Public Document Pack

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FINANCE & PERFORMANCE SCRUTINY PANEL

Wednesday, 11th January, 2023 at 7.00 pm in the Conference Room, Civic Centre, Silver Street, Enfield, EN1 3XA

Membership:

co : Nawshad Ali (Chair), Sabri Ozaydin (Vice Chair), Mahym Bedekova, Guney Dogan, Alessandro Georgiou, Esin Gunes, Paul Pratt and Julian Sampson

AGENDA – PART 1

1. **WELCOME & APOLOGIES**

2. **DECLARATIONS OF INTEREST**

   Members of the Council are invited to identify any disclosable pecuniary, other pecuniary or non-pecuniary interests relevant to items on the agenda.

3. **MINUTES OF THE PREVIOUS MEETING** (Pages 1 - 4)

   To agree the minutes of the previous meeting held on 19 October 2022.

4. **PERFORMANCE MONITORING - AVERAGE SICKNESS DAYS** (Pages 5 - 14)

5. **COMMERCIAL PROPERTY ASSETS AND INVESTMENT PERFORMANCE** (Pages 15 - 30)

6. **HOUSING REVENUE ACCOUNT BUDGET OVERVIEW** (Pages 31 - 44)

7. **QUARTERLY MONITORING REPORTS** (Pages 45 - 128)

   To receive Quarterly Monitoring Reports (Revenue and Capital Q2 reports attached).

8. WORK PROGRAMME 2022/23 (Pages 129 - 132)

Updated work programme attached for information.

9. DATE OF NEXT MEETING

To note that the next meeting of Finance and Performance Scrutiny Panel is scheduled to take place on Wednesday 29 March 2023.

MINUTES OF THE MEETING OF THE FINANCE & PERFORMANCE SCRUTINY PANEL HELD ON WEDNESDAY, 19TH OCTOBER, 2022

MEMBERS: Councillors (Chair) Nawshad Ali, Sabri Ozaydin (Chief Whip), Mahym Bedekova, Julian Sampson, Alessandro Georgiou (Leader of the Opposition and the Conservative Group), Suna Hurman (Deputy Mayor) and Emma Supple

Officers: Fay Hammond (Executive Director Resources), James Newman (Director of Finance – Corporate), Michael Sprosson (Head of Procurement Services), Julie Barker (Head of Exchequer Services) and Jane Creer (Secretary)

Also Attending: Local press representative

1. WELCOME & APOLOGIES

Cllr Nawshad Ali (Chair) welcomed everyone to the meeting. A new Member was welcomed onto the Panel: Cllr Alessandro Georgiou in place of Cllr James Hockney.

Apologies for absence were received from Cllr Paul Pratt, due to a clash of meetings, from Cllr Guney Dogan and from Cllr Esin Gunes. Cllr Pratt was substituted by Cllr Emma Supple. Cllr Gunes was substituted by Cllr Suna Hurman.

Apologies for lateness were received from Cllr Sabri Ozaydin.

Apologies for absence were received from the Cabinet Member for Finance and Procurement, Cllr Tim Leaver.

2. DECLARATIONS OF INTEREST

There were no declarations of interest registered in respect of any items on the agenda.

3. MINUTES OF THE PREVIOUS MEETING

AGREED the minutes of the meeting held on 20 July 2022.

4. PROCUREMENT UPDATE (TO INCLUDE UPDATE ON LEGISLATIVE CHANGES)

RECEIVED the report of the Executive Director Resources, introduced by Michael Sprosson, Head of Procurement Services.

NOTED

1. The background and approach to the recent restructure of the Council's Procurement Services was described.
2. Officers were continuing to monitor developments on the progress of the Procurement Bill through Parliament.
3. In response to Members' queries, it was confirmed that improvements in contract management within the Council were already apparent. There was a procurement microsite on the intranet with guidance and training: a link to this would be sent to Members for information. The Panel would also be provided with a further update on contract management improvements in future as required as part of the future work programme.
ACTION: Michael Sprosson
4. In response to Members' further queries in respect of the restructured procurement function, it was advised that the category management model allowed a more strategic view and opportunities for collaboration and efficiencies. Michael Sprosson had conducted a skills audit and found that levels of officer expertise were satisfactory. There was continuing professional development to maintain skills, and monitoring by managers.
5. Officers confirmed the processes for local businesses wishing to bid to supply the council.
6. Members asked about the weighting given to social value when awarding contracts. Officers confirmed the thresholds of applicable contracts, and current weightings. Quality and price were foremost considerations in evaluation, and criteria were set out before going to tender.
7. Officers confirmed that they were prepared for the forthcoming national legislation changes. A joint London-wide response had been sent during the Green Paper consultation stage on the Procurement Bill.
8. Officers would be happy to arrange a presentation / training session for Members when the Procurement Bill was approaching royal assent.
ACTION: Michael Sprosson

5. COUNCIL PURCHASE CARDS : P-CARD PAYMENT MONITORING

RECEIVED the report of the Executive Director Resources, introduced by Julie Barker, Head of Exchequer Services, and James Newman, Director of Finance – Corporate.

NOTED

1. The Council's purchase cards (P-cards) were confirmed as a tool for small spend items, used mostly by frontline services. The internal audit of the P-card process in 2021, subsequent additional measures to improve the level of compliance, and the review undertaken in summer 2022 were described. The changes implemented would ensure improved compliance and controls going forward.
2. In response to Members' queries, it was confirmed that investigations were ongoing further to the 2021 audit report. Data was being analysed to detect trends. It was advised that fraud was rare as opposed to the norm.

Having P-cards was a common practice in local authorities, managed in an appropriate way.

3. The table at para 3.8 in the report was based on transaction numbers, but officers would supply data on the spending amounts involved. Members also asked for information from the last three months, following introduction of the reforms, of actual spend per month by each directorate.
ACTION: Julie Barker
4. It was confirmed that within the pooled system it was registered by whom the P-card was used. There had been a challenging review of all cards in circulation. Non-compliance would now result in cards being suspended. Suspension after two consecutive months of non-compliance was appropriate as some cases related to an approver being on sickness or annual leave.
5. In response to Members' further queries, it was confirmed that non-compliance had been investigated. Approvers had given reassurance where payments were authorised and retrospectively approved.
6. Members asked about the transactions which were noted as not having been reviewed by the card holder. It was confirmed that investigation work was done by the counter fraud team, and further information for Members would be requested from that team.
ACTION: Julie Barker
7. It was confirmed that P-card usage in Enfield was similarly comparable to other London boroughs. Examples of frontline service use were described, and that there was no facility to take out cash on the cards.
8. It was advised that officers were looking at the card contract going forward and investigating alternatives to the current cards.

6. QUARTERLY MONITORING REPORTS

RECEIVED for information the quarterly monitoring reports (revenue, capital, and performance).

NOTED

1. Fay Hammond responded to Members' queries in respect of the profiled saving from the new CRM/CMS and need to be reprofiled to 2023/24.
2. James Newman responded to Members' queries in respect of closure of accounts.
3. Michael Sprosson responded to Members' queries in respect of challenging contract costs affected by inflation.
4. Officers responded to Members' comments regarding savings and income monitoring relating to Place Directorate, and on re-prioritisations in the Council's current capital programme.
5. Members raised concerning sickness absence trends. Appropriate officers would be asked to attend the next meeting of the Panel.
ACTION: Fay Hammond
6. It was acknowledged there were ongoing issues in relation to temporary accommodation, average sick days, and MEQs, which had also been discussed by Overview and Scrutiny Committee and General Purposes Committee.

7. WORK PROGRAMME 2022/23

NOTED the work programme for the Panel.

The Chair recommended that items be included in existing meeting agendas rather than arranging an additional meeting.

A report from the counter fraud team was requested to be added to the next meeting agenda.

Fay Hammond advised that proposed items in relation to Adult Social Care funding reform and Fair Funding may need to be re-ordered, or presented as shorter items with the opportunity for them to be brought back to the Panel if there was further interest.

8. DATE OF NEXT MEETING

The next meeting of the Panel was scheduled for Wednesday 11 January 2023.

The meeting ended at 9.10 pm.

London Borough of Enfield

Committee:
Finance & Performance Scrutiny Panel

Meeting Date:
11 January 2023

Subject:	**Performance Monitoring – average sickness days**
Cabinet Member:	**Cllr Caliskan**
Executive Director:	**Ian Davis/Tinu Olowe**
Key Decision:	**No**

Purpose of Report

1. The Finance and Performance Scrutiny Panel have requested an update on sickness absence following the quarterly monitoring report presented on 19 October 2022.

Proposal(s)

2. This report is for noting and to provide an update on actions taken to address sickness absence and interventions to support staff back to work or to remain at work.

Relevance to the Council Plan

3. Enfield Council is a large and diverse organisation providing a range of statutory and other services to a local community with a population of c333,000. <u>The Enfield Council Plan 2020-2022 states the organisation will:</u>
    a. Enable managers to develop strong leadership skills and create an environment where staff can do their best.
    b. Inspire, protect and promote equality and diversity within our workforce and reduce the ethnicity pay gap.
    c. Support our staff to adapt to new ways of working
    d. A place where everyone is treated with dignity and respect. This means having due regard for a person's feelings, wishes and rights.
    e. A place where residents have the same opportunities regardless of their protected characteristics or socio-economic background. This not only requires the Council to treat all residents and staff equally, but also to accept the need to sometimes move beyond "equal treatment" towards providing extra support.
    f. The Council recognises all employees are different and may need varying support through their employment journey.
4. Managing a large and diverse workforce requires robust policies and guidance to manage different situations in a fair and consistent way to ensure the Council's workforce can effectively meet the challenges and opportunities that will enable it to meet the needs of the local communities.

Background

5. Over the last 4 financial years the Council's workforce has steadily increased. The reasons for this increase include the insourcing of the Council cleaning contract from Norse Enfield (April 2020), the return of adult social care enablement services from IWE (June 2020), insourcing of Council Housing repairs and maintenance services (from April 2020).

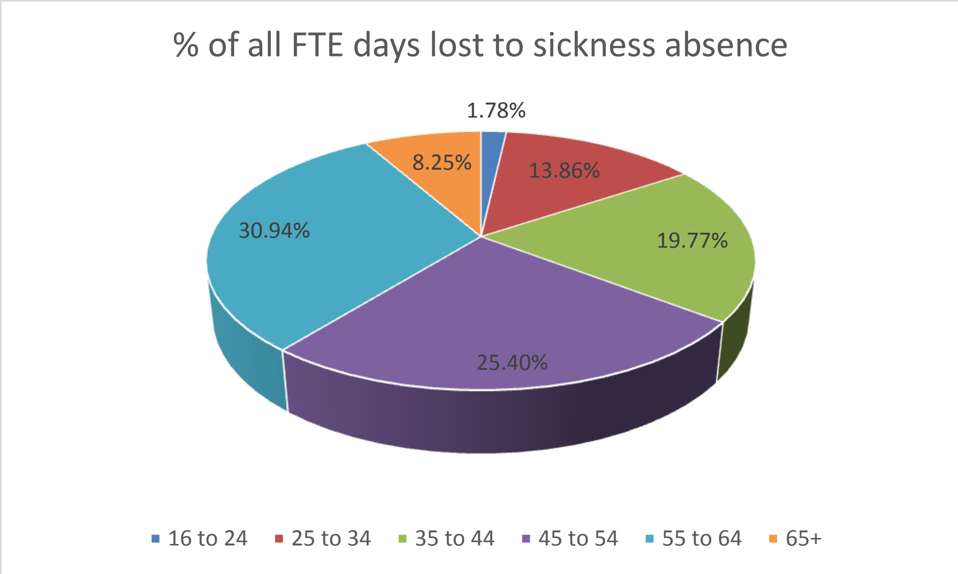
Year Ending	Headcount	Difference year on year	FTE	Difference year on year
31 March 2022	3730	35	3319.00	53
31 March 2021	3695	566	3266.00	445.13
31 March 2020	3129	136	2820.87	149.80
31 March 2019	2993	50	2671.07	55.13

6. During this same period overall days lost due to sickness absence has also increased as can be seen in the following table.

Year Ending	Average Annual Days Lost per FTE*	FTE Days Lost*
31 March 2022	10.90 days per FTE	35,713
31 March 2021	10.32 days per FTE	32,370
31 March 2020	9.40 days per FTE	25,730
31 March 2019	9.03 days per FTE	23,979

7. Sickness absence saw a considerable increase from March 2020 that can be attributed to sickness absence within the larger services that transferred to the Council (Cleaning Services in April 2020 and IWE in June 2020). This included high volumes of manual workers where sickness absence is typically higher.
8. Sickness absence includes sickness relating to Covid-19 and has contributed to higher levels of sickness absence since March 2020. This was particularly prevalent in the People, Place and Resources directorates that all have high numbers of front-line and manual workers who were at greater risk of contracting Covid-19 and unable to work if they tested positive.
9. For the most recent year ending March 2022, 44% of all absence (4.82 average days lost per FTE) were due to short-term sickness and 56% (6.08 average days lost) were due to long-term sickness.

10. The Corporate target is 7.96 days and all departments, with the exception of the Chief Executive department, exceeded this target.
11. A recent benchmark that compares Enfield's data against other London councils for the period 2020/21 and highlights similar reporting figures. The highest average days lost is 16.09 within one particular borough and ten boroughs reporting higher levels of long-term sickness absence than Enfield's for the same reporting period.
12. Over 39% of all days lost are for staff aged 55 or over.



13. This report will compare detailed data for the most recent reporting periods from January 2022, Q4 2021/22, Q1 and Q2 2022/23, to consider the continuing sickness absence trends and will explain what the Council is doing to address and reduce sickness absence.

Main Considerations for the Council

Analysis of Sickness Absence

14. The following table shows average annual days lost per FTE at the end of each quarterly reporting period from Q2 2021/22 through to Q2 2022/23.

Indicator	Q4 2021/22	Q1 2022/23	Q2 2022/23	
	Value	Value	Value	Annual Target
BV012a Average Sick Days - Council Staff (rolling 4 quarters)	10.81	10.67	10.28	7.96
BV012b Average Sick Days: SHORT TERM ABSENCE - Council Staff (rolling 4 quarters)	4.48	4.64	4.46	2.80
BV012c Average Sick Days: LONG TERM ABSENCE - Council Staff (rolling 4 quarters)	6.32	6.02	5.82	5.16

15. Both overall sickness levels and long-term sickness have gradually declined since Q3 2021/22. Short-term sickness absence has remained relatively static over the same period.
16. The following table shows the detailed breakdown by directorate for the same period.

Indicator	Q4 2021/22	Q1 2022/23	Q2 2022/23		Annual Target
	Value	Value	Value	Quarterly Target	
HR0008a Average Sick Days per FTE per Month - Chief Executive's	1.85	0.95	0.94	1.98	7.96
HR0008bb Average Sick Days per FTE per Month - Resources	1.88	1.48	1.65	1.98	7.96
HR0008cc Average Sick Days per FTE per Month - People	2.98	2.29	2.73	1.98	7.96
HR0008dd Average Sick Days per FTE per Month - Place	3.18	2.35	2.74	1.98	7.96

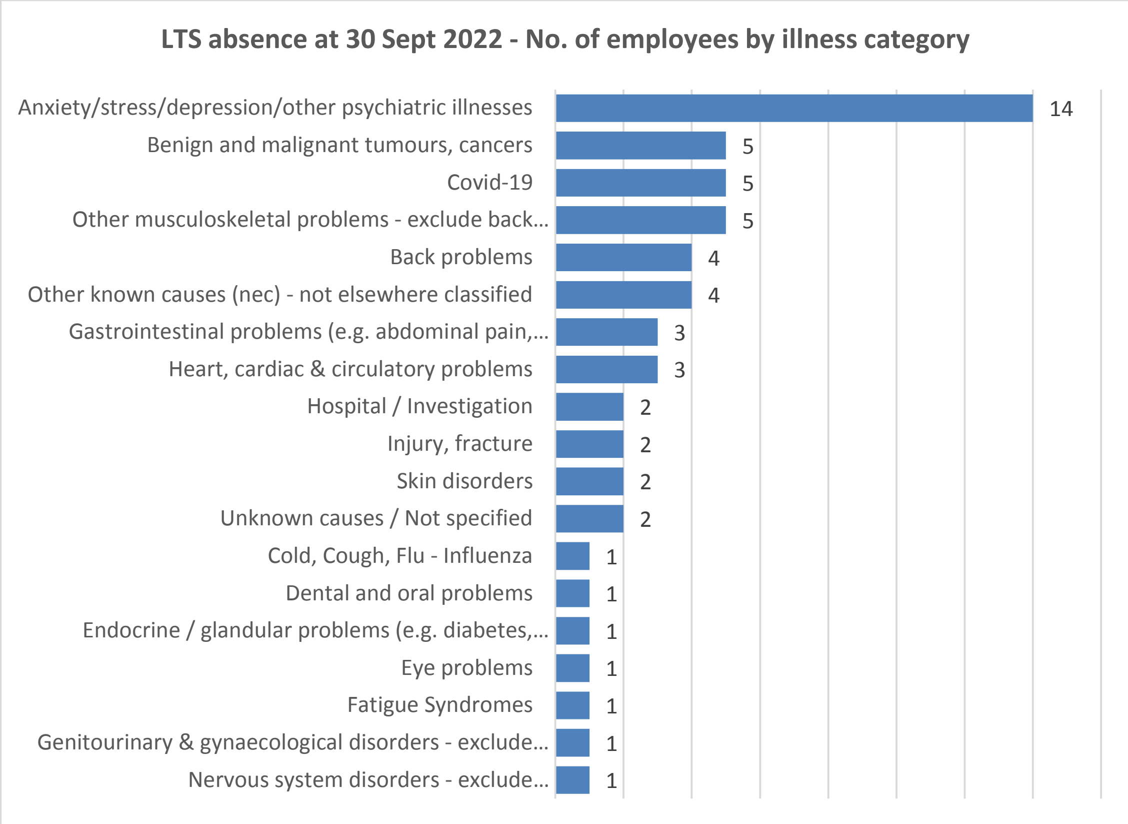
17. Both the CEX and Resources directorates are below the corporate target whilst the People and Place directorates are above the corporate targets.
18. The following table shows a breakdown of long-term sickness absence cases and days lost for each quarter since January 2022:

Indicator	Q4 2021/22	Q1 2022/23	Q2 2022/23
	Value	Value	Value
Long Term - Still Absent": Number of employees who have a sickness absence of 28 days or more and is still absent	59	56	58
Total calendar days lost	9845	7729	5782
Average days lost per case	166.86	137.02	99.69
Long Term cases closed	44	25	59

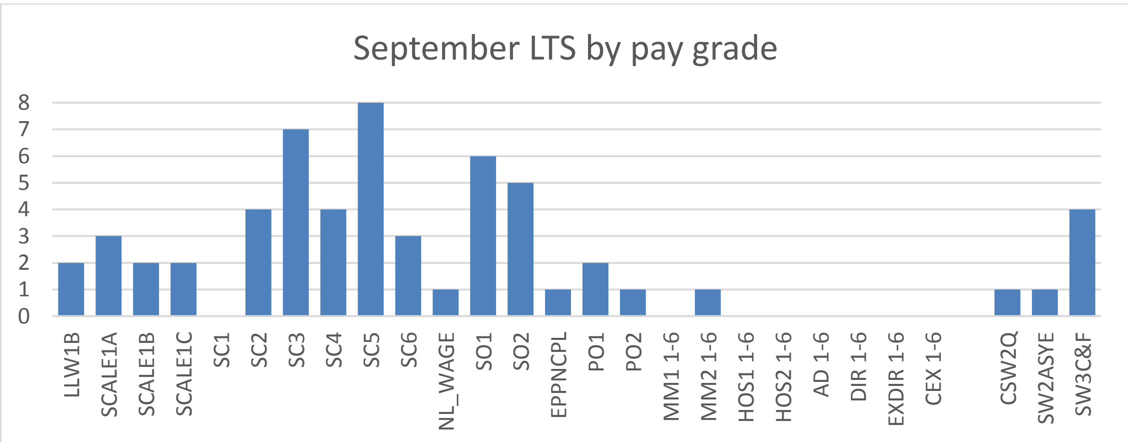
19. During this period the overall days lost due to long-term sickness absence has reduced significantly by 41.2%. The average number of days lost per case has reduced from 166.86 days in Q4 2021/22 to 99.69 days in Q2 2022/23, a reduction of 40.3%.
20. Over the same period a total of 128 long-term sickness cases have been brought to a successful conclusion and the employee has either returned to

work or left the organisation due to voluntary resignation, ill health retirement or dismissal due to capability.

21. The following table shows the reasons for long-term sickness absence



22. Anxiety, stress and other mental health conditions is the most common cause of sickness absence followed by cancer, Covid-19 and musculoskeletal and back problems. With the exception of cancer, this pattern is similar to most recorded sickness absence across the UK (ONS, 2021).
23. Across both long and short-term absence Anxiety, stress and other mental health conditions is the most common cause of sickness absence followed by Covid-19, back and musculoskeletal problems and colds, coughs, flu and gastrointestinal problems.
24. The following table shows a breakdown of long-term sickness absence by pay grade based on September 2022 data:



25. 83% of all long-term sickness absence were staff on pay scale 6 and below and 46% of cases related to staff in physical/manual occupations. As mentioned in paragraph 7 above, it should be noted that the Council has a large manual workforce that further increased following the insourcing of cleaning services and IWE. Sickness absence levels tend to be higher for manual workers (a trend typical across most organisations).

Interventions to Manage Sickness Absence

26. The following actions have been taken and interventions put in place to ensure sickness absence is managed and staff are supported to return to work or remain at work:
    a. All long-term sickness cases and frequent short-term sickness cases are subject to regular review to ensure they are proactively managed and appropriate action is taken.
    b. Larger services in each directorate hold regular sickness absence boards chaired by the service director to review cases.
    c. The Council's Absence & Attendance policy has been reviewed and benchmarked against other similar employees. As a result, a number of changes have been put in place to ensure managers are equipped with guidance and support to proactively manage sickness absence.
    d. Absence & Attendance training has been reviewed and updated and has been delivered to new and existing managers. Further regular face to face or virtual sessions will be available from January 2023.
    e. Individual managers have been supported to effectively manage sickness absence.
    f. Bespoke training has been delivered to managers at Bridgewood House, Morson Road depot and in the Council Homes Homelessness team where absence levels are typically higher.
    g. Regular review meetings take place with HR and Medigold (the Council's occupational health provider) to review cases, address any bottlenecks and discuss potential interventions, for example be-spoke training and support for mental health.
    h. A cohort of Mental Health First Aiders have been trained and this initiative has been widely promoted to support staff who may be struggling with mental health.
    i. Mental health awareness training has been rolled out for managers and staff and has been well attended.
    j. The staff Disability Working Group and Mental Health & Wellbeing Network Group have delivered sessions and rolled out information to support staff.

Safeguarding Implications

27. There are no safeguarding implications.

Public Health Implications

28. London Borough of Enfield is a large local employer (approximately 60% of local residents employed). By ensuring the organisation supports and promotes the wellbeing of staff we are making a significant contribution to the general public health of the borough.

Equalities Impact of the Proposal

29. This report is for noting and there are no direct equality implications. The support noted in this report will have a positive impact for employees.

Environmental and Climate Change Considerations

30. No environmental and climate change implications have been identified.

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

31. This report is for noting and does not require a decision. The actions identified in this report have supported the proactive management of sickness absence.

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

32. This report is for noting and does not require a decision. The actions identified in this report have supported the proactive management of sickness absence.

Financial Implications

33. There is a significant financial cost to staff time lost through sickness. It must however be noted that this is a notional cost, since staff will be paid in full for short term sickness and to varying degrees for longer term sickness based on established rules and policies.
34. Most recent statistics (as at March 2022) show average sickness absence per FTE of 10.9 days per year. This is split 4.82 days lost to short term sickness and 6.08 days lost to long term sickness.
35. Sickness absence is higher in lower grades, which make up the majority of the Council's workforce, so median pay rates have been used to calculate an approximate financial cost of £160k per month for short term sickness, with a further £210k per month for long term sickness, giving an estimated monthly cost of £370k.

Legal Implications

36. Due to the time constraints this report has not been shared with Legal Services, however the Council will be obliged to manage all sickness

absence in line with best practise, the Council's policies and procedures, employment legislation and ACAS guidelines.

Workforce Implications

37. The effective management of sickness absence and the support available for both staff and managers is an important aspect of managing productivity, attendance and the health and wellbeing of the Council's workforce.
38. The Council has a duty of care to support the health and wellbeing of its workforce. Promoting positive health and wellbeing will support employees, reduce sickness absence, and improve productivity.

Property Implications

39. No property implications have been identified.

Other Implications

40. No other implications have been identified,

Options Considered

41. N/A

Conclusions

42. Days lost to sickness absence has been consistently above the corporate target for some years. Following more recent interventions long-term sickness absence is starting to reduce.
43. Cases will continue to be monitored to ensure this trend continues to improve.

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Date of report 28 December 2022

Appendices

None.

Background Papers

None

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Commercial Property Assets and Investment Performance

January 2023

Striving for excellence

ENFIELD Council

www.enfield.gov.uk

Presentation on Investment Property

- Estate overview
  - Strategic Property Services purpose
  - Our vision
  - Extent of ownership
  - Non-operational (investment) property holdings
- Performance
  - ‘Yield’ against benchmarks
  - Rental income performance
- Optimisation
- Outlook

ENFIELD Council

Strategic Property Services Remit

- Responsible for the management, performance and optimisation of the Council's corporate property estate: everything less social housing and public highways
- Total property portfolio of 1,200 assets
- Property direction provided by Strategic Asset Management Plan (SAMP)
- Our top priorities are:
  - Optimising assets to deliver corporate objectives
  - Income generation
  - Consolidating our estate
  - Ensuring our property estate is safe and compliant

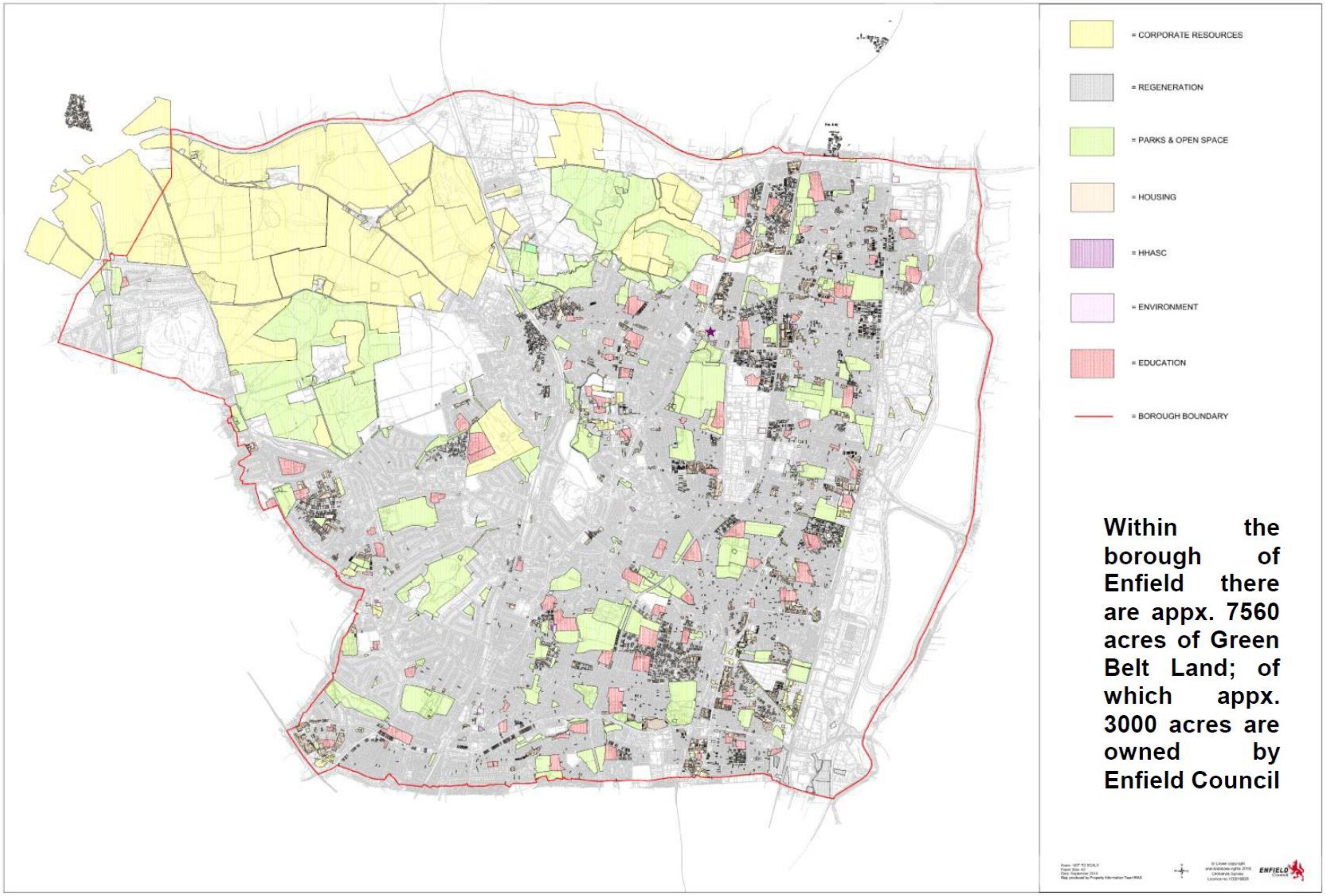
ENFIELD Council

Our Vision

- An optimised property estate which helps the Council meet corporate, community & financial objectives
- A rightsized operational estate which generates additional long-term revenue and capital receipts
- Reinvestment of capital returns into housing & employment revitalisation projects
- 100% of lease matters resolved
- 100% freehold ownership of property estate
- 100% health & safety compliance across property portfolio

ENFIELD Council

Council ownership mix



Within the borough of Enfield there are appx. 7560 acres of Green Belt Land; of which appx. 3000 acres are owned by Enfield Council

Figure: Council Assets by Service Area

Investment Property Holdings

ENFIELD Council

Enfield Investment market yields

Investment yields are used to produce a capital value of a property based on its annual rent, length of lease term(s), financial strength of tenant, quality of asset, and general market sentiment for the specific property sector.

Sector	Benchmark market yield range	LBE own assets yield range
Industrial	4% - 6 %	4.5% - 8%
Offices	6.5% - 9.5%	7% - 10%
Secondary Shops	8% - 10%	5% - 12%
Supermarket	3.5% - 5%	4%

Enfield asset yields based on Capital accts 21/22

ENFIELD Council

Investment Estate Benchmarking

	Council	Leadership	Financial Year of data	Value of Investment Properties	Gross Income per annum	Operating Costs of Investment Properties	Net Rental Income per annum	Return on Investment Value
1	Haringey	Labour	2020/21	£89,212,000	£11,476,000	£3,801,000	£7,675,000	8.60%
2	H'smith & Fulham	Labour	2021/22	£81,131,000	£7,433,000	£460,000	£6,973,000	8.59%
3	Kingston	Labour	2020/21	£80,986,000	£7,201,000	£674,000	£6,527,000	8.06%
4	Greenwich	Labour	2021/22	£4,840,000	Not stated	Not stated	£358,000	7.40%
5	Redbridge	Labour	2021/22	£106,770,000	£7,904,000	£714,000	£7,190,000	6.73%
6	Havering	No Control	n/k	£61,313,000	£4,384,000	£427,000	£3,957,000	6.45%
7	Enfield	Labour	2021/22	£131,150,000	£8,227,000	£213,000	£8,014,000	6.11%
8	Westminster	Labour	2021/22	£462,801,000	£39,977,000	£13,798,000	£26,179,000	5.66%
9	Harrow	Labour	2021/22	£77,930,000	£4,300,000	Not stated	£4,300,000	5.52%
10	Kensington & Chelsea	Conservative	2020/21	£250,575,000	£16,810,000	£3,495,000	£13,315,000	5.31%
11	Newham	Labour	n/k	£319,048,000	£12,719,000	Not stated	£12,719,000	3.99%
12	Islington	Labour	2020/21	£32,633,000	£2,030,000	£865,000	£1,165,000	3.57%
13	Waltham Forest	Labour	2021/22	£8,703,000	£432,000	£163,000	£269,000	3.09%
14	Hackney	Labour	2021/22	£199,043,000	£5,843,000	£246,000	£5,597,000	2.81%
15	Barnet	Labour	2021/22	£167,543,000	£3,112,000	£0	£3,112,000	1.86%

- Assumes rent and service charge yield consistent with neighbouring authorities
- All data taken from each LA’s published accounts

Performance breakdown FY 22/23

Asset Class	Estimated annual Income 22/23*	Capital Value as at 31/3/22**	Voids
Industrial	£2,485,000	£37.9m	3.39%
Retail***	£2,313,900	£31.5m	0%
Rural	£770,119	£33.3m	0%
Other Classes	£4,031,685	£49.0m	0%
TOTAL	**£9,600,704**	**£151.7m**	

* Income information based on actual assets available to let and which are not being considered for Council initiatives or redevelopment
** Valuations based on annual capital account valuations
*** Includes HRA shops income

ENFIELD Council

Past performance on rental income (all properties)

Income Source	FY 19/20	FY 20/21	FY 21/22	FY 22/23 (est.)
Investment Estate	£7,237,089	£6,494,025	£8,766,522	£9,600,704
Non-investment Estate	£1,302,907	£4,861,245	£4,800,373	£4,448,857
Total	**£8,539,996**	**£11,355,270**	**£13,566,895**	**£14,049,561**

ENFIELD Council

Optimising our assets to deliver better returns and outcomes

- We are revitalising our industrial estates to deliver quality employment opportunities and improved long-term income streams
- We are utilising our rural estate to create a new national forest and alternative sources of income
- We are working towards unlocking £800m of capital value by selling greenbelt land
- We are supporting parks usage via delivery of new cafes and toilets in major parks

The next 5 years & growth of income

- Catch up on backlog of rent reviews
- Continue to maximising opportunities across the commercial estate to drive income to market rental levels in line with the SAMP
- Where appropriate move surplus operational property into the investment portfolio
- Consider alternative uses that produce higher returns
- Constantly review the portfolio to ensure it is fit for purpose
- Consider new income generation opportunities e.g. ‘re-gear’ long leases
- Adopting a target of 5% p.a. increase in investment income

Questions

Appendices

Commercial Estate Overview

Asset Category	Portfolio	No of Assets
Investment	Academy	27
	Allotments	5
	Allotment Buildings	5
	Arts & Culture	1
	Car Parking	13
	Community / Third Sector	19
	Depots	1
	Development	2
	Farms	18

Asset Category	Portfolio	No of Assets
	Garages	2
	Health & Social Care Buildings	11
	Industrial	114
	Infrastructure	40
	Land	5
	Library	1
	Office & Residential	1
	Offices	6
	Parks Buildings	11
	Regeneration	15
	Residential	21
	Retail / Food & Beverage	204
	Rural	23
	School	23
	School Playing Field	2
	Shopping Centre	3
	Sports & Leisure	52
Total		**625**

ENFIELD Council

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30 Year HRA Business Plan 2022/23 to 2052/53

Finance & Performance Scrutiny Panel
11th January 2023

ENFIELD Council

Agenda:

- Introduction to the Housing Revenue Account
- The HRA ringfence and what it means
- HRA Business Plan review
- Economic update
- Strategy going forward
- Financial summary
- Questions

Introduction: the Housing Revenue Account

- Vision - Develop affordable homes, improve existing housing stock to create a lifetime of opportunities in Enfield
- 30 year HRA Business Plan to maintain a balanced position
- Asset Management strategy to ensure the stock is kept at good quality (Decent Homes Standard)
- There are currently 10,439 tenanted properties, 4,911 leaseholders, 2,029 garages, 179 shops and 12 community halls
- Rent policy set by Government - from April 2020 authorities would be allowed to increase rents by CPI+1%, for 23-24 rent cap has been applied
- The GLA announced its 21-26 Affordable Homes Programme which allowed Councils to bid for funding for new affordable homes. Enfield was successful in securing £166.5m of GLA grant.
- The development programme provided for 3,500 additional homes in the next 10 years
- HRA 30 year Business Plan is reviewed and updated annually

The HRA ringfence

- The HRA is a ring-fenced account within the general fund and should only be used to support our landlord function
- Guidance from Ministry of Housing states what the HRA can be used for.
- The guidance highlights the need to be fair to tenants and leaseholders.
- Costs should be apportioned fairly between the HRA and the General Fund
- A property receiving a service must be in the HRA and Councils must apply the ‘who benefits test’
- Core services must clearly benefit tenants and leaseholders including;

  - Repairs and maintenance

  - General Estate Management

  - General Tenancy management
- Non core includes - Street lighting, Dog wardens, Personal care services and the Housing Advisory service

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Business Plan review

- The HRA Business Plan is subject to an annual review to ensure the assumptions are deliverable and the plan remains viable.
- The review in December 2022 included the following updates:
  - Update on the economic position
  - Revised 10-year development programme and strategic approach to secure ongoing delivery
  - Updated RTB receipts spending proposal
  - Updated borrowing profile, including interest rate update
  - The 10-year investment in stock programme
  - Revenue budget update, including savings proposals
  - CPI update, including rent cap consultation
  - Financial framework update, including, financial metric and assumptions

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Economic Update

- Like all social housing providers whether they be housing associations or Councils, the HRA is facing significant challenges this year driven from four main factors:
  - Inflationary pressures – applying to all costs (both revenue and capital)
  - Rent cap consultation – fixed rent increase of 7% for 2023-24
  - Costlier and delayed development programme arising from higher construction cost inflation
  - interest rate rises – impacting on the cost of borrowing

- These factors have had a significant impact on the HRA business plan's affordability to deliver the current plans

Strategy 2023/24 (1)

- **Development** – managing the volatile market
  - Develop a partnership strategy to secure delivery
  - acquiring homes from Developers
  - Pausing schemes
  - reviewing the scope and potential for value engineering on existing schemes
  - Updated hurdle rates on projects to ensure projects add value to the business plan
  - Continue to work with the GLA – secured £166.5m as part of the GLA's Affordable Housing Programme, following a successful funding bid
  - Maximise RTB receipts funding @ 40% of total scheme cost

Strategy 2023/24 (2)

- **Investment in Council Homes**:

- Resources based on a hierarchy of prioritisation
  1. building safety and compliance
  2. decency
  3. energy efficiency/sustainability

- Stock will be at desired decency targets as part of a three-year programme meaning targets will be reached in 2025
- Disposal strategy to achieve £1m income per annum to assist in funding the programme

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Strategy 2023/24 (3)

- **Investment in quality housing services**:
- annual efficiency targets against management and maintenance budgets is £1m per annum for the next three years
- The areas of focus include:
  - driving down the reactive repair's cost
  - updating the voids specification to bring the average void cost down
  - reviewing staff structures
  - reviewing service charges to tenants and leaseholders to fully recover the costs of services
  - reviewing core and non-core landlord services, with a view to focus on core services provided to our residents
  - reviewing rent charges on our non-dwelling assets

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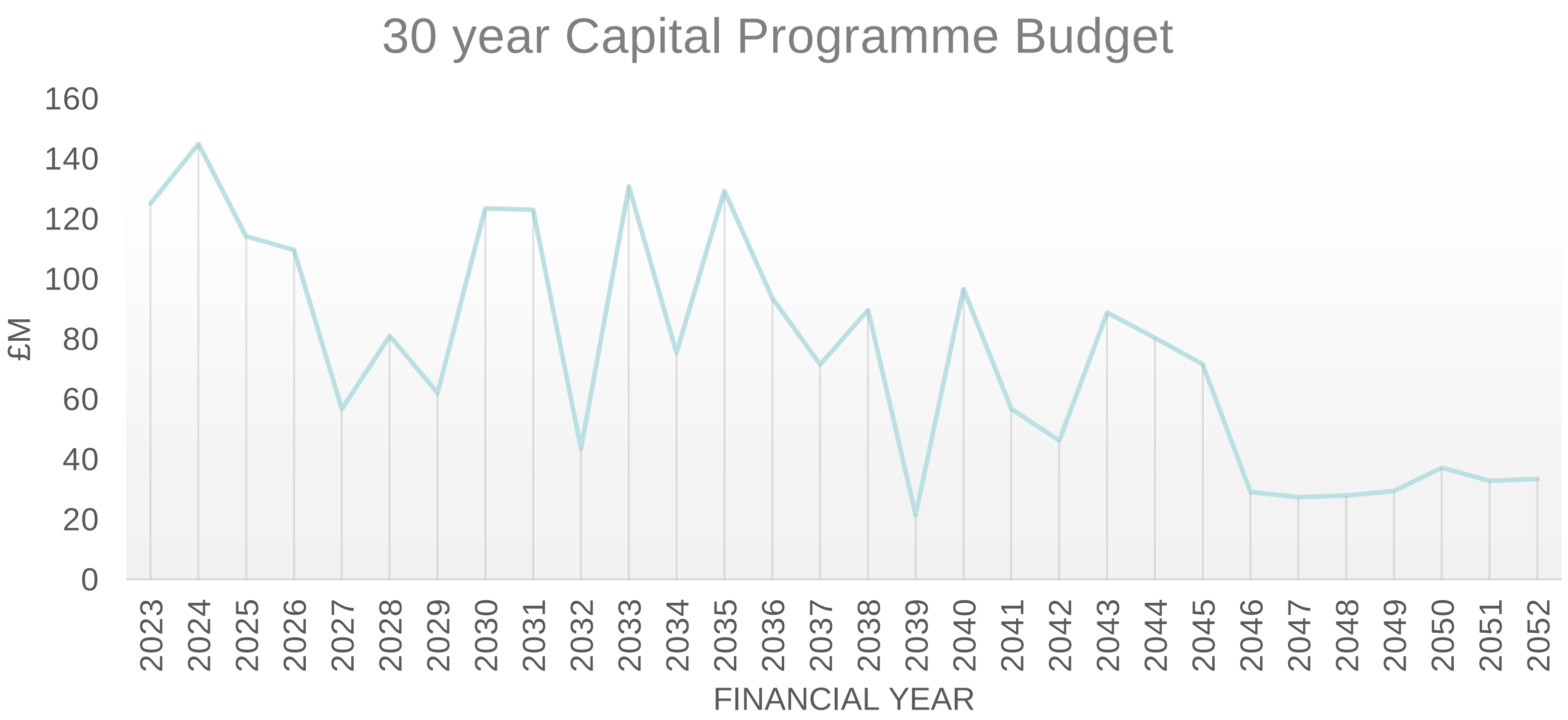
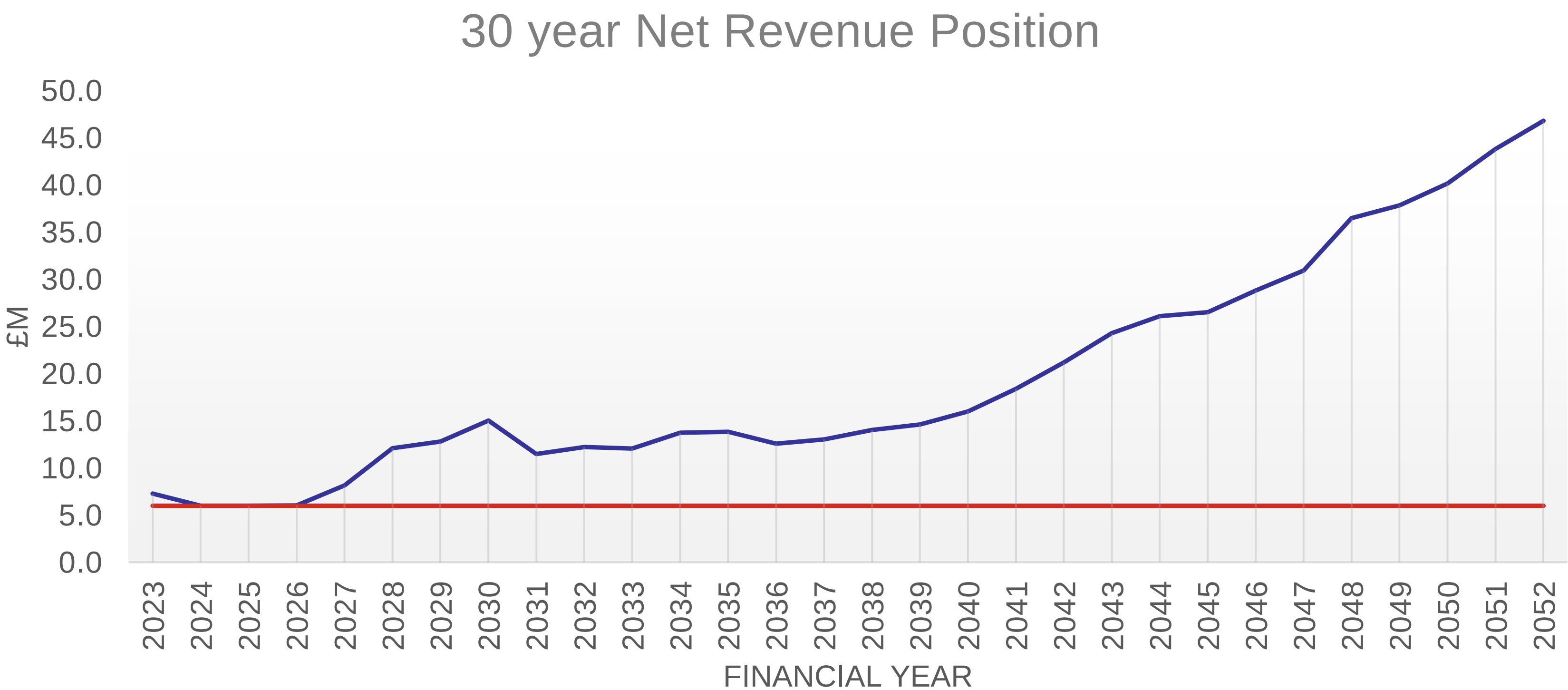
Financials - Capital Programme



- £2.2bn capital programme over next 30 years
- *Funded by:*
- borrowing (£392m),
- Major repairs reserve(£176m),
- Grant (£462m)
- Capital receipts and HRA reserves (£1.2bn)
- Peak spend in 2032/33

Financials – Revenue Budget



- Minimum reserves position (red line) recommended at £6m
- 30 year net revenue position (blue line) – surpluses are positive and growing
- Includes efficiency savings (£1m per annum for next three years)

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Financial Assumptions 2022/23

Assumption	2022-23	2023-24
Inflation (CPI)	3.1%	10.1%
Efficiency savings per annum	£1m	£1m
Borrowing levels	£622.6m	£660.4m (Existing £268.4m, New £392m)
Borrowing Rate	2.5% until 22-23, then 3.5% for life of plan	4.5% 23-24, then 5.5% for life of plan
Income from disposals	£1m	£1m
Development Programme delivery period	14 years	15 years
Build cost per unit	New build £400k (AHP) Regeneration £450k New build £350k post AHP	New build £400k (AHP) Regeneration £450k New build £350k post AHP
Net Present Value (NPV) assessment criteria	- £60k per unit	Between -£60k and a Positive NPV
Repayment period	50 years	50 years (60 years for Joyce & Snells)
Grant Levels per unit	Max Affordable £150k & Shared Ownership £50k	Max Affordable £150k & Shared Ownership £50k
Private Sale & Shared Ownership sale value per unit	£400k	£400k
Shared Ownership rents	2.75% on unsold share	3% on unsold share, increased annually by RPI
Contingency within each project	10%	24%
Minimum reserve levels	£6m	£6m

Questions?

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London Borough of Enfield

Cabinet

14th December 2022

Subject:	**Second Revenue Update: General Fund and Dedicated Schools Grant 2022/23**
Cabinet Member:	**Cllr. Tim Leaver, Cabinet Member for Finance & Procurement**
Executive Director:	**Fay Hammond, Executive Director Resources**
Key Decision:	**5490**

Purpose of Report

1. The report explains how the Council's income and expenditure compares to the original budgeted position for 2022/23 based on forecasts as at the end of August 2022. The report also provides the forecasted outturn for the Dedicated Schools Grant (DSG). This is the second update for 2022/23 presented to Cabinet following the quarter 1 report in September 2022.

2. This report is set out as follows:

Executive Summary

3. A number of factors are combining and continue to present a very challenging and unprecedented financial position for the London Borough of Enfield, and this is reflected within the second General Fund revenue forecast for 2022/23.

4. The forecast aggregate overspend for 2022/23 against the base £260m General Fund budget that was agreed in February, prior to application of any reserves, is £31.8m. Planned use of reserves (including Covid-19 reserve) brings this overspend down to a residual £16.7m which reflects an increase of £4.1m on quarter 1. In summary, the key themes and notable changes from quarter 1 are:

   i. Notable inflationary pressures of £10.4m across energy and fuel inflation and estimated pay award costs in excess of those budgeted for. This reflects the estimated increase from national pay award negotiations and recent property rationalisation in the Civic centre to reduce costs.

   ii. £6.7m increase in demographic costs in excess of those budgeted for in adult social care £2m; children's services £1.9m; temporary accommodation £2.5m; SEN Transport £0.3m. Whilst ASC demography has remained the same, the last couple of months has seen a sharp increase in Children's Social care external care placements. The Housing market, specifically that of the Private Rented sector has stagnated resulting in shortages in supply of temporary accommodation provision leading to the need for more expensive accommodation such as commercial hotels.

   iii. Offset by £3m contingency held for this purpose.

   iv. £2m of unrealised income forecast in parking, cemeteries and planning. This reflects an improvement in the cemeteries income forecasts.

   v. £1.9m of cost pressures in digital services.

5. Annually the Council considers as part of budget setting estimates for demographic and inflationary and pay award increases. In 2022/23 these estimates, based on best known information at that time were included growth in total of £22m which included estimated pay award of 2% (as did 2/3rds of other London Boroughs) and specific allocations for demographic and inflation costs at that time. In addition, prudently, a £3m contingency is held corporately should unanticipated cost pressures arise not previously budgeted for. However, subsequently, energy inflation, pay award expected beyond the 2% budgeted for and rising demand has placed significant budget pressures in excess of those budgeted.

6. Financial resilience has always been a top priority for this Council and the current financial position continues to require management and is in a context of inadequate local government funding. Currently there is no additional funding anticipated from the government to support Councils with the impact of these in year inflationary increases. This means that the Council, alongside the wider local government sector, is in a position of needing to identify in year savings to address these cost pressures. Further, where these are not able to be made, the Council will need to

access risk reserves as needed. Needless to say, these are of course, one-off funds to support what are likely to be ongoing costs and therefore the medium-term financial plan will need to be recast to reflect this.

7. Forming part of the overall position outlined above, the Covid-19 impact continues to be monitored as a discrete element and totals £9m. The impact of Covid-19 is anticipated to continue throughout 2022/23 and beyond and includes increased costs and ongoing lost income. The Council has a £15m specific Covid-19 earmarked reserve and no further Government grants relating to Covid-19 are anticipated. The Covid-19 reserve is finite, and officers are working on exit strategies for those areas with additional funding, however there is a risk of additional cost within the MTFP where this proves challenging.

8. The key areas of pressure continue to be felt in the Council's demand driven services such as:

   i. Adult Social Care, specifically Older People and people with physical disabilities services,

   ii. Children's Social Care,

   iii. Homelessness services, specifically the provision of Temporary Accommodation.

9. Although interest rate rises have occurred, due to the profile of the capital expenditure, and the fact that the interest rate budget is prudently set, this is not expected to materially impact on our cost pressures in the current financial year. It will have an impact in future years for new borrowing and the refinancing of existing debt at the end of its term.

10. The impact of the cost of living crisis is also resulting in unfunded financial pressures on the Council of discretionary housing payment of £402k, down slightly from the quarter 1 forecast. The grant reduced in 2022/23 by £720k, with forecast expenditure at £2.1m. This will be a further call on the Council's limited reserves.

11. Contributing to the adverse forecast are amber and red rated savings i.e., not achieved or fully achieved in 2022/23. Where there have been delays or work continues to achieve them, they will continue to be monitored reported in the quarterly reports.

12. The potential impact on our available reserves as a result of this opening forecast is considerable – a £38m reduction in earmarked General Fund reserves (including £16.7m unplanned use of the risk reserve; £9m Covid-19 planned use of reserve), leaving a potential year-end balance of £104m. There is a balance to be struck between using these reserves for the purpose that they are intended (to smooth the impact of risk arising from this exceptional year) and to ensure financial resilience going forward in the context of an uncertain environment and financial settlement. In year budget cost reduction and savings strategy is needed including controls on staffing costs, cost pressure reviews, bringing savings forward and pausing capital projects. The Council will aim to protect our reserves in order to maintain financial resilience to ensure that our key services can be maintained.

13. The Dedicated Schools Grant outturn position is forecast to be £2.1m overspend and reflects an improved year on year position due to additional grant funding and slower increases in out of borough placements. This will increase the accumulated deficit carried forward to £14.7m.

14. The main pressures are within the High Needs Block and relate to the development of additional in borough provision, an increase of the number of pupils with Education, Health and Care plans (EHCPs) in mainstream schools, the development of early intervention strategies and from September 2021, increased forecasts in out of borough placements.

15. The authority's ongoing and increasing DSG deficit position is a general London and national issue resulting from additional demand for high needs provision which is increasing at a higher rate than the additional funding being provided by Government.

Proposals

16. Cabinet is recommended to note:

a. The 2022/23 financial year the General Fund revenue forecast outturn position of £16.7m adverse variance, arising in the main from demographic and cost pressures exceeding the £22m budgeted growth and unanticipated inflationary increases across pay and energy.

b. Financial resilience remains a key priority for the Council and an in-year budget savings and cost control strategy is in place to protect the Council's reserve levels.

c. The potential drawdown on reserves and the impact this has on the forecast level of reserves. The £3m contingency will be required to achieve the General Fund forecast outturn and the planned drawdown from reserves of £2m will also be required.

d. The Covid-19 impact on the General Fund of £9.1m which will be funded from the Council specific Covid-19 earmarked reserve.

e. The Dedicated Schools Grant (DSG) revenue overspend of £2.1m, which is reflected in the balance sheet.

17. Cabinet is asked to require Executive Directors continue to work with Cabinet Members to robustly manage the underlying budget position, implement in year savings and further cost control measures deemed appropriate to the challenge faced, whilst managing, mitigating, and minimising the Covid-19 financial impact.

18. It is recommended that Cabinet Members note the potential forecast level of reserves and implications for 2022/23 and challenging financial position over the life of the MTFP.

Reason for Proposals

19. To ensure that members are aware of the forecast outturn position, including the level of reserves for the authority, including all major variances which are contributing to the outturn position and the mitigating actions being taken and proposed to manage the ongoing financial position.

Relevance to the Council's Corporate Plan

20. The General Fund and DSG Outturn Report sets out how the Council has best used its limited resources to deliver the Council's objectives in 2022/23. 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

21. On the 24th February 2022, the 2022/23 budget was set by Council. New savings of £5.9m and new income generation plans of £2.8m were agreed for 2022/23. As part of the aim to continue to place the budget in a more resilient position, in 2022/23 £22m of growth was included to reflect the demographic, inflationary, investment and capital financing needs.

22. The budget covers the day to day operational expenditure and income of the Council and is funded from a combination of government grants, council tax and business rate income, to a limited extent fees and charges and reserves. Note, that the agreed original budget includes a prudent planned £3m contingency that for unforeseen inflationary and demographic pressures. The financial position in considered quarterly at Cabinet and by the Finance and Scrutiny Panel.

23. The body of the report will focus on the key issues contributing towards the forecasted position. The Appendices to the report provide further details on the other variances of at least £50k whether adverse or favourable.

24. For the last two years and continuing for 2022/23 at least, this report separately identifies how Covid-19 impacts on Council costs and reductions in income. The funding for Covid-19 related pressure is finite and now managed through the Council's earmarked reserve. Through the MTFP the Council must plan how to transition into the ongoing business as usual position. The balance at the beginning of 2022/23 is £15m but this finite and forecasts in this monitor total £9m, meaning that £6m remains to manage any increases in year and pressures in 2023/24.

25. The Council remains in a position for 2022/23 where it needs to manage its financial position. There is the continuing significant risk and uncertainty due to the legacy impact of the Covid-19 pandemic and the unprecedented inflationary economic context. The Covid-19 financial implications are under continuous review. The quarter 1 revenue forecast reflects these pressures and the Medium Term Financial Plan will also need to be updated to reflect the impact in 2023/24 and beyond.

26. The financial management key performance indicators set out in Appendix A.

Main Considerations for the Council

27. **General Fund Forecast**

28. The forecast aggregate adverse variance for 2022/23 against the base £260m General Fund budget that was agreed in February, prior to application of any reserves, is £31.8m. Planned use of reserves brings this adverse variance down to a residual £16.7m.

29. Each of the departments has generated a list of the key variances which are contributing to the forecast figures and are not resulting from the pandemic. Cabinet Members and Executive Directors are expected to manage their budgets in year and contain any forecast adverse variance by implementing offsetting in-year or permanent savings measures.

30. The approach of utilising Pressure Challenge Boards to review the most significant pressure areas identified in 2022/23 will continue in order to provide corporate challenge as well as generating additional options to mitigate future pressures.

31. The Covid-19 impact continues to be reported separately and totals £9m. The Council has a £15m specific Covid-19 earmarked reserve and no further new Government grants relating to Covid-19 are anticipated. The impact of Covid-19 is anticipated to continue throughout 2022/23 and beyond. However, it should be noted that the Covid-19 reserve is finite and whilst provides a short to medium term resilience, the Medium Term Financial plan will reflect the longer term impacts of Covid-19 where this can be evidenced.

32. Executive Directors continue to work with Cabinet Members to robustly manage the underlying budget position and implement savings, whilst managing, mitigating, and minimising the Covid-19 financial impact. Specific management actions are referenced in the report but in summary include:

- A series of service reviews building on the work of the pressure challenge boards work in previous years
- Additional controls on recruitment of new staff and restructures across revenue and capital.
- Increased expenditure controls including for example key contract reviews and ceasing non-essential spend.
- Developing strategies in Homelessness to manage current and future demand. Note this is the subject of a separate decision.
- Strategies are underway to improve recruitment and retention of social workers within Children's services.
- Reviewing and developing the Council's exit strategy from the additional resources applied to Covid-19 related pressures.
- Support more robust contract management activity to drive better value for money and identify potential cost avoidance or savings.
- Review the use of higher weighting of quality over price in procurement.
- Look for invest to save opportunities with automation; Civica module to reduce/remove on demand service, Digitalisation to remove printing.
- In view of increasing interest rates, reviewing the capital programme to slow, pause, stop schemes which will then reduce the Council's borrowing requirement and therefore reduce Minimum Revenue Provision and interest payments.

33. The year-end budget position is set out in Table 1 below. It provides a comparison between the latest budget and the actual position. This is the total forecast position for the Council, including the effects of Covid-19. Table 2 sets out the Covid-19 associated pressures the Council is experiencing by department.

Table 1: General Fund Departmental Variances 2022/23 at Period 5

Department	Net Budget £m	Net Actuals @ P5 £m	Net Forecast £m	Total Gross Forecast Variance £m	Flexible use of Capital Receipts £m	Covid-19 £m	Specific Reserves £m	Total Forecast Variance £m
Chief Exec	9.591	5.443	10.464	0.873	(0.087)	(0.514)	0.000	0.272
People - Adult Social Care & Public Health	82.584	23.154	86.711	4.127	0.000	(1.000)	0.000	3.127
People – Children's	46.449	22.385	53.741	7.292	(0.308)	(3.745)	(1.184)	2.055
People – Education	4.599	96.183	5.349	0.750	(0.500)	(0.280)	0.000	(0.030)
Place	31.716	16.583	40.850	9.134	(0.068)	(2.754)	0.000	6.312
Resources	29.971	16.743	36.870	6.899	(1.503)	(2.267)	0.000	3.129
Service Net Costs	**204.911**	**180.491**	**233.986**	**29.075**	**(2.466)**	**(10.560)**	**(1.184)**	**14.865**
Corporate Expenses	28.366	22.818	24.303	(4.063)	0.000	1.508	(0.019)	(2.574)
Inflation	5.250	0.000	12.700	7.450	0.000	0.000	0.000	7.450
Minimum Revenue Provision	17.508	0.000	19.836	2.328	0.000	0.000	(2.328)	0.000
Contingency	3.000	0.000	0.000	(3.000)	0.000	0.000	0.000	(3.000)
Bad Debt Provisions	0.791	0.000	0.791	0.000	0.000	0.000	0.000	0.000
Net Expenditure	**259.825**	**203.309**	**291.615**	**31.790**	**(2.466)**	**(9.052)**	**(3.531)**	**16.741**
Expenditure financed by:								
Business Rates	(97.426)	(20.456)	(97.426)	0.000	0.000	0.000	0.000	0.000
Council Tax	(139.361)	0.000	(139.361)	0.000	0.000	0.000	0.000	0.000
Other non-ring-fenced Government Grants	(21.053)	(12.590)	(21.053)	0.000	0.000	0.000	0.000	0.000
Planned Use of Reserves	(1.985)	0.000	(1.985)	0.000	0.000	0.000	0.000	0.000
General Fund Corporate Financing	**(0.000)**	**170.264**	**31.790**	**31.790**	**(2.466)**	**(9.052)**	**(3.531)**	**16.741**

Table 2: Summary of Covid-19 Impact by Department 2022/23

Department	Net Budget £m	Covid-19 Additional Expenditure £m	Covid-19 Loss of Income £m	Covid-19 Impact on Savings Programme £m	Covid-19 Total Impact £m
Chief Exec	9.591	0.514	0.000	0.000	0.514
People - Adult Social Care & Public Health	82.584	1.000	0.000	0.000	1.000
People – Children's	46.449	3.745	0.000	0.000	3.745
People - Education	4.599	0.280	0.000	0.000	0.280
Place	31.716	1.215	1.539	0.000	2.754
Resources	29.971	2.001	0.266	0.000	2.267
Service Net Costs	**204.911**	**8.755**	**1.805**	**0.000**	**10.560**
Corporate Expenses	28.366	(1.508)	0.000	0.000	(1.508)
Inflation	5.250				
Minimum Revenue Provision	17.508	0.000	0.000	0.000	0.000
Contingency	3.000	0.000	0.000	0.000	0.000
Bad Debt Provisions	0.791	0.000	0.000	0.000	0.000
Net Expenditure	**259.825**	**7.247**	**1.805**	**0.000**	**9.052**
Expenditure financed by:					
Business Rates	(97.426)	0.000	0.000	0.000	0.000
Council Tax	(139.361)	0.000	0.000	0.000	0.000
Other non-ring-fenced Government Grants	(21.053)	0.000	0.000		0.000
Reserves	(1.985)	0.000	0.000	0.000	0.000
General Fund Corporate Financing	**(0.000)**	**7.247**	**1.805**	**0.000**	**9.052**

Budgets shown in Tables 1 and 2 are controllable departmental budgets excluding capital and asset impairment charges, which are not directly controlled by departments.

General Fund – Key Issues

People Directorate – Adult Social Care

34. The 2022/23 Adult Social Care budget increased by net £4.3m (growth of £6m, less savings). However, continuing cost and demand pressures in this area result in a £3.1m forecast overspend, which remains consistent with the quarter 1 forecast. This is composed of inflationary impact of £1.1m, a further £2m of demand led pressure in excess of budget.

35. The inflationary impact exceeds the budget provision by approximately £1.1m. This has been a particular issue on domiciliary care rates which have increased by 5.99% due to national living wage and national insurance increases. Residential and Nursing rate increases have been mitigated through the implementation of a lean cost model developed across North Central London.

36. Other service demand and cost pressures total £6.1m are being experienced across all services; in the Older People and Learning Disabilities services care purchasing particularly Customer Pathway and Learning Disability Direct Payments. Over the last two years of the pandemic demand had reduced but this is now unwinding and demand is now on the increase.

37. For 2022/23 forecasts, the care package pressure described above has been mitigated through the use of *one-off funding* from Hospital Discharge Programme (£1.8m), Covid-19 Reserve (£1m), the Long Length of Stay/Virtual Wards Programme (£1.2m) and other Section 256 income (£0.2m), resulting in a net forecast overspend of £2m.

38. However, the mitigating use of one off income will create a further budget pressure of £3.2m to be included within 2023/24 onwards medium term financial plan. Further details on if and how much the Council will be allocated from the recent Government announcement of an additional £500m winter funding is still to be determined but could mitigate the loss of the one off funding, albeit with further one off funding.

39. The activity and unit costs over the last 3 years have significantly increased. Current care package forecasts assume that activity and costs remain at the same level for the rest of the financial year with an adjustment against Learning Disability budgets for new packages and assumed package savings. In a number of areas activity has increased quite significantly over the last 3-6 months and at this stage it is not possible to predict exactly when and if this activity will reduce and to what extent on individual budget areas.

40. Key assumptions within the forecast are based on projected activity and year to year trends. However, the continuing effects of Covid-19 makes trend analysis extremely difficult in year. Additional provider costs due to Covid-19, demographic and inflationary pressures mean the projected outturn, whilst containing an element of risk, may be subject to change.

People Directorate - Children's Social Care

41. Children's Social Care services are statutory, and demand led, this means the service must be provided if the client meets the relevant criteria. These budgets are at risk from changes as the numbers of children requiring services grow.

42. The impact of the Covid-19 pandemic combined with the aftermath of national high profile child abuse cases and local demographic changes has led to a significant rise in demand. In addition to this, the complexity of need has heightened, requiring much higher levels of support for much longer periods for children and families. The presenting complexities have included adolescent mental health with suicidal ideation, violence and aggression, parental mental health issues and domestic abuse.

43. The significant adverse variance of £0.9m in Joint Service for Disabled Children remains unchanged from quarter 1. Although the budget has been increased by £0.5m, the service is experiencing significant increase in demand and complexity both from the existing and new clients. The team is now fully staffed and therefore the vacancy factor is causing £0.1m pressure on the budget.

44. In Looked After Children, the biggest challenge is the increased costs of residential care and enhanced support packages, causing an adverse variance of £1.1m due to the residential care market facing an extraordinary set of cost pressures and staffing sufficiency issues. The £0.7m increase from quarter 1 reflects the new placements made in the last 2 months and includes 20 new agency fostering placement, 2 new mother and baby assessments and 10 new semi-independent placements.

45. Strategies are underway to improve recruitment and retention of social workers. However, the number of vacancies, covered by the temporary agency workforce, still causes an overspend of £0.2m in Children in Need.

Place Directorate

46. The residual budget pressure after Covid reserve funding of £2.8m for Place directorate after reserve application is £6.5m. Homelessness remains the major constituent part of this pressure with a forecast adverse variance of circa £2.5m which represents an increase of £1.4m since quarter 1.

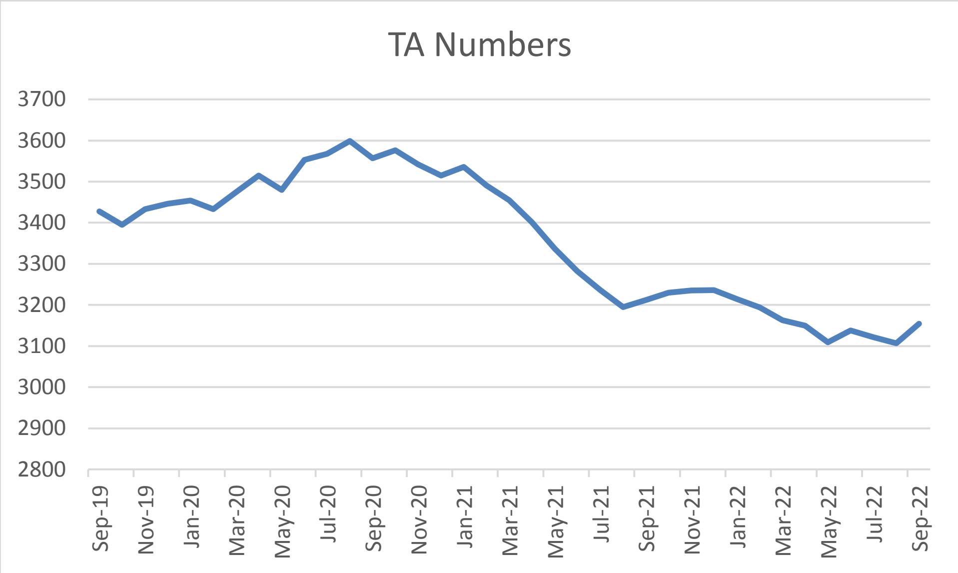
47. The market conditions noted in the quarter 1 report have continued to deteriorate and is the main contributing factor to the increasing pressure being reported. Landlords are leaving the market and therefore reducing supply (note the Council had seen a 62% decrease in Private Rented Sector). As a result, households are having to be placed in higher cost hotel accommodation and for longer periods as there is inadequate accommodation for residents to move out of TA.

48. This is exacerbating the situation where the service started the year with 244 more properties than were estimated when the budget was set in February. This is due to the additional demand arising during the pandemic. This has resulted in projected circa £1.7m in additional costs, assuming the current rate of exits from Temporary Accommodation is maintained. An increased number of exits will reduce this figure but any slowing of the rate will increase the overspend further. Included in these

additional costs are the property costs and impact on Housing Benefit subsidy and mitigating impact of additional decant income and forecast impact of the recently agreed rent increase. The number of properties requiring repairs is forecast to overspend by circa £122k.

49. Chart 1 shows the number of households in Temporary Accommodation over the last three years. The numbers hit a peak of 3,600 in July 2020 and now currently stand at 3,154 due to the success of the prevention focused model introduced.

50. Chart 1: Number of households in TA



51. The cost of prevention work also continues to contribute to the adverse variance, this is work undertaken to prevent families from entering TA in the first instance. The current projected impact across all the prevention activities is approximately £0.7m and this reflects how many families are approaching the Council for help. The work undertaken avoids cost for the Council in the long term. Despite the pressures described above and the number households presenting as homeless, the numbers of households being placed per month are not increasing. Further strategies which will mitigate the pressure and future demand pressures are being developed.

52. The second major contributing factor to the Place budget pressure is an under-recovery of Parking income against budget of £1.3m. This reflects an ongoing trend post Covid-19, with changing habits and behaviours, e.g. increases in working from home and increased on-line shopping. It is proposed and reflected in the monitor to apply £0.7m from the Covid-19 reserve reflecting the financial impact of these behavioural changes.

53. An additional pressure of £0.6m has resulted from the award of appeal costs incurred relating to rejected/overturned planning appeals.

54. There is further forecast income under-recovery within Planning (£0.5m – pre-planning applications and fees) and Cemeteries (£0.3m).

55. There is a £0.7m pressure within Passenger Transport Service which reflects fuel and contract inflation and non delivery of savings.

56. The final notable budget pressure is for clients with No Recourse to Public Funds (NRPF) of £0.2m being higher than budgeted. Rising energy costs

mean there is a risk this pressure could increase within block booked accommodation.

Resources

57. The residual Resources overspend after Covid reserve funding of £2.3m is £3.1m, an increase of £0.7m, with the key element of this being Digital Services, which has a budget pressure of £1.9m. This consists of a number of items, notably £0.4m additional contract costs of new projects with an ongoing revenue impact (reflects the increasing ratio of IT procurement being revenue based rather than capital). The profiled saving from the new CRM/CMS of £0.4m is unlikely to be achieved this year and will need to be reprofiled to 2023/24. Further smaller pressures include additional security team and security applications costs to combat cyber threats of £0.4m, additional resources to support the dual running of legacy systems £50k and agency resources covering Business as usual roles (£0.2m) due to challenges in recruitment.

58. The Finance function has a £450k residual forecast overspend. This relates primarily to additional agency staffing supporting the Corporate Team in managing 3 years audits of the accounts and also agency cover for some vacant posts. The closing of prior year accounts will negate the need for additional resource and senior finance officers are exploring all avenues to ensure the orderly closing down of outstanding issues with Enfield’s external auditors, BDO.

59. The position for Customer Experience is a forecast £200k overspend which relates to unachieved savings on financial assessments.

Corporate Items

60. The Corporate Items residual overspend of £4.9m consists primarily of a £7.5m overspend against pay award and inflation, mitigated by accumulated underspends across a number of other budget headings of £2.6m.

61. A £5.3m inflation budget was built into corporate items as part of budget setting, which included £4.5m to fund a 2% pay award plus increased National Insurance Employers costs announced as part of Spring budget. The proposed (not agreed) pay award for 2022/23 is closer to 6% equating to an estimated £11m. A further £1.9m of pressure relates to energy costs overspend, with 90% of the indicative volume requirement already purchased. The use of the Civic Centre is being reviewed under a range of property rationalisation proposals and these are expected to reduce utility and Business rates costs and the impact of which will form part of future updates to Cabinet.

62. The Council pays an annual levy to the North London Waste Authority (NLWA). The NLWA like the Council monitor and report on their performance to budget. The NLWA are the sole owners of an energy generator and provider London Energy Limited (LEL). LEL generates electricity from the waste delivered to the facility and it is on track to gain significantly from the high prices being paid in the electricity supply market. This gain will be passed on to the 7 boroughs that form the NLWA and as such one month rebate will be given on the levy, this equates to £0.6m for

Enfield. This situation is to be reviewed over the coming months and may result in a further rebate.

63. The Minimum Revenue Provision is a charge that Councils are required to make in their accounts for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt). The underlying debt is needed to finance the capital programme.

64. The Minimum Revenue Provision forecast is £19.8m against a budget of £17.5m. This was expected and planned for in the budget setting, where the balance was planned to be drawn down from the MRP equalisation reserve. These forecasts are recalculated in line the capital programme forecasts and the next update will be provided at quarter 3.

65. **Other Departmental Monitoring Information – Budget Pressures and Mitigating Actions (net variance, excluding Covid-19)**

66. A breakdown of all other variances greater than £50k are detailed in Appendices B to E.

Covid-19 Impact (Appendix F)

67. **Chief Executive's: net budget is £9.6m; the total additional costs of £0.5m (5%)**

68. The costs relate to the additional legal cover required to deal with the increase in Children's social care cases which continues as expected into 2022/23.

69. **People: Adult Social Care (ASC) and Public Health – net budget is £82.6m; the total additional costs of £1m (1%)**

70. The impact on Adult Social Care (ASC) continues to be additional cost associated with the ongoing impact of the pandemic. The current forecasted impact directly on the department is £1m. This includes workforce pressures across the department, the long-term impact on care purchasing resulting from delayed/cancelled routine operations and other factors including the impact of long Covid and the demographic impact.

71. **People: Education – net budget is £4.6m; the total additional costs are £0.3m (6%)**

72. These costs include additional support staff resources required in the SEND team to manage and deal with the backlog of cases resulting from the pandemic. In order to support Covid-19 recovery in the boroughs Schools; a pilot of after school provision for supervised independent study took place in four of the borough's secondary schools in 2021/22, costing circa £48k, this has now been extended across all schools in the borough and will cost £0.2m.

73. **People: Children & Families – net budget is £46.4m; the total additional costs of £3.7m (8%)**

74. The most significant cost relates to circa £1.7m pressure in care placements, block-booking, and the need for at-home support packages to

safeguard, particularly but not exclusively, children with SEND and/or severe emotional and mental health.

75. The need for additional staffing resources remains in 2022/23 due to increased demand, with circa £1.4m for addition staff predominantly sourced via agencies and fixed term posts, and a further £0.1m required to recruit and retain social workers.

76. The continuing high numbers of referrals to the service has led to an operational decision to spend £0.4m to address the spike in demand for provision of Child and Family Assessments, inflicted by pandemic, to clear a backlog and reduce caseloads in the Assessment Service while the current recruitment initiatives are fully implemented.

77. **Place – net budget is £31.7m; the total additional costs and income loss of £2.7m (9%)**

78. Temporary additional resources have been required in the Planning service to implement workload recovery and backlog management plan in response to the pandemic. This was always going to span financial years with £0.2m the cost in this year and was included in the Covid-19 pressures noted at budget setting.

79. Some costs of providing the Testing Units, Covid Marshals and Locally Supported contact tracing have slipped into 2022/23 at a cost of £75k.

80. The Covid-19 related cost in Housing is £0.9m, as the service continues the housing and support to protect rough sleepers and impact the pandemic has had on the services ability to deliver the Homelessness Strategy.

81. The sales, fees and charges compensation scheme stopped after Q1 in 2021/22 but the Council's loss of income continues to be a pressure across services, with the more significant pressure being felt in Planning, Culture, Parking and Community Halls, Youth Centres and now includes the continuing impact of behavioural changes on parking receipts. The total estimated loss of income is £1.5m.

82. **Resources: net budget is £30m; the total estimated additional costs of £2.3m (8%)**

83. The most significant impact identified in Resources services relate to additional resources required in the Financial Assessments Team (£0.8m) and the Income Collection (£1m) to manage and recover from the pandemic.

84. There is a loss of income across services in the department of £0.2m with the most significant being in school catering which continues from last year though not at the same extent.

85. **Corporate Items: net budget is £54.9m (including corporate contingency); reduction in spend of £1.5m**

86. The Concessionary Fares budget, which is our budget for the Freedom Pass within London, sits within Corporate Items. The charge for each of the London boroughs is calculated based on historic usage of the travel network within London. The impact of Covid means that, for the short to medium term, we see a reduction in our charge where usage data is lower

than pre-covid levels. For 2022/23 we therefore see a reduced charge giving an underspend against budget of £1.5m.

87. Further details of Covid-19 variances are provided in Appendix F.

Collection Fund

88. The movement in reserves for 2022/23 is a net drawdown of £4.9m. This is broken down in to:

- £6.9m of 2021/22 Business rate reliefs to be repaid (this was put into the reserve in 2021/22)
- £1.9m of Business rate reliefs (CARF) to be added to the reserve and then repaid in 2023/24.

Flexible Use of Capital Receipts (Appendix G)

89. 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. The Government has continued to extend this flexibility and provide specific guidance covering purpose and transparency in the use of this.

90. 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.

91. 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.

92. The Budget Report 2022/23 set out the plan for use of capital receipts this financial year with a total of £3.4m originally planned. The latest forecasted position remains at a total of £2.4m with the full details provided in Appendix G.

Achievement of Savings (Appendix H and Appendix I)

93. A risk-based approach to the monitoring of savings is undertaken as part of the monthly budget monitoring, where a score is given in relation to the value of saving or income and the likelihood of delivery, these are then multiplied together, and the total score provides the following risk ratings:

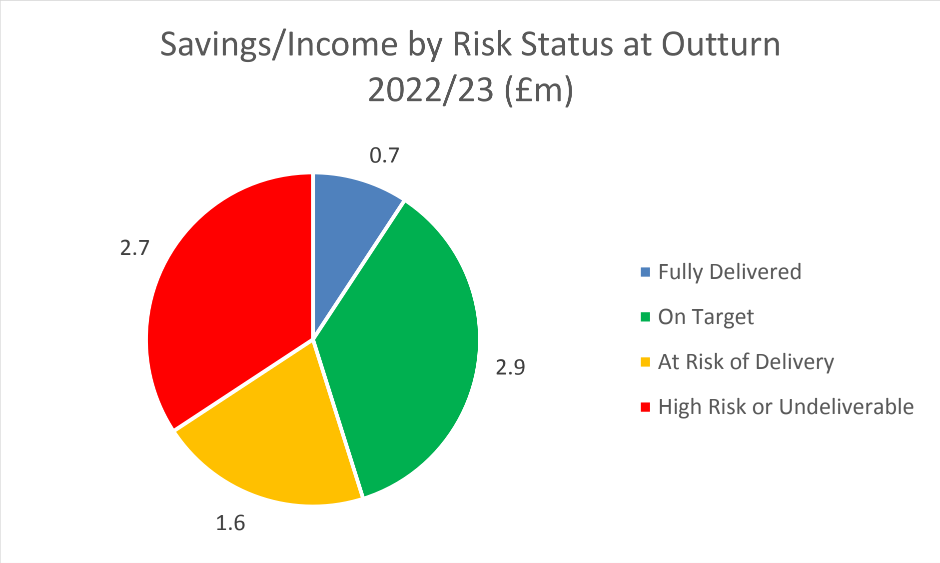
- Blue - Saving/ income has been fully delivered
- Green - Saving/ income is on target for delivery
- Amber - Saving/ income is at risk of delivery
- Red - Saving/ income is high risk or undeliverable

94. The savings include those that are new for 2022/23 plus the full year effect of previous decisions.

95. Of these £3.6 was fully delivered or on track for delivery at this stage.

96. However, £1.6m and £2.7m are amber or red risk status. These risk ratings are reflected in the forecast outturns for each department. Departments are working on mitigating actions to bring delivery back on track e.g., Parking and Homelessness. Where this is not possible then these will be reflected in the MTFP update for 2023/24.

97. Chart 2: Savings/Income Risk Status 2022/23



98. Further details for each department are summarised in the charts and tables in Appendix H and Appendix I.

Dedicated Schools Grant (DSG) (Appendix J)

99. For 2022/23 Enfield received a final, gross Dedicated Schools Grant allocation of £381m (as at March 2022) and the funding is allocated across four blocks; £285.5m for the Schools Block, £2.5m for the Central Schools Services Block, £25m for the Early Years Block and £68m for the High Needs Block.

100. In 2021/22 there was a bought forward DSG deficit of £8m but due to ongoing High Needs pressures there was a net in year overspend of £4.6m resulting in a cumulative outturn deficit of £12.6m which was bought forward to 2022/23.

101. There continues to be cost pressures in supporting and providing suitable placements for SEN pupils but wherever possible pupils are now placed in borough. There is a SEN expansion programme in place which continues to increase in borough provision through expansion of current provision and the development of additional units and satellite provisions. Over time this will enable more pupils to be placed in borough and reduce the number of pupils placed out of borough in costly independent provision.

102. For this latest forecast, there is a projected in year overspend of £2.1m. This would increase the cumulative deficit is £14.7m. The main pressures are within the High Needs Block and relate to the development of additional in borough provision, an increase of the number of pupils with Education, Health and Care plans (EHCPs) in mainstream schools and the full year effect of early intervention strategies introduced in 2021/22. The cost of out of borough placements is projected to be within budget at this stage but could change with new and changed placements at the start of the new academic year.

103. Whilst still a forecast overspend the year on year pressure has reduced due to an increase in funding and declining increases in out of borough placements as described above.

104. The authority's ongoing and increasing DSG deficit position is a general London and national issue resulting from additional demand for high needs provision which is increasing at a higher rate than the additional funding being provided by Government. The Department for Education are carrying out a review of SEND services and the outcomes have been delayed due to other pressures during the Covid-19 pandemic.

Earmarked Reserves

105. Table 3 below summarises the final balances for 2021/22 and the forecast outturn position for 2022/23:

	2021/22 Outturn Balance	**2022/23 Forecasted Balance**
	£m	£m
Risk Reserve	**(25.471)**	**(22.813)**
Covid-19 Risk Reserve 2021/22	(15.000)	(5.948)
Balance Sheet Management	(3.331)	(3.331)
Collection Fund Equalisation Reserve	(13.628)	(8.728)
Housing Benefit Smoothing Reserve	(4.480)	(4.448)
Adult Social Care Smoothing Reserve	(3.697)	(3.697)
NLWA Reserve	(0.628)	(0.627)
MTFP Smoothing Reserves	**(40.764)**	**(26.779)**
Capital Financing	(25.139)	(22.792)
Service Specific	(15.736)	(15.065)
Property	(1.372)	(0.636)
Grants & Other Contributions	(13.783)	(12.334)
Sub-total GF Usable Reserves	**(122.265)**	**(100.419)**
Insurance	(7.022)	(7.022)
General Fund Balance	(13.949)	(13.949)
GF Earmarked Reserves	**(143.236)**	**(121.390)**
Schools	0.387	0.387
Total Reserves & Balances	**(142.849)**	**(121.003)**
Potential Risk Reserve Drawdown		16.741
Total Reserves & Balances		**(104.262)**

106. It is important to recognise that the reserves overall are limited, especially against a backdrop of challenging savings targets, the ongoing impact of the pandemic and continuing inflationary pressures that have emerged in

the last few months. 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.

107. The risk reserve had been strengthened over the last two years with the final outturns in 2020/21 and 2021/22 has meant that the Council has been able to further strengthen the risk reserve and starts the year with a balance of £25.5m. However, given the adverse forecast outturn of £16.7m this could be a potential drawdown from the reserve.

108. Given the ongoing financial uncertainty created by the pandemic a specific Covid-19 reserve was created and whilst this has not been required in 2021/22 it is anticipated that balance will be required in 2022/23 and beyond. The reserve was bolstered at year end and starts with a balance of £15m. The budget report for 2022/23 set out circa £7m that will be required in 2022/23, this second update increases this need to £9m as detailed in the paragraphs 67- 87 and reducing the remaining balance for future years to £6m.

109. The General Fund Balance remains at £14m (on a net budget of £260m, i.e., 5.3%). 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 2022/23 considering the new inflationary risks and uncertainty brought about by Covid-19.

110. The £22.4m of Smoothing Reserves relate to Council Tax (£139m) /Business Rates (£97m), Housing Benefits (£224m claim per year), Adult Social Care and the North London Waste Authority levy and provide resilience in the budget to manage annual fluctuations. These are forecast to reduce to £17.5m by the end of the year, predominantly due to the repayment of business reliefs.

111. The £23.4m of Capital and Minimum Revenue Provision reserves are committed for the next five years to smooth any increased budget requirement. The drawdown of £2.3m from the MRP reserve was planned when the budget was set.

Medium Term Financial Impact

112. The Council is in a financially challenging position. There is ongoing significant risk and uncertainty due to the legacy impact of the Covid-19 pandemic, unprecedented inflationary pressures, cost of living crisis and demographic pressures exceeding government grant levels. These are set out in more detail below and will need to be considered as part of the medium term financial plan in the Autumn.

- The ongoing anticipated impact of Covid-19 on Council Tax and Business Rate debt.
- The unknown impact of Covid-19 on Adult Social Care costs, in particular, delayed operations and long Covid-19 and undetermined suppressed need such as mental health.

- One of the most significant areas of risk is the ongoing impact on Emergency Accommodation costs arising from the economic impact of Covid-19 and suppressed need and more recently the state of the Private Rented Sector market and its impact on finding suitable accommodation for people.
- The risk of increasing number of children in need as families bear the sustained economic impact of Covid-19 and increased need for respite packages for families with children with disabilities.
- Despite seeing an improving position in some service, uncertainty remains on the ongoing impact of Covid-19 and cost of living on Council fees and charges income.
- Changes in working patterns and lifestyle impacting on car park income, waste services.

113. These anticipated Covid-19 financial pressures are likely to impact over the medium term, however, there is no precedent to base the forecast impact and therefore, the picture remains uncertain. In addition, the ongoing uncertainty over the medium-term funding of local government and no government funding for the legacy costs and lost income arising due to Covid-19 exacerbates this position.

114. New financial challenges face the Council in 2022/23 such as the cost of living crisis and the rapidly increasing inflationary pressures. These will impact of the Council's contract costs and services are already experiencing increase in costs of fuel and energy prices.

115. The pay award for 2022/23 is all but agreed and at a higher level than built into the quarter 1 forecasts and will exceed 2%. This will result in additional ongoing cost pressure and this is reflected in this second forecast.

116. Full details of the of the 2022/23 budget and MTFP 2022/23 to 20265/27 can be found in the Budget Report 2022/23 and Medium-Term Financial Plan 2022/23 to 2026/27 report (KD5352) which went to Cabinet on the 24th February 2022.

117. **Safeguarding Implications**

118. There are no specific safeguarding implications arising out of these recommendations, other than to note the financial impact of safeguarding children and adults in the borough.

119. **Public Health Implications**

120. The Council moved swiftly to safeguard the health of its residents and staff during a period of threat unprecedented in living memory. As previously reported the financial implications of this have been harsh and have reached into every department in the Council. As the council is fundamental to the health of Enfield residents it needs to achieve financial balance.

121. This report notes the work that the Council is and has already undertaken and therefore in and of itself does not have public health implications. However, both the Office for Budget Responsibility (OBR) and the Institute for Financial Services (IFS) have both reported on the negative health effects of the 2008 financial crisis. In order to mitigate the effects of

this current crisis the council will need to attain financial balance, consider what the ‘new normal’ might be and how this might be achieved whilst optimising resident’s health.

122. **Equalities Impact of the Proposal**

123. 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.

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

125. Environmental and Climate Change Considerations

126. None in the context of this report.

127. Risks that may arise if the proposed decision and related work is not taken

128. None in the context of this report.

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

130. The budget risks identified in 2021/22 will continue to be monitored through 2022/23 through Pressure Challenge Boards. Detailed revenue monitoring reports will be provided regularly to Cabinet. Departments will take action to minimise budget pressures and align departmental spend to budgets.

131. **Financial Implications**

132. Financial implications are implicit in the body of the report.

133. **Legal Implications**

134. 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.

135. **Workforce Implications**

136. None in the context of this report.

137. **Property Implications**

138. None in the context of this report.

139. **Other Implications**

140. None in the context of this report.

141. **Options Considered**

142. Not relevant in the context of this report.

143. **Conclusions**

144. Despite the year end positive financial position at the end of 2021/22, the Council has not lost sight of the fact that it continues to face its most significant financial challenge. The work undertaken in previous years to create a robust and sustainable budget has placed the Council in a stronger position to meet this challenge.

145. The Covid-19 impact continues to be monitored and in previous years Government funding was sufficient to meet the Covid-19 impact, any new grants are not expected and therefore the Council depends on the Covid-19 earmarked reserve it has established to manage these pressures.

146. In addition to the continuing challenge of the pandemic, the new challenges that have emerged in the first half of this calendar year, namely the cost of living crisis with increasing inflationary pressures, not only impact on our residents but evermore increasing on the services the Council provides. Mitigating actions are being put in place to manage the forecast pressures but the Council must continue to be prudent in its spending to reduce and minimise the forecast overspend.

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Appendices

Appendix A: Financial Resilience Key Performance Indicators

Appendix B: Chief Executive's Variances

Appendix C: People Variances

Appendix D: Place Variances

Appendix E: Resources Variances

Appendix F: Covid-19 Variances

Appendix G: Flexible Use of Capital Receipts

Appendix H: Achievement of Savings

Appendix I: Savings & Income Monitor

Appendix J: Dedicated Schools' Grant Variances

Background Papers

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

- Revenue Outturn 2021/22 – KD5465
- Budget Report 2022/23 and Medium Term Financial Plan 2022/23 to 2026/27 (KD5352)
- Revenue Q1: General Fund and Dedicated Schools Grant 2022/23 (KD 5481)

Appendix A

Financial Resilience Key Performance Indicators

A summary overview of financial performance is outlined below. 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.

Financial Indicator	Status	Key Highlights
Income & Expenditure Position – General Fund year end forecast variances		The forecast outturn is a £16.7m adverse variance after the utilisation of the £3m contingency.
Progress to Achieving Savings MTFP (current year)		Savings monitoring has identified a total of £2.7m considered a high risk rated/ undeliverable and a further £1.6m that are at risk of delivery. These are reflected in the reported outturn position.
Income & Expenditure Position – DSG		The DSG forecast is a £2.1m overspend against budget. Therefore, the cumulative deficit is forecast to be £14.7m and will be the first call on the 2023/24 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 is in line with expectations set out in the Council's Medium Term Financial Plan.

Appendix B

Chief Executive	**Net Budget (£m)**	**Gross Forecast Variance (£m)**	**Flexible Use of Capital Receipts (£m)**	**Net Forecast Variance Q2 (£m)**	**Net Forecast Variance Q1 (£m)**
Human Resources & Organisational Development HR staff savings are forecast due to having vacant posts. The 80k flexible use of capital receipts relates funds the HR transformation manager. There are adverse variances in OD due to part year effect of restructuring.	2.230	0.099	(0.046)	0.053	0.036
Electoral Services A £67k overspend was forecast relating to the postage and printing cost for the annual canvass which had been funded by government grant that has now been ceased.	0.612	0.135	0.000	0.135	0.067
Other variances	6.749	0.125	(0.041)	0.084	0.046
Chief Executive Total	**9.571**	**0.359**	**(0.087)**	**0.272**	**0.149**

Return to Chief Executive Narrative

Appendix C

People	**Net Budget (£m)**	**Gross Forecast Variance Q1 (£m)**	**Flexible Use of Capital Receipts (£m)**	**Net Forecast Variance Q2 (£m)**	**Net Forecast Variance Q1 (£m)**
Adult Social Care					
Strategy & Resources - These services include grants to voluntary organisations, service development Safeguarding Adults and Safeguarding Adults, deprivation of liberty safeguards (dols) as well as brokerage, contract monitoring and Safe & Connected. With an increasing number of dols year on year, there is risk costs may increase with more activity. At this stage there is no net forecast variation against this service with additional staffing costs in year offset using Better Care Funding.	7.883	0.000	0.000	0.000	0.000
Mental Health – This forecast is currently forecast to underspend by £91k mainly due to a forecast underspend against care purchasing.	6.823	(0.091)	0.000	(0.091)	(0.091)
Learning Disabilities - This service includes the in-house day services. The service is projecting an overspend of £2.060m primarily due to the increasing number and cost of care packages. All packages of care are subject to ongoing scrutiny to ensure they are delivered in the most cost-effective way, and this is expected to continue to deliver savings throughout the year. However, demand for services continues to rise as a result of demographics, particularly complex and expensive transition cases with the service now facing the full year impact of 2021/22	29.592	1.970	0.000	1.970	1.970

transition cases as well as new transitions in 2022/23.					
Older People and Physical Disabilities (the Customer Pathway) The service is currently facing significant financial pressures, particularly in relation to care purchasing. In the last 6 months activity levels have increased quite significantly following a period of reduced activity during the covid pandemic. Current care package forecasts assume that, on average, activity and costs will remain at the same level for the rest of the financial year. One-off funding from Health of just over £3m has been assumed to mitigate this additional pressure in the current year leaving a forecast overspend of £1.248m. However, if activity levels continue to increase this will increase the budget overspend in 2022/23 and create a potential ongoing risk in 2023/24.	40.558	1.248	0.000	1.248	1.248
Supporting People - there is no forecast variation against this service.	2.709	0.000	0.000	0.000	0.000
Adult Social Care Sub Total	**87.565**	**3.127**	**0.000**	**3.127**	**3.127**
Public Health Grant The Departmental forecast also includes the ring-fenced Public Health Grant. The Public Health grant in 2022/23 is £18.024m, this reflects an increase in the grant of 2.8%, compared to 2021/22. The Public Health Service will deliver savings of £0.425m in 2022/23 and a further £0.375m in 2023/24, largely through staff reorganisation and a review of projects. Of the remaining Public Health spend, over 90% is for services	(4.981)	0.000	0.000	0.000	0.000

contracted to the NHS. The Public Health Reserve Balance on 31st March 2022 is £2.067m which will now be required to mitigate pressures facing the service in future years, particularly the impact of increases in demand led services post pandemic.					
Public Health Sub Total	**(4.981)**	**0.000**	0.000	**0.000**	**0.000**
Adult Social Care & Public Health	**82.584**	**3.127**	**0.000**	**3.127**	**3.127**
Education					
Enhanced Pension costs These are the cost of former employees on enhanced pension and forecast variance is £0.030m favourable.	1.776	(0.040)	0.000	(0.040)	(0.030)
SEN Services Staffing pressures due to cost of agency staff and maternity cover	0.849	0.038	0.000	0.038	0.060
Sports Favourable variance forecast as a result of increases traded income from schools and reduced staffing costs	0.000	(0.028)	0.000	(0.028)	(0.030)
Nexus project	0.000	0.500	(0.500)	0.000	0.000
Other variances Miscellaneous minor over and underspends	1.940	0.000	0.000	0.000	0.000
Education Sub Total	**4.565**	**0.470**	**(0.500)**	**(0.030)**	**0.000**
Children and Families					

Children In Need Adverse forecast continues as a result of agency staff covering posts and maternity leave cover.	8.724	0.192	0.000	0.192	0.238
Looked After Children The most significant pressure of circa £0.980m continues to be seen in the external child care placements budget, due to increasing cost of residential placements and support packages and increase in the number of such cases, e.g., there have been 20 new agency fostering placements, 2 new mother and baby assessments and 10 new semi-independent placements in the last 2 months. This is due to some young people coming into care with complex and challenging behaviours.	27.214	1.228	(0.163)	1.065	0.344
Joint Service for Disabled Children The overspend is predominantly due to a significant increase in demand in overnight breaks, commissioning and increase in Direct Payments rate for both new and existing clients and the forecast remains unchanged from Q1.	3.546	0.909	(0.040)	0.869	0.869
Other Variances Variance is mainly due to delays in recruiting social work apprentices.	6.965	0.034	(0.105)	(0.071)	(0.058)
Children and Families Services Sub Total	**46.449**	**1.701**	**(0.308)**	**2.055**	**1.393**

Return to People Narrative

Appendix D

Place	**Net Budget (£m)**	**Gross Forecast Variance Q2 (£m)**	**Flexible Use of Capital Receipts (£m)**	**Net Forecast Variance Q2 (£m)**	**Net Forecast Variance Q1 (£m)**
Planning Appeals & Decisions £0.6m in year pressure resulting from the award of appeal costs incurred relating to rejected/overturned planning appeal.	0.000	0.586	0.000	0.586	0.000
Development Management Shortfall of £0.53m in Pre Planning Application and Planning fees income.	0.105	0.613	0.068	0.545	0.500
Senior Management & Support Team Favourable variance in staffing costs and through holding departmental training budget to mitigate service pressure across the department.	1.058	(0.055)	0.000	(0.055)	(0.117)
Culture Services £134k forecast pressure relates to delayed implementation of new management of Millfield centre and security costs.	0.726	0.134	0.000	0.134	0.090
Highways Contract inflation accounts for £58k of the overspend, £50k due to delayed implementation of restructure and a further 90k in reduced income forecasts.	0.247	0.197	0.000	0.197	0.000

Place	Net Budget (£m)	Gross Forecast Variance Q2 (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q2 (£m)	Net Forecast Variance Q1 (£m)
Street Lighting Through application of contract management, default deductions have been applied resulting in one off benefit for 2022/23.	2.950	(0.100)	0.000	(0.100)	0.000
Traffic & Transportation The forecast variance is due to additional Traffic Order income.	(0.815)	(0.125)	0.000	(0.125)	(0.125)
Parking Services The most significant variance is the reduction of car parking receipts either in car parks or on street parking and parking permits. This is a continuing trend seen over the last couple of years and are affected by the following factors: • Impact of the pandemic and the reduction in travel • The increase in working from home and the reduction in travel • Changing consumer habits and increased on line shopping rather than coming into Town Centres. Gross pressure is £1.173m, with £0.680m applied to Covid019 reserve.	(7.215)	0.493	0.000	0.493	1.296
Regulatory Services Additional CCTV hire required to support Waste Enforcement.	1.347	0.101	0.000	0.101	0.073

Place	Net Budget (£m)	Gross Forecast Variance Q2 (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q2 (£m)	Net Forecast Variance Q1 (£m)
Cemeteries New extension has been completed and income profile for Burial Chambers and mausolea will need to be reprofiled..	(1.749)	0.275	0.000	0.275	0.500
Waste Services The forecast overspend is a result of increased fuel prices.	7.848	0.315	0.000	0.315	0.000
Street Scene £0.067m is due to the increasing cost of fuel, whilst additional activity undertaken in Meridian Water, fly tips, extra litter bin clearances and flat above shops ads a further £0.4m which have been partly mitigated by operational efficiencies.	5.294	0.218	0.000	0.218	0.083
Parks Operations £42k relates to the increasing cost of fuel. Whilst £0.169m was a result of break ins at Trent Park. A further 49k is from the recycling bin installations and big belly bins in the Town park.	3.024	0.215	0.000	0.215	0.228
Parks Activities & Events The forecast overspend is a result of loss of income e.g. events at Trent Park, sports pitch booking and allotments.	(0.347)	0.148	0.000	0.148	0.000
Passenger Transport Service The over spend is due to increasing cost of fuel and contract inflation.	11.121	0.745	0.000	0.745	0.310

Place	Net Budget (£m)	Gross Forecast Variance Q2 (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q2 (£m)	Net Forecast Variance Q1 (£m)
Strategic Property Services The favourable variance of £0.220m is due to increased rental receipts from the Montagu Industrial Estates.	(2.865)	(0.220)	0.000	(0.220)	(0.220)
Housing The TA monitor for June shows an overspend of C.£2.5m. See main body of report for the detail for variance.	5.212	2.500	0.000	2.500	1.059
No Recourse to Public Funds (NRPF) The number of families with No Recourse to Public Funds is currently higher than expected. The overspend could increase further in this area due to rising energy costs which the Council are liable for in block booked NRPF accommodation. To date the main has not increased this cost, however some providers in other boroughs have effectively doubled their energy charges which for Enfield would show a full year effect increased charge of circa £110k.	0.905	0.240	0.000	0.240	0.240
Other minor variances	4.870	0.100	0.000	0.100	0.137
Place Department Total	**31.716**	**6.380**	**(0.068)**	**6.312**	**4.054**

Return to Place Narrative

Appendix E

Resources	Net Budget (£m)	Gross Forecast Variance Q1 (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q2 (£m)	Net Forecast Variance Q1 (£m)
Finance The forecast overspend is mainly driven by agency cover supporting the Corporate Team in managing 3 years audits of the accounts and also agency cover for some vacant posts. In addition, a project accountant has been brought in to drive savings in Place department.	3.341	0.448	0.000	0.448	0.470
Digital Services The forecast overspend is due to additional security team costs to combat cyber threats which is currently unfunded (£200k); additional resources to support legacy system dual running (£50k) and agency resources covering BAU roles (£191k) due to challenges in recruitment. The overall overspend anticipated to be funded by capital receipts is due to the transformational work undertaken across the team. Further pressures result from additional contract costs incurred for additional security applications (£150k) and professional services to mitigate risks around compliancy and testing. Additional contract costs of new projects that have an ongoing revenue impact (£390k). The profiled saving from CRM/CMS of £400k is also unlikely to be achieved this year. The balancing overspend is due to additional annual contract uplift costs.	14.079	2.533	(0.598)	1.935	1.240

Customer Experience Delays in delivering savings in Financial Assessment and the Income Collection team are contributing to a £0.239m forecast overspend. The Library service are forecasting to be £0.166m due to shortfall in service income. Offset by other service efficiencies.	9.258	0.199	0.000	0.199	0.205
Transformation The forecast overspend is transformation project costs and are planned as described in the Budget Report 2022/23 to be funded by the Flexible use of capital receipts.	0.000	0.905	(0.905)	0.000	0.000
Other variances	3.293	0.547	0.000	0.547	0.452
Resources Department Total	**29.971**	**4.632**	**(1.503)**	**3.129**	**2.367**

Return to Resources Narrative

Appendix F

Covid-19 Impact	Additional Expenditure	Loss of income
	£m	£m
Chief Executive		
CEX: Additional legal costs to cover rising C&F case work	0.514	0.000
CEX: Communications Officer		0.000
Chief Executive Total	**0.514**	**0.000**
People		
Adult Social Care		
ASC: Additional workforce across ASC services	0.100	0.000
ASC: Additional long term care purchasing costs as a result of cancelation of routine operations, hip, knee etc	0.250	0.000
ASC: 2022/23 Demographic pressures	0.650	0.000
ASC and Public Health Total	**1.000**	**0.000**
Children & Families		
C&F: Increase numbers of agency staff and fixed term posts	1.364	0.000
C&F: Block booking placements	0.030	0.000
C&F: PPE for Children’s Services (including Leaving care)	0.005	0.000
C&F: Increase in Short Breaks (JSDC)	0.100	0.000
C&F: Outsourcing a completion of C&F assessments for a short period of time to clear the backlog of assessments and reduce caseloads while successful recruitment initiatives are finalised.	0.413	0.000

C&F: Recruitment initiative	0.056	0.000
C&F: Agency staff support for care co-ordinators converting to AYSE	0.029	0.000
C&F: Care placements, support packages into homes to safeguard children particularly but not exclusively children with SEND and/or severe emotional and mental health needs	1.747	0.000
Children & Families Total	**3.745**	**0.000**
Education		
Education: SEND support staff	0.050	0.000
Education: after-school provision for supervised independent study and increased Teaching Assistant support	0.230	0.000
Education Total	**0.280**	**0.000**
Place		
Homelessness Service	0.945	0.000
Development Management recovery of backlog	0.195	0.105
Covid Marshals & Locally Supported contact tracing	0.075	0.000
Parking Services	0.000	0.680
Highways Services	0.000	0.050
Traffic & Transportation	0.000	0.050
Meridian Water	0.000	0.129
Strategic Property Services	0.000	0.063
Culture services	0.000	0.345
Regulatory Services	0.000	0.067
Commercial Waste	0.000	0.050

Place Total	**1.215**	**1.539**
Resources		
Customer Experience: Financial Assessments staff overtime, Civica on Demand Extra & Additional Financial assessment staff	0.822	0.000
Customer Experience: Additional Resources in Income & Debt service post COVID recovery, Civica on Demand	1.022	0.000
Digital: Additional Staff Capacity - Overtime, Changes to 4th floor/Basement layout, Adjustments to allow people with Disability to work remotely	0.157	0.000
Schools Catering service income	0.000	0.240
Other Resources services loss of income e.g., recharges	0.000	0.026
Resources Total	**2.001**	**0.266**
Central Items		
Underspend on Concessionary Fares	**(1.508)**	
Covid-19 Total	**7.247**	**1.805**

Return to Covid-19 Narrative

Use of Capital Receipts in 2022/23 **Appendix G**

2022/23 Cost of Transformation Initiatives	£m	Planned Savings and Demand Reductions
People		
Children & Families	0.163	New Beginning (previously Break the Cycle)
Children & Families	0.040	SEND & Disability Outreach Worker (2 Year Fixed Term)
Children & Families	0.017	Outreach worker Operation Alliance
Children & Families	0.088	Parent Support Advisor
Education	0.500	Investment in Nexus project
Chief Executive		
Communications	0.041	Reflects transfer of Communications post from the Transformation team to the Communications team.
Human Resources	0.046	HR Transformation Manager
Resources		
Digital Services IT	0.598	To develop business cases for new projects as part of the Portfolio's pipeline. Continuation from 2021/22 item with a further £0.820m Use of Capital Receipts anticipated.
Transformation	0.900	The Transformation Service manages a diverse Portfolio of Programmes: Payments, Children's Transformation, Build the Change, Customer Experience.
Place		
Planning Commercial and Customer Manager	0.068	

2022/23 Cost of Transformation Initiatives	£m	Planned Savings and Demand Reductions
Total	**2.461**	

[Return to Capital Receipts Narrative](#)

Appendix H

Achievement of Savings and Income in MTFP

Savings by Department	CEx	People	Place	Resources	Corporate	Grand Total
	£m	£m	£m	£m	£m	£m
FYE	0.000	0.000	0.175	(0.760)	0.500	(0.085)
New 2022/23	(0.510)	(2.912)	(2.004)	(0.430)	0.000	(5.856)
Savings Total	(0.510)	(2.912)	(1.829)	(1.190)	0.500	(5.941)

Income by Department	CEx	People	Place	Resources	Corporate	Grand Total
	£m	£m	£m	£m	£m	£m
FYE	0.000	(0.100)	0.890	0.000	0.000	0.790
New 2022/23	0.000	(0.100)	(2.650)	(0.090)	0.000	(2.840)
Income Total	0.000	(0.200)	(1.760)	(0.090)	0.000	(2.050)

Total Savings & Income by Department	CEx	People	Place	Resources	Corporate	Grand Total
	£m	£m	£m	£m	£m	£m
FYE	0.000	(0.100)	1.065	(0.760)	0.500	0.705
New 2022/23	(0.510)	(3.012)	(4.654)	(0.520)	0.000	(8.696)
Total	(0.510)	(3.112)	(3.589)	(1.280)	0.500	(7.991)

Total Savings & Income by Department by Risk Status	CEx	People	Place	Resources	Corporate	Grand Total
	£m	£m	£m	£m	£m	£m
Blue	0.000	(2.623)	1.382	0.000	0.500	(0.741)
Green	(0.460)	(0.189)	(1.310)	(0.750)	0.000	(2.709)
Amber	(0.050)	(0.300)	(3.661)	(0.130)	0.000	(4.141)
Red	0.000	0.000	0.000	(0.400)	0.000	(0.400)
Total	(0.510)	(3.112)	(3.589)	(1.280)	0.500	(7.991)

Return to Achievement of Savings Narrative

Appendix I

Savings & Income Monitor

Department	Directorate	FYE/New 2022/23	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
CEX	CEX	New	Savings	Corporate Strategy service restructure	2.5	(100)
CEX	CEX	New	Savings	Enfield Strategic Partnership review of reserves	2.5	(100)
CEX	CEX	New	Savings	Service Review: Organisational Development	3.5	(260)
CEX	CEX	New	Savings	Legal team capitalisation	4.5	(50)

Department	Directorate	FYE/New 2022/23	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
People	ASC	New	Savings	Strength based Programme - Reduced long term demand	0.0	(200)
People	ASC	New	Savings	Better Care Fund - Substitution	0.0	(300)
People	ASC	New	Savings	Review of Adult Placement Service, Outreach & Enablement	0.0	(260)
People	ASC	New	Savings	Disabled Facilities Grant - Substitution	0.0	(200)
People	ASC	New	Savings	Care Purchasing demand, transition, and Continuing Health Care	0.0	(683)

Department	Directorate	FYE/New 2022/23	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
People	ASC	New	Savings	Print costs/Home working	0.0	(35)
People	ASC	New	Savings	Reduced fuel costs move to electric vehicles	0.0	(35)
People	ASC	New	Savings	Additional savings on packages and placements from use of Care Cubed tool	0.0	(50)
People	ASC	New	Savings	Moving Day Care transport fleet to electric and some users to personal travel budgets at lower cost	0.0	(35)
People	ASC	Full Year Effect	Income	Reardon Court – Extra Care	0.0	0
People	ASC	Full Year Effect	Income	Increased income through fees and charges for chargeable Adult Social Care Services	0.0	(100)
People	ASC	New	Income	Care Charges (for Adult Social Care) service redesign	0.0	(100)

Department	Directorate	FYE/New 2022/23	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
People	C&F	New	Savings	Review of alternative funding streams for Education services	1.5	(80)
People	C&F	New	Savings	Reduced Unaccompanied Asylum Seeking Children (UASC) activity & increased grant level	2.5	(109)
People	C&F	New	Savings	Service Efficiencies	7.0	(300)
People	Education	New	Savings	Enhanced Pension Costs	0.0	(200)
People	PH	New	Savings	Public Health	0.0	(300)

Department	Directorate	FYE/New 2022/23	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
People	PH	New	Savings	Redistribution of the Public Health grant	0.0	(125)

Department	Directorate	FYE/New 2022/23	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
Place	Place	Full Year Effect	Savings	Economic Development Team	0.0	300
Place	Place	New	Savings	Energy Savings generated from the Salix investment on Corporate buildings	0.0	(75)
Place	Place	Full Year Effect	Income	Additional Traffic & Transportation receipts from recharges to capital	0.0	25
Place	Place	Full Year Effect	Income	Meridian Water Meanwhile use income	0.0	86
Place	Place	Full Year Effect	Income	Southgate Cemetery - Mausoleum and Vaulted graves sales	0.0	46
Place	Place	Full Year Effect	Income	Reprofiled Holly Hill Bunding Income	0.0	600
Place	Place	Full Year Effect	Income	Bunding Income (one off in 2021/22)	0.0	400
Place	Place	New	Savings	Fleet Centralisation	1.5	(50)
Place	Place	New	Savings	Recycling Improvements	1.5	(68)
Place	Place	New	Savings	Parks Operations Efficiencies	1.5	(50)
Place	Place	Full Year	Income	Cemeteries Mausoleum and Vaulted graves sales - Southgate Cemetery	1.5	(31)

Department	Directorate	FYE/New 2022/23	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
		Effect				
Place	**Place**	Full Year Effect	Income	Edmonton Cemetery Expansion - sales of mausolea and vaulted graves	1.5	(6)
Place	Place	Full Year Effect	Savings	Homelessness Service Review	2.5	(125)
Place	Place	New	Savings	Streetlighting additional saving	2.5	(100)
Place	Place	Full Year Effect	Income	Inflation uplift on external clients and receipts income	2.5	(180)
Place	Place	New	Income	Litter Enforcement Contract Income	2.5	(100)
Place	Place	New	Income	Traffic Order Receipts	2.5	(100)
Place	Place	New	Income	Extension of Holly Hill land improvement	2.5	(200)
Place	Place	New	Savings	Housing NRPF - reduced demand for service	3.5	(300)
Place	Place	New	Savings	Cashless Car Parking	4.5	(75)
Place	Place	Full Year Effect	Income	Market Rentals for Council Properties	4.5	(10)
Place	Place	Full Year Effect	Income	Increase in fee income in the planning service	4.5	(20)
Place	Place	Full Year Effect	Income	Building Control Plan Drawing Service	4.5	(20)
Place	Place	New	Income	Economic Development - income and grants	4.5	(50)

Department	Directorate	FYE/New 2022/23	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
Place	Place	New	Savings	Service Review: Economic Development	5.0	(210)
Place	Place	New	Income	Garden Waste Income	5.0	(150)
Place	Place	New	Income	Traffic Control Measures	5.0	(1,750)
Place	Place	New	Savings	Review of recharging of Place back office costs	7.0	(500)
Place	Place	New	Savings	Strategy to reduce Temporary Accommodation costs	7.0	(287)
Place	Place	New	Savings	Corporate Maintenance Facilities Management Operational Efficiency (Security, Cleaning, Staffing)	7.5	(100)
Place	Place	New	Income	Commercial waste	7.5	(100)
Place	Place	New	Income	Increased Temporary Accommodation rents aligned to Local Housing Allowance (LHA) rates for new tenants from 1st April 2022	7.5	(200)
Place	Place	New	Savings	Measures to address SEN Transport spend	5.0	(189)

Department	Directorate	FYE/New 2022/23	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
Resources	Resources	Full Year Effect	Savings	Reducing cost of maintaining staff laptops and devices	1.5	(60)
Resources	Resources	Full Year Effect	Savings	Reduction in mobile phone costs and usage	1.5	(50)
Resources	Resources	Full Year Effect	Savings	Customer Operations	1.5	(50)

Department	Directorate	FYE/New 2022/23	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
Resources	Resources	New	Savings	Exchequer Service Pension recharge	1.5	(50)
Resources	Resources	New	Savings	Audit Team budget review	1.5	(50)
Resources	Resources	New	Savings	Housing e-billing (reduced print & postage costs)	1.5	(25)
Resources	Resources	New	Savings	Cash collection saving in Exchequer	1.5	(25)
Resources	Resources	New	Income	Libraries: Additional Visa verification service income	1.5	(90)
Resources	Resources	Full Year Effect	Savings	Application Rationalisation - ongoing reduction of other applications	2.5	(200)
Resources	Resources	New	Savings	Digitalisation/ decentralisation of MEQ & Complaints Team responsibilities	2.5	(150)
Resources	Resources	New	Savings	Out of hours service: review existing service users, reduce service and reduce costs	4.5	(30)

[Return to Achievement of Savings Narrative](#)

Dedicated Schools Grant	Forecast Variance Q1 (£m)
Early Years Block	(0.105)
Schools and Central Services Blocks	0.157
High Needs Block The main pressures are within the High Needs Block and relate to the development of additional in borough provision, an increase of the number of pupils with Education, Health and Care plans (EHCPs) in mainstream schools and the development of early intervention strategies.	2.020
DSG Total	**2.072**

Return to DSG Narrative

London Borough of Enfield

Cabinet

14 December 2022

Subject: Capital Programme Monitor Q2 2022/23
Cabinet Member: Councillor Tim Leaver, Finance & Procurement
Executive Director: Fay Hammond, Executive Director Resources

Key Decision: KD5497

Purpose of Report

1. The purpose of this report is to update Members on the forecast capital spend for 2022/23, taking into account the latest information available for all capital schemes including funding.

2. The report sets out the estimated capital spending, the proposed arrangements for funding and the revenue budget relating to capital financing costs and Minimum Revenue Provision. The detail of the Housing Revenue Account (HRA) capital spend is reported separately, with a single summary line included in this report.

Proposal(s)

3. It is recommended that Cabinet notes

   a. The 2022/23 forecast spend of £302.8m against a budget of £486.4m, which is a forecast variance to budget of 38% across the programme. This reflects strategic and fiscally responsible decisions taken by the Council to manage delivery of its capital programme in response to inflationary pressures, increases in the cost of borrowing and current market conditions, as described in this report.

Reason for Proposal(s)

4. A strong financial management framework, including Member overview and scrutiny of the capital programme, is an essential part of delivering the Council's priorities and statutory duties. This is particularly important in the current macro-economic environment of rising interest rates and inflation and pressures on revenue budgets.

Executive Summary

5. The delivery of the 2022/23 capital programme is impacted by global external factors including the aftermath of the Covid19 pandemic, disruption of global supply chains and more recently soaring inflation and the economic impact of the war in Ukraine. Consumer Price Index (CPI) inflation in September was 10.1% and is forecast to increase further before reducing in later years. Overall construction inflation is significantly higher.

6. This means that all business cases for projects relying on borrowing are being refreshed.

7. The approved capital programme budget for 2022/23 was £486.4m (as approved by Council as part of the 2021/22 outturn report). Subsequent growth in programme of £5.7m is included in the programme, of which £1.5m is funded from borrowing. A further £17.0m of capital budget has been removed from the programme, of which £8.2m was budgeted to be funded from borrowing.

8. As a result, Q2 forecast capital spend is now £302.8m, compared with approved budget of £486.4m (a variance of £183.6m). Q2 forecast £302.8m spend consists of £144.0m for the General Fund (excluding companies), £125.1m for the Housing Revenue Account (HRA) and £33.6m loan drawdown for Enfield Companies as shown in table 1. This outturn estimate is likely to further change at Period 8.

9. This means that the Council is forecast to borrow £85.6m less than budgeted in 2022/23. The majority of the remaining underspend was planned to be funded by grants (£93.7m, which can be utilised in future years.)

10. Reduced in-year prudential borrowing will help mitigate the impact of recent increases in interest rates on the cost of council borrowing (2.5% assumed in budget, increased to 5% at Q2).

11. The capital schemes with largest variances to budget are:

    a. Meridian Water – (£83.3m)
    b. Housing Gateway Ltd – (£34.2m) variance to loan drawdown
    c. HRA – (£9.1m)
    d. Property & Economy – (£22.6m)
    e. Education – (£19.5m)

Background

12. On 24th Feb 2022, Council approved the 2022/23 capital programme and noted the 2023/24 - 2031/32 10 Year Programme (KD5353), which included the Housing Revenue Account (HRA) budgets.

13. The Council's capital programme is regularly reviewed, and monitoring reports are submitted to Cabinet on a quarterly basis. In addition, the Capital Finance Board maintains a strategic overview of the financial management of the capital programme and provides an additional level of scrutiny for the major projects. The Council continually strives to maximise external grants and contributions and attract new income streams to fund projects wherever possible and minimise the need to borrow.

14. This is the second quarterly monitoring report of 2022/23. A final report will be prepared with the full year forecast position as at Period 8 (November).

15. Q2 full year forecast outturns are based on programme managers' estimation of actual spend during 2022/23. In making these assessments, programme managers are asked to consider the extent of actual spend incurred and committed to date. These forecasts are expected to change over the next two

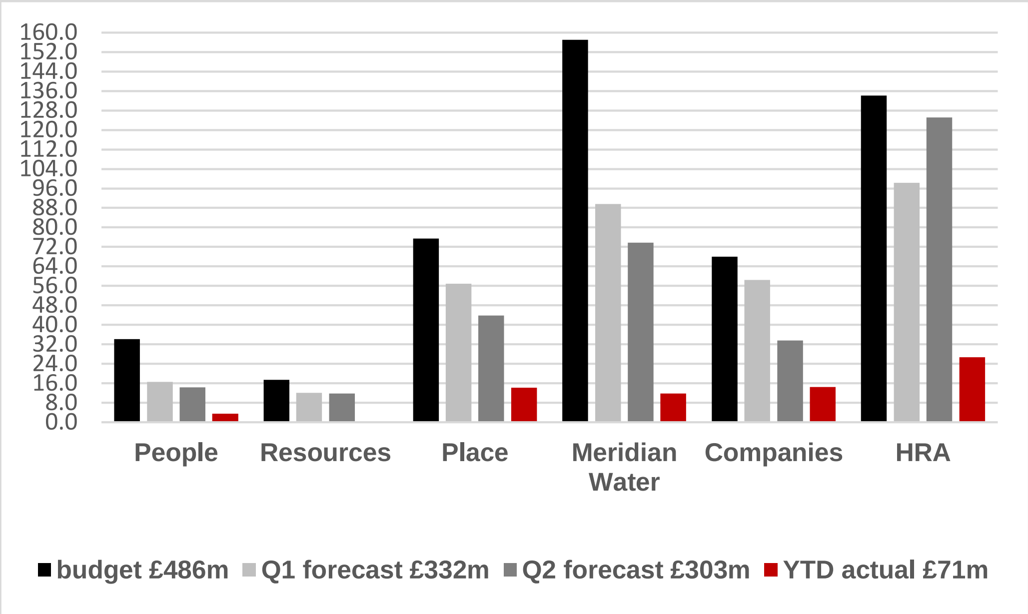
months as the full impact of the factors described above are understood on individual programmes.

Capital programme monitoring - overview

16. This report focusses on how the actual programme delivery compares to what was forecast to be delivered in the 2022/23 capital budget of £486.4m. It includes an update on project status and emerging risks for key projects within the capital programme.

17. Q2 full year forecast spend is £302.8m (was £332.0m at Q1). This outturn forecast is likely to further change at Period 8 (November) reporting. The average annual capital outturn over the last 3 years (excluding companies but including the HRA) was £167m.

18. Figure 1 below provides a visual summary of the capital budget, forecast outturn and actual spend (to 30 September) by directorate. Actual spend of £71m excludes salaries and overhead recharges from revenue to capital. These will be processed in Q3 and are estimated to be around £5m for April to September.



19. Table 1 and table 2 below summarise the original budget and forecast outturn capital spend and financing for 2022/23. Details on project status, outcomes and emerging risks and issues for major schemes are provided in later sections of this report.

Table 1 – Q2 capital programme forecast full year spend

Capital budget by Directorate	2022/23 budget £m	Q1 forecast £m	Q2 forecast £m	budget variance £m	forecast to budget %
Resources	17.5	12.1	11.7	(5.7)	67%
People	34.4	16.7	14.5	(19.9)	42%
Place	75.4	56.9	44.0	(31.4)	58%
Meridian Water	157.0	89.6	73.7	(83.3)	47%
General fund (excluding companies)	**284.2**	**175.2**	**144.0**	**(140.2)**	51%
HRA	134.2	98.3	125.1	(9.1)	93%
HRA	**134.2**	**98.3**	**125.1**	**(9.1)**	93%
Capital programme (excluding companies)	**418.4**	**273.5**	**269.1**	**(149.3)**	**64%**
Energetik	21.7	25.1	21.6	(0.1)	100%
Housing Gateway Ltd	46.3	33.3	12.0	(34.2)	26%
Companies	**68.0**	**58.4**	**33.6**	**(34.3)**	**49%**
Total capital programme	**486.4**	**332.0**	**302.8**	**(183.6)**	**62%**

Table 2 – Q2 capital programme forecast full year funding

Capital funding	2022/23 budget £m	Q1 forecast £m	Q2 forecast £m	budget variance £m	forecast to budget %
Borrowing	254.7	230.1	169.1	(85.6)	66%
Capital grants	172.9	70.2	79.2	(93.7)	46%
Usable capital receipts	26.4	14.1	28.5	2.1	108%
HRA: earmarked reserves	21.6	3.8	12.8	(8.8)	59%
HRA: Major repairs allowance	8.0	11.3	11.3	3.3	141%
S106 & CIL	2.3	2.3	1.9	(0.4)	90%
Revenue contributions	0.5	0.1	0.0	(0.5)	4%
Total capital funding	**486.4**	**332.0**	**302.8**	**(183.5)**	

Capital budget adjustments

20. Actual programme delivery against the 2022/23 capital budget has changed to reflect growth and reductions during the year as well as proposed reprofiling of capital budgets no longer required to support programme delivery in 2022/23.

21. **Additions to the approved capital programme £5.7m**

22. Table 3 summarises growth in the capital programme, which mostly relate to confirmation of previous estimates of grant funding.

Table 3 - Q2 additions to the approved capital programme

	£m	Funding source	Comments
Schools maintenance	0.2	Grant – KD5443	Bush Hill Park School – kitchen rebuild
Changes to Waste & Recycling collections	0.1	Capital receipt – KD4810	Capital programme correction to align with original approval
Flood alleviation	0.2	Grant	In-year grant approval confirmed Q1
Heathy Streets	3.1	Grant	In-year grant approval confirmed Q1
Highways & Street Scene	0.4	Grant	In-year grant approval confirmed Q1
Housing adaptations (DFG)	0.3	Grant	In-year grant approval confirmed Q1
Genotin Road (Metaswitch)	1.3	Borrowing – KD4567/KD5464	Capital programme correction to align with original approval
Q1 Growth	**5.5**		
Investment in Digital Infrastructure	0.2	Grant - KD5456	New ducting and fibre network
Q2 Growth	**0.2**		
Growth since April 22	**5.7**		

23. **Reductions to the approved capital programme (£17.0m)**

24. These are itemised in table 4 below. In Q1 expenditure budgets were reduced by (£15.6m), as previously detailed in the Q1 capital budget monitoring report. A further (£1.4m) budget reductions were made in Q2 of the programme. Total reduction in capital budgets since programme approval is (£17.0m).

Table 4 – Q2 reductions to the approved capital programme

	£m	Description
Schools maintenance	(1.3)	Grant funded - schemes completed and budgets reduced
Build the Change	(0.4)	Funded by borrowing funded - Removal of revenue spend from capital budgets
Land Investment	(7.5)	Funded by borrowing funded - Scheme no longer progressing
Traffic & Transportation	(0.2)	Estimate replaced by confirmed grant funding
Healthy Streets	(6.1)	Estimate replaced by confirmed grant funding
Q1 Reductions	**(15.6)**	
Alley gating	(0.1)	Removal of budget from capital programme
Healthy Streets	(1.0)	Reduced spend forecasts – grant funded
Empty Properties	(0.3)	Reduced spend – part of EMT review
Q2 Reductions	**(1.4)**	
Reductions since April 2022	**(17.0)**	

25. **Approvals to spend capital budgets**

26. The Council’s financial regulations require all projects to obtain approval to spend (I.e. a detailed review of the business case). This is separate to Council approval of the overall budget envelope. This detailed level approval must be secured in advance of spend being incurred. Whilst not impacting on the overall value of the capital programme, table 6 below details projects that have obtained appropriate approval to spend since April 2022. In Q1 £10.4m ‘budget envelopes’ progressed with approval to spend. In Q2 a further £0.4m capital budgets received second level approval (total approvals to spend since April 2022 is £10.8m). This is in addition to all the programmes that already had detailed capital budget approval.

Table 5 – Q2 approvals to spend

	2022/23 £m	Approval & Funding Source
Approvals to spend in Q1	**10.4**	
IT investment	0.2	ROD 7 July 2022 – funded borrowing
Flood alleviation	0.3	KD5423 – funded 50% grant 50% borrowing
Healthy Streets	1.8	KD5246 – funded grant and S106/CIL
Highways & Street Scene	8.0	KD5423 - funded borrowing
Housing adaptations (DFG)	0.1	KG5462 – funded grant
Q1 Approvals to spend	**10.4**	
ICT investment – CRM replacement	0.4	ROD 13 July 2022 - funded borrowing
Q2 Approvals to spend	**0.4**	
Approvals since April 2022	**10.8**	

27. Of the £302.8m Q2 forecast outturn budget for 2022/23, £11.5m (4%) consists of capital budgets pending approval to spend. This means that no spend has yet been incurred against them. These budget envelopes are funded from £2.5m capital grant and £9.0m borrowing (total £11.5m). The capacity to spend these budgets will be tested with budget holders as part of Period 8 capital budget monitoring.

Financial risks

28. Cost Inflation has been rising steadily over the last year. The Bank of England is expecting inflation to rise to around 13% by the end of the calendar year with energy and fuel prices contributing half of that amount. Consumer Price Index (CPI) currently stands at 10.1%, which is significantly above the Government's 2% target rate. Since early 2021, the UK construction sector has seen high inflation in materials and build costs, alongside materials and labour shortages affecting site activity. This is the combined effect of COVID working practices, supply chain disruption, and new immigration and trading requirements.

29. These factors have already had a direct impact on the Council's current capital programme. For example, the Meridian Water financial model is being updated, and alternative delivery options investigated. The HRA is also considering alternative approaches for the delivery of new homes.

30. There is risk that some planned capital spend may no longer represent value for money because of rising costs. As a result, where relevant, business cases are being refreshed to demonstrate value for money as well as affordability as part of budget setting 2023/24.

31. Where projects have been paused there is a risk that the Council continues to incur project overheads, which may have to be charged to revenue budgets or managed within existing budgets.

32. There is inherent risk that, where projects are descoped or revised in response to escalating costs, approved outcomes are not achieved to the same extent as planned.

33. As well as ensuring that grant conditions are complied with, there is an underlying risk of grant being withheld or clawed back should outcomes not be achieved. For example, to date Meridian Water has claimed £22.2m of HIF grant funding, which is linked to achievement of milestones and housing output.

34. Delays in capital programme delivery will also potentially impact on delivery of revenue income currently assumed within the Medium Term Financial Plan (MTFP).

35. At £169.1m, around 56% of the in-year capital programme is expected to be funded from prudential borrowing. The Council must ensure sufficient annual revenue provision is made for the repayment of this debt (including interest) during this period of volatility. On 3 November 2022 the Bank of England increased its base rate to 3.0% (for context it was 0.1% in March 2020), with the next review on 15 December 2022. Corresponding increases in gilt yields have also resulted in a rise in Public Works Lending Board (PWLB) borrowing rates. There is considerable volatility in interest rates, which have an acute impact on the revenue financing costs of borrowing undertaken to deliver the capital programme.

36. This risk also extends to the cost of refinancing historic debt taken out as historic loans mature.

37. There is inherent risk that assumed funding from capital receipts does not materialise as forecast, within timescales assumed. The council would potentially have to fund any shortfall in funding.

2022/23 Capital programme – status, risks, outcomes and variances

38. The following paragraphs provide explanations for variances and a description of forecast outcomes from larger programmes.

39. **Resources**

Table 6 – Resources Q2 forecast full year spend

	2022/23 Budget £m	Q2 forecast £m	Variance to budget £m
IT Investment	17.1	11.4	(5.7)
Libraries	0.1	0.1	0.0
Community Hubs	0.3	0.3	0.0
Resources	**17.5**	**11.7**	**(5.7)**

Programme status and expected outcomes

40. The Council is delivering infrastructure Phase 1A programme, asset management replacement, customer platform replacement and payment programme during 2022/23. Further programmes expected to commence delivery in 2022/23 include unified communications, smart mobile devices and end user computing.

Q2 forecast variance to budget

41. The £5.7m underspend in 2022/23 reflects supply chain issues and difficulties in procuring digital and IT equipment as quickly as expected. The Council continues to experience 6 to 12 month lead in times for equipment in some cases. This impacts the delivery of the Smart Devices, EUC/Hardware Replacement and Infrastructure Programmes. Obtaining resources to work on these priority programmes remain difficult to recruit to. Whilst this is being addressed through additional temporary staff, this has impacted on the pace of delivery. The resourcing issue is being addressed by using managed services to undertake discovery work – but contracts take time to procure and implement.

42. **People**

Table 7 – People Q2 forecast full year spend

	2022/23 Budget £m	Q2 forecast £m	Variance to budget £m
Schools Maintenance	16.6	5.8	(10.8)
Strategic Schools Places Programme	17.0	8.2	(8.8)
Children & Families	0.8	0.5	(0.3)
People	**34.4**	**14.5**	**(19.9)**

Programme status and expected outcomes

43. The Schools Capital Programme (funded predominantly from DfE capital grants) seeks to ensure sufficiency of school places within the locality and the maintenance of the local authority-controlled school estate to an appropriate standard. The strategy of expansion of school places for SEND children also continues in 2022/23.

44. Schools maintenance programme - This programme is entirely funded from DfE school condition grant and consists of various schemes across the school estate. De Bohun Primary - phases 1 & 2 are now complete and in defects liability stage, with remaining work planned to be completed this financial year. Enfield County works are at various stages of procurement / construction process. Swan Centre refurbishment and remodelling (for additional SEND places) are due to commence on-site by the end of the year.

45. Strategic Schools Programme - this programme is entirely funded from DfE basic need grant. Winchmore sixth form building is currently being reprocured because of inflationary increases in estimated costs of project delivery. MUGA works are expected to complete this financial year. Aylands School rebuild (to provide additional 70 SEND school places) is scheduled to complete Feb 2023. Minchenden Autistic Provision works have completed within budget.

46. Mental Health & Wellbeing – site options have been proposed and preferred site identified. Further work required before report is brought forward for approval – will potentially be funded from future capital receipts.

Q2 forecast variance to budget

47. The main reason for the underspend is the re-alignment of project budgets with revised delivery timescales due to market (inflationary) pressures requiring project scopes to be redefined resulting in proposed programme reprofiling to future years.

48. This includes £3m for the Oaktree school expansion project and the Swan Annexe remodelling project that will deliver additional SEND places and £4m for Winchmore 6th form. The requested addition for Strategic Schools and Schools Maintenance of £3m and £5m respectively was added to the programme upon

approval from February 2022 Cabinet and will be reprofiled as it has yet to be allocated to specific projects that are still at inception stage.

49. **Place**

50. The Council approved £75.4m capital spend in 2022/23 within the Place directorate. Q2 projection of full year spend is £44.0m (58% of approved budget).

Table 8 – Place Q2 forecast full year spend

	2022/23 budget £m	Q2 forecast £m	Variance to budget £m
Environment & Operations	28.4	19.7	(8.8)
Property & Economy	44.1	21.4	(22.6)
Housing & Regeneration	2.9	2.9	(0.0)
Place	**75.4**	**44.0**	**(31.4)**

51. **Environment and Operations**

Programme status and expected outcomes

52. Edmonton Cemetery – The build phase of the programme is now complete and consists of 144 mausolea, 200 vaulted chambers, and 144 cremation niches, providing capacity for 544 burials. Landscaping works are completed as are repairs to the skate park. The scheme is expected to be delivered within approved funding.

53. Flood Alleviation – Turkey Brook - contractor is on site carrying out works. Haslebury Neighbourhood Improvements works are substantially complete. Enfield Chase Restoration Project – most of the works are expected to be undertaken over the winter (tree planting season).

54. Highways & Street Scene - The programme has been impacted by cost inflationary pressures, which has resulted in some planned schemes being pushed to later years. To date around 10.9km of carriageways have either been resurfaced or subject to surface treatment. Some planned resurfacing has been delayed to later years because of cost inflation. To date 8,842 planned defects works have been completed. This compares with full year target of 18,000 repairs. Cost increases may require some schemes in the carriageway and footway programmes to be re-profiled into 2023/24. Various footways renewal schemes have been completed and the programme is ongoing. Inflationary pressures have seen schedule of rates increase by up to 12%. Watercourses programme - Oaklands wetlands on site and expecting to complete around 80% this year and Oakthorpe is 90% complete. Planned works at Wilbury are delayed and may not start until March. Highways Trees – trees have either been ordered or and in the process of being order in preparation for the tree planting season (November to March).

55. Expansion of trade waste service – Scheme is still at the planning stage and will require full financial viability assessment.

56. Vehicle Replacement Programme - £1m of fleet vehicles are under order and are expected to be received by the end of Q3 2022.. The Council's itemised 10 year fleet replacement plan is being revised to reflect current vehicle acquisition prices and lead in times. The current approved plan assumes the Council will continue to replace the bulk of its fleet with diesel vehicles (only 14 electric vans currently owned). Every proposed vehicle acquisition is 'evaluated' prior to order being placed to ensure that outright purchase (as opposed to lease or hire) remains the most financially advantageous option.

57. Healthy Streets – The Healthy Streets programme receives external grant funding from a range of sources, which must be spent in accordance with grant conditions. Indicative grant funding allocations of £7.1m included at budget have since been removed (table 5) as actual grant allocations are confirmed. At Q2 grant funded capital budget of £5.8m is currently approved for 2022/23. This budget will be amended in Period 8 to reflect £2.9m TfL grant funding awarded late September 2022. Budget is expected to be fully utilised in 2022/23. The programme is on track for successful delivery this financial year, delivering a range of challenging projects. Two major projects (Ponders End High Street and North Middlesex Hospital active travel route) are due for completion in Q3. Enfield Town to Broxbourne walking & cycling route benefits from £2.3m funding from National Highways - reprofiling discussions underway with National Highways to allocate some of this into next financial year. Additional investment in the delivery of 10 School Streets which are on course to be completed by March 23.

58. Traffic and Transportation - TfL grant funding of £0.4m was confirmed in Q2. This has been allocated to specific schemes within the programme including LIP Bus Priority and LIP Vision Zero Initiatives. Schemes are fully grant funded.

Q2 forecast variance explanation

59. The main reasons for the forecast underspend are

a. the planned purchase of electric vehicles in the Vehicle Replacement programme, due to significant additional lead in times for the purchase of vehicles; and

b. a £7m reduction in Healthy Streets programme budget to remove indicative grant funded budget amounts.

60. **Property & Economy**

Programme status and expected outcomes

61. Build the change £7.5m full year forecast spend to deliver:

a. Hub 1 - Civic Centre. Works are restricted to finalising works on meeting rooms. All other works are paused while the business case is reviewed.
b. Hub 2 - Thomas Hardy House & Dugdale – works are expected to complete in December 2022, with all in-year capital budget planned to be utilised.

62. Montagu Industrial estate. £1.5m forecast full year spend for site acquisitions, with CPO approval anticipated in Q4.

63. Corporate Property Investment Programme – programme has been prioritised. Residual £0.9m forecast 2022/23 spend is earmarked to surveys, security works, essential health & safety works and smaller projects across the estate.

64. Corporate Property Condition Programme – whilst average annual spend is around £3m, around £4.1m is currently included in Q2 full year forecast (funded from borrowing). The £4.1m includes contingency for market volatility, which will be further assessed as part of period 8 monitoring. Planned works include car park works (including ANPR, and infrastructure and install of EV points), upgrade works to accessible toilets in parks across the Borough, works to support the Public Sector Decarbonisation Scheme (PSDS) project at various corporate properties, and essential health & safety works across multiple buildings. Contingency has been set aside for market volatility.

65. Genotin Road - The building is complete and operational with final payments to be made this financial year.

66. Electric Quarter – The Council is forecasting £0.5m of CPO payments in Q3 of 2022/23. Potential additional capital budget for claims awaiting settlement agreement will be reviewed as part of capital programme budget setting for 2023/24.

67. Electric Quarter - £0.9m is approved this year for Ponders End library fit-out and Secondary Behavioural Support Services (SBSS) relocation from John Wilkes House. Ponders End Library works are now substantially complete (£0.6m forecast spend this year). Around £0.1m spend is currently forecast on project design for the SBSS relocation project. Current build cost estimates exceed approved capital budget. A revised business case is required (and approved as a key decision) prior to progressing with the construction phase of the scheme.

68. Energy Decarbonisation (RE:FIT) - £1.3m forecast spend for solar panels, heat pumps, windows and roof lights installed at 3 schools and some corporate buildings.

69. Tottenham Park Cemetery – The project is currently on hold.

70. Dugdale Coffee shop renovation project on target to complete by December 2022, as planned.

71. Town Centre Regeneration - forecast spend includes completion of Angel Edmonton works, including the Living Room Library, Affordable Workspace, School Street, and Public Realm. Budget also earmarked for Town Centre Taskforce improvements.

Q2 forecast variance to budget

72. Property & Economy is now forecasting full year spend of £21.4m (£44.1m budget). The primary reasons for the underspend this year are:

a. the removal of £7.5m budget approved for the strategic acquisition of land that is no longer required;
b. £6.5m Build the Change Hub 1 – Civic Centre budget anticipated to be spent in later years whilst concept design works for future phases are completed;
c. £5.0m budget for Montagu Industrial Estate. We are working closely with our Joint Venture partner to review and amend the business plan in light of changing economic circumstances.;
d. £2.7m budget for building maintenance and improvements across the rural estate, corporate residential and parks buildings;
e. £0.5m budget to 2023/24 for Tottenham Park Cemetery.

73. **Housing & Regeneration (General Fund)**

Programme status and expected outcomes

74. Q2 forecast full year spend consists of £2.7m major adaptations to people's homes to enable them to live independently within their own homes for as long and as safely as possible. These works are funded from Disabled Facilities Grant. The funding supports a significant number of people to continue living in their own homes and a reduction in the number of permanent placements into care homes, which is in line with the Better Care Fund plan jointly agreed by Enfield Council and North Central London Integrated Commissioning Board. The 2022/23 DFG allocation (from within the Better Care Fund allocation) was approved by Cabinet in October 2022.

75. Q2 forecast also includes £0.2m spend on grants to property owners to bring empty properties back into use, on condition that property owners agree to lease the property to the Council for use as temporary accommodation.

Q2 forecast variance to budget

76. The Empty Homes (Vacant Property review) budget will be reduced by £0.3m a part of the ongoing Executive Management Team (EMT) in year programme review.

77. **Meridian Water**

Table 9 – Meridian Water Q2 forecast full year spend

	2022/23 Budget £m	Q2 forecast £m	Variance to budget £m
Meridian One	21.2	25.6	4.4
Meridian Two	3.0	3.0	0.0
Meridian Three	0.4	0.4	0.0
Meridian Three and Meridian Four (50/50)	1.9	1.3	(0.6)
Meridian Four	12.2	1.7	(10.6)
Meridian Five	0.1	0.1	(0.1)
Meridian Seven	0.1	0.1	0.0
Meridian Eight	0.1	0.0	(0.1)
Meridian Nine	0.1	0.0	(0.1)
Meridian Ten	0.5	0.5	0.0
Meridian Eleven	0.0	0.1	0.1
Meridian Water Scheme-wide	35.7	21.7	(14.0)
Meridian Water HIF	81.7	19.4	(62.4)
Meridian Water	**157.0**	**73.7**	**(83.3)**

Programme status and expected outcomes

78. The following deliverables are forecast for 2022/23

a. Continued progress on critical early works related to strategic infrastructure, to finalise the preliminary stage of the HIF works;
b. Continuing work on the governance required for HIF rail works to complete GRIP(Governance for Railway investment Projects) stages 3 & 4 (Option and Option selection);
c. Continued progress on the development of the affordable homes on Meridian One;
d. Meridian Two land enabling works;
e. Clearance of a significant waste mound, required for HIF works;
f. Delivery of the skills academy
g. Demolition and refurbishment of F-block to bring the site into meanwhile use by December;
h. Continued work on the master plan including vision document and infrastructure plan, meeting planning requirements, discharging conditions.

Q2 forecast variance to budget

79. **Meridian Water Scheme-Wide**

Due to the current budgetary pressures on the council and challenging scheme viability there has been a reduction in non - essential spend, reduced reliance on consultants as well as a reduction in staffing cost which has contributed to a scheme wide underspend.

The budget also assumes the purchase of the 3 Anthony way site, the decision has been taken not to proceed with the purchase at the current time resulting in a significant underspend in the ‘scheme-wide’ budget this year.

80. **Meridian 1**

An estimated overspend of £1.3m relates the Cadent contract due to additional specialist materials not included in original estimate, sewer diversion, contaminated Land disposal (contested by LBE/ VPL), programme delays leading to preliminary costs, additional overheads and profit.
Cadent will be providing a detailed breakdown of the additional cost which will be fully reviewed. This will be funded from available contingency.

The forecast includes an additional £3m HRA payment as a result of resolution to grant now achieved for Meridian 1B and works proceeding well on 1A. The Developer is projecting progress of works on site faster than initially proposed this year. This overspend is not an additional sum over what has been previously budgeted for the HRA payments, but monies will be required sooner than previously proposed.

81. **Meridian Water HIF Street Works**

The original 2022/23 budget assumed that the Council would carry out enabling works in Spring 2022 and enter into the Main Works Contract to deliver the Infrastructure Works in summer 2022. However, due to significant budget pressure the construction start date has been delayed until early 2023 whilst funding is being agreed with DLUHC. Consequently the forecast reflects the updated project programme.

The latest project Cost Plan, which is informed by the price offer for the Main Works from the preferred Framework Contractor (Vinci Taylor Woodrow) indicates a £47m budget pressure, mainly due to exceptional inflation cost increases and fees related to prolongation and design changes. The budget overrun, excluding high inflation, is not unusual at this point in a project of this nature and can be attributed to prolongation costs, due to funding delays and other aspects of design development DLUHC will be asked to fund.

Negotiations have started with DLUHC to obtain additional HIF funding for the inflation and other cost increases. A DLUHC funding decision is expected in early 2023, which should, if positive, enable a construction start in early 2023. In parallel the team has identified different levels of descope and value engineering items that could be instructed to mitigate part of the budget pressure.

82. **Meridian Water Rail Works**

The budget assumed that we would have entered the Main Works contract and the Contractor would be carrying out technical design and booking network rail possessions. Due to design delays and delays on the contractor procurement, this is now envisaged to start in November / December 2022. The 2022/23 forecast has been revised to reflect the updated project programme.

83. **Meridian 4**

Meridian 4 continues to consider alternative delivery options following unprecedented cost inflation. Royal Institute of British Architects (RIBA) stage 4 works will no longer progress in 2022/23, delaying £10.6m of expenditure into next financial year.

84. **Companies**

Table 10 – Companies Q2 forecast full year spend

	2022/23 Budget £m	Q2 forecast £m	Variance to budget £m
Energetik	21.7	21.6	(0.1)
Housing Gateway Ltd	46.3	12.0	(34.2)
Companies	**68.0**	**33.6**	**(34.3)**

Programme status and expected outcomes

85. **Housing Gateway Ltd (HGL)**

Programme status and expected outcomes

86. HGL has an overall approved 2022/23 budget of £46.3m. This consists of £44.4m loans and £1.85m GLA Rough Sleepers Accommodation Programme (RSAP). At Q2 HGL forecasts to drawdown £10.2m in loans and to utilise the remaining GLA (RSAP) grant of £1.8m (total £6m RSAP grant funding, of which £4.2m was utilised in 2021/22).

87. The original budget for 2022/23 assumed the acquisition of 70 new properties. To date HGL has acquired 22 properties (14 RSAP part funded and 8 street properties), with a further 17 properties in the pipeline (5 RSAP homes and 12 street properties).

88. Planned acquisitions have been impacted by increases in interest rates throughout the year. As a result of the recent sharp increase in October 2022, HGL has taken the decision not to progress with further acquisitions other than those already in the pipeline.

89. This position is being reviewed on a fortnightly basis and the acquisition programme will be resumed as soon as the financial position allows.

90. Approved capital budget will also facilitate the delivery of a major works programme at Brickfield Housing and Greenway House consisting of the remediation of roofing defects at Greenway House and the replacement of fire doors and remediation of fire safety defects at Brickfield House and Greenway House as well as the extension of 27 leases on properties owned by HGL.

Q2 forecast variance to budget

91. As a result of factors described above, HGL has requested that £34.2m of in-year budget is no longer drawn down this financial year but instead utilised between 2023/24 and 2026/27. This proposed adjustment is fully funded from prudential borrowing.

Energetik

Company performance

92. Energetik is currently constructing the Meridian Water Energy Centre, which is anticipated to be fully constructed by May 2023.

93. As of 31st March 2022, Energetik had 830 connected properties, consisting of 826 residential units and 4 commercial properties. This was ahead of the projected 607 connections, an increase in performance of 36%. The company business plan as approved in 2019 projected that 1,359 properties would be connected by 31st March 2023.

94. Energetik's financial performance is dependent on the pace of development and supply being achieved. A reduction in the pace of development in the borough would delay connections made to the heat network.

95. Energetik recorded a net profit in 2021/22 for the first time of £108k. The previous financial year reported a net loss of £372k. The net profit was driven by one off connection fees and selling electricity at currently elevated prices. Operating profit had improved significantly from £127k as reported in 2020/21 to £1.29m (2021/22). The full financial results for Energetik will be analysed for Cabinet in a separate report in due course. During the current financial year Energetik has continued to make timely loan repayments. As at Quarter two Energetik has drawn a total of £30.3m loans and has repaid back £0.8m, therefore has a closing loan balance of £29.5m. A further £17.75m of grants have been provided in the form of equity in the Company during 2020/21 and 2021/22.

Programme status and expected outcomes

96. Energetik has a 2022/23 approved budget of £21.7m, consisting of £21m Tranche 1, 2 & 3 loans, GLA Retrofit grant £450k & Section 106 £240k.

97. The forecast deliverables for 2022/23 are
    a. Completion of the Meridian Water energy centre build and installing of all plant (target date March 2023);
    b. Continue with the installation of phase 1 network to Meridian Water and inside the estate;
    c. Design of the Meridian Waters western extension and application for planning permission;
    d. Preparation and issue of tender and contractor appointment for works for Meridian Water western extension Phase 2;
    e. Start of build for Meridian Water northern extension sections A1 and A2.

Q2 forecast variance to budget

98. Planned deliverables above are expected to be achieved within revised forecast outturn of £21.6m (variance of (£0.1m) to budget.

Financing the capital programme

99. Appendix A and Appendix B set out the overall 2022/23 forecast capital spend and financing. Appendices C and D, show the individual forecast for borrowing and grants at programme level.

Borrowing

100. Council approved £254.7m new borrowing for 2022/23 to finance its capital programme. This borrowing forecast was reduced to £230.1m in Q1 and to £169.1m in Q2 (net £85.6m reduction in 2022/23 borrowing to budget).

Table 11 – Q2 forecast full year borrowing

	2022/23 Budget £m	**Q1 forecast £m**	**Q2 forecast £m**	**variance to budget £m**
Resources	17.4	12.0	11.7	(5.7)
People	0.8	0.5	0.4	(0.3)
Place	56.9	44.8	31.9	(24.9)
Meridian Water	52.6	65.0	53.3	0.7
Companies	65.4	55.9	31.2	(34.2)
HRA	61.6	51.9	40.5	(21.1)
	254.7	**230.1**	**169.1**	**(85.6)**

101. In-year borrowing forecast is reduced by £85.6m in line with changes to forecast capital expenditure budgets. This consists of £64.5m reduction in general fund borrowing and £21.1m reduction in HRA borrowing. Much of this variance relates to borrowing now planned in later years of the capital programme (subject to Council approval) and is not a permanent reduction in overall borrowing requirement.

102. Growth and reductions to the capital programme funded from borrowing are detailed in Tables 3 and 4.

103. HRA borrowing - details available in the separate HRA report on the agenda KD5498.

104. **Revenue impact of the borrowing in the capital programme**

105. The 2022/23 revenue financing cost of borrowing consists of interest costs and Minimum Revenue Provision (i.e. annual provision for repaying debt principal) (MRP). The Council makes annual provision for MRP in accordance with its approved MRP policy (approved February 2022 as part of the Treasury Management Strategy KD5355) for capital expenditure that has been financed from borrowing. MRP is chargeable the year after the respective asset has become operational. The annual charge equates to the amount borrowed to

finance capital expenditure spread over the life of the asset. It follows that any changes in overall borrowing need in 2022/23 will not directly impact on MRP level in 2022/23 but will instead impact on MRP projections from 2023/24 onwards.

106. Changes in the level of 2022/23 borrowing required will however impact on interest costs this financial year. At budget setting (February 2022) the Council budgeted for interest on in-year borrowing to finance the capital programme and refinance maturing debt at 2.5%, however actual rates at Q2 are 5% due to recent interest rate rises.

Grants

107. The Council forecasts utilising £79.2m government grant funding to deliver its 2022/23 capital programme. The variance of (£93.7m) to budget grant utilisation (as detailed in the table below) reflects changes in planned spend in budgets, as described in the respective departmental sections above. Subject to the grant conditions and relevant Council approvals, the grant will be reprofiled to future years at year end.

Table 12 – Q2 forecast full year grant utilisation

	2022/23 budget £m	**Q1 forecast £m**	**Q2 forecast £m**	**variance to budget £m**
People	33.5	16.2	14.0	(19.5)
Place	12.5	10.0	10.4	(2.2)
Meridian Water	104.4	23.5	19.4	(85.0)
Companies	2.3	2.3	2.2	(0.1)
HRA	20.2	18.2	33.2	13.1
	172.9	**70.2**	**79.2**	**(93.7)**

108. HRA – more capital grant is now available for planned utilisation in 2022/23 (a change in financing as opposed to budget overspend). Details are available in the separate HRA report on the agenda KD5498.

Capital receipts

109. The Council expects to use £2.1m more capital receipts than originally budgeted to fund forecast 2022/23 capital expenditure. General Fund planned capital receipts is unchanged from Q1. Changes in HRA planned utilisation reflect planned increase in the use of Right to Buy receipts.

Table 13 – Q2 forecast full year capital receipts utilisation

	2022/23 budget	Q1 forecast	Q2 Forecast	variance to budget
	£m	£m	£m	£m
Waste & Recycling collections	0.0	0.1	0.1	0.1
Montagu Industrial Estate	3.6	0.0	0.0	(3.6)
Meridian One	0.0	1.0	1.0	1.0
HRA	22.8	13.0	27.4	4.6
	26.4	**14.1**	**28.5**	**2.1**

110. Montagu Industrial Estate – a review of the financial model is in progress, which will support negotiations with the Council's joint venture partner. A capital receipt of around £3m is expected from GBN (waste recycling operator) assuming successful relocation of waste recycling operator. The timing and final value of capital receipt is dependent on the outcome of ongoing financial modelling and negotiations with the JV and waste recycling operator.

111. Meridian One £1.0m assumed capital receipt has been received this year and will be applied as financing for the Meridian Water capital programme spend.

112. HRA - details available in the separate HRA report on the agenda KD5498. HRA capital receipts include use of around £12m Right to Buy receipts already received.

Section 106 / CIL

113. Table 14 below summarises s106 and Community Infrastructure Levy (CIL) utilisation currently assumed in the 2022/23 capital programme. This is broken down into £0.6m s106 contributions and £1.3m CIL.

Table 14: Q2 forecast full year s106 and CIL utilisation

	2022/23 budget £m	Q1 Forecast £m	Q2 forecast £m	variance to budget £m
Energetik	0.2	0.2	0.2	0.0
Libraries	0.1	0.1	0.1	(0.0)
Healthy Streets	1.0	1.0	0.6	(0.4)
Highways & Street Scene	0.1	0.2	0.2	0.1
Dugdale coffee shop	0.8	0.8	0.8	0.0
	2.2	**2.3**	**1.9**	**(0.3)**

114. Q2 changes include correction to approved s106 contributions allocated as funding for Enfield Chase restoration and the proposed reprofiling of approved s106 contributions for Liveable Neighbourhood Enfield Town to 2023/24.

115. Much of the planned S106 spending will be focused on small-scale improvement works to directly mitigate the impact of development. This includes:

- supporting supply chains, apprenticeships and local employment opportunities (through the Build Enfield programme)
- improvements to cycle lanes and routes
- highway and streetscape improvement schemes as part of the healthy streets' agenda
- school expansion schemes that will serve borough-wide needs including the specialist provision.

116. CIL spending is decided on an annual basis. Spending is allocated to support infrastructure projects that are in line with the priorities set out the capital programme.

Revenue contributions to capital spend

117. Budget originally assumed £0.4m revenue budget would fund capital spend. This assumption has now been entirely removed from the capital programme. Original budget assumed £0.3m revenue budget funding for vehicle replacement programme. This was changed to prudential borrowing in Q1, in line with the rest of the vehicle replacement programme.

118. Alley gating is a rolling £0.1m annual programme to work with residents and communities to secure alleyways at the rear of properties, funded historically from annual revenue contributions. The service is proposed to be removed or reduced to minimum. Both the current 2022/23 and proposed 2023/24 – 2032/33 10 year capital budgets are reduced accordingly.

Table 15 – Q2 forecast full year revenue contributions to finance capital spend

	2022/23 Budget £m	**Q1 forecast £m**	**Q2 forecast £m**	**Variance to budget £m**
Alley Gating	0.1	0.1	0.0	(0.1)
Vehicle replacement programme	0.3	0.0	0.0	(0.3)
	0.4	**0.1**	**0.0**	**(0.4)**

Flexible use of capital receipts

119. The Medium Term Financial Plan budgeted for the use of £3.4m capital receipts to fund the revenue costs of transformation projects in 2022/23. As at Q2 the Council is forecasting that £2.5m of this budget will be needed to fund spend in 2022/23. This is forecast spend that, in accordance with MHCLG statutory guidance (updated 2 August 2022), will generate ongoing savings for the Council.

Planned spend is on projects included in the Flexible Use of Capital Receipts Strategy approved by Council in February 2022.

120. The £2.5m forecast spend on transformation projects will be funded from unearmarked capital receipts accumulated in previous years. These receipts are from ‘qualifying disposals’ that were generated in the period for which the direction applies.

121. The Council has £3.8m unutilised capital receipts brought forward from previous year, and a further £0.5m general capital receipts are forecast to be received by 31 March 2023 (total £4.4m forecast unearmarked capital receipts by 31 March 2023). Net residual unearmarked capital receipts of £1.8m (after planned 2022/23 utilisation) is forecast to be carried forward into future years.

Capital funding available to fund future years capital spend

122. The council will continue to review measures to identify and maximise the use of non-borrowing capital funding during Q3.

123. This includes reviewing s106 contributions and CIL received but not yet allocated as well as projections of future contributions over the medium term.

124. Capital grants received but not yet spent will also be reviewed to ensure there are clear strategies for efficient utilisation of this funding within the 10 year capital programme 2023/24 to 2032/33 – in particular with respect to capital investment to potentially mitigate revenue pressures over the medium term.

125. Capital receipts review – including forecast of general fund capital receipts and Right to Buy receipts.

Other Considerations to Note

Public Health Implications

126. Through investment in capital building and maintenance, the Council influences the built environment within Enfield significantly. The built environment in turn influences how residents interact with their environment - for example, during active travel or accessing facilities. Ensuring that our capital buildings are maintained, fit for purpose, and wellbeing considerations are taken in terms of their use, how they promote residents’ wellbeing is key to contributing positively towards the public’s health. Additionally, ensuring that all buildings have minimal environmental impact also contributes towards enhancing residents’ wellbeing.

Environmental and Climate Change Considerations

127. Environmental and climate changes implications are referenced as relevant in the body of the report.

Financial Implications

128. There are no direct financial implications for noting in this report.

Legal Implications

129. 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.

Property Implications

130. Property implications are implicit in the report

Conclusions

131. Delivery of the 2022/23 capital programme is impacted by global external factors including the aftermath of the Covid19 pandemic, economic impact of the war in Ukraine, disruption of global supply chains, soaring inflation and significant recent increases in borrowing interest rates. These factors have required the Council to re-evaluate the affordability and deliverability of projects in its capital programme. Capital projects have been reconfigured, re-tendered or delayed, particularly where they are funded from prudential borrowing. This has resulted in a Q2 forecast capital outturn of £302.8m in comparison with budget of £486.4m. The Q2 outturn estimate is likely to further change in Period 8.

132. This has had an impact on the level of additional borrowing the Council expects to require in 2022/23, which has reduced from £254.7m (budget) to £169.1m (Q2 forecast). This is especially important given recent increases in borrowing interest rates, which will impact revenue budgets in 2022/23.

133. Significant capital budget is proposed to be reprofiled from 2022/23 to later years, subject to confirmation that the spend is required to deliver approved planned spend and Council approval.

134. Work is ongoing within Financial Services to fully review and identify opportunities to maximise the use of non-borrowing capital funding sources, including capital receipts, capital grants, s106 contributions and CIL.

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Appendices :
Appendix A 2022/23 Q2 capital programme forecast outturn
Appendix B 2022/23 Q2 capital programme forecast outturn financing
Appendix C 2022/23 Q2 borrowing forecast
Appendix D 2022/23 Q2 grants utilisation forecast

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

Capital Outturn 2021/22 (KD5464)

Appendix A: 2022/23 Q2 capital programme forecast outturn

	Budget	Q1	Q2	Variance to Budget	Actual spend at 30 Sep
	£m	**£m**	**£m**	**£m**	**£m**
IT Investment	17.1	11.7	11.4	(5.7)	0.2
Digital Data & Technology	**17.1**	**11.7**	**11.4**	**(5.7)**	**0.2**
Libraries	0.1	0.1	0.1	0.0	0.0
Community Hubs	0.3	0.3	0.3	0.0	0.0
Customer Experience & Change	**0.4**	**0.4**	**0.4**	**0.0**	**0.0**
RESOURCES	**17.5**	**12.1**	**11.7**	**(5.7)**	**0.2**
Schools Maintenance	16.6	8.0	5.8	(10.8)	1.2
Strategic Schools Places Programme	17.0	8.2	8.2	(8.8)	2.3
Education	**33.5**	**16.2**	**14.0**	**(19.5)**	**3.5**
Extensions to Foster Carers' Homes	0.4	0.1	0.1	(0.3)	0.0
Community Safety	0.3	0.3	0.3	0.0	0.0
Vulnerable Families	0.2	0.2	0.2	0.0	0.0
Children & Families	**0.8**	**0.6**	**0.5**	**(0.3)**	**0.0**
PEOPLE	**34.4**	**16.7**	**14.5**	**(19.9)**	**3.5**
Alley Gating	0.1	0.1	0.0	(0.1)	-
Edmonton Cemetery	0.6	0.6	0.6	(0.0)	0.4
Southgate Cemetery	0.0	0.0	0.1	0.1	0.0
Sloemans Farm	0.2	0.2	0.1	(0.2)	0.0
Workshops for External Commercialisation	0.3	0.3	0.3	-	-
Flood Alleviation	0.5	0.5	0.5	(0.0)	0.4
Highways & Street Scene	9.1	9.7	9.9	0.8	2.5
Changes to Waste & Recycling Collections	-	0.1	0.1	0.1	0.1
Growth of Trade Waste Service	0.5	0.5	0.1	(0.5)	-
Tennis Courts Works at Broomfield Park	0.2	0.2	0.2	-	0.0
Vehicle Replacement Programme	5.5	2.5	1.7	(3.8)	0.9
Healthy Streets	10.5	7.1	5.8	(4.7)	1.2
Traffic & Transportation	0.9	0.7	0.4	(0.5)	0.0
Environment & Operations	**28.4**	**22.6**	**19.7**	**(8.8)**	**5.5**

Appendix A: 2022/23 Q2 capital programme forecast outturn

	Budget	Q1	Q2	Variance to Budget	Actual spend
	£m	£m	£m	£m	£m
Meridian One	21.2	21.2	25.6	4.4	5.8
Meridian Two	3.0	3.0	3.0	-	0.1
Meridian Three	0.4	0.4	0.4	-	0.0
Meridian Three and Meridian Four (50/50)	1.9	1.9	1.3	(0.6)	0.0
Meridian Four	12.2	7.0	1.7	(10.6)	0.4
Meridian Five	0.1	0.1	0.1	(0.1)	0.0
Meridian Seven	0.1	0.0	0.1	-	-
Meridian Eight	0.1	0.1	-	(0.1)	-
Meridian Nine	0.1	0.1	-	(0.1)	-
Meridian Ten	0.5	0.5	0.5	-	0.0
Meridian Eleven	-	-	0.1	0.1	-
Meridian Water Scheme-wide	35.7	31.8	21.7	(14.0)	2.1
Meridian Water HIF	81.7	23.5	19.4	(62.4)	3.3
Meridian Water	**157.0**	**89.6**	**73.7**	**(83.3)**	**11.8**
Build the Change	14.4	14.0	7.5	(6.9)	4.6
Corporate Condition Programme	5.4	5.4	4.1	(1.3)	0.8
Corporate Property Investment Programme	3.6	2.3	0.9	(2.7)	0.0
Dugdale Coffee Shop	1.5	1.5	1.5	-	0.0
Electric Quarter	1.5	1.5	1.5	-	0.6
Energy Decarbonisation (RE:FIT)	1.3	1.3	1.3	-	1.1
Genotin Road (Metaswitch)	(0.8)	0.5	0.5	1.3	-
Land Investment	7.5	-	-	(7.5)	-
Montagu Industrial Estate	6.5	1.5	1.5	(5.0)	0.1
Tottenham Park Cemetery	0.5	0.5	-	(0.5)	-
Town Centre Regeneration	2.6	2.6	2.6	-	0.7
Property & Economy	**44.1**	**31.2**	**21.4**	**(22.6)**	**7.9**
Housing Adaptations & Assistance (DFG)	2.4	2.7	2.7	0.3	0.7
Vacant Property Review	0.5	0.5	0.2	(0.3)	-
Housing & Regeneration	**2.9**	**3.2**	**2.9**	**(0.0)**	**0.7**
PLACE (excluding HRA)	**232.4**	**146.5**	**117.6**	**(114.9)**	**25.9**
GENERAL FUND (Excluding Companies)	**284.1**	**175.1**	**143.8**	**(140.2)**	**29.6**
Energetik	21.7	25.1	21.6	(0.1)	14.5
Housing Gateway Ltd	46.3	33.3	12.0	(34.2)	-

COMPANIES	**68.0**	**58.4**	**33.6**	**(34.3)**	**14.5**
TOTAL GENERAL FUND	**352.2**	**233.7**	**177.6**	**(174.6)**	**44.1**

Appendix A   2022/23 Q2 capital programme forecast outturn

	Budget	Q1	Q2	Variance to Budget	Actual spend
	£m	**£m**	**£m**	**£m**	**£m**
Development Programme	22.5	9.3	50.1	27.6	3.2
Bury Street	10.7	10.7	10.7	-	5.6
Electric Quarter	1.3	1.3	1.3	0.0	0.4
Joyce & Snells	6.0	6.7	6.7	0.7	0.4
Development Programme	**73.7**	**52.6**	**81.6**	**7.9**	**12.1**
Alma Towers	5.7	3.1	3.1	(2.6)	0.3
Ladderswood	0.2	0.1	0.1	(0.1)	-
New Avenue	0.4	0.3	0.3	(0.0)	-
Estate Regeneration	**6.3**	**3.5**	**3.5**	**(2.7)**	**0.3**
Building Safety	26.3	16.8	14.1	(12.2)	3.9
Decency	17.4	17.9	17.1	(0.3)	7.8
Energy Efficiency	4.9	3.2	4.5	(0.4)	0.6
Overheads & other investment	1.7	1.4	1.8	0.1	0.7
Statutory Compliance	3.9	3.0	2.6	(1.3)	1.2
Other HRA	**54.2**	**42.2**	**40.0**	**(14.2)**	**14.2**
TOTAL HRA	**134.2**	**98.3**	**125.1**	**(9.1)**	**26.7**
TOTAL CAPITAL PROGRAMME	**486.4**	**332.0**	**302.8**	**(183.6)**	**70.8**

Appendix B: 2022/23 Q2 capital programme forecast outturn financing

	Q2 forecast	grant	s106 / CIL	RCCO	Usable capital receipts	Major repairs allowance	earmarked reserves	borrowing	total financing
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
IT Investment	11.4	-	-	-	-	-	-	11.4	11.4
Digital Data & Technology	**11.4**	**-**	**-**	**-**	**-**	**-**	**-**	**11.4**	**11.4**
Libraries	0.1	-	0.1	-	-	-	-	0.0	0.1
Community Hubs	0.3	-	-	-	-	-	-	0.3	0.3
Customer Experience & Change	**0.4**	**-**	**0.1**	**-**	**-**	**-**	**-**	**0.3**	**0.4**
RESOURCES	**11.7**	**-**	**0.1**	**-**	**-**	**-**	**-**	**11.7**	**11.7**
Schools Maintenance	5.8	5.8	-	-	-	-	-	-	5.8
Strategic Schools Places Programme	8.2	8.2	-	-	-	-	-	-	8.2
Education	**14.0**	**14.0**	**-**	**-**	**-**	**-**	**-**	**-**	**14.0**
Extensions to Foster Carers' Homes	0.1	-	-	-	-	-	-	0.1	0.1
Community Safety	0.3	0.0	-	-	-	-	-	0.2	0.3
Vulnerable Families	0.2	-	-	-	-	-	-	0.2	0.2
Children & Families	**0.5**	**0.0**	**-**	**-**	**-**	**-**	**-**	**0.5**	**0.5**
PEOPLE	**14.5**	**14.2**	**-**	**-**	**-**	**-**	**-**	**0.5**	**14.5**
Edmonton Cemetery	0.6	-	-	-	-	-	-	0.6	0.6
Southgate Cemetery	0.1	-	-	-	-	-	-	0.1	0.1
Sloemans Farm	0.1	-	-	-	-	-	-	0.1	0.1
Workshops for External Commercialisation	0.3	-	-	-	-	-	-	0.3	0.3
Flood Alleviation	0.5	0.2	-	-	-	-	-	0.3	0.5
Highways & Street Scene	9.9	0.6	0.2	-	-	-	-	9.1	9.9
Changes to Waste & Recycling Collections	0.1	-	-	-	0.1	-	-	-	0.1

Growth of Trade Waste Service	0.1	-	-	-	-	-	-	0.1	0.1
Tennis Courts Works at Broomfield Park	0.2	0.1	-	-	-	-	-	0.1	0.2

Appendix B: 2022/23 Q2 capital programme forecast outturn financing

	Q2 forecast	grant	s106 / CIL	RCCO	Usable capital receipts	Major repairs allowance	earmarked reserves	borrowing	total financing
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Vehicle Replacement Programme	1.7	-	-	-	-	-	-	1.7	1.7
Healthy Streets	5.8	4.1	0.6	-	-	-	-	1.1	5.8
Traffic & Transportation	0.4	0.4	-	-	-	-	-	-	0.4
Environment & Operations	**19.7**	**5.7**	**0.8**	**0.0**	**0.1**	**-**	**-**	**13.1**	**19.7**
Meridian One	25.6	-	-	-	1.0	-	-	24.6	25.6
Meridian Two	3.0	-	-	-	-	-	-	3.0	3.0
Meridian Three	0.4	-	-	-	-	-	-	0.4	0.4
Meridian Three and Meridian Four (50/50)	1.3	-	-	-	-	-	-	1.3	1.3
Meridian Four	1.7	-	-	-	-	-	-	1.7	1.7
Meridian Five	0.1	-	-	-	-	-	-	0.1	0.1
Meridian Seven	0.1	-	-	-	-	-	-	0.1	0.1
Meridian Ten	0.5	-	-	-	-	-	-	0.5	0.5
Meridian Eleven	0.1	-	-	-	-	-	-	0.1	0.1
Meridian Thirteen	0.0	-	-	-	-	-	-	0.0	0.0
Meridian Water Scheme-wide	21.7	-	-	-	-	-	-	21.7	21.7
Meridian Water HIF	19.4	19.4	-	-	-	-	-	-	19.4
Meridian Water	**73.7**	**19.4**	**-**	**-**	**1.0**	**-**	**-**	**53.3**	**73.7**
Broomfield House	-	-	-	-	-	-	-	-	-
Build the Change	7.5	-	-	-	-	-	-	7.5	7.5
Corporate Condition Programme	4.1	-	-	-	-	-	-	4.1	4.1
Corporate Property Investment	0.9	-	-	-	-	-	-	0.9	0.9

Programme									
Dugdale Coffee Shop	1.5	-	0.8	-	-	-	-	0.7	1.5

Appendix B: 2022/23 Q2 capital programme forecast outturn financing

	Q2 forecast	**grant**	**s106 / CIL**	**RCCO**	**Usable capital receipts**	**Major repairs allowance**	**earmarked reserves**	**borrowing**	**total financing**
Electric Quarter	1.5	-	-	-	-	-	-	1.5	1.5
Energy Decarbonisation (RE:FIT)	1.3	1.3	-	-	-	-	-	-	1.3
Genotin Road (Metaswitch)	0.5	-	-	-	-	-	-	0.5	0.5
Land Investment	-	-	-	-	-	-	-	-	-
Montagu Industrial Estate	1.5	-	-	-	-	-	-	1.5	1.5
Town Centre Regeneration	2.6	0.7	-	-	-	-	-	2.0	2.6
Property & Economy	**21.4**	**1.9**	**0.8**	**-**	**-**	**-**	**-**	**18.7**	**21.4**
Housing Adaptations & Assistance (DFG)	2.7	2.7	-	-	-	-	-	-	2.7
Vacant Property Review	0.2	-	-	-	-	-	-	0.2	0.2
Housing & Regeneration	**2.9**	**2.7**	**-**	**-**	**-**	**-**	**-**	**0.2**	**2.9**
PLACE (excluding HRA)	**117.6**	**29.3**	**1.8**	**0.0**	**1.1**	**-**	**-**	**85.4**	**117.6**
GENERAL FUND (Exc Companies)	**143.6**	**43.3**	**1.8**	**0.0**	**1.1**	**-**	**-**	**97.4**	**143.6**
Energetik	21.6	0.4	0.2	-	-	-	-	21.0	21.6
Housing Gateway Ltd	12.0	1.9	-	-	-	-	-	10.2	12.0
COMPANIES	**33.6**	**2.2**	**0.2**	**-**	**-**	**-**	**-**	**31.2**	**33.6**
TOTAL GENERAL FUND	**177.6**	**46.0**	**1.9**	**0.0**	**1.1**	**-**	**-**	**128.6**	**177.6**

Appendix B: 2022/23 Q2 capital programme forecast outturn financing

	Q2 forecast	grant	s106 / CIL	RCCO	Usable capital receipts	Major repairs allowance	earmarked reserves	borrowing	total financing
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Development Programme	50.1	17.1	-	-	7.4	-	9.9	15.7	50.1
Development Programme: Bury Street	10.7	1.3	-	-	-	-	-	9.4	10.7
Development Programme: Electric Quarter	1.3	0.3	-	-	-	-	-	1.0	1.3
Development Programme - Joyce & Snells	6.7	-	-	-	1.0	-	1.6	4.1	6.7
Development Programme	**81.6**	**29.7**	**-**	**-**	**8.3**	**-**	**11.8**	**31.7**	**81.6**
Alma Towers	3.1	3.0	-	-	-	-	-	0.1	3.1
Ladderswood	0.1	-	-	-	-	-	-	0.1	0.1
New Avenue	0.3	-	-	-	-	-	0.0	0.3	0.3
Estate Regeneration	**3.5**	**3.0**	**-**	**-**	**-**	**-**	**0.0**	**0.5**	**3.5**
Building Safety	14.1	-	-	-	6.9	0.4	-	6.7	14.1
Decency	17.1	-	-	-	8.5	8.6	-	-	17.1
Energy Efficiency	4.5	0.5	-	-	1.8	0.8	-	1.5	4.5
Overheads & other investment	1.8	-	-	-	0.7	0.2	1.0	0.0	1.8
Statutory Compliance	2.6	-	-	-	1.2	1.4	-	0.0	2.6
Other HRA	**40.0**	**0.5**	**-**	**-**	**19.0**	**11.3**	**1.0**	**8.2**	**40.0**
TOTAL HRA	**125.1**	**33.2**	**-**	**-**	**27.4**	**11.3**	**12.8**	**40.5**	**125.1**
TOTAL CAPITAL PROGRAMME	**302.8**	**79.2**	**1.9**	**0.0**	**28.5**	**11.3**	**12.8**	**169.1**	**302.8**

Appendix C: 2022/23 Q2 borrowing forecast

	Budget	Q1 forecast	Q2 forecast	Variance to budget
	£m	**£m**	**£m**	**£m**
IT investment	17.1	11.7	11.4	(5.7)
Community Hubs	0.3	0.3	0.3	(0.0)
Resources	**1.4**	**1.4**	**0.2**	**(1.2)**
Extensions to Foster Carers' homes	0.4	0.1	0.1	(0.3)
Community Safety	0.2	0.2	0.2	0.0
People	**0.6**	**0.3**	**0.3**	**(0.3)**
Build the Change	14.4	14.0	7.5	(6.9)
Corporate condition programme	5.4	5.4	4.1	(1.3)
Corporate property investment programme	3.6	2.3	0.9	(2.7)
Dugdale Centre (coffee shop)	0.7	0.7	0.7	0.0
Electric Quarter	1.5	1.5	1.5	0.0
Genotin Road (Metaswitch)	(0.8)	0.5	0.5	1.3
Land investment	7.5	0.0	0.0	(7.5)
Montagu Industrial Estate	2.9	1.5	1.5	(1.4)
Tottenham Park Cemetery	0.5	0.5	0.0	(0.5)
Town centre regeneration	2.3	2.3	2.0	(0.3)
Property & Economy	**38.0**	**28.7**	**18.7**	**(19.3)**
Edmonton cemetery	0.6	0.6	0.6	0.0
Sloeman's Farm	0.0	0.2	0.1	0.1
Workshops for commercial externalisation	0.3	0.3	0.3	(0.1)
Flood alleviation	0.4	0.3	0.3	(0.1)
Highways & Street Scene	9.0	9.1	9.1	0.1

Trade waste	0.5	0.5	0.1	(0.5)
Broomfield Park tennis courts	0.1	0.1	0.1	0.0
Vehicle replacement programme	5.1	2.5	1.7	(3.4)

Appendix C: 2022/23 Q2 borrowing forecast

	Budget	Q1 forecast	Q2 forecast	Variance to budget
	£m	**£m**	**£m**	**£m**
Healthy Streets	1.3	1.1	0.8	(0.5)
Environment & Operations	**17.3**	**14.7**	**13.0**	**(4.3)**
Housing adaptations (DFG)	0.9	0.9	0.0	(0.9)
Empty Homes	0.5	0.5	0.2	(0.3)
Housing & Regeneration	**1.4**	**1.4**	**0.2**	**(1.2)**
Meridian One	12.6	20.2	24.6	12.0
Meridian Two	2.6	3.0	3.0	0.4
Meridian Three	0.2	0.4	0.4	0.2
Meridian Three and Meridian Four (50/50)	1.0	1.9	1.3	0.3
Meridian Four	7.3	7.0	1.7	(5.6)
Meridian Five	0.0	0.1	0.1	0.1
Meridian Seven	0.0	0.1	0.1	0.1
Meridian Ten	0.0	0.5	0.5	0.5
Meridian Scheme-wide	19.4	31.8	21.7	2.3
Meridian Water HIF	9.4	0.0	0.0	(9.4)
Meridian Water	**52.5**	**65.0**	**53.3**	**0.8**
Energetik	21.0	24.5	21.0	0.0
Housing Gateway Ltd	44.4	31.5	10.2	(34.2)
Companies	**65.4**	**56.0**	**31.2**	**(34.2)**
Contributions to Property (vulnerable families)	0.2	0.2	0.2	0.1
People	**0.2**	**0.2**	**0.2**	**0.1**
Total General Fund	**192.7**	**178.3**	**128.5**	**(64.2)**

Total HRA	**61.6**	**51.9**	**40.5**	**(21.1)**
Total	**254.7**	**230.1**	**169.1**	**(85.6)**

Appendix D: 2022/23 Q2 grants utilisation forecast

	Budget	**Q1 forecast**	**Q2 forecast**	**Budget variance**	**Grant funding body**
	£m	**£m**	**£m**	**£m**	
Schools maintenance	16.5	7.9	5.8	(10.7)	DFES school condition grant
Strategic schools places prog	17.0	8.2	8.2	(8.8)	DFES Basic Needs grant
People	**33.5**	**16.1**	**14.0**	**(19.5)**	
Flood alleviation	0.2	0.2	0.2	(0.0)	GLA
Highways & Street Scene	0.0	0.4	0.4	0.4	TfL grant
Highways & Street Scene	0.0	0.0	0.2	0.2	Local London grant
Broomfield Park tennis courts	0.1	0.1	0.1	0.0	London Marathon Charitable Trust
Healthy Streets	8.2	5.1	4.4	(3.8)	TfL grant
Traffic & Transportation	0.9	0.7	0.4	(0.5)	TfL grant
Environment & Operations	**9.4**	**6.5**	**5.7**	**(3.7)**	
Energy decarbonisation (RE:FIT)	1.3	1.3	1.3	(0.0)	BEIS PS Decarbonisation Scheme
Town Centre Regeneration	0.4	0.4	0.7	0.3	Good Growth Fund
Property & Economy	**1.7**	**1.7**	**1.9**	**0.2**	
Housing adaptations (DFG)	1.5	1.8	2.7	1.2	Better Care Fund
Housing & Regeneration	**1.5**	**1.8**	**2.7**	**1.2**	
Meridian Water Four	12.7	0.0	0.0	(12.7)	MHCLG Housing Infrastructure Fund
Meridian Water Scheme-wide	18.0	0.0	0.0	(18.0)	MHCLG Housing Infrastructure Fund
Meridian Water HIF	73.6	23.5	19.4	(54.2)	MHCLG Housing Infrastructure Fund
Meridian Water	**104.3**	**23.5**	**19.4**	**(84.9)**	
Energetik	0.4	0.4	0.4	(0.1)	BEIS Heat Networks Infrastructure Grant
Housing Gateway Ltd	1.9	1.9	1.9	(0.0)	MHCLG - Rough Sleepers Acc Programme
Companies	**2.3**	**2.3**	**2.2**	**(0.1)**	

Total General Fund	**152.7**	**51.9**	**46.0**	**(106.7)**	
Total HRA	**20.2**	**18.3**	**33.2**	**13.0**	
Total	**172.9**	**70.2**	**79.2**	**(93.7)**	

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FINANCE AND PERFORMANCE SCRUTINY PANEL WORK PROGRAMME

Date of meeting	Topic	Report Author	Lead Members	Executive Director/ Director	Reason for proposal	Other committee/ Cabinet/Council approvals?
20 July 2022	Work Programme Planning					
19 October 2022	Procurement, including update on legislative changes.	Michael Sprosson	Cllr Tim Leaver	Fay Hammond	Update to the Panel following a Council review and legislative changes	
	P-card payment monitoring.	Julie Barker	Cllr Tim Leaver	Fay Hammond	Update to the Panel following a Council review	
	Information on Quarterly Monitoring Reports (Revenue, Capital and Performance)	Olga Bennet (capital) James Newman (revenue) Eleanor Brown (performance)	Cllr Tim Leaver	Fay Hammond	This item was recommended by the Executive Director.	
11 January 2023	Housing Revenue Account budget overview	Claire Eldred	Cllr Tim Leaver	Olga Bennet Joanne Drew	This was recommended by the Executive Director.	
	Commercial property assets and investment return/income generation	Adrian Smallwood	Cllr Tim Leaver	Peter George	An area of interest for the Panel	

	Performance Monitoring – average sickness days	Tinu Olowe Julie Mimnagh	Cllr Tim Leaver	Fay Hammond	Update to the Panel further to quarterly monitoring report to 19/10/22 meeting	
	Information on Quarterly Monitoring Reports (Revenue, Capital and Performance)	Olga Bennet (capital) James Newman (revenue) Eleanor Brown (performance)	Cllr Tim Leaver	Fay Hammond	This was recommended by the Executive Director.	
29 March 2023	Fair funding: Impact for Enfield	tbc	Cllr Tim Leaver	James Newman	Discussed and agreed at the work planning session as an area of interest.	
	Performance, with particular focus on customer service and the Council Website	Lee Shelsher	Cllr Ergin Erbil	Sue Nelson	Discussed and agreed at the work planning session as an area of interest.	
	Information on Quarterly Monitoring Reports (Revenue, Capital and performance)	Olga Bennet / James Newman	Cllr Tim Leaver	Fay Hammond	This was recommended by the Executive Director.	
Additional Meeting date tbc if required	Council Companies how these are developed and how they operate	Will Wraxall	Cllr Leaver	Fay Hammond	This was recommended at the work planning meeting as an item the Panel may want to discuss.	
	Medium Term Financial Plan/Strategy Overview			James Newman	An area of interest for the Panel	

Not Yet Allocated	Adult Social Care funding reform 2023	TBC (Reforms delayed by Government so no longer an immediate risk / issue.)	Cllr Tim Leaver & Cllr Alev Cazimoglu	James Newman	An area of interest for the Panel	
	P-card payment monitoring – counter fraud report	Julie Barker / Bob Cundick	Cllr Tim Leaver	Fay Hammond	Update to the Panel following a Council review and report to 19/10/22 meeting	

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