

## MUNICIPAL YEAR 2017/2018 REPORT NO. 17

### MEETING TITLE AND DATE:

Cabinet  
13th July 2017

### REPORT OF:

Executive Director of Finance,  
Resources & Customer Services

**Agenda – Part: 1**

**Item: No 9**

**Subject:** Revenue Monitoring Report  
2017/18: May 2017

**Wards: ALL**

**Key Decision No: 4529**

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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 May 2017. The report forecasts an outturn position of £5.5m overspend for 2017/18 and the mitigating actions to bring the budget into balance.

### 2. RECOMMENDATIONS

Cabinet is recommended to note:

- 2.1 The £5.5m overspend revenue outturn projection.
- 2.2 That Cabinet Members will continue to work with Executive Directors to implement action plans to reduce the forecast overspend in 2017/18.
- 2.3 The mitigating actions proposed to date by Executive Directors of overspending departments as set out in Appendix A.

### **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 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		
		Dec	Jan	May
Income and Expenditure position	<ul style="list-style-type: none"> <li>Year-end variances of £5.5m overspend have been forecast to date in relation to General Fund net controllable expenditure. Departments are developing actions to mitigate the pressure to offset identified pressures.</li> </ul>	Amber	Amber	Amber
	<ul style="list-style-type: none"> <li>Budget profiling across all departmental budgets will continue to be applied in order to better reflect predicted net spending patterns throughout the year.</li> </ul>	Green	Green	Green
	<ul style="list-style-type: none"> <li>The HRA is projecting a nil variance at year-end outturn against budget.</li> </ul>	Green	Green	Green
Balance Sheet	<ul style="list-style-type: none"> <li>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.</li> </ul>	Green	Green	Green
	<ul style="list-style-type: none"> <li>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 2017/18.</li> </ul>	Green	Green	Green
Cash flow	<ul style="list-style-type: none"> <li>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.</li> </ul>	Green	Green	Green
	<ul style="list-style-type: none"> <li>Interest receipts forecast for the year are on target with budget.</li> </ul>	Green	Green	Green

#### **4. May 2017 Monitoring – General Fund**

- 4.1 Each of the departments has generated a list of the variances which are contributing to the projected outturn figures. Cabinet Members and Executive Directors are expected to manage their budgets in year and contain any forecast overspends by implementing offsetting savings measures. All Executive Directors reporting overspends are working on mitigating actions for the current year and where pressures are ongoing these are also being worked up as part of the MTFP.
- 4.2 Below is a summary of the projected outturn variances broken down between departments:

**Table 2: Forecast Projected Departmental Outturn Variances**

May 2017  Department	Net Controllable Budget				
	Original Budget	Approved Changes	Approved Budget	Projected Outturn	May Variation
	£000s	£000s	£000s	£000s	£000s
Chief Executive	4,016	0	4,016	3,781	(235)
Regeneration & Environment	23,678	369	24,047	23,547	(500)
Finance, Resources & Customer Services	45,923	(94)	45,829	46,343	514
Health, Housing and Adult Social Care	72,133	49	72,182	72,944	762
Education and Children's Services	40,670	(202)	40,468	43,889	3,421
<b>Total Department Budgets</b>	<b>186,420</b>	<b>122</b>	<b>186,542</b>	<b>190,504</b>	<b>3,962</b>
Contribution from reserves	0	0	0	0	
Corporate Items	47,673	(74)	47,599	47,099	(500)
Corporate Items: Enfield 2017	(5,668)	(48)	(5,716)	(3,716)	2,000
Government Funding	(114,256)	0	(114,256)	(114,256)	0
<b>Council Tax Requirement</b>	<b>114,169</b>	<b>0</b>	<b>114,169</b>	<b>119,631</b>	<b>5,462</b>

- 4.3 Further management actions have been identified that will improve the departmental position and aim to reduce the variance to zero.
- 4.4 If there is still a variance at the year-end it will need to be met from a contribution from the council's general balances, though it is intended to keep this as low as possible and which will be replenished in subsequent years.

## 5. DEPARTMENTAL MONITORING INFORMATION – BUDGET PRESSURES & MITIGATING ACTIONS

### 5.1. Chief Executive's Department (Appendix A1)

This department is reporting a favorable of £0.235m variance to budget for May.

### 5.2. Regeneration & Environment (Appendix A2)

The department is forecasting a favorable variance of £0.500m; explanations for variances over £50k are detailed in Appendix 2.

### 5.3. Finance, Resources & Customer Services (Appendix A3)

FRCS are forecasting an overspend position of £0.514m in 2017/18, details of which are provided in Appendix 3.

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

The department is forecasting £0.8m overspend with key assumptions within the forecast based on projected activity and year to year trends. The monitor includes assumptions regarding the additional Social Care funding allocated by Central Government in the Spring budget pending agreement with the Clinical Commissioning Group and sign off at the Health & Well Being Board. It has notionally been applied to a mix of increased demand and price pressures, ensuring stability in the market and reducing pressure on the NHS through supporting more people to be discharged from hospital when they are ready. Included within the forecasted overspend are savings from previous years within Care

Purchasing, £2.7m and Transport £234k which are assessed as unachievable in current market conditions. Each of the Adult Social Care services have developed and are implementing recovery plans in order to mitigate the forecast overspend. In future years there is an increased budget pressures due to demographic pressures, provider cost pressures and a growing demand for social care services.

**5.5. Children's Services (Appendix A5)**

The department is forecasting a £3.4m overspend with details provided in Appendix A5.

**5.6. Corporate Items (Including Contingency & Contingent Items) General Fund**

The Council maintains a general contingency of £1.0m which is currently unallocated and the forecast reflects that £0.5m across contingency and treasury management budgets will be available to offset the departmental overspends.

The £2.0m represents savings still to be achieved across departments via the Councils challenging transformation programme.

**5.7. Schools Budgets (Appendix A6)**

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

**6. HOUSING REVENUE ACCOUNT (HRA) – Nil Variance**

6.1 The HRA projection for May shows no major variances.

6.2 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.

6.3 In light of the tragic events at Grenfell Tower, fire safety checks/works on all residential high rise blocks has been taking place. It is currently unknown what the potential financial impact will be to the HRA.

**7. ACHIEVEMENT OF SAVINGS**

7.1 The 2017/18 Budget Report included new savings and the achievement of increased income totaling £13.4m to be made in 2017/18. A new risk based approach has been implemented to improve the in year monitoring of savings, where the delivery of each saving is given a risk rating from one to ten.

7.2 Information on the progress in achieving the Councils savings programme is included in Appendix B.

**8. ALTERNATIVE OPTIONS CONSIDERED**

Not applicable to this report.

## **9. 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.

## **10. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE, RESOURCES & CUSTOMER SERVICES AND OTHER DEPARTMENTS**

### **10.1 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.

### **10.2 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.

### **10.3 Property Implications**

Not applicable in this report.

## **11. 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.

## **12 IMPACT ON COUNCIL PRIORITIES**

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

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

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

## **13. QUALITIES 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.

## **14. 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.

## **15. HEALTH AND SAFETY IMPLICATIONS**

Not applicable in this report.

## **16. HR IMPLICATIONS**

Not applicable in this report.

## **17. PUBLIC HEALTH IMPLICATIONS**

Not applicable in this report.

**Appendix A1**

<b>Chief Executive</b>	<b>Budget Variation May 2017 (£'000)</b>
The department is currently projecting an over recovery of income against budget relating to the Matrix Agency rebate for 2017/18.	(200)
The department is forecasting minor variances totalling 35k	(35)
<b>Chief Executive Total</b>	<b>(235)</b>



## Appendix A2

Regeneration and Environment	<b>Budget Variation May 2017 (£'000)</b>
<b>Community Safety</b> - This is mainly due to vacant posts (recruitment under way); and other running costs under spends across the service.	(100)
<b>Parks Operations:</b> this is due to traveller incursions costs of £50k plus a £12k salary overspend.	62
<b>Cemeteries Operations</b> - Income Overachievement	(77)
<b>Commercial Waste</b> - this is due to additional income generated from the successful marketing of the commercial waste services	(170)
<b>Regen &amp; Environment development &amp; efficiencies</b> - review of ongoing projects across department.	(261)
<b>Plus Other Minor Variances</b> - Minor variances under 5k added up	46
<b>Regeneration and Environment Total:</b>	<b>(500)</b>

**Appendix A3**

<b>Finance, Resources &amp; Customer Services</b>	<b>Budget Variation May 2017 (£'000)</b>
<b>Legal &amp; Corporate Governance Services</b> - Overspend within this service area is due to staffing cost overspends in Legal and Corporate Governance (£61k) and income target for land charges (£155k) no longer achievable.	211
<b>Property Services</b> <b>Facilities Management (+£130k)</b> Variance due to a shortfall in rental income at Marsh Hse & Centre Way of £130k . <b>Strategic Property Services (+£298k)</b> A shortfall in anticipated Bund income of £355K is forecast for 17/18 , this is partly offset by an over achievement in rental income, giving a net adverse variance of £298k.	428
Other Items - most notably Former Employees cost centre with an underspend of £80k.	(125)
Use of reserves and other control measures	0
<b>Finance, Resources &amp; Customer Services Total</b>	<b>514</b>

<b>Mitigating actions being taken to reduce overspend position - FRCS</b>	
<b>Staffing cost overspends in Legal and Corporate Governance</b> - Legal costs across the Council are being reviewed, with a view to reducing use of more expensive external legal firms.	

## (Appendix A4)

Health, Housing and Adult Social Care	Forecast Budget Variation May 2017 (£'000)
<b>Adult Social Care</b>	
The monitor includes assumptions regarding the additional Social Care funding allocated by Central Government in the Spring budget pending agreement with the Clinical Commissioning Group and signed off at the Health & Well Being Board. It has notionally been applied to a mix of increased demand and price pressures, ensuring stability in the market and reducing pressure on the NHS through supporting more people to be discharged from hospital when they are ready and there are savings from previous years within Care Purchasing, £2.7m and Transport £234k which are assessed as unachievable in current market conditions. 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.	
<b>Mental Health</b> - The service is currently projecting an overspend for the year on care packages.	63
<b>Learning Disabilities</b> - The service continues to project an overspend position as a result of managing demand led services. Substantial savings have been made in year however, demand for services continues to rise as a result of demographics and Ordinary Residence clients. Not included in the monitor are additional risks of £1m for Ordinary Residence.	524
<b>Older People and Physical Disabilities (the Customer Pathway)</b> - The service is projecting care purchasing overspends due to demand led services, especially within residential. Substantial savings have been made in year however, demand for services continues to rise as a result of demographics. Additional Better Care Fund of £4.6m is applied to this Service	175
<b>Independence &amp; Wellbeing Services</b> - Client income at Bridgewood is less than expected. As more clients move into the Home, this will be reduced.	0
<b>Public Health Grant</b> The Departmental forecast also includes ring fenced Public Health Grant. Public Health grant allocated in 2017/18 is now £17.2m, this reflects a reduction in grant of £436k, with Corporate savings of £585k. There is also additional reductions of £886k 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
<b>Adult Social Care &amp; Public Health</b>	<b>762</b>

Housing-General Fund	Forecast Budget Variation May 2017 (£'000)
<b>Homelessness and Temporary Accommodation.</b> - There is on-going mitigation work being carried out looking at cost avoidance schemes which will manage both service demand and costs of all forms of temporary accommodation. This however, area of spend remains volatile and the underlying pressure due to the increased volume of homelessness still remains.	(650)
<b>Housing Related Support</b> . - There is savings in 17/18 of £2.0m in Housing Related Support. There is an overspend from Housing Related Support contracts, £650k, as a result of delayed savings. This is offset by a forecast underspend in homelessness and temporary accommodation. Work continues in the decommissioning/recommissioning preventative housing related support services in order to mitigate the current forecast pressure.	650
<b>Housing-General Fund</b>	<b>0</b>

Mitigating actions being taken to reduce overspend position - HHASC	
Reviewing personal budgets	
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	
Further expansion of the enablement service to reduce the number of people both in community and from hospital needing ongoing support	

Children's Services	Budget Variation May 2017 (£'000)
<b>Catering</b> The Catering Service is currently projecting an overachievement of income. The projected outturn of -£84k reflects current income and expenditure for the service; overhead increases and the impact of potential reductions in income should take up be affected due to schools increasing meal price to parents	(84)
<b>SEN Transport</b> is currently anticipating an overspend of approximately £1.5m this year.	1,500
<b>No Recourse to Public Funds (NRPF):</b> In 2016-17 there was an overspend of over £1m. Based on information currently available this budget is projecting an overspend of £374k, having received a growth in the 2017-18 budget of £560k. The work of an anti-fraud officer as well as an immigration officer are expected to contain the overspend within this area which will be closely monitored over the course of the year.	374
<b>Adoption/SG Allowances:</b> This area has seen a special guardianship budget growth of £60k in 2017-18 but is projecting an overspend of £485k. Existing allowances are £252k over budget with the remainder primarily due to 23 planned SGO cases. The projection reflects the new allowance rates that apply. This budget area presents a high risk of overspending further.	485
<b>Leaving Care - Client Costs</b> The Leaving Care client costs budget is projecting an overspend of £503k which is a similar level to 2016-17. 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 are potentially further pressures on this budget with changes in the Children's & Social Work Act introducing increased expectations requiring all Leaving Care clients up to 25 years old being funded in future.	503
<b>Safeguarding &amp; Quality Assurance:</b> There is projected overspend of £65k due to performance related pay costs.	65
<b>Youth &amp; Family Support Service</b> - A reported overspend of £180k which is mostly driven by emergency sheltered accomodation for young people	180
<b>Childrens Services Legal Costs</b>	433
<b>Other minor variations</b>	(35)
<b>Children's Services Total</b>	<b>3,421</b>

<b>Mitigating actions being taken to reduce overspend position - Children's Services</b>	
<b>Families with No Recourse to Public Funds:</b>	
· 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.	
<b>Looked After Children's [LAC] Placements:</b>	
· 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.	
<b>Reduction in Number in Care:</b>	
· 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.	
<b>Reduction in the cost of care provision/increased efficiency in system:</b>	
· 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.	
<b>Home School Travel Assistance for Eligible Children and Young People (SEN Transport) :</b>	
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.	

**Appendix A6**

<b>Schools Budget (Dedicated Schools Grant)</b>	<b>Budget Variation May 2017 (£'000)</b>
<b>OLA Special Schools</b> At this early stage of the cycle, the projected forecast is based on current students plus 10% contingency for new or changed placements	181
<b>Independent Day</b> At this early stage of the cycle, the projected forecast is based on current students plus 10% contingency for new or changed placements	1,397
<b>Independent Residential.</b> At this early stage of the cycle, the projected forecast is based on current complex care students plus a 25% contingency. The contingency is to allow for new or changed placements and for confirmation of health and social care contributions.	612
<b>Budgets with no/ minor variances</b>	40
<b>Total Variation – Schools Budget</b>	<b>2,230</b>

<b><u>Schools Budget Risks</u></b>	
There are some ongoing pressure areas in the Schools Budget, particularly in relation to SEN. The process for monitoring the costs of pupils in outborough provision is being refined to ensure that projections are as accurate as possible. There are plans to expand Enfield special schools and increase other in borough provision for which plans are still being finalised and costed. The termly increase in costs of additional Education, Health and Care Plans for pupils in mainstream schools is currently being assessed and is not included in this monitoring.	

## Appendix B - 2017/18 Savings by Risk Categorisation

