

## London Borough of Enfield

### Cabinet

15 July 2020

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**Subject:** Revenue Outturn 2019/20

**Cabinet Member:** Cllr. Maguire

**Executive Director:** Fay Hammond

**Key Decision:** 5151

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### Purpose of Report

1. This Report sets out the outturn position for 2019/20 for:
2. General Fund Revenue Account:
  - i. Service Budgets overspent by £10.9m, this was offset by the planned use of £3.0m contingency budget and a further £2.3m in contingent items to give a net overspend of £5.6m.
  - ii. A drawdown of £5.6m from reserves was made to achieve a balanced position. (Paragraph 101)
  - iii. The flexibility to apply capital receipts to fund transformation expenditure was used, with £2.7m of capital receipts applied (Paragraph 85)
3. Housing Revenue Fund Account (HRA)
  - i. A £3.2m underspend has contributed to HRA balances (Paragraph 90)
4. Dedicated Schools Grant (DSG) funded expenditure
  - i. The DSG had a brought forward surplus of £0.4m from 2018/19, however the 2019/20 outturn was a £4.9m overspend, resulting in a deficit of £4.5m being carried forward to 2020/21 and will be the first call on the new year's grant allocation. (Paragraph 96)
5. Collection Fund balance at year end
  - i. Details of the achievement of Council Tax and Business Rates income are set out in Paragraph 109.
6. This report also provides information on the Council's current level of useable reserves and balances. The General Fund Balances remain unchanged at £14.0m. The General Fund Reserves have remained stable and have only increased largely due to £8.5m grant funding received from Central Government to fund the Council's response to Covid-19.

## **Proposals**

7. It is recommended that the Cabinet notes the General Fund, Housing Revenue Account (HRA) and Dedicated Schools Grant (DSG) revenue outturn position for 2019/20.

## **Reason for Proposals**

8. To ensure that members are aware of the outturn position for the authority, including all major variances which have contributed to the outturn position.

## **Relevance to the Council's Corporate Plan**

9. The General Fund, HRA and DSG Outturn Report sets out how the Council has best used its limited resources to deliver the Council's objectives in 2019/20. These objectives are:
  - i. Good homes in well-connected neighbourhoods
  - ii. Sustain strong and healthy communities
  - iii. Build our local economy to create a thriving place

## **Background**

10. On 27 February 2019, the 2019/20 budget was set by Council. This budget was set in the challenging context of a reduction in core funding of £6.3m in 2019/20; following previous funding reductions of £93m since 2010.
11. New savings of £10.7m and new income generation plans of £2.4m were agreed for 2019/20. Savings and income proposals agreed from previous years to be delivered in 2019/20 totalled £3.4m, of which £3.1m relates to savings and £0.3m to income. As part of the aim to place the budget in a more resilient position, in 2019/20 £2.5m of growth was included to offset prior year budget pressures. However, there remained £4.2m of pressures from 2018/19 which officers continued to work to reduce.
12. Enfield, reflecting the national picture, continued to experience rising cost pressures from Special Education Needs (SEN) transport, families with No Recourse to Public Funds, and cost and demographic pressures in social care as well as the ongoing risk associated with Temporary Accommodation. Over the last few years and continuing into this 2019/20, the adult social care precept and flexible homelessness grant have contributed in part to relieving these cost pressures.
13. This report sets out the overall General Fund Revenue; Housing Revenue Account (HRA) and Dedicated Schools Grant (DSG) outturn for 2019/20, with details of variations provided in Appendices B to E (General Fund) and Appendix H (HRA) and Appendix I (DSG). The report also provides a summary of the end of year reserves and balances position, which are set out in detail in Appendix J. Use of capital receipts to fund transformation expenditure is summarised in Appendix G.

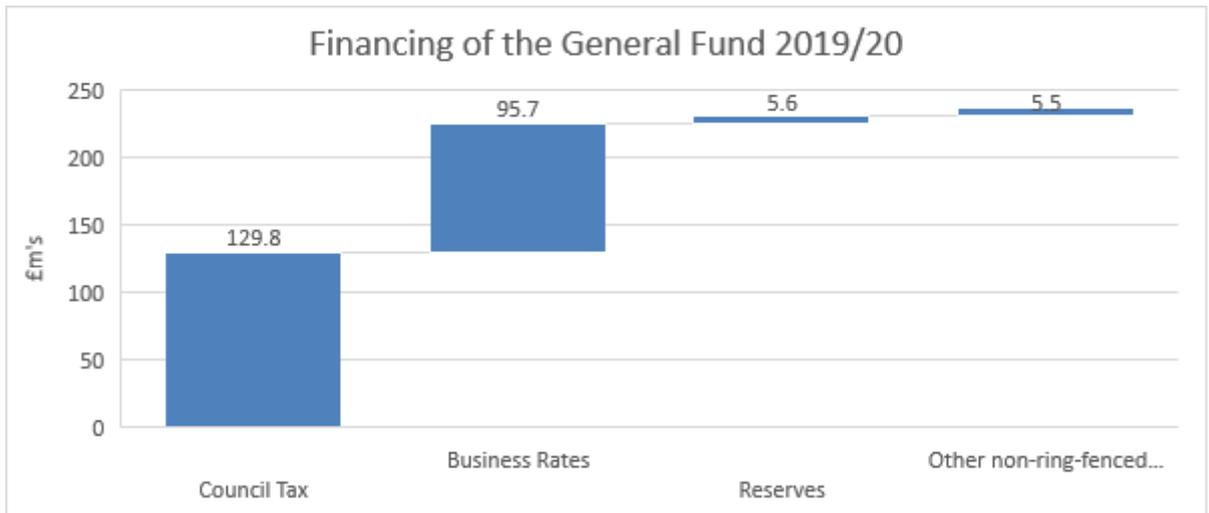
## Main Considerations for the Council

14. General Fund Outturn
15. The final outturn position is set out in Table 1 below. It provides a comparison between the latest budget and final outturn. It should be noted that there was a £10.9m adverse variance against service budgets after the application of £2.7m flexible use of capital receipts. This adverse variance was partially offset by favourable variances in Corporate budgets of £5.3m, which includes the planned £3.0m use of general contingency budget which is set to guard against any pressures that arise during the year. A drawdown from reserves of £5.6m was required to balance the outturn.
16. The revenue budget forecast position as at 31st December 2019, reported to Cabinet in February (KD5086), projected a gross adverse variance of £8.8m, with a net adverse variance of £5.6m after estimated flexible use of capital receipts. The net outturn position of £5.6m overspend represents no change from this projection.
17. Table 1: General Fund Revenue Outturn 2019/20

	Net Budget £m's	Net Spend £m's	Outturn Variance £m's	Spend to Budget %
Chief Executive	10.5	10.6	0.1	101%
People	114.5	120.5	6.0	105%
Place	36.6	37.7	1.1	103%
Resources	38.2	41.9	3.7	110%
<b>Service Net Costs</b>	<b>199.8</b>	<b>210.7</b>	<b>10.9</b>	<b>105%</b>
Corporate Expenses	28.2	25.9	(2.3)	92%
Contingency	3.0	0.0	(3.0)	0%
<b>Net Expenditure</b>	<b>231.0</b>	<b>236.6</b>	<b>5.6</b>	<b>102%</b>
Expenditure financed by:				
Business Rates	(95.4)	(95.7)	(0.3)	
Other non-ring-fenced Government Grants	(5.8)	(5.5)	0.3	
Council Tax	(128.8)	(129.8)	(1.0)	
Reserves	(1.0)	(5.6)	(4.6)	
<b>General Fund Corporate Financing</b>	<b>(231.0)</b>	<b>(236.6)</b>	<b>(5.6)</b>	

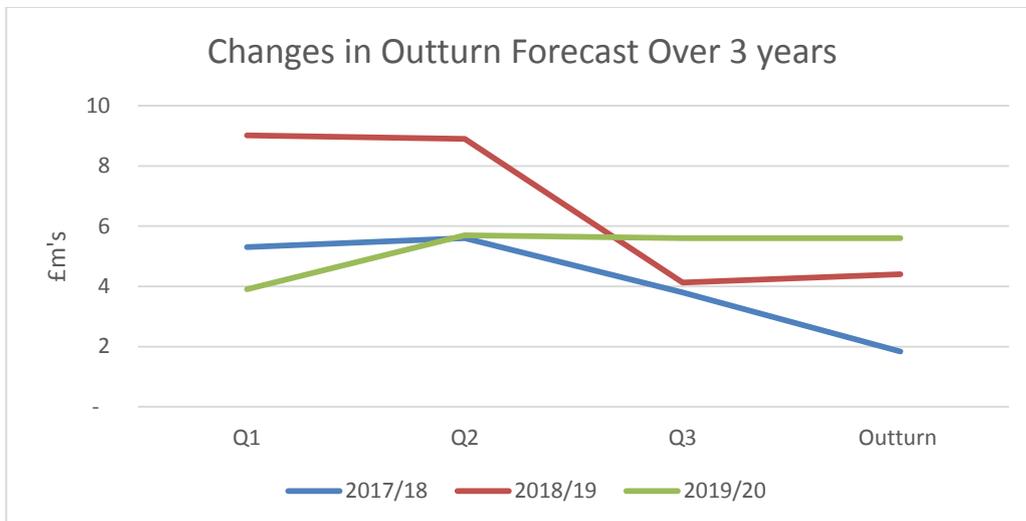
Budgets shown in Table 1 are controllable departmental budgets excluding capital and asset impairment charges, which are not directly controlled by departments.

18. The financing sources for the Council's 2019/20 General Fund Expenditure are shown in Chart 1 below.
19. Chart 1: Composition of General Fund Financing 2019/20



20. The following graph reflects a trend of improvements in budget setting and monitoring at Enfield Council over the past three years. As a result of strong financial management and financial leadership, there is less variation in forecast outturn between quarters in year and these are more accurate forecasts of actual outturn. Whilst the outturn overspend is increasing, improved budget setting has reduced the reliance of the Council on capital receipts to manage this position. The following outturn positions include the flexible use of capital receipts which was £6.7m in 2017/18, £3.7m in 2018/19 and £2.7m in 2019/20.

21. Chart 3: Trends in outturn forecasting since 2017/18



22. During 2019/20, some accounting policies were updated in line with feedback from the Council's external auditors which have had an immaterial impact on outturn. Most notable is an increase in the minimum threshold for accruals from £10,000 to £50,000.

23. Since the emergence of the global Covid-19 pandemic, Enfield Council has rapidly responded to support the community as effectively as possible. The Government has allocated Enfield Council £17.9m funding to respond to

the crisis. Of this, £0.3m was applied in 2019/20 to cover financial costs directly attributable to the pandemic. Details of how this was incurred are included in the department outturn positions in this report.

24. A more detailed explanation of significant budget variations is included in Appendices B to E and these are summarised by department below.

### **25. Chief Executive's (Appendix B)**

26. The Chief Executive's department achieved an adverse variance of £46,000 on a budget of £10.3m.
27. Electoral services had an overspend of £0.1m. This was driven by the cost of an electoral consultant to provide maternity cover and ICT software costs. Costs were also incurred for the print and postage of Electoral Registration and household enquiry forms.
28. At quarter three, Legal services were forecasting an overspend of £0.1m. The service has experienced an increasing number of children's related cases within the year driving up costs. These costs have continued to be managed and the position has remained constant since quarter three.
29. The Internal Audit function have underspent by £0.2m. This is due to one-off funding for the No Recourse to Public Funds Investigator post, underspends in running costs and salaries, and additional income received for counter fraud support provided.
30. Other immaterial variances reported in the Chief Executive's department total £75,000, a fall of £0.1m in the final quarter. This is caused in part by increased income from the Registrars service in the final months of the year and lower spend than expected on Organisational Development and HR services.
31. Capital receipts were applied to fund the transformational element of the Procurement and Commissioning hub, in accordance with the 2019/20 Budget Report. During 2019/20 this hub transferred to the Chief Executive's department. The transformational activities of the hub in 2019/20 cost £1.5m.
32. Further details of the Chief Executive department's outturn variations are provided in Appendix B.

### **33. People (Appendix C)**

34. The department's outturn is a £5.9m overspend on a budget of £114.5m. The main variations are as follows:

### **35. Adult Social Care (ASC)**

36. £3.2m of the overspend relates to Adult Social Care. This is a reduced overspend since the quarter 3 outturn projection and is mainly due to the reduced overspend position of £0.975m reported by the Council's wholly

owned company Independence and Wellbeing Enfield Ltd (IWE), which has been reflected in an amendment to the management fee. The variations in other service areas have remained consistent throughout the course of the year and the demand for services continues to rise due to demographic pressures particularly in Learning Disabilities and Older People and People with Physical Disabilities (Customer Pathway). In recognition of this ongoing pressure, £4.4m and £1.3m has been included in the 2020/21 budget to reflect these demographic and inflationary pressures in Adult Social Care.

37. Though the department continues to recognise the risk around continuing the health care reviews that the Clinical Commissioning Group (CCG) are undertaking, this has not impacted on the final outturn but should be considered an ongoing risk for 2020/21 and could result in a further cost pressure to the Council.
38. As reported since quarter 2 the Better Care Fund allocations for 2019/20 have been received and following negotiations with the CCG £0.5m was agreed and it is reflected in the final outturn.

#### **39. Public Health**

40. Though the overall variance reported is a neutral variance there was a £0.5m underspend in 2019/20 which has been transferred to the Public Health earmarked reserve in order to mitigate future pressures.

#### **41. Education, Children's and Families**

42. In 2019/20, £3.5m was added to fund demographic and inflationary pressures with £1.3m in savings and £1.1m of Government funding being identified to contribute towards the growth. The total overspend forecast for these services has increased by £0.2m in the last quarter to a £2.4m overspend.
43. The most significant overspend in the Education services was the unachievable savings target of £0.6m from generating additional income in the Schools Traded Services which remained in the departmental budgets to be managed in 2019/20. This has been consistently reported throughout the year and has now been resolved through the MTFP for 2020/21.
44. Demand in Special Guardianship Allowances has continued to grow during the year and additional budget was allocated in the 2019/20 budget to reflect this. The outturn reflects that due to delays in court orders there was an underspend of £0.3m.
45. The in-house fostering allowances budget was a £0.6m overspend and was as result of a significant increase in the number of friends and family carers and delays in court hearings for Special Guardianship Orders.
46. The External Childcare Placements outturn was a £0.9m overspend, an increase of £0.3m since quarter 3. The pressure during the year was because of an increase in remand cases, high number of parent and child

assessments and complex needs residential placements. In the last three months, there has been an increase in Agency Fostering placements because in-house foster carers are not accepting young people who are not adhering to social distancing rules and are therefore giving notice on the placements. There have been nine new clients in Residential, most of which were high cost placements due to the domino effect of the Covid-19, where foster carers are not accepting referrals and hence young people have to be placed in residential home. There was a further five new cases in Secure Remand, in addition to extended court proceedings.

47. The Unaccompanied Asylum Seeking Children (UASC) outturn is a net £0.1m underspend. The service has experienced significant pressure in former UASC 18+ cases due to 27 unfunded cases where appeal rights have been exhausted, though 6 of these cases closed earlier than anticipated. This pressure has been mitigated by a positive forecast in the UASC budget by additional Home Office funding.
48. Additional investment was agreed in two tranches for Children's Social Care of £0.4m and £0.1m to enable the Council to deliver the Ofsted improvement plan. The investment was aimed sustaining and assuring good practice, achieving consistency by maintaining caseloads at a reasonable level, increasing quality assurance processes and continuing to deliver practice improvement and coaching interventions to targeted key staff, whilst encouraging social workers to stay in Enfield thus maintaining the positive trend in reducing vacancies, agency workers and staff turnover. This is reflected in the overspend position reported across the Children in Need social work teams and Family Support Group service.
49. A cost of £0.3m relating to the Edge of Care transformation project which commissioned a Family Breakdown Prevention team to reduce the short and long-term costs of Looked After Children provision has been funded through the flexible use of capital receipts as reported in the quarterly monitoring reports.
50. As a result of the increased number of children's related legal cases, there has been a rise in disbursement costs. These costs cover DNA tests, paternity tests, drugs tests and other items. These costs are often incurred as a result of instruction from the courts, as such they are difficult for the Council to manage. At quarter three these children's related disbursement costs were expected to be £0.2m. This increased to a final cost of £0.3m, a £0.1m overspend on the available budget.

## **51. Housing Related Support**

52. The Housing Related Support scheme's (Supporting People) budget has overspent by £0.3m as previously forecast. Previous years highlighted a far greater problem where the implementation of a challenging decommissioning programme could not keep pace with the expected budget reductions. However, following the Pressures Challenge Board review of Housing Related Support undertaken in 2018/19, it was identified that the full year effect of the programme would reduce the pressure to £0.5m in 2019/20 and that further savings could reduce this by a further

£0.3m. Therefore £0.3m was allocated in 2019/20 through the MTFP with the remaining £0.2m for the service to manage. It is now considered by the department that all recommissioning and decommissioning activity has been concluded. £8m of savings will have been achieved in this area and reducing this area of activity and spend any further would create cost pressures elsewhere across Social Care and the wider Council and therefore a further £0.3m was added to the budget for 2020/21 in the MTFP to manage the ongoing pressure.

53. Further details of People outturn variations are provided in Appendix C.

#### **54. Place (Appendix D)**

55. The Place department's outturn is an overspend position of £1.1m on the budget of £36.6m.

56. Although this outturn position appears consistent with the quarter 3 forecast in total, it is an improved one as the outturn figures now include the rent reviews of Morson Road depot that were previously unquantified because negotiations were continuing.

57. Therefore, the £0.5m overspend in Strategic Property Services is predominantly due to the Morson Road rent review which was unquantified as at quarter 3. However, there have been other positive variances within the service, such as the Montagu Industrial Estates income being better than expected as a result of delays in the Joint Venture meaning current tenants remained for longer than planned and better than expected income from Holly Hill.

58. The Passenger Transport Home to School/Special Educational Needs (SEN) Service has consistently reported a pressure throughout 2019/20 and the final outturn is a £1.7m overspend, an increase of £0.3m in the last quarter. The reasons for the pressure are as previously reported. £2.0m was added to the budget for 2019/20 following the budget pressures review undertaken in setting the 2019/20 budget. The £2.0m was considered at the time enough to manage the then 2018/19 forecast overspend based on the quarter 3 numbers of children. However, by the final outturn the overspend had increased to £2.2m and the number of children transported has continued to grow during this financial year though the numbers have plateaued in the last two months of the year. This growth along with the loss of an external contractor going into administration, increasing fuel costs, inflationary pressures, brokerage service costs and the one-off cost of a routing software licence have all contributed to the overspend. The SEN transport pressure was considered in the 2020/21 budget setting process and additional funding has been added to the budget for 2020/21, along with growth from 2021/22 onwards.

59. The £0.3m overspend relating to the Dry Recycling Contract and the budgeted income from the onward selling of the recycling materials has remained consistent since quarter 3. This position has been fluctuating over the year due to decreasing commodity prices reducing the income generated from recyclable materials, of which the Council receives a share.

There is also a slight increase in the levels of contamination in dry recycling material and corresponding increase in the number of rejected loads. This pressure was also recognised as an ongoing problem and has been addressed in the budget setting for 2020/21.

60. Meanwhile Use income relating to Meridian Water was agreed as part of the savings and income proposals for 2019/20. Though a £0.2m under achievement was forecast at quarter 3 because the cost of security is eroding the total income generated, which itself is subject to lease agreements, the actual income generated from meanwhile use has exceeded expectations and the capitalisation of security costs has resulted in an favourable outturn position of £0.2m.
61. The adverse variance of £0.3m reported in the Cemetery services showed a minor improvement at outturn though the reasons for this remained unchanged. Delays in the delivery of the construction of the additional vaults due to severely wet ground conditions has resulted in the income from the Edmonton and Southgate Cemeteries Expansion projects being moved into next financial year 2020/21.
62. Other favourable variances of note include the Planning services and Parking service. The Planning service has exceeded the income targets set which along with underspends in the staffing budgets have contributed to a favourable outturn position of £0.6m. Parking services has seen increased receipts from traffic controlling measures resulting in a favourable outturn position of £0.7m.
63. Whilst continued demand has been experienced within the Homelessness service across both temporary accommodation and No Recourse to Public Funds cases, the receipt and application of the Flexible Homelessness Support Grant has enabled the service to manage within the resources available. The minor overspends reported relate to the Grants and Empty Properties team where the service was not able to capitalise as much staff time as originally anticipated.
64. The flexible use of capital receipts was applied to the final contract payments of the EDGE transport contract and the mobilisation costs associated with the implementation of the waste service changes.
65. The quarter 3 report reflected the implementation costs of the additional and selective licensing scheme. For the outturn these costs have been funded from reserves which will then be replenished in 2020/21 as the income generated from licence fees starts to be received.
66. Further details are provided in Appendix D.

#### **67. Resources (Appendix E)**

68. The Resources department is forecasting an overspend of £3.7m on a net budget of £38.2m after the planned use of capital receipts is applied to fund transformational related expenditure.

69. ICT services overspent by £0.7m. An expected overspend on ICT contracts of £0.5m was reduced to £53,000 during the final quarter of the year as a result of project delays. As such, the planned application of £0.5m capital receipts to fund this was no longer required.
70. ICT services are forecasting a £0.3m overspend due to unachievable income generation from commercialisation of network assets. A £0.2m overspend is forecast due to ongoing difficulties in recruiting staff to vacant posts. After four recruitment cycles posts remain unfilled, leading to a continuing reliance on more expensive work packages and short term contracting. These work packages and contracts were further used to help the service respond to the Covid-19 pandemic.
71. Other overspends expected within the ICT service were offset by savings resulting from delivery of goods being delayed by Covid-19 and by the Council's change in accounting policy to increase the minimum threshold for accruals.
72. Procurement overspent by £0.6m due to unachieved Council wide savings agreed in 2018/19. Whilst some of these savings have been achieved, this pressure represents the balance where it has not been possible to allocate savings to specific procurement activity. This pressure has been resolved in the MTFP for 2020/21.
73. The cost of former employees in 2019/20 was £0.8m and is fully funded by the department. This cost is to be met by the General Fund over 5 years and though significant in 2019/20, assuming no further additions, this pressure will reduce to circa £0.2m in 2020/21.
74. The Schools Catering services overspent by £0.3m for 2019/20. This was due to reduced income as a new entrant joined the school catering market in year, and there was a reduction in the schools purchasing the Council's service.
75. Income and Collection overspent by £0.9m, largely driven by staffing costs and an unprecedented reduction in court cost income during the final quarter.
76. A number of factors contributed to a Finance Directorate overspend of £0.5m. £0.1m of this is attributed to the recruitment, training and coaching of staff. The finance function overspent by £0.3m. This is due to spend on Grant Thornton Financial Foresights, a review of IWE VAT, the KPMG review of financial models and additional resources to support the closedown of accounts.
77. A review of recharges to the HRA by the Corporate and Democratic Core in the final quarter led to an overspend of £0.2m.
78. £0.4m capital receipts were applied to fund the activities of the Transformation team in 2019/20.
79. Further details of Resources outturn variations are provided in Appendix E.

**80. Corporate Expenses (Appendix F)**

81. Overall, Corporate Expenses underspent by £2.3m on a budget of £28.2m. This was mainly due inflation budgets not being required in year.

82. Contributions to reserves were made by Corporate Finance as a result of net interest costs being £0.8m below budget due to historically low interest rates and the Minimum Revenue Provision charge being £2.4m below budget. The Council's contribution to the North London Waste Authority (NLWA) was £0.3m less than anticipated in 2019/20 as a result of delays to the North London Heat and Power Project being completed. This underspend has contributed to a specific reserve to smooth the impact of the project on the NLWA levy in future years.

83. A £3m contingency budget has been applied to finance the general fund. In quarter 1, members agreed to apply £1.5m of this to offset the overspend on IWE's management fee. This pressure reduced in the final quarter to £1m. The remaining £2m contingency budget will be applied to general financing of the general fund.

**84. Flexible Use of Capital Receipts (Appendix G)**

85. With effect from 2016/17 the Government provided a general capitalisation directive to all councils, giving them the option to utilise capital receipts for revenue purposes. These receipts can be used to finance projects that are designed to generate ongoing revenue savings in the delivery of public services, and/or transform service delivery to reduce costs or demand for services in future years for any of the public sector delivery partners. In the Provisional Local Government Financial Settlement of December 2017, the Government extended this flexibility for a further three financial years, from 2019/20 to 2021/22.

86. Enfield has chosen to use this flexibility to fund a number of transformation projects in the last four years, with £9.9m applied in 2016/17, £6.7m in 2017/18, £3.7m in 2018/19 and £2.7m in 2019/20 as detailed in Appendix G. The flexibility was used to fund transformational projects in Adult Social Care, Children's Services, IT and Procurement, with outcomes anticipated to produce future savings and/or provide improvements in service provision.

87. This flexibility has again been applied in 2019/20 with the strategy to fund a reduced number of transformation projects. The Council is mindful of over reliance on and the sustainability of this one-off funding. In the medium to long term, alternative funding will need to be identified to fund any further projects, as capital receipts may not be available, and this flexibility will no longer be available after 2021/22. As set out in earmarked reserves below, it should be noted that the "Invest to Save" transformation reserve remains for future projects.

88. The impact of using capital receipts to fund revenue transformation projects is that these receipts are not available to fund the council's capital

programme and, therefore, increase the council's borrowing requirements. On the basis of the current capital programme, if the capital receipts were to be applied to fund capital expenditure, this would have the estimated impact of reducing the annual minimum revenue provision in future years by £0.05m for each £1.0m of applied capital receipts.

#### **89. Housing Revenue Account (HRA) (Appendix H)**

90. The February Cabinet report projected an HRA negative variance of £63,000, as at the end of December 2019. The end of year position has changed to a £3.2m positive variance which has been moved into HRA reserves.
91. The year saw the service deliver on a range of major priorities. This included successfully preparing to mobilise the in-house repairs service which will be implemented in phases across the Borough. Progress continues to be made on the implementation of Civica which is scheduled for completion during 2020/21, enabling the service to further deliver efficiencies.
92. As the emerging building safety regime is clarified we are preparing for the enhanced role around building safety and implementing programmes. Additional costs for waking watch provision have been accommodated through wider efficiencies delivered in year. There is continued focus on health and safety compliance.
93. The HRA positive variance was mainly due to the following:
  - i. A change in methodology for calculating bad debt provision, reducing the provision required (£1.3m).
  - ii. Removal of the leaseholder bad debt provision to reflect debt against the individual property (£0.7m).
  - iii. A reduction in the interest charge on HRA loans due to re-financing, resulting in a reduced interest charge (£0.8m).
  - iv. These items weren't anticipated as the data was not finalised until the end of the financial year.
94. HRA reserves have increased by £10.5m from £16.8m to £27.3m. Reserves were increased to retain a sustainable level to fund future capital projects. As an alternative, additional borrowing was needed to fund the Major Works Programme for 2019/20.
95. After maintaining a prudent level of reserves to manage unforeseen risks, these balances will contribute to the funding of the Capital Programme. It is worth noting the HRA has access to capital receipts reserve including Right to Buy receipts, which has a significant balance to fund the ambitious capital programme.
96. **Dedicated Schools Grant (DSG) (Appendix I)**
97. For 2019/20 Enfield received a total Dedicated Schools Grant allocation of £334.6m and the funding was allocated across four blocks; £259m for the

Schools Block, £2.9m for the Central Schools Services Block, £25.4m for Early Years and £47.3m for the High Needs Block.

98. During 2018/19, due to receipt of additional High Needs funding and underspends on the Schools and Early Years Blocks, there was a net underspend which resulted in a net DSG surplus of £0.4m brought forward to 2019/20. This, as expected, was a short term position and there continued to be cost pressures in supporting and providing suitable placements for SEN pupils. Wherever possible pupils are placed in borough to manage this pressure. There are plans in place to develop additional provision in the borough over the next 3 year period which will help to reduce costs.
99. The 2019/20 outturn position is a deficit of £4.9m with only a minor change since quarter 3. The overspend of £5.2m in the High Needs Block was offset by an underspend of £0.3m in the Schools Block due to reduced rates liability for schools converting to academies and projected underspends in the growth fund and school appeals service. The main pressures in the High Needs Block relate to increased costs for out of borough placements due to additional pupils, full year effects of pupils starting in 2018/19, the Education budget picking up the full cost of complex care pupils who have turned 18 and the number of post 16 students attending college with high needs support, an additional 55 places created at West Lea Special School and additional staffing in both the SEN and Education Psychology services required to meet increasing levels of demand.
100. The cumulative forecast deficit at year end is £4.5m which will be the first call on the 2020/21 grant allocation and therefore reduce the funding available for next year. The DSG funding settlement for 2020/21 includes a 3.4% funding increase for the Schools Block and 16.1% increase for the High Needs Block, a 5% overall. Whilst this is welcomed, the increase in income is not keeping pace with the increase in expenditure and services will continue to face significant pressures. The authority continues to work on various initiatives to develop additional in borough special education provision which will reduce the number of children being educated in independent out of borough provision and reduce costs.
101. **Earmarked Reserves (Appendix J)**
102. The Council's General Fund reserves have remained stable. Overall they show an increase from £76.4m to £81.3m however this excludes the Covid-19 grant of £8.5m, which would take the total to £89.8m. This Covid-19 grant income is already allocated against future costs and lost income in 2020/21 as reported previously to Cabinet and in Government returns.
103. The MTFP Smoothing Reserves are operating as anticipated, offsetting the year to year impacts of complex business areas. The Housing Benefit (£2.6m), NLWA (£1.3m) and Collection Fund (£10.5m) smoothing reserves are there to adjust for ebbs and flows of grants, levies and taxation between years.

104. The review of the Balance Sheet has led to the release of numerous balances, £2.0m of which was anticipated and was built into the MTFP for release in 2020/21. It is worth noting that this review is an ongoing process and further work is underway.
105. The Risk Reserve reduction of £3.6m reflects the £5.6m required to cover the service overspends set out earlier in the report partly offset by contingency and corporate expenses underspends and the reallocation of £3.0m to the Covid-19. Already reflected in the balances is that £5.0m has been transferred from the Balance Sheet Management reserve to the Risk Reserve because this reserve needs to be replenished and this will continue and be driven through a review of all earmarked reserves in the new financial year.
106. Capital Financing Reserves have increased. They reflect a long term prudent pattern of putting resources aside to smooth out capital financing flows. The SALIX fund (£0.7m) refers to the known needs to offset the capital financing of the Council's energy saving programme.
107. During the coming months, further work will identify whether the interest rate fluctuations reserve (£8.2m) is still required but the Minimum Revenue Provision (MRP) reserve (£17.7m) was created to manage the timing of capital financing charges and is expected to be needed over the life of the current 5 year MTFP.
108. The grant reserves have experienced a one-off growth due to the Covid-19 grant of £8.6m coming in days before end of the financial year, so the £14.1m masks a reduction of £0.6m on other grant reserves. Furthermore, these grants have specific uses and cannot be used to offset general overspends.
109. The Council has retained its General Fund balances at £13.9m. The minimum level of unallocated reserve balances is a decision reserved for the Section 151 Officer, in order to ensure operational efficacy and sustainability of the Council's financial position. The appropriate level of General Fund balances will need to be reviewed over the course of 2020/21 in light of the new risks and uncertainty brought about by Covid-19.
110. The HRA Reserves by comparison are looking far healthier, rising from £12.2m to £22.6m due to good fiscal management. However, this reflects the need of the Council to put aside resources to fund its ambitious regeneration programme, including Joyce & Snells. HRA General balances have been maintained at £4.6m.
111. The DSG and School Balances had large in-year deficits of £5.6m and £4.0m, leading to an overall deficit of £7.7m. These are the only reserves allowed to run a deficit but this is not sustainable. A plan to bring the DSG funded services into surplus and a strategy to work with schools in financial difficulty is underway.

112. It is important to recognise that the reserves overall are limited, especially against a backdrop of challenging savings targets for 2021/22 and 2022/23. The importance of maintaining a tight control on spend, delivering on existing savings plans and recovering lost income positions due to Covid-19 cannot be understated.

**113. Collection Fund**

114. The Collection Fund covers two local taxation funding streams, National Non-Domestic Rates (NNDR), also known as Business Rates, and Council Tax. The Collection Fund recorded the following performance in 2019/20.

115. Council Tax recorded a £5.3m loss at 31 March 2020 due to collection levels falling below budgeted targets. Enfield's share of this loss is £4.2m, taking the Council Tax balance on the fund from a surplus of £1.9m to a deficit of £2.4m.

116. The NNDR deficit reduced from £2.8m to £0.5m as a result of a £2.3m surplus. Enfield's share of this surplus is 48%, £1.1m. The surplus was driven by release of some of the prudent provision for business rates appeals previously made. The benefit to the Council from business rates pooling in 2019/20 was £1.3m.

117. At the time this report was written, 42,000 Enfield residents are furloughed. Consequently, a temporary fall in Council Tax collection rates is expected and Council Tax Support Claimants are expected to grow significantly in 2020/21 with a slow return to current levels.

118. The current economic downturn is expected to lead to a fall in business rate income for the Council for a number of years. The Collection Fund Equalisation Reserve will help offset these risks in 2020/21.

**119. Table 2: Enfield's share of Collection Fund Balances**

	<b>Council Tax £m</b>	<b>Business Rates £m</b>	<b>Total £m</b>
Balance at 1 April 2019	(1.870)	2.806	0.936
In Year Movement	4.224	(2.277)	1.947
<b>Balance at 31 March 2020</b>	<b>2.354</b>	<b>0.529</b>	<b>2.883</b>

**120. Statement of Accounts**

121. In response to the coronavirus pandemic, the statutory deadlines regarding the Statement of Accounts have been extended. The requirement for public inspection of accounts to be the first 10 working days of June has been moved to be on, or before, the first working day of September 2020. The publication date for final, audited, accounts has been moved from 31 July to 30 November 2020. The expectation is for the Statement of Accounts to be signed off by the external auditors at the end of September 2020.

## **122. 2020/21 and Medium Term Financial Plan**

123. The 2019/20 outturn position will need to be considered alongside the 2020/21 budget position and Medium Term Financial Plan (MTFP). Key areas for consideration are:

- i. Longer term impact of Covid-19
- ii. Consideration of the sustainability of capital receipts for transformation purposes and other one-off sources of funding
- iii. Budget pressures across demand led services, some of which have been offset by the one-off use of grant (e.g. flexible homelessness grant).
- iv. Unrealised savings pressures brought forward

124. Many of the pressures identified during 2019/20 have been built into the 2020/21 budget or are being considered when setting the 2020/21 budget. The report of the Director of Finance “Medium Term Financial Strategy 2021/22 to 2025/26” which is also on this agenda considers these issues in more detail.

### **Safeguarding Implications**

125. This report covers the Council’s expenditure on safeguarding measures in 2019/10.

### **Public Health Implications**

126. None in the context of this report.

### **Equalities Impact of the Proposal**

127. 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.

128. Financial reporting and planning is important in ensuring resources are used to deliver equitable services to all members of the community.

### **Environmental and Climate Change Considerations**

129. None in the context of this report.

### **Risks that may arise if the proposed decision and related work is not taken**

130. None in the context of this report.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

131. The budget risks during 2019/20 were managed through detailed revenue monitoring reports provided regularly to Cabinet. Departments took action

to minimise budget pressures and align departmental spend to budgets. Some pressures are expected to affect 2020/21 and have been mitigated by increasing the 2020/21 budgets for areas with uncontrollable pressures. Action plans have been drawn up to manage controllable pressures in 2020/21.

### **Financial Implications**

132. Financial implications are implicit in the body of the report. The variances and risks identified through the closure of accounts will be considered in the financial monitoring process for 2020/21.

### **Legal Implications**

133. The Council has duties within an existing legal framework to arrange for the proper administration of its financial affairs. The recommendations in this report will support the Council in meeting its statutory obligations.

### **Workforce Implications**

134. None in the context of this report.

### **Property Implications**

135. None in the context of this report.

### **Other Implications**

136. None in the context of this report.

### **Options Considered**

137. Not relevant in the context of this report.

### **Conclusions**

138. The final General Fund outturn for 2019/20 was an overspend of £5.6m which will be funded from reserves. This position has remained consistent over three quarters of the financial year and demonstrates the robustness of the Council's financial monitoring which in turn provides assurance that the budget set for 2020/21 was done so on a sound basis albeit pre Covid-19. The DSG in turn has been consistently report a deficit position throughout the year which reflects the continued pressure this area faces particularly within the High Needs Block. The HRA's improved position is as a result of a change in accounting policy and a reduction in interest charges due to refinancing which have all contributed to the HRA financial sustainability.

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## **Appendices**

Appendix A: Financial Resilience Key Performance Indicators  
Appendix B: Chief Executive's Outturn  
Appendix C: People Outturn  
Appendix D: Place Outturn  
Appendix E: Resources Outturn  
Appendix F: Corporate Outturn  
Appendix G: Flexible Use of Capital Receipts  
Appendix H: Housing Revenue Account Outturn  
Appendix I: Designated Schools' Grant Outturn  
Appendix J: Reserves and Balances

## **Background Papers**

The following documents have been relied on in the preparation of this report:

Revenue Monitoring 2019/20: Quarter 3 (December 2019) – KD5086

### Financial Resilience Key Performance Indicators

A summary overview of financial performance is outlined below in Table 3. This dashboard summary captures the key messages across the Council's main financial areas:

1. Income and expenditure;
2. Balance sheet (liquidity, debtor/creditor management, investments and use of balances); and
3. Cash flow forecasting and management.

**Table 3: Summary performance overview**

Financial Indicator	Status	Key Highlights
Income & Expenditure Position – General Fund year end forecast variances		Year-end variances of £5.6m overspend in relation to General Fund net controllable expenditure.
Progress to Achieving Savings MTFP (current year)		Savings monitoring has identified a total of £1.7m considered a high risk rated, of which £1.4m has been resolved in the MTFP for 2020/21. And the remaining £0.3m relates to in year loss of income from delays in cemeteries projects which should be achieved in 2020/21 onwards.
Income & Expenditure Position – HRA		The HRA is projecting a £3.2m underspend position at year-end outturn.
Income & Expenditure Position – DSG		The DSG outturn is £4.9m overspent at year-end outturn against budget. Therefore, the cumulative deficit is forecast to be £4.5m and will be the first call on the 2020/21 grant allocation.
Cash Investments; Borrowing & Cash Flow		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.
Balance Sheet - General Fund balances year end projections		The outturn for General Fund balances will meet the Council's Medium Term Financial Plan target based on the use of uncommitted reserves to meet one-off overspends in 2019/20.

<b>Chief Executive's</b>	<b>Net Budget Q3 Variation (£m)</b>	<b>Net Budget Outturn Variation (£m)</b>	<b>Change (£m)</b>
<b>Electoral Services</b> The overspend is due to costs of maternity cover for Head of Service post, ICT software and print and postage costs of Electoral Registration and Household enquiry forms.	0.055	0.115	0.060
<b>Legal Services</b> There is an adverse variance, this is due to an increase in the number of children's related legal cases experienced over the last. This has remained unchanged in the last quarter of the year.	0.117	0.116	(0.001)
<b>Internal Audit</b> Underspend due to one off funding of No Recourse to Public Funds (NRPF) Investigator post & underspend in running costs and salaries.	(0.144)	(0.186)	(0.042)
<b>Organisation Development</b> The underspend is a result of vacant posts and income generation.	(0.049)	(0.074)	(0.025)
<b>Other minor variances less than £50,000</b> The forecast outturn includes agreement to fund the cost of the EY Contract from flexible use of capital receipts as reported in the 2019/20 Budget Report, this has a net nil budget effect.	0.182	0.075	(0.107)
<b>Chief Executive's Total</b>	<b>0.161</b>	<b>0.046</b>	<b>(0.115)</b>

People	Net Budget Q3 Variation (£m)	Net Budget Outturn Variation (£m)	Change (£m)
<b>Adult Social Care</b>			
<b>Strategy &amp; Resources</b> These services include, grants to voluntary organisations, Safeguarding, Commissioning and Service Development. The underspend is within Commissioning and Safeguarding Adults, Deprivation of Liberty Safeguards (DoLS) where more efficient use of existing resources has delivered an underspend this year, however, with an increasing number of dols year on year, this will support delivery of more activity within existing resources.	(0.095)	(0.095)	0.000
<b>Mental Health</b> The service have been managing within the budget despite care purchasing pressures.	0.000	0.002	0.002
<b>Learning Disabilities</b> The service overspend position is a result of managing demand led services. Savings have been made in year, however, demand for services continues to rise as a result of demographics.	1.802	1.797	(0.005)
<b>Older People and Physical Disabilities (the Customer Pathway)</b> The service has overspent due to demand led services, within residential and community-based services. Substantial savings have been made in year however, demand for services continues to rise as a result of demographics.	1.081	1.066	(0.015)
<b>Independence and Wellbeing Enfield Ltd (IWE)</b> This includes the management fee to IWE plus client income generation. IWE had forecast significant cost pressures of £1.5m, due to staff costs (company management costs and pay awards/enhanced pay) of £0.7m, Bridgewood associated costs of £1m, and an over achievement of income of £0.2m. The management fee has been adjusted by £0.5m at year end to reflect a reduced overspend with IWE.	1.500	0.975	(0.525)

<b>People</b>	<b>Net Budget Q3 Variation</b>	<b>Net Budget Outturn Variation</b>	<b>Change</b>
	<b>(£m)</b>	<b>(£m)</b>	<b>(£m)</b>
<b>Additional Better Care Fund (BCF) monies agreed with the CCG</b>	(0.548)	(0.548)	0.000
<b>Adult Social Care Sub Total</b>	<b>3.740</b>	<b>3.197</b>	<b>(0.543)</b>
<b>Public Health Grant</b> The Public Health grant allocated in 2019/20 was £16.4m, this reflects a reduction in grant of £0.4m. The final outturn was an underspend which has been carried forward. Some of the previous underspends have been used this year and the total accumulated underspend (balance sheet) is £1.3m and will be used for pressures within 2020/21.	0	0	0
<b>Public Health Sub Total</b>	0	0	0
<b>Housing Related Support</b> A total of £8m of savings have been achieved in this area. Reducing the area of activity and spend any further would have created cost pressures elsewhere across Social Care and the wider Council. Additional budget has been added in the 2020/21 MTFP to manage this ongoing pressure.	0.257	0.255	(0.002)
<b>Housing Related Support Sub Total</b>	0.257	0.255	(0.002)
<b>Adult Social Care &amp; Public Health</b>	<b>3.997</b>	<b>3.452</b>	<b>(0.545)</b>
<b>Education</b>			

<b>People</b>	<b>Net Budget Q3 Variation</b>	<b>Net Budget Outturn Variation</b>	<b>Change</b>
	<b>(£m)</b>	<b>(£m)</b>	<b>(£m)</b>
<b>Enhanced Pensions</b> Final underspend on enhanced pension budgets	(0.079)	(0.076)	0.003
<b>Traded Services</b> Traded Services additional income targets for 2017/18 (£0.2m) and 2018/19 (£0.4m) have not been achieved due to contraction of school budgets, though a restructure of the School Traded Services Team has contributed £0.03m towards mitigation of the pressure. This was partly managed in the 2019/20 budget setting process but remained with services to manage in year and has now been added as growth in the 2020/21 budget.	0.615	0.615	0.000
<b>Education Psychology Service</b> The overspend is due to not receiving expected £0.03m income for transforming care plans and late agency/recharge costs of £0.02m	0.000	0.043	0.043
Other Minor Education Variances	0.000	0.015	0.015
<b>Education Sub Total</b>	<b>0.536</b>	<b>0.597</b>	<b>0.061</b>
<b>Children and Families</b>			
<b>Children In Need – Social Work team</b> There was agreed investment in Children’s Social Care of £0.5m during 2019/20 in response to delivering Ofsted improvements. This was agreed to be funded from reserves and as such is reflected as an overspend in the outturn.	0.171	0.154	(0.017)
<b>Children In Need – Family Support Group</b> There was agreed investment in Children’s Social Care of £0.5m during 2019/20 in response to delivering Ofsted improvements. This was agreed to be funded from reserves and as such is reflected as an overspend in the outturn. The overspend was also in part due to agency staff covering for sickness and vacant posts and concluding of HR process.	0.371	0.398	0.027

<b>People</b>	<b>Net Budget Q3 Variation</b>	<b>Net Budget Outturn Variation</b>	<b>Change</b>
	<b>(£m)</b>	<b>(£m)</b>	<b>(£m)</b>
<b>Special Guardianship Allowances</b> The area received a growth of £0.7m in the 2018/19 budget and £0.7m this year. Since April 2019 37 Special Guardianship Orders (SGO) have been granted. Underspend was due to delays in court hearings for Special Guardianship Orders.	(0.200)	(0.281)	(0.081)
<b>In House Fostering Allowances</b> The area is overspent mainly due to a significant increase in the number of Friends and Family carers, the rate increase for second child placement and delays in Court hearings for Special Guardianship Orders. Since quarter 3 the service has experienced delays in the granting of Special Guardianship Orders.	0.549	0.629	0.080
<b>Adoption</b> Overspend is mainly due to inter-agency fees and Regional Adoption Agency pressures.	0.097	0.025	0.072
<b>Support costs for Looked After Children (excluding accommodation costs)</b> Previous indications were that this was an area of declining activity however, demand for the service has increased during 2019/20.	0.075	0.045	(0.030)
<b>Unaccompanied Asylum Seeking Children (UASC)</b> Underspend is due to the Home Office funding exceeding the cost.	(0.698)	(0.683)	0.015
<b>Former UASC 18+</b> Overspend due to the unfunded clients (appeal rights exhausted) but position has improved because of the closure of 6 cases earlier than anticipated.	0.615	0.565	(0.050)
<b>Assistant Director - Children's Division</b> Overspend is due to high recruitment cost and agency staff working on improvements for OFSTED.	0.245	0.171	(0.074)
<b>Prevention of Care Section 17</b> Underspend due to decreased demand.	(0.075)	(0.083)	(0.008)

People	Net Budget Q3 Variation (£m)	Net Budget Outturn Variation (£m)	Change (£m)
<p><b>External Child Care Placements</b></p> <p>The area received a budget growth of £1.0m in 2019/20 but the service experienced even greater demand in secure remand cases and parent and child assessment placements and this demand has further increased since quarter 3 with</p> <ul style="list-style-type: none"> <li>• 16 new clients added in March in Agency Fostering because in-house foster carers were not accepting young people who are not adhering to social distancing rules and are also unfortunately giving notice on the placements.</li> <li>• 9 new clients in Residential, most of which were high cost placements due to the domino effect of Covid-19, where foster carers are not accepting referrals and hence young people have to be placed in residential home.</li> <li>• 5 new cases in Secure Remand, in addition to extended court proceedings.</li> </ul>	0.638	0.943	0.305
<p><b>Leaving Care</b></p> <p>The area received a net growth of £0.3m in the 2019/20 budget. The Access to Resources Integrated Service (ARIS) have continued to review the most expensive support packages and explore alternative and 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. Though there has been an increase in numbers the average costs have been reduced to contain the overspend and there has been a back dated housing benefits reimbursement related to care leavers accommodation which has been re-invested into the service. The variance since quarter 3 is due to delays in applications for Housing Benefit.</p>	0.000	0.119	0.119
<p><b>Overnight Breaks, Commissioning and Direct Payments</b></p> <p>Overspend is due to four new high needs packages with three to one 24-hours care support. In addition, increased demand in agency and Direct Payments support due to Covid-19.</p>	0.021	0.214	0.193

<b>People</b>	<b>Net Budget Q3 Variation</b>	<b>Net Budget Outturn Variation</b>	<b>Change</b>
	<b>(£m)</b>	<b>(£m)</b>	<b>(£m)</b>
<b>Edge of Care</b> As agreed in the 2019/20 Budget Report the Edge of Care costs will be funded from the flexible use of capital receipts. The final outturn was £0.324m and includes the contract costs plus £0.080m payment by results payment for the first cohort.	0.000	0.000	0.000
<b>Community Safety</b> Underspend is due to the recently awarded Young Londoners Fund covering many of the projects and the Home Office funding several posts.	(0.156)	(0.254)	(0.098)
<b>Disbursement costs</b> These are as a consequence of the increasing number of children's legal cases and relate to items such as DNA tests, paternity tests, drugs test etc.	(0.008)	0.119	0.127
Other Children's & Families Minor Variance	0.022	(0.138)	(0.164)
<b>Children's and Families Services Sub Total</b>	<b>1.667</b>	<b>1.943</b>	<b>0.276</b>
<b>People Department Total</b>	<b>6.204</b>	<b>5.992</b>	<b>(0.212)</b>

## Appendix D

Place	Net Budget Q3 Variation (£m)	Net Budget Outturn Variation (£m)	Change (£m)
<p><b>Development Management</b> The variance is mainly due to salary underspend, additional income from Planning Performance Agreements and planning fees and income from the Proceeds of Crime Act offsetting the building control income shortfall. The improvement from quarter 3 is due to vacant posts and additional planning income.</p>	(0.317)	(0.421)	(0.104)
<p><b>Strategic Planning and Design</b> The favourable variance is mainly due to salary underspend, local plan budget underspend and design panel income £0.05m overachievement. The decrease in underspend from quarter 3 is a result of less Community Infrastructure Levy (CIL) income than previously expected.</p>	(0.250)	(0.196)	0.054
<p><b>Traffic and Transportation Service</b> The favourable variance is due to additional income from applications for traffic orders such as increased utility works which continued to improve since the quarter 3 report.</p>	(0.120)	(0.200)	(0.080)
<p><b>Parking Services</b> Actual income was higher than estimated due to increased receipts from parking traffic controlling measures.</p>	(0.330)	(0.729)	(0.399)
<p><b>Regulatory Services</b> The favourable variance was due to additional income from alleygating salary recharges to capital, trading standards salary underspend and court proceeds income.</p>	(0.100)	(0.096)	0.004

Place	Net Budget Q3 Variation (£m)	Net Budget Outturn Variation (£m)	Change (£m)
<b>Health and Safety Team</b> This is as a result of underspends in the salary budget.	(0.120)	(0.117)	0.003
<b>Cemeteries</b> The adverse variance is due to income shortfall from the Edmonton and Southgate cemeteries expansion projects, which is due to delays in the project delivery programme. This should be temporary adverse position because the income will be received in future years.	0.271	0.247	(0.024)
<b>Waste Operations and Waste Client</b> The overspend is mainly due to the increased costs of the dry recycling contract with Biffa where commodity prices values have reduced negatively impacting on the income expected from onward selling of materials, rejections were slightly increased as a result of an increase in contamination levels.	0.306	0.325	0.019
<b>Commercial Waste</b> The variance is due to the reversal of old debt and less than estimated cost of stock carry forward.	(0.025)	0.071	0.096
<b>Parks Operations, Parks Activities and Engagement</b> The overspend is mainly due to salary costs though this has been partly offset by increase income generated from allotments.	(0.020)	0.104	0.124
<b>People Transport</b> <b>The variance is due to:</b> <ul style="list-style-type: none"> <li>£0.9m of the cost pressure is directly attributable to increase in demand. From April 2018/19 to January 2020 the total number of out of borough, in borough and personal travel budgets placements have increased by 131, 30 and 6 respectively.</li> </ul>	1.450	1.725	0.275

Place	Net Budget Q3 Variation (£m)	Net Budget Outturn Variation (£m)	Change (£m)
<ul style="list-style-type: none"> <li>• Historical SEN budget gap of circa £0.2m.</li> <li>• Fuel cost increase is estimated at £0.03m.</li> <li>• RPI (Annual Contractual Inflation Uplift) £0.05m.</li> <li>• One off IT Costs (Mission Routing Software Year Licence) £0.03m.</li> <li>• Loss of a major contractor (Star Cars), which meant the Council had to use the second highest bidder (using the reserve auction transport tender), the cost implication is about £0.1m.</li> <li>• £0.4m due to other costs increases, e.g. out of borough, high need costs and brokerage service.</li> </ul>			
<p><b>Strategic Property Services</b> The adverse variance is predominantly due to the Morson Road rent review which was unquantified as at quarter 3. However, there have been other positive variances such as the Montagu Industrial Estates income being better than projected, due to the delays in the approval of the Joint Venture report and better than expected income from Holly Hill.</p>	(0.100)	0.519	0.619
<p><b>Facilities Management</b> The positive variance is due to staffing underspends and improved since quarter 3 due to delays in recruitment.</p>	(0.035)	(0.126)	(0.091)
<p><b>Corporate Maintenance and Construction Services</b> Variance is due to underspend in the salary budget.</p>	(0.075)	(0.048)	0.027
<p><b>Sustainability Team</b> The underspend was due to vacant posts within the team.</p>	(0.090)	(0.094)	(0.004)

<b>Place</b>	<b>Net Budget Q3 Variation (£m)</b>	<b>Net Budget Outturn Variation (£m)</b>	<b>Change (£m)</b>
<p><b>Leisure and Culture Services</b> The overspend is predominantly due to the service generating less income than planned with the main pressures at Millfield Theatre and Forty Hall.</p>	0.200	0.459	0.259
<p><b>Economic Development</b> Due to vacant posts and staff recharges to regeneration capital schemes and housing estates.</p>	(0.275)	(0.291)	(0.016)
<p><b>Meridian Water Meanwhile Use Income</b> The surplus is mainly due to the Meridian Water Meanwhile Use Income overachievement, where income generated in 2019/20 has been £1.4m against a budget of £1.2m. The movement from quarter 3 is due the Council's ability to capitalise £0.9m of security costs which had not been confirmed at the time of the quarter 3 report.</p>	0.242	(0.210)	(0.452)
<p><b>Trespass and Enforcement Actions on Council Land</b> This is predominantly related to the legal costs involved with trespass, though costs associated with waste and repairs have also contributed to the overall position. A budget of £0.250m was agreed as part of the MTFs for 2020/21.</p>	0.094	0.210	0.116
<p><b>Private Sector Licensing Scheme</b> The implementation costs of the scheme that have been incurred in 2019/20 will be recovered from the licensing fees once the scheme is operational in 2020/21 and as such these costs have been transferred to reserve to be recovered from the income in future years.</p>	0.417	0.000	(0.417)
<p><b>Housing</b> Whilst continued demand has been experienced within the Homelessness service across both temporary accommodation and no recourse to public funds households, the receipt and application of the Flexible Homelessness Support Grant has enable the service to manage within the</p>	(0.020)	0.019	0.039

<b>Place</b>	<b>Net Budget Q3 Variation (£m)</b>	<b>Net Budget Outturn Variation (£m)</b>	<b>Change (£m)</b>
resources available. The minor overspends reported relate to the Grants and Empty Properties team where the service was not able to capitalise as much staff time as originally anticipated.			
<b>Covid-19</b> The Place department had incurred £0.08m of expenditure in late March in response to the breakout of Covid-19 which has been funded by the first tranche of Government grant received.	0.000	0.000	0.000
<b>Other Minor Variances</b>	(0.007)	(0.003)	0.004
<b>Place Total:</b>	<b>1.096</b>	<b>1.148</b>	<b>0.052</b>

## Appendix E

Resources	Net Budget Q3 Variation (£m)	Net Budget Outturn Variation (£m)	Change (£m)
<p><b>Cost of Former Employees</b> All costs of former employees have now been centralised from across the Resources Department, whereas these would previously have caused smaller pressures within each of the service budgets. The pressure is due to the capital cost of early retirement and in year redundancy costs. It had previously been reported that in year redundancy costs will be funded from the Corporate Redundancy reserve, this is no longer possible hence the increase since quarter 3.</p>	0.488	0.790	0.302
<p><b>Income and Collection</b> There was an overspend due to staffing costs and significant reduction in the court cost income received in year that had not been anticipated at quarter 3.</p>	0.239	0.908	0.669
<p><b>Procurement and Commissioning</b> Previously agreed Council wide procurement savings targets that were unallocated to specific services are creating a pressure and these have resolved in the MTFP for 2020/21.</p>	0.612	0.629	0.017
<p><b>Catering Service</b> The forecast overspend is because of reduced income from some schools no longer buying into the service.</p>	0.274	0.264	(0.010)
<p><b>ICT &amp; Transformation</b> There is no reported movement on the neutral variance in the Transformation team budget where £0.4m of Flexible Use of Capital Receipts was applied to fund the transformational activities that the team has undertaken.</p> <p>ICT services overspent due to:</p> <ul style="list-style-type: none"> <li>• £0.3m relating to income associated with commercialising Network assets is not considered unachievable,</li> </ul>	0.455	0.684	0.229

<b>Resources</b>	<b>Net Budget Q3 Variation (£m)</b>	<b>Net Budget Outturn Variation (£m)</b>	<b>Change (£m)</b>
<ul style="list-style-type: none"> <li>• £0.2m caused by difficulties in recruiting to vacant posts, following four recruitment cycles, this has led to the continued reliance on more expensive work packages or via short term contracting of a data protection service.</li> <li>• £50,000 overspend on ICT contracts. The quarter 3 forecast outturn included £0.5m capital receipts to fund the expected pressure which is no longer required.</li> <li>• Additional costs were incurred by ICT as they responded to the Covid-19 pandemic and following lockdown.</li> </ul>			
<b>Knowledge &amp; Insights Hub</b> One-off underspend due to vacant posts in year and capitalisation of PowerBI consultancy costs	(0.102)	(0.130)	(0.028)
<b>Exchequer Services</b> The underspend is a result of pension fund savings following an overhead review and services generating additional income.	(0.082)	(0.186)	(0.104)
<b>Finance</b> The overspend is due to: <ul style="list-style-type: none"> <li>• Recruitment costs</li> <li>• Grant Thornton financial foresight and KPMG review of financial models</li> <li>• IWE VAT review</li> <li>• Revision to Assets (PPE), configuration in SAP, additional resources to support the IT service</li> <li>• Additional resources brought in for capital asset accounting and closedown of accounts since quarter 3</li> </ul>	0.313	0.490	0.177
<b>Corporate and Democratic Core</b> The overspend at quarter 3 was due to membership of the New Local Government Network which had not been budgeted. Movement in the final quarter was due to a review of recharges to the	0.021	0.227	0.206

<b>Resources</b>	<b>Net Budget Q3 Variation (£m)</b>	<b>Net Budget Outturn Variation (£m)</b>	<b>Change (£m)</b>
HRA.			
<b>Financial Assessments</b> The movement since quarter 3 is due to redundancy costs being centrally funded and Civica on Demand costs being less than expected. Following a change in accounting policy the Housing Benefit audit claim was not accrued as it is below the de minimis level.	0.147	(0.018)	(0.165)
<b>Libraries</b> An underspend arose from overachievement of Visa application. Although a saving of £0.08m was reported in Quarter 3 on furniture & library resources due to purchasing difficulties with a payments interface, this was resolved in the final quarter of the year.	(0.140)	(0.022)	0.118
<b>Customer Operations</b> The overspend is due to increased demand resulting from Council projects and campaigns and increased costs from an existing contract.	0.159	0.102	(0.057)
<b>Commercial</b> Underspend due to recharge income for work on capital projects.	(0.051)	(0.088)	(0.037)
<b>Other Minor Variances</b>	(0.042)	0.039	0.081
<b>Resources Total</b>	<b>2.291</b>	<b>3.689</b>	<b>1.398</b>

Appendix F

<b>Corporate</b>	<b>Net Budget Q3 Variation (£m)</b>	<b>Net Budget Outturn Variation (£m)</b>	<b>Change (£m)</b>
<p><b>Contingency</b> The contingency budget was not transferred in year to cover specific pressures with the full amount remaining in Corporate to be applied at year end. There was agreement that this would be applied specifically to the pressure associated with IWE and the remaining contingency fund financing general fund overspends collectively.</p>	(3.0)	(3.0)	0
<p><b>Levies</b> The forecast underspend on the North London Waste Authority (NLWA) levy at quarter 3 has been transferred to the NLWA reserve to smooth the future years impact of levy payments. Leaving a minor variance to other levy budgets.</p>	(0.4)	(0.1)	0.3
<p><b>Contingent Items</b> These include inflationary budget provision not required in year and lower than budgeted for sundry bad debt provision applied in future years as required.</p>	(0.7)	(2.2)	(1.5)
<p><b>Corporate Total</b></p>	<b>(4.1)</b>	<b>(5.3)</b>	<b>(1.2)</b>

## Use of Capital Receipts in 2019/20

## Appendix G

The table below shows how we used capital receipts in 2019/20

2019/20 Cost of Transformation Initiatives	£m	Planned Savings and Demand Reductions
<b>People</b>		
Edge of Care (Children's)	0.324	The Edge of Care transformation project will commission a Family Breakdown prevention team to reduce the short and long-term costs of Looked After Children provision.
<b>Place</b>		
EDGE Transport Contract	0.030	The EDGE Transport Contract is an invest to save initiative relating to the Council's People Transport Service, carried out by EDGE Public Solutions with and on behalf of the Council. This is the third and final year of the project and has been successful in terms of both savings and improvement of customer experience.
Mobilisation costs associated with the implementation of waste service changes	0.547	<p>The changes being implemented will revise the waste and recycling collection system for kerbside properties with a wheeled bin. The changes are:</p> <ul style="list-style-type: none"> <li>• To collect refuse every fortnight rather than weekly (collections from the property will be made on the alternative week to collections for dry recycling)</li> <li>• To collect dry recycling every fortnight rather than weekly (collections from the property will be made on the alternative week to collections for refuse)</li> <li>• To provide a new service of a weekly separate food waste collection</li> <li>• To introduce a £65 per year charge to collect garden waste from households that opt into the scheme (additional bins per property will be charged at £65 per year)</li> </ul>

2019/20 Cost of Transformation Initiatives	£m	Planned Savings and Demand Reductions
		<ul style="list-style-type: none"> <li>• Recruitment of 2 additional Recycling Officers</li> <li>• Recruitment of 2 additional Enforcement Officers</li> <li>• To invest £500,000 in Street Cleaning Services.</li> </ul> <p>The total net savings over the 5-year business plan will be £7.5m from Waste Services, where the financial savings from the agreed option were significantly higher when compared to any other proposal or the current collection system, it conforms with the Mayor's Environment Strategy by providing separate food waste collections and has a projected step change in recycling to 49%.</p>
<b>Resources</b>		
Transformation Team	0.359	<p>The Transformation Service manages a diverse portfolio of programmes, designing, planning and managing activity on behalf of Directors across the Council, hiring and managing specialist IT and other resources, as required for each individual project. The projects listed below are those relating to revenue projects:</p> <ul style="list-style-type: none"> <li>• Build the Change Programme <ul style="list-style-type: none"> <li>○ Intranet Project</li> <li>○ Collaboration (SharePoint)</li> <li>○ New Device roll out</li> <li>○ Asset Management System replacement</li> <li>○ Flexible Working Project</li> <li>○ Operational Buildings Review</li> <li>○ Property Strategy and Development Project</li> </ul> </li> <li>• Customer Experience Programme <ul style="list-style-type: none"> <li>○ Customer Journey Project 3A – Recruitment and onboarding</li> </ul> </li> </ul>

2019/20 Cost of Transformation Initiatives	£m	Planned Savings and Demand Reductions
		<ul style="list-style-type: none"> <li>○ Customer Journey Project 3B – Planning Applications</li> <li>○ Learning &amp; Development, Workforce and Culture Change</li> <li>○ Libraries Hub Access Centre</li> <li>○ Customer Insight and Performance Monitoring</li> <li>○ Customer Experience ICT Experience <ul style="list-style-type: none"> <li>▪ ININ re-procurement</li> <li>▪ Enterprise telephony</li> <li>▪ Website and Enfield Connected software upgrades (Evolve)</li> <li>▪ Bartec Integration for the waste service and its customers</li> </ul> </li> </ul>
<b>Chief Executive</b>		
Procurement and Commissioning co-managed service contract	1.461	Procurement services/roles across the Council were brought together to form the Procurement & Commissioning Hub as part of the Enfield 2017 transformation programme. The Procurement & Commissioning Hub is made up of Enfield employees and the Council's co-managed partner EY. A focus of the work carried out by the hub is on contract and commissioning reviews, innovative procurement and programme management of MTFP savings.
<b>Total to be funded from the Flexible Use of Capital Receipts 2019/20</b>	<b>2.721</b>	

## Appendix H

Housing Revenue Account (HRA)	Net Budget Q3 Variation (£m)	Net Budget Outturn Variation (£m)	Change (£m)
<p><b>Supervision &amp; Management:</b> Savings from vacancies within the Tenancy management, Communal services and Sheltered housing team have saved (£290k) whilst continuing to provide a high level of service to the tenants. Energy prices have reduced which has created a saving in the communal electric bills this year (£290k). The Concierge service has reduced to one block this year creating a saving of (£76k). Additional to these savings this year has seen a small reduction in the internal recharges charged from the general fund - this is over a number of recharges. Additional costs have been retained within current budgets, the main unexpected cost has been to provide a waking watch service to one of the Councils blocks, this has cost £230k.</p>	(0.341)	(0.612)	(0.271)
<p><b>Repairs:</b> Increased costs due to additional plant hire and electrical testing costs contributed to the adverse variance which are funded from calling on the repairs reserve bringing forward efficiencies/underspends in previous years.</p>	0.000	(0.635)	(0.635)
<p><b>Bad debt provision:</b> The bad debt provision has been reviewed and a new methodology of calculating the provision has been implemented this year. This change has reduced the required provision by £1.3m. The former tenant provision is calculated based on the current debt level and average collection over the last 6 years. The current tenant provision is based on the current arrears and calculated on the average length of debt. A 25% provision has been allocated for the potential increase in arrears from Covid-19 impact.</p>	(0.080)	(1.322)	(1.242)

<b>Capital Financing:</b> The interest charge on HRA debt has been reduced due to several loans being re-financed at lower interest rates.	0.000	(0.849)	(0.849)
<b>Rents:</b> A higher level of rental income has been achieved, mainly due to fewer Right to Buy sales than originally budgeted for (estimate:100 and actual:73). The number of void garages has seen an increase from the expected 60% to 73% in 19-20, reducing rental income by £211k. There was a significant increase in the hire of community halls in 2019/20 resulting in additional income of £93k.	0.484	0.029	(0.455)
<b>Other Minor variances</b>	0.000	0.162	0.162
<b>HRA Total</b>	<b>0.063</b>	<b>(3.227)</b>	<b>(3.290)</b>

## Appendix I

<b>Dedicated Schools Grant</b>	<b>Net Budget Q3 Variation (£m)</b>	<b>Net Budget Outturn Variation (£m)</b>	<b>Change (£m)</b>
<p><b>High Needs Block</b> The overspend is due to:</p> <ul style="list-style-type: none"> <li>• Increased cost of out borough placements because of additional pupil numbers though the outturn has been less than previously forecasted</li> <li>• Full year effect of pupils starting in 2018/19</li> <li>• Education service picking up the full cost of complex care pupils who have turned 18 (costs previously split with Health and Children's Social Care).</li> <li>• Additional 55 places provided at West Lea Special School and additional teaching assistants at Durants.</li> <li>• Post 16 students attending college and required high needs support.</li> <li>• Additional staffing required in Special Education Needs and Educational Psychology Service teams to meet increased levels of demand.</li> </ul>	5.408	5.196	(0.212)
<p><b>Schools Block</b> Underspend is due to reduced rates liability for schools converting to academies of £0.2m, underspends in the growth fund of £0.11m and the Appeals service of £0.1m. The movement from Quarter 3 is due to £0.3m provided to Southbury School to support cash flow until a rolling credit agreement is place for 2020/21.</p>	(0.538)	(0.302)	0.236
<b>DSG Total</b>	<b>4.870</b>	<b>4.894</b>	<b>0.024</b>

## Appendix J

Reserves	31 March 2019 £m's	Net Transfers 2019/20 £m's	31 March 2020 £m's
<b>General Fund</b>			
Risk Reserve	(11.993)	3.689	(8.304)
COVID-19 Reserve	0.000	(3.000)	(3.000)
Balance Sheet Management	0.000	(2.270)	(2.270)
Collection Fund Equalisation EM reserve	(10.543)	0.000	(10.543)
Housing Benefit Smoothing Reserve	(1.777)	(0.861)	(2.638)
North London Waste Authority Reserve	(1.000)	(0.349)	(1.349)
Medium Term Financial Planning Smoothing Reserves	(13.320)	(1.210)	(14.530)
Salix Fund	(0.821)	0.095	(0.726)
MRP Equalisation	(15.338)	(2.404)	(17.742)
Interest Rate Fluctuations	(7.413)	(0.777)	(8.190)
Capital Financing Reserves	(23.572)	(3.085)	(26.657)
Service Specific Reserves	(12.257)	0.476	(11.781)
Insurance	(6.563)	(0.458)	(7.021)
Property	(2.525)	0.400	(2.125)
COVID-19 Grant	0.000	(8.521)	(8.521)
Other Grant Reserves	(6.200)	0.627	(5.573)
Grants & Other Contributions	(6.200)	(7.984)	(14.094)
<b>General Fund Reserves Sub Total</b>	(76.430)	(13.353)	(89.783)
<b>General Fund Balance</b>	(13.949)	(0.001)	(13.950)
<b>Total General Fund Reserves and Balances</b>	(90.379)	(13.354)	(103.733)
<b>HRA</b>			
HRA Repairs Fund	(11.984)	(10.336)	(22.320)
HRA Insurance	(0.177)	(0.147)	(0.324)
<b>Total HRA Reserves</b>	(12.161)	(10.483)	(22.644)
<b>HRA Balance</b>	(4.623)	0	(4.623)
<b>Total HRA Reserves and Balances</b>	(16.784)	(10.483)	(27.267)
<b>Schools</b>			
Schools' Balance	0.794	(3.987)	3.193
Dedicated Schools' Grant	1.094	(5.576)	4.482
<b>Total Schools' Reserves and Balances</b>	1.888	(9.563)	7.675