

MUNICIPAL YEAR 2016/17 REPORT NO: 130

MEETING TITLE AND DATE:

Cabinet
16th November 2016

AGENDA PART 1

ITEM 6

**Subject: Revenue Monitoring Report
2016/17: September 2016 &
2017/18 Budget Update**

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 September 2016. The report forecasts an outturn position of £7.2m overspend for 2016/17.
- 1.2 It also updates Cabinet on the budget preparations for 2017/18 and the Medium Term Financial Plan 2017/18–2020/21.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Notes the £7.2m overspend revenue outturn projection. This position is consistent with that which was reported in August 2016.
- 2.2 Agrees that Cabinet members work with Directors to implement action plans to reduce the forecast overspend in 2016/17.
- 2.3 Agrees that Cabinet members work with Directors to agree and implement plans to mitigate pressures being forecast in the Medium Term Financial Plan.
- 2.4 Notes the progress made to date in the preparation of the 2017/18 budget and request a further report in January 2017.
- 2.5 Work with CMB to identify further savings to bridge the budget gap and set a balanced budget.

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 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, 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		
		July	Aug	Sept
Income and expenditure position	<ul style="list-style-type: none"> • Year-end forecast variances of £7.2m overspend have been identified to date in relation to General Fund net controllable expenditure. Mitigating actions have been implemented by Directors to offset identified pressures. 	Red	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. 	Green	Green	Green
	<ul style="list-style-type: none"> • The HRA is projecting a £409,000 underspend at year-end outturn against budget. 	Green	Green	Green
Balance Sheet	<ul style="list-style-type: none"> • The current profile of cash investments continues to be in accordance with the Council’s approved strategy for prioritising security of funds over rate of return. 	Green	Green	Green
	<ul style="list-style-type: none"> • The outturn projection for General Fund balances will meet the Council’s Medium Term Financial Strategy target based on the use of uncommitted reserves to meet one-off overspends in 2016/17. 	Green	Green	Green
Cash flow	<ul style="list-style-type: none"> • The Council’s cash balances and cashflow forecast for the year (including borrowing) will ensure sufficient funds are available to cover planned capital and revenue commitments when they fall due. 	Green	Green	Green
	<ul style="list-style-type: none"> • Interest receipts forecast for the year are on target with budget. 	Green	Green	Green

4. SEPTEMBER 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

September 16 Department	Net Controllable Budget					
	Original Budget	Approved Changes	Approved Budget	Projected Outturn	September Variation	August Variation
	£000s	£000s	£000s	£000s	£000s	£000s
Chief Executive	4,307	(318)	3,989	3,989	0	0
Regeneration & Environment	24,956	675	25,631	25,142	(489)	(368)
Finance, Resources & Customer Services	38,799	7,939	46,738	48,016	1,278	1,449
Health, Housing and Adult Social Care	78,003	(2,619)	75,384	79,288	3,904	4,034
Education and Children's Services	44,935	201	45,136	47,642	2,506	2,048
Total Department Budgets	191,000	5,878	196,878	204,077	7,199	7,163
Contribution from reserves	0	0	0	0	0	0
Collection Fund	(1,319)	0	(1,319)	(1,319)	0	0
Corporate Items	46,791	(5,878)	40,913	40,913	0	0
Government Funding	(128,557)	0	(128,557)	(128,557)	0	0
Council Tax Requirement	107,915	0	107,915	115,114	7,199	7,163

4.2 The adverse variance is broadly in line with that reported in August. FRCS, Children's Services and HHASC are the departments contributing to this projected overspend. Each of the departments has generated a list of the variances which are contributing to the projected outturn figures. In addition another exercise has been completed which highlights mitigating actions which will aim to contain and reduce the projected outturn position which is stated in table 2. Details of these proposed actions can also be seen in each department's appendix.

5. DEPARTMENTAL MONITORING INFORMATION – BUDGET PRESSURES & MITIGATING ACTIONS

5.1 Chief Executive's Department (Appendix A1)

This department is reporting a nil variance to budget for September.

5.2 Regeneration & Environment (Appendix A2)

A favourable variance is being projected. There has been an increase of £121k compared to the August monitor.

5.3 Finance, Resources & Customer Services (Appendix A3)

An adverse variance of £1.278m has been reported for September. This variance can be seen in the appendix together with mitigating actions.

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

The Learning Disabilities Service has experienced an increase in cost of £88k due to the settlement of an ongoing price negotiation with a provider. There has also been an increase in demand for both Community and Residential based

placements within the Customer Pathway (£313k). This has been more than offset by an improved Housing Related Support forecast (-£531k) which reflects the decommissioning of services as planned for within the Medium Term Financial Plan.

5.5 Children's Services (Appendix A5)

The variance in this department has increased since August to £2.506m. The appendix shows reasons for this variance as well as mitigating actions that have been generated by the service.

Though the forecast cost of transport is reducing, it has not reduced by as much as originally estimated. However work is on-going as stated in the mitigating actions to further reduce this pressure.

The service has also experienced an increase in demand in the following areas:

- 2 residential and 4 secure remand placements,
- 3 in house fostering placements,
- 5 Special Guardianship Orders,
- Increase in demand for residence orders, rents & deposits for families in need.

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

Although the position on Brexit is gradually firming up, the outlook continues to be uncertain. We are still advised that borrowing should be made in tranches to benefit from the current rates and also to provide some flexibility if rates fall further. A summary of this year's Treasury management activity is set out in Appendix B.

Appendix B shows that debt levels have increased by £78.9m over the period from 1st April 2016 to 30th September 2016. This movement is mainly due to an increase in the approved capital programme. Large capital investment projects which have been funded from borrowing in the current financial year include land acquisition at Meridian Water, property purchases by Housing Gateway and the purchase of the Minchenden site. 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. Any further increases in borrowing in future years will be in line with the requirements of the capital programme.

The increase in borrowing can also be partly attributed 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).

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 Resource to Public Funds costs as agreed by Cabinet in 2014-15.

7. HOUSING REVENUE ACCOUNT (HRA) – £409k Underspend

The HRA projection for September shows an underspend position of £409k on repairs. This is against a budget for the year of £11.5m, so represents just under 4% of the total. The main areas of underspend are voids (£250k), responsive repairs (£215k) and planned maintenance (£124k). These are reduced by a predicted overspend on the boiler replacement programme £159k. All other HRA budgets are currently predicted to be on target.

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 £723k 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 2017/18 BUDGET UPDATE

9.1 Budget Process and Savings Proposals

As part of the Revenue Outturn Report 2015/16, Cabinet, 7th July 2016, was updated on the preparations for the setting of the 2017/18 Revenue Budget and the Medium Term Financial Plan (MTFP). Cabinet noted that the Council has a consistent financial planning and budget setting process, which is being used again this year, with decisions made in accordance with the principles set out in the report.

Work on the budget for 2017/18 and subsequent years has continued, with a series of member and officer meetings held throughout September and October to develop an approach to achieving a balanced 2017/18 to 2020/21 budget and MTFP. Directors are required to develop new savings proposals and mitigating actions to offset ongoing service pressures. Further work on delivering savings to bridge the remaining budget gap of £44.8m over the MTFP period must now be progressed, with the finalisation of the budget proposals to be reported to Cabinet and Council in February 2017.

9.2 Multi-Year Settlement Offer and Efficiency Statement

As part of the local government finance settlement 2016/17 the Government announced their intention to offer four years of relatively reliable funding to those local authorities who both confirm they are accepting the offer and publish an efficiency plan by the 14th October 2016.

The former Secretary of State for Communities and Local Government wrote to Council Leaders on 10 March 2016 to formally offer greater certainty over funding from Central Government over the period from 2016/17 to 2019/20, subject to the publication of an efficiency plan. He stated that the plan should be as simple and straightforward as possible. Enfield's Council leader replied to indicate that we intended to accept this offer and subsequently Enfield's Efficiency Plan has been published on the Council website by the stated deadline. Confirmation of acceptance of the four year deal was sent to the Secretary of State for Communities and Local Government with a link to the plan, as required. The Efficiency Plan sets out the need for ever greater efficiency, illustrates Enfield Council's success to date in delivering efficiencies whilst still providing high quality services and the likely potential for further gains in efficiency in future years. Efficiencies are linked to the Council's overall vision and corporate priorities which are set out at the end of this plan.

The four year settlement is important for the medium-term financial stability of the Council as it provides assurances relating to the Council's Settlement Funding Assessment (Revenue Support Grant and Business Rates Top-Up). It will aid financial planning and support the Medium Term Financial Plan (MTFP) which was presented to full Council in February 2016.

9.3 Autumn Statement

Councils are now waiting for the Chancellor's Autumn Statement which will be made on the 23rd November, with the draft Local Government Finance Settlement details expected in December. As noted above the Council has applied to the Government for the four year settlement, and assuming that this application is successful the figures for the Settlement Funding Assessment should remain as per the assumptions already included in the MTFP for 2017/18 to 2019/20. As Philip Hammond's first Autumn Statement and the first budget event since Brexit, it is eagerly anticipated in order to gain an understanding of the new Chancellor's post Brexit fiscal strategy. It is expected to confirm the previously indicated shift in the Government's approach to eliminating the budget deficit within this parliament. Whilst it is unlikely that there will be any additional funding for local government, given the slowdown in the growth of GDP and tax receipts, it is however hoped that an easing of austerity measures may remove the risk of a further round of cuts in 2019/20.

9.4 2017/18 Local Government Finance Technical Consultation

The Government issued a consultation on the local government finance settlement for 2017/18 in September. This covered a number of specific issues as follows

- The Government proposes that the council tax referendum principles for 2017/18 should remain the same as 2016/17, i.e. a 2% general council tax increase threshold and a continuation of an additional 2% Adult Social Care Precept. This accords with the assumptions in the MTFP.

- Distribution of the Better Care Fund in 2017/18 as proposed in the 2016/17 local government finance settlement. The resultant allocations have been built into Enfield's MTFP.
- Adjustments to neutralise the impact of the 2017 business rates revaluation on individual authorities. Any gain or loss on revaluation will be adjusted through the top-up and levy mechanism. As final valuation details will not be ready for the 2017/18 settlement, the Government will use provisional top-ups and tariffs in 2017/18. Final calculations will be made in autumn 2017 with any corrections included in the 2018/19 settlement. The assessment of provision for appeals will be the responsibility of each council and will introduce further uncertainty into the MTFP.
- London will be piloting 100% business rates retention from 2017/18. This will involve funding for new responsibilities to be added to Baseline funding. Whilst the results should be neutral the provisional figures will need to be scrutinised to ensure the funding is correct.

The Council responded to the consultation pointing out the potential shortfall in Better Care Funding (£5.8bn estimated by the LGA), our opposition to any form of central control over setting council tax increases and the need to ensure future changes to local government finance result in fairer funding.

9.5 Business Rates Retention and Devolution

The Business Rates Retention consultation with the Technical Groups is still ongoing, with a range of options being discussed but as yet no firm decisions made.

The timetable being followed for implementation of the reform is as follows:

26 September – Deadline for responses to the consultations on the approach to 100% business rates retention

Autumn 2016 – A more technical consultation on specific workings of the reformed system

Early 2017 – legislation to be introduced to provide the framework for these reforms

April 2017 – Business Rates pilot schemes will begin.

By the End of parliament (2020) – The new system will be implemented.

At this stage, pending the technical consultation on the proposals, no detailed modelling of the impact on Enfield is possible without which potential changes cannot be reflected in the MTFP.

9.6 Medium Term Financial Plan (MTFP)

The MTFP covers the next 4 years from 2017/18 to 2020/21 and is constantly evolving with new pressures and budget assumptions being challenged and updated as the financial picture continues to change. Since the Cabinet meeting in July, work has progressed so that the latest draft 2017/18 Budget and Medium Term Financial Plan has been revised to take account of more up to date information on existing forecasts and new emerging pressures. Previously agreed savings included as full year effects have also been reviewed and revised to take into account progress so far and adjusted for more accurate information on costs such as redundancy, IT development and staff support through training and redeployment.

The movement in the latest MTFP forecast gap is shown below. The assumed council tax increase for 2017/18 and future years is 1.99%. It is also assumed that we will apply the Adult Social Care Precept of 2.00% as permitted in years 2017/18 to 2019/20 (ie to the end of the Spending Review period) bringing the overall increase to 3.99% in years 2017/18 to 2019/20 which is in line with the Government's proposals in its Technical Consultation. The assumed council tax increase for 2020/21 is 1.99%. The plan also includes new pressures and mitigating actions identified by services. The resultant budget gap has increased from a starting point of £13.7m to £44.8m.

Table 3 2017/18 to 2020/21 Medium Term Financial Plan

1. MTFP Summary	2017/18	2018/19	2019/20	2020/21	MTFP Total
	£'000	£'000	£'000	£'000	£'000
Council Tax Requirement	107,915	112,531	117,021	121,688	107,915
Expenditure:					
Full year effects	(8,838)	(3,247)	6,022	0	(6,063)
Enfield 2017 Savings	(4,550)	(6,000)			(10,550)
General Inflation (specific items)	0	0	0	3,000	3,000
Pay awards (1%)	0	0	0	1,500	1,500
Meridian Water	0	315	328	341	984
Pressures	18,032	1,771	(1,327)	776	19,252
Demographics (ASC Levy)	2,204	2,336	2,470	0	7,010
TA Pressure	5,862	5,352	3,043	7,043	21,300
Proposed New Departmental Savings	(4,741)	(5,875)	(4,350)	275	(14,691)
Pension Fund	1,000	1,000	1,000	0	3,000
Net Expenditure	8,969	(4,348)	7,186	12,935	24,742
Funding:					
	0				
Collection Fund	1,319	0	0	75	1,394
Corporate Specific Grants	2,194	1,158	0		3,352
Revenue Support Grant	12,504	8,320	16,050		36,874
Business Rate Top-Up	(699)	(1,070)	(1,190)		(2,959)
Local Business Rates (NNDR1)	(640)	(970)	(1,090)		(2,700)
Funding	14,678	7,438	13,770	75	35,961
Headroom / (Budget Gap)	(19,031)	1,400	(16,289)	(10,905)	(44,825)
Council Tax Requirement	112,531	117,021	121,688	123,793	123,793

9.7 Capital programme

One of the principles applied in the planning process is that there should be a continual review of the Council's existing and planned Capital Programme, to minimise the capital investment that is reliant upon increased borrowing funded by the council tax. As noted in paragraph 6.1 above, net debt levels increased by £46.035m from 1st April to 30th September 2016 due to high levels of capital investment in regeneration and invest to save schemes. The latest Capital Programme 2016/17 to 2019/20 and monitor for Quarter 2 2016/17 will be reported to the December Cabinet meeting. The 2017/18 to 2020/21 programme will be reported for approval by Cabinet and Council in February 2017 as part of the 2017/18 Budget report.

10. ALTERNATIVE OPTIONS CONSIDERED

Not applicable to this report.

11. 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.

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

12.1 Financial Implications

As the Section 151 Officer, the Director of Finance, Resources & Customer Services is required to keep under review the financial position of the Authority. The monthly revenue monitoring is 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. There is further work to be done to ensure a budget can be set within available resources.

12.2 Legal Implications

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

12.3 Property Implications

Not applicable in this report.

13. KEY RISKS

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

- Achievement of challenging savings targets.
- Brexit and the 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.
- Impact of the fall in the pound on inflation and pay
- 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.

14. IMPACT ON COUNCIL PRIORITIES

14.1 Fairness for All – The recommendations in the report fully accord with this Council priority.

14.2 Growth and Sustainability – The recommendations in the report fully accord with this Council priority.

14.3 **Strong Communities** – The recommendations in the report fully accord with this Council priority.

15. EQUALITIES IMPACT IMPLICATIONS

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

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

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

16. PERFORMANCE MANAGEMENT IMPLICATIONS

The report considers the financial impact of changes arising from reduced funding. The projections and future pressures on the budget are viewed with due consideration of financial management and the most efficient use of resources.

Appendix A1

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

Appendix A2

Regeneration and Environment	Budget Variation September 2016 (£'000)
Director & Programme Office - efficiencies identified following an on-going project to review services across the Regeneration and Environment department & HRA	(396)
Community Safety - police contract and community salaries underspend, Prevent project income and additional budget contribution from Env efficiencies to offset a loss of a grant from Home Office	(100)
Regulatory Service - external legal costs £80k (prosecutions) and £32k licensing salary overspend	112
Corporate Health and Safety - Contract underspend and additional income received from undertaking asbestos surveys in HGL properties.	(62)
Traffic and Transportation - Salary Recharge to Capital Schemes (LIP and Cycle Enfield) and additional Temporary Traffic Order income.	(90)
Waste Client - £347k of the forecast variance is related to the BIFFA comingled contract over spend. The over spend is due to the waste composition and contractual costs reflecting current difficult commodity and trading conditions). In addition £24k relates to Green Waste disposal cost.	371
Commercial Services - Salary Underspend	(53)
Commercial Waste - this is due to salary underspend of £94k and £18k is due to additional income generated from the successful marketing of the commercial waste services	(151)
Commercial Service (Parks) - due to Parks events additional income and Parks Assets rental income overachievement	(100)
Street Lighting - Festive Lighting Costs	50
Cemeteries Operations - Income Overachievement	(126)
Skills for Work Service - net projected overspend of the Skills For Work Service, this is mainly due to loss of grants/underachievement of income. Restructure reports have been approved to address this historical overspends	194
Regeneration Services - underspend in the revenue cost of consultancy	(96)
Plus Other Minor Variances - Minor variances under 5k added up	(42)
Regeneration and Environment Total:	(489)

Finance, Resources & Customer Services	Budget Variation September 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 is being undertaken to re-profile revenue pressures.	420
Legal & Corporate Governance Services - Overspend within this service area is due to staffing cost overspends in Legal and Corporate Governance (£100k), Printing & Post costs in Electoral Services (£60k), Income target in registrars (£140k) no longer achievable because of a change in Home Office fees.	311
Property Services Facilities Management (+£865k) variance due to shortfall in income from Edmonton Centre of £200k, Swan Annexe £100k, 9 Centre Way / 3 Southway £159k, Claverings £59k. In addition a rent review of Triangle House £159k, overspend in running costs of admin buildings of £160k and 33k on replacement of council passes and £55k due to security and maintenance pressures on the Civic Centre, which is offset by £40k from demolition giving a net variance of £885k. Property Services management are currently working through an action plan to resolve the shortfall in income. It is anticipated that additional income will be generated in 2016/17 to further reduce the overspend and updates will be provided in future monitoring reports. Rent shortfalls at Community House (£135k) and The Ark (£128k) will be met by a contribution from the Community Fund reserve and so are not reported as variances in the monitor. Strategic Property Services (-£200k) Anticipated Bund income of £300k will be generated in 2016/17 to be used to deal with pressure across Property Services which is off setting pressures in income and staffing.	665
Other Items	(118)
Use of reserves and other control measures	
Finance, Resources & Customer Services Total	1,278

Mitigating actions being taken to reduce overspend position - FRCS	
Property - Commercial Rents: Income shortfalls being reviewed with action plan to come to CMB, e.g. Claverings - £35k; Churchfields £25k.	
IT - Cloud / Civic / Serco Contract: A review of the capital programme is being undertaken to see whether any re-profiling could take place to pick up any of the revenue pressures. This exercise has so far reduced the overspend from £850k to the £500k currently being reported.	
Staffing cost overspends in Legal and Corporate Governance - Legal costs across the Council are being reviewed, with a view to reducing use of more expensive external legal firms.	

5.4 Health, Housing & Adult Social Care

Appendix A4

Adult Social Care

<p>The Department is currently forecasting a projected budget overspend of £3.9m, which is £2.91m in Adult Social Care and £0.994m in Housing. The table below shows the ASC pressures and savings.</p> <p>The main forecast pressures are in Learning Disabilities £2.188m, Older People and Physical Disabilities £3.112m and Mental Health £400k. Housing Related support pressures amount to £1.294m. 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 one off of £3m resources no longer available. Further budget control actions are being taken, along with exploring opportunities to maximise BCF allocations.</p>	
ASC Pressures and Savings	£m
Savings for 16/17 (excludes Housing Related Support savings of £2.6m)	7.7
Demographic Pressures	2.6
DoLS-Pressure	0.8
National Living Wage	1.3
Contract Inflation	0.76
Pressures contained in 15/16 for which one off reserve was used	3
Total Pressures into 16/17	16.16
ASC -Precept	-2.1
Total Pressures 16/17	14.06

Health, Housing and Adult Social Care	Forecast Budget Variation September 2016 (£'000)
Adult Social Care	
Key assumptions within the forecast are based on projected activity and year to year trends. In future years there is an increased budget pressures due to demographic pressures, provider cost pressures and a growing demand for social care services.	
Strategy & Resources - There is a minimum of £130k of transport pressures. This is dependant on all the savings being achieved. This is offset by Service Development budgets being £120k under	10
Mental Health - The service is currently projecting an overspend for the year on care packages.	400
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.	2,188
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.	3,112
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.	200
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. There is a risk that demand led sexual health services could result in additional pressures. The Public Health grant is ring fenced and used as per the Department of Health guidance.	0
Other control measures - Use of the Better Care Fund £1.5m and the use of one off monies and further management actions £1.5m.	(3,000)
Adult Social Care	2,910
Housing Related Support - The savings in 16/17 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 as a result of delayed savings. This service will be closely monitored to ensure the achievement of future year savings.	994
Homelessness and temporary accommodation	0
Housing-General Fund	994
Adult Social Care & Public Health	3,904

Mitigating actions being taken to reduce overspend position - HHASC	
Reducing personal budgets by target rate of 20%	
Re-provision of services no longer fit for purpose or cost effective (including re-provisions 1 & 2)	
Recommissioning the VCS to provide more integrated & outcome focused early intervention support	
Decommissioning/recommissioning preventative housing related support services	
Delivering an LATC to deliver commercially viable (what were in-house run) services	
Implementation of new supported living framework for LD services with improved quality framework and vfm (with same being developed for MH services)	
Development of new Positive Behaviour Support model in LD services to deliver improved outcomes and reduced support costs	
Development of strategic commissioning and procurement of residential/nursing services across the NCL area to reduce costs	
Ongoing review programme to target high cost placements to deliver against outcomes in different ways/reduce personal budgets)	
Development of a Personal Assistant market to provide more responsive, personalised support for people at home and improved vfm	
Further integration of services including establishment of integrated locality teams to prevent hospitalisation	
Reduction in people admitted to more expensive residential care through development of more supported living and post dementia diagnosis support services	
Further expansion of the enablement service to reduce the number of people both in community and from hospital needing ongoing support	
Additional funding available for increased DoLS applications	

Children's Services	Budget Variation September 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 approximately £2.1m this year.	2,185
Integrated Commissioning is reporting an overspend of £89k. £84k relates to unachieved savings across the service and £5k relates to salary overspend. The £26k YEP budget is no longer anticipated to be returned to this service.	89
External Residential Child Care Placements The external residential placements budgets are showing a net underspend of £37k, 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 August monitoring projection includes planned placements but possible additional placements totalling £514k are not reported.	(37)
Children In Need – Social Work Teams Referral rates remain consistently high and the increasing demand for front line social work services requires these teams to maintain their full staffing establishment to provide a safe service and controlled case loads. Consequently a number of key vacant posts are covered by agency staff.	151
Prevention of Care Section 17 The budget is overspending due to the demand for residence orders, rents & deposits for families in need. The projection has been based on the recent average monthly spend and the latest records of social worker requests for funding. This has increased the overspend compared with last month by a further £77k. Additionally a 50% contribution (£52k) towards the costs to fund direct payments relating to a Cheviots child has resulted in an overall increase of £129k.	29
In House Fostering Allowances Allowances projected have increased by £38k since the August budget monitor due to 3 new placements and also a projected increase in the costs of sessional workers (£26k). There is a risk that this overspend could rise further however as there is no provision for any unknown future placements.	106
In House Fostering Staff This underspend has increased by a further £33k due to slippage in recruiting for one vacant care co-ordinator post and an agency staff member that left in September and not being replaced.	(64)
Adoption Allowances This service area has seen a budget growth in 2016-17 of £350k, however the service is still projecting an overspend. This budget area presents a high risk of overspending further. Since last month there is a net increase of £39k with allowances increasing for 5 new SGO which were offset by delays in the commencement of other projected adoption/ SGO's cases. This increase was also caused by some costs relating to a DFE Inter-agency fee grant for 'hard to place' children being ineligible for reclaim.	116
Leaving Care - Client Costs This budget has increased by £870k in 2016-17. The Leaving Care client costs budget is projecting an overspend of £126k which is an increase of £16k since last month due to increased costs relating to existing clients. It is anticipated that the overspend will increase when new clients come into care, and existing package costs will increase if there are delays in clients moving on to independence. 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.	126
Unaccompanied Asylum Seeking Children (145k) The increase (effective from July 2016) in the rates paid in the Home Office grant are for legacy cases coming in from July and does not apply to retrospective clients. The projected overspend of £145k remains at a similar level to last month. 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 was one London Borough that had more than its share of UASCs within its overall LAC population however it has now fallen below the threshold so may be required to accommodate new arrivals. Former UASC 18 + (-67k) The reported saving has reduced by £24k as the Home Office has deemed 3 clients that formed part of our grant claim as invalid. The Home Office can decline claims for certain clients based on their human rights assessment where they are subsequently no longer classified as Asylum Seekers and become a closed case.	77
Other Minor Variations	(74)
Children's Services Total	2,506

Mitigating actions being taken to reduce overspend position - Children's Services	
<u>Families with No Recourse to Public Funds:</u>	
· Enhanced assessment processes involving fraud and legal officers at an early stage.	
· More consistent application of policies and procedures	
· Better monitoring/performance management.	
· Liaise with Home Office for new resource to speed up decision-making processes.	
· Review of cohort to ensure eligibility.	
· Social worker now located in Housing Services to ensure a corporate response.	
· Better use of website to clarify expected service.	
<u>Looked After Children's [LAC] Placements:</u>	
· Resolute focus on helping families to care for their children.	
· Reshaping the offer for targeted and preventative interventions.	
· Best value through regional commissioning arrangements.	
· Opportunities for invest to save initiatives.	
· Develop services through DfE and DCLG grants.	
<u>Reduction in Number in Care:</u>	
· Further improvements in support to family in order to prevent family breakdown aimed at increasing 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 maintenance of this service until March 2017. This will allow more resource to be focussed on preventing family breakdown.	
· Troubled Families funding is being well targeted at the most needy families in a timely manner to reduce risk of family breakdown.	
· Reduction in UASC being accommodated. The London UASC protocol has been renegotiated and there is now a national UASC protocol and both aim for a fairer distribution of UASC. As a result no UASC arriving in Enfield will stay for more than a few weeks before being transferred to national scheme and Enfield will no longer take permanent responsibility for new arrivals in the next few months.	
· Where it is in their best interests, families are being supported to move from the borough and have a fresh start in other areas of the country. 9 families, including 24 children, have moved this year giving a potential saving of at least £0.5million per annum.	
· Consistent decision making about admissions to care.	
· Review of the accommodation service for 16/17 year olds to ensure fewer of these young people enter care by increasing family mediation services.	
<u>Reduction in the cost of care provision/increased efficiency in system:</u>	
· Improved, faster, foster carer recruitment process to increasing the quality and quantity of in house foster carers available to reduce the use of more expensive agency placements. Ernst and Young estimate that agency foster care costs £100 per week more than in house even when all hidden costs of in house are accounted for.	
· Reviewing our foster care allowances to ensure we remain competitive	
· More assessments of foster carers being undertaken by independent assessors to speed up process.	
· Restructuring of the fostering service to reduce management costs.	
· Better use of joint funding for placements with health via the complex issues panel.	
· Commissioned research into the increase in referrals.	
<u>Home School Travel Assistance for Eligible Children and Young People (SEN Transport) :</u>	
A major cross-departmental project led by Children's Services is underway to review all policies and processes related to travel assistance. Savings will be delivered as a result of the following actions:	
· Review of council travel assistance policy so that it is fully compliant with new SEND legislation and less likely to be challenged.	
· Improved consultation and engagement with parents.	
· New online access to information and application process.	
· Regular review of eligibility and mode of appropriate travel assistance.	
· Establishment of new Travel Brokerage Service for parents that offers different modes of travel assistance and no automatic assumption of directly provided transport.	
· New routing software to ensure more efficient use of resources.	
· Ensuring the most efficient, effective and economical option is used.	
· Better monitoring and improved IT system that allows individual financial tracking for each child.	
· New procurement exercise underway for external transport providers.	
· Review of terms and conditions and training for Drivers and Personal Assistants.	
· Closer working with schools to identify children capable of developing independent travel.	
· New approaches to Council provided transport e.g. communal pickup/drop off points, walking buses.	

Schools Budget	Budget Variation September 2016 (£'000)
SEN Transport is currently anticipating the same level of expenditure as last year. This will mean that the service will be overspent by approximately £2.1m this year.	
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.	(2,008)
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 £90k	90
LA Special Day provision	297
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 £1041k	1,041
Independent Residential. It is anticipated that there will be an increase in the number of children over and above the budgeted amount. This current oversepnd is projected to be £558k which is net of £932k expected contribution from health and social care.	558
School Revenue Budget The summer term SEN count has shown an increase in the number of Education, Health & Care Plans (EHCP) resulting in additional delegated funding of £270k. This overspend is offset by a reduction on delagated early years funding of £45k.	225
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	6
Total Variation – Schools Budget	1,270

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 30 September 2016

The Treasury Management position as at month end:

	Sep-15	Dec-15	Apr-16	Jun-16	Sep-16
	£000's	£000's	£000's	£000's	£000's
Long term borrowing	314,986	324,986	352,641	362,241	428,564
Short-term borrowing	19,000	39,000	86,000	64,000	89,000
Total borrowing	333,986	363,986	438,641	426,241	517,564

Movement in debt

	01-Apr-16	Debt repaid	New debt	30-Sep-16
	£000's	£000's	£000's	£000's
Long Term PWLB Loans	287,478	(3,255)	70,000	354,223
Long Term Commercial Loan	30,000	0	0	30,000
Long Term Local Authority Loans	18,000	0	10,000	28,000
Long Term Salix Loan	1,462	(520)	0	942
Short Term Local Authority Loans	86,000	(86,000)	89,000	89,000
Long Term LEEF Loan	5,850	(151)	0	5,699
Long Term EIB Loan	9,851	(151)	0	9,700
Total borrowing	438,641	(90,077)	169,000	517,564

0

London Borough of Enfield Long Term Loans

Financial Institution	Principal	Start Date	Effective Maturity	Rate	Years to Maturity
PWLB	354,223,177	VARIOUS	VARIOUS	VARIOUS	VARIOUS
COMMERCIAL LOAN	30,000,000	18/02/1994	18/02/2019	7.15%	2.4
ISLINGTON COUNCIL	10,000,000	30/08/2016	30/08/2018	0.60%	1.9
EIB	9,700,443	18/06/2015	02/07/2040	2.31%	23.8
LEEF	5,699,178	01/07/2015	03/07/2025	1.71%	8.8
GLOUCESTERSHIRE COUNTY COUNCIL	5,000,000	06/02/2015	21/09/2018	1.65%	2.0
GLOUCESTERSHIRE COUNTY COUNCIL	5,000,000	06/01/2015	06/04/2019	1.85%	2.5
CHICHESTER DISTRICT COUNCIL	3,000,000	01/07/2015	01/07/2020	1.85%	3.8
TEST VALLEY BOROUGH COUNCIL	3,000,000	14/08/2015	14/08/2020	1.85%	3.9
TEST VALLEY BOROUGH COUNCIL	2,000,000	08/07/2015	08/07/2020	1.85%	3.8
SALIX	942,394	01/07/2015	18/02/2019	0.00%	2.4
Total	428,565,191		Average	2.08%	5.9

London Borough of Enfield Short Term Loans

Financial Institution	Principal (£000's)	Start Date	Effective Maturity	Rate	Days to Maturity
SOUTH AYRSHIRE COUNCIL	5,000	27/10/2015	25/10/2016	0.55%	25
MILTON KEYNES COUNCIL	10,000	01/12/2015	29/11/2016	0.60%	60
WEST SOMERSET DISTRICT COUNCIL	2,000	15/01/2016	13/01/2017	0.56%	105
POLICE AND CRIME COMM WEST MIDLANDS	5,000	29/01/2016	27/01/2017	0.65%	119
CHICHESTER DISTRICT COUNCIL	2,000	28/01/2016	07/12/2016	0.60%	68
ISLINGTON COUNCIL	5,000	28/01/2016	26/01/2017	0.65%	118
TAMESIDE MBC	10,000	01/04/2016	03/10/2016	0.57%	3
WEST YORKSHIRE COMBINED AUTHORITY	10,000	15/04/2016	13/04/2017	0.55%	195
SEDGEMOOR DISTRICT COUNCIL	5,000	02/06/2016	03/04/2017	0.60%	185
POLICE AND CRIME COMMISSION FOR WEST YORKS	5,000	07/06/2016	07/04/2017	0.58%	189
WEST YORKSHIRE COMBINED AUTHORITY	5,000	15/07/2016	18/04/2017	0.47%	200
LONDON BOROUGH OF EALING COUNCIL	5,000	11/07/2016	11/04/2017	0.49%	193
CHELMSFORD BOROUGH COUNCIL	5,000	15/07/2016	14/07/2017	0.42%	287
LONDON BOROUGH OF EALING COUNCIL	5,000	19/07/2016	18/07/2017	0.39%	291
LONDON BOROUGH OF HILLINGDON	10,000	30/08/2016	30/05/2017	0.35%	242
Total	£89,000		Average	0.54%	152

