Health, Housing & Adult Social Care Outturn Position 2015/16

APPENDIX E

Notes	Health, Housing & Adult Social Care	Latest Controllable Budget	Service Net Expenditure	Budget Variation	Ring-Fenced Grant	Service Net Expenditure plus Reserves	Outturn Variation to Latest Budget
		£000's	£000's	£000's	£000's	£000's	£000's
1	Strategy & Resources	12,693	11,476	(1,218)	0	11,476	(1,218)
1	Directors office	(1,763)	(4,860)	(3,097)	0	(4,860)	(3,097)
	Adults Division						
2	Customer Pathway	33,304	35,916	2,612	0	35,916	2,612
3	Adult Mental Health	6,591	6,661	70	0	6,661	70
4	Provider	9,792	9,730	(63)	0	9,730	(63)
5	Learning Disabilities	21,165	22,861	1,696	0	22,861	1,696
	Public Health	(478)	(478)	(0)	0	(478)	(0)
	Community Housing						
	HHASC Other	190	190	0	0	190	0
	Assistant Director	(7)	(7)	0	0	(7)	0
	Business Development	(6)	(6)	(0)	0	(6)	(0)
	GF Temp Accommodation team	5,255	5,255	0	0	5,255	0
6	Housing Gateway	3	(23)	(26)	0	(23)	(26)
	2015/16 Service Budget	86,739	86,713	(26)	0	86,713	(26)
	2015/16 Net Expenditure	86,739	86,713	(26)	0	86,713	(26)

Health, Housing & Adult Social Care Outturn Position 2015/16

APPENDIX E

Explanation of variances greater than £50k:

Variance
£000's

Adult Social Care Division		
1	Strategy & Resources / Directors Office	(4,315)
	There has been an overspend of £204k within Strategy & Resources. This is made up of an overspend in the area of Safeguarding and Commissioning (£490k) as a result of the increase in Deprivation of Liberty (DoLs) applications, without any additional government funding being received. This has been offset by an underspend in Housing Related Support due to the early achievement of future years savings of £286k. The New Burdens Grant of £1.42m has also been applied to this area. A one off contribution of £3.1m has been applied to balance the Department's outturn position, which is unsustainable and reflects a significant budget pressure in 2016/17.	
2	Customer Pathway	2,612
	The Customer Pathway service has overspent on demand led care purchasing services due to increase in care packages, as a result of increase in volume and some additional increase in the average cost of packages.	
3	Adult Mental Health	70
	The Mental Health Service has overspent as a result of demand led services in care purchasing.	
4	Independence and Wellbeing Services	(63)
	Transport costs overspent by £265k, offset by the use of a one-off reserve of £300k and over achievement of client income of £28k.	
5	Learning Disabilities	1,696
	The Learning Disabilities service has overspent as a result of demand led care purchasing services.	
Community Housing Division		
6	Housing Gateway Ltd	(26)
	Although the grand total for Housing Gateway Ltd is net nil, this includes uncontrollable costs, thus the net controllable expenditure figure is a credit.	
	2015/16 Service Budget Variance	(26)

Schools & Children's Services Outturn Position 2015/16
APPENDIX F

Notes	Schools & Children's Services	Latest Controllable Budget	Service Net Expenditure	Budget Variation	Ring-Fenced Grant	Service Net Expenditure plus Reserves	Outturn Variation to Latest Budget
		£000's	£000's	£000's	£000's	£000's	£000's
	Children's Services						
	Childrens Services -Assistant Director	799	812	14	0	812	14
	Social Work Training Grant	0	0	0	0	0	0
	Children- Non Serv	0	0	0	0	0	0
1	Looked After Children	10,887	13,313	2,426	0	13,313	2,426
2	Children in Need	7,407	8,191	784	0	8,191	784
3	Cheviots	3,329	2,653	(676)	327	2,980	(349)
	Safeguarding & Quality Assurance	786	720	(67)	114	834	47
	Early Intervention Support Services	84	74	(9)	0	74	(9)
4	Youth Management & Business Support	5,012	3,304	(1,708)	1,069	4,373	(639)
	Education Services						
	Behaviour Support	82	74	(8)	0	74	(8)
	Community Access, Childcare & Support	3,682	3,676	(7)	0	3,676	(7)
5	Admission Service	(42)	(108)	(66)	0	(108)	(66)
6	Asset Management	(183)	(65)	118	0	(65)	118
	Catering Services	(668)	(693)	(26)	0	(693)	(26)
	Depreciation	0	0	0	0	0	0
7	Human Resources	2,223	2,447	224	0	2,447	224
	Departmental Management Team	132	145	12	0	145	12
8	Children & Adolescent MH & EPS Services	1,388	1,526	138	0	1,526	138
9	Special Needs & Inclusion / Transport	5,714	5,792	78	0	5,792	78
	Schools Sports	(43)	(2)	40	0	(2)	40
	College Pension costs	84	78	(6)	0	78	(6)
10	School Improvement Service	1,023	844	(179)	0	844	(179)
	Commissioning & Community Engagement						
	Children & Family Commissioning	1,390	1,394	4	0	1,394	4
11	Central Charges	(140)	18	158	0	18	158
	Commissioning Management Team	65	65	0	0	65	0
12	Enfield Art Support Service	(3)	(132)	(129)	0	(132)	(129)
13	Residential Care Purchasing (Children)	5,113	5,706	593	0	5,706	593
	Learning Skills for Work	479	432	(47)	0	432	(47)
	Business Improvement	15	35	21	0	35	21
	Director	286	327	41	0	327	41
	2015/16 Service Budget	48,899	50,625	1,726	1,510	52,135	3,236
	2015/16 Net Expenditure	48,899	50,625	1,726	1,510	52,135	3,236

APPENDIX F

Schools & Children's Services Departmental Outturn 2015-16

Variance
£000's

Explanation of variances greater than £50k:

1	Looked After Children	2,426
	The 'Leaving Care' client costs budget has overspent by £1,416k which is partially due to an increase in the number of clients and an increase in the number of young offenders and young people at risk of sexual exploitation who require more specialised and intensive support. There was also an overspend of £726k within the Unaccompanied Asylum Seeking Children (UASC) budgets due to the increased number of clients and higher costs associated with the lack of suitable accommodation resulting in the usage of higher cost agency placements. A further overspend of £284k was within the Fostering and Adoption service due to higher than budgeted numbers of clients and additional special guardianship arrangements.	
2	Children in Need	784
	There was an overspend of £452k on Assessment Group. The increasing demand for the CiN service requires the social work teams to maintain their full staffing establishment to provide a safe service which resulted in additional expenditure. Staff turnover increased in the first half of the year resulting in higher costs due to agency staff filling key vacant posts. This has been reduced by recruitment and retention payments. Additionally, under the Family Support Group, there was an overspend of £186k due to staffing costs incurred covering 3 members of staff on maternity leave and a secondment. A Further 6 cost centres overall were overspent by £146k.	
3	Cheviots	(349)
	Delays in recruiting to vacant posts at the Cheviots Centre has resulted in an underspend of £210k. There was a further saving of £139k within the commissioned services as a result of the short break grant scheme.	
4	Youth Management & Business Support	(639)
	A planned spend reduction in the 'Special Projects' and 'Positive Activities for Young People' budgets intended to reduce pressures elsewhere within the Children's Service, resulted in an underspend of £428k within the Youth Strategy and Support Service. An underspend of £211k within the 'Youth Offending Service' (YOS) was mainly within the staffing budget due to difficulties in recruiting to vacant posts.	
5	Admission Service	(66)
	Underspend due to salaries budget and actuals returned from Hub.	
6	Asset Management	118
	The eligible recharge to capital expenditure for this team has resulted in an increase of non-capitalised staff expenditure.	
7	Human Resources	224
	Overspend due to redundancies which will be funded from one-off reserve in 2015/16.	
8	Children & Adolescent MH & EPS Services	138
	Additional expenditure on mental health trust reflected on this cost centre.	
9	Special Needs & Inclusion / Transport	78
	Overspend of £2.078m due to transport has been largely funded from one-off corporate funding in 2015/16.	
10	School Improvement Service	(179)
	An underspend has been achieved in Education Welfare due to employee long term sickness, further maternity leave and vacancies and recruitment delays. Over recovery on income in Governor Support and CPD and lower consultancy fees in Progression and Pathways has further increased the underspend.	
11	Central Charges	158
	This budget includes previous years' MTFP savings not yet achieved relating to previous years' management reviews and a now reduced loss of joint venture income.	
12	Enfield Art Support Service	(129)
	Underspend due to staff vacancies and increase in additional grant funding.	
13	Residential Care Purchasing (Children)	593
	The Residential Care clients cost budgets have overspent by £593k, which is partially due to an increase in the number of foster care agency placements due to lack of available in-house placements. Additionally, there has been an increase in the number of complex needs clients requiring expensive residential placements.	
	Other minor variations across the service	77
		3,236

Schools & Children's Services: Grant Reserves 2015/16			2015/16 Grant
Purpose of Project / Grant	Reason for slippage	Contribution to Council's Strategic Objectives	£'000
Troubled Families Grant	<p>In 2014/15 there was as an appropriation to earmarked reserves of £559k which was subsequently reflected in the service as a budget adjustment (actuals credited to contingency code RC0010 69800). A further balance of £723k of unspent grant received in 14/15 was treated as a grant receipt in advance. Grant income of £996k was received in 2015-16 resulting in a total balance of funding available of £2,278k. Expenditure of £1,209k in 2015-16 has resulted in an unspent balance of £1,069k.</p> <p>In order to make best use of this funding it has been necessary to plan spend across 5 years to 2020 (duration of this program) in order to ensure best value and sustainable initiatives are funded in line with the grant funding conditions and requirements.</p>	The grant contributes very significantly to the Council's priority Fairness for All. Change & Challenge workers only intervene with the most complex & vulnerable families in the borough, working to promote "Fairness for All" and tackle inequality by supporting the provision of high quality services and opportunities to disadvantaged communities. C & C workers aim to enable young people and their families to achieve their potential, and thereby contribute to the Council's strategic objectives.	1069
Special Educational Needs & Disability Grant (SEND)	<p>At the start of 15/16 there was a grant balance of £597,000 remaining from 14/15. This is due to 60% of the grant funding being paid upfront as an attachment and coordinators grant.</p> <p>A further £228,691 of grant was received in 15/16 and has been treated as a grant receipt in advance in 15/16. The total funding for 15-16 from above is £825,691. The total controllable expenditure for 15-16 is £514,524.01 from above, leaving a balance of £82,475.99. The remaining balance of £82,475.99 & grant allocation of £228,691 adds to be £311,166.99, which needs to be carried forward in 16-17. The majority of the expenditure is on the staffing to work with families plus the management, data and admin functions required to turn around problem families in order to claim the payment by results element of the grant.</p>	The SEND reform agenda provides an inclusive system which will strengthen and sustain family life, ensuring improved outcomes for children and young people. Training professionals and families is central to the cultural change and supports collective learning and collaboration.	311
Assessed and Supported Year in Employment (ASYE) grant for all Newly Qualified Social Workers (NQSWS)	In order to make best use of this funding it has been necessary to plan for its spend across 15/16 and 16/17 in order to ensure best value and sustainable initiatives are funded in line with the grant funding conditions and requirements. All programmes to be funded by this grant have been prioritised by the Children's Services Division Operational Management Team.	The funds for Carry Forward are the ring-fenced, Assessed and Supported Year in Employment (ASYE) grant for all Newly Qualified Social Workers (NQSWS). The purpose of this grant is to support social work improvement plans of local authorities in line with national requirements. The Department of Education (DfE) continues to fund the ASYE for all NQSWS as this is a key component of its reform programme for Children's social work.	114
Children's Social Care Innovation Programme (SCIF)	This is to enable payment for training (which was prepared last financial year 15-16) to be delivered in this year 16-17.	The Innovation Programme aims to strengthen the assessment of need and increase the quality of services so that children who need help from the social care system have better life chances; to support LAs to achieve better value for money across children's services so that they can spend less to get more; and to create conditions where children's services in England are better able to innovate in future to drive sustained improvements in outcomes for vulnerable children and young people. The re-thinking social work strand of the programme aims to support the implementation of innovative models for children's social work, and the design and implementation of new approaches to children's social work.	16
Total			1,510.0

Corporate Items Outturn Position 2015/16

APPENDIX G

Notes	Corporate	Latest Controllable Budget	Service Net Expenditure	Budget Variation	Ring-Fenced Grant	Total Transfers	Service Net Expenditure plus Reserves	Outturn Variation to Latest Budget
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
	Levies							
	North London Waste Authority	5,191	5,191	0	0	0	5,191	0
	NLWA Reserve	0	0	0	0	0	0	0
	Environmental Agency	210	210	(0)	0	0	210	(0)
	Lee Valley Regional Park	275	275	0	0	0	275	0
	London Pension Fund Authority	348	348	(0)	0	0	348	(0)
1	LPFA Sub-Pension Fund	427	139	(288)	0	0	139	(288)
	London Borough Grants Scheme	343	343	(0)	0	0	343	(0)
	Contingency							
2	Contingency and Contingent Items	65	0	(65)	0	0	0	(65)
	Government Non-Ring Fenced Grants	0	0	0	0	0	0	0
	IT Investments Fund	(2,189)	(2,189)	(0)	0	0	(2,189)	(0)
Other	Other Adjustments including Bad Debts	641	500	(141)	0	0	500	(141)
	Transfers to / from reserves	3,020	3,020	(0)	0	0	3,020	(0)
3	Minimum Revenue Provision (MRP)	11,107	9,158	(1,949)	0	0	9,158	(1,949)
4	Treasury Management	6,923	5,567	(1,356)	0	0	5,567	(1,356)
	Miscellaneous	(5,921)	(5,881)	39	0	0	(5,881)	39
	2015/16 Revenue Budget	20,440	16,680	(3,760)	0	0	16,680	(3,760)
	2015/16 Net Expenditure	20,440	16,680	(3,760)	0	0	16,680	(3,760)

Explanation of Corporate variances greater than £50k:

Variance
£000's

1 LPFA Sub-Pension Fund-	This sum was set aside to fund any shortfall in the fund, the cost was £139k in 2015-16.	(288)
2 Contingency and Contingent Items	This sum is set aside for pay awards and other known pressures. The allocation in 2015-16 was £65k less than anticipated.	(65)
3 MRP	Reduction in MRP following introduction of annuity repayment method as approved by Council Feb 2016	(1,949)
4 Treasury Management	Saving results mainly from capitalisation of interest payments relating to Meridian Water and treasury management activity	(1,356)
	Other Minor Variations	(102)
2015/16 Corporate Budget Variance		(3,760)

RESERVES AS AT 31ST MARCH 2016 & 2017/18 MTFP UPDATE

Appendix H

RESERVE	2014/15		2015/16		2016/20 Programmes			Forecast Reserves as at 31 March 2020 £'000s
	Balance 31 March 2014 £'000s	Net Transfers 2014/15 £'000s	Balance 31 March 2015 £'000s	Net Transfers 2015/16 £'000s	Balance 31 March 2016 £'000s	Revenue £'000s	Capital £'000s	
General Fund Reserves								
Projects / Programmes								
Council Development Reserve	4,726	(3,658)	1,068	(370)	697	(697)	0	0
Regeneration Reserve	982	0	982	0	982	(457)	0	525
Vehicle and Equipment Replacement Fund	2,476	187	2,663	1,039	3,702	(78)	(1,284)	2,341
Capital Reserve - General Fund	315	(230)	85	(12)	73	0	(73)	0
ICT Investment Fund	6,414	(1,291)	5,123	(2,191)	2,932	(2,932)	0	(0)
Revenues & Benefits Systems	916	(584)	333	(64)	269	(269)	0	(0)
Homelessness Initiatives	1,808	426	2,235	(1,668)	566	(566)	0	0
Waste Recycling Reserve	94	0	94	(94)	0	0	0	0
European Social Fund match funding	683	(327)	356	(14)	342	(342)	0	0
Enfield Community Capacity Building Fund	1,187	(263)	924	(25)	899	(899)	0	0
European Social Fund Specific Match Funding			0	115	115	(115)	0	0
NHS Social Care Grant	6,430	(2,945)	3,485	(3,319)	166	(166)	0	(0)
Better Care Fund			0	194	194	(194)		(0)
Project Carry Forwards	5,098	(2,984)	2,114	(602)	1,511	(1,511)	0	0
Industrial Estates Improvements	190	(112)	78	0	78	(78)	0	0
Empty Properties (New Homes Bonus 2011/12)	173	0	173	0	173	0	0	173
New Homes Bonus	1,356	310	1,666	(111)	1,555	(1,555)	0	0
NHB LEP Project Reserve			0	1,082	1,082	(1,082)		0
Risk Reserve	6,669	(1,734)	4,934	(1,755)	3,180	(3,180)	0	0
Other General Fund Reserves for small projects	3,229	370	3,598	(268)	3,330	0	0	3,330
	45,712	(15,804)	29,908	(8,063)	21,845	(14,119)	(1,357)	6,369
Risk / Smoothing								
PFI Investment Reserves	1,816	(495)	1,322	(329)	992	(637)	0	355
Insurance Fund	5,293	1,248	6,541	(598)	5,942	(1,083)	0	4,859
Repair & Maintenance of Council buildings	1,586	115	1,701	(1,064)	637	(637)	0	(0)
Interest Rate Equalisation Reserve	4,551	289	4,840	(1,927)	2,913	(2,913)	0	(0)
Restructuring and redundancy reserve	2,143	91	2,234	(2,234)	(0)	(0)	0	(0)
Repairs Fund for private sector housing leased to the Council	1,164	(89)	1,076	(97)	979	(400)	0	579
Welfare Reforms & Hardship Fund	4,782	0	4,782	(599)	4,183	(3,162)	0	1,021
	21,335	1,160	22,495	(6,848)	15,646	(8,833)	0	6,814
Other Reserves								
Performance reward grant receivable (LSP)	380	(6)	374	0	374	(374)		(0)
Residents Priority Fund	582	108	690	0	690	(690)		(0)
	962	102	1,064	0	1,064	(1,064)	0	(0)
GENERAL FUND RESERVES	68,009	(14,542)	53,467	(14,912)	38,556	(24,016)	(1,357)	13,182
Public Health Grant	1,234	368	1,602	0	1,602	0	0	1,602
S106 Receipts	568	(37)	531	(28)	504	(504)		0
Dedicated Schools Grant	7,154	(1,129)	6,025	(4,822)	1,203	0		1,203
HRA Repairs/Capital Reserve	15,214	9,707	24,921	874	25,795	0		25,795
Total Earmarked Reserves	92,178	(5,632)	86,546	(18,887)	67,659	(24,520)	(1,357)	41,782

APPROVED PROGRAMME BUDGET 2015/16	Capital Budget 2015/16	Revised Budget 2015/16	Expenditure 2015/16	Variance	Over/Under spend	SLIPPAGE Amount to be C/fwd to 2016/17	SLIPPAGE Amount B/Fwd from 2016/17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
REGENERATION & ENVIRONMENT							
Transport for London funding:							
Major Schemes	1,650	379	337	(42)	(42)	0	0
Cycle Enfield	1,913	1,257	1,174	(83)	(83)	0	0
2015/16 TFL schemes	3,114	3,579	3,460	(119)	(119)	0	0
Highways & Streetscene:					0	0	0
Programme	10,407	10,481	8,149	(2,332)	(10)	(2,322)	0
Environmental Protection	178	178	156	(22)	0	(22)	0
Community Safety	526	526	350	(176)	11	(187)	0
Waste & Recycling	390	390	27	(363)	0	(374)	11
Parks	2,382	2,382	945	(1,437)	0	(1,437)	0
Vehicle Replacement Programme	0	48	0	(48)	0	(48)	0
Parking	50	50	49	(1)	(1)	0	0
Building Improvement Programme (BIP)	1,278	1,278	677	(601)	0	(665)	64
Civic Centre (BIP)	3,280	3,380	3,758	378	0	0	378
Disability Access Programme	355	255	90	(165)	(52)	(113)	0

APPROVED PROGRAMME BUDGET 2015/16	Capital Budget 2015/16	Revised Budget 2015/16	Expenditure 2015/16	Variance	Over/Under spend	SLIPPAGE Amount to be C/fwd to 2016/17	SLIPPAGE Amount B/Fwd from 2016/17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Environment</i>	25,523	24,183	19,172	(5,011)	(296)	(5,168)	453
Regeneration:					0		
Ponders End	21	21	22	1	1	0	0
Electric Quarter	7,141	7,141	2,234	(4,907)	0	(4,907)	0
New Southgate	4	4	4	0	0	0	0
Meridian Water	59,526	59,526	61,385	1,859	28	0	1,831
Edmonton	0	71	5	(66)	5	(71)	0
Market Gardening	80	80	128	48	0	0	48
Lea Valley Heat Network	1,464	3,607	1,628	(1,979)	0	(1,979)	0
Broomfield House	150	150	99	(51)	0	(51)	0
The Crescent - Edmonton	290	290	(24)	(314)	(24)	(290)	0
Business & Economic Development/Regeneration	123	123	19	(104)	(20)	(84)	0
<i>Regeneration</i>	68,799	71,013	65,500	(5,513)	(10)	(7,382)	1,879
REGENERATION & ENVIRONMENT	94,322	95,196	84,672	(10,524)	(306)	(12,550)	2,332

APPROVED PROGRAMME BUDGET 2015/16	Capital Budget 2015/16	Revised Budget 2015/16	Expenditure 2015/16	Variance	Over/Under spend	SLIPPAGE Amount to be C/fwd to 2016/17	SLIPPAGE Amount B/Fwd from 2016/17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Schemes							
IT Work Plan	1,040	1,259	1,990	731	0	(259)	990
Joint Service Centre	588	588	416	(172)	(141)	(31)	0
Southgate Town Hall & Library Enabling Works	86	86	92	6	6	0	0
Corporate Schemes	900	4,996	4,858	(138)	0	(138)	0
Enfield 2017	12,900	12,900	10,909	(1,991)	0	(1,991)	0
Residents Priority Fund	439	439	0	(439)	(439)	0	0
Libraries	450	450	138	(312)	0	(312)	0
Palmers Green & Enfield Library	2,342	2,342	1,436	(906)	0	(906)	0
Leisure	5	5	(38)	(43)	(43)	0	0
Culture	149	149	20	(129)	4	(133)	0
FRCS / CE TOTAL	18,899	23,214	19,821	(3,393)	(613)	(3,770)	990

APPROVED PROGRAMME BUDGET 2015/16	Capital Budget 2015/16	Revised Budget 2015/16	Expenditure 2015/16	Variance	Over/Under spend	SLIPPAGE Amount to be C/fwd to 2016/17	SLIPPAGE Amount B/Fwd from 2016/17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Health, Housing & Adult Social Care							
Housing							
Disabled Facilities Grant	1,750	1,750	1,461	(289)	0	(289)	0
Sub Regional Housing Grants	140	140	50	(90)	0	(90)	0
Housing Assistance Grants	160	325	145	(180)	0	(180)	0
Housing Gateway	25,333	25,333	25,107	(226)	0	(226)	0
Affordable Housing	2,990	5,519	54	(5,465)	0	(5,465)	0
Enfield innovations Ltd	0	9,546	9,546	0	0	0	0
Housing	30,373	42,613	36,363	(6,250)	0	(6,250)	0
Adult Social Care					0		
Residential and Social Care Provision - Elizabeth House	4,306	7,206	3,488	(3,718)	0	(3,718)	0
New Options	150	181	101	(80)	0	(80)	0
Mental Health and Wellbeing Centre	150	150	0	(150)	0	(150)	0
Welfare Adaptations		100	0	(100)	(100)	0	0
Public Health		0	364	364	364	0	0
Adult Social Care	4,606	7,637	3,953	(3,684)	264	(3,948)	0
HHASC TOTAL	34,979	50,250	40,316	(9,934)	264	(10,198)	0

APPROVED PROGRAMME BUDGET 2015/16	Capital Budget 2015/16	Revised Budget 2015/16	Expenditure 2015/16	Variance	Over/Under spend	SLIPPAGE Amount to be C/fwd to 2016/17	SLIPPAGE Amount B/Fwd from 2016/17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools & Children's Services							
Schools Access Initiative	265	107	7	(100)	0	(100)	0
Target Capital - Special Needs	754	754	658	(96)	0	(103)	7
Children's Centres	777	0	0	0	0	1	0
Targeted Capital - School Meals Programme	1,686	1,844	1,711	(133)	(1)	(132)	0
Schools Conditioning Funding	2,093	2,415	1,546	(869)	(32)	(841)	4
Basic Need - Primary School Places	1,456	1,486	666	(820)	3	(823)	0
Primary Expansion Plan Phase 1	4,349	4,349	9,067	4,718	51	(1,622)	6,289
Primary Expansion Plan Phase 2 - Grange School	1,026	1,026	421	(605)	0	(605)	0
Primary Expansion Plan Phase 2 - Garfield School	7,255	7,225	6,062	(1,163)	6	(1,169)	0
Primary Expansion Plan Phase 2	3,803	3,833	1,274	(2,559)	102	(2,671)	10
Secondary Schools	95	2,103	2,010	(93)	0	(93)	0
Minchenden School	565	565	115	(450)	0	(450)	0
Fire Precaution Works	955	955	815	(140)	0	(140)	0
Non School Schemes	52	52	1	(51)	0	(51)	0
Programme before Devolved Funding	25,131	26,714	24,353	(2,361)	129	(8,799)	6,310
Devolved Schools Capital Schemes	565	6,194	6,194	0	0	0	0
SCS TOTAL	25,696	32,908	30,547	(2,361)	129	(8,799)	6,310
TOTAL GENERAL FUND	173,896	201,568	175,356	(26,212)	(526)	(35,317)	9,632

APPROVED PROGRAMME BUDGET 2015/16	Capital Budget 2015/16	Revised Budget 2015/16	Expenditure 2015/16	Variance	Over/Under spend	SLIPPAGE Amount to be C/fwd to 2016/17	SLIPPAGE Amount B/Fwd from 2016/17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing Revenue Account							
Major Works	31,722	31,722	26,430	(5,292)	537	(5,829)	0
Minor Works	3,274	3,274	2,962	(312)	(2)	(310)	0
Estate Renewals	15,373	15,373	11,030	(4,343)	(3,300)	(1,043)	0
Grants to vacate	1,100	1,100	291	(809)	(509)	(300)	0
HRA TOTAL	51,469	51,469	40,713	(10,756)	(3,274)	(7,482)	0
APPROVED CAPITAL PROGRAMME	225,365	253,037	216,069	(36,968)	(3,800)	(42,799)	9,632

ADEQUACY OF RESERVES: RISK EVALUATION 2017/18 MTFP UPDATE

Appendix J

Probability	Grade	Range	% Used
High	A	>80%	100.0%
Probable	B	60%-80%	75.0%
Possible	C	30%-60%	40.0%
Low	D	<30%	15.0%

	Risk Period Profile	MTFP Risk Cost	Assumed Risk Level	Risk Assessed Impact Profiled				Total Assessed Risk
				2016/17	2017/18	2018/19	2019/20	
				£'000	£'000	£'000	£'000	
General Fund Revenue		£'000						
Inflation cannot be contained by services in year	on-going	8,000	D	300	300	300	300	1,200
National pay awards after 2016/17	on-going	4,500	D	0	225	225	225	675
In year shortfall in total non-taxation income / non-payment	on-going	4,000	D	150	150	150	150	600
25% Shortfall in MTFP Target Savings & Budget Gap	Total	20,307	C	3,328	1,666	1,479	1,649	8,123
Potential additional severance payments relating to efficiency savings in excess of MTFP budget and use of new capital	MTFP	3,000	A	1,000	1,000	1,000	0	3,000
Temporary Accommodation Costs exceed budget provision	on-going	4,000	C	400	400	400	400	1,600
Business rates reduction Government safety net threshold	One-off	4,709	D	706	0	0	0	706
VAT Exemption Limit	One-off	2,800	D	420	0	0	0	420
Bellwin Scheme	One-off	1,032	D	155	0	0	0	155
Council Wide Demographics Growth Risk	on-going	4,000	D	150	150	150	150	600
Legal Action, Judicial Challenge and Litigation costs	One-off	2,000	D	300	0	0	0	300
NHS business rates charitable relief challenge	on-going	3,900	D	585	60	60	60	765
North London Waste Authority Levy - increased costs	on-going	3,000	D	0	150	150	150	450
Schools in Deficit (50% of deficit March 2016)	on-going	1,400	C	560	0	0	0	560
BREXIT (DEPENDS ON REFERENDUM)	on-going	0	D	0	0	0	0	0
Refugee Crisis	on-going	0	D	0	0	0	0	0
Capital (Revenue Implications)								
Capital project overspend of £5m	on-going	1,500	C	600	0	0	0	600
Capital Financing Revenue Cost of shortfall in General	on-going	1,500	C	150	150	150	150	600
Resources @ £5m @ 7.5%pa								
Major Regeneration and Property Development Schemes	on-going	29,829	D	232	904	1,484	1,854	4,474
General Fund Total		99,477		9,036	5,156	5,548	5,088	24,828