

MUNICIPAL YEAR 2017/2018 REPORT NO. 51

MEETING TITLE AND DATE:

Cabinet
13th September 2017

REPORT OF:

Executive Director of Finance,
Resources & Customer Services

Agenda – Part: 1	Item: No 7
Subject: Revenue Monitoring Report 2017/18: July 2017	
Wards: ALL	
Key Decision No: 4544	

Contact officer and telephone number:

Stephen Fitzgerald, 0208 379 5910

E mail: Stephen.fitzgerald@enfield.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the Council's revenue budget monitoring position based on information to the end of July 2017. The report forecasts an outturn position of £5.1m overspend for 2017/18, which is an improvement of £0.4m on the position reported on in May and the mitigating actions to bring the budget into balance.

2. RECOMMENDATIONS

Cabinet is recommended to note:

- 2.1 The £5.1m 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 Executive Management Team 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"> Year-end variances of £5.1m 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. 	Amber	Amber	Amber
	<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 nil variance 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 2017/18. 	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

4.0 July 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

July 2017 Department	Net Controllable Budget				
	Original Budget	Approved Changes	Approved Budget	Projected Outturn	July Variation
	£000s	£000s	£000s	£000s	£000s
Chief Executive	4,016	4,884	8,900	8,894	(6)
Regeneration & Environment	23,678	(3,565)	20,113	19,368	(745)
Finance, Resources & Customer Services	45,923	(2,580)	43,343	43,980	637
Health, Housing and Adult Social Care	72,133	2,492	74,625	75,387	762
Education and Children's Services	40,670	228	40,898	43,849	2,951
Total Department Budgets	186,420	1,459	187,879	191,478	3,599
Contribution from reserves	0	0	0	0	
Corporate Items	47,673	(1,159)	46,514	46,014	(500)
Corporate Items: Enfield 2017	(5,668)	(300)	(5,968)	(3,968)	2,000
Government Funding	(114,256)	0	(114,256)	(114,256)	0
Council Tax Requirement	114,169	0	114,169	119,268	5,099

- 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 £0.006m variance to budget for July. Change from May reflects the transfer of legal and registrars services from FRCS.

5.2. Regeneration & Environment (Appendix A2)

The department is forecasting a favorable variance of £0.745m; 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 £0.637m in 2017/18, details of which are provided in Appendix 3.

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

The departments forecast remains at an £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 £2.95m overspend, which is an improved forecast of £0.4m from the May position with details provided in Appendix 5.

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 July shows no variances.

6.2 After a review of the requirements needed to implement the Civica CX system additional costs of £1.1m are required. Redundancy costs of £210k are estimated this year with further costs next financial year. Resources have been identified within the HRA to cover these additional costs.

6.3 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.

6.4 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 Executive 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

Chief Executive	Budget Variation July 2017 (£'000)
The department is currently projecting an over recovery of income against budget relating to the Matrix Agency rebate for 2017/18.	(200)
Legal Services - Overspend within this service area is due to staffing cost overspends in Legal services (£55k) and income target for land charges (£154k) no longer achievable.	209
The department is forecasting minor variances totalling 15k	(15)
Chief Executive Total	(6)

Appendix A2

Regeneration and Environment	Budget Variation July 2017 (£'000)
Morson Road Depot: £150k Adverse Variance; this is mainly due to the additional cost of security guards. It has been agreed that the additional number of security guards will be reduced back to its normal levels as at Sep 2017 - as the automated security measures are fully operational now.	150
Parking: £505k favourable variance; This is mainly due to the efficiencies achieved in the Parking Contract (£300k) + income generated from Parking measures introduced to control Traffic flows across the Borough plus other minor efficiencies.	(505)
Traffic & Transportation: £70k favourable variance; this is mainly due to increased salary recharges to capital schemes (LIP and Cycle Enfield) and additional Temporary Traffic Order income.	(70)
Commercial Waste Services - £178k favourable variance; this is due to additional income generated from a successful marketing of the commercial waste services.	(178)
Cemeteries Operations - Cemeteries income Overachievement	(78)
Client and Strategy - £98k favourable variance; this is mainly due to income overachievements from Parks Assets; plus the Recycling Centre and BIFFA contract efficiencies.	(98)
Neighbourhood Regeneration Services - £200k favourable variance; this is mainly due to underspend in the revenue cost of consultancy, advertising and publications plus salary recharges to capital projects (MW and Ponders End Project and other schemes).	(200)
Parks Traveller Incursions - £300k adverse variance; this is due to a budget pressure as a result of traveller incursions costs in Parks.	300
Plus Other Minor Variances - Minor variances under £50k	(66)
Regeneration and Environment Total:	(745)

<i>Finance, Resources & Customer Services</i>	Budget Variation July 2017 (£'000)
Property Services Facilities Management (+£69k) This is as a result of a shortfall in the rental income for Marsh House, delays in the renting out of space within the Civic Centre and further rental shortfalls across Council properties. These are offset by underspends in salaries and a rates rebate to be received due to a revaluation of the Civic Centre. Further revaluations are expected but the outcome of which can't yet be determined. Strategic Property Services (+£690k) This is predominantly due to the increased delays in achieving the anticipated Bund income for 2017/18.	759
Other Items - most notably Former Employees cost centre with an underspend of £80k.	(122)
Use of reserves and other control measures	0
Finance, Resources & Customer Services Total	637
Mitigating actions being taken to reduce overspend position - FRCS	
Further revaluation of rates values is underway and outcome will be reported in future monitors.	

Health, Housing and Adult Social Care	July £000's
Adult Social Care	
The monitor includes £5.7m of additional Social Care funding from Central Government allocated to Enfield announced in the Spring Budget. There are unrealised savings from previous years within Care Purchasing, £2.7m and Transport £234k which adds to the pressure within the Service. 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 - These Services include, transport, grants to voluntary originations, Safe Guarding and Service Development.	0
Mental Health - The service is currently projecting an overspend for the year on care packages.	79
Learning Disabilities - 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.	143
Older People and Physical Disabilities (the Customer Pathway) - 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	540
Client income at Bridgewood House.	0
Public Health Grant 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, and increased allocation to other Corporate Public Health services. There is also additional reductions of the grant of £386k 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. The 0-19 year old service is provided by BEH. The Council and BEH are in discussions about the service provided and costs for 16/17 and 17/18, which could result in an additional pressure.	0
Other control measures-	
Adult Social Care & Public Health	762

Housing-General Fund	July £000's
Homelessness and Temporary Accommodation. - 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.	(868)
Housing Related Support . - There is savings in 17/18 of £2.0m in Housing Related Support. There is an overspend from Housing Related Support contracts, 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.	868
Housing-General Fund	

Children's Services	Budget Variation July 2017 (£'000)
Catering 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)
SEN Transport is currently anticipating an overspend of approximately £1.5m this year. Number of Clients: 747 (May-745)	1,500
No Recourse to Public Funds (NRPF): In 2016-17 there was an overspend of over £1m. Based on information currently available this budget is projecting an overspend of £426k, 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. Number of Families (supported financially): 92. New-8. Left-19. (May-103)	426
Adoption/SG Allowances: This area has seen a special guardianship budget growth of £60k in 2017-18 but is projecting an overspend of £507k. Existing allowances are £252k over budget with the remainder primarily due to 26 planned SGO cases. The projection reflects the new allowance rates that apply. This budget area presents a high risk of overspending further. Number of Clients Adoption: 72 New-0. Left-1. (May- 73) Number of Clients SGO: 165. New-4. Left-0. (May-161)	507
Leaving Care - Client Costs The Leaving Care client costs budget is projecting an overspend of £452k 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. Number of Clients: 239 (May-239)	452
Safeguarding & Quality Assurance: There is projected overspend of £35k due to performance related pay costs.	35
Youth & Family Support Service - A reported overspend of £83k which is mostly driven by emergency sheltered accommodation for young people. We worked with 38 clients in July. Since the last monitor 10 young people presented to the service as being homeless, and 4 cases closed during this period. 23 were supported to return home. 2 were looked after children in foster placement but 1 returned home by the end of July. 1 was provided with short term emergency accommodation and 13 were provided with semi-supported housing due to safeguarding/irreconcilable differences with their parents.	83
Other minor variations	32
Children's Services Total	2,951

Mitigating actions being taken to reduce overspend position - Children's Services
Families with No Recourse to Public Funds:
- 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.
Looked After Children's [LAC] Placements:
- 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.
Reduction in Number in Care:
- 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.
Reduction in the cost of care provision/increased efficiency in system:
- 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.
Home School Travel Assistance for Eligible Children and Young People (SEN Transport) :
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 (Dedicated Schools Grant)	Budget Variation May 2017 (£'000)
OLA Special Schools At this early stage of the cycle, the projected forecast is based on current students plus 10% contingency for new or changed placements	181
Independent Day 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
Independent Residential. 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
Budgets with no/ minor variances	40
Total Variation – Schools Budget	2,230

<u>Schools Budget Risks</u>	
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

