

MUNICIPAL YEAR 2016/17 REPORT NO: 62

MEETING TITLE AND DATE:

Cabinet
6th September 2016

AGENDA PART 1

ITEM 7

**Subject: Revenue Monitoring Report
2016/17: July 2016**

Wards: All

Report Of:

Director of Finance, Resources and Customer Services

Contact:

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1. EXECUTIVE SUMMARY

- 1.1 This report sets out the Council's revenue budget monitoring position based on information to the end of July 2016. The report forecasts an outturn position of a £7.9m overspend for 2016/17. The report also seeks Cabinet approval to apply for the Government's multi-year settlement offer which guarantees a minimum level of funding over a four year period to provide greater certainty in financial planning.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Notes the £7.9m overspend revenue outturn projection.
- 2.2 Agrees that departments reporting pressures should formulate and implement action plans to ensure that all possible actions are undertaken to remain within budget in 2016/17.
- 2.3 Agrees to an application being made to the Government to accept the multi-year settlement offer. Application for the multi-year settlement requires the Council to publish an efficiency plan on its website. Responsibility for preparing and publishing the efficiency plan should be devolved to the Director of Finance, Resources & Customer Services in consultation with the Cabinet Member for Finance & Efficiency. Further information on the application process, as well as the information expected in an efficiency plan is provided in Appendix D.

3. BACKGROUND

- 3.1 The Council's revenue expenditure against budget is monitored by regular monitoring reports to the Corporate Management Board and Cabinet. These reports provide a snapshot of the revenue position for each Department and for the Council as a whole, and provide details of any projected additional budget pressures and risks, or any significant underspends.
- 3.2 The Revenue Monitoring Report is a result of the monthly monitoring process carried out by Departments, which is based on the following principles to ensure accuracy, transparency and consistency:

- Risk assessments, to enable greater emphasis to be placed on high-risk budgets throughout the year.
 - Comparisons between expenditure to date, current budgets and budget profiles.
 - Expenditure is predicted to the year-end, taking account of seasonal fluctuations and other determinants of demand.
 - The ‘Key Drivers’ that affect, particularly, the high-risk budgets are monitored and reported to Department Management Teams.
 - Action plans to deal with any areas that are predicting or experiencing problems staying within agreed budgets are produced.
- 3.3 This report provides information on the main budget variances and their causes that are affecting the Council across all departments. Although a full budget monitor is carried out each month, the variations in this report are deliberately limited to +/- variances of £50,000 or over in order to provide a greater strategic focus.
- 3.4 A summary overview of financial performance is outlined below in Table 1. The intention of this is to provide the key highlight messages in a “dashboard” style summary. It is designed to capture the key messages across the Council's main financial areas, namely:
1. Income and expenditure;
 2. Balance sheet (liquidity, debtor/creditor management, investments and use of balances); and
 3. Cash flow forecasting and management.

Table 1: Summary performance overview

Area of review	Key highlights	Risk Rating		
		June	July	Aug
Income and expenditure position	<ul style="list-style-type: none"> • Year-end forecast variances of £7.9m overspend have been identified to date in relation to General Fund net controllable expenditure. Budget variances identified to date will need to be managed closely to ensure timely appropriate action can be taken. 	Red	Red	
	<ul style="list-style-type: none"> • Budget profiling across all departmental budgets will continue to be applied in order to better reflect predicted net spending patterns throughout the year. Budget holders now profile individual budgets based on anticipated spend across the year. 	Green	Green	
	<ul style="list-style-type: none"> • The HRA is projecting a level spend position for year-end outturn against budget. 	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 for prioritising security of funds over rate of return. 	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 2016/17. 	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 when they fall due. 	Green	Green	
	<ul style="list-style-type: none"> • Interest receipts forecast for the year are on target with budget. 	Green	Green	

4. July 2016 Monitoring – General Fund

4.1 Below is a summary of the projected outturn variances broken down between departments:

Table 2: Forecast Projected Departmental Outturn Variances

July 16 Department	Net Controllable Budget				
	Original Budget	Approved Changes	Approved Budget	Projected Outturn	July Variation
	£000s	£000s	£000s	£000s	£000s
Chief Executive	4,307	(42)	4,265	4,265	0
Regeneration & Environment	24,956	1,187	26,143	25,720	(423)
Finance, Resources & Customer Services	53,449	(6,432)	47,017	49,198	2,181
Health, Housing and Adult Social Care	78,003	(1,590)	76,413	80,757	4,344
Children's Services	44,935	250	45,185	46,983	1,798
Enfield 2017	(14,650)	7,008	(7,642)	(7,642)	0
Total Department Budgets	191,000	381	191,381	199,281	7,900
Contribution from reserves	0	0	0	0	0
Collection Fund	(1,319)	0	(1,319)	(1,319)	0
Corporate Items	46,791	(381)	46,410	46,410	0
Government Funding	(128,557)	0	(128,557)	(128,557)	0
Council Tax Requirement	107,915	0	107,915	115,815	7,900

4.2 The comparison to the position at this stage last year shows a marked increase overall mainly due to the increase in the FRCS & HHASC departmental variances. The 2015/16 outturn was eventually contained within budget although it should be noted that General Fund Earmarked Reserves reduced by £19.8m.

5. DEPARTMENTAL MONITORING INFORMATION – BUDGET PRESSURES & PROJECTED SAVINGS

5.1 Chief Executive's Department (Appendix A1)

The department is currently projecting an overall level spend position; explanations for variances over £50k are detailed in Appendix A1.

5.2 Regeneration & Environment (Appendix A2)

The department is currently projecting a favourable variance of £0.423m; explanations for variances over £50k are detailed in Appendix A2.

5.3 Finance, Resources & Customer Services (Appendix A3)

Finance Resources and Customer Services are currently projecting an overspend position of £2.1m; explanations for variances over £50k are detailed in Appendix A3.

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

The department is currently forecasting a projected budget overspend of £4.3m;

explanations for variances over £50k are detailed in Appendix A4.

5.5 Children's Services (Appendix A5)

Children's Services are currently projecting an overspend position of £1.8m; explanations for variances over £50k are detailed in Appendix A5.

5.6 Schools Budgets (Appendix A6)

These variations do not form part of the General Fund position but are reported for information in Appendix A6.

6. OTHER GENERAL FUND ITEMS

6.1 Treasury Management and cash flow analysis

The Bank of England reduced the base rate to 0.25% on 4th August 2016. Public Works Loan Board (PWLB) long term and short term rates fell significantly following the announcement. We are advised by Capita, our Treasury Consultants, that yields are now at historic lows and borrowing should be considered if appropriate to the Council's strategy. There is particular value in the 40 to 50 year range at present but other periods will also be considered if more appropriate locally. As the outlook continues to be uncertain we are advised that borrowing should be made in tranches to benefit from the current rates but also to provide some flexibility if rates fall further. A summary of this year's Treasury management activity is set out in Appendix B.

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

The Council maintains a general contingency of £1.0m. It is expected that £0.8m of this contingency will be utilised for the funding of expenditure in Schools & Children's Services relating to No Recourse to Public Funds costs agreed by Cabinet in 2014-15.

7. Housing Revenue Account (HRA) – Projected Nil Variance

The HRA projection for July shows no major variances. It is too early in the year to predict a variance to the Day to Day Repairs and Maintenance budget, but this continues to be monitored closely.

This year, any identified underspends which are deemed to be ongoing will continue to be removed from managers' budgets in order to assist in addressing the impact of the Government's social rent policy and Housing and Planning Act requirements. There is a target to find £2m of ongoing savings during 2016/17, of which a net £652k has been found to date. This is in addition to the savings of £1.955m identified in 2015/16.

8. ACHIEVEMENT OF SAVINGS

8.1 The 2016/17 Budget Report included new savings and the achievement of increased income totalling £12.9m to be made in 2016/17.

8.2 Information on the progress in achieving the departmental savings is included in Appendix C of this report.

9. ALTERNATIVE OPTIONS CONSIDERED

Not applicable to this report.

10. REASONS FOR RECOMMENDATIONS

To ensure that Members are aware of the projected budgetary position, 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 monthly revenue monitoring is a key part of this review process. If required, measures will be put in place to address any risks identified through the monitoring process and to contain expenditure within approved budgets.

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.
- Uncontrollable demand-led Service Pressures e.g. Adult Social Care, Child Protection etc.
- Potential adjustments which may arise from the audit of various Grant Claims.
- Movement in interest rates.

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.

Appendix A1

Chief Executive	Budget Variation July 2016 (£'000)
No variances to report.	
Chief Executive Total	0

Appendix A2

Regeneration & Environment Department	Forecast Budget Variation July 2016 (£'000)
Regeneration & Environment Department – July 2016 Budget Monitoring projected outturn position is a favourable variance of £423k; explanations for variances over £50k are detailed below:	
Director's Office - Savings identified through on-going service efficiency reviews across the department.	(115)
Community Safety - Salary underspend.	(59)
Regulatory Services - External legal costs £80k (prosecutions) and £32k salary overspend.	112
Planning Applications - Salary underspend and pre-application income.	(236)
Highways Services - Reduced New Roads Street Works Act receipts of £133k and £35k on additional tree works.	168
Street Lighting - Overspend.	70
Traffic & Transportation - Additional Temporary Traffic Order income.	(116)
PRS – AD (Waste Client) - Overspend due to 'invest to save' communications campaign (£220k) targeting reductions in recycling contamination.	162
Waste Client - £347k pressure on dry recycling contract due to contamination issues. £21k underspend in salary costs.	326
Vehicles Leasing and Equipment Replacement - Continued focus on targeting vehicle and equipment replacement programmes.	(100)
Commercial Services - Salary underspend.	(56)
Cemeteries Operations - Cemeteries income overachievement.	(158)
Commercial Waste - Additional income generated from the successful marketing of the commercial waste services.	(142)
Commercial Service (Parks) - Parks events additional income.	(109)
Waste Operations Service - Salaries overspend (bank holiday).	68
Skills For Work Service - The service is currently projected to overspend by £297k. This has been offset by a £200k one-off contribution whilst a restructure has commenced which will prevent future overspends beyond this financial year.	97
Regeneration - Rental income derived from 'meanwhile uses' created on regeneration schemes.	(103)
Other variances under £50k not reported	(232)
Regeneration and Environment Total	(423)

Appendix A3

Finance, Resources & Customer Services	Budget Variation July 2016 (£'000)
Information & Communications Technology (ICT) - Overspend is due to continued revenue pressure as ICT picks up all revenue costs for new projects with no new revenue budget identified, i.e. Enfield 2017 Platform. A review of the capital programme will be undertaken to see whether any re-profiling could take place to pick up any of the revenue pressures.	850
Unfunded MFD costs	250
Legal & Corporate Governance Services - Overspend within this service area is due to staffing cost overspends in Legal and Corporate Governance (£229k)	229
Property Services Variance due to shortfall in income and loss of income from vacant properties.	852
Other Items	
Use of reserves and other control measures	
Finance, Resources & Customer Services Total	2,181

Health, Housing and Adult Social Care	Forecast Budget Variation July 2016 (£'000)
<p>Adult Social Care Key assumptions within the forecast are based on projected activity and year to year trends. In future years there are increased budget pressures due to demographic pressures, provider cost pressures and a growing demand for social care services.</p>	
<p>Strategy & Resources - There is a minimum of £110k of transport pressures. This is dependent on all the savings being achieved.</p>	110
<p>Mental Health - The service is currently projecting an overspend for the year on care packages.</p>	409
<p>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 £600k for Ordinary Residence.</p>	2,103
<p>Older People and Physical Disabilities (the Customer Pathway) - The service is projecting care purchasing overspends against a net budget of £30.4m, due to demand led services. This position is consistent with last year's care purchasing overspend.</p>	2,652
<p>Independence & Wellbeing Services - Client income at the two in-house residential homes is less than expected. With the provision of the new home, running costs will be reduced in the longer term.</p>	200
<p>Public Health Grant The Departmental forecast also includes ring fenced Public Health Grant. Public Health grant allocated in 2016/17 is now £17.7m, this reflects a reduction in grant of £409k, with additional reductions of £1.3m planned over the next three years. The Public Health grant is ring fenced and used as per the Department of Health guidance.</p>	0
<p>Other control measures - Use of the Better Care Fund £1.5m and the use of one off monies and further management actions £1.5m.</p>	(3,000)
<p>Adult Social Care & Public Health</p>	2,474
Community Housing	
<p>Housing Related Support.- The savings in 2016/17 were £2.6m in Housing Related Support. The overspend is from Housing Related Support contracts. Savings have already been made in this area in 16/17 and the variance is a result of delayed savings. This service will be closely monitored to ensure the achievement of future year savings.</p>	1,300
<p>Homelessness & Temporary Accommodation - There is a net overspend of £570k over these areas. This is predominantly made up of a £455k overspend resulting from an increase in rents paid in the Private Sector Leased portfolio and Private Leased Annexe portfolio. There is also a projected overspend on Bad Debt of £245k. These are partially offset by a decrease in HRA recharges (£30k) and a projected £100k collection of Amenity charges.</p>	570
<p>Transfer back to reserve to fund initiatives - The reserve opening balance at 1 April 2016 is £566k, £536k will be utilised to fund PSL and PLA incentives and £30k to fund further work by RMG.</p>	0
<p>Community Housing</p>	1,870
<p>Health, Housing and Adult Social Care Total</p>	4,344

<p>The HHASC Department is currently forecasting a projected budget overspend of £4.34m, which is made up of £2.36m in Adult Social Care, £0.11m in Strategy & Resources, £1.3m in Housing related support and £0.57m in Temporary Accommodation. The table below shows the ASC pressures and savings.</p> <p>The July monitor contains a level of uncertainty on risks and pressures which will be crystallised in future months. The main forecast pressures are in Learning Disabilities £2.1m, Older People and Physical Disabilities £2.65m, Mental Health £409k and Independence & Wellbeing Services £200k. £3.0m of planned control measures reduce the overspend position being reported on Adult Social Care. These figures include the allocation of 2016/17 Better Care Fund monies and the Adult Social Services Precept. The Department delivered savings of £6.7m last year and contained in year pressures using £3m of one-off resources. Further budget control actions are being taken, along with exploring opportunities to maximise BCF allocations which should reduce the projection in the August Monitor.</p>	
ASC Pressures and Savings	£m
Savings for 16/17 (Excludes Housing Related Support savings of £2.6m)	7.70
Demographic Pressures	2.60
DoLS-Pressure	0.80
National Living Wage	1.30
Contract Inflation	0.76
Pressures contained in 15/16 for which one off reserve was used	3.00
Total Pressures into 16/17	16.16
ASC -Precept	-2.10
Total Pressures 16/17	14.06

Appendix A5

Children's Services	Budget Variation July 2016 (£'000)
Catering The over achievement of income has increased. This is mainly due to the primary and secondary schools projecting a higher update of school meals coupled with a food rebate from suppliers.	(198)
SEN Transport is currently anticipating the same level of expenditure as last year. This will mean that the service will be overspent by £2.02m this year.	2,028
Integrated Commissioning is reporting an overspend of £63k. £84k relates to unachieved savings across the service. There is a £26k YEP budget to be returned to this service and £5k relates to salary overspend.	63
External Residential Child Care Placements The external residential placements budgets are showing a net underspend of £76k, based on current and planned placements. There was an overspend of £593k within this budget in 2015-16 however a growth in the 2016-17 budget of £185k was approved to support the on-going pressures in this area. This is largely due to a higher than expected number of adolescent children coming into care who cannot be accommodated by our in house fostering service due to their complex needs. The July monitoring projection includes planned placements but possible additional placements totalling £580k are not reported.	(76)
Adoption Allowances This service area has seen a budget growth in 2016-17 of £350k, however the service is still projecting an overspend. Allowances are projecting to overspend by £120k which are offset by savings within other operating costs reducing the pressure to £72k. At present, 25 additional allowances are expected. There is a risk that this overspend however could increase, where for example an additional 40 allowance payments would lead to an estimated pressure of £450k based on a 50:50 split of Special Guardianship & Adoption allowances. The July projection has increased since last month by £25k due to 2 new SGO's.	72

Children's Services	Budget Variation July 2016 (£'000)
<p>Leaving Care - Client Costs The Leaving Care client costs budget is projecting to overspend by £60k. There has been a budget increase of £870k in 2016-17 which in part explains the reduced overspend compared to last year. There is however a significant risk that this overspend will increase when new clients come into care and existing package costs increasing with delays in clients moving on to independence. Based on behaviour of activity last year it has been estimated that this could be in the region of £450k. 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 July projection has increased since last month by £50k due to 3 new clients.</p>	110
<p>Unaccompanied Asylum Seeking Children Savings are currently projected due a budget increase (£187k) within the UASC budget but also an increase (effective from July 2016) in the rates paid in the Home Office grant received. There has been a rapid increase in placements historically over the years, however in light of the UK leaving the EU it is difficult to predict the behaviour of these numbers at this stage. Between April and June 2016 there have been 9 new clients. The net spend on this budget was £203k higher in 2015-16 than the July projection and there is a risk that additional support hours may be required which may deplete savings currently projected. A national transfer protocol of UASC's has been created to enable the safe transfer of unaccompanied children from one local authority to another. Enfield is one London Borough that has more than its share of UASCs within its overall LAC population. Therefore costs may stabilise due to a London rota scheme in place to accommodate new arrivals. A review of client costs in July has identified a £27k reduction in the saving previously reported.</p>	(154)
<p>Youth Strategy & Support Service An overspend of £59k is projected due to unbudgeted early retirement pension costs of 2 senior management posts which have been deleted.</p>	59
<p>Other Minor Variations</p>	(106)
<p>Children's Services Total</p>	1,798

Schools Budget	Budget Variation July 2016 (£'000)
Education Services	
Early Years. This service is reporting an underspend due to placements for 2 year olds and 3&4 year olds being less than anticipated. This is partly as result of a cut in promoting the 2 year old placements.	(1,869)
Reduction in DSG Early Years Block. Actual 16/17 allocation reflecting numbers as at Jan 2016 census lower than estimated. Offset by lower placement costs reported above	1,911
Special Education Needs	
Mainstream Tuition. At this early stage of the cycle, demand has been based on last year's figures. This is forecast to underspend by £252k	(252)
Independent Day It is anticipated that there will be an increase in the number of children over and above the budgeted amount. This will result in an overspend of £566k	283
Independent Residential. It is anticipated that there will be an increase in the number of children requiring this service in excess of the budget. This is expected to show an overspend of £593k	593
School Revenue Budget The summer term SEN count has shown an increase in the number of Education, Health & Care Plans (EHCP). Consequently, this has resulted in an increase in the spend on the Primary & Secondary revenue budgets to meet this demand.	300
High Needs Contingency Contingency for high needs pressures not yet utilised but is expected to be fully used during the financial year (see School Budget Risks below)	(850)
Budgets with no/ minor variances	(87)
Total Variation – Schools Budget	29

Schools Budget Risks There are additional pressure areas in the Schools Budget, particularly in relation to SEN which are expected to result in additional costs later in the financial year. These include the expansion of Waverley School to create additional early years provision which is estimated to cost £300k in 16/17 and the ongoing increase in the cost of funding additional Education, Health and Care Plans for pupils in mainstream schools. The high needs contingency funding available had already been utilised so any additional pressure will result in a DSG overspend.

Treasury Management Cashflow Investments & Borrowing as at 31 July 2016

The Treasury Management position as at 31 July 2016 is set out below:

	Jun-15	Sep-15	Dec-15	Feb-16	May-16	Jun-16	Jul-16
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Long term borrowing	272,532	314,986	324,986	354,837	352,641	362,241	362,241
Short-term borrowing	17,000	19,000	39,000	58,000	63,000	64,000	81,000
Total borrowing	289,532	333,986	363,986	412,837	415,641	426,241	443,241
Total investments	19,315	46,195	30,560	41,220	16,695	28,150	7,325
Net debt	270,217	287,791	333,426	371,617	398,946	398,091	435,916
Increase in Net debt since 1 June 15		17,574	63,209	101,400	128,729	127,874	165,699

Movement in debt

	01-Apr-16	Debt repaid	New debt	31-Jul-16
	£000's	£000's	£000's	£000's
PWLB	287,478	(250)	10000	297,228
Commercial loan	30,000	0	0	30,000
Local Authority Borrowing	18,000	0	0	18,000
Salix	1,462	0	0	1,462
Temporary borrowing	86,000	(55,000)	50,000	81,000
LT Borrowing from LEEF	5,850	(151)	0	5,699
EIB LT Borrowing	9,851	0	0	9,851
Total borrowing	438,641	(55,401)	60,000	443,240

London Borough of Enfield Investments at 31 July 16

Financial Institution	Principal	Start Date	Effective Maturity	Rate	Days to Maturity	Days to Maturity	Lowest Credit Rating
Call Accounts							
HSBC TREASURY CENTRE CALL ACCOUNT	4,325,000	n/a	On demand	0.47%			
SVENSKA HANDELSBANKEN CALL ACCOUNT	3,000,000	n/a	On demand	0.50%			
Notice Accounts							
Santander 31 Day Notice Account	0	-	On demand	-			
Money Market Funds							
HSBC Sterling	0	-	On demand	0.44%			AAAm*
GOLDMAN SACHS STERLING LIQUID RESERVE FUND		n/a	On demand	0.45%			
IGNIS LIQUIDITY FUND		n/a	On demand	0.53%			
Long Termed Deposits							
Lloyds Bank PLC	0		-	-			A
Total - Investments	7,325,000		Average	0.48%	0	0	
Number of Investments	2						

London Borough of Enfield Short Term loans at 31 July 2016

Financial Institution	Principal	Start Date	Effective Maturity	Rate	Days to Maturity
Workingham BC	£2,000,000	08/09/2015	18/08/2016	0.50%	18
South Ayrshire Council	£5,000,000	27/10/2015	25/10/2016	0.55%	86
Milton Keynes	£10,000,000	01/12/2015	30/11/2016	0.60%	122
West Somerset DC	£2,000,000	15/01/2016	13/01/2017	0.56%	166
L.B. of Islington	£5,000,000	28/01/2016	26/01/2017	0.60%	179
West Midlands Police Commissioner	£5,000,000	29/01/2016	27/01/2017	0.60%	180
Chichester DC	£2,000,000	29/01/2016	28/01/2017	0.60%	181
Tameside MBC	£10,000,000	01/04/2016	03/10/2016	0.57%	64
West Yorkshire Combined Authority	£10,000,000	15/04/2016	13/04/2017	0.55%	256
SEDGEMOOR DISTRICT COUNCIL	£5,000,000	02/06/2016	03/04/2017	0.60%	246
POLICE AND CRIME COMMISSION FOR WEST YORKSHIRE	£5,000,000	07/06/2016	07/04/2017	0.58%	250
WEST YORKSHIRE COMBINED AUTHORITY	£5,000,000	15/07/2016	18/04/2017	0.47%	261
LONDON BOROUGH OF EALING COUNCIL	£5,000,000	11/07/2016	11/04/2017	0.49%	254
CHELMSFORD BOROUGH COUNCIL	£5,000,000	15/07/2016	14/07/2017	0.42%	348
LONDON BOROUGH OF EALING COUNCIL	£5,000,000	19/07/2016	18/07/2017	0.39%	352
Total	£81,000,000		Average	0.54%	198

Appendix D

Multi-year settlement agreement

Cabinet approval is sought for applying for the Government's four year funding agreement. In order to apply, an efficiency plan must be published on the Council's website and an application must be made to the Government by the deadline of 14th October 2016. There is growing uncertainty regarding public finances following the BREXIT decision and the Chancellor has indicated that he may reset some public finances in this year's Autumn Statement. Given this background, achieving some security in the level of funding Enfield will receive over the medium term would be desirable.

Background

Local authorities have taken the biggest hit in terms of central government cuts since 2010. The scale of the reduction, along with a degree of volatility around the phasing / timing of these cuts to different authority types, has made it very difficult for authorities to plan their spending priorities strategically. The need for effective medium term planning has never been stronger.

The government's response has been an offer of a guaranteed minimum grant envelope, paid to councils for a 4-year period from April 2016 covering Revenue Support Grant, transitional funding and Rural Services Delivery Grant. This should increase local authority certainty and confidence and would be a key step towards supporting councils to strengthen financial management and work collaboratively with local partners when considering the way local services are provided in future.

What is an efficiency plan?

Every council in the country is different. Each will have its own vision, policies, opportunities and challenges and each will be at a different stage in its journey to financial sustainability.

So no two efficiency plans are likely to focus on the same things, have common aims or include the same reports. Each council should therefore be judged on its own merits when the government are reviewing their plans. Key considerations may include: How clear are the targets? What role is partnership working expected to take? What are the aspirations around transformation programmes? How are councils planning to achieve their efficiencies? Is there clear ownership and accountability? And is there robustness around the management, monitoring and measurement of outcomes?

The way a council chooses to put this story together in their efficiency plan remains for them to decide, as is the supporting documents that they would choose to include.

Content of an efficiency plan

- The cornerstone of the efficiency plan is the Medium Term Financial Plan (MTFP) for the four years of the offer. Not just the numbers in a table, but a short narrative that sets out what a council intends to do to address the challenge of financial sustainability and where it hopes to be at the end of the period. An efficiency plan needs to be about more than just money.
- Most practitioners favour a short 2–4 page narrative, with typical documents to support this narrative to include the latest budget, corporate plan, transformation plan, asset-management plan and baseline organisational structure.
- It follows that an efficiency plan needs to have clear links to the Council's corporate plan and where the authority is involved in key partnerships, such as shared management arrangements or progress towards a combined authority. It should acknowledge any links with partner organisations and plans that this entails.
- It also needs to reference ongoing and planned transformation projects and programmes where these are significant in ensuring the council reduces its costs or generates additional income locally.
- However, an efficiency plan need not be any more than an 'abridged version' of key / existing public documents already put together by the council. The Council should not find itself doing a major piece of extra work to deliver an efficiency plan.
- Councils could consider presenting the efficiency plan by theme, for example, what it is doing to grow its local economy, to bear down on costs, to manage current and future demand or to re-forge its 'contract' with local residents.

Key Principles of the Medium Term Financial Plan

Enfield's Medium Term Financial Plan is based on a number of key principles and assumptions. These are:

- That savings identified will be implemented to allow benefit realisation as soon as practicable.
- The Medium Term Financial Plan assumes a 1.99% (1.98% in 2016/17) increase in Council Tax and a Social Care precept of 2.0% for each year over the period of the Plan.
- That the demographic pressures the Borough faces are regularly reviewed and updated throughout the lifetime of the plan.
- That all risks related to both the delivery of the proposals in the plan and any future uncertainties are reviewed on a regular basis.

- Minimum balances of around £14m are maintained in accordance with the latest Finance Resilience Review carried out by external auditors.

Financial Planning & Budget Setting Process

Enfield 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 council 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 2017/18 budget and 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 LVHN.
- 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.