OVERVIEW & SCRUTINY COMMITTEE

4th October 2016

RESPONSE TO

REASONS FOR CALL IN

PART 1

Relating to the Following Decision:

Decision: Noted the Revenue Outturn Projection

Decision Date: 6th September 2016

Decision of: Cabinet

Key Decision No: KD4360

1. Introduction

On 6th September 2016 Cabinet noted the detailed Revenue Outturn Projection for 2016-17. Cabinet also approved that Directors should work towards a reduction/removal of the £7.9m overspend quoted in this report.

2. Reasons for Call In

The reasons why the decision was called in are as follows: -

1. £7.9 overspend

The recommendations to the Cabinet in the report simply ask that Cabinet note the £7.9m overspend and that it agrees that departments reporting pressures should formulate and implement action plans.

£7.9m is the about equivalent of an 8% increase in band C Council Tax and therefore a significant sum.

The report lacks any detail as to the types of efficiencies and savings to be achieved or the exact time frame within which the savings are to be achieved. The report only provides details as to the reasons for the overspend, which includes:

Finance, Resources & Customer Services (Appendix A3)	£2,181,000
Health, Housing and Adult Social Care (Appendix A4)	£4,344,000
Children's Services (Appendix AS)	£1,798,000

Given that there may be additional overspends and financial pressures in the foreseeable future and the programmes set out in page 35 again lack any detail or substance and may not be achieved, it is essential that more detailed information, planning and a timescale given as to the immediate efficiencies and savings to be undertaken to eliminate the overspend before additional pressures arise.

2. Borrowing

Appendix B on page 31 discloses that the Local Authorities combined net short term and long term borrowing increased from £270,217,000 in June 2015 to £435,916,000 in July 2016; an increase of £165,699,000.

This is the largest sum ever owed by this Local Authority.

Other than being noted in the appendices there is no reference in the main body of the report for the reasons for the increase in debt or the longer term direction in which the level of debt is heading.

3. Response to Reasons for Call In – Item 1

Cabinet Members and Directors are expected to manage their budgets in year and contain any forecast overspends by implementing offsetting savings measures. All Directors reporting overspends have worked on mitigating actions for the current year and where pressures are ongoing these are also being worked up as part of the MTFP.
The mitigating actions currently being developed including the following items:

FRCS: Reported overspend as at July 2016 = £2,181,000

Property: Commercial Rents: Income shortfalls are being reviewed with action plan to come to CMB. Additional income has been identified and when the commercial detail has been finalised, the measures will be made public.

IT: Cloud/Civica/Serco contract: A review of the capital programme is being undertaken to see whether any re-profiling could take place to mitigate any of the current pressures. In addition, the restructuring of the ICT team will deliver in year savings and a review of ICT contracts is under way to see what further efficiencies can be made.

Unfunded MFD Costs: Review is under way to resolve this issue through the realignment of unused stationery budgets from across services.

Staffing cost overspends in Legal and Corporate Governance: Work is in hand to review legal costs and identify offsetting savings. However, it should be noted that the teams are facing unprecedented increases in case load (eg as a result of child protection costs), which in turn drives cost upwards.

SCS: Reported overspend as at July 2016 = £1,798,000

Families with No Recourse to Public Funds:

The development and implementation of an enhanced assessment process involving fraud and legal officers is at an early stage, and this is expected to lead to more consistent application of policies and procedures and improved monitoring/ performance management. This includes liaison with the Home Office for new resources to speed up decision-making processes and a review of the cohort to ensure eligibility (as this can change over time). A social worker is now located in Housing Services to ensure a council-wide response so that all families are treated in a consistent manner and eligibility policies are applied uniformly. Better information is also being put on the website to help clarify expected service.

Looked After Children's [LAC] Placements:

A resolute focus on helping families to care for their children will assist in reshaping the offer for targeted and preventative interventions. Best value will be achieved through regional commissioning arrangements and opportunities for invest to save initiatives.

Reduction in Number in Care:
A number of actions are in hand to reduce the number of children in care. These include further improvements in support to families in order to prevent family breakdown and increase family resilience to further reduce family breakdown. The DfE funding that was just for one year has been well managed and will allow for the continuation of this service until March 2017. This will allow more resource to be focussed on preventing family breakdown.

Unaccompanied Asylum Seekers Care:
The London UASC protocol has now been negotiated and there is also a national UASC protocol. Both of these aim for a fairer distribution of UASC children throughout the UK. As a result, no UASC arriving in Enfield will stay for more than a few weeks before being transferred to the national scheme and Enfield will no longer take permanent responsibility for new arrivals over the next few months.

Where it is in their best interests, families are being supported to move from the borough to a fresh start in other areas of the country. 9 families, including 24 children, have moved this year giving a potential annual saving of at least £0.5m.

Reduction in the cost of care provision/increased efficiency in system:
An improved, faster, foster carer recruitment process has been implemented to increase the quality and quantity of in house foster carers available to reduce the use of more expensive agency placements. It is estimated that agency foster care costs are £100 per week more than in-house even when all hidden costs of in-house are accounted for.

We are also in the process of reviewing foster care allowances to ensure Enfield Council remains competitive. More assessments of foster carers are being undertaken by independent assessors to speed up the process.

Home School Travel Assistance for Eligible Children and Young People (SEN Transport):

A major cross-departmental project led by Children's Services is under way to review all policies and processes related to travel assistance. Savings will be delivered as a result of the review of council travel assistance policy so it is fully compliant with new

SEND legislation and less likely to be challenged. This will include improved consultation and engagement with parents and a new online access to information and application process. A regular review of eligibility and mode of appropriate travel assistance and establishment of new Travel Brokerage Service for parents that offers different modes of travel assistance will be put in place. This will ensure that there is no automatic assumption of directly provided transport. New routing software will ensure the most efficient, effective and economical option is used. Improved monitoring and an improved IT system that allows individual financial tracking for each child will provide further information to support these efficiencies.

HASC: Reported overspend as at July 2016 = £4,344,000

With rising numbers of service users, a range of actions is in hand to address the overspend. These include a number of initiatives.

A reduction in the personal budgets by a target rate of 20% and a reprovision of services no longer fit for purpose or cost effective (including reprovisions 1 & 2) will help to reduce expenditure. The delivery of an LATC which is commercially viable (that were in-house run) services and implementation of new supported living framework for LD services with improved quality framework and vfm (with same being developed for MH services.

Other initiatives include the development of new Positive Behaviour Support model in LD services to deliver improved outcomes and reduced support costs and strategic commissioning and procurement of residential/nursing services across the NCL area. This in turn will reduce costs by reviewing programmes and targeting high cost placements to deliver against outcomes in different ways/reduce personal budgets.

A reduction in people admitted to more expensive residential care will be managed through the development of more supported living and post dementia diagnosis support services. A further expansion of the enablement service will reduce the number of people both living in the community and being discharged from hospital who need ongoing support.

2. Response to Item 2

The increase of £166m in debt during the period from June 2015 to July 2016 reflects the element of the approved capital programme that is funded from borrowing. There has also been an increase in borrowing due to the decrease in Council reserves. Cash backed reserves and balances held by the Council reduce the need to borrow to fund daily cashflow and a reduction in these balances will therefore increase the need to borrow. The reduction in usable reserves was reported to Cabinet in July (Revenue Outturn 2015/16).

In 2015/16, the Council borrowed £98.9m towards the cost of financing the General Fund Capital Programme. This includes £30.0m on loans raised to fund property acquisitions by Housing Gateway Ltd (HGL) to alleviate the homelessness pressures within the borough. HGL will be repaying the loan and interest payments in semi-annual instalments over 35 years. A further £4.7m borrowing relates to funding for Enfield Innovations Ltd for developing small sites in the borough for the provision of affordable housing. Loans totalling £61.4m were required to fund land acquisitions at Meridian Water; these loans will be repaid in instalments when the land is transferred in line with the development agreement which is being finalised with the chosen Meridian Water Development Partner. These are projects which generate long term financial benefits for the authority and help to alleviate homelessness pressures in the borough. Net borrowing as at 31st March 2016 was £410.151m, which was well within the Authorised Borrowing Limit of £600m for 2015/16 approved by Council in February 2015.

There was an increase in net borrowing as at the end of July 2016 to £435.916m, as reported in the July monitoring report. The additional borrowing was predominantly required to fund capital investment which had been approved by Council as part of the 2016/17 Capital Programme, including acquisitions at Meridian Water (£16m) additional property purchases by HGL (£10m) and the acquisition of the Minchenden site (£5.6m). The Capital Programme 2016/17 to 2019/20 was approved by Council in February 2016 as part of the Budget report, and any additions to the approved programme must be approved by full Council.

Further borrowing during August and September and anticipated borrowing to the year end are predicted to result in a net borrowing position of around £575m by 31st March 2017 based on current cashflow forecasts and the existing capital programme. Whether there will be a requirement to borrow in excess of this forecast for the current financial year will depend on decisions made by Council on proposals for new capital expenditure that will add to the current approved programme. There are a number of schemes going to Council over the next few months which if approved will require significant amounts of additional borrowing. The current Authorised Limit for borrowing is £900m, as approved in the Treasury Management Strategy reported as part of the Budget 2016/17 report to Council in February 2016. The level of year end borrowing will also be affected by any further reduction in reserves which reduces the capacity for internal borrowing.

There will be further increases in borrowing in future years in line with the requirements of the capital programme.

The overall robustness of the Council's finances was also explained in Appendix 8 of the budget report agreed at Council in February 2016, and the additions to the capital programme since then should be seen in that context.