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THE CABINET

AGENDA

Wednesday, 15th November, 2023 at 7.00 pm in the Conference Room, Civic Centre, Silver Street, Enfield, EN1 3XA

Membership:

Councillors : Nesil Caliskan (Leader of the Council), Ergin Erbil (Deputy Leader of the Council), Abdul Abdullahi (Cabinet Member for Children's Services), Chinelo Anyanwu (Cabinet Member for Public Spaces, Culture and Local Economy), Alev Cazimoglu (Cabinet Member for Health and Social Care), Susan Erbil (Cabinet Member for Licensing, Planning and Regulatory Services), Rick Jewell (Cabinet Member for Environment), Tim Leaver (Cabinet Member for Finance and Procurement), Gina Needs (Cabinet Member for Community Safety and Cohesion), George Savva MBE (Cabinet Member for Social Housing)

Associate Cabinet Members (Invitees)

Councillors : Mustafa Cetinkaya (Enfield South East), Ayten Guzel (Non-geographical), Ahmet Hasan (Enfield North) and Chris James (Enfield West)

Note: Conduct at Meetings of the Cabinet

Members of the public and representatives of the press are entitled to attend meetings of the Cabinet and to remain and hear discussions on matters within Part 1 of the agenda which is the public part of the meeting. They are not however, entitled to participate in any discussions.

PART 1

1. **APOLOGIES FOR ABSENCE**

2. **DECLARATIONS OF INTEREST**

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

3. **DEPUTATIONS**

   To note, that no requests for deputations have been received for presentation to this Cabinet meeting.

4. **MINUTES** (Pages 1 - 6)

   To confirm the minutes of the previous Cabinet meeting held on 18 October 2023.

5. **REARDON COURT EXTRA CARE TENDER** (Pages 7 - 54)

   A report from the Executive Director - People is attached. **(Key decision – reference number 5617)**

   (This item contains exempt information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person – including the authority holding that information) of Schedule 12A to the Local Government Act 1972, as amended).

6. **2024/25 - 2033/34 TEN YEAR CAPITAL STRATEGY** (Pages 55 - 84)

   A report from the Executive Director - Resources is attached. **(Key decision – reference number 5666)**

7. **2023/24 TREASURY MANAGEMENT MID YEAR REPORT** (Pages 85 - 112)

   A report from the Executive Director of Resources is attached. **(Non Key)**

8. **LBE COMPANIES PERIOD 6 PERFORMANCE MONITORING REPORT 2023/24** (Pages 113 - 150)

   A report from the Executive Director - Resources is attached. **(Non Key)**

   (This item contains exempt information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person – including the authority holding that information) of Schedule 12A to the Local Government Act 1972, as amended).

9. **QUARTERLY REVENUE MONITORING 2023/24 QUARTER 2** (Pages 151 - 190)

A report from the Executive Director - Resources is attached. **(Non Key)**

10. 2023/24 PERIOD 5 CAPITAL BUDGET MONITORING (Pages 191 - 216)

A report from the Executive Director – Resources is attached. **(Key Decision – reference no 5678)**

11. MEDIUM TERM FINANCIAL PLAN (2024/25 TO 2028/29) (Pages 217 - 236)

A report from the Executive Director - Resources is attached. **(Key decision – reference number 5681)**

12. DATE OF NEXT MEETING

To note that the next meeting of the Cabinet is scheduled to take place on Wednesday 13 December 2023 at 7.00pm.

13. EXCLUSION OF THE PRESS AND PUBLIC

To consider passing a resolution under Section 100(A) of the Local Government Act 1972 excluding the press and public from the meeting for the items of business listed on part 2 of the agenda on the grounds that they involve the likely disclosure of exempt information as defined in those paragraphs of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006). (Members are asked to refer to the part 2 agenda.)

AGENDA – PART 2

14. MERIDIAN WATER PARCEL 10 (Pages 237 - 412)

A report from the Director – Meridian Water is attached. **(Key decision – reference number 5627)**

(This item contains exempt information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person – including the authority holding that information) of Schedule 12A to the Local Government Act 1972, as amended).

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MINUTES OF THE MEETING OF THE CABINET HELD ON WEDNESDAY, 18 OCTOBER 2023

COUNCILLORS

PRESENT Ergin Erbil (Deputy Leader of the Council), Abdul Abdullahi (Cabinet Member for Children's Services), Alev Cazimoglu (Cabinet Member for Health and Social Care), Susan Erbil (Cabinet Member for Licensing, Planning and Regulatory Services), Rick Jewell (Cabinet Member for Environment), Gina Needs (Cabinet Member for Community Safety and Cohesion), George Savva MBE (Cabinet Member for Social Housing)

ABSENT Nesil Caliskan (Leader of the Council), Chinelo Anyanwu (Cabinet Member for Public Spaces, Culture and Local Economy), Tim Leaver (Cabinet Member for Finance and Procurement) and Mustafa Cetinkaya (Associate Cabinet Member (Enfield South East))

OFFICERS: Ian Davis (Chief Executive), Fay Hammond (Executive Director Resources), Tony Theodoulou (Executive Director People), Joanne Drew (Strategic Director of Housing and Regeneration), Simon Pollock (Interim Executive Director of Environment and Communities), Doug Wilson (Director of Adult Social Care), Sharon Burgess (Head of Safeguarding and Community Services), Elspeth Smith (Safeguarding Adults Board Manager), Chloe Pettigrew (Children Safeguarding Partnership Manager), Terry Osborne (Director of Law and Governance), and Jane Creer (Secretary)

Also Attending: Associate Cabinet Members (Invitees): Councillor Ayten Guzel (Non-geographical), Councillor Ahmet Hasan (Enfield North) and Councillor Chris James (Enfield West)
Local press representative
Members and officers observing

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Nesil Caliskan, Chinelo Anyanwu, Tim Leaver, and Mustafa Cetinkaya.

In the absence of the Leader, Councillor Ergin Erbil deputised and chaired the meeting.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 DEPUTATIONS

NOTED that no requests for deputations had been received for presentation to this Cabinet meeting.

4 MINUTES

AGREED that the minutes of the previous meeting of the Cabinet held on 13 September 2023 be confirmed as a correct record.

5 QUARTERLY CORPORATE PERFORMANCE REPORT (Q1)

Cllr Ergin Erbil (Deputy Leader) introduced the report of the Chief Executive, reflecting the first quarter performance (April 2023 – June 2023) in delivering on the Council priorities. Monitoring performance ensured the level and quality of service and value for money were maintained and enabled appropriate action where performance was deteriorating.

The latest data for the adult social care indicators now being monitored by Office for Local Government was highlighted. Members' attention was also drawn to improvements in respect of residual waste, and recycling contamination. Council housing complaints performance had recorded a significant improvement.

In response to Members' queries, the targeted work to further improve performance and process in respect of Member Enquiries was confirmed, and assurance provided regarding delivery of good quality affordable homes.

DECISION: The Cabinet agreed to:
Note the progress being made against the key priority indicators for Enfield.

The report sets out the options considered, if any, and the reasons for the recommendations and the decision.

(Non Key)

6 SAFEGUARDING ADULTS BOARD ANNUAL REPORT 2022/23

Cllr Alev Cazimoglu (Cabinet Member for Health and Social Care) introduced the report of the Executive Director – People, to note the activity of the Safeguarding Adults Board (SAB). Updates from partners were also included at Appendix A of the report. Cllr Cazimoglu recorded thanks to the SAB and all partners and Council officers for their work.

In response to Members' questions, the importance of feedback via community engagement was stressed. Details were also provided in respect of Enfield's work with Assistive Technology which had proved a very effective tool to keep people safe and improve the lives of vulnerable residents.

DECISION: The Cabinet agreed:

I. To note the Annual Report. Noting the report at Cabinet, Scrutiny and Council enables Enfield Council to demonstrate its commitment to safeguarding adults at risk throughout the organisation. The report is a partnership document and as such is agreed at the Safeguarding Adults Board.

II. To commend the report to the November Council meeting for noting.

The report sets out the options considered, if any, and the reasons for the recommendations and the decision.

(Non Key)

7 SAFEGUARDING CHILDREN PARTNERSHIP ANNUAL REPORT 2022/23

Cllr Abdul Abdullahi (Cabinet Member for Children's Services) introduced the report of the Executive Director – People, to note the activity of the Enfield Children's Safeguarding Partnership (ECSP) in 2022/23 and the priorities of the partnership for 2023/24. Cllr Abdullahi thanked all those involved for their excellent work.

In response to Members' questions, clarification was provided in respect of Operation Engage, and details given regarding trauma informed practice.

DECISION: The Cabinet agreed:

I. To note the Annual Report. Noting the report at Cabinet, Scrutiny and Council enables Enfield Council to demonstrate its commitment to safeguarding children and young people throughout the organisation. The report is a partnership document and as such is agreed at the Safeguarding Children Partnership Executive Group.

II. To commend the report to the November Council meeting for noting.

The report sets out the options considered, if any, and the reasons for the recommendations and the decision.

(Non Key)

8 COUNCIL HOUSING ANTI-SOCIAL BEHAVIOUR POLICY 2023-28

Cllr George Savva (Cabinet Member for Social Housing) introduced the report of the Strategic Director of Housing and Regeneration, supporting Council Housing tenants and leaseholders to feel safe and to live in a safe environment. Members' attention was drawn to the introduction of 12 new service standards, and joint approach with residents, partner services and agencies. Training days had been held for caretakers, who were thanked for their work.

In response to Members' questions, it was confirmed that the good practice guidance of the Housing Ombudsman had informed the policy. Performance would be monitored, using the performance indicators and regular reporting, and there would be a review of the new policy after six months.

DECISION: The Cabinet agreed:

I. To approve the Council Housing Antisocial Behaviour Policy 2023-28.

II. To delegate to Joanne Drew, Director of Housing and Regeneration, authority to make minor changes to the policy to ensure operational effectiveness as required.

The report sets out the options considered, if any, and the reasons for the recommendations and the decision.

(Key decision – reference number 5656)

9 QUARTERLY HOUSING REVENUE ACCOUNT (HRA) MONITORING 2023/24 QUARTER 2

Cllr George Savva (Cabinet Member for Social Housing) introduced the report of the Executive Director – Resources, providing an update of the Housing Revenue Account (HRA) Period 5 forecast outturn position for 2023-24 covering both revenue and capital expenditure associated with delivering the Council's Housing service. The Council's housing development programme was ambitious. Despite the challenges and cost pressures, the Administration was determined to deliver.

In response to Members' questions, officers confirmed that the Council would adhere to its landlord obligations, and worked to get best value for money from spending. Details of the funding in respect of the GLA programme would be known in November, but the Council was building a pipeline of properties in anticipation. In respect of acquisitions, £10M was set aside in advance of a GLA Right to Buy Back scheme.

DECISION: The Cabinet agreed:

I. To note the Period 5 forecast outturn position for 2023/24 for both revenue and capital.

II. To note, that buybacks supported from the GLA Land fund are being progressed across the estate and beyond the properties affected by the current 0-3 phases, this is in order to support the delivery of the Joyce and Snells regeneration scheme.

The report sets out the options considered, if any, and the reasons for the recommendations and the decision.

(Non Key)

10 DATE OF NEXT MEETING

NOTED the next meeting of the Cabinet was scheduled to take place on Wednesday 15 November 2023 at 7:00pm.

The meeting ended at 7.40 pm.

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London Borough of Enfield

Report Title	**Reardon Court Extra Care Tender**
Report to	**Cabinet**
Date of Meeting	**15 November 2023**
Cabinet Member	**Cllr Alev Cazimoglu**
Executive Director / Director	**Tony Theodoulou**
Report Author	**Nancie Alleyne.**
Ward(s) affected	**ALL**
Key Decision Number	**5617**
Classification	**Part 1 Public and Part 2 Private**
Reason for exemption	**Information relating to the financial or business affairs of any particular person (including the authority holding that information).**

Purpose of Report

1 On 25th July 2018 Adult Social Care (ASC) received approval from Cabinet to use the site of Reardon Court for an Extra Care facility supporting vulnerable older people living in the borough. Construction is currently on its way and due to complete in May 2024.

2 Procurement for the Care and Support service for Reardon Court commenced in March 2023 in line with the Council's Contract Procedure Rules and the *Public Contract Regulations (2015)*. This report recommends that the Cabinet provides its approval of the tenders and duly

authorises the award of Care and Support contract to the successful Provider.

Recommendations

1 That Cabinet

i. Approves the award of the contract for Care & support services at Reardon Court Extra Care Housing Scheme to the successful service Provider outlined in the corresponding Part 2 Appendix to this report for a contract period of five (5) years with an option to extend, at the sole discretion of the Council, for a further period or further periods of up to two years.

ii. Agrees to delegate authority to the Director of Health and Social Care to enter into the contract for Care and Support services at Reardon Court with the successful service provider outlined in the Part 2 Appendix.

iii. Agrees to delegate the formal approval of the 2-year extensions period of the contract, subject to satisfactory performance, to the statutory Director of Health & Adult Social Care in consultation with the Cabinet member for Health and Adult Social Care

iv. Notes that the construction of Reardon Court is scheduled to be completed in May 2024 and the recommendation is to award and enter into the contract prior to the completion of the building works to allow for up to 3-month mobilisation

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Background and Options

3 Extra care housing is a supported housing option which improves the lives of vulnerable older adults with a range of housing related support (Support) and adult social care (Care) needs. It balances independent living with an enhanced sense of security. Service Users receive support to manage their tenancies and also have access to a 24hr onsite care service.

4 Extra care housing supports the Health Housing Adult Social Care (HHASC) Commissioning Vision for Older People in the London Borough of Enfield by reducing the number of people who go into long term residential & nursing care as well as reducing the number of preventable hospital readmissions. It also facilitates timely hospital discharge and enables people to die at home with dignity in a supported environment.

5 On 25th July 2018 HHASC received approval from Cabinet to use the site of Reardon Court for an Extra Care facility. Reardon Court was previously used as a residential care home, with extra care provision, however that service was closed in December 2016 as the building was no longer fit for that use. Following Cabinet approval demolition works were commissioned, and the residential care home was demolished ready for the construction of a new extra care service.

6 Key decision 5344 in July 2021 Cabinet meeting approved the appropriation of Reardon Court of £30m from the General Fund to the HRA in accordance with the capital financing rules and valuation which has regard to the intended development for social housing.

7 Key decision 5517 in November 2022 Adult Social Care (ASC) Lead Member Portfolio decision approved the procurement of Extra Care Care and Support Services to be provided at Reardon Court via a competitive procurement process. The revenue funding for care and support in extra care accommodation is separate to the revenue funding to meet housing accommodation costs. In rented extra care accommodation, housing costs are recovered from tenants via rents and service charges, as in other forms of social housing. The service charge is the route through which housing costs are recovered, other than those received via rent.

8 Contractors are currently on site building the extra care scheme which is due for completion in May 2024. Construction is being managed by Enfield Housing department. As the homes will be let at London Affordable Rent (social housing rents) the accommodation will be part of the Council's own housing stock and will therefore be governed by the provisions of the 1985 Act.

9 The accommodation services will be managed by Council Housing under the sheltered housing service. A working group has been established to agree the structure and how nominations will apply to the scheme.

Strategic and Local Context

10 Extra Care housing is a supported housing option. It improves the lives of vulnerable older adults with a range of housing related support services to help an older person who has social care needs. It balances independent living with an enhanced sense of security. Service Users receive support to manage their tenancies and have access to an onsite 24-hour care service.

11 Extra Care supports the strategic aims of the Council in relation to accommodation for vulnerable people. It delivers a diverse range of services to meet needs under a 'balanced community' model, with service provided to those who have low, medium or high needs. It prolongs independence through self-help care and improved end of life care arrangements.

12 The development of Extra Care Housing on the Reardon Court site enables the Council to increase the long-term security of extra care housing supply, helping to ensure that future costs can be managed, and statutory care requirements can be met. In addition, Reardon Court extra care services will alleviate budget pressure through

- the reduction of high-cost residential placements and community packages
- the reduction of costs associated with hospital discharge delays
- a reduction in costs relating to carer breakdown
- a reduction in costs relating to the adaptation of inaccessible properties not suited to the mobility needs of some people with physical disabilities
- a potential reduction in temporary accommodation costs, realised through the increase in local housing supply, and in some instances, release of Council and Housing Association properties which maybe under occupied.
- a potential reduction in levels of social isolation and loneliness, and costs associated with this through promoting health and well-being a reduction in falls, injuries and subsequent hospitalisation caused by housing design that does not suit the needs of older people and adults with disabilities
- a reduction in care package costs for older people with dementia who, without this facility, may require 24-hour support in a community setting.

13 The development of Extra Care Housing on the Reardon Court site is consistent with national drivers for improvement and change set out in the Care Act (2014). Strategic development in this area will contribute to the delivery of a local housing with care market that helps to ensure people receive services that prevent their support and care needs escalating or delay the impact of their needs.

14 Extra care services help to build on the Council's social value priorities by raising the profile of high-quality housing with care options that also links into local economy through employment and social integration with other local community groups.

A Changing Demographic and the Demand Need for Extra Care

15 The number of people in Enfield over 65 years of age is forecast to increase by 26% over 10 years from 45,200 in 2020 to 56,800 in 2030. This increase is greater than the overall percentage increase of England (21%) and poses a significant local challenge in terms of developing services to meet future demand. This includes demand for quality, accessible and care focussed housing on later life. Currently there is approximately 5,000 older people age 65+ living in social housing with a portion of this figure living in unsuitable accommodation.

16 People are living longer but this does not always come with good health. The number of people with complex needs is increasing and the number of older people (65+) managing long term health conditions, that limit the quality of life is also on the rise. In Enfield in 2020/21 it was projected that over 2,000 older people had a long-standing health condition caused by heart attack (rising to 2,579 by 2025).

Implication for Adult Social Care

17 Dementia is also on the rise. In Enfield the estimated prevalence of dementia amongst the population aged 65 is 63.3%. The number predicted to have dementia is forecast to increase from 3,262 in 2020 to 4,084 in 2030.

18 Many of the older people supported by Adult Social Care (ASC) are living with long-term medical conditions. They have a number of complex age-related care needs including, dementia, physical and mental disabilities as well as personal care needs. As people are living longer their medical conditions impacts on their quality of life.

19 In 2020/21, 1,486 older people were admitted to hospital as a result of a fall (rising to 1,838 by 2030). 257 of this figure resulted in a permanent admission to a residential or nursing home with a corresponding impact which impact on the ASC budget.

20 On an assessment of future demand based on the projected population and an assessment of need, Extra care housing supports ASC priorities for Older People in Enfield. It will reduce the number of people who go into long term residential and nursing care, as well as reducing the number of preventable hospital readmissions. It also facilitates timely hospital discharge and enables people to die at home with dignity in a supported environment. It will also help older people maintain their independence that is more cost effective than traditional alternative forms of care. Future costs can be managed, and statutory care requirements can be met. In addition, reductions in residential care would be reflected positively in the national performance.

21 The provision of good quality, extra care services and activities, will meet Service Users' identified needs and contribute to equality of opportunity in supporting older and disabled people to live independently. In addition, it strengthens support to carers and increases the level of assistive technology to help provide a seamless quality care service.

22 Additional benefits on the development of extra care services at Reardon Court are that the available community rooms can be used as key resource for the local community. They help in the provision of a range of accessible community programmes undertaken by third sector organisations. They offer opportunities for service users to engage in the social activities provided by these local groups and develop their own support networks which helps prevents the risk of social isolation.

Extra Care Service at Reardon Court

The Vision

23 In understanding what is important to older people in respect of Housing with Care models, research undertaken by DEMOS provides a valuable indicator. It draws together a vision on the type of Housing with Care older people would like to see. They would like it to:

- **be stimulating** (frequent activities inside and outside e.g., classes, film nights, theatre trips concerts, good facilities onsite e.g., Hairdresser, spa, good partnerships with other community organisations)
- **have a flexible environment** (flexibility to come and go, a shift from risk prevention to managed positive risk taking – staff supervision overprotective and stifling)
- **have a flexible model** offering different levels of care in one place and continuity of care and community access, so people can settle without being uprooted when needs change.
- **be personal** (with personalised spaces and consideration of furnishings /décor – more akin to hotel than institution)
- **be affordable and accountable**
- **offer relationship centred care** (aided by e.g., consistency of staff)

In delivering the above, the Council seeks to facilitate positive outcomes, consistent with ASC Supporting Independence Strategy and the White Paper (People at the Heart of Care) drivers, so that people living at Reardon Court Extra Care Scheme:
have **choice, control**, and **support to live independent lives**.
can access outstanding **quality** and **tailored care and support**.

A vision document has been produced and agreed by the Project Board for Reardon Court.

The Reardon Court Project

24 Reardon Court is the site of a former in-house extra care and residential care home. It is a Council owned site that is well placed to accommodate an extra care housing service, with good transport and community links. It is located in a residential cul-de-sac, 1 mile from Winchmore Hill train station. To the rear of the site is Barrowell Green open space, close to Winchmore School and Barrowell Green Recycling Centre. The green space will help to encourage healthy active ageing.

25 The character and use of the surrounding area is predominately residential. The site is sheltered and not adjacent to any busy roads and neighboured by a park and school playing fields. Winchmore Hill is an area where the Council supports a high number of older people with adult social care needs.

26 Reardon Court will be ASC third Extra Care scheme in the borough. The first scheme Alcazar Court is located in Edmonton. It provides 45 units of

accommodation for vulnerable older adults including 3 two-bedroom units and 4 units specifically as a short-stay, enablement option. The second scheme, Skinners Court Extra Care Scheme is located in Palmers Green. It provides 43 units of single accommodation and 5 units of 2-bedroom accommodation. 2 of the 43 units are short-stay, enablement option. Skinner's Company hold the freehold to the facility

27 A Project Board for ensuring delivery of Reardon Court Extra Care Scheme and the procurement of care has been in operation for 14 months chaired by the Director for Adult Social Care. The Project Board is supported by the following steering groups

- Housing Group - Place Department (Housing Management)

  Responsible for the nomination, letting and Housing and Accommodation Management arrangement to support the day-to-day operation of the scheme following the formal handover process on the completion of the structural build.

- Care and Support – People Department (ASC)

  Responsible for the collaborative commissioning and procurement of the care provision and the management of that function

- Design & Development - Place Department (Housing & Regeneration)

  Responsible for the design, build and functionality of Reardon Court Extra Care Scheme to meet the requirement of ASC and can support Service Users with care needs to live independently in the community

- Community, Communication and Engagement (People, Place and local community representative)

  - Responsible for internal and external communication, engagement with local residents and stakeholders including current users of extra care services and their families, voluntary and community organisation, Partnership Boards, elected members and representatives of the Integrated Care Board (ICB) formally known as the Clinical Commissioning Group (CCG).

28 The outcomes of each group are shared, and actions and target are incorporated to the milestone within the overall project plan. Each group meets on a monthly basis and reports to project board every 6 weeks.

Reardon Court Building Layout and Operational Structure

29 Reardon court consist of 70 flats broken down as follows:-

Reardon Court Extra Care will a deliver part 3, part 4 storey building to provide extra care housing in the form of:

- 64 x 1-bed flats (GIFA exceeding 50m2)
- 6 x 2-bed flats (GIFA exceeding 70m2)
- Central courtyard
- Communal lounge
- Communal multi use/hobby room
- Communal laundry
- Hairdressing/wellbeing room
- Mobility Scooter Store
- Staff Room and offices

30 All flats will be designed and developed to exceed Building Regulation M4(3)2a 'Wheelchair User Dwellings. Provision will be sufficient to allow simple adaptations of the home to meet the needs of occupants who use wheelchairs *(wheelchair adaptable).*

31 All the 2-bedroom flats will be designed and developed to exceed Building Regulation M4(3)2b ' Wheelchair User Dwellings'. Provision should be such that the flats meet the needs of occupiers who use wheelchairs *(fully wheelchair accessible).*

32 Connectivity of homes will be considered to foster social inclusion and engagement (i.e., courtyard design).

<u>Staff Facilities</u>

33 Staff facilities are designed to facilitate the smooth efficient and dignified delivery of care and include:

- staff office and facilities for housing management / housing related support staff, suitably located to overlook main entrance
- suitable staff WC, washing facilities, rest facilities and changing facilities which must be independent from resident/ visitor facilities
- 24-hour care/support staff base suitably located to maximise efficiency and effectiveness of care provision.

34 <u>Access & Security</u>

Minimum requirements in respect of Access and Security as follows:

- access to all areas, including outdoor environments, will be fully wheelchair accessible and designed to meet the needs of all service users, including those with physical, sensory and cognitive impairments.
- two lifts (big enough to move beds/ stretcher will be fire evacuation lifts)
- ambulance access – will be close to main entrance and preferably under cover
- access control system
- CCTV in public areas
- sufficient parking
- external entrance points should be kept to a minimum
- Assistive Technology will be provided and supported by Safe and Connected Service which sits within Adult Social Care Contracts and Community Services.

Nomination

35 The scheme will provide care for a diverse range of older people aged 60 years or over (or aged 55+ if there is a diagnosis of dementia or the applicant has a specified circumstance, a learning difficulty or a physical disability). The service will be accessible, appropriate and welcoming for people of different religions and cultural backgrounds and will be proactive in developing a service that recognises and values diversity.

36 To be eligible for housing at the scheme residents will need to meet the criteria for allocation of social housing as set out in the Councils Housing Allocation Scheme. The Housing Steering Group work stream includes identifying and prioritising a pipeline of Service Users who qualify for extra care under the following headings

- Over 65 with a health and wellbeing need
- Over 55 requiring wheelchair access or 2-bedroom properties
- Under occupiers in Council housing
- Over 65 living in sheltered housing and need care and support
- Over 55 living in unsuitable residential care homes
- Those currently coming through placement panel
- However, specific grounds for waiving the income and savings threshold for those who do not meet these criteria can be considered by the Emergency and Exceptions Panel, to include consideration of the need to meet Council's duties under the Care Act.

37 A financial assessment for each Service User will be undertaken to establish their level of contribution towards their care

Similar to the other two extra care schemes placement of Service Users will be based on a balanced community, demonstrated as follows

30% of Service Users with low needs
30% Service User with moderate needs
40% of Service Users with higher needs

The 40% of people with higher needs is those who would receive 14- 31 hours of care per week. This level of need is the current demand for ASC services.

Staffing & Operational Vision

38 **Housing Management**

Housing Management services will be provided by Enfield Council's Housing Service. The service will be staffed by a Scheme Manager, to provide day only on-site presence to support occupants with low level housing management and housing related support tasks. These tasks might include:

- *Collection of and accounting for rent* – Setting up rent account and supporting to create a budget plan
- *Organising and repair of properties or their contents* – checking on maintenance and following up outstanding repairs/property inspections
- *Assistance to claim and manage housing benefits* – support to apply for HB and supporting with any correspondence/changes
- *Advice and assistance in relation to fulfilling tenancy conditions* – working with Service Users to ensure they understand their tenancy and planning support where it is needed
- *Advice and assistance to tenants on how to use equipment in their own home* – Going through service manual and ensuring customers understand alarm, intercom system and other equipment in the home
- *Advice and assistance to tenants in relation to their own personal safety and the safety and security of their accommodation* – working with Service Users to ensure they know how to use fob system and keep fob and keys safe, ongoing support through tenants' meetings
- *Mediation in tenants' neighbour disputes* – through regular visits and tenants' meetings

Assistive Technology

39 Adult Social Care Safe & Connected Service will provide Assistive Technology to all flats within the Scheme. A range of devices will be made available at the Service User's request to help them live independently and feel safe within their home. Alongside the provision of assistive technology devises the Safe and Connected Service will undertake the screening and risk assessments of those at risk of falls within their home. They will be responsible for ensuring the older person is living in a safe, hazard free, environment supported by the appropriate assistive technology and will work alongside the Scheme Manager to identify those who could benefit with a wider range of social activities on site or throughout the borough luncheon clubs to improve balance, nutrition and overall well-being.

Flexi Flat Provision

40 Adult Social Care would like to explore the possibility of Reardon Court having 4 x Flexi Flats. The principle purpose of the Flexi Flats is to support the Council's Enablement policy and all referrals will come through the Integrated Locality and Brokerage teams within Adult Social Care function. Placement is based on a time limited, up to 6-week period of treatment designed to maximise independence, build confidence for Service Users to return to their normal place of residence and minimise or otherwise delay the requirement for ongoing care and referral to more acute care accommodation.

Procurement of Care & Support

41 The Council Procurement Section worked closely with adult Social Care to ensure Contract Procedure Rules compliance. A new specification for the service was produced and signed off by the Project Board. Financial

costings and return on investment were supported by the Council's Accountancy Team with legal advice in relation to the procurement route and decisions supported by the Council's Legal team.

42 The specification for the service places emphasis on quality services for the vulnerable Service Users who would be living at Reardon Court. As a result, early market engagement was considered crucial. A notice for the market engagement was placed in the government procurement websites (Find a Tender (FTS), and Contract Finder through the Council's e-procurement system, the London Tenders Portal on 17th October 2022. This resulted in 14 Providers registering for the Market Engagement.

43 A formal Market Engagement event was held on 16th of November 2022 and Providers based in and out of London attended the event. As part of the Market Engagement, a Soft Market Testing questionnaire exercise was also undertaken with Providers to gauge their understanding of the requirements of the specification and to obtain their feedback on the future service. The information played an integral role in producing a final draft of the service specification and informed the procurement strategy.

44 The procurement process was then launched, which encompassed two stages. Firstly, potential Providers were required to complete a Standard Selection Questionnaire (SSQ). The SSQs were evaluated against the requisite minimum requirements, technical and professional ability, and economic and financial standing. Successful applicants were shortlisted and were invited to tender (stage 2). The Invitation to Tender (ITT) was scored using a price and quality ratio. Further information on the procurement process and results of the tender is provided in Part 2 of this report.

45 The successful bidder's responsibility will be to provide a 24-hour on-site care presence, supporting Service Users with support and care tasks throughout the day and night taking on board specific needs in care and support in a person-centred way.

The onsite Care Provider will offer functions, as agreed within care and support plans of Service Users. Examples of functions to be provided by the onsite Care team include:

- the planning and delivery with others, including the Service User, Care & Support Plans for the tenants residing within the scheme.

- the delivery of personal care and support in accordance to Service Users assessed care needs available on site 24/7.

- the delivery of personal care and support in accordance to Service Users assessed care needs to those Service Users who reside within the Flexi Flats.

- to provide social activities to Service Users as such highlighted below but not limited
  - Coffee morning sessions

  - Exercise for therapeutic and social needs
  - Day and annual outings
  - Games and quizzes
  - External speakers and befriending organisations supporting social inclusion

- to work with local community to ensure that social engagement, intergenerational relationships, religious and spiritual needs of Service Users are being met.
- to work alongside the borough Voluntary and Community organisations to further enhance Service User's community engagement and support their health and well-being
- to liaise with the housing management provider to ensure matters concerning the building, building safety, Service Users' tenancies are being managed in accordance with the SLA and Business Continuity plan
- responsibilities for the managerial oversight and administration of the service to fulfil the above functions.

The core roles and responsibilities are set out in the specification for the service, to aide clear and positive partnership working from the outset in the form on a Contract for Care services and a Service Level Agreement between the Council and the Provider in relation to the Housing Management functions.

Communication and Consultation

46 This area of work was undertaken by the Communication and Consultation Subgroup. Work on this extended to

- ***Internal Communication & Promotion*** including People Staff members, Newsletter, ASC Staff Newsletter, Staff Matters, elected members, and Mylife
- ***External Communications*** including Press Release for start on site, and ground-breaking promotion. Development of newsletters to neighbouring residents distributed at key stages of development and circulation of promotional flyers. Additional promotion on the Council's website.
  Engaging with existing service users and their relatives at Alcazar Court and Skinners Court to ensure user groups were at the heart of shaping services at Reardon Court. Meetings focused on gaining information on what was important to Service Users and their families. The information captured was included within the final specification for Reardon Court prior to publication.
- Establishment of mailbox to identify early expressions of interest in scheme
- ***Engagement Activity*** to inform the development of User Driven Services, including the establishment of a Reference Group (which includes representation from Age UK, Healthwatch, Dementia Organisations). Briefing at Partnership Boards and with VCS organisations
- ***Identification Nominations/People who may benefit from Extra Care*** to enable targeted promotional work.

47 Further work around communication will extend to targeting specific postcodes of which has a higher percentage of older people, engaging with GP practices and other health services and facilities specific to supporting older people and further external consultations.

Preferred Procurement Option and Reasons for Preferred Option

48 In August 2022 the Strategic Service Development and Procurement Board approved the business case for the Extra Care care Services to be provided at Reardon Court to be put out to tender to ensure effective competition, value and quality of service provision for the scheme was secured. A two-stage procurement procedure was chosen due to anticipated high levels of interest from the market.

49 The above decision was based on a contract with one single Provider with a Care Quality Commission (CQC) rating of a minimum of 'good' to ensure continuity and a personalised approach to care with additional outcomes on social value and local and borough wide community benefits.

50 A contract with a single Provider would make contract management and quality monitoring much easier, less resource intensive and focused. It will ensure that the single Provider delivers a non-judgemental and inclusive service which treats Service Users with dignity, respecting gender, sexual orientation, age, physical or mental health ability, religion, culture, social background and lifestyle choice.

51 The market engagement undertaken in October 2022 via the (LTP) established a high level of interest with local and national organisations registering an interest which provided evidence of market stimulation and interest.

52 A recent similar competitive tender process had been undertaken at the two existing extra care schemes in the borough which helped to stimulate competition, and best value in terms of quality and price for those services. Currently services at the two schemes are operating effectively and at capacity.

53 Evidence demonstrates that the majority of individuals receiving care and support in the community have the potential to continuously improve with the right interventions at the right time. A key principle of developing Reardon Court is to focus the work of the Provider on maximising a person's independence and thus reducing reliance on paid support (i.e., commissioned council services, including domiciliary care) and in preventing their level of need from increasing.

54 A Market Facilitation Strategy has been produced which will demonstrate how ASC Care will continue to work with Providers to ensure business sustainability. The market engagement workstream for the delivery of extra care services at Reardon Court supports the Market Facilitation strategic aims.

55 The Care and Support Group dedicated to managing the procurement process alongside the other working group ensured probity in the procurement process and timeline milestones consistency with the other working groups and stakeholders in delivering the scheme.

Options Considered

56 *Do Nothing*

The Council has a statutory duty under the Care Act 2014 to provide a service to those assessed to have a need. Therefore, this is not a feasible option as a key objective of the Council is to encourage and assist all vulnerable adults who meet the Council's assessment criteria to live independently and stay healthy within their own homes. By not providing the Care and Housing Related Support service within Extra Care Schemes, would accelerate the move of older adults into a residential care setting and as a result compromise their quality of life and independence as well as increase overall expenditure.

Local data on waiting lists for ASC funded extra care housing is consistent with the requirement for more accommodation of this nature, with an average of 4-5 people each month presenting as requiring specialist extra care provision. Both the Council's existing commissioned schemes currently operate to capacity, however there is a corresponding turnover due to high level of care required and Service Users moving on and/or receiving end of life care. Currently there is a waiting list specifically for disabled access accommodation.

Provide all Service Users with a Direct Payment to source their own care

This option will result in a number of Providers coming on site which may cause a number of risks in terms of management, responsibility. accountability and varying levels of quality care provision. It also places Service Users and staff at increased risk of COVID 19 and other infections which may have a devastating health impact on the vulnerable Service Users residing at Reardon Court.

To provide a personal budget managed service and individually spot purchase Service Users care and support

This is not a practical option and would lead to an increased administrative burden on the Procurement, Brokerage and Social Care Teams, loss of the security of having an onsite care Provider and a potential decrease in quality and value for money.

To directly provide the provision in-house:-

On determining the cost associated with this option it was agreed that this option was not cost effective.

Given the potential outcomes of the above options considered, the decision was made to outsource and procure the Reardon Court Extra Care Care and Support services to a single Provider through a tender exercise, with a robust service specification, quality assurance processes, monitoring and a formal contractual arrangement.

Relevance to the Council's Corporate Plan

IMPACT ON COUNCIL PRIORITIES

57 Good homes in well-connected neighbourhood.

Social Housing with Extra Care support increases housing choice for adults with support and care needs living in the London Borough of Enfield. It allows for good quality, specialist accommodation options to meet the changing needs of existing and emerging communities.

Safe, Healthy and Confident Communities

The initiative supports families/carers, including hard-to-reach groups to have good access to specialist accommodation options in the London Borough of Enfield, so they are empowered to make informed decisions about where and how they are supported to live.

Extra Care enables older adults with support and care needs to live fulfilling, independent, healthy lives and contribute to the prevention and early intervention agenda through the development of specialist accommodation options to avoid the need of residential care.

An economy that works for everyone

Reardon Court extra care scheme will provide 70 social rented flats for people over the age of 55+. There will also be on-site communal facilities such as a café, hair salon and communal lounge for both residents and the local community.

Maximise opportunities for independent living by improving the quality, design and accessibility of specialist accommodation for older people.

The development of Reardon Court extra care is very close to many facilities such as a supermarket, pubs, community centre and good public transport links.

Extra care improves the quality of life for the local workforce which includes training, job satisfaction, motivation and health.

Additional extra care homes in the borough would create local opportunity to avoid inappropriate residential and nursing care admissions.

Ensure the availability of culturally accessible and socially inclusive specialist accommodation services to support Enfield's diverse population of older people and facilitate community cohesion.

Financial Implications

58 This contract provides the standard care element available to residents at the extra care unit. It does not include costs of the site etc at which the residents will have their own home.

59 The budgets for the care support at this unit are contained within the existing Care Purchasing budget of Adult Social Care of £118.5m, as this is effectively a new provision that is being created using existing budgets and which will replace the existing care the residents had and will, due to the benefits of extra care to residents and the council, deliver savings within those budget of £0.490m to the council and new self-contained, specially designed units for residents to enjoy and maximise their independence.

60 The planned saving was included in the Council's MTFP (Medium Term Financial Plan) and £0.113m was expected to be delivered this year. Given likely completion of the building this will need to reprofiled in the MTFP process this year with a large part of the saving now being delivered in the first year of operation in 2024/25.

61 As this provision is effectively replacing existing provision and saving money any impact is contained within the existing budget provisions for Adult Social Care and is not an additional cost.

Legal Implications Legal Implications provided by ZS 14.09.2023]

62 The Council has a duty under section 1 Care Act 2014 (Care Act) to promote individuals' wellbeing (as defined in the Care Act). Under section 2 of the Care Act, the Council has a further duty to provide or arrange for the provision of services, facilities or resources, or take other steps, which it considers will contribute towards preventing, delaying or reducing the development by adults and carers in its area of needs for care and support.

63 Section 111 Local Government Act 1972 gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its function. The proposals in this report are in accordance with these powers and will enable to the Council to fulfil its duties under the Care Act.

64 The Contract is an above threshold light touch regime contract under the Public Contracts Regulation 2015 (PCR 2015) and the procurement was carried out in accordance with the requirements of the PCR 2015 and the Council's Constitution, in particular, the Contract Procedure Rules (CPRs). Legal Services

was consulted throughout the procurement exercise and was engaged to draft the contract for services.

65 The Council must ensure that it complies with its obligations regarding best value in accordance with the Local Government Act 1999. The Council is also required to act in accordance with the Public Sector Equality Duty under section 149 of the Equality Act 2010 and have due regard to this when carrying out its functions.

66 The Council must ensure that the contracts and any legal agreements (including any letting arrangements) arising from the matters described in this report are in a form approved by Legal Services on behalf of the Director of Law and Governance and the contract must be executed under seal.

67 Officers must ensure that the Council's Key Decision process is followed.

Equalities Implications

68 A EQIA has been completed on the basis that this is a new service which is yet to commence. The EQIA highlights a limited, negative impact on the protected characteristics and mitigation actions are in place to manage those that have been identified.

69 The proposed contract will require the successful provider to deliver services which are culturally and gender sensitive by providing cultural awareness training on issues faced by vulnerable people from different ethnic backgrounds and where possible matching specific language requirements where possible.

70 The successful organisation will be monitored to ensure they are complying with the Modern Slavery Policy of the Council and the requirements of the specification through checking of their records, regular review of services, obtaining Service User feedback, monthly monitoring meetings and provision of quarterly performance information to the Council.

71 ASC will undertake another EQIA when Reardon Court is fully operational. The EQIA forms part of the background papers of this report.

Environmental and Climate Change Implications

72 A requirement of GLA grant was the project needed to deliver a high sustainability performance. To meet Building Regulations energy standards, the strategy is to connect to the decentralised energy network which complies with the Council's current adopted planning policies.

73 The scheme should meet and where possible exceed standards in respect sustainability as set out in Housing Supplementary Planning Guidance (2016) and Building Regulations. and include the following key environmental features:

External wall thicknesses to enable high insulation levels to be provided.

- Circulation areas that benefit from plenty of natural light and ventilation.
- Excellent landscaping including wildlife and sensory gardens to provide both wildlife habitat and visual amenity.
- Either a high efficiency communal boiler or individual A rated condensing boilers will be provided.
- Water efficient fittings and low flush WCs in all dwellings.
- Generous space for residents with wheelchair store and recycling included.
- The use of renewable energy should be considered, as should the impact of the scheme on biodiversity and access to nature, through the use of wildlife verges and green/brown roofing.

74 The building is to have a thermally efficient building fabric exceeding both the minimum Part L standards and the building fabric performance within the Part L 2013 Notional Building. A 'best practice' air permeability figure has also been targeted to reduce fabric energy losses.

75 The successful Provider outlined in the appendix will have to demonstrates systems and processes to manage their impacts on the environment. They will be required to provide data to demonstrate their environmental improvements and community benefits as highlighted within their tender and throughout the duration of the contract**.**

Public Health Implications

76 The provision of demonstrably effective extra care services with an emphasis on early intervention and prevention are aligned with the broad intended outcomes and philosophies of LBE's current Joint Health and Wellbeing Strategy and also with the early versions of the planned succession strategy. This also aligns with the aims and underlying principles of the over-arching NCL Population Health Strategy and indeed the prevention and health promotion measures of our more local NHS partners.

77 We welcome the repeated attention noted as to the adverse impacts of unplanned and/or hospital and other institutional admissions as we do the references to limiting potential adverse environmental impact.

Procurement Implications

78 Any procurement related activity must be undertaken in accordance with the Council's Contract Procedure Rules (CPR's), the Public Contracts Regulations (PCRs) and the Council's Sustainable and Ethical Procurement Policy.

79 The proposed award of the Contract went through the Procurement Services Assurance process and the necessary Gateway Reports have been prepared for endorsement. The lead officer within the Service Area must keep records of approvals to proceed with the proposed award and any future optional extensions to evidence compliance with the rules.

80 Award of the contract must be published on the government's procurement website, Find a Tender (FTS) and Contracts Finder to comply with the rules and the Government's transparency requirements.

81 In accordance with the Councils CPR's, the service area must ensure that the assigned Contract Manager of the contract ensures the monitoring requirements are adhered to, including evidence of regular contract / performance reviews with the Service Providers.

82 The Service Area has completed the Contract Classification Tiering tool and the proposed Contract has been classified as "Gold". The lead officer from the service who will be managing this contract is aware of the contract management requirements in accordance with the Contract Management Framework that is now rolled out across the Council. They will also meet with the Contract and Supplier Relationship Manager within Procurement Services, who will go through the contract management requirements for the management of the Contract prior to its commencement.

Property Implications

83 This report refers to HRA property and there are no specific GF property implications.

Safeguarding Implications

84 This report clearly demonstrates the need for extra care provision within the Borough. This is a key preventative measure to help residents avoid neglect and self-neglect – the application of assistive technology throughout will also be protective and help to prevent isolation in this vulnerable group (which is a risk factor for abuse or neglect).

85 We welcome the inclusion of activities and engagement with the community in the tendering process to support the adults involved to live active and connected lives. The tendering process has also reviewed the CQC registration and history of the provider to ensure that they known to provide adequate care.

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Appendices

EQIA

Background Papers

Cabinet Paper 25th July 2018
Cabinet Paper 7th July 2021
Portfolio Key Decision 5517 November 2022

Enfield Equality Impact Assessment (EqIA)

Introduction

The purpose of an Equality Impact Assessment (EqIA) is to help Enfield Council make sure it does not discriminate against service users, residents and staff, and that we promote equality where possible. Completing the assessment is a way to make sure everyone involved in a decision or activity thinks carefully about the likely impact of their work and that we take appropriate action in response to this analysis.

The EqIA provides a way to systematically assess and record the likely equality impact of an activity, policy, strategy, budget change or any other decision.

The assessment helps us to focus on the impact on people who share one of the different nine protected characteristics as defined by the Equality Act 2010 as well as on people who are disadvantaged due to socio-economic factors. The assessment involves anticipating the consequences of the activity or decision on different groups of people and making sure that:

- unlawful discrimination is eliminated
- opportunities for advancing equal opportunities are maximised
- opportunities for fostering good relations are maximised.

The EqIA is carried out by completing this form. To complete it you will need to:

- use local or national research which relates to how the activity/ policy/ strategy/ budget change or decision being made may impact on different people in different ways based on their protected characteristic or socio-economic status;
- where possible, analyse any equality data we have on the people in Enfield who will be affected eg equality data on service users and/or equality data on the Enfield population;
- refer to the engagement and/ or consultation you have carried out with stakeholders, including the community and/or voluntary and community sector groups you consulted and their views. Consider what this engagement showed us about the likely impact of the activity/ policy/ strategy/ budget change or decision on different groups.

The results of the EqIA should be used to inform the proposal/ recommended decision and changes should be made to the proposal/ recommended decision as a result of the assessment where required. Any ongoing/ future mitigating actions required should be set out in the action plan at the end of the assessment.

Section 1 – Equality analysis details

Title of service activity / policy/ strategy/ budget change/ decision that you are assessing	**Reardon Court Extra Care Procurement**
Team/ Department	**Strategy and Resources People Department**
Executive Director	**Tony Theodoulou**
Cabinet Member	**Cllr Alev Cazimoglu**
Author(s) name(s) and contact details	**Nancie Alleyne Strategy and Service Development Adult Social Care** **nancie.alleyne@enfield.gov.uk**
Committee name and date of decision	**Lead Member and ASC Director meeting**

Date the EqIA was reviewed by the Corporate Strategy Service	**26th August 2022**
Name of Head of Service responsible for implementing the EqIA actions (if any)	**Doug Wilson**
Name of Director who has approved the EqIA	**Bindi Nagra**

The completed EqIA should be included as an appendix to relevant EMT/ Delegated Authority/ Cabinet/ Council reports regarding the service activity/ policy/ strategy/ budget change/ decision. Decision-makers should be confident that a robust EqIA has taken place, that any necessary mitigating action has been taken and that there are robust arrangements in place to ensure any necessary ongoing actions are delivered.

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Section 2 – Summary of proposal

Please give a brief summary of the proposed service change / policy/ strategy/ budget change/project plan/ key decision **Please summarise briefly:** What is the proposed decision or change? What are the reasons for the decision or change? What outcomes are you hoping to achieve from this change? Who will be impacted by the project or change - staff, service users, or the wider community?
Proposed decision: An approval to procure care services is due to be presented to Cllr Alev Cazimoglu, (Cabinet Portfolio Adult Social Care) for approval in late August/ September 2022. Subject to successful approval, the procurement process will commence in late September starting with a market engagement with local and national providers to brief our procurement and tender intentions. This Equality Impact Assessment has been carried out to assess the differential impact in relation to each protected characteristic on the proposed procurement of care and care services provided within the new Extra Care provision at Reardon Court. **Reason for the decision and intended outcomes:** Reardon Court is the site of a former in-house residential care home which had an extra care facility included. It's a Council owned site that is well placed to accommodate an extra care housing service, with good transport and community links. It is located in Winchmore Hill, an area of the borough in which the Council supports a high number of older people with adult social care needs and sits adjacent to green space to encourage healthy active ageing. On 25th July 2018 Adult Social Care (ASC) received approval from Cabinet to use the site of Reardon Court for an Extra Care facility. Reardon Court was previously used as a residential care home with extra care facilities, however that service was closed in 2016 as the building was no longer fit for that use. Following approval demolition works were commissioned and the residential care home was demolished ready for the construction of extra care services. Contractors are now on site building the extra care construction is being managed by Enfield Housing department. The new Extra Care Scheme is due to be completed early in 2024. The building will be handed over to ASC in March 2024 to prepare for Extra Care operations in April 2024.

A project board for ensuring delivery of the scheme and the procurement of care has been developed supported by the following Steering groups

- Housing
- Care and Support
- Design & Development
- Community, Communication and Engagement

Each group meets on a monthly basis and reports to project board every six weeks.

It is intended for the procurement process to commence on 1st September 2022 with market engagement with potential providers. A project plan with key milestone within the procurement process has been developed.

Who will this decision impact?

The new extra care facility at Reardon Court will impact on all older people in the borough aged 60+ The below illustrates the proposed criteria for placement within Reardon Court:

- Be aged 60 years or over (or aged 55+ if there is a diagnosis of dementia or the applicant has a learning difficulty or physical disability);
- Be a resident in the London Borough of Enfield or have a local connection with the area or a strong social need to live in the area. This would usually be part of the local authority housing department's eligibility criteria;
- Have a housing need and be eligible for Sheltered Housing in the Borough, including having a local connection with the area;
- Have a positive desire to remain independent within the community;
- Have assessed adult care needs.

The proposed service will be provided to individuals whose circumstances mean that their independence cannot be maintained in their current home environment, described as:

- Needing someone to check on well-being at least daily because of a serious risk of harm to self or others;
- Experiencing health problems that require support to prevent admission to hospital or residential care;
- Having disability seriously impacting on ability to function independently in the community;
- Having cognitive impairment resulting in an inability to cope with everyday environment;
- Having mobility difficulties in the home that is severely restrictive and cannot access essential facilities independently;
- Being at risk of neglect or abuse;
- Needing help with personal care and activities of daily living;

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- Where critical support networks have broken down or physical and/or mental health is at risk due to lack of social support systems;
- Services will be offered to people with toileting support needs and continence management requirements;
- Services will be offered to people who require support with the administration of medication.

The scheme will provide care for diverse range of older people who have a range of support needs including dementia. The service will be accessible, appropriate and welcoming for people of different religions and cultural backgrounds and will be proactive in developing a service that recognises and values diversity.

Communication and stakeholder engagement will be a key part of this project. To date, commissioners have engaged with operational teams and other departments. A series of face-to-face consultation and user engagement meetings will happen from September 2022 – December 2022. All Stakeholders will also be given the opportunity to give their views by sending a letter, via a central email address and a central telephone line.

The consultation and engagement will include the participation of service users and family members within the two existing extra care schemes of Alcazar Court and Skinners Court, Age UK Enfield. Enfield Carers, Partnership Boards, ICB North London Central London a form of citizens panel and local residents within the neighbourhood of the scheme. This will establish what is important to future users and their families and the information captured to be reflected in the service design.

Section 3 – Equality analysis

This section asks you to consider the potential differential impact of the proposed decision or change on different protected characteristics, and what mitigating actions should be taken to avoid or counteract any negative impact.

According to the Equality Act 2010, protected characteristics are aspects of a person's identity that make them who they are. The law defines 9 protected characteristics:

1. Age
2. Disability
3. Gender reassignment.
4. Marriage and civil partnership.
5. Pregnancy and maternity.
6. Race
7. Religion or belief.
8. Sex
9. Sexual orientation.

At Enfield Council, we also consider socio-economic status as an additional characteristic.

"Differential impact" means that people of a particular protected characteristic (eg people of a particular age, people with a disability, people of a particular gender, or people from a particular race and religion) will be significantly more affected by the change than other groups. Please consider both potential positive and negative impacts, and provide evidence to explain why this group might be particularly affected. If there is no differential impact for that group, briefly explain why this is not applicable.

Please consider how the proposed change will affect staff, service users or members of the wider community who share one of the following protected characteristics.

Detailed information and guidance on how to carry out an Equality Impact Assessment is available here. (link to guidance document once approved)

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Age

This can refer to people of a specific age e.g. 18-year olds, or age range e.g. 0-18 year olds.

Will the proposed change to service/policy/budget have a **differential impact [positive or negative]** on people of a specific age or age group (e.g. older or younger people)?

Please provide evidence to explain why this group may be particularly affected.

The nature of the services provided will impact upon the vulnerable people for which it is intended i.e. older people aged 65 and over.

Older people in the borough

Enfield life expectancy at birth is 80.5 years for males and 84 years for females, this is above the London average. This suggests people, on average, live longer in Enfield compared to other parts of the country. However, life expectancy varies quite widely across wards within Enfield, mainly due to differences in level of deprivation.

The number of older residents has increased between 2012 – 2020. Over 65s in total have increased by 4,716 (11.8%) during that time, according to Office for National Statistics (ONS) mid-year population estimates. Residents are also living for longer.

Figure 1: Number people aged 65+ in Enfield between 2012-20

									from 2012 to 2020	
Age band	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Increase (no.)**	**Increase (%)**
65+ Total	40121	40920	41623	42080	42589	43259	43903	44564	44837	4716	11.8
65 to 69	11957	12211	12234	12359	12333	12202	12214	12344	12473	516	1.3
70 to 74	9184	9389	9715	9830	10227	10702	10864	10921	10997	1813	4.5
75 to 79	7788	7913	8027	8131	8096	8117	8313	8490	8518	730	1.8
80 to 84	5701	5842	6035	6085	6104	6259	6403	6538	6520	819	2.0
85 to 89	3453	3495	3477	3536	3656	3722	3882	3964	4054	601	1.5
90+	2038	2070	2135	2139	2173	2257	2227	2307	2275	237	0.6

The number of older people (65+) managing health conditions, including long term conditions that limit quality of life is also on the rise. In 2020/21, it was projected that over 2,000 older people had a long-standing health condition caused by heart attack in Enfield (rising to 2,579 by 2025). This can have a detrimental health affect because of physically and psychological effects; it can limit mobility, increase falls, increase loneliness and decrease social support networks.

Many of the older people supported by ASC are living with long-term medical conditions. As the incidence of long-term conditions increases with age, many older people have a variety of physical, mental, health and social care needs.

The closure of Reardon Court as a former residential care home with extra care facilities have led to the reduction of ECH (by 28 units) available in the borough for older people with 24-hour on-site support and care needs. The demand for extra care housing has a correlation to the growth of older people numbers in the borough and increased health related needs which comes with age. There we need to ensure we commission high quality care services, which safeguard and empowers residents and is sensitive to their specific cultural, spiritual, dietary and linguistic needs. We will ensure that the commissioned provider devises communication strategies to ensure service users choice in how their care is provided is maintained.

Reardon Court will support vulnerable older people aged 60 and above. The criteria and nomination process for housing with care only refers to this group.

Mitigating actions to be taken

There are other mechanism and process for supporting vulnerable people who do not meet the age criteria for Extra Care which include sheltered accommodation, supported living, Shared Lives and for those with significant needs residential care

Disability

A person has a disability if they have a physical or mental impairment which has a substantial and long-term adverse effect on the person’s ability to carry out normal day-day activities.

This could include: physical impairment, hearing impairment, visual impairment, learning difficulties, long-standing illness or health condition, mental illness, substance abuse or other impairments.

Will the proposed change to service/policy/budget have a **differential impact [positive or negative]** on people with disabilities?

Please provide evidence to explain why this group may be particularly affected.

All older people in council funded care services have met Care Act 2014 eligible assessed needs as well as not being able to achieve at least one of the outcomes set out by ASC which places the person at a health and safety risk to themselves because of their disabilities.

Residents placed within Reardon Court will have a range of and sometimes multiple disabilities and therefore will be counted more than once in the results of disabilities. Behavior changes often occur as a result of disabilities. Communication strategies, quality of services, choice and control, and safeguarding are important issues for this group. The tender documentation and contractual expectations for new extra care settings will be clear on the need for the care provider to engage with people through a variety of communication approaches.

Adult Social Care Integrated Locality Team (older people service) currently supports older people who live with

- physical impairment,
- hearing impairment,
- visual impairment,
- long-standing illness or health condition,
- dementia
- mental illness and other impairments.

The current profile of disabled people within our current extra care facility is

- Alcazar Court 23 service users (Alcazar Court has 45 flats)
  Skinners Court 9 service users (Skinners Court has 49 flats)

The Reardon Court development has secured the availability high quality accessible housing with care for older disabled people, increasing our extra care facility from 94 to 164. The additional 70 flats will help ensure that:

- people have access to services that prevent their support and care needs escalating, or delay the impact of their needs;
- people are supported to maximise their independence and feel in control of the support and care that they receive;
- people have a choice of a range of providers offering high quality, safe and appropriate care services from a vibrant and diverse marketplace

There is a growing demand for dementia services as more and more people presented to ASC are living with this condition. This is further support by the borough profile which states 5% of adults over 65 have been diagnosed with dementia – the highest prevalence in London, and higher than the rate for England. The placements of residents within Reardon Court will support ASC to meet this growing demand and residents will come from our diverse local population.

Culturally and linguistically diverse elderly people with dementia face many unique challenges and needs because of the impairment of verbal and non-verbal language, which worsens with the degenerative process of dementia. Communication is essential for social life, regardless of cognitive function, and for avoiding isolation, strengthening resident's identity, and decreasing depression and anxiety. Therefore, ASC will

continue to work with the commissioned care provider that they extend their role to take account of cultural needs in relation to a resident disability and to raise and extend the standard of dementia care. Reardon Court flats and the care provision as specified designed to support and care for older people with needs arising from disabilities. All flats are wheelchair assessible and have a range of assistive technology solutions to support a resident to live safely in their flat. This includes pull chords which goes to a centralised response team and sensors that pick-up movement or non-movement should a resident have a suspected fall. The extra care scheme will have onsite 24-hour staff who will be available to support residents anytime of the day and not just when their care needs is being attended to. For residents with physical impairments, mobility aids are supplied based on individual need through care planning arrangements. Providers of health (GPs, dentists, community health providers etc) will be engaged with during the service development of Reardon Court. This will provide a focus on the varying needs of this protected characteristic which will be built into the accommodation as well as individual resident's needs. ASC will maintain ongoing monitoring of care services provision so that it remains safe throughout the contract period of when care is being commissioned. In addition, the Care Provider will have to be registered with the Care Quality Commission (CQC), a government body who will formally inspect the quality of care provided to this vulnerable group of residents and publishes their finding s. As a result of the Reardon Court development, ASC will be able to increase long term security of housing with care option for people who are disabled and ensure that ASC are effectively, meeting their statutory care requirements.
Mitigating actions to be taken
No mitigating action identified.

Gender Reassignment This refers to people who are proposing to undergo, are undergoing, or have undergone a process (or part of a process) to reassign their sex by changing physiological or other attributes of sex.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on transgender people? Please provide evidence to explain why this group may be particularly affected.
The Gender Identity Research and Education Society (GIRES) estimates that in the UK around 650,000 people, 1% of the population, experience some degree of gender non-conformity. If these numbers are correct and Enfield's population of 333,794, were exactly typical of that population, this equates to 3,350 individuals with some degree of gender non-conformity.

Reardon Court extra care services is for all residents who have a Care Act 2014 and a housing need and currently live in the borough, regardless of their gender identity. As part of this proposal ASC intend to work with a range working with the Local LGBTQ groups to ensure needs and concerns in planning and implementation is taken into consideration in the service model. We will ensure that the service design of the care services accommodates the needs of people undergoing gender reassignment alongside others who have protected characteristics. Furthermore, we will ensure that the commissioned care provider and their staff have adequate training to support transgender individuals, without discrimination. A performance monitoring requirement for the care service will specifically record the gender identity of the service user.
Mitigating actions to be taken
No mitigating action identified.

Marriage and Civil Partnership Marriage and civil partnerships are different ways of legally recognising relationships. The formation of a civil partnership must remain secular, where-as a marriage can be conducted through either religious or civil ceremonies. In the U.K both marriages and civil partnerships can be same sex or mixed sex. Civil partners must be treated the same as married couples on a wide range of legal matters.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on people in a marriage or civil partnership? Please provide evidence to explain why this group may be particularly affected.
Care services provided are not restricted by or to marriage or civil partnership status. The service is open to anyone aged over 65 provided they meet Care Act 2014 eligibility and the service can meet their assessed needs. There is no data available regarding the number of people in a civil partnership who are in receipt of care and support in extra care housing commissioned by the Council. The majority of the residents living within the two current schemes at Alcazar Court and Skinners Court live alone for reason of bereavement, divorce, or having always being single. There is one married couple currently living at Alcazar Court. Extra Care services accommodates couples, friends and siblings enabling them to continue to live together even if only one of them needs care and support. Reardon Court has been designed on the basis of mixed usage to include couples, marriages and civil partnerships. This will encourage the retention of close relationships and means couples can stay together should one partner deteriorate in health, as all staff are trained to support those residents with residential needs and those who require nursing care needs.

Reardon court will consist of 70 flats broken down as follows: • 61 one-bedroom (2 persons) flats • 5 two-bedroom (3 persons flat) units, • 3 flexi flat one bedroom (2 persons) • 1 flexi flat two bedroom (3 persons flat) The two-bedroom flats will be used to support couples or a live-in carer. Information gathered at the point of assessment where it is appropriate and proportionate to do so will be monitored and analysed in order to understand whether person centred approaches are taken for people within this protected characteristic A performance monitoring requirement for our renewed service will specifically record the marital and civil partnership status of the service users.
Mitigating actions to be taken
No mitigating action identified.

Pregnancy and maternity Pregnancy refers to the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a woman unfavourably because she is breastfeeding.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on pregnancy and maternity? Please provide evidence to explain why this group may be particularly affected.
Currently at the two existing extra care services there are no individuals representing this specific characteristic. However, where individuals do share a protected characteristic related to pregnancy or maternity, they will benefit in the same ways as other care users who do not share the protected characteristic. There is no negative impact on this specific group.
Mitigating actions to be taken
No mitigating action identified

Race This refers to a group of people defined by their race, colour, and nationality (including citizenship), ethnic or national origins.
Will this change to service/policy/budget have a **differential impact [positive or**

negative] on people of a certain race?

Please provide evidence to explain why this group may be particularly affected.

The most demographically distinguishing feature about Enfield is its combination of ethnic groups as shown by the 2011 Census data. The 2011 Census data revealed that, compared to the average for London boroughs, Enfield had a slightly smaller White UK group (at 40.5% of total population), and relatively large numbers in the 'Other White' group (18.2%) and in Black groups (17.2%).

ASC supports service users from a wide range of ethnic backgrounds. The service is open to anyone aged over 65 provided they meet Care Act 2014 eligibility and the service can meet their assessed needs. However, it should be noted that data is not collected in way to provide an accurate percentage figure from each racial group, the descending order are as follows:

(2019 unofficial estimates – proportions rebased with 2021 Census population estimates)

Ethnicity	Estimated population size	% of total population
White British	116,556	35.3%
White Irish	7,194	2.2%
Greek	4,488	1.4%
Greek Cypriot	16,038	4.9%
Turkish	23,826	7.2%
Turkish Cypriot	6,336	1.9%
Kurdish	4,191	1.3%
White Other	24,981	7.6%
White and Black Caribbean	4,587	1.4%
White and Asian	4,290	1.3%
White and Black African	2,442	0.7%
Other mixed	6,765	2.1%
Indian	11,748	3.6%
Pakistani	2,772	0.8%
Bangladeshi	6,336	1.9%

Chinese	2,673	0.8%
Other Asian	12,639	3.8%
Somali	9,009	2.7%
Other Black African	24,354	7.4%
Black Caribbean	17,424	5.3%
Other Black	8,217	2.5%
Other Ethnic Group	13,134	4.0%

Studies have showed that the levels of loneliness and social isolation are very much higher among people from ethnic minorities than for the general population. The social isolation of older ethnic minority people is of further concern as people in this group are less likely to access services for older people.

It is assumed that Reardon Court Extra Care service will attract a wide diverse range of older people in the borough. The ethnic profile of service users in the current extra care schemes of Alcazar Court and Skinners Court provides further evidence. There is further potential to expand on supporting more ethnic minority communities, as the borough older population grows in numbers and diversity.

Ethnicity	**Alcazar Court**	**Skinners Court**
Greek		10
White British	13	23
Caribbean	7	2
Muslim		3
Turkish	1	4
Asian British	4	1
Cypriot		1
British Muslim		1
Italian		1
European	4	
British Caribbean		1
African	10	

Culturally and linguistically diverse elderly people with dementia face many unique challenges and needs because of the impairment of verbal and non-verbal language, which worsens with the degenerative process of dementia. Communication is essential for social life, regardless of cognitive function, and for avoiding isolation, strengthening resident's identity, and decreasing depression and anxiety, and as such the culturally specific care provision is a crucial part of an older person's care needs. Therefore, we

will ensure that the service specification and tender evaluation quality questions include the requirement for providers to demonstrate their ability to deliver an inclusive service e.g. for residents who speak English as an additional language. It could be said that some residents at Reardon court may behave in a discriminatory manner to others, and efforts to change long held perceptions of people different to themselves may prove highly problematic, in particularly in cases where the resident has a cognitive impairment. Examples of abuse will be challenged and investigated and different approaches to police abuse brought on by cognitive behaviour will be developed alongside the care provider and the individual resident's family members. As part of contract management, the provider will need to demonstrate that they are responsive to the diverse needs of residents in the use of communal facilities and provide a range of activities and (through kitchen facilities) appropriate food options.
Mitigating actions to be taken
No mitigating action identified.

Religion and belief

Religion refers to a person's faith (e.g. Buddhism, Islam, Christianity, Judaism, Sikhism, Hinduism). Belief includes religious and philosophical beliefs including lack of belief (e.g. Atheism). Generally, a belief should affect your life choices or the way you live.

Will this change to service/policy/budget have a **differential impact [positive or negative]** on people who follow a religion or belief, including lack of belief?

Please provide evidence to explain why this group may be particularly affected.

It is envisaged that placement of new residents will reflect a wide variety of religion and religious beliefs from the diverse community of Enfield borough.

The breakdown of the current extra care services at Alcazar and Skinner Court are as follows and can be used a guide in terms of the diverse community who may live at Reardon Court

Religious breakdown of residents at Skinners and Alcazar Court

Religion	Alcazar Court	Skinners Court
Christian	31	27
Greek Orthodox		10
Muslim	3	3
Jewish	5	2

Hindu	2	
Unknown	5	5

Both above schemes support service users to attend their place of worship. Transport for some is also provided in some cases.

The care provider for Reardon Court will be expected to be responsive to the needs of people regardless of religion or belief (including lack of belief) and support them without discrimination and ensure staff are appropriately trained.

The care service specification will ensure that the provider is aware and support the range of diverse religion and beliefs of the service users they support and that they facilitate them to continue to practice their faith. For those who maybe house bound the council will specify that religious personnel i.e. Catholic Priest, Presbyter for the Greek orthodox community, Islamic Imam and Lama for Buddhist residents be brought to the service user's home and that care staff support the service user to undertake their prayers

Mitigating actions to be taken

No mitigating action identified.

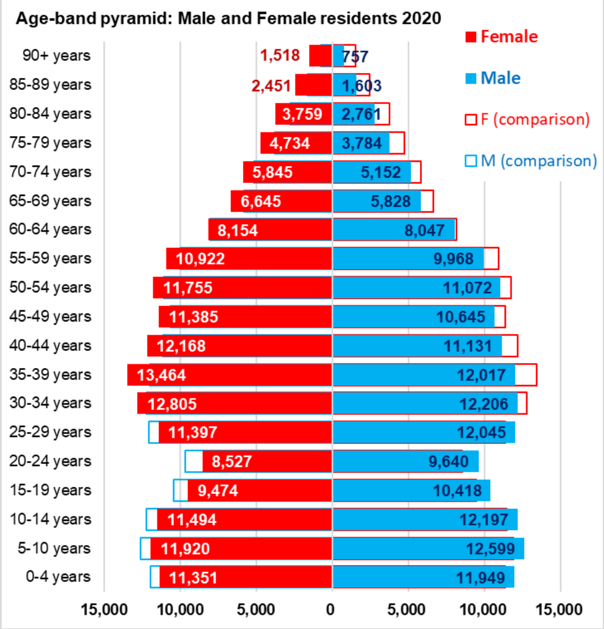
Sex

Sex refers to whether you are a female or male.

Will this change to service/policy/budget have a **differential impact [positive or negative]** on females or males?

Please provide evidence to explain why this group may be particularly affected.

In the borough of Enfield both male and female life expectancies are higher than the national average, while male life expectancy is also higher than the average for London. However, this proposed commissioned care service will affect more women than men because women tend to live longer than men so there are greater numbers of women in older age. In Enfield, women outnumber men among people aged 27 years and over. Life expectancy at birth for males born in Enfield is 81.0 years, female life expectancy is 84.7 years.



A higher proportion of residents in the current schemes of Alcazar and Skinners Court are female. As demonstrated below

Sex	Alcazar Court 45 flats	Skinners Court 49 flats
Male	18	21
Female	21	26
Total	**39**	**47**

Women have double the risk of developing frailty compared to men and statistically likely to experience loss of a partner, and mobility between the ages of 75 and 85. In addition, care providers in the local and wider market tend to employ more women than men. This make the provision of personal care more complex especially individual service users request same sex carers where this resource is difficult to secure. Therefore, ASC will work with the care provider to help them secure the appropriate male/female staff ratio to effectively support vulnerable service users.

People in extra care settings, including Reardon Court, will live in self-contained apartments including dedicated toileting and bathroom facilities, allowing for privacy and dignity for residents regardless of sex

Personal care will prescriptive and will be undertaken in accordance to service user's individual care plans. Care staff will take into consideration service user's sex, respect and dignity and this will be monitored through the Quality Assurance process and CQC published inspections

Mitigating actions to be taken
No mitigating action identified.

Sexual Orientation This refers to whether a person is sexually attracted to people of the same sex or a different sex to themselves. Please consider the impact on people who identify as heterosexual, bisexual, gay, lesbian, non-binary or asexual.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on people with a particular sexual orientation? Please provide evidence to explain why this group may be particularly affected.
We will ensure that the service provider and care home care staff have adequate training to support LGBT+ individuals. There is an expectation that the Care Provider of the service will have an Equal Opportunities Policy, which will positively reflect their approach to the protected characteristic and evidence of this will be sought prior to award of the contract during the evaluation stage of the tendering process. A performance monitoring requirement for our renewed service will specifically record the sexual orientation of the service user
Mitigating actions to be taken
No mitigating action identified.

Socio-economic deprivation This refers to people who are disadvantaged due to socio-economic factors e.g. unemployment, low income, low academic qualifications or living in a deprived area, social housing or unstable housing.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on people who are socio-economically disadvantaged? Please provide evidence to explain why this group may be particularly affected.
Enfield is also one of the most highly deprived Outer London boroughs. It ranks as the 14th most deprived London Borough. Nationally, Enfield is ranked 64th most deprived out of the 326 local authority areas in England. Levels of deprivation vary considerably across the borough, and there is a stark east-west divide. Wards within the east of the borough, including Edmonton Green, Upper Edmonton, Lower Edmonton have been identified as ranking in the most deprived 10% of wards in England. Within these wards comes many of ASC customers from the older and diverse community In 2019/20 ASC supported 243 people into residential and

nursing care at a cost of£22m. Cockfosters, Chase, Edmonton Green, Turkey Street and Winchmore Hill, had the highest number of people receiving an ASC plan. Types of tenure can play a part in increasing people's vulnerability. Particularly in the case of older people who are often economically inactive. Older people who rent their home – either privately or socially – could be under greater financial pressure than older people who own their home. A greater population of older people reside in the west of the borough many who live alone. In 2011 it was projected that 7,812 people over the age of 65 were mildly lonely, between 3,125 and 3,906 were intensely lonely, and 4,687 felt trapped in their homes. Shared facilities at Reardon Court include lounges, a hairdressing/treatment room, activity rooms and sensory green space. For many residents, such facilities served as important venues for social interaction and which is core to older people's social lives and wellbeing. In Enfield, 31% of people aged 65 and over live alone, 5% provide 50 hours or more of unpaid care a week, 8% cannot speak English well, 36% don't have a car, 19% feel unsafe walking alone after dark, and 26% are worried about antisocial behaviour. Extra Care housing provides adults over age 55 with care and support needs, some of whom would otherwise need to move to Residential Care, with the choice to remain living in their own home on a safe and secure site that provides a 24/7 care and support team. Support plans address barriers that would otherwise prevent Service Users from participating in their chosen activities and engaging with the wider community.
Mitigating actions to be taken.
No mitigating action identified.

Section 4 – Monitoring and review

How do you intend to monitor and review the effects of this proposal? Who will be responsible for assessing the effects of this proposal?
A robust monitoring process; which includes a quarterly self-assessment form to be completed by the provider. Review of these self-assessments will be part of quarterly meetings between both providers and the Council of the core monitoring data and outcome measures This monitoring data will include: • Gender • Language, • Faith • Disability • Race • Religion and Belief • Gender reassignment • Faith • Pregnancy and Maternity • Marriage and Civil Partnership • Monitor volumes and outcomes of service users of the above group or volunteering work • Key measures against quality of life improvement • % of users accessing culturally specific services and the utilisation of those services • Regular Reports to the Department's Management Team and Partnership Boards These quarterly meeting will also incorporate discussions about: • Any new referrals, departures from the service since the previous meeting categorised by the above list • Findings from the Provider's Quality Assurance systems, which should include complaints, compliments, and feedback from residents' meetings and from families/advocates; and any actions and outcomes thereof; as well as the findings of the Provider's Self-Assessment form. This will include discussion of any serious untoward incidents, safeguarding concerns or alerts (including number and actions taken) or provider concerns; • Feedback from discussions with service users and their families, the Provider's management and staff.

- Actions or concerns arising from visits and inspections, including any of those conducted by the Care Quality Commission

Section 5 – Action plan for mitigating actions

Any actions that are already completed should be captured in the equality analysis section above. Any actions that will be implemented once the decision has been made should be captured here.

Identified Issue	Action Required	Lead officer	Timescale/By When	Costs	Review Date/Comments

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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London Borough of Enfield

Report Title	2024/25-2033/34 Capital Strategy
Report to:	Cabinet
Date of Meeting:	15 November 2023
Cabinet Member:	Cllr Tim Leaver
Executive Director/Director	Fay Hammond - Executive Director of Resources Olga Bennet - Director of Finance - Capital and Procurement
Report Authors:	Olga Bennet - Director of Finance (Capital) Olu Ayodele – Head of Capital & Treasury
Ward(s) affected:	ALL
Key Decision Number	KD 5666
Classification:	Part I Public

Purpose of report

1. The CIPFA Prudential Code requires Council to approve an annual capital strategy to ensure capital investment is affordable and financially sustainable. This report sets out the 2024/25 Capital Strategy – the framework and methodology through which an affordable 2024/25 - 2033/34 ten-year capital programme will be developed for Council approval in February 2024.

Recommendations

I. Cabinet to recommend that Council approves

   a. The 2024/25 – 2033/34 Capital Strategy

   b. The delegation to Cabinet approval of projects up to £10m from the Pipeline Programme, provided the programme continues to fit within the affordability metrics

   c. The use of the Prudential indicator “Ratio of Financing Cost to Net Revenue Budget” as the primary indicator for affordability of the Capital Programme with the target set at 10% to 12% for the first five years.

II. Cabinet to note

   a. The final ten-year capital programme will be developed over the coming months and presented for approval in February 2024.

   b. The resulting ratio of financing costs to net revenue budget indicator will be calculated as part of the development of the final ten-year capital programme and incorporated within the Medium-term financial plan and Treasury Management Strategy Statement for Council approval in February 2024.

Background and options

2. The capital strategy is drafted in the context of significant change in the economy and market conditions. Bank of England base rate has risen from 0.1% to 5.25%. Inflation is at 6.7% (to September 2023), There is significant uncertainty in key markets, for example due to unclear requirements around second staircases is significantly affecting the housing development market.

3. The Council is therefore seeking to adapt the capital programme in order for it to remain prudent and affordable. The 2024/25 – 2033/34 Capital Strategy seeks to:

   - Refresh the capital financing affordability level
   - Reduce new borrowing in the ten-year capital programme
   - Move indicative capital budgets to ‘pipeline’
   - Set a new increased target for future capital receipts from asset disposals
   - No longer apply the ‘Flexible use of capital receipts’ policy for transformation revenue spend (apart from budgets to generate further capital receipts)

4. The previous capital programme was developed in a different economic climate. Without adapting, the current approved ten-year capital programme

would result in significant unfunded revenue budget pressures within the Medium-Term Financial Plan (MTFP).

5. These pressures could only be managed by further depleting reserves and reducing revenue budgets within the Council, which would potentially impact core service delivery.

6. The preferred option is to approve a new capital strategy to reduce the Council’s overall borrowing requirement whilst ensuring ongoing investment in the council’s key services.

7. The draft ten year capital programme still invests £1.5bn in the borough over the next ten years, 38% of which is anticipated to be funded by borrowing.

Relevance to Council plans and strategies

8. The aim of the capital strategy is to provide a framework for the delivery of the Council’s investment plans. These are informed by the Council’s strategic objectives as detailed in the Council Plan 2023-26.

9. The capital strategy will directly inform the ten-year capital programme 2024/25 – 2033/34 and annual Treasury Management Strategy Statement, to be approved by Council in February 2024.

Executive summary

10. There has been significant change in the economy over the last eighteen months - including increasing interest rates (Bank of England base rate 5.25% as at 5 October 2023), inflation (consumer price index (CPI) 6.7% as at 5 October 2023), labour market shortages and increasing raw materials and construction costs. Financial conditions have changed, and the Council has had to adapt its capital strategy in response.

11. Proactive action has already been taken – including pausing, reviewing and value engineering specific capital projects. The capital strategy builds on this by setting out the approach to new capital investment and debt reduction over the next ten years.

12. The Council’s capital programme has leveraged grants and borrowing, with an overall self-imposed borrowing cap of £2bn. This was a good proxy at a time of stable interest rates. The Capital Strategy defines an additional, more detailed indicator of affordability.

13. The impact of the rise in interest rates and increasing construction works means that all projects reliant on borrowing are being reviewed. The Council’s wider revenue challenges (including temporary accommodation) and reducing revenue reserves means the Council’s ability to absorb financial pressures in the capital programme has reduced. This in turn has reduced the Council’s

risk appetite, with the Council currently only prepared to only take minimal financial risk in the context of an unstable economic climate.

14. The capital strategy therefore sets out a series of new affordability measures and principles for the capital programme:

- The Prudential Indicator “Ratio of financing costs to net revenue budget” will be the used as the primary indicator for affordability of the ten-year capital programme

- Financing costs should be between 10% and 12% of net revenue budget. This is the same long-term target that was reported to Council in February 2022 (before interest rate rises).

- If this target is exceeded new borrowing will only be approved where it is are either (i) absolutely essential or (ii) self-financing and will not result in additional revenue budget pressure.

- The Housing Revenue Account will introduce a more formal annual provision for debt repayment, similar to the Minimum Revenue Provision in the General Fund.

15. The capital strategy also sets out specific actions that are required to achieve new affordability measures. These include:

- Development of a new ten-year capital programme (for February Council approval) that reviews and rationalises the level of new borrowing required

- Projects in early stages or without complete business cases are moved to 'pipeline' and only included in the capital programme when feasibility is complete and business cases are approved.

- Council is asked to delegate to Cabinet authority to move projects from 'pipeline' to the capital programme up to a total value of £10m per annum provided that prudential limits set in the Treasury Management Strategy are not breached.

- Repurposing of future capital receipts towards the repayment of borrowing (both in-year and historic) and no further use of the 'flexible use of capital receipts' policy from 2024/25 onwards except to finance the generation of further capital receipts.

- A formal target of £7.5m new capital receipts per annum between 2024/25 and 2027/28 increasing to £10.0m per annum between 2028/29 and 2033/34.

- Creation of separate capital reserve to finance the replacement of the current finance and HR system (funded from £15m capital receipts including £5m in 2023/24)

- Continuing work towards a total target of £150m capital receipts over the next ten years (not included in the budget at this point)

- Optimisation of projected net present value of the Meridian Water programme including review of planned spend.

- Completion of the Energetik strategic review and Housing Gateway Limited business plan update

- Consider the potential to accumulate revenue budgets to finance recurring capital spend (e.g. vehicle replacement, roads, corporate condition programme), similar to HRA Major Repairs Reserve

- Review policy for the capitalisation of internal costs including staff time supporting capital projects funded from borrowing

- Refresh of capital governance arrangements

16. Many of these actions are already in progress, including:

- a full review of capital projects funded from borrowing in consultation with budget holders, Service Directors, Executive Management Team and lead Portfolio Members.

- the reclassification of a number of projects as Pipeline projects (table 2).

- Balance Sheet review to ensure capital grant and capital receipt balances are maximised and, if possible, used to repay historic debt.

- A restructure of the Meridian Water team as the project moves to the next phase

- Introduction of additional controls on new capital budgets using a standard template appended to future Cabinet reports requesting budgets

17. Work will continue on all actions proposed in the capital strategy. It is intended that a new affordable ten-year capital programme will be presented to Council for review and approval in February 2024.

18. The financial implications of the final ten-year capital programme including debt financing costs will be included in the Treasury Management Strategy Statement (TMSS) and Medium-Term Financial Plan (MTFP), to be presented to Council at the same February meeting.

Overview of current position

19. Historically the Council has ensured affordability of the capital programme by limiting borrowing to within a self-imposed borrowing cap of £2bn. Housing Revenue Account (HRA) borrowing is accounted for separately within its

Business Plan. Whilst the general fund £2bn borrowing cap was a good proxy for affordability in a stable and low interest rate environment, rising interest rates may mean this level of borrowing is no longer affordable and, without corrective action, could create additional unfunded revenue budget pressures. This is because the revenue capital financing cost depends on the purpose of borrowing.

20. Figure 1 below summarises the Council's Capital Financing Requirement (CFR) (or overall borrowing requirement) at 31 March 2023. This represents borrowing on historic spend only and does not include new borrowing planned in the ten-year capital programme. The Council's borrowing at 31 March 2023 was £1.3bn, consisting of £1.0bn in the general fund and £0.3bn in the HRA. This is funded from a combination of external and 'internal' borrowing.

21. The Council must make appropriate annual revenue provision (MRP) for the repayment of borrowing within the general fund. This requirement applies to operational assets only and not to borrowing on assets that are still under construction. The Housing Revenue Account (HRA) is not required to make annual MRP on its borrowing.

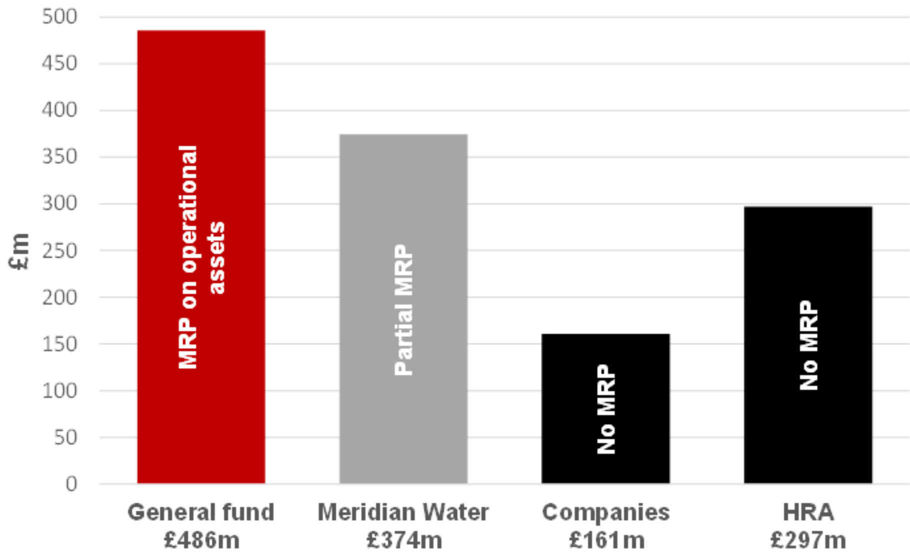


Figure 1 – Council's CFR (borrowing requirement) at 31 March 2023

22. The Council must also make appropriate provision for interest costs on borrowing, the forecasts for which are increasing because of rising interest rates.

23. The previous ten-year capital programme (2023/24 to 2032/33) assumed new borrowing of £0.5bn within the general fund. This would increase the general fund's borrowing requirement from £1.0bn to £1.5bn. Whilst this is within the Council's self-imposed £2.0bn borrowing cap, increasing interest costs mean the forecast revenue costs of financing this debt would no longer be affordable, as illustrated in Figure 2.

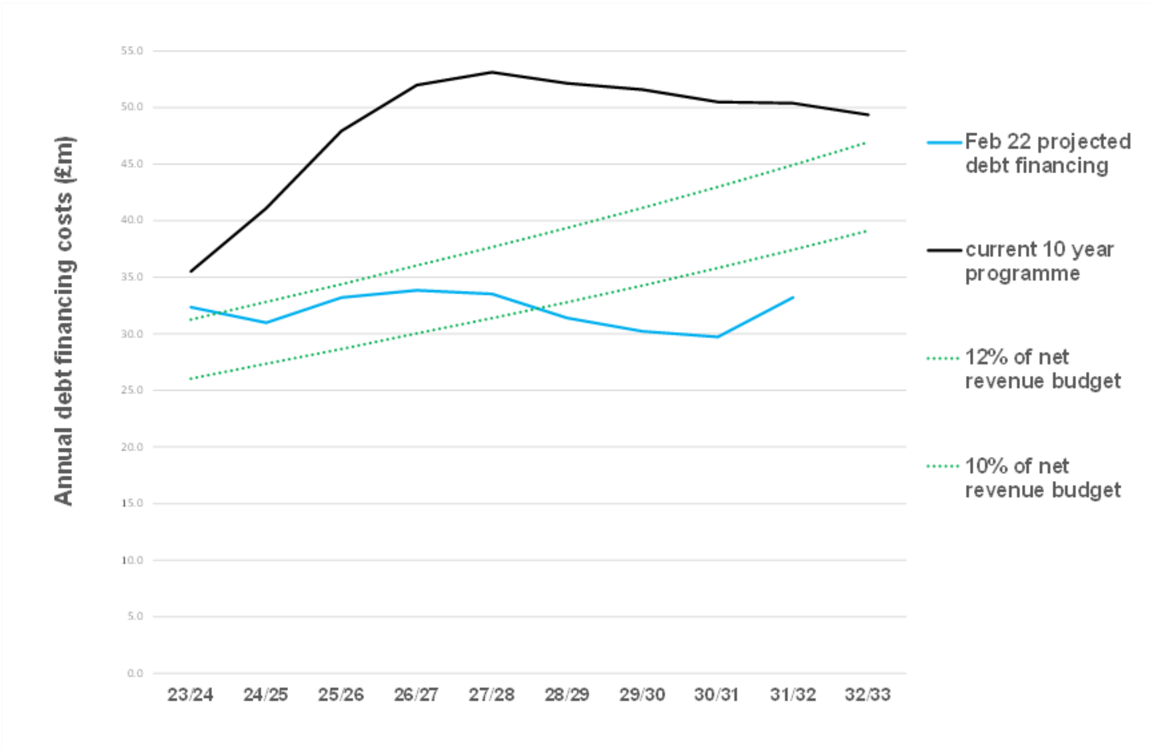


Figure 2 – predicted revenue cost of interest and MRP in the current ten-year programme

Aim for the next 10 years

24. The Council is committed to investing in its strategic priorities as detailed in the Enfield Council Plan 2023-2026:

- Clean and green places
- Strong, healthy and safe communities
- Thriving children and young people
- More and better homes
- An economy that works for everyone

25. This means continuing to invest in its core services and corporate objectives so that delivery of front line services is supported.

26. As an organisation, over the last two years, our financial risk appetite has reduced from 'open' to 'minimal', as defined in Figure 3 below. This means the Council is now prepared to accept only very limited financial risk impactwhere it is essential to delivery. This is because revenue budget pressures and reducing reserves mean it is not possible for the Council to absorb the same level of financial risk as it was previously.

	Averse	Minimal	Cautious	Open	Eager
Financial risk appetite	Avoidance of any financial impact or loss is a key objective	Only prepared to accept the possibility of very limited financial impact if essential to delivery	Seek safe delivery options with little residual financial loss only if it could yield upside opportunities	Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels	Prepared to invest for best possible benefit and accept the possibility of financial loss (controls must be in place)

Figure 3 – Enfield Council's financial risk appetite

27. A revised and financially sustainable ten-year capital programme is therefore required that still delivers the Council's core ambitions and maintains essential investment in core services.

Capital strategy – how do we achieve our aim?

28. The capital strategy seeks to achieve this ambition by proposing proactive action including:

- Review of the current ten-year programme and reduction in capital budgets funded from borrowing
- Concept of 'pipeline schemes' – indicative capital budgets or potential projects on the horizon which will be added to the ten-year programme only when full and robust business cases are approved
- New borrowing will only be added to programme if it does not result in additional unfunded revenue budget pressures or there is statutory need for the spend
- Review of policy for capitalisation of spend including staff costs
- Longer term, review the capacity for recurring capital spend (e.g. vehicle replacement, roads, corporate condition programme) to be funded from revenue sources, similar to HRA Major Repairs Reserve
- Maximisation of non-borrowing funding sources for capital spend, including the use of grants, s106 and CIL
- Ensuring availability of resources for match funding to leverage in additional external funding
- Approval of an asset disposal plan and target future capital receipts
- Future capital receipts will replace in-year borrowing requirements, and any surplus capital receipts used to reduce historic borrowing undertaken in previous years
- A clear governance framework will be maintained for the management of capital projects

29. The strategy includes the development of a refreshedten-year capital programme, which rationalises new borrowing whilst maintaining investment in core services. It seeks to further reduce historic borrowing through the use of future capital receipts. It also requires the completion of review work already underway on Meridian Water, Energetik, Housing Gateway Ltd and the HRA is completed.

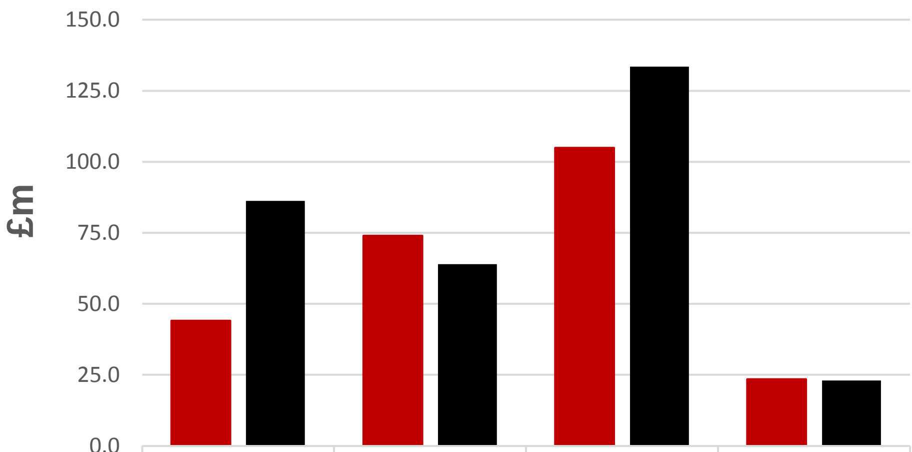
Development of a new ten-year capital programme

30. A draft ten-year capital programme has been developed in consultation with budget holders, service directors, the Executive Management Team and portfolio holders (Appendix A and Appendix B). Whilst this draft programme will be further revised over the coming months, it is nevertheless useful as an early indicator of direction of travel.

31. Grant funded budgets for children and vulnerable adults are not reduced in the draft programme. Similarly, grant funded investment in highways, open spaces and cultural assets remains intact. In total the draft ten-year programme assumes £137.9m of grant funded investment in its core services (Figure 5). This is a cautious estimate, based on indicative grant allocations. In year allocations are likely to be higher and will include new grant bids that have not yet been submitted.

32. Figure 4 illustrates the overall changes proposed for the Council's core services (excluding HRA, Meridian Water and Companies). Draft figures include capital budget requested to be carried forward from the 2023/24 capital programme (Period 5 capital budget monitoring report KD5678).

33. Whilst planned spend in the 'core' capital programme reduces from £306.7m to £246.5m in the draft programme, it is important to recognise that this is facilitated largely through a reduction in borrowing funded budgets within the Resources and Environment & Community departments. Full details of these proposed reductions are provided in table 1.

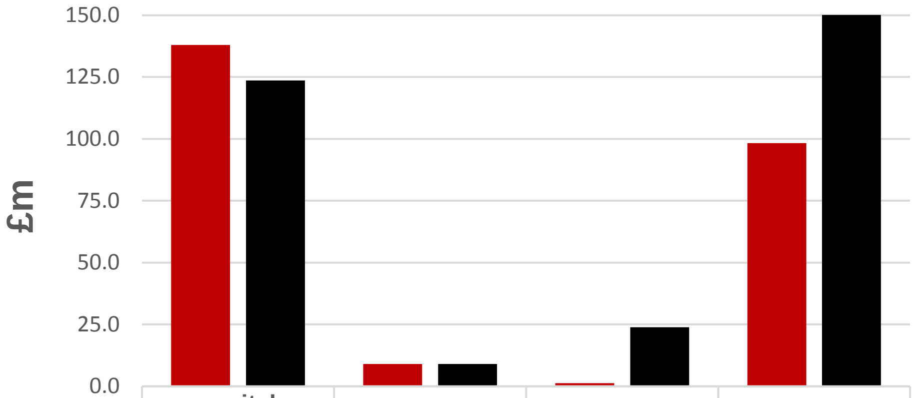


	Resources	People	E&C	HRD
draft	44.1	73.9	104.9	23.5
current	86.3	63.9	133.5	23.0

Figure 4 – Draft £0.25bn 10-year 'core' capital programme (excluding HRA, Meridian Water & Companies)

34. Some borrowing funded programmes have been moved into pipeline. A 'pipeline' project is either one which was previously part of the approved capital programme but requires a business case update or a new project which still requires approval to spend (table 2).

35. The impact of the proposed changes on planned capital financing is summarised in Figure 5 – including a £51.9m reduction in planned borrowing and the repurposing of capital receipts anticipated to repay historic borrowing.



	capital grants & contributions	s106 and CIL	capital receipts	borrowing
draft	137.9	9.0	1.3	98.3
current	123.6	9.0	23.9	150.1

Figure 5 – Draft (i.e. proposed) £0.25bn 10-year 'core' capital financing (excluding HRA, Meridian Water & Companies)

36. The proposed £51.9m reduction in core service borrowing is detailed in table 1 below. All proposed reductions have been made in consultation with Service Directors, Executive Management Team and lead portfolio Members.

	draft proposed 10 year spend £m	previous 10 year borrowing £m	draft 10 year borrowing £m	10 year borrowing reduction £m
digital services	24.1	39.2	24.1	(15.1)
property & economy	20.0	24.4	20.0	(4.4)
children & family services	1.7	3.6	1.7	(1.9)
Education	69.3	0.0	0.0	0.0
adult social care	3.0	0.0	0.0	0.0
environment & street scene	60.3	81.1	52.5	(28.7)
journeys & places	39.2	0.0	0.0	0.0
leisure, parks & culture	4.7	1.8	0.0	(1.8)
customer & communications	0.0	0.0	0.0	0.0
town centre regeneration	0.8	0.0	0.0	0.0
housing & regeneration	23.5	0.0	0.0	0.0
borrowing - core services	**246.5**	**150.1**	**98.3**	**(51.9)**

Table 1 – proposed reduction in 10 year borrowing for core services

37. Most borrowing funded budget which is proposed to be removed from the capital programme at this time has been moved to pipeline. This means the Council is no longer allowing for their associated debt financing costs within its MTFP revenue budgets. The budgets will be added back into the capital programme only if supported by an approved financially affordable business case or business critical service need. A lists of capital budgets (excluding 23/24) currently held in pipeline is provided in table 2 below.

	£m
digital services	9.0
vehicle replacement programme	0.3
highways & street scene	28.4
flood alleviation	1.8
Broomfield House	TBC
Montagu (remainder of budget removed)	15.0
Build the Change	17.1
corporate condition programme	5.4
Energetik Tranche 3	16.3
rural estate	1
Electric Quarter secondary behaviour support service	1.2
potential capital spend around temporary accommodation solutions	TBC
	95.5

Table 2 – provisional borrowing for pipeline projects

38. The proposed reductions in draft ten-year programme do carry inherent risk. For example, there is increased risk of asset deterioration from reduced capital investment in highways infrastructure. This could have potential revenue budget consequences. These risks will be closely monitored as the final ten-year programme is developed and early action taken to mitigate them.

39. Both capital budgets in the draft ten-year programme and pipeline budgets will be further reviewed as the final ten-year capital programme is developed for approval in February 2024. The capital programme affordability measures, in particular the ratio of financing costs to net revenue budget, will also be calculated as part of this process and incorporated within the Medium-Term Financial Plan (MTFP) and Treasury Management Strategy Statement (TMSS) which will also be presented to February Cabinet.

Debt replacement strategy

40. The capital strategy seeks to ensure the delivery of a financially sustainable and affordable ten-year capital programme. The Council has set itself an annual debt financing cost target of between 10% and 12% of net revenue budget.

41. Reducing the ten-year capital programme alone is not enough to reach this target. It can only be achieved by reducing historic borrowing as well as future, through the application of non-borrowing sources (including capital grants and capital receipts) to repay historic borrowing.

42. The capital strategy assumes around £5.8m of historic borrowing will be repaid from unspent capital grant cash received but not yet applied to capital spend. Officers are exploring whether some CIL and S106 contributions could be used to replace specific historic borrowing. Further work is required to ensure that the use of these contributions is maximised – including reviewing the timeliness of drawdowns / utilisation of approved funding. Final balances available to apply to historic borrowing will be reported to February Council.

43. Members will also note the significant reduction in planned use of capital receipts within the draft programme in Figure 5. This is because capital receipts originally assumed in the programme are now proposed to be used to the repayment of historic borrowing from earlier years.

44. This change in approach also applies to future capital receipts. The strategy assumes that all future non-ringfenced general fund capital receipts will be applied to reduce in-year borrowing in the first instance. Any surplus in-year capital receipts will be applied to reduce historic borrowing from previous years.

45. The capital strategy suggests a minimum target of future capital receipts of £7.5m new capital receipts per annum between 2024/25 and 2027/28 increasing to £10.0m per annum between 2028/29 and 2033/34.

46. This target will be further refined as the final ten-year capital programme is developed.

47. From 2024/25 capital receipts will no longer be used to fund the revenue costs of transformation (under the flexible use of capital receipts strategy), apart from revenue budget to generate further future capital receipts.

Business plans and strategic reviews

48. The Council holds investments in the following entities

    - Lea Valley Heat Networks (LVHN, trading as Energetik) - a wholly owned subsidiary with the primary purpose of providing low cost and environmentally friendly energy to local residents

    - Housing Gateway Limited (HGL) - a wholly owned subsidiary with the primary purpose of supplying temporary accommodation for persons in housing need and to discharge the Council's statutory obligations in this regard.

    - Montague 406 LLP - 50% interest in this joint venture formed to regenerate an industrial estate in the Borough with the primary purpose of promoting economic regeneration and providing jobs to local residents

    - Meridian Water Estate Management Company - jointly owned by the Council and its development partner, Vistry Group, for the provision of services to residents of Meridian Water.

49. The provision of services is the primary purpose of these companies. They do not undertake commercial activities and any surplus income generated is incidental. The Council is therefore in compliance with the guidance set out in

CIPFA's revised 2021 Treasury Management Code and DLUHC Investment Guidance regarding commercial activities.

50. Both HGL and Energetik, which were set up in 2014 and 2015 respectively, contribute the strategic objectives of the Council and have accordingly been classified as Service Investments in the Treasury Management Strategy Statement (KD 5504) approved by Council 23 February 2023.

51. HGL is funded by £5m equity and loans equal to the Council's own cost of borrowing.

52. Energetik is funded by grants and low cost loans specific to the energy industry - these are given initially to the Council and passed on to Energetik.

53. The performance of these companies will have an impact on the repayment of loans and interest to the Council therefore the performance of the companies will be reported to Cabinet to allow appropriate scrutiny and oversight.

54. Plans for Phase 2 of the Montague 406 LLP and the associated regeneration scheme are currently being developed with the Council's joint venture partner.

55. Work is already underway to review investment in Housing Gateway Ltd and Energetik. £0.2bn of the Council’s capital financing requirement at 31 March 2023 (i.e. borrowing to date) relates to these Companies. The results of this work will be reported to February Council.

56. Similarly work continues to review financing options for Meridian Water. 29% (£0.4bn) of the Council’s total capital financing requirement at 31 March 2023 (i.e. borrowing to date) relates to Meridian Water. Minimum revenue provision (MRP) is required to be made in relation to completed assets. MRP is not required for assets still under construction and interest on borrowing associated with these assets is capitalised. Work is underway to validate MRP and interest assumptions for Meridian Water as well as assumptions over the likely value of future capital receipts upon programme completion. This work will inform the extent of voluntary provision from revenue budgets that is required, at the discretion of the s151 Officer.

57. The HRA Business Plan is also being refreshed and will consider funding options and the potential need to make voluntary provision towards the cost of accumulating debt.

Capital programme governance

58. The annual capital strategy is required to be approved by Full Council in advance of Council approval of the final ten-year 2024/25 - 2033/34 capital programme in February 2024. This ensures that the final capital programme is developed in accordance with principles approved within the capital strategy.

59. Any subsequent additions to the ten-year programme (once approved) above specific delegations to Cabinet will require Council approval.

60. The Capital Finance Board (CFB) is responsible for monitoring the overall financial management of the Council's General Fund and Housing Revenue Account (HRA) capital programmes, on behalf of the Executive Management Team and is chaired by the Director of Finance (Capital & Projects). The CFB

acts as gatekeeper for the capital programme ensuring financial and operational risks are duly considered and managed.

61. The main responsibilities of the CFB are to:

- Review and recommend to EMT any new capital projects and new borrowing to the Council's companies, prior to submission for Cabinet / Council approval, to ensure they are affordable;
- Ensure capital investments are viewed corporately and align to the Council's corporate objectives;
- Develop a Capital Strategy for future years' capital investment based on existing approved projects, identified future need, projected capital resources, impact on prudential indicators and revenue affordability;
- Ensure the financial risks and implications of disposals and acquisitions detailed in the medium-term financial plan are managed;
- Maintain oversight of the Council's treasury management strategy and funding of the Capital programme to ensure affordability. The Board will ensure alternative delivery options are considered to facilitate reduced Council borrowing.

62. In addition to CFB, a new Capital Finance Review Panel (CFRP) was established during 2022/23. The role of CFRP is to support the Capital Finance Board in undertaking detailed reviews of the financial implications of existing high value capital projects. Its main responsibilities are to:

- Review existing approved higher risk rated capital projects.
- Review requests for new capital investment.
- Oversee the utilization of capital receipts under the Flexibility legislation and those assumed to fund the capital programme.
- Monitor the allocation of S106 and CIL to fund capital programmes.

63. The overall governance of the capital programme is in the process of being refreshed.

Financial risks

64. There are inherent risks within the capital strategy which must be properly managed including:

- Interest rate uncertainty – the risk of additional interest rate increases above that currently assumed in the strategy
- Potential additional revenue impact from Meridian Water if viability projections reduce
- Assumed capital receipts are not achieved
- The audit backlog is a financial resilience risk to the Council – as there is a possibility of one-off adjustments if any errors are found

- Accounting treatment changes – including IFRS16 which will become mandatory from April 2024. This will require operating leases (revenue) to be reclassified as finance leases (capital) with potential impact on MRP
- That the constrained capital programme leads to higher maintenance or whole life costs for assets (e.g. by trying to extend the life of assets and delaying replacement)
- Risk that priorities within the Enfield Council Plan 2023-26 are not delivered

65. **Financial Implications**

66. Financial implications are contained throughout the report

67. **Legal Implications**

68. The Council must adhere to various statutory provisions under the Local Government Finance Act 1992, The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 and The Local Government Act 2003.

69. The Council must set the budget (of which the Capital Programme is part of) in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council.

70. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.

71. The Council shall ensure that all of its capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt and consideration of risk, and the impact and potential impact on the Council's overall fiscal sustainability. The Prudential Code, referred to, in this Report, requires authorities to look at capital expenditure plans, investments and debt in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long-run financing implications and potential risks to the Council. To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account.

72. 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. In addition, the Capital Finance Board acts as the gatekeeper of the capital programme ensuring all affordability and risks are duly considered and

mitigated, which provides robust risk assurance oversight for the Council. This Report sets out the preferred option is to deliver an affordable Capital Strategy Programme in accordance with the legislative provisions and industry Codes that the Council has adopted, and referred to, in this Report.

73. **Equalities Implications**

74. The Equalities Impact Assessment is attached in Appendix C. There were no differential impacts identified.

75. **HR and Workforce Implications**

76. The report includes reference to the need to ensure appropriate investment is made in HR systems.

77. **Environmental and Climate Change Implications**

78. The strategy demonstrates ongoing investment in these areas in line with the Council's strategic priorities.

79. **Public Health Implications**

80. These are considered within this report.

81. **Property Implications**

82. The strategy explains the strategy for investment in the civic estate, including planned reductions to capital budgets and transfer of this budget to pipeline. The strategy further makes clear the links to the Council's asset disposals policy to generate further future capital receipts.

Conclusion

83. The capital strategy is drafted in the context of significant change in the economy and market conditions. The Council must adapt its capital programme and reduce historic borrowing.

84. The capital strategy sets out key actions and targets for the Council to develop and deliver a financially sustainable capital programme over the next ten years.

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Appendices
Appendix A – DRAFT ten-year capital programme by Department

Appendix B – DRAFT ten-year capital programme by corporate priority
Appendix C – Equalities Impact Assessment (EQUIA)

Background Papers – None

Appendix A – Draft ten-year capital programme by Department

	Draft proposed spend							Draft proposed funding		
	1	2	3	4	5	6-10	1-10	1-10	1-10	1-10
	24/25	**25/26**	**26/27**	**27/28**	**28/29**	**30/34**	**total**	**Borrowing**	**Non-Borrowing**	**total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
IT Investment	6.7	4.3	1.9	1.9	1.9	7.5	24.1	24.1	0.0	24.1
Corporate condition programme	2.0	2.0	2.0	2.0	2.0	10.0	20.0	20.0	0.0	20.0
Resources	**8.7**	**6.3**	**3.9**	**3.9**	**3.9**	**17.5**	**44.1**	**44.1**	**0.0**	**44.1**
Education	21.1	5.4	5.4	5.4	5.4	26.8	69.3		69.3	69.3
Enfield Children's Homes	0.2						0.2	0.2		0.2
Mental Health and Wellbeing Centre	3.0						3.0		3.0	3.0
Community Safety	0.2	0.2	0.2	0.2	0.2	0.8	1.5	1.5		1.5
People	**24.4**	**5.5**	**5.5**	**5.5**	**5.5**	**27.5**	**73.9**	**1.7**	**72.2**	**73.9**
Highways & Street Scene	3.3	4.0	4.0	4.0	4.0	20.0	39.3	39.3		39.3
Changes to Waste & Recycling Collections	0.1	0.1	0.1	0.1	0.1	0.5	1.0	1.0		1.0
Vehicle Replacement Programme	1.0	5.4	1.3	0.6	1.8	2.1	12.2	12.2		12.2
Highways Fibre Ducting	0.8						0.8		0.8	0.8
Traffic & Transportation	0.7	0.7	0.7	0.7	0.7	3.5	7.0		7.0	7.0
Town Centre Regeneration	0.8	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.8	0.8
Journeys & Places	6.0	4.8	3.6	3.6	3.6	17.8	39.2		39.2	39.2
Flood Alleviation	1.2	0.3	0.3	0.3	0.3	1.3	3.4		3.4	3.4
Sloemans Farm	0.1	1.2					1.3		1.3	1.3
Environment & Communities	**13.9**	**16.4**	**9.9**	**9.2**	**10.4**	**45.1**	**104.9**	**52.5**	**52.5**	**104.9**

Appendix A – Draft ten-year capital programme by Department

	Draft proposed spend							Draft proposed funding		
	1	2	3	4	5	6-10	1-10	1-10	1-10	1-10
	24/25	**25/26**	**26/27**	**27/28**	**28/29**	**30/34**	**total**	**Borrowing**	**Non-Borrowing**	**total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Housing Adaptations	2.8	2.3	2.3	2.3	2.3	11.5	23.5	0.0	23.5	23.5
Housing, Regeneration & Development	**2.8**	**2.3**	**2.3**	**2.3**	**2.3**	**11.5**	**23.5**	**0.0**	**23.5**	**23.5**
General fund core services	**49.8**	**30.5**	**21.6**	**20.9**	**22.1**	**101.6**	**246.5**	**98.3**	**148.2**	**246.5**
Meridian Water	127.9	67.4	18.9	13.6	23.9	45.1	296.8	156.2	140.6	296.8
Energetik	8.2	0.0	0.0	0.0	0.0	0.0	8.2	8.2	0.0	8.2
Housing Gateway Ltd	29.4	35.9	17.0	0.0	0.0	0.0	82.3	82.3	0.0	82.3
Companies	**37.6**	**35.9**	**17.0**	**0.0**	**0.0**	**0.0**	**90.5**	**90.5**	**0.0**	**90.5**
General fund total	**215.3**	**133.8**	**57.5**	**34.5**	**46.0**	**146.7**	**633.9**	**345.0**	**288.8**	**633.9**
Housing Revenue Account	**148.8**	**92.3**	**56.7**	**63.4**	**54.6**	**483.1**	**898.9**	**234.3**	**664.6**	**898.9**
Total capital spend	**364.1**	**226.1**	**114.2**	**98.0**	**100.5**	**629.8**	**1,532.7**	**579.3**	**953.4**	**1,532.7**

Appendix B – Draft ten-year capital programme by Council priority

Draft proposed spend							Draft proposed funding		
1	2	3	4	5	6-10	1-10	1-10	1-10	1-10

	24/25	25/26	26/27	27/28	28/29	30/34	total	Borrowing	Non-Borrowing	total
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Journeys & Places	6.0	4.8	3.6	3.6	3.6	17.8	39.2		39.2	39.2
Flood Alleviation	1.2	0.3	0.3	0.3	0.3	1.3	3.4		3.4	3.4
Sloemans Farm	0.1	1.2					1.3		1.3	1.3
Clean and green places	**7.2**	**6.2**	**3.8**	**3.8**	**3.8**	**19.0**	**43.9**		**43.9**	**43.9**
Mental Health and Wellbeing Centre	3.0						3.0		3.0	3.0
Community Safety	0.2	0.2	0.2	0.2	0.2	0.8	1.5	1.5		1.5
Highways & Street Scene	3.3	4.0	4.0	4.0	4.0	20.0	39.3	39.3		39.3
Changes to Waste & Recycling Collections	0.1	0.1	0.1	0.1	0.1	0.5	1.0	1.0		1.0
Vehicle Replacement Programme	1.0	5.4	1.3	0.6	1.8	2.1	12.2	12.2		12.2
Highways Fibre Ducting	0.8						0.8		0.8	0.8
Traffic & Transportation	0.7	0.7	0.7	0.7	0.7	3.5	7.0		7.0	7.0
Strong, healthy and safe communities	**9.0**	**10.4**	**6.2**	**5.6**	**6.8**	**26.8**	**64.7**	**54.0**	**10.7**	**64.7**
Education	21.1	5.4	5.4	5.4	5.4	26.8	69.3		69.3	69.3
Enfield Children's Homes	0.2						0.2	0.2		0.2
Thriving children and young people	**21.3**	**5.4**	**5.4**	**5.4**	**5.4**	**26.8**	**69.5**	**0.2**	**69.3**	**69.5**
Housing Adaptations	2.8	2.3	2.3	2.3	2.3	11.5	23.5	0.0	23.5	23.5
Meridian Water	127.9	67.4	18.9	13.6	23.9	45.1	296.8	156.2	140.6	296.8
Housing Revenue Account	148.8	92.3	56.7	63.4	54.6	483.1	898.9	234.3	664.6	898.9
More and better homes	**279.5**	**162.0**	**77.9**	**79.4**	**80.7**	**539.7**	**1,219.2**	**390.5**	**828.7**	**1,219.2**
IT Investment	6.7	4.3	1.9	1.9	1.9	7.5	24.1	24.1	0.0	24.1
Corporate condition programme	2.0	2.0	2.0	2.0	2.0	10.0	20.0	20.0	0.0	20.0
Town Centre Regeneration	0.8	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.8	0.8
Energetik	8.2	0.0	0.0	0.0	0.0	0.0	8.2	8.2	0.0	8.2

Appendix B – Draft ten-year capital programme by Council priority

	Draft proposed spend							Draft proposed funding		
	1	2	3	4	5	6-10	1-10	1-10	1-10	1-10
	24/25	25/26	26/27	27/28	28/29	30/34	total	Borrowing	Non-Borrowing	total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Housing Gateway Ltd	29.4	35.9	17.0	0.0	0.0	0.0	82.3	82.3	0.0	82.3
An economy that works for everyone	**47.1**	**42.1**	**20.9**	**3.9**	**3.9**	**17.5**	**135.4**	**134.6**	**0.8**	**135.4**
Total capital spend	**363.1**	**226.1**	**114.2**	**98.0**	**100.5**	**629.8**	**1,532.7**	**579.3**	**953.4**	**1,532.7**

Appendix C - Enfield Equality Impact Assessment (EqIA)

Introduction

The purpose of an Equality Impact Assessment (EqIA) is to help Enfield Council make sure it does not discriminate against service users, residents and staff, and that we promote equality where possible. Completing the assessment is a way to make sure everyone involved in a decision or activity thinks carefully about the likely impact of their work and that we take appropriate action in response to this analysis.

The EqIA provides a way to systematically assess and record the likely equality impact of an activity, policy, strategy, budget change or any other decision.

The assessment helps us to focus on the impact on people who share one of the different nine protected characteristics as defined by the Equality Act 2010 as well as on people who are disadvantaged due to socio-economic factors. The assessment involves anticipating the consequences of the activity or decision on different groups of people and making sure that:

- unlawful discrimination is eliminated
- opportunities for advancing equal opportunities are maximised
- opportunities for fostering good relations are maximised.

The EqIA is carried out by completing this form. To complete it you will need to:

- use local or national research which relates to how the activity/ policy/ strategy/ budget change or decision being made may impact on different people in different ways based on their protected characteristic or socio-economic status;
- where possible, analyse any equality data we have on the people in Enfield who will be affected eg equality data on service users and/or equality data on the Enfield population;
- refer to the engagement and/ or consultation you have carried out with stakeholders, including the community and/or voluntary and community sector groups and consider what this engagement showed us about the likely impact of the activity/ policy/ strategy/ budget change or decision on different groups.

The results of the EqIA should be used to inform the proposal/ recommended decision and changes should be made to the proposal/ recommended decision as a result of the assessment where required. Any ongoing/ future mitigating actions required should be set out in the action plan at the end of the assessment.

The completed EqIA should be included as an appendix to relevant EMT/ Delegated Authority/ Cabinet/ Council reports regarding the service activity/ policy/ strategy/ budget change/ decision. Decision-makers should be confident that a robust EqIA has taken place, that any necessary mitigating action has been taken and that there are robust arrangements in place to ensure any necessary ongoing actions are delivered.

SECTION 1 – Equality Analysis Details

Title of service activity / policy/ strategy/ budget change/ decision that you are assessing	**2024/25-2033/34 Ten-year Capital Strategy Report**
Lead officer(s) name(s) and contact details	**Olga Bennet** **Olu Ayodele**
Team/ Department	**Resources – Finance**
Executive Director	**Fay Hammond**
Cabinet Member	**Cllr Leaver**
Date of EqIA completion	**14th Aug 2023**

SECTION 2 – Summary of Proposal

Please give a brief summary of the proposed service change / policy/ strategy/ budget change/project plan/ key decision **Please summarise briefly:** What is the proposed decision or change? What are the reasons for the decision or change? What outcomes are you hoping to achieve from this change? Who will be impacted by the project or change - staff, service users, or the wider community?
This report sets out the 2024/25 Capital Strategy and methodology to be adopted to ensure the ten-year capital programme remains affordable. Certain elements of the capital programme will be reduced removed or reprofiled to ensure the overall programme remains affordable. Groups attracting “differential impacts” are identified and the impact of proposals assessed to ensure appropriate mitigations are put in place.

SECTION 3 – Equality Analysis

This section asks you to consider the potential differential impact of the proposed decision or change on different protected characteristics, and what mitigating actions should be taken to avoid or counteract any negative impact.
According to the Equality Act 2010, protected characteristics are aspects of a person's identity that make them who they are. The law defines 9 protected characteristics:

1. Age
2. Disability
3. Gender reassignment.
4. Marriage and civil partnership.
5. Pregnancy and maternity.
6. Race
7. Religion or belief.
8. Sex
9. Sexual orientation.

At Enfield Council, we also consider socio-economic status as an additional characteristic.

"Differential impact" means that people of a particular protected characteristic (e.g., people of a particular age, people with a disability, people of a particular gender, or people from a particular race and religion) will be significantly more affected by the change than other groups. Please consider both potential positive and negative impacts, and, where possible, provide evidence to explain why this group might be particularly affected. If there is no differential impact for that group, briefly explain why this is not applicable.
Please consider how the proposed change will affect staff, service users or members of the wider community who share one of the following protected characteristics.

Age This can refer to people of a specific age e.g., 18-year olds, or age range e.g. 0-18 yr olds.
Will the proposed change to service/policy/budget have a **differential impact [positive or negative]** on people of a specific age or age group (e.g., older or younger people)? Please provide evidence to explain why this group may be particularly affected.
No differential
Mitigating actions to be taken
None required

Disability A person has a disability if they have a physical or mental impairment which has a substantial and long-term adverse effect on the person's ability to carry out normal day-day activities. This could include: Physical impairment, hearing impairment, visual impairment, learning difficulties, long-standing illness or health condition, mental illness, substance abuse or other impairments.
Will the proposed change to service/policy/budget have a **differential impact [positive or negative]** on people with disabilities? Please provide evidence to explain why this group may be particularly affected.
No differential impact
Mitigating actions to be taken
None required

Gender Reassignment This refers to people who are proposing to undergo, are undergoing, or have undergone a process (or part of a process) to reassign their sex by changing physiological or other attributes of sex.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on transgender people? Please provide evidence to explain why this group may be particularly affected.
Noe differential impact
Mitigating actions to be taken
None required

Marriage and Civil Partnership Marriage and civil partnerships are different ways of legally recognising relationships. The formation of a civil partnership must remain secular, where-as a marriage can be conducted through either religious or civil ceremonies. In the U.K both marriages and civil partnerships can be same sex or mixed sex. Civil partners must be treated the same as married couples on a wide range of legal matters.
Will this change to service/policy/budget have a **differential impact [positive or**

negative] on people in a marriage or civil partnership? Please provide evidence to explain why this group may be particularly affected
No differential impact
Mitigating actions to be taken
None required
Pregnancy and maternity Pregnancy refers to the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a woman unfavourably because she is breastfeeding.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on pregnancy and maternity? Please provide evidence to explain why this group may be particularly affected
No differential impact
Mitigating actions to be taken
None required

Race This refers to a group of people defined by their race, colour, and nationality (including citizenship), ethnic or national origins.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on people of a certain race? Please provide evidence to explain why this group may be particularly affected
No differential impact
Mitigating actions to be taken
None required

Religion and belief Religion refers to a person's faith (e.g., Buddhism, Islam, Christianity, Judaism, Sikhism, Hinduism). Belief includes religious and philosophical beliefs including lack of belief (e.g., Atheism). Generally, a belief should affect your life choices or the way you live.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on people who follow a religion or belief, including lack of belief? Please provide evidence to explain why this group may be particularly affected.
No differential impact
Mitigating actions to be taken
None required

Sex Sex refers to whether you are a man or woman.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on men or women? Please provide evidence to explain why this group may be particularly affected.
No differential impact
Mitigating actions to be taken
None required

Sexual Orientation This refers to whether a person is sexually attracted to people of the same sex or a different sex to themselves. Please consider the impact on people who identify as heterosexual, bisexual, gay, lesbian, non-binary or asexual.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on people with a particular sexual orientation? Please provide evidence to explain why this group may be particularly affected.
No differential impact
Mitigating actions to be taken
None required

Socio-economic deprivation This refers to people who are disadvantaged due to socio-economic factors e.g., unemployment, low income, low academic qualifications or living in a deprived area, social housing or unstable housing.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on people who are socio-economically disadvantaged? Please provide evidence to explain why this group may be particularly affected.
No differential impact
Mitigating actions to be taken.
None required

SECTION 4 – Monitoring and Review

How do you intend to monitor and review the effects of this proposal? Who will be responsible for assessing the effects of this proposal?
No differential impacts identified. The impact of proposals contained in the report will be kept under review during financial year 2024/25. Where differential impacts are identified mitigations will be considered to ensure these impacts are mitigated or eliminated.

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SECTION 5 – Action Plan for Mitigating Actions.

Identified Issue	Action Required	Lead officer	Timescale/By When	Costs	Review Date/Comments
To follow once specific scheme reductions and schemes to be eliminated identified					

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London Borough of Enfield

Report Title	Treasury Management Mid-Year Update 2023/24
Report to	Cabinet
Date of Meeting	15 November 2023
Cabinet Member	Cllr Leaver – Cabinet Member for Finance and Procurement
Executive Director	Fay Hammond – Executive Director of Resources
Report Authors	Olga Bennet - Director of Capital and Commercial Olu Ayodele – Head of Finance (Capital & Treasury) Milan Joshi – Assistant Head of Finance (Capital & Treasury)
Ward(s) affected	All
Key Decision Number	Non-Key
Classification	Part 1 Public
Reason for exemption	Not applicable

Purpose of Report

1. To report the activities of the Council's Treasury Management function over the five months to 31st August 2023.

2. Over the reporting period, all treasury management activities have been carried out within approved limits and in compliance with the Prudential Indicators set out in the Council's Treasury Management Strategy statement approved by Council 23rd Feb 2023 (KD5504).

Recommendations

3. Cabinet is recommended to note the report prior to submission to Council to approve on 22nd November 2023.

Background

4. The key points of the report are set in table 1 below:

Table 1 – Key points of report

Key point	Details	Reference
Economic context	Inflation review: 5.5% at 1 Apr 2022 10.1% at 31 Mar 2023 6.70% as at 5 October 2023 2.00% remains Government target Bank of England base rate review: 0.75% at 1 Apr 2022 4.25% at 31 Mar 2022 5.25% as at 5th October 2023 Two further reviews expected this calendar year	**Para 12**
Council's cost of borrowing and impact increased cost of borrowing	Average interest for Council's external debt: 2022/23 - 2.29% gross interest payable of £27m, net charge to General Fund £3.7m 2023/24 – Forecast 2.52% gross interest £35.6m, net charge to General Fund £7.7m	**Para 38**
Borrowing Outstanding on 31st August 2023	£1,118.2m as at 1st April 2023 £1,123.4m as at 31st August 2023 An increase of £5.2m made up of £15m new borrowing offset by £9.8m loan repayments	**Para 20**
Capital Financing Requirement (CFR)	The borrowing CFR (this represents the underlying need to borrow) is £1,336.2m as at 1st April 2023 and set at £1,484.1m for 2023/24 by Treasury Management Strategy. External debt is below this at 31st Aug 2023 therefore in compliance	**Para 27**
Investments & Net Borrowing (this is external borrowing less investments)	Estimated income of £1.9m (2022/23 £1.8m) assuming an average rate of return of 5.0% based on year-to-date yields.	**Para 44** **Fig 1**
Compliance with Treasury Management & Prudential Indicators	Compliant	**Para 69**
Minimum Revenue Provision (MRP)	MRP chargeable to General Fund (GF) 2022/23 £18.9m 2023/24 £23.0m	**Para 90**

5. The Local Government Act 2003 and the Local Authorities (Capital Financing and Accounting) Regulations 2003 require regular reports be submitted to the relevant Council Committee detailing the Council's treasury management activities.

6. This report updates Members for the five months to 31st August 2023 on both the borrowing and investment decisions made by the Executive Director – Resources, under delegated authority in the context of prevailing economic conditions and considers the Council's Treasury Management performance. The Council can only borrow for capital investment, it cannot borrow to fund operational, day to day expenditure. The borrowing will support the Council's Capital Strategy appearing elsewhere on the agenda.

7. The regular reporting of treasury management activities assists Members to scrutinise officer decisions and monitor progress on the implementation of its borrowing and investment strategy as approved by Full Council.

8. The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve treasury management semi-annual and annual reports.

9. The Council's treasury management strategy for 2023/24 was approved by Council on 23rd February 2023 (KD 5504) and the Treasury Management Outturn position was reported to Cabinet 13 September 2023 (KD 5655). The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the treasury management strategy.

10. The 2021 Prudential Code includes a requirement for Councils to provide a Capital Strategy. The 2023/24 Capital strategy was approved by Council on the 23rd of February 2023 (KD 5502) and the 2024/25 Capital Strategy, appearing elsewhere on the agenda, summarises capital expenditure and financing, over the coming ten years.

Economic context

11. Inflation, measured by the Consumer Prices Index (CPI) stood at 5.5% in April 2022 rising steadily before peaking at 11.1% in October 2022 before falling to 10.1% as at 31st March 2023. As at 5th October 2023 it stood at 6.7%, with the Government's long term target set at 2%.

12. The Bank of England's Monetary Policy Committee (MPC) relies on interest rates as the primary tool to combat inflation by regulating consumer demand and has increased the base rate at every meeting from 0.75% April 2022 to 4.25% as at 31st March 2023. The rate as at 5th October 2023 was 5.25% with further reviews scheduled for 2nd November and 14th December this calendar year.

13. The Council borrows mainly from the Public Works Loans Board (PWLB) although the cost of both long and short-term borrowing have increased significantly over the financial year and are summarised in Table 2 below:

Table 2: Historical PWLB rates

PWLB Equal Instalment of Principal (EIP) rates	5 year	10 year	20 year	30 year	40 year
1st April 2022	2.41%	2.50%	2.67%	2.83%	2.87%
12th Oct 2022	5.30%	5.53%	5.66%	5.92%	6.07%
31st March 2023	4.72%	4.49%	4.55%	4.79%	4.90%
31st July 2023	5.88%	5.53%	5.34%	5.48%	5.55%
31st August 2023	5.81%	5.50%	5.38%	5.56%	5.64%
29th September 2023	5.63%	5.39%	5.47%	5.72%	5.85%
4th October 2023	5.69%	5.51%	5.64%	5.89%	6.01%

Source : Debt Management Office 4th October2023

14. These rate increases will impact the replacement of maturing debt and the long-term affordability of the Capital programme. The 2024/25 Capital strategy, appearing elsewhere on the agenda, details the measures required to ensure the programme remains affordable.

15. The Council will take advantage of concessionary borrowing for the HRA announced 15th March 2023 to support the delivery of social housing and is available from June 2023, initially for a period of one year.

Relevance to Council Plans and Strategies

16. Good homes in well-connected neighbourhoods
17. Build our Economy to create a thriving place
18. Sustain Strong and healthy Communities

Treasury Management Position

19. The Council started 2023/24 with net borrowing of £1,081.3m made up of external debt £1,118.2m offset by investments of £36.9m. As at 31st August 2023 net borrowing stood at £1,069.9m made up of external debt £1,123.4m offset by investments of £53.5m.

20. The treasury management position on 31 August 2023 and the change since the start of the financial year is set out in Table 3 below. All the investments shown below were in Money Market Funds (categorised as cash equivalent) for this financial year.

Table 3: Treasury Management Summary

Summary	31.3.23 Balance £m	Movement £m	31.8.23 Actual at 31 Aug 2023 £m	Approved estimate*	Revised forecast**

Long-term borrowing Short-term borrowing***	1,044.2 74.0	5.20 0.0	1,049.40 74.0	1,423.2 0.0	1,406.3 0.0
Total borrowing	**1,118.2**	**5.20**	**1,123.40**	**1,423.2**	**1,406.3**
Total investments	**(36.9)**	**(16.60)**	**(53.50)**	**(35.0)**	**(35.0)**
Net Borrowing	**1,081.3**	**(11.40)**	**1,069.90**	**1,388.2**	**1,371.3**

**Approved estimate: Treasury Management Strategy Statement (Council 23 Feb 2023, KD5504)*

***Revised forecast based on current level of activities*

****Short term borrowing may be used depending on market conditions*

21. The increase in borrowing is made up £15m to fund Energetik offset by loan repayments of £9.8m as set out in Table 4 below.

Borrowing Update

22. The main objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change, is a secondary objective.

23. The Capital Strategy, appearing elsewhere on the agenda, sets out the Council's longer term capital expenditure plans and how they will be funded. Internal cash balances and borrowing using concessionary rates secured for the HRA be used whilst continuing to monitor short term loan offers.

24. Current external loans are summarised in Table 4 below.

Table 4: Treasury Management Borrowing Summary

Type of Loan	31st March 2023 £m	Net movement £m	31st August 2023 £m
Public Works Loans Board	994.80	(9.10)	985.70
Local Authorities (short-term)	74.00	0.00	74.00
European Investment Bank	7.60	(0.20)	7.40
London Energy Efficiency Fund	1.40	(0.20)	1.20
Mayors Energy Efficiency Fund	15.00	15.00	30.00
Heat Networks Investment Project	21.60	0.00	21.60
Salix Funding	3.10	(0.40)	2.70
Greater London Authority	0.70	0.10	0.80
Total Debt	**1,118.2**	**5.2**	**1,123.4**
Accrued Interest	7.2	(7.20)	0.00
Total Debt & Accrued Interest Outstanding	**1,125.4**	**(2.00)**	**1,123.4**

The Capital Financing Requirement (CFR)

25. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This represents the accumulated capital expenditure for which borrowing *would have been required* had the

Council not used its own cash balances to supplement earmarked internal resources. It therefore differs to the actual borrowing.

26. This is done to ensure borrowing is kept to a minimum and cash balances maintained at a level adequate to support any day to day working capital requirements. The use of cash balances is termed internal borrowing with external borrowing representing the Council's actual debt.

27. As at 31 August 2023 external borrowing of £1,123.4m remains below the loans CFR, approved in the Treasury Management Strategy, for 2023/24 of £1,484.1m. The Prudential Indicator for the CFR requires total external debt to be no higher than the CFR therefore the Council remains compliant. The difference of £360.7m is the accumulated cash resources the Council has used to reduce borrowing over and above the capital resources already allocated to finance its capital expenditure over the years.

28. Table 5 below shows the Council's CFR as compared to its external borrowing together with the Operational boundary and Authorised limit.

Table 5: Capital Financing Requirement and Gross Debt

Capital Financing Requirement (CFR)	**Approved estimate 2023/24***	**Revised forecast** £m**
General Fund	1,132.9	1,064.4
Housing Revenue Account	351.2	358.5
Borrowing CFR	**1,484.1**	**1,422.9**
PFI liability	22.1	22.1
Total CFR	**1,506.2**	**1,445.0**
External Borrowing	1,423.2	1,406.4
Internal Borrowing	83.0	38.6
Total CFR	**1,506.2**	**1,445.0**
External borrowing required	1,423.2	1,406.3
Other liabilities	22.1	22.1
Operational boundary	**1,445.3**	**1,428.4**
Headroom	200.0	351.6
Authorised Limit	**1,645.3**	**1,780.0**

**Approved estimate: Treasury Management Strategy Statement (Council 23 Feb 2023, KD5504)*

***Revised forecast based on current level of activities*

29. The Operational boundary is the level of external debt expected if capital expenditure plans are fully implemented. The Authorised Limit, which is based on the Operational boundary plus a temporary allowance only to be used in exceptional circumstances, is the maximum level of external debt beyond which any additional borrowing is prohibited. This limit can only be set by Full Council.

30. The Council is currently estimating the cost of new debt at 4.80% for the remainder of 2023/24 and will continue to use internal resources where possible

to minimise borrowing whilst using concessionary rates secured for the HRA and short-term borrowing where necessary until longer term borrowing costs stabilise.

31. This estimate is based on estimates of UK Gilt yields and is considered a reasonable estimate of the return demanded by the Capital Markets in return for UK Government Bonds. The estimate includes an on-lending allowance expected to be charged by the Debt Management Office and corroborated by advice from the Council's external Treasury Advisers.

Forward Borrowing

32. The Council has one forward loan arrangement for £15m at 3.95% for one year from 30 November 2023.

33. Continuing instability combined with expected increases in the base rate have introduced some uncertainty making forward borrowing unviable in the five months to 31 August 2023. The markets will continue to be monitored for favourable borrowing products.

Other Debt Liabilities

34. Private Finance Initiative/finance leases liabilities of £26.3m as at 31st August 2023.

Cost of Borrowing

35. The average interest rate paid on total external debt in 2022/23 was 2.29%.

36. The current forecast average interest payable is 2.83% against a budget of 2.92% as shown in table 6 below.

Table 6: Debt summary

Debt	Actual for 2022/23 £m	Actual at 31.08.23 2023/24 £m	Feb 2023 estimate (if 100% capital programme delivery)* 2023/24 £m	Q1 Revenue Update 2023/24** £m	Revised forecast*** 2023/24 £m
Gross Cost of Debt	27.0	3.4	41.7	37.7	35.6
Funded by :					
Capitalised interest - Meridian Water	6.6	0.0	8.7	8.5	8.5
Housing Revenue Account	11.3	0.0	14.2	13.3	13.1
Companies & other	3.6	0.0	5.1	4.2	4.4
Investment Income	1.8	1.9	1.0	1.9	1.9
Total recharges & income	**23.3**	**1.9**	**29.0**	**27.9**	**27.9**
General Fund net interest	**3.7**	**1.5**	**12.7**	**9.8**	**7.7**

**Approved estimate: Treasury Management Strategy Statement (Council 23 Feb 2023, KD5504)*
***Q1 revenue forecast update report (Cabinet 13 Sep 2023)*
****Revised forecast based on current level of activities*

Debt Maturity

37. The Council has 106 loans with some loans reaching maturity (becoming repayable) at up to 50 years with the average currently at 18 years (31 March 2023 : 104 loans with average 23 yrs.). The "maturity profile" shows the distribution of when cash must be repaid to lenders and is composed of all loan products.

38. In 2023/24 the Council must repay to its lenders £104.2m which carries an average interest cost of 2.80% per annum. If this same amount is then replaced at an estimated rate of 4.80% (in line with latest rates offered) the increase in interest cost on a full year basis is estimated at £2m per annum.

39. Table 7 below shows the current maturity structure of the Council's debt portfolio. The cost of replacing debt is within the prudential indicator for maturity profile. The Council is not significantly exposed to refinancing risk.

Table 7: Debt by maturity

Debt maturity	Loans Outstanding as at 31 March 2023 £m	Loans Outstanding as at 31 August 2023 £m
Under 1 year	104.2	94.4
1-2 Years	31.8	31.8
3-5 years	62.9	62.9
5-10 Years	178.7	182.7
10-15 Years	175.5	182.3
15-20 Years	128.6	132.8
20-25 Years	63.4	63.4
25-30 Years	94.4	94.4
30-35 Years	48.9	48.9
35-40 Years	74.8	74.8
40-45 Years	50.0	50.0
45+ Years	105.0	105.0
Total Debt	**1,118.2**	**1,123.4**

Treasury Investment Activity

40. Total cash balances can vary considerably, predominantly because of the significant peaks and troughs arising from payment profiles of business rate collections, capital expenditure, DWP payments and housing benefit payments.

41. During the year the Council's investment balance has ranged between £36.9m and £96.5m due to timing differences between income and expenditure.

42. The investment position as at 31st August 2023 is shown in Table 8 below.

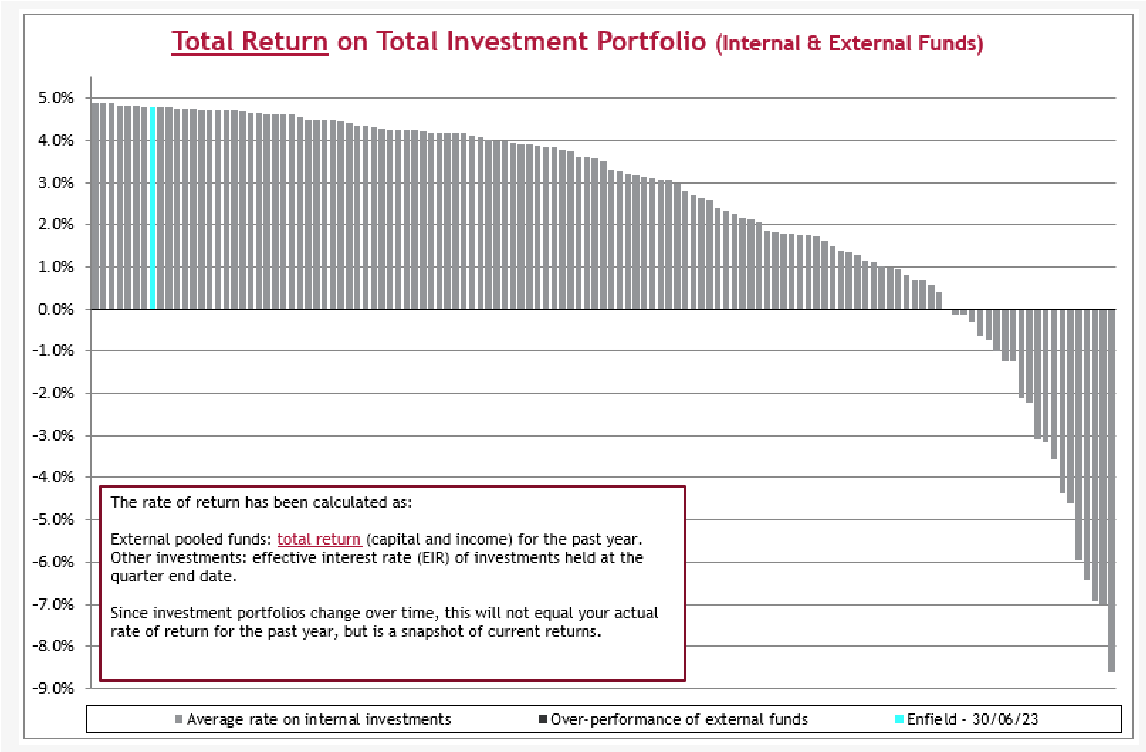
Table 8: Investment summary

Counterparties – all Money Market Funds	31 March 2023 £m	Movement £m	31 August 2023 £m
Deutsche	3.8	(3.8)	0
Federated	0	22.1	22.1
CCLA	25	(25.0)	0
Invesco	0	15.0	15
Aviva Investors	8.1	8.3	16.4
Total Cash Investments	**36.9**	**16.6**	**53.5**

43. The Council expects to generate £1.9m investment income this financial year equating to a 5% return, assuming year to yield will continue to the end of the financial year and cash balances will remain at an average of £40m till the end of the financial year (2022/23 £1.84m investment income, 4.93% yield).

44. On average the Council's cash investment portfolio had a risk weighting equivalent to A+ credit rating. Benchmarking from the Council's Treasury Advisors show the Council to be amongst the best performers in this regard as shown in benchmarking data published by the Council's Treasury advisers at 30th June 2023.

Figure 1 – Councils return on investments



Source : Arlingclose Investment Benchmarking as at 30 June 2023

Investment Benchmarking

45. Table 9 below show the progression of risk and return metrics for the Enfield Investments portfolio compared with other local authorities as extracted from Arlingclose quarterly investment benchmarking as of 30 June 2023:

Table 9: Investment benchmarking

Benchmarking	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
30.06.2023	4.80	A+	100%	1	4.80%
31.03.2023	5.09	A+	100%	1	4.12%
31.03.2022	4.90	A+	100%	1	0.52%
Similar LA's	**4.71**	A+	**61%**	**32**	2.24%
All LA's	**4.71**	A+	**59%**	**12**	1.59%

Arlingclose Investment Benchmarking 2023/24 as at 30 June 2023

46. Both the CIPFA Code and Government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

47. **Credit score and credit rating** measures the credit risk of the Council's investment portfolio. At the end of the reporting period our investment portfolio has been assigned a credit score of 5.00 based on an average long-term credit rating from Fitch as A+. It is worth noting that this is expected of

our investment portfolio as all the investments are in money market funds with average maturity of 1 day for instant and liquidity/easy access.

48. The credit score of money market funds is calculated from the fund's investments on the previous month end date. As part of Arlingclose investment advice an average credit rating from Fitch, Moody's and Standard & Poor's are converted to a number, for example AAA=1, AA+=2, etc. Higher numbers therefore indicate higher risk.

49. The Council's investment portfolio of £53.5m at 31st August 2023 has 100% "bail in" exposure meaning some or all of the investment can be lost in the event Money Market Funds (MMF) fails.

50. Prior to 2013, failed banks were either bailed out by Government or placed into administration, with losses shared amongst most investors.

51. The risk of these losses has been substantially mitigated by the Council placing these investments with six different MMFs, then with each MMF subsequently invested in more than 10 institutions. The Council's investment advisors are comfortable with the Council's investment strategy and risk exposure.

Non-Treasury Investments

52. The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) or for commercial purposes (made primarily for financial return).

53. Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) also broadens the definition of investments to include all such assets held partially or wholly for financial return.

54. The Authority also held £93.9m of such investments as loans to subsidiaries as set out in table 10 below :

Table 10: Council owned Companies

Council owned Companies	**Housing Gateway Ltd £m**	**Lea Valley Heat Networks Ltd £m**
31 March 2022 (nominal)	127.40	15.20
New Borrowing	0.00	19.00
Repaid Borrowing	-0.60	-0.30
Balance at 31 March 2023	**126.80**	**33.90**
New advances	0.00	1.60
Repayments	(0.30)	(0.06)
Balance 21st Sep 2023	**126.5**	**35.40**
Advances – to be drawn	0.00	6.20
Repayments due	(6.30)	(0.12)
Expected position 31 March 2024	**120.20**	**41.50**

55. Net loans advanced to the Council's subsidiary companies to date, totalled £1.6m as at 31st August 2023 relating to Lea Valley Heat Networks (LVHN).

56. In accordance with Soft Loan accounting which recognises the sub-market element of the loan advances a proportion of these loans are expected to be classified as investments in subsidiaries.

57. In respect of LVHN the Council will also impair the loans advanced if required to ensure a prudent estimate is assigned to the recoverable amount after taking into account the inherent business risk of the venture. This adjustment has no impact on the Council's useable reserves in accordance with IFRS 9.

58. These investments generated no investment income in 2022/23 and the Council held no investments for commercial purposes.

Gross to Net Table and Debt Servicing Costs

59. This shows how the total, or "gross", debt and interest of the Council as a whole is divided into its main constituent services (HRA, Meridian Water and Companies) to leave the residue, or "net", debt and interest attributable to the Council's General Fund.

60. It also shows how financial liabilities (PFI and lease obligations) increase and how its investments decrease the Council's overall debt position. Both are shown in the tables below.

61. The Council's net debt increased by £157.8m from £949.8m to £1,107.6m in 2022/23 as shown in Table 11. The capital financing implications of this are recognised in the Council's Medium Term Financial Plan.

Table 11: Gross to Net Debt

Gross to Net table	2022/23 Actual £m	Actual as at 31.08.23 £m	2023/24 Approved estimate (@100% capital programme delivery) £m	2023/24 Revised estimate** £m
Gross borrowing	**1,118.20**	**1,123.40**	**1,423.2**	**1,406.3**
Companies & Schools	(160.7)	(160.7)	(198.7)	(173.9)
Meridian Water	(374.9)	(374.9)	(422.8)	(406.0)
HRA	(296.8)	(296.8)	(351.2)	(358.5)
General Fund	**285.8**	**291.00**	**450.5**	**467.9**
Gross Debt to Net Debt :				
Total borrowing	1,118.20	1,123.40	1,423.2	1,406.3
PFI & Finance leases	26.3	26.3	22.1	22.1
Gross Debt	**1,144.50**	**1,149.70**	**1,445.3**	**1,428.4**
Treasury investments	(36.9)	(53.5)	(35.0)	(35.0)
Net Debt	**1,107.60**	**1,096.20**	**1,410.3**	**1,393.4**

**Approved estimate: Treasury Management Strategy Statement (Council 23 Feb 2023, KD5504)*
***Revised forecast based on current level of activities*

62. The Council's revenue cost of debt servicing for 2022/23 is summarised in Table 12 below. The net interest charge to General Fund was under spent against budget by £2.4m due mainly to lower than expected spend on the capital programme and MRP overspent by £1.4m due mainly to voluntary contributions in respect of Meridian Water.

63. The 2023/24 capital financing budget anticipated a drawdown from reserves in the year 2023/24 of £2.3m. The current forecast is that the drawdown will be below this, at £2.1m.

Table 12 : Debt Servicing Costs

Net interest and MRP cost	2022/23 Actual £m	2023/24 Actual 31.08.23 £m	2023/24 Approved estimate @100% programme delivery* £m	2023/24 Q1 Revenue update** £m	2023/24 Revised estimate*** £m
Interest on borrowing :					
Gross interest payable	27.0	3.3	41.7	37.7	35.6
Meridian Water	(6.6)	0.0	(8.7)	(8.5)	(8.5)
HRA	(11.3)	0.0	(14.2)	(13.3)	(13.1)
Companies	(4.3)	0.0	(4.9)	(4.2)	(4.3)
School and other	0.7	0.0	(0.1)	0.0	(0.1)
Treasury investments	(1.8)	(1.9)	(1.0)	(1.9)	(1.9)
Net interest	**3.7**	**1.4**	**12.8**	**9.8**	**7.7**
Budget	**6.1**	**6.1**	**6.1**	**6.1**	**6.1**
Interest (Under) over budget	**(2.4)**	**(4.7)**	**6.7**	**3.7**	**1.6**
Minimum Revenue Provision (MRP) :					
MRP	18.9	0.0	19.7	21.8	23.0
Budget	17.5	22.5	22.5	22.5	22.5
MRP (Under) over budget	**1.4**	**(22.5)**	**(2.8)**	**(0.7)**	**0.5**

**Approved estimate: Treasury Management Strategy Statement (Council 23 Feb 2023, KD5504)*
***Q1 revenue forecast update report (Cabinet 13 Sep 2023)*
****Revised forecast based on current level of activities*

Debt Restructuring

64. Debt restructuring normally involves prematurely replacing existing debt (at a premium or discount) with new loans to secure net savings in interest payable or a smoother maturity profile. Restructuring can involve the conversion of fixed rate interest loans to variable rate loans and vice versa.

65. No restructuring was done during the year as the new PWLB borrowing rates and premature repayment rates made restructuring unviable. The Council will continue to actively seek opportunities to restructure debt, if viable.

Treasury Management Indicators - overview

66. The Council was in compliance with all nine indicators used to ensure its activities were within well-defined limits, summarised below:

- **Operational Boundary and Authorised Limit**
  Set by Full Council to ensure external debt does not exceed prescribed limits:

  Operational Boundary is the estimated level of external debt assuming capital expenditure plans are fully implemented and represents that level debt expected assuming no extraordinary or unexpected events e.g. significant additional expenditure to be financed by borrowing or capital receipt or grant failing to materialise.

  Authorised Limit is the Operational boundary *plus a temporary allowance* to accommodate extraordinary events (such as those above). This level of borrowing is not sustainable and is therefore the maximum beyond which additional borrowing is prohibited.

- **Liability Benchmark**
  An estimate of how much debt the Council should be carrying based on external debt and requirements to maintain liquidity and is normally forecast for at least ten years

- **Debt Servicing costs as a proportion of revenue resources**
  An assessment of the sustainability of the Council's borrowing commitments in the context of its revenue resources. Three main measures are used including one recently introduced by DLUHC in the context of the Levelling Up and Regeneration Bill (May 2022)

- **Net income from Commercial & Service Investments to Net Revenue Budget** –

Considers the Council's exposure to risk from commercial and service investment income in relation to is overall revenue resources

- **Risk & Liquidity**
  A suite of five indicators assessing the risk and liquidity of the Council's borrowing and investment portfolio

Treasury Management Indicators - results

Operational Boundary and Authorised Limit

67. The Authorised Limit, set at £1,645.3m for 2023/24, was set as a precaution against the failure to receive a source of income or a major unexpected expenditure. In the unlikely event of this happening, the Council would need to borrow on a temporary basis to cover the shortfall in cash receipts. Any significant breach must be reported to the Council.

68. Officers report that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

69. Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 13 below.

Table 13 : Approved Borrowing Limits

Approved Borrowing Limits 2022/23	**31st Aug 2023 £m**	**Operational Boundary £m**	**Authorised Limit £m**	**Complied?**
Borrowing (gross)	1,123.4	1,423.2	1,445.3	Yes
PFI and Finance Leases/Headroom	22.1	22.1	200.0	Yes
Total Debt	**1,145.50**	**1,445.3**	**1,645.3**	**Yes**

70. The Authorised Limit is the ultimate threshold beyond which additional borrowing is prohibited. A temporary breach of the Operational Boundary is not counted as a compliance failure if is due variations in cash flow and of a relatively low value.

Liability benchmark

71. This is basically outstanding debt plus an allowance for liquidity to maintain day to day working capital and is therefore an estimate of how much debt the Council should be carrying. Table 14 shows the 2022/23 position together with estimates for 2023/24.

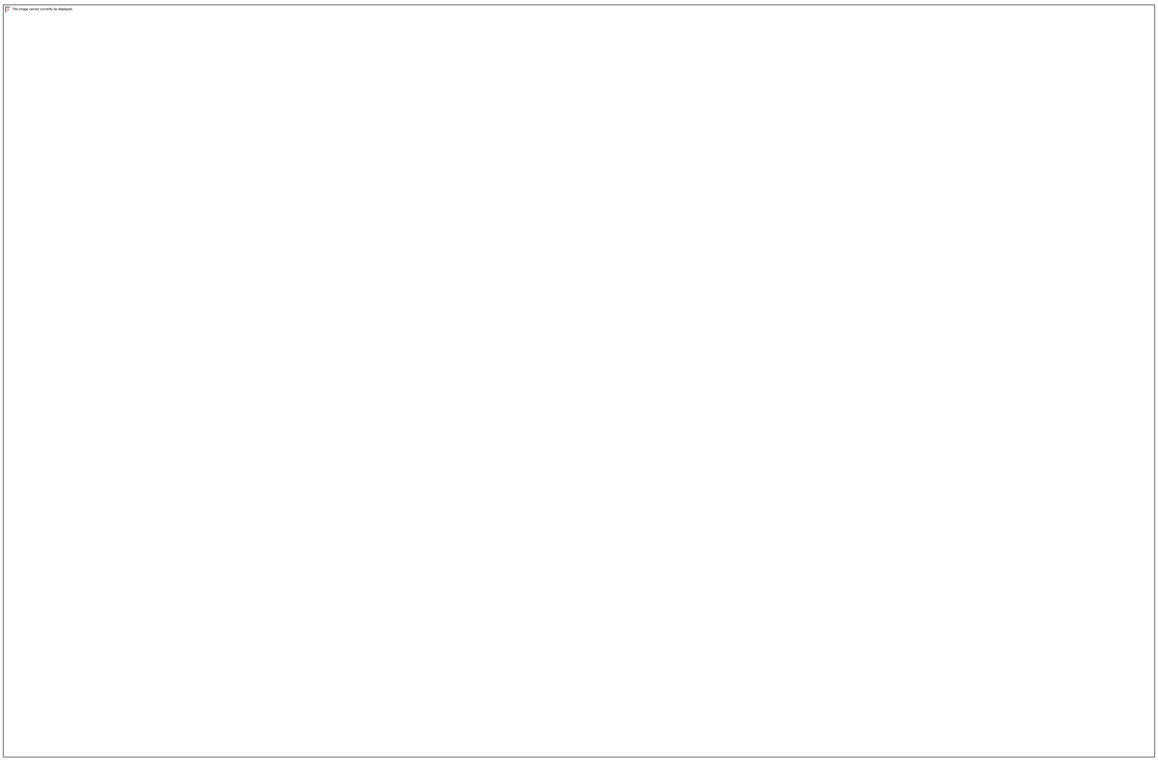
Table 14: Balance Sheet Summary

Balance Sheet Summary	**Approved estimate 2023/24* £m**	**Revised forecast 2023/24* £m**
Capital Financing Requirement (CFR) : the accumulated capital expenditure to 31st March 2023 for which borrowing *would have been required* had the Council not used its own cash resources (termed "internal borrowing") to offset actual borrowing		
General Fund	1,132.9	1,064.4
Housing Revenue Account	351.2	358.5
Borrowing CFR	**1,484.1**	**1,422.9**
PFI liability	22.1	22.1
Total CFR	**1,506.2**	**1,445.0**
CFR Represented as :		
External Borrowing	1,423.2	1,406.4
Internal Borrowing	83.0	38.6
Total CFR	**1,506.2**	**1,445.0**
External borrowing required	1,423.2	1,406.3
Other liabilities	22.1	22.1
Operational boundary	**1,445.3**	**1,428.4**
Headroom	200.0	351.6
Authorised Limit	**1,645.3**	**1,780.0**
Liability Benchmark : estimate of net borrowing requirement including allowance for liquidity		
Capital Financing Requirement	1,484.1	1,422.9
Less : Balance Sheet resources	(105.8)	(105.8)
Add: Allowance for liquidity	35.0	35.0
Liability benchmark (year end)	**1,413.3**	**1,352.1**

**Approved estimate: Treasury Management Strategy Statement (Council 23 Feb 2023, KD5504)*
***Revised forecast based on current level of activities*

72. The Chart below illustrates the Council's treasury position on 31 March 2023. It shows the borrowing the Council already has (shaded in grey) does not exceed the borrowing amount required in total (red line). This chart uses data of the capital programme up to 2032 only.

Figure 2 Liability Benchmark



Debt Servicing costs as a proportion of revenue resources

73. DLUHC, on 4th July 2023, set up the Office for Local Government (“Oflog”), aimed at increasing transparency and identifying Councils “at risk of potential failure”.

74. In the context of the Levelling up and Regeneration Bill (introduced to Parliament 11th May 2022, presently in the House of Lords) which makes similar references, three indicators which assess the resilience of the Council’s revenue budgets to contain debt servicing costs have been presented in table 5 below.

- Oflog indicator “Debt Servicing as a proportion of Core Spending Power” (CSP) where CSP measures revenue resources by the funding available for General Fund services comprised mainly of Council tax and specific Government grants.

- Debt servicing costs as a proportion of Net Revenue Budget - introduced by the Treasury Management Strategy Statement 2023/24 (KD 5504) approved by Council 23rd February 2023 is referenced as a key indicator of affordability in the Capital Strategy appearing elsewhere on the agenda.

- Ratio of external debt to Net Revenue Budget – introduced by the Treasury Management Strategy Statement 2022/23 (KD 5355) approved by Council 24th February 2022, similar to the above Oflog indicator but using Net Revenue Budget which includes a broader span of revenue resources

75. These each assess these criteria differently but taken together generate a corroborative measure of the resilience of the Council's revenue resources which indicates debt and debt financing have been stable across financial years 2021/22 and 2022/23 but are set to increase in 2023/24 based on current approved estimates.

Table 15 : Debt Servicing costs as proportion of Net Revenue Budget

Financing as a proportion of Revenue Resources	2021/22 Outturn Compared to all other London Councils (below)	2022/23 Outturn
Debt Servicing as a proportion of Core Spending Power (Oflog)	9.2%	8.8%
Debt servicing costs as a proportion of Net Revenue Budget	9.0%	8.5%

Estimates for 2023/24 are expected to be between 10% to 12% in line with the Capital Strategy appearing elsewhere on the agenda.

Net income from Commercial & Service Investments to Net Revenue Budget

76. The primary purpose of the Council's investments in Housing Gateway Limited and Lea Valley Heat Networks Limited are the provision of temporary accommodation (a statutory duty) and the provision of sustainable and low-cost energy to the Borough's residents and businesses respectively.

77. Similarly, the Council's share of the Joint Venture at Montagu Industrial Estate is primarily for the economic regeneration of the area which will have wider benefits for residents and businesses withing the Borough.

78. No income was generated by these investments in 2022/23 and any future income will be incidental to the provision of services and not driven for pure commercial gain.

79. During 2022/23 net income from the Council's investment properties made up 3.5% of the Net Revenue Budget which is considered neither significant nor a risk and is incidental to the provision of the Council's wider services.

Risk & Liquidity

80. **Security**: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value weighted average credit rating and credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk, summarised in table 16 below.

Table 16: Credit Risk

Credit Risk	31.3.23 Actual	30.06.23 Actual*	2023/24 Target	Complied?
Portfolio average credit rating	A+	A+	A	Yes
Portfolio average credit score	5	5	6	Yes

***Measure for 30 Sep 2023 not available as at 21 Sep 2023*

81. **Liquidity**: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing, summarised in table 17 below.

Table 17: Liquidity Risk Indicator

Liquidity Risk	31.3.23 Actual £m	30.06.23 Actual* £m	2023/24 Target £m	Complied?
Total cash available within 3 months	36.9	53.5	35.0	Yes

82. **Interest Rate Exposures**: This indicator is set to control the Council's exposure to interest rate risk. The Council holds no variable interest rate debt however, the Council's Treasury Management Strategy does permit variable interest rate loans.

Table 18: Interest Rate Risk Indicator

Interest Rate Risk	31.3.23 Actual	2023/24 estimate*	2023/24 Limit	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	0.0	0.0	**+£4m**	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	0.0	0.0	**-£4m**	Yes

***assuming no variable rate loans, no exposure*

83. The Council has £104.2m loans to be repaid in 2023/24 carrying an average interest cost of 2.80%. Assuming these are replaced at the current estimated cost of 4.80% the full years increase in interest cost is estimated at £2m which is within the £4m threshold approved in the Treasury Management Strategy.

84. **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing are summarised in table 19 below.

Table 19: Maturity Structure

Maturity Structure	31.3.23 Actual £m	31.08.23 Actual £m	31.3.23 Actual %	Upper Limit	Lower Limit	Complied?
Under 12 months	104.2	94.4	8.40%	30%	0%	Yes
12 months & within 2 yrs	31.8	31.8	2.83%	35%	0%	Yes
24 months & within 5 yrs	62.9	62.9	5.60%	40%	0%	Yes
5 years and within 10 yrs	178.7	182.7	16.26%	45%	0%	Yes
10 yrs and above	740.6	751.6	66.90%	100%	0%	Yes
Total	**1,118.2**	**1,123.4**	**100%**			

85. Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period are set out in table 20 below.

Table 20 : Principals invested over one year

Principal invested over one year	2022/23	2023/24	No fixed date
Actual principal invested beyond 365 days	Nil	Nil	Nil
Limit on principal invested beyond 365 days	£25m	£25m	£0m
Complied?	Yes	Yes	Yes

86. Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Minimum Revenue Provision

87. In accordance with the Local Government Act 2003 and revised Guidance issued 2018, the Council is required to pay off an element of the accumulated General Fund capital expenditure, which was funded from borrowing, through an annual revenue charge known as the Minimum Revenue Provision (MRP).

88. The 2023/24 MRP Budget is £22.5m and MRP forecast is £23.0m.

89. The Council's MRP Policy was amended during the reporting financial year and approved by Council at its meeting of 23rd February 2023.

MRP Consultation and Enfield Council's MRP Policy Review

90. The Department for Levelling Up, Housing and Communities (DLUHC) initiated a consultation on changes to the MRP framework from 30th November 2021 to 8th February 2022, the results of which have not yet been published but are expected to impact Councils in 2023/24.

91. The two main proposals are expected to increase MRP charges if implemented, as currently worded, as follows:

- **Council owned companies** - Loans made by the Council currently use the loan repayments in lieu of charging MRP. The consultation proposes this is no longer permitted which could significantly increase MRP charges in the short term with capital receipts only taking effect to reduce MRP in the longer term. A mitigation could be the acknowledgement of loan agreements stipulating a repayment trajectory which could have the effect of reducing the MRP charges.

- **Meridian Water** is modelled to be funded initially by borrowing but long term primarily by future capital receipts. If the current proposed wording is not altered to allow self-financing projects, then this may lead to a significant impact to the revenue budget. Although the capital receipts generated by Meridian Water will be used to fund future stages of Meridian Water or other projects upfront, the MRP charge would increase in the medium term.

92. The Council's Annual MRP Statement, published as part of the Treasury Management Strategy Statement, (KD 5504) approved by Council 23rd February 2023, sets out the assumptions to be used in applying MRP from 1st April 2023 including the application of capital receipts and use of voluntary MRP to accelerate debt extinguishment where such opportunities exist.

93. The Council has also commissioned its external Treasury Advisers to review the impact of the consultation once final proposals have been announced by the Government the results of which will be used to update the Capital Strategy appearing elsewhere on the agenda.

Financial Implications

94. This is a noting report which fulfils the requirement to report annually the performance of the Council's treasury management activities. Financial implications are set out in the body of the report.

Legal Implications

95. The Council must adhere to various statutory provisions under the Local Government Finance Act 1992, The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 and The Local Government Act 2003.

96. The Council must set the budget (of which the Capital Programme is part of) in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council.

97. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.

98. In accordance with the legislative requirements and the Chartered Institute of Public Finance and Accountancy *(*CIPFA) and Prudential Codes ('the Codes'), this Report follows the recommendations under the Codes and legislation, by monitoring and reporting and detailing the Council's Treasury Management activities*.* The Report sets out that there has been compliance with the indicators used and that monitoring shows that its activities remain within well-defined limits. Further, it is reported that all Treasury Management activities undertaken during the year complied fully with the CIPFA Code and the Council's approved Treasury Management Strategy.

99. The Executive Director of Resources has responsibility for overseeing the proper administration of the Council's financial affairs, as required by section 151 of the Local Government Act 1972 and is the appropriate officer to advise in relation to these matters.

100. When considering its approach to the Treasury Management matters set out in the Report, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the Public Sector Equality Duty: 'PSED'). This PSED is considered in the section 'Equalities Implications and Equalities Impact Assessment'.

101. Equalities Implications

102. The Equalities Impact Assessment is attached in Appendix 1. There were no differential impacts identified.

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Appendices
Equalities Impact Assessment

Background Papers
The following documents have been relied on in the preparation of this report:
(i) Treasury Management Strategy Statement 2022/23 (KD5504) approved by Council 23rd February 2023
(ii) Treasury Management Outturn Report 2022/23 (KD5655) approved by Cabinet 13th September 2023

Appendix1 – Equalities Impact Assessment EQUIA

SECTION 1 – Equality Analysis Details

Title of service activity / policy/ strategy/ budget change/ decision that you are assessing	**Treasury Management Mid Year Update 2023/24**
Lead officer(s) name(s) and contact details	**Olu Ayodele**
Team/ Department	**Resources – Finance**
Executive Director	**Fay Hammond**
Cabinet Member	**Cllr Leaver**
Date of EqIA completion	**5th October 2023**

SECTION 2 – Summary of Proposal

Please give a brief summary of the proposed service change / policy/ strategy/ budget change/project plan/ key decision **Please summarise briefly:** What is the proposed decision or change? What are the reasons for the decision or change? What outcomes are you hoping to achieve from this change? Who will be impacted by the project or change - staff, service users, or the wider community?
Summarises the Council's debt and investment portfolios as at 31 Aug 2023. Attention drawn to interest paid and investment returns earned together with overall levels of debt against established thresholds to ensure Council's financial position remains sustainable.

SECTION 3 – Equality Analysis

This section asks you to consider the potential differential impact of the proposed decision or change on different protected characteristics, and what mitigating actions should be taken to avoid or counteract any negative impact.
According to the Equality Act 2010, protected characteristics are aspects of a person's identity that make them who they are. The law defines 9 protected characteristics:

1. Age
2. Disability
3. Gender reassignment.
4. Marriage and civil partnership.
5. Pregnancy and maternity.
6. Race
7. Religion or belief.
8. Sex
9. Sexual orientation.

At Enfield Council, we also consider socio-economic status as an additional characteristic.

"Differential impact" means that people of a particular protected characteristic (eg people of a particular age, people with a disability, people of a particular gender, or people from a particular race and religion) will be significantly more affected by the change than other groups. Please consider both potential positive and negative impacts, and, where possible, provide evidence to explain why this group might be particularly affected. If there is no differential impact for that group, briefly explain why this is not applicable.
Please consider how the proposed change will affect staff, service users or members of the wider community who share one of the following protected characteristics.

Age This can refer to people of a specific age e.g. 18-year olds, or age range e.g. 0-18 year olds.
Will the proposed change to service/policy/budget have a **differential impact [positive or negative]** on people of a specific age or age group (e.g. older or younger people)? Please provide evidence to explain why this group may be particularly affected.
None
Mitigating actions to be taken
Not applicable

Disability A person has a disability if they have a physical or mental impairment which has a substantial and long-term adverse effect on the person's ability to carry out normal day-day activities. This could include: Physical impairment, hearing impairment, visual impairment, learning difficulties, long-standing illness or health condition, mental illness, substance abuse or other impairments.
Will the proposed change to service/policy/budget have a **differential impact [positive or negative]** on people with disabilities? Please provide evidence to explain why this group may be particularly affected.
None
Mitigating actions to be taken
Not applicable

Gender Reassignment This refers to people who are proposing to undergo, are undergoing, or have undergone a process (or part of a process) to reassign their sex by changing physiological or other attributes of sex.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on transgender people? Please provide evidence to explain why this group may be particularly affected.
None
Mitigating actions to be taken
Not applicable

Marriage and Civil Partnership Marriage and civil partnerships are different ways of legally recognising relationships. The formation of a civil partnership must remain secular, where-as a marriage can be conducted through either religious or civil ceremonies. In the U.K both marriages and civil partnerships can be same sex or mixed sex. Civil partners must be treated the same as married couples on a wide range of legal matters.
Will this change to service/policy/budget have a **differential impact [positive or**

negative] on people in a marriage or civil partnership? Please provide evidence to explain why this group may be particularly affected
None
Mitigating actions to be taken
Not applicable
Pregnancy and maternity Pregnancy refers to the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a woman unfavourably because she is breastfeeding.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on pregnancy and maternity? Please provide evidence to explain why this group may be particularly affected
None
Mitigating actions to be taken
Nor applicable

Race This refers to a group of people defined by their race, colour, and nationality (including citizenship), ethnic or national origins.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on people of a certain race? Please provide evidence to explain why this group may be particularly affected
None
Mitigating actions to be taken
Not applicable

Religion and belief Religion refers to a person's faith (e.g. Buddhism, Islam, Christianity, Judaism, Sikhism, Hinduism). Belief includes religious and philosophical beliefs including lack of belief (e.g. Atheism). Generally, a belief should affect your life choices or the way you live.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on people who follow a religion or belief, including lack of belief? Please provide evidence to explain why this group may be particularly affected.
None
Mitigating actions to be taken
Not applicable

Sex Sex refers to whether you are a man or woman.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on men or women? Please provide evidence to explain why this group may be particularly affected.
None
Mitigating actions to be taken
Not applicable

Sexual Orientation This refers to whether a person is sexually attracted to people of the same sex or a different sex to themselves. Please consider the impact on people who identify as heterosexual, bisexual, gay, lesbian, non-binary or asexual.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on people with a particular sexual orientation? Please provide evidence to explain why this group may be particularly affected.
None
Mitigating actions to be taken
Not applicable

Socio-economic deprivation This refers to people who are disadvantaged due to socio-economic factors e.g. unemployment, low income, low academic qualifications or living in a deprived area, social housing or unstable housing.
Will this change to service/policy/budget have a **differential impact [positive or negative]** on people who are socio-economically disadvantaged? Please provide evidence to explain why this group may be particularly affected.
None
Mitigating actions to be taken.
Not applicable

SECTION 4 – Monitoring and Review

How do you intend to monitor and review the effects of this proposal? Not applicable Who will be responsible for assessing the effects of this proposal? Not applicable
The report provides an update on the Council's level of borrowing and investments and has no impact on any groups with protected characteristics or persons who may attract "differential impact" from any of the proposals in the report.

SECTION 5 – Action Plan for Mitigating Actions.

Identified Issue	Action Required	Lead officer	Timescale/By When	Costs	Review Date/Comments
Not applicable					

None required

London Borough of Enfield

Report Title	LBE Companies Period 6 Performance Monitoring Report 2023/24
Report to	Cabinet
Date of Meeting	15 November 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond – Executive Director of Resources Olga Bennet - Director of Capital and Commercial
Report Authors	Nadeem Akhtar Interim Finance Manager- Capital & Treasury Nadeem.Akhtar@enfield.gov.uk Olu Ayodele – Head of Capital and Treasury
Ward(s) affected	All
Key Decision Number	Non Key
Classification	Part 1 Public and Part 2 Private
Reason for exemption	By virtue of paragraph(s) marked below with * of Part 1 of Schedule 12A of the Local Government Act 1972: 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Purpose of Report

1. To update Cabinet on the performance of all Enfield Council Companies as at Quarter 2 of 2023/24 and provide an estimated outturn position for 2023/24, based on company loan drawdowns, which are treated as Capital expenditure

and form part of the Council's capital programme. Performance relates to financial (capital and revenue) and non-financial aspects of each company.

2. The report looks at the financial position of each company from the Shareholder point of view (i.e. Council capital investment) as well as from the Company's point of view, as a separate legal entity.

3. The report also provides an update on ongoing work between the Council and the Companies, to respond to changing market conditions, and looks forward at forthcoming decisions.

4. The report covers Lee Valley Heat Network Operating Company Limited (t/a Energetik, hereinafter 'Energetik'); Housing Gateway Limited(HGL); Enfield Let; Montagu 406 Regeneration LLP (Joint Venture); and the Meridian Water Estate Management Company.

Recommendations

It is recommended that

I. Cabinet notes

   a. The 2023/24 forecast loan drawdown for each company;

   b. The 2023/24 performance of each company at Quarter 2;

   c. The current financial position of each company;

   d. HGL is exploring the option of changing current rents to reflect market rent levels.

Background and Options

5. Reporting on the Council's capital investment in its companies has previously, formed part of the quarterly capital monitoring report. In future the financial monitoring of the companies will be reported separately in this report. The report will also provide an overview of their individual performance in the context of their financial accounts and in year financial performance against budget.

6. The background to each company and main considerations are set out below.

Energetik

Executive Summary - Energetik

7. Energetik is a limited liability company which has been set up by Enfield Council to develop, own and operate a series of community energy networks

throughout the borough. Since its inception in 2015 Energetik has created 4 satellite heat networks through the use of repayable loan financing from the Council. The Council has secured the low interest rate Tranche 1 loans and has onward lent to Energetik.

8. Total funding of £94m has been secured for the project. The Council has secured a total of £67m in loan funding and £17m grant funding from external organisations. A further £10m loan is yet to be secured from the Public Works Loan Board (PWLB) to finance a proportion of the Council’s match funding. The loan and grant funding are split into different ‘tranches’ (the batch of funding secured). Table 1 below provides further information.

9. The satellite networks are operational. Tranche 1 loans of £16m were secured by the Council of which Energetik has drawn £13.4m

10. Energetik is currently constructing an energy centre near the Meridian Water development, which is expected to become operational at the end of the 2023 calendar year.

11. The Council has secured Tranche 2 Government loans and grant. The energy centre is being financed from £29.8m of low interest rate loans. Energetik has drawn £24.0m of the loans via an on-lending agreement, and £5.0m grant was passed to the Company in the form of an equity investment in return for shares.

12. In March 2021, the Council was successful in securing a Tranche 3 HNIP loan (£11.9m) and HNIP grant (£12m) for the expansion of the heat network from the Meridian Water Energy Centre to west of the Borough. Council approved the works in June 2021. Since the Council approval, the economy has undergone a dramatic change caused by global geo-political events. This has resulted in rising inflation and the Bank of England accelerating the Bank Rate. Rising inflation has meant the cost of raw materials and labour is now more expensive than first anticipated, whilst a rising bank rate has had an adverse effect on the cost of borrowing. The impact of these factors has meant the Council is now reviewing its capital programme including housing and regeneration developments upon which Energetik has built its business model.

13. To date £12m of Tranche 3 financing has been passed to Energetik in the form of an equity investment in return for company shares. A £15m loan was secured from the Mayor of London’s Office in April 2023 to fund part of the match funding (the remainder to be funded from the Public Works Loan Board). In June 2023 Contractors have started capital works to connect the Meridian Water energy centre to the Ponders End heat network. The works have been part funded from the grant and there is a need for loan financing to fund the remainder of works. The loan funding will be made available through a loan agreement that is currently being drafted by the Council’s Lawyers and will be funded from the HNIP loan. Further contractual works are on hold subject to a business plan review. The Council continues to hold all undrawn loan balances.

14. Energetik is able to generate cashflows from the 863 customer connections that it has secured. As a result, Energetik has been able to service its debt to the Council in a timely manner. However due to a delay in large Council developments and the impact on future connection fees Energetik does require a working capital facility from the Council to fund operational costs until such time income from developments is realised. The Executive Member for Finance has approved a working capital facility of £3.5m. The legal agreement for this has been signed. The facility was part of the HNIP grant conditions.

15. The Company made a financial loss in the last financial year but is forecasted to return to profit in the current financial year. Energetik continues to remain solvent. As at 1 April 2023 Energetik had an opening loan balance of £33.9m and as at 30 September Energetik had a debt balance of £35.4m owed to the Council. Debt balance at 31 March 2024 is anticipated to be £41.5m, the increase in debt representing the works undertaken at the Energy Centre and contractually committed Tranche 3 works.

16. The Council in turn had an opening debt balance of £45.6m on 1st April 2023 relating to loans it has secured for onward lending to Energetik. The Council is projected to have a loan balance of £59.5m at 31 March 2024. The change relates £15.0m of new debt secured for Tranche 3 investment.

17. Work is ongoing with the company to refresh its business plan in light of delays and rephasing of the developments in the borough and the changes in the wider economic climate, i.e. rising interest rates and inflation, particularly construction inflation. In July 2023, the Council appointed an independent sector specific external consultant to review the financial model used by Energetik to supports its business plan.

18. Energetik are not entering any new contractual commitments until this work is completed. The Council and Energetik are also reviewing the opportunities for external partnerships to facilitate the long-term growth of the network.

Background

19. The company was established in 2015 by the Council to provide better value energy that is reliable and environmentally friendly. Enfield Council owns 100% of the company shares. A shareholder agreement sets out the remit of the company and the extent of its delegated powers and those matters that the Council reserves for its own decision making.

20. The total funding to be provided by the Council is £94.0m. The Council will in turn fund this as follows:

- £57.6m in the form of low-cost loans from organisations backed by the Government including the Mayor of London’s office.
- £10.0m from the European Investment Bank
- £17m in Government grants
- £9.4m borrowed by the Council from the Public Works Loans Board (PWLB).

21. The funding has been divided into three tranches as summarised in table 1:

Table 1: Energetik Funding

Funding Source	Tranche 1	Tranche 2	Tranche 3 (External)	Total Loan Approvals
	£m	£m	£m	£m
EIB Loan	10.0			10.0
LEEF Loan	6.0			6.0
MEEF Loan		15.0		15.0
HNIP Loan		9.8		9.8
HNIP Grant		5.0		5.0
HNIP 2 Loan			11.9	11.9
HNIP 2 Grant			12.0	12.0
MEEF 2			15.0	15.0
PWLB			9.4	9.4
	16.0	29.8	48.3	94.0
Amount drawn (Loans & Grant)	13.4	28.1	12.0	53.5
Loans remaining from 2021 approval	2.6	1.7	36.3	40.5

22. Table 1 details the funding the Council has put in place to support the development of the heat network. The Council has approved three tranches of investment, funded by low-cost government funded loans and grants. (KD4642) in 2019 approved an investment of £30m (£25m on-lending and £5m grant invested as equity). This was to fund the construction of the main heat network at Meridian Water, as well as other satellite schemes. The financial aspects of Energetik's business case are mainly predicated on the delivery of connections at the Meridian Water and Joyce & Snells schemes. which generate connection fees for the company and on which the business plan is underpinned. Around 17,000 customer connection numbers are required to be achieved for revenues to cover operational costs (excluding connection fees). In the early years connection fees are critical to pay operational costs.

23. KD5304 in 2021 approved a further £49m (£37m on-lending made up of £12m HNIP2 £25m PWLB and £12m HNIP grant invested as equity to fund pipework extensions north from Meridian Water to reach Southbury road and then Enfield Town and west to connect and decarbonise the satellite schemes. The key anchor developments, detailed in the report, were Edmonton Green shopping centre, Colosseum Retail Park, and Palace Gardens, the Civic Centre, North Middlesex University Hospital and GLA home sat NMUH.

24. The business plan was approved in June 2021 (KD5277) as part of the approval process for the Tranche 3 expansion of the heat network.

25. Gross loans of £36.5m have been advanced by the Council to Energetik as at 30 September 2023. £13.4m relates to Tranche 1 and £23.1 relates to Tranche 2. Grants of £5m and £12m have also been passed over to Energetik in the form of equity investment relating to Tranche 2 and Tranche 3, respectively. Total funding given o Energetik amounts to £53.5m as at 309 September 2023.

Overview of Council Investment

Capital Programme

26. Table 2 details the 2023/24 approved capital budgets that fund Energetik's loan drawdowns and forecast drawdowns at year end. The budget was approved by Council on 23rd February 2023 as part of the Council's ten-year capital programme (KD5502).

27. Energetik's capital spend is funded by Council repayable loans and GLA/Government grants that have been invested in Energetik, as equity (shares).

Table 2: Energetik's capital programme and financing 2023/24

	Loan drawdown @ Period 6 2023/24	Approved Budget 2023/24	Forecasted drawdown@ 31 March 2024	Variance
	£m	£m	£m	£m
Energetik Tranche 1&2 (Phase 1)	1.6	5.1	2.5	(2.6)
Energetik Tranche 3 (Phase 2)	0.0	12.4	6.2	(6.2)
Total Capital Expenditure	**1.6**	17.5	8.7	(8.8)
Financed by				
Tranche 1 loans	0	2.6	0	(2.6)
Tranche 2 loans	1.6	2.5	2.5	0.0
Tranche 3 loans (HNIP2)	0	11.9	6.2	(5.7)
Tranche 3 loans (MEEF/PWLB)	0.0	0.5	0.0	(0.5)
Total Financing	**1.6**	**17.5**	**8.7**	**(8.7)**

28. During the period 1 April 2023 to Period 6, a loan of £1.6m was drawn down to finance capital spend relating to works being undertaken at the Meridian Water Energy Centre , the Meridian Water One Development and to extend pipework west to the Joyce and Snells development.

29. To date capital works have been centred around the development of the Meridian Water Energy Centre, which is anticipated to be completed imminently. Capital works have commenced on the Phase 2 construction of the heat network, with pipe work being installed from the Meridian Water Energy Centre north towards Edmonton Green, which will connect to the Ponders End heat network before continuing north/west.

30. Connection of the Electric Quarter development to the Alma Road development was funded as part of the Tranche 2 loan, and this is complete. The works to take the pipeline north are anticipated to be financed from the Tranche 3 HNIP2 loan under an Interim Loan On-Lending Agreement (KD5646).

31. Energetik forecast capital loan drawdowns of £8.7m in the year 2023/24, compared to a budgeted draw down of £17.6m at 2023/24 budget setting.

32. The significant change in the estimated drawdown is due to programme revisions in light of regulatory and economic conditions (rising interest rates; high inflation; high construction costs, changes to fire regulations) that have affected the Council's and private sector developments that, in 2021, were anticipated to be further ahead than they currently are. Programme changes at these developments has had a knock-on effect on new homes connecting to Energetik's heat network. A delay in connections means connection fee income, and subsequent revenue income from heat sales is delayed. Consequently, there is less revenue available to meet operating costs whilst servicing capital loans that are required to develop other parts of the heat network.

33. Energetik review the affordability and viability of each line prior to entering into contract. The Shareholder has asked Energetik not to enter into any new major contracts until the refreshed business plan is brought to Cabinet.

Revenue Finance

34. Energetik purchases a number of services from the Council under Service Level Agreements. These cover accommodation, accountancy, procurement, and exchequer services. The cost of these services in 2022/23 was £59k.

Overview of Company Performance

Business Plan Update

35. Cabinet last reviewed Energetik's financial business model in June 2021 when it approved the Tranche 3 funding to extend the heat network along the "green" and "yellow" lines. Since then, there has been significant global challenges which has resulted in a combination of increases to energy prices, construction costs & interest rates. In addition, there have been changes and delays to the phasing of housing developments. Cumulatively, all of these factors have had a significant impact on the company's financial business

model. The business plan is currently being updated and will be reported to members later in the financial year.

Connections update

36. As at 31st August 2023, there were 865 total connections to the heat network. This is unchanged from 31st March 2023, but is 25% down on Energetik's budget which was based on the Council's delivery plan for developments made in Q4 2022/23. The forecasted connections at 31st March 2024 is expected to be 1,506. This new forecast is 19% lower than the 2021 original forecast for this point of 1,870.

Financial Performance

Financial Accounts 2022/23 Update

37. The audit has almost concluded and has not found any issues that may lead to a qualification of the accounts. It is anticipated that the audited accounts are to be published by December 2023.

38. Draft financial results from the draft accounts are detailed in Tables 3 and 4.

Table 3: 2022/23 Unsigned Profit and Loss

(£m)	2022/23	2021/22	Change	Change as %
Total Turnover	2,940	2,965	(25)	-0.8%
Gross Profit	2,044	2,604	(560)	-21.5%
Operating Profit/ (Loss)	1,010	1,289	(279)	-21.6%
Net Profit/ (Loss)	380	108	272	251.9%

Table 4: 2022/23 Unsigned balance sheet

(£m)	2022/23	2021/22	Change	Change as %
Total Fixed Assets	45,768	30,454	15,314	50.3%
Current Assets	7,519	12,340	(4,821)	-39.1%
Current Liabilities	(1,914)	(10,925)	9,011	-82.5%
Total Assets Total Assets less Current Liabilities	51,373	31,869	19,504	61.2%
Net Assets	15,602	15,222	380	2.5%
Call-up Share Capital	17,750	17,750	0	0.0%
Retained Earnings	(2,148)	(2,528)	380	15.0%

39. The unsigned profit and loss account and balance sheet show:

- While total turnover was relatively stable year on year, the revenue from heat and electricity sales increased by £350k 43%, with connection fee income reducing by £375k 17%;
- Gross profit reduced by 21.5% as cost of sales increased year on year (YoY) by 148%. This was caused by the unprecedented turmoil in the energy markets, with gas costs increasing by 321% and electricity costs by 93% Combined these increases totalled £541k and was only partially recovered in higher heat and electricity revenues.
- Operating profit fell by 21.6% YoY, due to the impact of increasing cost of sales offset by a reduction in administrative expenses.
- Net profit before tax at £30k, was down £622k YOY as net interest costs increased by £343k 54%, reflecting further loans taken in the year to finance the capital programme. Net profit after tax of £380k increased YOY as a reduction to the deferred tax provision added £350k to profit.
- Total fixed assets increased by 50% YoY upon realisation of new capital assets being constructed.
- Overall net assets of Energetik increased by 3% YoY. Total growth in the Energetik's total assets was offset by an increase in long-term creditors (in recognition of new capital loans raised from the Council, a YoY change of 129%);
- Energetik's share capital remained unchanged whilst the deficit in retained earnings reserve was reduced by 15% YoY, by the in year profit after tax.

Current Year Financial Update

40. Refer to Part 2 of the report.

Risks and opportunities

41. Listed below are key risks identified by Council and Energetik and are under review.

42. **Funding conditions:** The grant and loan offered by HNIP for Tranche 3 was on the basis of the scope assessed at the time. The Council will need HNIP agreement to vary the scope and maintain the cost at the original level. **Mitigation:** Alongside Energetik, engage HNIP's advisors about grant reprofiling.

43. **Development fluidity**: Both private projects and projects led by the Council are fluctuating in delivery commitments and/or timescales, continually impacting the company's projected cash flow and therefore the Council's risk exposure.

44. Delaying capital spend increases grant funder risk as we go beyond backstop dates, and also increases inflation on core build costs, reducing what can be delivered with grant funding.
    Mitigation: continue to monitor through the Interdependency Board and encourage Energetik to secure major connections to existing institutions and/or other heat networks. It should be noted however that for Energetik to

secure such major connections to existing buildings/heat networks, that additional funding would be required to extend its network and connect.

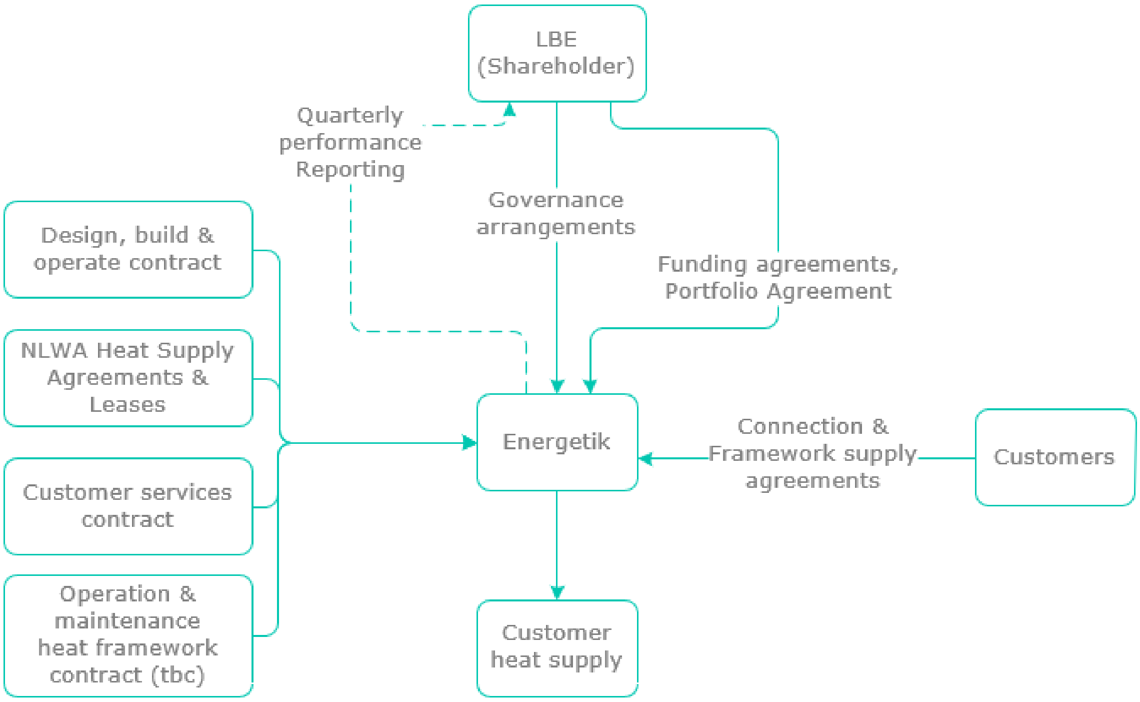
45. **Future growth:** Energetik cannot expand without further investment but making full use of the waste heat from the incinerator requires Energetik to grow. Expansion requires additional up front capital investment.
46. **Mitigation:** Explore further central Government funding opportunities to enable Energetik to continue to grow

47. **Regulation**: Government is bringing in industry regulation for heat networks in late 2023/early 2024, with secondary legislation being introduced over the next two years. Part of the regulation will be to develop heat network zones, obliging heat networks to be built out within zones and mandating certain buildings to connect (new development, large heat consumers in existing buildings etc). This will create an obligation for many buildings to connect to Energetik's heat network over time.
    Mitigation: Enfield, via Energetik, is currently participating in a regulatory Heat Network Zoning pilot project, and will have a significant head start when regulation comes into force, building on the work currently being undertaken.

48. **Construction cost:** aggravated by construction being deliberately slowed to match the delayed delivery of developments.
49. **Mitigation:** enter into contracts sooner where permissible to lock into prices.

Governance

50. Energetik reports to the Council via various formal channels:
    - Quarterly performance reporting
    - 'Client' meetings with Council directors
    - Interdependency board meetings
51. The diagram below outlines the corporate structure of Energetik and identifies the high-level governance and commercial arrangements that have been in place. Energetik is set up as the delivery vehicle. The current arrangement is based on Council led governance reviews to determine the most appropriate structure:



52. **Management structure:** The Board of Directors currently comprises five Directors made up of one Councillor Director, two Non-Executive Directors (NED) from the district heating industry and two executive directors. The Managing Director and the Technical Director (executive) are experienced directors in the delivery and operation of complex heat networks and infrastructure projects of this nature.
53. The day to day business is run by a small but highly experienced in-house management team, which has more than 100 years combined operational, financial and technical expertise in the district and community heating industry, in both the UK and Europe.

Housing Gateway Limited (HGL)

Executive Summary - HGL

54. In February 2014 Cabinet agreed to establish a wholly owned local authority company to acquire and manage properties in the private rented sector, to be used by the Council to discharge its statutory homelessness duties. This was in response to the £3.3m budget pressure facing temporary accommodation in 2014/15, which was predicted to rise to up to £7.8 million if no action was taken.

55. The local authority company – Housing Gateway Limited (HGL) was established in March 2014 and is responsible for the identification of properties; property acquisition; undertaking any necessary renovation to bring the properties up to the required lettings standard and ongoing property management.

56. As at 31 March 2022, the Council has avoided costs of £13.3m in temporary accommodation costs and a further £1.5m is expected in the current financial year.

57. HGL's property acquisitions are financed through loans raised via Enfield Council, as well as grants secured from the Government and the GLA. HGL services the loans annually. HGL had an opening debt balance of £126.8m on 1st April 2023 and is projected to have a loan balance of £120.1m at 31 March 2024 and assumes no further loans drawn. The underlying book value of the fixed assets totalled £157m at the end of 2022/23.

58. The Council has financed the HGL loans through the Public Works Loan Board (PWLB) and onward lent the loan. The Council had an opening debt balance of £109.3m on 1st April 2023. The Council is projected to have a loan balance of £107.9m for specific HGL-related loans at 31 March 2024. The Council has also lent £10.7m to HGL from the overall PWLB loan pool.

59. HGL has made a financial profit in the last two financial years and is forecasted to make a profit in the current financial year. HGL continues to remain solvent.

60. HGL's loan portfolio will be reviewed, with the aim to refinancing loan terms to suit both party's needs. This includes reviewing HGL's internally borrowed position and the impact on a potential dividend to the Council.

61. Following discussions with the Council, HGL are evaluating the implications of increasing existing tenants' rents to market rent from April 2024. The proposal is to issue new tenancies after April 2024 ,at market rent, where the new rent is affordable for the tenant, assuming the Council's affordability criteria can be met

62. HGL has historically let all properties at rents no greater than Local Housing Allowance(LHA). HGL will continue to assist residents who cannot readily access private rented (PRS) accommodation by not requiring credit checks, deposit or rent in advance. However, in order to provide a PRS offer in line

with the private rented market as a whole, creating fairness and responding to the current changes in the market, HGL's rents will be increased to market rent from April 2024.

63. It should be noted that if LHA rates had risen in line with the rents in the private sector, tenants in receipt of benefits would be entitled to benefits equal to the full market rent. HGL's product remains sub-market for purposes of subsidy control as there is not a requirement for a credit check, rent in advance, or a deposit

Background

64. Formed in 2014, Housing Gateway Limited (HGL) is a wholly owned Enfield Council company. Its founding purpose was to assist the Council to manage its Temporary Accommodation challenges. HGL offers assured shorthold tenancies against which the Council can discharge its homelessness duties. Since Housing Gateway's inception, it has built up a portfolio of 632 homes and a strong balance sheet. It has provided a quality housing solution for families who would otherwise be placed in temporary accommodation and hopes to continue expanding to support the Council's aims, to eradicate the use of temporary accommodation, and prevent homelessness[1].

65. HGL's strategic objectives are as follows:

a) Deliver demonstrably good quality housing for residents ensuring the portfolio meets decency standards and aligns with the Shareholders decarbonisation strategy.

b) Maximise the financial return to the Shareholder, contributing to the alleviation of the Council's financial pressures arising from the shortfall in the provision of temporary accommodation, whilst balancing the needs of our residents and condition of housing stock.

c) Develop Enfield Let, an innovative ethical lettings agency, collaborating with the Council to complete a stock transfer of Temporary Accommodation.

d) Review HGL's operating model to ensure that residents in the most need are prioritised and the number of residents who benefit from HGL's stable, affordable accommodation, are maximised.

e) Promote the company's governance processes ensuring recruitment and training of key posts.

f) Support the Council's need for specialist accommodation by developing innovative housing solutions.

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[1] www.enfield.gov.uk/housinggateway

Overview of Council Investment

Capital Programme

66. HGL's capital budget was approved by Council on 23rd February 2023, as part of the Council's capital programme (KD5502).

67. Actual capital spend is undertaken by HGL and is funded by the Council via repayable loans or GLA/Government grants that are passported on, via the Council.

Table 5: HGL's capital programme and financing

	Loan drawdown Period 6 2023/24 £m	Approved Budget 2023/24 £m	Year end forecast £m	Variance £m
Housing Gateway Ltd	0.0	2.2	4.2	2.0
Housing Gateway Ltd (subject to Cabinet second level approval)	0.0	9.0	6.0	(3.0)
Total Capital Expenditure	0.0	11.2	10.2	(1.0)
Financed by:				
Grant	0	0	2.0	2.0
Borrowing	0	11.2	8.2	(3.0)
Total Financing	0.0	11.2	10.2	(1.0)

68. There have been no loan drawdowns as at 30 September, as HGL has been minimising their debt exposure by planning to use existing cash to temporarily fund capital purchases. The year end forecast is based on a drawdown of £10.2m, financed by a new LAHF grant award of £2m and Enfield Council loans. In response to the challenges faced by the Council in temporary accommodation, it is anticipated that this will result in the following capital works and acquisitions:

    - In line with budget HGL anticipates 50 purchases between Oct 23 – Mar 24. Following the Council's agreement for HGL to use its equity differently in June 23 has mobilised the Acquisitions team to secure a healthy pipeline of 31 properties with offers accepted.

    - HGL will also be conducting major works at Brickfield and Greenway House – Revenue £2.4m, capital £3.7m.

Overview of Company Performance

69. **Business Plan Update:** The Council last reviewed HGL's/ financial business plan in depth in March 2021 (KD5277). The business plan covered the period 2021 to 2024. The plan set out key strategic target for the core portfolio is to expand by 300 properties by March 2024. The business plan is currently being updated to reflect its new business model including the management of temporary accommodation and will be reported to Cabinet and Council on completion.

70. **Financial accounts 2022/23:** The external audit of the 2022/23 financial accounts has been completed and the accounts were signed off at the HGL Board meeting on 26th September 2023. Key financial results from the draft accounts are detailed in Tables 7 and 8.

Table 6: Audited profit and loss account

(£m)	2022/23	2021/22	Change	Change as %
Total Turnover	12.97	11.14	1.84	16.5%
Gross Profit	9.08	8.53	0.55	6.4%
Operating Profit & Loss	5.14	0.69	4.45	642.9%
Net Profit & Loss	1.99	2.49	(0.50)	-20.0%

Table 7: Audited balance sheet

(£m)	2022/23	2021/22	Change	Change as %
Total Fixed Assets	156.74	147.16	9.58	6.5%
Current Assets	4.34	10.60	(6.26)	-59.0%
Current Liabilities	(17.36)	(18.06)	0.71	-3.9%
Total Assets	143.72	139.70	4.03	2.9%
Net Assets	12.11	10.11	1.99	19.7%
Callup Share Capital	5.00	5.00	(0.00)	0.0%
Retained Earnings	7.11	5.11	1.99	39.0%

71. The audited profit and loss account and balance sheet show:

- Turnover increasing by 17% year on year (YoY) due to the purchase of 37 properties and a full year impact of the 49 purchased in 2021/22.
- Gross profit increased by 6.5% YoY, as a result of increased property purchases versus new let properties
- Operational profit significantly increased by 643% YoY due to a sizeable reduction in administrative expenses (47%) driven by a large increase in accrued cost in 2021/22 for the major repairs work identified at Greenway and Brickfield House.
- Year on year net profit fell by 20% as 2022 had a significant revaluation on investment properties of £5.7m versus £0.5m in 2023. This large valuation

increase outstripped the large major works identified at Greenway and Brickfield House.

- Total fixed assets increased by 7% YoY upon realisation of new capital assets being acquired.
- Overall net assets of HGL increased by 19% YoY.
- HGL's share capital remained unchanged whilst the retained earnings reserve increased by 39% YoY to reflect in the year profit.

Financial Performance:

72. Refer to Part 2 of the report.

Other activity at Period 6

73. Following the Council's agreement for HGL to use more equity per purchase in June 23, HGL has quickly mobilised the acquisitions team to secure a healthy pipeline of 31 properties with offers accepted.

74. HGL successfully bid for and secured £2m grant funding from DULAC to deliver 10 properties (Afghan refugee and TA accommodation.)

75. HGL has also procured main contractors and a professional team to deliver major works at Brickfield House. Additionally, HGL has aligned with the Council's stock condition survey to provide data which will form a capital works strategy.

76. Additionally, the Finance Team have procured new accounting software to streamline processes and are currently implementing and evaluating the system prior to it going live.

Key risks identified

77. If property values substantially reduced, the company's asset base and balance sheet would reduce, and HGL may not be able to raise sufficient cash to repay its Council debt should the Council seek to dispose of its HGL Loan portfolio.

78. Rising interest rates will make new debt (to fund acquisitions) more expensive and reduce future profits and dividend opportunities. Current debt remains fixed at relative low interest rates.

Governance

79. HGL has a board of Directors who report to the sole shareholder, Enfield Council. The Chair of the HGL board is a Council appointed Councillor, Cllr Sabri Ozaydin.

80. In addition, HGL has two committees; Finance and Investment, which govern the company's financial and investment decisions. The operational business

is reported on the board of Directors via regular board meetings and the Shareholder via a quarterly report.

Enfield Let

Executive Summary

81. Established in 2020, Enfield Let is a division of Housing Gateway Limited (HGL). Enfield Let's financial affairs are consolidated within HGL's finances but are shown here, separately, for transparency. Enfield Let deals with letting accommodation to Borough residents and works collaboratively with the Enfield Council to tackle temporary accommodation.

82. Enfield Let's operation continues to remain in an infancy stage in comparison to other Enfield Council companies. This is reflected in the number of properties it has.

Background

83. Enfield Let is a division of Housing Gateway Limited (HGL). It was established in 2020 by the Council to help tackle social injustice in the private rental sector, assisting those who would otherwise struggle to access private housing and ensuring residents are not discriminated against because of their financial status. By providing an effective and affordable early intervention option Enfield Let aims to divert residents from presenting as homeless. This in turn will provide significant savings to the temporary accommodation budget by avoiding expensive nightly paid accommodation costs. Enfield Let aims to ensure quality and standards in the marketplace, building on the existing market offer with a secure and supported nature. Enfield Let is an ethical lettings agency ensuring the usual barriers to letting are removed.

Overview of Company Performance

Financial Performance

84. Refer to Part 2 of the report

Other activity at Period 6:

85. The Council have opted to deliver the temporary accommodation stock transfer via Enfield Let, Housing Gateway's ethical letting agency. Enfield Let have been collaborating with the Council to assist in the delivery of this project. This has involved the procurement of a new IT system, new processes & procedures, legal documents, and financial modelling. Resources have been focused to assist with the delivery of the TA stock transfer as a priority.

86. **Governance:** Enfield Let is the ethical lettings division of HGL, therefore subject to the same governance processes as HGL.

Montagu 406 Regeneration LLP (Joint Venture)

Executive Summary - Montagu

87. Established in 2018 with the Council participating in a 50:50 joint venture with Henry Boot Developments Ltd ('HBD') via an LLP to redevelop the Montagu industrial estate for the regeneration benefits, as well as increasing the quality and value of the site. Phase 1 of the scheme is complete, and most units let.

88. Spend for 2023/24 is anticipated to be £300k split between Capital and Revenue.

89. Income in the budget for 2023/24 is £300k. The Council is currently reviewing its strategy for Montagu in partnership with HBD.

Background

90. Established in 2018 with the Council participating in a 50:50 joint venture with Henry Boot Developments Ltd ('HBD') via an LLP. The objective is to redevelop the Montagu industrial estate for the regeneration benefits, as well as increasing the quality and value of the site. Phase 1 of the scheme is complete, and most units let.

Capital Programme

91. As part of the development of the 2024/25 capital strategy the capital budget of £49.8m has been moved to the pipeline, this means that further capital expenditure will be subject to the refresh of the joint venture financial model and business plan. £150k revenue funding was approved to cover the professional fees (Legal, consultancy and valuation) associated with the current review.

Revenue Finance

92. £150k of spend is anticipated during 2023/24 (P5 forecast) in relation to Legal fees for new lettings and property management consultancy fees.

93. The MRP charge forecasted for FY23/24 is £67k, excluding MRP charge on the £150k capital spend anticipated this year. MRP relates to capital expenditure incurred in years 2016/17 to 2022/23 with respect to land and building acquisitions.

Overview of Company Performance

Business performance:

94. Refer to Part 2 of the report.

Governance

95. The Montagu 406 LLP Board meets on a Quarterly basis with 2 Board Members from HBD and 2 Board Members from the Council. This Board takes all major and strategic decisions.

96. Nick Denny (Director of Property) and Cllr Boztas are the Councils Elected members of the LLP Board.

97. Montagu Operational Board meetings take place on a monthly basis and makes all decisions of an operational nature and implements LLP Board decisions.

98. The Council has a Financial Governance Monthly Call with HBD to discuss any Management Accounts issues which include Forecasting and Budgeting.

99. Further Internal Governance is provided via reporting on the Montagu LLP to the Property Board and risks are also reported to the Assurance Board.

100. A Risk Register is also updated every Quarter.

Meridian Water Estate Management Company (MWEMC)

Background:

101. Cabinet approved the formation of the Meridian Water Estate Management Company Limited (MWEMC) on 8th December 2021 (KD 5309) to comply with the terms of the Development Agreement with Vistry/Countryside Partnerships and the company was incorporated 31st March 2022 (company registration 14014705).

102. The primary purpose of the company is to set up a framework for the procurement and provision of services to residents of Meridian 1 and 2 and future phases. Services include highway and grounds maintenance, waste, and utilities.

103. These services would be provided by external contractors with some from the Council, to private as well as HRA tenants with MWEMC co-ordinating the provision of these services, collection of service charges, establishing sinking funds and managing payments to the Council and contractors.

Capital Programme:

104. There is no impact on the capital programme as the responsibilities of MWEMC will be the provision of services funded from revenue resources.

Revenue Finance:

105. It was originally envisaged that the costs of setting up and running MWEMC would initially be funded by the Council, through providing a working capital loan.

106. MWEMC would then repay this loan, with interest (to comply with Subsidy Control rules), to the Council, using surpluses accumulated in the performance of its function as service charge provider and collection agent on behalf of the Council.

107. To comply with the Council's Treasury Management Strategy Statement (details below) such a working capital loan can only be extended once a satisfactory business plan has been submitted which demonstrates that MWEMC is viable and capable of repaying the loan with interest within a reasonable time horizon.

108. After set-up costs, it is expected MWEMC will now no longer require financial support from the Council ,as service charge income should be sufficient to support MWEMC in the medium term.

109. Set up and running costs estimated at £60k in 2023/24 and £30k 2024/25 will have to be contained within existing Council revenue budgets as these costs are not eligible for billing to residents through MWEMC.

110. A working capital facility is now not expected to be required, as it is envisaged MWEMC will become self-funding in the medium term.

Business performance:

111. MWEMC, which is incorporated by Guarantee (Council's liability is £1), is required to file accounts to 31st March 2023 with Companies House by 31st December 2023.

112. Although there was no activity during 2022/23, handovers of units started in September 2023.

Key risks identified:

113. The main risk to the Council, is the cost of running MWEMC until it becomes operational and able to fund its own operations. These costs will not be recoverable, as they are not eligible to be charged to residents in the form of service charges.

114. Another risk is the development of service charge billing mechanisms, which are compliant with HM Revenue & Customs rules. Given the mix of supplies and the role of MWEMC as collection agent and supplier of services, care is required to ensure the correct rates of VAT are applied by the entities involved.

115. This will include the Council as Principal and MWEMC as an agent, where services originate from the Council and Service Level Agreements, are in existence.

Governance

116. The Meridian Water Estate Management Governance Board is responsible for oversight of all MWEMC activities. A review of the terms of reference is in progress and will be reported to the Council through this Board.

Preferred Option and Reasons For Preferred Option

117. This report is reporting on performance to date in the current financial year, and there is option analysis for consideration.

Relevance to Council Plans and Strategies

118. Energetik: in line with Enfield Council's Vision to make Enfield a better place to live and work, delivering fairness to all, growth, sustainability, and

strong communities, Energetik provides the Council with the opportunity to reduce carbon emissions as properties and businesses connect over time.

119. Energetik shares the Council's values and principles and is working to improve Enfield for the long term. The company's activities play a key role in creating good homes in well-connected neighbourhoods and supports the borough's ambitious regeneration and housebuilding programme through its provision of an environmentally friendly heat source.

120. HGL (including Enfield Let): Good Homes in Well Connected Neighbourhoods. An opportunity for us to develop homes and neighbourhoods for people on different incomes, which help people of all ages live healthier and more environmentally sustainable lives.

121. Montagu: The redevelopment of Montagu Industrial Estate will generate employment, encourage economic growth and provide improved industrial accommodation thereby sustaining strong local communities and with improved working conditions in new accommodation, a more-healthy workforce.

122. The Meridian Water Estate Management and Place-keeping Framework supports the delivery of the following Council Plan priorities:

- Enfield Council Plan 2020-2022
- Enfield Council Commercial Framework 2018
- Enfield Council Economic Development Framework 2021
- Enfield Council Green & Blue Framework 2021
- Meridian Water Employment Framework 2020
- Meridian Water Environmental Sustainability Strategy 2020
- Meridian Water Reserved Matters Application for Phase 1a and Outline Planning Permissions for Phase 1 and Phase 2

123. The Estate Management and Placekeeping Framework supports the Meridian Water Employment Strategy, generating the need for employment on site, as well as offering the opportunity to deliver on wider objectives within the Meridian Water Environmental Sustainability Strategy such as increasing resident recycling rates, promoting the circular economy, and reducing operational carbon emissions.

Financial Implications

124. Financial implications are citied throughout the report. In general, loans advanced to Enfield Companies are accounted for in two ways. Firstly, interest and capital repaid to the Council's Lender(s). Interest is then charged to the Corporate Debt Management Budget. Capital repayments reduce the Councils debt liability on its balance sheet and reduces cash balances. And secondly, interest collected from Companies is recorded as interest income, which is used to offset the Council's debt costs. All interest is recognised in the Comprehensive Income & Expenditure Statement and in the respective accounting period. Company loans are recorded as long-term debtors on the

Council's balance sheet and capital repayments received from Companies are used to reduce the long-term debtor.

125. Loan capital payments received from Companies are regarded as equivalent to the Minimum Revenue Provision (MRP) charge, in accordance with current capital finance regulations. Current MRP Regulations allow for loan repayments received from Council companies to be treated as the equivalent MRP charge for the respective year. Therefore, the Council is not required to set aside any MRP to cover the loan.

126. In the event of an Enfield Council Company being unable to make a scheduled loan repayment in the relevant financial year, the impact would firstly be a higher Council overall debt interest charge, resulting in an overspend against budget, creating a revenue pressure. Secondly a cashflow risk resulting in the Council's Treasury Management Team having to cover the incoming payment by borrowing from the capital markets, a cost that is not reflected in the loan rate. And thirdly the Council would be required to make an MRP charge to cover the loan repayment, creating an additional revenue pressure.

127. Energetik- The Council will be funding the working capital facility of £3.5m from General Fund Balances, as the facility is required to support operational costs and cannot be financed from debt. There will be an accounting charge of up to £0.5m to comply with the IFRS 9 and determine an accounting adjustment 'expected credit loss' for 2023/24. The charge will impact the General Fund balances in 2023/24. For clarity, the Council's central estimate is that all loans will be repaid in full.

128. HGL- The Council makes MRP payment on the HGL equity as this was financed by Council borrowing. No MRP is paid on the Energetik equity investment as the investment was financed by a Central Government grant.

129. With respect to Montagu, the MRP charge forecasted for FY23/24 is £67k, excluding MRP charge on the £150k capital spend anticipated this year, which is currently forecast to be funded by Capital receipts.

Legal Implications

130. The Council has the power under Section 1(1) of the Localism Act 2011 to do anything which individuals generally may do provided it is not prohibited by legislation and subject to public law principles. Further statutory powers exist for the Council to establish and invest in its companies, and Section 1 of the Local Government Act 2003 permits the Council to borrow and lend (subject to complying with the Prudential Code for Finance in Local Authorities). When taking decisions to invest in the companies, the Council must have proper regard to its fiduciary duty to act prudently with public monies.

131. In its dealings with the companies, the Council must be mindful of its different roles – for example, shareholder, lender, commissioner - and understand the parameters and responsibilities of each. When taking actions

as shareholder, it must comply with the relevant provisions of the Companies Act 2006.

132. When supporting the companies, the Council must also ensure compliance with the Subsidy Control Act 2022 and should seek legal and financial advice on a regular basis.

Equalities Implications

133. There are no direct equalities implications as the report is primarily about reporting on performance of each Council company and Council, as the Shareholder. Direct equalities implications as relevant are detailed in respective individual Company reports .

Environmental and Climate Change Implications

134. There are no direct environment and climate change implications as the matter is primarily about reporting on performance of each council Company and Council, as Shareholder, exposure. Direct environment and climate change implications are detailed in respective Council reports.

Property Implications

135. There are no direct property implications as the matter is primarily about reporting on performance of each council Company and Council, as Shareholder, exposure. Property implications are detailed in respective Council reports.

Report Author: Nadeem Akhtar
Finance Manager

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London Borough of Enfield

Report Title	**Quarterly Revenue Monitoring 2023/24 - Quarter 2**
Report to	Cabinet
Date of Meeting	15 November 2023
Cabinet Member	Cllr Leaver
Executive Director / Director	Fay Hammond – Executive Director, Resources Kevin Bartle – Finance Director, Corporate Finance
Report Author	Steve Muldoon - steve.muldoon@enfield.gov.uk
Ward(s) affected	All
Key Decision Number	Non-key
Classification	Part 1 Public
Reason for exemption	N/A

Purpose of Report

1. The report sets out the Council's revenue forecast position compared to the budget for 2023/24, based on the position at the end of August 2023. It also provides an update on progress against the budgeted savings planned for 2023/24, collection fund performance, the Dedicated Schools Grant forecast and impact on earmarked reserves balances.

Recommendations

2. Cabinet is requested to note the following:

   a. The forecast adverse variance of £27.452m reported in respect of financial year 2023/24, after additional in-year savings and mitigations have been found of £8.461m. This is stated excluding further potential risks of up to £5.512m and £0.650m in opportunities.

b. Progress on savings set in the original 2023/24 budget as laid out in Appendices B and C, with a projected shortfall in delivery in-year of £2.871m

c. The impact of the forecast on the reserves balances as set out in paragraphs 123-129/Table 5 and the consequences this has for longer-term financial resilience

d. The forecast in-year overspend on the Dedicated Schools Grant of £2.623m, leading to a projected cumulative deficit of £17.859m

Background and Options

3. On 23 February 2023, the 2023/24 budget was set by full Council. Savings of £12.782m and income generation plans of £2.974m were agreed for the coming year. In addition to this, £45.956m of growth was included to reflect the demographic, inflationary, investment and capital financing needs of the council.

4. 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 rates income, as well as to a limited extent fees and charges and reserves drawdowns. Note that the agreed original budget included £3m contingency for unforeseen inflationary and demographic pressures.

5. The council, as is the case at many other councils, is in a very challenging financial position for 2023/24. In recent weeks, a number of councils have been reported in the local government press as expressing concerns about their financial position, with one additional council issuing a section 114 notice. It may be viewed now that any impacts that arose during the period of the Covid-19 pandemic have now tailed off or embedded themselves in the ongoing social and economic context, and are now overtaken by the cost of living crisis. This is manifesting as a major pressure on the council in the form of an increased cost of temporary accommodation, elevated levels of cost inflation not matched by government grant levels and ongoing growth in social care demand pressures. There is therefore a significant challenge in the current year to manage and mitigate all of these pressures.

6. The overspend forecast for 2023/24 will need to be funded from reserves to the extent not mitigated. The purpose of risk or smoothing reserves is to support budget management and provide resilience in the event of unforeseen risks, financial pressures and shocks materialising, however the level of reserves (excluding HRA) held by the council will have reduced by circa £77m over the last two years. This is a concern that the council needs to urgently address in the medium term financial plan and permanent recurring savings in service and operating costs, together with increases in income generation and taxation, need to be found in order to safeguard the financial sustainability of the council. Since 2010 core council funding has reduced by £81m, compounded by delays in the fair funding review, while increasing cost pressures have been offset with over £228m of savings, thereby making this an extremely challenging position.

7. This report is set out as follows:

i. 2023/24 Revenue Forecast – executive summary and overview
ii. 2023/24 Revenue Forecast – variance commentary by Department
iii. Collection fund for council tax and business rates
iv. Update on 2023/24 savings to be delivered
v. Dedicated schools grant forecast
vi. Forecast reserve balances

Relevance to Council Plans and Strategies

8. This is a critical report for updating both members and officers on the council's financial resilience, which is one of the five principles in the Council Plan framework.

9. The report may also bring to light how the council has used its limited resources to deliver the Council Plan priorities in the projection through to March 2024. These priorities are:

   a. Clean and green places
   b. Strong, healthy and safe communities
   c. Thriving children and young people
   d. More and better homes
   e. An economy that works for everyone

10. The budget for 2023/24 was set as part of the Medium Term Financial Strategy endorsed by Council in February 2023.

Financial Implications

Executive Summary – 2023/24 Revenue Forecast

11. The financial projection for 2023/24 has been identified as being equally, if not more, challenging than the previous year with the largest area of pressure arising from the continued growth in the cost of supporting households needing temporary accommodation. The overspend reported in the 2022/23 outturn of £21.186m (see item 11 of the Cabinet meeting held on 13 September 2023) included a significant proportion of ongoing pressures, some of which were addressed through growth added into the 2023/24 budget, but some of which continue and are now driving overspends in the current year.

12. Early on it was identified that the pressure from Temporary Accommodation alone was approaching a magnitude of circa £20m. In order to mitigate this, departments were tasked with identifying in-year mitigations and savings, over and above those budgeted for, and the task of not overspending their budgets, i.e. not allowing the situation to deteriorate further. A further measure taken has been for Executive Directors to review all proposed expenditure items in excess of £10,000 as they come forward for approval, in order to prevent any unnecessary significant spend from being committed. Work is ongoing to identify in-year savings opportunities,

undertake “deep dive” reviews into certain areas of council expenditure and assess areas of overspend in order to bring these back under control. In respect of the Temporary Accommodation variance itself, a task force has been set up to work through all the issues and find ways in which to bring down the variance arising by means of action to be taken through the year.

13. However, Temporary Accommodation (TA) is not the only service area which is facing significant pressure in trying to stay within budget. Overall, the forecast overspend for 2023/24 against the base £287m General Fund budget, after the application of £2.717m of reserves, is £27.452m – a £1.633m deterioration from Q1. Of this, the Temporary Accommodation service represents £17.145m, meaning a further net overspend of £10.307m across other parts of the council which in itself is a very significant overspend.

14. An overview of the variances by department is set out below, with further detail set out in **Appendix A**:

Table 1: Summary of 2023/24 Forecast Variances

Department	Net Budget £m	Forecast before use of reserves £m	Variance £m	Specific Reserves £m	Total Forecast Variance £m
People - Adult Social Care	97.935	97.419	(0.516)	(0.637)	(1.153)
People - Public Health	(4.971)	(4.971)	-	(500)	(500)
People – Children’s Services	52.655	56.338	3.683	(0.854)	2.829
People – Education	4.542	4.380	(0.162)	-	(0.162)
Environment & Communities	34.753	36.888	2.135	(0.879)	1.256
Housing	6.687	25.260	18.673	(0.090)	18.583
Resources	29.448	32.475	3.027	(0.855)	2.172
Chief Exec	10.652	10.877	0.225	0.046	0.271
Service Net Costs	**231.701**	**258.766**	**27.065**	**(3.769)**	**23.296**
Corporate Expenses	18.627	18.343	(0.284)	1.052	0.766
National Pay Award and Inflation	4.236	8.411	4.175	0.000	4.175
Capital Financing: Minimum Revenue Provision & Interest	28.585	30.800	2.215	0.000	2.215
Contingency	3.000	0.000	(3.000)	0.000	(3.000)
Bad Debt Provisions	0.791	0.791	0.000	0.000	0.000
Net Expenditure	**286.942**	**317.111**	**30.169**	**(2.717)**	**27.452**
Expenditure financed by:					
Business Rates	(111.567)	(111.567)	0.000	0.000	0.000
Council Tax	(149.144)	(149.144)	0.000	0.000	0.000
Other non-ring-fenced Government Grants	(26.231)	(26.231)	0.000	0.000	0.000
Total Financing	**(286.942)**	**(286.942)**	0.000	0.000	0.000
Budget Funding Shortfall	**-**	**30.169**	**30.169**	**(2.717)**	**27.452**

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

15. The key variances within the above forecast variance are highlighted in Table 2 below, with further commentary set out in the departmental commentaries later within this report. However, the key areas driving the

overspend are Housing (TA) £17.1m, higher pay award than provided for of £3.6m, Looked After Children £2.5m, a technical adjustment to reflect a stricter approach with costs attributed to capital £2.1m and property maintenance £1.3m. The key areas of overspend in the council are therefore significantly driven by higher levels of demographic/demand growth, contract inflation growth and wage growth than was anticipated when the budget was originally set.

16. As indicated above, departments have been focused on trying to identify ways to reduce the overspend in-year, whether through one-off monies or ongoing savings. Appendix A shows a memorandum note of how much has been identified in mitigations or savings in-year and which is embedded in the forecast shown – this therefore demonstrates that without this intervention and action by management the in-year forecast would have been worse by a further £8.461m.

17. It is important to note that, as set out in Appendix A, there is a further £5.512m of risks being flagged by departments which is not included in the above forecast variance. This relates to potential increases in costs or reductions in income which at this stage are not certain to happen, may be subject to decisions yet to be taken or the timing of an event is in doubt. Within this, the People department is recording £4.163m of risk, much of which is due to the forecast being based on its service areas being able to contain future demographic growth within current levels and forecast across the remainder of the year. A further £0.650m of opportunities are also flagged by departments, hence should all of these risks and opportunities materialise, the current forecast overspend of £27.452m would deteriorate by a further £4.862m to an adverse variance to budget of £32.314m.

18. Risk reserves held by the council are consequently reducing rapidly. The position at the end of March 2023 (excluding HRA, Schools, Insurance and General Fund reserves) was a balance of £83.6m, but as a consequence of the projected deficit, in-year mitigations being taken from reserves and planned reductions to smoothing reserves and redundancy reserves, this balance will reduce to £42.1m by March 2024. Should the net risks and opportunities flagged above also materialise, this would further reduce to £37.2m. With further pressure expected in 2024/25 it is clear that significant action needs to be taken to maintain the financial resilience of the council.

19. The Savings Tracker can be found in Appendix B (in overview) and Appendix C (in detail by Department by proposal). Of the overall target of £15.8m, £2.9m has been identified as either deferred to a later year (£2.2m) or unachievable (£0.7m).

20. The table below sets out the key variance drivers and themes affecting the outturn forecast for the year by department:

Table 2: Gross Variance and Key Themes

Department	Gross Variance (£m)	Key Themes
People – Adult Social Care & Public Health	(0.516)	a. Overall ASC (excluding Public Health) is forecasting a net underspend of £1.153m (£0.516m before reserves drawdown) towards wider People department pressures from one-off monies identified. b. ASC underlying overspends of circa £11m are principally from packages of care relating to Customer Pathway. Against budget plan, in care packages some 63% are OP/PD variances and 37% of variances are from LD. c. ASC pressures are offset by increased fees and charges income, improved shared care cost assumptions, grant maximisations, service efficiencies and a reserve drawdown of £0.637m. Some £4m of these offsets are expected to be one-off or reducing in nature and will be kept under review. d. PH is contributing an additional one-off £0.5m towards PH activities across the wider organisation.
People – Children's & Families	3.683	e. £2.5m overspend on Looked After Children, of which External Care Purchasing (£1.9m) is due to increased demand and delays to savings from children's homes; £0.3m on UASC/former UASC f. Disabled Children's service £0.6m overspend on client budgets due to increased demand g. £0.9m drawn from reserves to mitigate overspend
People - Education	(0.162)	h. A minor underspend but with risks relating to SEN staffing cost allocations(£0.867m). i. DSG is expected to overspend in the High Needs area, currently predicted to be £2.623m, leading to a cumulative DSG deficit of £17.859m.
Housing	18.673	j. £17.235m due to TA, of which £13.235m on cost of properties/hotels, HB subsidy loss over by £2.057m, £1.27m bad debt, £1.46m incentives, offset by £1m HSF and £2.2m Homelessness Prevention Grant. k. £1.438m due to NRPF properties where both the number of units and their cost has increased substantially.
Environment & Communities	2.135	l. Leisure, Parks & Culture £0.752 adverse, due to Millfield Complex and income shortfall on leisure centres m. Planning & Growth £1.188m gross adverse variance, £0.411m net after reserves drawn – due to declining planning application income, plus cost of planning appeals
Resources	3.027	n. Digital Services £0.6m overspend, mainly on contracts, Public Sector Network certification plus unachievable savings on CRM

Department	Gross Variance (£m)	Key Themes
		o. Property - £1.478m reactive and servicing R&M, plus £0.250m CCP overspend. p. £0.4m deferred saving on bringing the Bailiff Enforcement team in-house. q. £0.9m drawn from reserves re Financial Assessments team (£0.4m), Property (£0.4m) and Digital Services (£0.1m)
Chief Executive	0.225	r. Legal Service overspend of £0.4m – driven by the volume of caseloads for safeguarding and external fees, and loss of covid funding not fully offset s. Meridian Water is reporting a budgeted shortfall in rental income of £0.174m
Corporate	3.104	t. Pay awards anticipated to exceed provision by £3.6m u. Capital financing impact from MRP and interest £2.2m v. Offset by Corporate Contingency £3m released plus £0.9m lower concessionary fares w. Technical adjustment to reflect a stricter approach to capitalisation of costs £2.1m x. Pressure forecast in energy and business rate for Council buildings
Other points		y. Overall deficit forecast of £27.452m will need to be met from risk reserves, which will reduce to £42.072m z. There are further net risks not in the above forecast deficit of £4.862m, analysed in Appendix A and clarified in each Department's commentary. This is substantially dependent on the departments' ability to stem demand pressures. aa. 2023/24 MTFP savings target of £15.8m will fall short by £2.9m

2023/24 Revenue Forecast – Departmental Commentary

People – Departmental Overview

21. The People Department represents a significant proportion of the council's overall service expenditure with an aggregate net budget of some £150m out of the total £232m service budget. It comprises Adult Social Care, Public Health, Children's Social Care and Education.

22. As a whole, the department is projecting a gross overspend of £3.005m, before reserve drawdowns of £1.991m reduce this to a net overspend of £1.014m. In essence this is driven by Children & Families which is forecasting a net overspend of £2.829m, of which Looked After Children represents £2.458m, and the Joint Service for Disabled Children £0.630m. There are further potential risks of circa £1.4m for the directorate.

23. This is then mitigated by underspends currently forecast in the other directorates. Adults are forecasting an underspend of £1.153m after reserve drawdowns of £0.637m. However there is an underlying overspend within Customer Pathway of £0.727m as part of this. Public Health is indicating that it will be able to identify an additional £0.500m to invest in council services that meet the public health outcomes, but this is on a one-off basis. The Education directorate shows a small underspend of £0.162m but there is some risk that this may reverse as further work on cost allocations to the DSG is undertaken.

24. The overspend forecast of £1.014m is stated after identifying in-year mitigations of £3.063m. It should be noted however that a significant proportion of this mitigation is one-off in nature and so will not be available in 2024/25. It should also be noted that there are risks of £4.163m, largely due to the potential for further in-year demographic growth above that recognised in the forecast. The department is basing its forecast on the premise that it will be able to manage and contain demographic growth across the remainder of the year within this forecast, which will be highly challenging but an important contribution towards ensuring that the council's financial position does not deteriorate further.

People – Adult Social Care

25. As part of the medium-term financial planning process last year a gross additional investment was identified for Adult Social Care for 2023/24 of £16.168m consisting of 2022/23 unfunded pressures of £4.373m, care package inflation of £9.515m and Demography of £2.280m. This excludes any pressures from staff pay awards.

26. This additional investment has been funded by increases in the Social Care and other grants, together with an uplift in fees and charges income budgets. Overall, this funded the above pressures to the extent of £13.169m, of which £11.264m was from Government grant increases. In addition to this, the adult social care precept helped close the funding of the above pressures by £2.787m.

27. The directorate outturn is forecast to be £97.288m. This results in an overall favourable gross variance of £0.516m against the budget of £97.804m. Additionally there is a forecast drawdown of Adults reserves of £0.637m, which will be subject to relevant approvals. This gives an overall

favourable net underspend of £1.153m after use of reserves. This also reflects a virement of Community Support budgets into Adults during the year.

28. Though the service position is balanced, the situation is challenging and not without considerable risk but mitigating actions are in place and are under constant review regarding delivery. The additional in-year savings and mitigations to get to this favourable position will be subject to further review and monitoring. The underlying overspend in the directorate is estimated to be in the region of £11m. This has been offset in the forecast by an over-delivery on fees and charges income, improved assumptions on the allocation of shared care costs with health partners and an increase in grant income from various sources. The majority of these offsets are considered to be ongoing in nature, however up to £4m of this is one-off in 2023/24 or will reduce in 2024/25. These will be kept under review as the medium term financial planning process progresses to ensure that the anticipated impact on the council is up to date, fully understood and factored into future projections. The commentaries by service area below and the analysis in Appendix A focus on the net position and variances after these offsets.

29. The full year effect of new packages approved in 2022/23 (where new clients have come in part way through that year) is estimated at circa £4.1m but further work and review is needed to finalise the extent of the impact and where within the directorate this impact will be felt.

30. Customer Pathway (OP/PD and related internal care home and day care units) is showing a £0.089m overspend. This includes pressures for full year effects of last year's care packages, as well as specific plans to help meet the in-year saving targets. The overspend is after considerable management actions and mitigations and including a drawdown of £0.637m from reserves, with an underlying operational overspend of £0.726m. The forecast risks include the assumption that the service, through management actions, can manage any upward trend of in year demand for services. Joint package costs with health partners also pose a risk to ensure full reimbursement of health costs.

31. LD is showing an underspend of £0.243m reflecting a number of savings plans both specific and cross cutting. There is an underlying risk in LD that further family breakdowns occur in year or that mitigations are not possible and so the forecast could rise. Included in such risks is the possibility that income levels from health partners are curtailed outside the authority's control and rigorous engagement is ongoing in all assessments and panels to ensure full recovery of health costs which should be free at the point of use to clients.

32. Mental Health is reflecting an underspend of £0.216m in the full year. Underlying this is a small underspend of £0.051m on operational budgets, with the balance of the underspend arising from a number of savings plans and actions to be delivered in year. A key issue, and thus a risk, will be how much joint income will result from panels with the ICB for health costs.

33. Strategy and Resources includes commissioning, care equipment and related services, Transport and a portfolio of key contracts with the VCS sector which save and restrain spend and help manage demand on the front door. This service is reporting a £0.594m underspend due to specific

and general management actions and savings in year including £0.500m from use of a grant balance remaining.

34. Supporting People is projecting an underspend of £0.189m, similar to last year. This is due to additional unbudgeted income from partner organisations.

35. Adult Social Care has a savings programme of £4.955m this year. This is comprised of the original savings programme in the 2023/24 budget of £3.689m and additional to this the service is making a further contribution of £1.266m towards mitigating council pressures in-year. All but one item are on target or have alternative delivery. The only item currently anticipated as not on target relates to the Reardon Court extra care unit, where the ongoing building work will not complete in time to achieve savings this year, meaning the saving of £0.113m will be deferred. The full revenue saving from this new facility is projected to be £0.490m and the profile of savings delivery will therefore be recalculated.

36. The service overall presents a position which both balances and mitigates any in-year pressures, while also allowing for and contributing to the wider council requirement for in-year savings. These additional savings are derived from a combination of increased fees and charges, spend to save activity (e.g. nursing at Bridgewood) and capital/NCIL items that are still subject to review and deliverability.

37. There are a number of unquantified risks to be mindful of. Firstly, whether all of the savings, mitigations and management actions will be delivered to time and scale in order to deliver the projected outturn; there is always a risk that the trend in demand growth for care packages during the year varies from that built into forecasts; thirdly, the assumptions of any income / expenditure allocations between the council and third parties on joint work and packages may prove difficult to deliver to the anticipated levels. These risks are all difficult to quantify at this stage and so officers will monitor performance through the year to assess whether conditions are changing. The level of net risk against delivery of balance this year is estimated at £1.916m.

People – Public Health

38. The service is projecting a balanced position with respect to ring-fenced grant activity. Any ‘unders’ and ‘overs’ in the position are adjusted for as required by top-ups to or drawdowns from the ringfenced PH reserve. An additional £0.500m has been identified to invest in Council services that contribute towards Public Health outcomes, over and above £0.575m already reflected in budget through the MTFP process for 2023/24. This results in a total PH investment of £6.056m (£5.556m+£0.500m) for the year in public health activity in other service areas and directorates across the council.

39. The underlying operating forecast before reserve top-up indicates a balance to budget. This arises from an underspend on 0–19-year-olds of £0.337m (before any impact from Agenda for Change) and offset by an overspend of £0.297m from the main Core Services and Leadership and in commissioned services which includes Substance Misuse of £0.040. There

are several lease related issues in this area identified as a potential draw upon the reserve and a further substantial demand from the prior landlord; however it is not considered that LBE is liable for this demand of over £0.500m and so is excluded from both the forecast and risks.

40. The team also supports and delivers the activity for additional grants coming into Enfield of circa £1.000m and is actively bidding for further funding. These are all specific and fully-funded. The team also runs the supplementary grant for substance misuse and a rough sleepers grant. These are very focused grants with clear rules on spend and will not affect or contribute to the forecast (for example the supplementary grant for substance misuse is provided on the basis that we do not disinvest in treatment services using 2021 spend as benchmark). All grants are being reviewed for any savings or contributions to overheads and other costs where possible.

41. The Data and Intelligence Team is also managed in Public Health and is funded by the General Fund rather than any grants. It is currently underspending in the year to date due to a need to recruit to vacant posts, but may need to rely on agency staff and additional staff training to meet statutory requirements and so is currently forecast on budget at £0.585m.

42. The Agenda for Change impact will begin to be felt in this financial year as the cost impact from pay settlements in the NHS start to feed through into contracts and shared arrangements. Any adverse impacts from this will initially need to be managed through the use of the PH reserve. From 2024/25 the public health grant will have to absorb the full impact of inflation from this, despite it being expected to only go up by an indicative 1.3% next year. It is difficult to anticipate what the impact will be but with inflation currently remaining high and some NHS pay increases still to be agreed this poses a significant future risk. The estimated impact based on current rates (pending settlement and a new grade for nursing and possibly doctors) could be £0.5m - £0.6m per annum, from 2024/25. This could rapidly use up current reserves within the next 5-year planning cycle despite reserves being key to absorb variations and any unforeseen issues.

People - Children's Social Care

43. The Children and Family Services division forecast outturn is £55.484m and an overspend of £2.829m with the two largest variances being in external care purchasing for Looked After Children (£1.938m) and Joint Services for Disabled Children (£0.487m), both demand-led services. The position is exacerbated by deferred savings of £0.760m.

44. The **Children in Need** service is projecting an overspend of £0.085m mainly due to a vacancy factor of £0.256m in the Child Protection & Vulnerable Children service, which has largely been met.

45. The service continues to experience ongoing recruitment difficulties, and a high number of vacancies are filled by agency staff, particularly in the child protection teams. Agency staff will be replaced by recruiting through a bespoke microsite built by Sanctuary for Enfield. The cost of the recruitment

through Sanctuary is less than the additional costs of recruiting an agency worker for a year.

46. The **Looked After Children** service is projecting an overspend of £2.458m against a net budget of £30.071m with the biggest cost pressure being in external care purchasing. The service includes external care placements, leaving care and UASC (unaccompanied asylum-seeking children), reporting an overspend outlined below. The remaining £0.005m pressure comes from minor variances in other cost centres within the LAC service. The drivers of the issues and variances are as follows:

47. The budget for external care purchasing is projected to be overspent by £1.938m due to a higher than anticipated increase in demand, including several large sibling groups. Deferred savings, due to unexpected delays in sourcing suitable properties for the two in-house children’s homes, has put pressure on this year’s budget.

48. The agency fostering budget is experiencing higher demand and increased unit costs.

49. Similarly, the residential care budget is under pressure due to increased numbers of looked after children and complexity of needs. At the same time, average rates for new placements have increased by 25% due to market factors and a continued lack of supply.

50. Recruitment and retention of in-house foster carers continues to be a challenge. In addition, many children must be placed in residential care due to foster placements breakdown. An invest to save proposal is being developed to provide a wraparound support service for foster carers to prevent placement breakdown which includes early intervention through to intensive support.

51. Some anticipated moves into semi-independent accommodation have not taken place as soon as expected due to the needs of young people. The progress that children in care make is tracked and reviewed through a weekly placement panel.

52. There is an increased cost of mother and baby assessment placements due to the court now requesting siblings and fathers to join the residential assessments, which significantly increases the cost per assessment.

53. There is increased demand for secure welfare placements and for high-cost residential placements when stepping down from secure welfare.

54. Since the last report, the forecast for care purchasing has increased by £0.407m due to a significant increase in demand for residential, fostering and semi-independent placements. The reporting method has changed since Period 3, where reported variance included both current portfolio and estimated in-year growth. For this report, the net variance of £1.938m considers only the current client portfolio, assuming that the service will be able to manage and contain any further growth. In-year growth is therefore flagged up as risk of £1.085m and excluded from the reported variance.

55. The service undertakes regular reviews of the packages to ensure stepping down when appropriate.

56. Leaving Care is projected to overspend by £0.185m due to a combination of increased numbers and higher client costs. Housing benefit offsets the costs for most clients over 18, although some clients with more complex needs are not claiming the benefits they are entitled to. A monthly care leavers panel is in place to track and review support offered to care leavers including actions to help them access all their entitlements.

57. Stepping Stones provision for nine care leavers has been delayed due to the difficulties in sourcing suitable properties. The extension of the contract for semi-independent provision attracted a rate uplift, causing further pressure.

58. It is taking longer for care leavers who are bidding to be offered a tenancy due to housing shortages. Reviews are being undertaken via the leaving care panel and individually with the social work teams to ensure speedy transition to permanent tenancy.

59. UASC & former UASC budget is projected with an overspend of £0.330m. Of this, £0.170m is due to a realignment of budget last year to create a number of posts to deal with high caseloads and the anticipated increase in demand. Due to pressures in housing, it is taking longer for those eligible care leavers who were former UASCs to be offered their permanent tenancy, and a review of packages now projects an overspend of £0.160m.

60. **Young People and Community Safety** is reporting an underspend of £0.190m due to identified in-year saving opportunities to offset escalating pressures in other services.

61. **Joint Services for Disabled Children** is reporting an overspend of £0.630m with a £0.487m overspend in the client budget due to a significant increase in demand above estimated levels. This increase stems from existing and new clients as a result of the economic climate, an increased awareness of the service provision, and changes to eligibility criteria in light of case law being established. The reported variance of £0.487m considers existing clients' cost and therefore implies that any further pressure on the budget from new clients can be managed and contained within this forecast. Should this not be feasible, in-year growth of an estimated £0.295m could results, which is flagged up as risk only.

62. The service is also experiencing an unusually high number of children requiring expensive care packages, ten packages with an estimated cost of £0.746m, whilst the average over the last three years was only three cases per annum. However, this support has prevented children coming into local authority care and putting further pressure on the external care purchasing budget.

63. In addition, the staffing budget is £0.143m overspent due to a vacancy factor.

64. In addition to savings identified in Young People and Community Safety, an opportunity for one-off savings has been identified in several cost centres within **other services**, bringing these back to a broadly breakeven position in the process.

65. The situation is challenging and not without considerable risks and work to be achieved in delivery.

66. Robust processes are in place to regularly review packages of support to children in care, care leavers and disabled children. However, some children require very high levels of care to remain safely at home or prevent placement breakdown. In addition to the risk outlined in Appendix A, there might be further increase in cost for existing care packages if scheduled stepping down does not go ahead in-line with the current care plans or there is an escalation of need.

67. To deal with in-year pressures the division has put forward several one-off saving proposals amounting to £0.590m, based on utilising the reserves in community safety to fund eligible expenditure and available grant funding from the DfE to off-set arising pressures in line with the relevant grant's terms and conditions.

68. In addition, the capital programme for extensions to foster carers homes will be removed and save £0.033m on financing costs in 2023/24. The improvement to the MTFP in the longer term is greater, due to the removal of the assumed annual spend on this.

People - Education

69. Overall, the General Fund Education service is projecting an underspend of £0.162m. There are various small underspends and overspends across a number of areas, but the variance mainly stems from the expectation of the Governor Support service exceeding their income target by £0.069m (similar to last year) and Career Work Experience projecting a underspend against the budget of £0.074m.

70. There is also a risk in SEN staffing which is overspending by approximately £0.867m but currently assumed to be funded by the DSG. This is to be reviewed in due course.

Environment & Communities

71. The overall E&C variance to budget is £1.256m adverse – the main reasons for the variances are as follows:

72. The Environment & Street Scene directorate is reporting an adverse variance of £0.393m. This is due to a number of factors as follows:

Street Lighting energy costs are higher than budget by £243k as the actual procurement cost came in higher than the assumed budget uplift in the 2023/24 MTFP.

Waste Operation budget pressures of £0.931m, due to increased demand and the effect of behavioural changes following Covid – through various mitigating actions this has been revised down to £0.553m.

There is a Fleet budget pressure of £175k, which is mainly due to delays in the replacement programme, i.e., ageing vehicles requiring increased repairs and maintenance.

These pressures are mitigated by favourable variances through the NLWA commercial waste disposal rebate £0.100m and an underspend in regulatory services of £0.500m, bringing the net overspend for the division down to £0.393m.

73. The Planning and Growth directorate is reporting an adverse variance of £0.411m, which is due to declining planning applications adding up to circa £0.291m, an in-year budget pressure of £0.235m related to planning appeals and decisions, offset by an in-year favourable variance in the Town Centre team of £0.115m.

74. The Leisure, Parks & Culture directorate is reporting an adverse variance of £0.752m, mainly made up of Millfield Complex unbudgeted cost pressure. The Millfield pressure of £0.504m is the estimated full year cost; the service is currently working with Property Services to go to market/lease to control/reduce the cost pressure. There is also a reported pressure of £0.444m relating to a shortfall in leisure centre income.

75. The Customer & Communications directorate is projecting a favourable variance of £0.220m from across the division, which is made of £0.140m operational under spend and £0.100m efficiency from freezing recruitment of vacant posts in the Customer Operations Services. There is a further favourable variance of £0.080m in the Libraries & Customer Experience Services, which is related to vacant posts and operational efficiencies and other minor variances.

    Note: there is an overspend in the out of hours contract for the call centre at £0.140m, the external supplier contract cost is significantly over the budget allocated, although mitigating actions within the division have absorbed the overspend entirely. Exiting the contract early would entail significant legal and financial implications and therefore the contract remains in place until 2025 despite more cost-effective alternatives to delivering the service being available.

76. Risks of circa £0.654m are reflected by the department covering SEN/Home to School Transport. Transport actual costs and the forecasts are proving to be a lot higher than normally anticipated. Hence, the service is conducting further detailed analysis to ensure the accuracy of the actuals and forecasts and provide challenges and seek mitigations where possible.

77. 83% of the total E&C directorate's saving/income target (£3.160m) set for 2023/24 is classified as deliverable (£2.627m), while 12% (£0.398m) is deferred due to the time it has taken to implement the restructures and issue redundancy notices. Based on early market engagement indications, 50% of the Waste Enforcement Contract Optimisation saving is classified as unachievable (£0.135m) – the actual outcome will be reported once the procurement exercise is concluded.

78. The E&C contribution identified towards the in-year saving target is included in the reported forecast, at £4.636m. However, these savings/mitigations are only contributing towards reducing the existing departmental budget pressures.

Housing

79. The overall Housing Advisory Service variance to budget is £18.583m adverse after £0.090m drawdown of reserves, split between Temporary Accommodation (£17.145m) and NRPF (£1.438m) with the main reasons for the variance as follows:

80. The Temporary Accommodation (TA) service is forecasting an overspend of £17.145m, which is predominantly caused by a rise in the number of households becoming homeless due to the cost of living crisis, a lack of available temporary accommodation at affordable rates and hence a sustained reliance on expensive hotel accommodation. The net property overspend alone is currently projected to be £13.235m in TA (with a further property overspend of £1.438m for NRPF). Related to this there is also likely to be a housing benefit subsidy overspend of £2.057m, a bad debt provision of £1.27m above budget, an overspend in incentive payments of £1.46m, an overspend on nomination fees of £0.656m, a shortfall in the HGL SLA of £0.8m, various other small differences totalling £0.486m and an additional £0.381m in running costs. Additional income is forecast through a £1m Household Support Fund award and a further £2.2m of Homelessness Prevention Grant. The £1m HSF was awarded to partly offset the increase in incentive payments through Out of Borough procurement. Mitigations continue to be worked upon with the aim of reducing and eliminating reliance on hotels and other expensive block booked accommodation hence reducing the projected overspend in the coming months.

81. All of the total Housing saving/income target (£0.320m) set for 2023/24 is classified as deliverable.

Resources

82. Since the Q1 budget monitoring report, the Property Service has transferred from the former HRD department into Resources. There is now an overall reported overspend of £2.172m in the Resources department which consists of the following variances:

83. In Digital Services a net overspend of £0.484m is reported (P3: £0.303m), which relates to Digital Service contracts costs. The overarching pressure within Digital Services is £1.8m. This is substantially due to unachievable MTFP savings of £0.675m relating to CRM/CMS as well as £0.150m re the new Civica contract. Additional budget pressures are due to the migration and implementation of new software £0.593m, £0.107m of contract inflation and £0.181m of urgent remedial work as part of the Public Sector Network certification. Other residual overspends are also inflation driven such as bulk print and postage costs and dual running cost of projects such as the Civica CX Housing project. These are being mitigated by holding vacancies and undertaking contract reviews to identify cost savings.

84. The Property directorate is reporting an estimated overspend of £1.350m, which is primarily due to reactive and servicing works (R&M) £1.250m and £0.250m Corporate Condition Programme (CCP), mitigated by various CMFM operational and staffing under spends of £0.150m. All budget pressures are managed by underspends elsewhere leading to a neutral forecast position except for R&M and CCP revenue.

The service is working with EMT on mitigations to reduce/control the impact of the R&M pressure on the budgets and is preparing for a deep dive and EMT presentation in due course. The primary way to reduce this budget in the long term will be to close operational buildings.

A potential cost risk of £0.295m has been reflected in respect of fees which will be incurred on the property asset disposal programme and represents work on those projects/properties which may not be able to be capitalised or funded through flexible capital receipts. The directorate has offered to wind up the Salix Recycling fund/reserve, which has released a £0.417m surplus fund to the general fund.

Enfield and DWS have agreed to park a rent dispute (£221k per annum), whilst the redevelopment of the shopping centre is considered. The outcome of the rent dispute is anticipated to be clear by the year end.

85. There is also an adverse variance of £0.422m within the Income Collection Team in respect of a saving planned to bring the Bailiff Enforcement team in-house (covering council tax, business rates and parking), which is likely to be deferred to 2024/25 due to delays in implementation.

86. There are other remaining overspends such as agency staff covering substantive roles however these have been absorbed by holding vacant posts as well as additional income generation giving an overall remaining net saving of £0.084m across the department.

87. Within Exchequer Services, a review of historical duplicate payments is to be undertaken, which based on the previous financial year realised c£0.2m-£0.3m of recovered duplicate payments. An opportunity of £0.2m is flagged at this stage but not forecast.

88. In Digital Services, a risk of £0.4m is shown, this reflects dual running and risks in delivering savings on contracts.

89. Regarding the 2023/24 MTFP savings target, £0.4m relating to the CRM project (along with £0.4m from the prior year) is no longer deemed to be achievable. The £0.150m saving relating to the Civica contract is deferred into 2024/25 - the originally planned saving will instead be delivered through an alternative means on SIM contracts. The £0.300m saving relating to the bringing the Bailiff Enforcement team in-house has been delayed, as has £0.065m relating to the Digital staff restructure.

90. The Resources Directorate management team are working with services in the identification and delivery of the in-year savings target as well as mitigating in year budget pressures being reported with a number of meetings scheduled over the coming weeks.

Chief Executive

91. There is an overall reported overspend of £0.271m which consists of the following variances:

92. Within Law and Governance, which is showing a net £0.246m overspend, Legal Services is projecting an overspend of £0.351m. In the prior year, the service received Covid funding of £0.450m to provide the necessary funds for increases in staffing and external legal costs of barristers and court fees due to higher case volumes. In 2023/24 the budget has been increased by

£0.300m as this funding has now ceased, this is however a reduction in funding on the prior year of £0.150m. Of the current predicted overspend, £0.250m is due to managing the volume of caseloads for safeguarding, external legal spend and court fees. There is also a pressure on the income budget (£0.100m) with a shortfall predicted on S106 and 3rd party development agreements due to a reduction in the number of major planning applications. This is in part because of changes introduced by the second staircase rule, plus viability issues with affordable housing, meaning schemes are having to be redesigned, delaying applications, and an increase in planning appeals.

93. In Electoral Services an overspend of £0.121m is reported. There are increased costs in postage & printing in carrying out statutory electoral functions due to a variety of factors such as inflation, biannual increases in Royal Mail's postal rates and increases in the volume of mailouts due to the growth in the borough's population.

94. Meridian Water P5 forecast is shown with a £0.174m adverse variance, which is due to rental income shortfalls.

95. Other net underspends of £0.270m are due mainly to holding vacant posts and a reduction on other planned activity having reviewed the internal audit plan and corporate training budget for the year ahead. Although there have been timing delays in the delivery of MTFP savings associated with the Placements & Apprenticeship Team (£0.052m) these have been offset by additional schools traded income being projected.

96. Progress has been made to identify in-year savings to contribute to the council-wide effort to find in-year savings. Proposals to date include Corporate Strategy Team (£0.070m), HR & OD (£0.104m), and Law & Governance (£0.076m). Meridian Water in-year savings of £0.193m previously anticipated in Period 3 are now deemed unlikely to be deliverable. Work is ongoing to mitigate the budget pressures reported in 2023/24 and further updates will be provided once complete.

Corporate Items

97. There is an overall reported overspend of £4.156m which consists of the following variances:

98. Whilst the 2023/24 final pay award is still being negotiated, the potential impact has been estimated and it is likely to exceed the 4% increase built into the MTFP for 2023/24 creating an adverse variance of circa £3.6m.

99. The Business rates for Council assets is forecast to be circa £0.4m greater than the £2.8m budget, whilst energy across the Councils' assets is forecast to be a £0.3m overspend.

100. 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.

101. Revenue Capital Financing charges are made up of two elements – (i) interest that is not capitalised and (ii) repaying a proportion of debt every year (Minimum Revenue Provision). The total capital financing charge is

expected to be £2.2m above the ongoing revenue budget £28.6m. This is broadly in line with the February 2023 Cabinet Budget papers which showed that there was an expected £2.3m (at 70% delivery) to £3.8m (at 100% delivery) drawdown from smoothing reserves to cover 2023/24 capital financing charges.

102. A technical adjustment is being made whereby there will be a stricter approach to costs being attributed to capital which will lead to an adverse variance to budget of £2.1m.

103. A favourable variance of £0.9m is forecast for the Concessionary Travel charges paid to London Councils and Transport for London (TfL). This reflects passenger numbers but is expected to increase as passenger number increase post-covid and latest forecasts indicate that growth will be required for next couple of years.

104. Other minor variances total circa £0.3m favourable and include the corporate levies and the joint Coroners service, whilst the corporate contingency, set at £3m, will be used to mitigate against the variances noted above.

105. Due to a number of corporate debt write offs there is a risk that there may be a pressure on the sundry bad debt provision (BDP) budget dependent on collection rates. It is too soon to quantify this and a further update will be provided in the P8 report.

Collection Fund

106. The forecast below in Table 3 below shows a total Collection Fund surplus at the end of 2023/24 of £5.2m. Enfield's share of the surplus is £1.3m. The forecasts are based on a number of assumptions which can vary significantly throughout the year.

107. It should be noted that the eventual surplus or deficit at the year-end does not affect the 2023/24 General Fund revenue outturn and will be accounted for as part of future years' revenue budgets.

Table 3: Collection Fund Forecast Outturn Summary

	Council Tax (£m)	Business Rates (£m)	Total (£m)
Collection Fund (Surplus)/Deficit B/fwd. 1 April 2023	**(4.055)**	**8.083**	**4.028**
Surplus distributed/ deficit recovered (income) re 2022/23 forecast surplus/deficit*	2.842	(10.520)	**(7.678)**
In year collection fund forecast (surplus)/deficit	1.804	(3.357)	**(1.553)**
Forecast (Surplus)/Deficit Outturn 31 March 2024	**0.591**	**(5.794)**	**(5.203)**
Allocation of Collection Fund Forecast Outturn Balance			
London Borough of Enfield	0.460	(1.738)	(1.278)
Greater London Authority	0.131	(2.144)	(2.013)
Central Government	0.000	(1.912)	(1.912)
Total Allocations	**0.591**	**(5.794)**	**(5.203)**

Council Tax and Business Rates Collection Performance

108. It is still too early to know the likely impact of the current economic climate on the collection of council tax and business rates.

109. The net collection for **Council Tax** at the end of August 2023 was 45.1% of the £195.339m total Council Tax income. This is 1.1% above the target set and 0.06% down against the same point in 2022/23, when the total Council Tax income was £182.401m. The full in-year collection target is 92%.

110. The net collection for **Business Rates** at the end of August 2023 was 42.7% of the £122.739m total Business Rates income. This is 2.2% above the target and is an improvement on last year when it was at 41.9% of the £115.079m total Business Rates income. The full in year collection target is 93%.

111. Tables detailing the Council Tax and Business Rates performance are included in **Appendix D**.

Achievement of Savings (Appendix B and Appendix C)

112. 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

113. In the budget for 2023/24, the council set itself a target of delivering £15.756m of savings and income growth in order to close the budget gap and deliver a balanced budget. The savings include those that are new for 2023/24 (£14.218m) plus the full year effect of previous decisions (£1.538m).

114. Of these, £12.9m are considered to be fully deliverable or on track for delivery at this stage.

115. However, £2.2m and £0.7m are expected to be deferred to a later year or will not be delivered at all. These shortfalls will impact on the outturn and are reflected in the forecasts for each department. Departments are working on mitigating actions to bring delivery back on track, or to offset these alongside any other pressures in their services with alternative savings. Where any savings are no longer deemed to be deliverable or are impacted by delays, then any shortfalls and rephasing of delivery and values will be reflected in the MTFP update for 2024/25.

116. Further details for each department are summarised in the tables in Appendix B and Appendix C.

Dedicated Schools Grant (DSG)

117. The DSG is showing a projected overspend of £2.623m. The table below sets out how this then impacts the DSG reserve brought forward:

Table 4 – DSG Reserve movement

DSG Reserve	£m
B/fwd 22/23 DSG reserve overspend	15.236
P3 Forecast	2.623
C/Fwd Projected 23/24 DSG overspend	**17.859**

The in-year forecast overspend is mainly due to the below:

118. For SEN Services, there are overspends in Speech Therapy and peripatetic services, in placement/top up costs and a contingency of circa £1m has been assumed in this area to reflect the expected increases in fees and charges currently forecast at 7%. The expected outturn figure is £1.548m.

119. The contingency is being provided at this stage in light of an assessment of the caseloads currently recorded and due to end while information on new starters and transfers from September is yet to be clarified.

120. The Parenting Support Service, which forms part of the costs borne by the DSG, is projected to overspend by £0.242m. This overspend will be looked at in more detail to understand the drivers of this and what mitigating action can be undertaken to address it.

121. SEN staffing overspend in the General fund will be transferred to the DSG, the current projection is £0.867m.

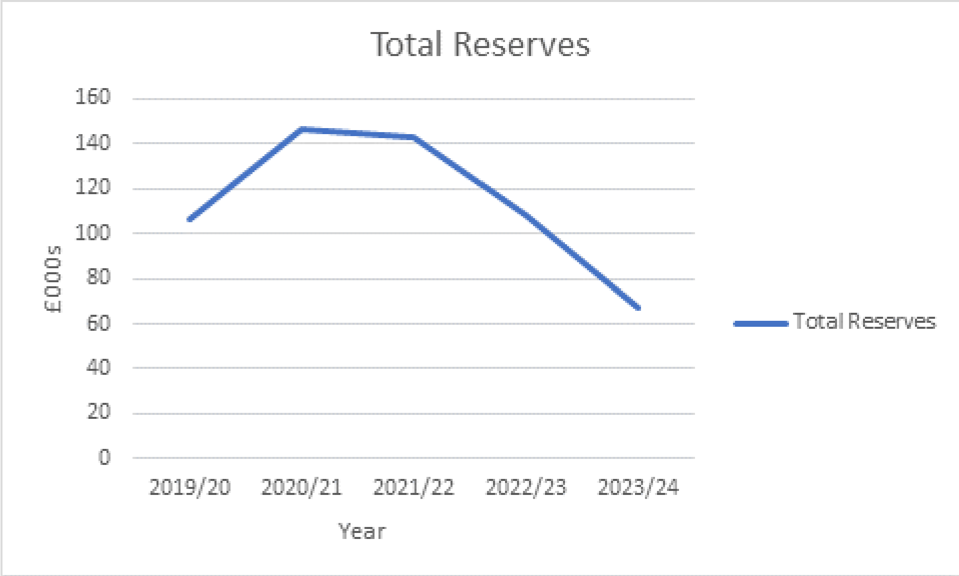
122. The London Mayor has recently announced that grant funding will be made available during the 2023/24 academic year for the provision of universal free school meals for all primary school children in state-funded schools in London who do not currently qualify for Government-funded free school meals. Some £5.5m in funding is scheduled to be received for Enfield schools. This funding will be passported through the council and on to schools, with funding coming to the council in 3 tranches through the year.

Earmarked Reserves

123. The table below summarises the final balances for 2022/23 and the forecast outturn position for 2023/24, followed by a chart which shows how the overall reserve total (excluding HRA and Schools) has changed over recent years:

Table 5 – Forecast Reserves balances

	2022/23 Outturn Balance £m	2023/24 Forecast Balance £m
Risk Reserve	**(3.440)**	**(5.778)**
Balance Sheet Management	(2.295)	(1.295)
Collection Fund Pooling Reserve	(2.059)	(2.005)
Collection Fund Equalisation Reserve	(13.628)	(13.628)
Housing Benefit Smoothing Reserve	0.726	(4.240)
Adult Social Care Smoothing Reserve	(3.697)	0.000
NLWA Reserve	(0.514)	(1.566)
Meridian Water Reserve	(1.297)	(1.297)
MTFP Smoothing Reserves	**(22.764)**	**(24.031)**
Capital Financing	(23.428)	(23.428)
Service Specific	(13.757)	(7.622)
Property	(0.925)	(0.436)
Grants & Other Contributions	(19.274)	(8.229)
Sub-total	**(83.588)**	**(69.524)**
Potential Risk Reserve Drawdown	-	27.452
Sub-total of all GF risk reserves	**(83.588)**	**(42.072)**
Insurance	(7.513)	(7.263)
General Fund Balance	(13.949)	(13.949)
Total GF Earmarked Reserves & Balances (excl. HRA & Schools)	**(105.050)**	**(63.284)**



124. It is important to recognise that the reserves overall are limited, especially against a backdrop of challenging savings targets, the challenges brought about through the cost of living crisis, inflationary pressures and long term impact of the pandemic.

125. Whilst the risk reserve had been strengthened in the two years prior to 2022/23, this trend reversed significantly in last year's outturn. A review of all earmarked reserves is currently underway and where balances are available it is proposed to transfer these to the risk reserve. This is reflected in the table above. However, given the adverse forecast outturn of £27.452m the risk reserve balance will be insufficient, thus this will require further reductions in other reserves.

126. It is worth noting that there is no longer a specific Covid-19 reserve. The balance was transferred to the risk reserve at the end of 2022/23. This reflects the corporate approach to returning to business as usual and any legacy impact of the pandemic will be managed just like any other pressure.

127. The General Fund balance remains at £14m (on a net budget of £287m, i.e. 4.9%). 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. It had been anticipated that the Council would increase the GF balance to £14.5m with a £0.5m transfer from the risk reserve. Given the current level of pressure and risk, this transfer is now not planned until the Council is in a more secure financial position.

128. The £20.5m of Smoothing Reserves relate to Council Tax (£146m), Business Rates (£110m), Housing Benefits (£212m claim per year), Adult Social Care, Meridian Water and the North London Waste Authority levy and provide resilience in the budget to manage annual fluctuations.

129. The £23.4m of Capital and Minimum Revenue Provision reserves were originally planned to smooth any increased budget requirement in a planned way over five years as reported in the Treasury Management Strategy. However, given the reduced level of reserves in total, this approach has been revised.

Conclusion

130. The wider effects of the cost of living crisis and economic conditions relating to inflation and interest rate rises are having a very real and immediate effect on the Council, and services are being placed under high and increasing pressures from demand for care related services. The in-year pressure and anticipated increase in the budget gap in 2024/25 mean that the Council needs to challenge everything it spends money on to find savings and efficiencies, but may also mean needing to stop services which cost money but are not a statutory requirement. Some difficult decisions are highly likely to be needed and only spend which is absolutely necessary should be incurred.

131. Reserves are sufficient to cover these pressures in the current year, possibly also through 2024/25, but given the size of the challenge they will not last through the MTFP period if the pressures cannot be contained and mitigated and savings found on top of this.

Legal Implications

132. 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.

Other Implications

133. There are no other implications relevant in the context of this report.

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Date of report: 6th October 2023

Appendices

Appendix A: Breakdown of Departmental Variances

Appendix B: Achievement of Savings

Appendix C: Savings & Income Monitor

Appendix D: Collection Fund

Background Papers

The following papers have been relied upon in the preparation of this report:

- Budget report 2023/24 and Medium Term Financial Plan 2023/24 to 2027/28

LB ENFIELD **APPENDIX A**

General Fund Revenue Monitor 2023/24

Period 5 Forecast

Directorate	Current Budget £'000	Forecast Outturn £'000	Gross Variance £'000	Specific Reserves £'000	Full Year Net Variance £'000	Memo: Mitigations and new savings incl. £'000	Risks £'000	Opportunities £'000
PEOPLE (ADULTS)								
Customer Pathway	48,710	49,437	727	(637)	90	(637)	970	
Learning Disabilities	31,134	30,890	(244)		(244)	(249)	741	
Mental Health	7,951	7,735	(216)		(216)	(220)	110	
Strategy & Resources	7,698	7,104	(594)		(594)	(605)	95	
Supporting People	2,709	2,520	(189)		(189)	(192)		
Director	(267)	(267)	-		-			
PEOPLE (PUBLIC HEALTH)								
PH Grant	(5,556)	(5,556)	-	(500)	(500)	(500)		
Data and Intelligence	585	585	-		-			
People (Adults and Public Health) Total	**92,964**	**92,448**	**(516)**	**(1,137)**	**(1,653)**	**(2,403)**	**1,916**	**-**
PEOPLE (CHILDREN & FAMILIES)								
Children in Need	9,723	9,808	85		85			
Looked After Children	30,074	32,532	2,458		2,458		1,085	
Young People and Community Safety	3,167	3,572	405	(595)	(190)	(190)		
Joint Service for Disabled Children	5,129	5,759	630		630		295	
Other Services	4,562	4,667	105	(259)	(154)	(350)		**(150)**
People (Children) Total	**52,655**	**56,338**	**3,683**	**(854)**	**2,829**	**(540)**	**1,380**	**(150)**
PEOPLE (EDUCATION - GF)								
Enhanced Pension Costs	1,716	1,732	16		16	(75)		
SEN Services	968	968	-		-		867	
Educational Psychology Service	565	565	-		-			
Schools Improvement Service	419	277	(142)		(142)	(45)		
Early Years	543	540	(3)		(3)			
Asset Management & Development	53	53	-		-			
Other Services	278	245	(33)		(33)			(300)
People (Education) Total	**4,542**	**4,380**	**(162)**	**-**	**(162)**	**(120)**	**867**	**(300)**
PEOPLE TOTAL	**150,161**	**153,166**	**3,005**	**(1,991)**	**1,014**	**(3,063)**	**4,163**	**(450)**
HOUSING								
Temporary Accommodation	5,777	23,012	17,235	(90)	17,145	-		
Families with NRPF	905	2,343	1,438	-	1,438			
Other	5	5	-	-	-	-		
Housing Total	**6,687**	**25,360**	**18,673**	**(90)**	**18,583**	**-**	**-**	**-**

LB ENFIELD **APPENDIX A**

General Fund Revenue Monitor 2023/24

Period 5 Forecast

Directorate	Current Budget £'000	Forecast Outturn £'000	Gross Variance £'000	Specific Reserves £'000	Full Year Net Variance £'000	Memo: Mitigations and new savings incl. £'000	Risks £'000	Opportunities £'000
ENVIRONMENT & COMMUNITY								
E&C Direction & Business Management	790	790	-	-	-	-		
HRD Direction & Business Management	555	475	(80)	-	(80)	(80)		
Environment & Street Scene directorate	21,965	22,460	495	(102)	393	(4,123)	654	
Leisure, Parks & Culture directorate	4,183	4,935	752	-	752	(250)		
Planning and Growth	1,541	2,729	1,188	(777)	411	(115)		
Customer & Communications directorate	5,719	5,499	(220)	-	(220)	(68)		
Environment & Community Total	**34,753**	**36,888**	**2,135**	**(879)**	**1,256**	**(4,636)**	**654**	**-**
RESOURCES								
Digital Services	12,226	12,810	584	(100)	484	(205)	400	-
Property	4,780	6,528	1,748	(398)	1,350	(20)	295	
Corporate Finance	2,954	3,073	119	-	119			
Capital & Procurement	1,839	1,839	-	-	-			
Financial Assessments	3,526	3,883	357	(357)	-			
Income Collection	2,362	2,784	422	-	422			
Exchequer Services	1,145	940	(205)	-	(205)	(237)		(200)
Executive Director	616	618	2	-	2			
Resources Total	**29,448**	**32,475**	**3,027**	**(855)**	**2,172**	**(462)**	**695**	**(200)**
CHIEF EXECUTIVE								
Chief Executive	333	232	(101)	-	(101)			
HR & OD	2,251	2,152	(99)	-	(99)	(104)		
Law & Governance	6,993	7,239	246	-	246	(76)		
Corporate Strategy	1,134	1,100	(34)	(36)	(70)	(70)		
Meridian Water	(686)	(512)	174	-	174			
Electoral Services	627	666	39	82	121			
Chief Executive Total	**10,652**	**10,877**	**225**	**46**	**271**	**(250)**	**-**	**-**
NET SERVICE BUDGETS	**231,701**	**258,766**	**27,065**	**(3,769)**	**23,296**	**(8,411)**	**5,512**	**(650)**
% of net revenue expenditure over/(under) budget					**10%**			
CORPORATE BUDGETS	**55,241**	**58,345**	**3,104**	**1,052**	**4,156**	**(50)**	**-**	**-**
GRAND TOTAL - NET COUNCIL EXPENDITURE	**286,942**	**317,111**	**30,169**	**(2,717)**	**27,452**	**(8,461)**	**5,512**	**(650)**
% of budget over/(under)					**10%**			

Appendix B

Achievement of Savings and Income Targets

Savings + Income Totals							
Total by Department	CEX	People	Housing	E&C	Resources	Corporate	Grand Total
	£m	£m	£m	£m	£m	£m	£m
FYE	0.100	(0.588)	0.000	(0.040)	(1.010)	-	**(1.538)**
New 2023/24	(0.918)	(5.206)	(0.320)	(3.320)	(2.950)	(1.504)	**(14.218)**
Total	**(0.818)**	**(5.794)**	**(0.320)**	**(3.360)**	**(3.960)**	**(1.504)**	**(15.756)**

Risk Status							
Total by Department	CEX	People	Housing	E&C	Resources	Corporate	Grand Total
	£m	£m	£m	£m	£m	£m	£m
Blue	(0.200)	(0.180)	0.000	0.100	0.000	0.000	**(0.280)**
Green	(0.618)	(4.907)	(0.120)	(1.890)	(2.861)	(1.504)	**(11.900)**
Amber	0.000	(0.707)	(0.100)	(0.905)	(0.602)	0.000	**(2.314)**
Red	0.000	0.000	(0.100)	(0.665)	(0.497)	0.000	**(1.262)**
Total	**(0.818)**	**(5.794)**	**(0.320)**	**(3.360)**	**(3.960)**	**(1.504)**	**(15.756)**

Financial Impact							
Total by Department	CEX	People	Housing	E&C	Resources	Corporate	Grand Total
	£m	£m	£m	£m	£m	£m	£m
Deliverable	(0.756)	(4.921)	(0.320)	(2.827)	(2.557)	(1.504)	**(12.885)**
Deferred	(0.062)	(0.873)	0.000	(0.398)	(0.870)	0.000	**(2.203)**
Undeliverable	0.000	0.000	0.000	(0.135)	(0.533)	0.000	**(0.668)**
Total	**(0.818)**	**(5.794)**	**(0.320)**	**(3.360)**	**(3.960)**	**(1.504)**	**(15.756)**

Appendix C

Savings & Income Monitor

Chief Executive

Description	Total Risk Score	2023/24 Target (£000)	2023/24 Deliverable (£000)	2023/24 Deferred (£000)	2023/24 Unachievable (£000)
Enfield Strategic Partnership review of reserves	0.0	100	100		
Voluntary & Community Sector budget savings	0.0	(300)	(300)		
Strategy & Policy Team - Operating Budget savings	1.5	(15)	(15)		
Schools Personnel – increased traded service income	1.5	(30)	(30)		
Strategy & Policy Team - HRA recharge income	1.5	(35)	(35)		
Human Resources – HRA recharge income	1.5	(30)	(30)		
Registrars - Income Generation through additional fees & charges	1.5	(50)	(50)		
Policy Team restructure proposal	2.5	(200)	(200)		
Psychometric Testing saving	3.0	(10)	(10)		
Workforce & Performance Analyst & Pay Reward & Benefits Advisor posts	2.5	(102)	(102)		
Post from full time to part time	1.5	(6)	(6)		
Employee relations post (0.8 FTE)	1.5	(30)	(30)		
HR Apprenticeships Team deletion	1.5	(98)	(36)	(62)	
OD Restructure	1.5	(12)	(12)		
		(818)	**(756)**	**(62)**	**0**

Adults

Description	Total Risk Score	2023/24 Target (£000)	2023/24 Deliverable (£000)	2023/24 Deferred (£000)	2023/24 Unachievable (£000)
Reardon Court – Extra Care	7.5	(113)	-	(113)	
Increased income through fees and charges for chargeable Adult Social Care Services	2.5	(100)	(100)		
Consolidate VCS offer (Posts and grants)	1.5	(40)	(40)		
Care Purchasing/Demand Management	3.5	(900)	(900)		
Day Services and Transport Reviews	3.5	(700)	(700)		
Grant & Income Maximisation	3.5	(800)	(800)		
Efficiencies & running costs	2.5	(150)	(150)		
Pause SW apprenticeship recruitment	2.5	(100)	(100)		
Proposed 5% staffing reductions	3.5	(786)	(786)		
		(3,689)	**(3,576)**	**(113)**	**-**

Children & Families

Description	Total Risk Score	2023/24 Target (£000)	2023/24 Deliverable (£000)	2023/24 Deferred (£000)	2023/24 Unachievable (£000)
Reduction in operational costs	2.5	(100)	(68)	(32)	
Reduction in external care purchasing costs through in-borough developments of fostering and residential provision	5.0	(594)	(74)	(520)	
Re-tender home care provision for disabled children	1.5	(56)	(28)	(28)	
Use of NCIL to substitute Youth Services funding for 1 year	0.0	(180)	(180)	0	
CCTV income opportunities	3.0	(50)	(50)	0	
Pause SW apprenticeship recruitment	2.5	(200)	(87)	(113)	
New children’s home	3.5	(300)	(233)	(67)	
		(1,480)	**(720)**	**(760)**	**-**

Education

Description	Total Risk Score	2023/24 Target (£000)	2023/24 Deliverable (£000)	2023/24 Deferred (£000)	2023/24 Unachievable (£000)
Vacant post deletion - Early Years	1.5	(20)	(20)		
Part funding of an existing post from the Holiday & Food Grant	1.5	(10)	(10)		
Careers Service Restructure	1.5	(20)	(20)		
		(50)	**(50)**	**0**	**0**

Public Health

Description	Total Risk Score	2023/24 Target (£000)	2023/24 Deliverable (£000)	2023/24 Deferred (£000)	2023/24 Unachievable (£000)
Redistribution of the Public Health grant	3.5	(375)	(375)		
Reduction in running costs - Sexual Health	2.5	(100)	(100)		
Reduce Out of Borough Sexual Health costs	2.5	(100)	(100)		
		(575)	**(575)**	**0**	**0**

Environment & Communities

Description	Total Risk Score	2023/24 Target (£000)	2023/24 Deliverable (£000)	2023/24 Deferred (£000)	2023/24 Unachievable (£000)
Consolidation of ASB unit	0.0	(100)	(100)		
Waste Enforcement Contract Optimisation	7.0	(270)	(68)	(68)	(135)
Green Waste Collection Dates	5.0	(200)	(200)	0	0
Increase Garden Waste Charges	3.5	(400)	(400)	0	0
Commercial workshop- expand 3rd party service change	2.5	(100)	(100)	0	0
Consumer Protection review	2.5	(127)	(76)	(51)	0
Staffing Review (Culture)	2.5	(100)	(100)	0	0
Streetworks savings	1.5	(50)	(50)		
Staffing Review (Place)	2.5	(120)	(120)	0	0
Inflation uplift on external clients and receipts income	2.5	(180)	(180)	0	0
Across Place-external fees and charges	2.5	(200)	(200)	0	0
Place Service Reviews - Crossover team review	0.0	(45)	(45)		
Place Service Reviews - Licensing Scheme	0.0	(220)	(220)		
Making climate change a departmental responsibility	2.5	(200)	(200)		
Southgate Cemetery - Mausoleum and Vaulted graves sales	1.5	(10)	(10)	0	0
Grow Commercial Waste Service	1.5	(75)	(75)	0	0
Review of Parking Permit charging	1.5	(60)	(60)	0	0
Traffic order/ permit performance Income	1.5	(50)	(50)	0	0
Vacant Comms (PO1) post	1.5	(50)	(50)		
Customer Operations	1.5	(50)	(50)		

New visa verification contract	5.0	(200)	(155)	(45)	
Schools Catering Closure	5.0	(235)	-	(235)	
Commercial Team vacant post deletions (MM1 & SO2)	2.5	(100)	(100)		
STS Admin post deletion (part-time)	1.5	(18)	(18)		
Place Service Review - Holly Hill Landscaping	3.5	(250)	(250)		
Extension of Holly Hill land improvement	0.0	200	200		
Place Service Reviews - Staffing review Planning	0.0	(150)	(150)		
		(3,360)	**(2,827)**	**(398)**	**(135)**

Housing

Description	Total Risk Score	2023/24 Target (£000)	2023/24 Deliverable (£000)	2023/24 Deferred (£000)	2023/24 Unachievable (£000)
Place Service Reviews - Resources under the business support manager	0.0	(100)	(100)	0	0
Housing Enabling Posts - Utilise Grant Funding	2.5	(100)	(100)	0	0
Departmental training budget	1.5	(80)	(80)	0	0
Increase income from GF community spaces	1.5	(40)	(40)	0	0
		(320)	**(320)**	**0**	**0**

Resources

Description	Total Risk Score	2023/24 Target (£000)	2023/24 Deliverable (£000)	2023/24 Deferred (£000)	2023/24 Unachievable (£000)
Procurement saving resulting from replacing our digital customer platform	10.5	(400)			(400)
Internal Enforcement Team	7.0	(300)		(300)	
Digital Services restructure	3.5	(656)	(591)	(65)	
Civica contract saving	7.5	(150)		(150)	
Income & Debt team vacant post deletions	2.5	(125)	(125)		
Relet rather than sell John Wilkes House and Charles Babbage House	2.5	(140)	(140)	0	0
Security Savings	2.5	(200)	(200)	0	0
Morson Road Service Charge	4.5	(30)	(5)	0	(25)
Staffing Review (Property)	4.5	(36)	0	0	(36)
CMFM restructure	3.5	(500)	(425)	(75)	0
Montagu Industrial Estate Redevelopment	3.5	(300)	(300)	0	0
Cleaning Review	3.5	(500)	(148)	(280)	(72)
Place Service Reviews - Consolidate B Block North into South (energy)	0.0	(97)	(97)	0	0
Market Rentals for Council Properties	3.0	(10)	(10)	0	0
Business Rate Charges, Reduce costs on empty properties	2.5	(100)	(100)	0	0
Income from Rent Reviews	2.5	(240)	(240)	0	0

Insource current removal contract	1.5	(20)	(20)	0	0
Trespass and Enforcement Budget	1.5	(50)	(50)	0	0
Relet Marsh House meanwhile use (temp saving 2-3 years)	1.5	(20)	(20)	0	0
Staffing Review (Place)	0.0	(86)	(86)	0	0
		(3,960)	**(2,557)**	**(870)**	**(533)**

Corporate

Description	Total Risk Score	2023/24 Target (£000)	2023/24 Deliverable (£000)	2023/24 Deferred (£000)	2023/24 Unachievable (£000)
Saving from reducing Employers Pension Contribution rate from 20.2% to 19.1% based on actuarial review	2.5	(1,450)	(1,450)	0	0
Increase in court cost income. Look to increase court charges to the London average	1.5	(54)	(54)	0	0
		(1,504)	**(1,504)**	**0**	**0**

Appendix D

Collection Fund - update in detail

The performance on collection of council tax and business rates is set out in the tables below:

Table D1 - Council Tax Collection Performance 2023/24 as at 31 August 2023

	2023/24 Net Collectable Debit (£m)	2023/24 Net Amount Collected (£m)	2023/24 Collected %	23/24 Target %	+/- Against Target %	2022/23 Net Collectable Debit (£m)	2022/23 Net Amount Collected (£m)	2022/23 Collected %
April 2023	195.076	21.540	11.04%	10.0%	+1.04%	182.445	20.527	11.25%
May 2023	195.106	38.213	19.59%	18.0%	+1.59%	182.566	36.099	19.77%
June 2023	195.095	54.830	28.10%	27.5%	+0.60%	182.549	51.465	28.19%
July 2023	195.157	71.134	36.45%	35.5%	+0.95%	182.370	66.950	36.71%
Aug 2023	195.339	88.123	45.11%	44.0%	+1.11%	182.401	82.394	45.17%

Table D2 - Business Rates Collection Performance 2023/24 as at 31 August 2023

	2023/24 Net Collectable Debit (£m)	2023/24 Net Amount Collected (£m)	2023/24 Collected %	23/24 Target %	+/- Against Target %	2022/23 Net Collectable Debit (£m)	2022/23 Net Amount Collected (£m)	2022/23 Collected %
April 2023	123.159	10.322	8.38%	8.0%	+0.38%	110.506	10.575	9.57%
May 2023	123.383	22.110	17.92%	16.5%	+1.42%	113.176	19.339	17.09%
June 2023	122.933	32.079	26.09%	24.0%	+2.09%	113.986	27.941	24.51%
July 2023	123.493	42.107	34.10%	32.5%	+1.60%	114.106	36.550	32.03%
Aug 2023	122.739	52.427	42.71%	40.5%	+2.21%	115.079	48.271	41.95%

Collection Fund - Council Tax

The forecast Council Tax in year position is a £1.804m deficit across the Collection Fund as shown in Table D3 below, a minor improvement of £0.044m on the June forecast. The main reasons for the variance are the increased cost of the Council Tax Support Scheme £2.689m, an increased level of discounts and exemptions £0.498m which are offset by increased Council Tax income (£0.472m) and the Council Tax Support Fund (£0.796m).

Table D3 – Collection Fund Council Tax

	% Shares	Budget 2023/24 (£m)	Forecast Outturn (£m)	Variance (£m)
Gross Council Tax income for 23/24		(255.817)	(256.289)	(0.472)
Less: Council Tax Support		39.142	41.831	2.689
Less: Other discounts		19.302	19.800	0.498
Net Collectible Council Tax		**(197.373)**	**(194.658)**	**2.715**
Council Tax Support Fund		0	(0.796)	(0.796)

Increase/ (decrease) to bad debt provision		8.388	8.273	(0.115)
Council Tax Income		**(188.985)**	**(187.181)**	**1.804**
Allocation of Council Tax Income				
London Borough of Enfield	77.76%	(146.963)	(145.560)	1.403
Greater London Authority	22.24%	(42.022)	(41.621)	0.401
Total Allocation		**(188.985)**	**(187.181)**	**1.804**

Collection Fund - Business Rates

The forecast year end position for Business Rates as at August 2023 is now a positive position, as shown below in Table D4, showing a surplus of £3.357m, compared to the £0.021m forecast in June.

The net collectable business rates are forecast to increase by £2.033 compared to the budgeted position, with an increase of £1.324m for transitional protection also contributing to the surplus position. As a result of gross business rates being higher, reliefs are also forecast to be higher. Largely the supporting small business relief which is currently £1.089m higher and the transitional protection relief (mentioned above) which is currently £1.324m higher than at budget setting. Both reliefs are funded by central government, so the increase does not negatively impact the council's income. Empty reliefs are £2.043m higher than anticipated at budget setting, these reliefs are unfunded and therefore do impact the income.

This position is sensitive to a number of risks, principally the uncertainly around the appeals against the rateable values as set by the Valuation Office which were subject to a revaluation effective from 1st April 2023. We are aware that the Valuation Office has been working to clear the appeals relating to the prior 2017 valuation list and the impact of this is likely to be seen in the next collection fund monitoring update.

Table D4: Collection Fund Business Rates

	% Shares	Budget 2023/24 (£m)	Forecast Year End Position (£m)	Variance (£m)
Gross Business Rates Income		(162.063)	(165.234)	(3.171)
Forecast appeals in 2023/24		4.531	1.856	(2.675)
Impact of adjustment to prior years*		0	0.135	0.135
Transitional protection relief (see below)		13.906	15.230	1.324
Estimated unfunded reliefs		14.383	16.134	1.751
Estimated funded reliefs		14.458	15.164	0.706
		(114.785)	(116.715)	(1.930)
Increase/ (decrease) to bad debt provision		7.466	7.362	(0.104)
Net Collectable Business Rates		(107.319)	(109.353)	(2.033)
Transitional protection payment due to Authority		(13.906)	(15.230)	(1.324)
Cost of Collection Allowance		0.329	0.329	0
Net Business Rates Income Total		(120.896)	(124.254)	(3.357)
Allocation of Business Rates Income				
London Borough of Enfield	30%	(36.269)	(37.276)	(1.007)
Greater London Authority	37%	(44.731)	(45.974)	(1.242)

Central Government	33%	(39.896)	(41.004)	(1.108)
Total Allocations		**(120.896)**	**(124.254)**	**(3.357)**

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London Borough of Enfield

Report Title	2023/24 Period 5 capital budget monitoring
Report to:	Cabinet
Date of Meeting:	15 November 2023
Cabinet Member:	Cllr Tim Leaver, Cabinet Member Finance & Property
Executive Director/Director	Fay Hammond, Executive Director Resources Olga Bennet, Director of Finance (Capital)
Report Authors:	Olu Ayodele – Olu.ayodele@enfield.gov.uk Shirley Haider – Shirley.haider@enfield.gov.uk
Ward(s) affected:	All
Key Decision Number	KD5678
Classification:	Part I Public

Purpose of the Report

1. This report provides an update on the 2023/24 capital programme. It provides an overview of capital expenditure incurred to date, projected forecast full year outturn and outcomes anticipated from the expenditure. Progress on the HRA's capital programme was reported to October Cabinet.

Recommendations

I. Cabinet is asked to recommend that Council approves

a. The removal of £71.1m budget from the 2023/24 programme, (of which £34.6m was due to be funded by borrowing) (as detailed in Appendix C). This includes projects moved to pipeline.

b. The reprofiling of £71.3m budget (including £13.1m for the HRA) from 2023/24 to 2024/25 (as detailed in Appendix B)

c. The addition of £17.4m budget as detailed in Appendix D

II. Cabinet is asked to note:

a. Full year capital spend of £283.1m is forecast for 2023/24, including £129.9m for the Housing Revenue Account (HRA)

b. A £33.7m reduction in the general fund borrowing requirement (and an increase of £10m in HRA borrowing)

c. Capital expenditure to Period 5 (31 August) is £42.6m, which is 15.0% of full year forecast

d. The largest variances in spend to forecast relate to Meridian Water and Companies loan drawdowns.

e. Borrowing funded underspends at year end will not be automatically carried forward into 2024/25

f. A separate Companies report will be presented to November Cabinet

Background and Options

2. The capital programme for 2023/24 has evolved alongside development of the 10-year capital strategy. The capital budget of £408.1m (£379.6m original approved by Council in February 2023, £18.3m adjustment for revised Meridian Water business case and £10.2m unspent budget carried forward) has been reviewed in response to ongoing revenue funding pressures and the increasing cost of debt financing.

3. As part of capital strategy development, EMT has approved the removal of £58.7m borrowing funded budget from the capital programme. These include budgets for phases of capital works that have not yet started (e.g. Digital Services and Montagu) as well as reductions to rolling annual budgets (e.g. Vehicle Replacement Programme). These schemes are now classified as 'pipeline' expenditure – potential spend that will only be added into the capital programme once underlying business cases are approved.

This approach restricts borrowing in the capital programme to projects that are actively underway.

4. A further £12.5m reductions to the programme have been made as capital projects are reviewed and refocussed towards essential works. Appendix C provides further details.

5. Growth in the programme on the Council's core services is comparatively small and is predominantly funded from grant. Appendix D provides further information. There is also up to £12.7m programme growth for Meridian Water, assumed to be funded largely from a reduction in other borrowing and a capital receipt(KD5627).

6. £71.3m budget (including £13.1m for the HRA and £2.0m for Digital Services) is proposed to be reprofiled into later years, subject to Council approval. Appendix B provides further details.

7. These changes have resulted in a Period 5 forecast full year outturn of £283.1m (including £129.9m for the HRA).

8. As at Period 5 capital spend of £41.9m has been incurred, which is 10.2% of the revised budget of £408.1m and 15.0% of Period 5 forecast full year outturn.

9. The most significant variance to both the revised budget and Period 5 forecast outturn relates to Meridian Water. The forecast outturn is £93.5m. Approximately £23m of this forecast is on Meridian One. To date 20 of 119 units have been delivered, with the remaining 99 units expected to complete by March 2024. Whilst actual expenditure to date is comparatively low at £5.3m, significant levels of spend are expected in the second half of the year.

Relevance to the Council plans and Strategies

10. Planned capital spend is informed by the Council's strategic objectives (as detailed in the Council's Corporate Plan).

11. The following paragraphs provide a high-level description of how 2023/24 capital expenditure supports the delivery of the Council's objectives.

12. **More and better homes - £244.8m**

13. A substantial portion of the council's capital programme exists to invest in new or better housing for residents, through Meridian Water, Housing Gateway, and the HRA's refurbishment and new home development programme.

14. **Thriving children and young people - £14.6m**

15. The Council continues to invest in its schools capital programme, to ensure its school buildings are fit for purpose and there are sufficient places to meet demand

16. **Strong, healthy and safe communities - £6.6m**

17. The capital programme includes annual allocations for investment in streets and roads, and also grant funded works to improve the environment for pedestrians and cyclists.

18. **An economy that works for everyone - £9.9m**

19. Continued investment in business critical Council systems including digital services and the Council's civic estate as well as investment in town centre regeneration. The capital programme includes provision for development projects which will provide additional jobs and better environments for local businesses.

20. **Clean and green spaces - £7.2m**

21. Ongoing investment in parks and open spaces

Delivery of the manifesto

22. The Council has continued to deliver manifesto pledges including:
    - Progress made on delivering new schools streets, with 10 delivered in 2022/23 taking the total to 24 schools streets across the borough. With a further 3 expected to complete in 2023/24.
    - Works to create 10 new wetlands across the borough continues in 2023/24, with progress made across a number of sites
    - Over 50,000 trees have been planted in forest areas and on urban streets.
    - The creation of new café and toilet facilities in all major parks continues with works progressing on a new community hub at Firs farm park, along with progress at other parks across the borough (including boating lake at Broomfield Park).

Capital budget monitoring – Period 5

23. There have been significant changes to the approved capital budget for 2023/24, arising from development of the 10-year capital strategy and period 5 (P5) capital budget monitoring. Approved capital budget of £408.1m is reduced to £283.1m P5 forecast full year outturn. These changes are detailed fully in Appendix A and include:

    - Removal of £58.7m budget (as approved by EMT) as part of capital strategy development

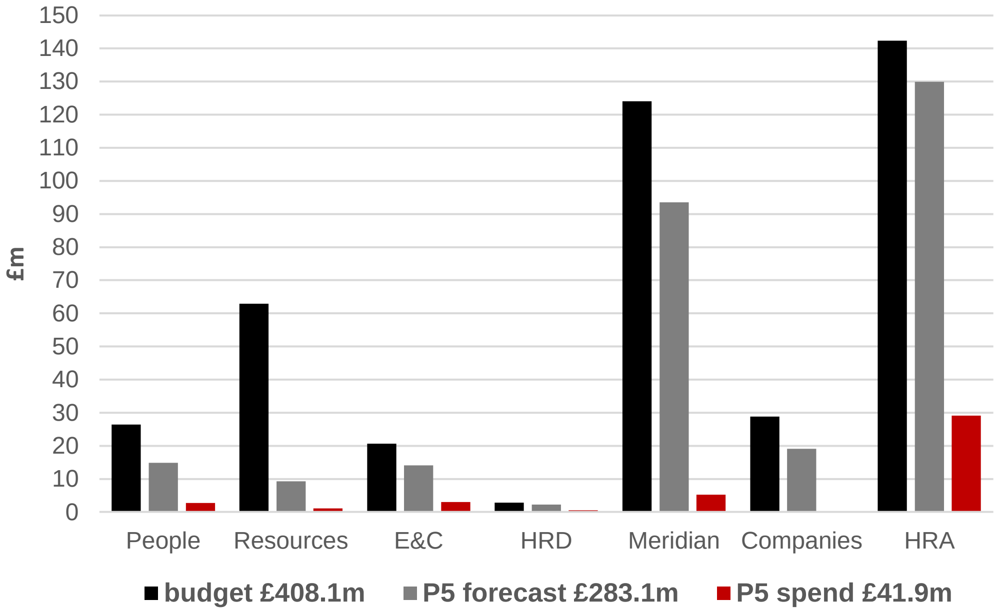
    - Removal of a further £12.5m budget as projects are reviewed and / or paused or restricted to essential work only

- Request to carry forward £71.3m grant funded budget into 2024/25 (including £37.1m Housing Infrastructure Fund (HIF) grant funding for Meridian Water and £10.9m DfE capital grand for the schools' capital programme, £13.1m for the HRA)

- Growth of £17.4m (Appendix D)

24. Capital spend to Period 5 is £41.9m, which is 15.0% of Period 5 forecast outturn and 10.2% of capital budget.

25. Figure 1 compares £41.9m spend to date with both budget and Period 5 forecast outturn. The largest variances are within Meridian Water, Companies and the Housing Revenue Account (HRA).



26. Spend to date is comparatively low in comparison with forecast full year outturn. It is important to note, however, that spend to date does not yet include the capitalised costs of staff directly supporting delivery of capital schemes. These will be reviewed to make sure they are compliant with the CIPFA Code of Practice prior to being recognised as capital spend. A further £40m of orders have been placed for capital works that are either already underway or due to start. The pace of spend in the second half of the year is expected to increase as schemes progress, orders are fulfilled, and eligible capital spend (including staff time and Meridian Water capitalised interest) and reviewed and recognised.

27. Where funded from borrowing, unspent budget at year end will not be automatically carried forward into 2024/25. Borrowing funded capital budget will only be carried forward if approved by EMT (and subsequently by Cabinet and Council). This is an important financial control that seeks to ensure that borrowing in the capital programme is robustly managed.

28. Paragraphs 29 to 58 of this report provide commentary on the status of capital projects within the programme, including outcomes anticipated from

the investment. Table 1 summarises (in more detail than Figure 1) spend to date in comparison with budget and Period 5 forecast outturn.

Table 1 – Period 5 capital spend and forecast outturn by Department

	Revised budget	Forecast outturn	Forecast Variance to budget	YTD spend	Forecast Variance to budget %
	£m	£m	£m	£m	%
Education	24.8	13.9	-10.8	2.7	-43.7%
Children & Family Services	0.4	0.7	0.3	0.0	65.1%
Adult Social Care	1.3	0.3	-1.0	0.0	-80.0%
People	**26.4**	**14.9**	-11.5	**2.7**	-43.7%
Digital Services	13.5	5.8	-7.7	0.0	-57.3%
Property & Economy	49.5	3.5	-45.9	1.1	-92.9%
Resources	**63**	**9.3**	**-53.7**	**1.1**	**-85.2%**
Customer & Communications	0.0	0.0	0.0	0.0	0.0%
Environment & Street scene	8.8	6.2	-2.6	1.9	-29.8%
Leisure, Parks & Culture	3.2	3.1	-0.2	0.4	-5.4%
Journeys & Places	7.7	4.2	-3.5	0.5	-45.3%
Town Centre Regeneration	0.8	0.6	-0.2	0.1	-24.8%
Environment & Communities	**20.6**	**14.1**	**-6.5**	**3.0**	**-31.6%**
Housing & Regeneration	2.8	2.3	-0.5	0.5	-17.9%
HDR (exc Meridian)	**2.8**	**2.3**	-0.5	**0.5**	-17.9%
Meridian Water	124.0	93.5	-30.5	5.3	-24.6%
Energetik	17.7	8.9	-8.8	0.0	-49.7%
Housing Gateway Ltd	11.2	10.2	-1.0	0.0	-8.9%
Companies	**28.9**	**19.1**	-9.8	**0.0**	-33.9%
General Fund	**265.7**	**153.2**	**-112.6**	**12.7**	**-42.4%**
Housing Revenue Account	142.4	129.9	-12.5	29.2	**-8.8%**
Total	**408.1**	**283.1**	**-125.0**	**41.9**	**-30.6%**

People – £2.7m Period 5 spend (£26.4m budget, £14.9m P5 forecast)

29. Schools' capital programme is forecasted to spend £13.9m in 2023/24. Planned spend includes £3.5m on the new 6th form building at Winchmore schools (works scheduled to start in September 2023), £4m on remodelling and refurbishing the Swan Centre (works expected to complete early in 2024/25), and £6.5m on replacing windows, heating systems, lighting upgrades, installing new boilers and refurbishments on schools across the borough.

30. All schools have regular inspections and surveys to identify potential structural issues with buildings. Of the 36 school buildings in the borough, to date Reinforced Autoclaved Aerated Concrete (RAAC) has been identified in the changing rooms in 1 school building, and plans are already in place to address this. 11 schools reported no RAAC, 20 schools reported initial survey results suggesting low chance of RAAC issues and 8 schools where further surveys are being arranged.

31. Community Safety services is forecasting £150k spend this year to deliver improved security at various sites across the borough, with new radio links and CCTV cameras and an improved hub at Walbrook House.

32. Capital budget has also been approved for the remodelling of two Borough owned premises for children's homes. Works are expected to start this financial year.

33. Mental health hub grant funded spend of £1m for 2023/24 (with additional budget in 2024/25) is proposed to be reprofiled into 2024/25 pending approval of business case expected later this year.

Resources – £1.1m Period 5 spend (£63.0m budget, £9.3m P5 forecast)

34. Build the Change budget for 2023/24 has been revised to £635k (including £70k for Hub 2), focusing on essential works only including snagging and retention costs on the children's and families hub and the fit out of the archive space at Ridge Avenue. All other works at the civic site have been put on hold pending a strategic decision on the future of the site.

35. Montagu industrial redevelopment project is being reviewed, and a revised business case is being prepared. £150k capital budget remains for CPO and consultancy fees for sites the Council is seeking to acquire. The remainder of the approved budget is now moved to 'pipeline.'

36. Corporate Property Investment Programme forecasts £155k spend. These works include to the community kitchen at Albany Park (now completed). The Firs Farm Community Hub works are progressing, with initial focus on securing the appropriate site utilities connections. Works are expected to complete by the end of the financial year.

37. Corporate Condition Programme forecast remains unchanged at £2.1m. This investment will deliver a range of health and safety works, replacement of boilers at various buildings, cess pit replacement improved accessibility at

allotments and buildings, toilet upgrades at parks, and replacement roofs. Whilst the cooling tower upgrade at the Civic Centre is on hold at present, potential additional spend on de-carbonisation works is forecast this year. The overall programme forecast outturn has not therefore been adjusted at this time.

38. Digital Services - original approved budget for 23/24 was £13.5m. EMT has agreed a revised programme budget of £7.8m. Of this revised programme, £2.0m is proposed to be carried forward into 24/25 to complete projects that have started this financial year. The forecast for 23/24 is therefore reduced to £5.8m.

39. End User Computing (EUC – Laptops) & Smart Mobile Device (SMD – Mobile phones and Tablets) £2.3m – this project will include the replace devices that are aging, out of warranty and unable to operate to modern security standards. Transition new SIM's in mobile phones and tablets and have a service support structure for the new devices deployed. The Active directory redesign and Operating systems workstream will ensure that our platforms security and investment in EUC & SMD is aligned to industry standards to remove key security vulnerabilities.

40. Directorate Stand Alone Projects £0.7m – These projects engaged for this investment ensure that the directorate can deliver frontline services to support disadvantaged and vulnerable residents. The investment will also address areas an of end of life product.

41. Asset Management System £0.6m – the new Corporate Asset Management system went live with the Minimum Viable Product in 2023/24, to replace the previous end of life system. This provides a single application to hold Council's assets such as property and supporting documentation. The programme continues into 2023/24 to replace end of life product supporting Strategic Property Services (SPS) and Construction Management & Facilities Management (CMFM).

42. Unified Communication £0.6m – the replacement to the current end of life product to a new contact centre service product that is configure for LBE. The intelligent channels project will introduce and develop modern technological intelligence through the utilisation of Artificial Intelligent (AI), Robotic Process Automation (RPA) and other non-human intervention products in engagement with residents etc.

43. Security, Network Application £0.45m – This investment will enable the council to address an imminent national change, 'Digital Switchover' which will affect the borough with the retirement of the current analogue Public Switched Telephone Network. The investment will also address some aged infrastructure devices and obsolete operating systems.

44. Corporate Programme £0.45m – Projects include digitalisation of environmental services, this will deliver functionality changes on current products under contract to meet the changes in paper-based operations within two services area, street cleansing and Ground maintenance. The

Social reform project will also deliver two additional modules and associated functionality on Operator Lifecycle Management and Liquid Logic.

45. Data £0.4m – This investment enables the delivery of data migration projects and closure of end of life products and support the development of critical reports to enable the council to consider measures to support on a fully informed basis management information.

46. Civica £0.25m – This investment supports the development of new functionality within a system that supports our residents and businesses engagement across Revenues and benefits. This functionality will enable the residents and business to self-serve reducing the need to make calls to the council for help to complete a request.

47. The budget was agreed at Executive Management Team (EMT) on Tuesday 19th September which means that delivery will now engage fully 6 months into the FY2023/24. Any changes or reprofiling will be reported as agreed at EMT.

Environment & Communities – £3.0m Period 5 spend (£20.6m budget, £14.1m P5 forecast)

48. Journey & Places are forecasting £4.2m spend to deliver a programme of quieter neighbourhoods, improved cycle routes improved pedestrian routes, cycle parking and 10 new school streets across the conurbation. Budgeted spend of £7.7m included indicative grant estimates which have been revised in line with actual grant award.

49. Town Centre Regeneration will invest £0.6m in our town centre, funded from UK Shared Prosperity Fund grant, s106 contributions, CIL and borrowing. A further £0.8m grant funding has been secured for 2024/25 allowing works to continue across 5 town centres in Enfield without recourse to additional borrowing.

50. Flood alleviation expected to spend £1.6m on developing new wetlands, and woodlands in the north of the borough, installing new and upgrading existing pathways across public green land and improving signage to allow improved accessibility. Natural flood management measures will also be introduced across these areas. Flood alleviation works rely significantly on external grant funding, s106 contributions and community infrastructure levy (CIL). The programme will further evolve through the year should additional grant be awarded to allow for further works to be progressed. All growth in the programme will be funded from non-borrowing sources.

51. £1.1m will be spent on parks, playgrounds and verges. £320k to be spend on planting new urban trees, and repairs and improvements to highway verges and shrub beds. £0.55m will be spent on improving parks and playground infrastructure across the borough and a further £0.2m is planned to improve Broomfield Park boating lake (funded from £154k s106 contributions).

52. Sloeman's farm natural burial ground - £330k spend is planned this year, to be funded from income from soil importation. The Council is in the process of procuring a main contractor for site works and the contract is expected to be awarded by the end of the year. The contract will require the contractor to reimburse the Council each year for its share of income from soil importation. This income is expected to cover the costs of capital expenditure each year.

53. The Council expects to spend £4.5m on highways & street scene services, including £4.3m on highways repairs, footpaths and structural works to bridges and £0.2m grant funded spend on the installation of highways fibre ducting (with a further £0.8m grant funded spend planned in 2024/25). In addition the Council will invest £0.3m of grant funding in improving traffic and transportation measures across the conurbation (including traffic calming and bus priority improvements).

54. Waste management will see investment of £1.0m in the Council's fleet replacement programme, £0.25m in the expansion of the Council's fleet workshop and £0.1m on the provision of replacement wheeled bins to residents.

55. Customer & communications is forecast to spend £20k across the libraries and community hubs funded by £15k of CIL and £5k of borrowing. Health and safety upgrade at ordnance unity centre library. £5k on the final parts of transformation project at Enfield library where certain parts of the building are being refurbished.

Housing, Regeneration & Development – £0.5m Period 5 spend (£2.8m budget, £2.3m P5 forecast)

56. Planned spend consists of £2.7m grant funded expenditure on property adaptations for disabled residents to enable more people to live independently in their own homes. There are currently 146 cases in the pipeline to be allocated with 82 that are progressing to completion this year.

Meridian Water – £5.3m Period 5 spend (£124.0m budget, £93.5m P5 forecast)

57. Key outcomes / progress are listed below:

- **Meridian One** – Forecast spend for the financial year is £22.5m. So far 20 of 119 units have been delivered. The remaining 99 units are expected to be completed by March 2024.
- **HIF SIW** – Programmed works for the year were originally c£67m. Works are now forecasted to be in the region of £31m. Vinci Taylor Woodrow are currently onsite undertaking strategic infrastructure works.
- **Debt costs** – Capitalised interest costs are expected to be in the region of £8.5m this fiscal year.
- **Scheme-wide Expenditure** - £2m has been allocated for demolition works. These works may not meet the funding conditions of HIF; however, options are being explored.

- **CPO/Land acquisition** - £1.4m has been set aside for land acquisition. Negotiations are ongoing but expected to be concluded before end of the fiscal year.
- **Capital Receipts** - There is £4.8m notional capital receipts in relation to a land swap. This has been included in the accounts for the purposes of VAT and consideration.
- **Salary** - Salary recharges are expected to be c£2.2m.

Companies – £0m Period 5 loan drawdown (£28.9m budget, £19.1m P5 forecast)

58. The Companies position is reported separately. On 1 September (Period 6) Energetik drew down £1.6m of loans.

Capital programme – Period 5 forecast outturn financing

59. Capital financing originally budgeted is shown in Table 2a below. Capital financing forecast for 2023/24 is summarised in Table 2b, followed by individual tables providing additional information on each source of financing.

Table 2a – capital financing budget 2023/24

	General Fund £m	Meridian Water £m	Companies £m	HRA £m	Total £m
Capital grants	37.4	67.7	0.1	47.1	152.2
S106	0.7				0.7
CIL	1.7				1.7
Capital receipts (inc RTB)	32.5			27.7	60.1
Major Repairs Reserve				12.3	12.3
Earmarked Reserves	0.1			3.6	3.6
Non-borrowing	**72.4**	**67.7**	**0.1**	**90.6**	**230.8**
Borrowing	**40.4**	**56.4**	**28.8**	**51.7**	**177.3**
capital financing	**112.8**	**124.0**	**28.9**	**142.4**	**408.1**

Table 2b – capital financing Period 5 forecast outturn for 2023/24

	General Fund	Meridian Water	Companies	HRA	Total
	£m	**£m**	**£m**	**£m**	**£m**
Capital grants	20.6	30.6	2.1	18.3	71.8
S106	1.8				1.8
CIL	0.5				0.5
Capital receipts	0.3	5.2		14.9	20.4
Right to Buy receipts				10.7	10.7
Major Repairs Reserve				11.0	11.0
Earmarked Reserves				13.3	13.3
Non-borrowing	**23.3**	**35.8**	**2.1**	**68.2**	**129.5**
Borrowing	**17.3**	**57.7**	**17.0**	**61.7**	**153.6**
capital financing	**40.6**	**93.5**	**19.1**	**129.9**	**283.1**

Borrowing - £153.6m Period 5 forecast outturn (£177.3m budget)

	budget	P5 forecast	variance
	£m	**£m**	**£m**
Resources	30.8	9.3	(21.5)
People	0.4	0.7	0.3
Environment & Communities	9.2	7.2	(2.0)
Meridian Water	56.4	57.7	1.3
Companies	28.8	17.0	(11.8)
General Fund	**125.6**	**91.9**	**(33.7)**
HRA	51.7	61.7	10.0
	177.3	**153.6**	**(23.7)**

60. As part of development of a financially affordable and sustainable 10 year capital strategy, the Council has been proactive in managing the level of new borrowing it needs to take out in 2023/24. EMT has approved the removal of £58.7m budget from the capital programme, funded from £26.5m borrowing and £32.2m future capital receipts.

61. Resources EMT approved reductions in borrowing include £5.7m from Digital Services, £3.0m from Build the Change, £10.0m from Montagu (all moved to the pipeline). A further £2.0m digital services borrowing funded budget is proposed to be reprofiled into 2024/25 and £0.9m reduction in Build the Change borrowing as the programme is reduced to essential works only.

62. People increase of £0.3m in borrowing is the first phase of property modification and refurbishment works for delivery of new Children’s Homes in Enfield.

63. Environment & Communities reduction in borrowing includes EMT approved reductions of £1.4m in fleet replacement and £0.2m in flood alleviation

budgets. A further reduction of £0.2m in borrowing for parks, playgrounds and verges because of the use of s106 contributions to part fund Broomfield Park boating lake works.

64. Meridian Water changes in borrowing is the result of a reduction in overall programme spend of £6.2m (including £4.4m land acquisition) and assumed use of £5.2m capital receipts. These borrowing reductions are offset by borrowing funded growth of £12.7m in period 5 (KD5627).

65. Companies – see separate Companies report

Grant funded capital expenditure - £71.8m Period 5 2023/24 forecast outturn (£152.2m budget)

	Budget £m	**P5 forecast £m**	**Variance £m**
People	26.0	13.9	(12.1)
Environment & Communities	8.6	5.5	(3.1)
Housing, Regeneration & Development	2.8	2.3	(0.5)
Meridian Water	67.7	30.6	(37.1)
Companies	0.1	2.1	2.0
HRA	47.1	18.3	(28.8)
	152.2	**71.8**	**(80.4)**

66. People – the use of schools related grant to fund 2023/24 capital spend is reduced in line with reprofiling of planned spend in the children's programme.

67. Environment & Communities grant reduction reflects removal of indicative grant funding allocations used for budget setting purposes from the capital programme.

68. Housing, Regeneration & Development – reprofiling of £0.5m Disabled Facilities Grant into 2024/25.

69. Companies – grant funded growth for Housing Gateway Ltd homes acquisitions (see Companies report)

2023/24 Capital expenditure funded by S106 contributions - £1.8m Period 5 forecast outturn (£0.7m budget)

	budget £m	**P5 forecast £m**	**Variance £m**
People	0.0	1.3	1.3
Environment & Communities	0.7	0.5	(0.2)
	0.7	**1.8**	**1.2**

70. People – the Council expects to utilise £1.3m of schools related s106 contributions to fund investment in Winchmore School.

71. Environment & Communities - £0.4k of s106 contributions initially assumed would be required to fund the Journeys & Places programme this year is no longer required. A new s106 allocation of £0.2m has been approved for Broomfield Park boating lake.

2023/24 Capital expenditure funded by Community Infrastructure Levy (CIL) - £0.5m Period 5 forecast outturn (£1.7m budget

	Budget £m	P5 forecast £m	Variance £m
Environment & Communities	1.7	0.5	(1.2)
	1.7	**0.5**	**(1.2)**

72. CIL allocation to Journeys & Places is no longer required to fund planned spend in 2023/24.

2023/24 Capital expenditure funded by revenue reserves - £0.0m Period 5 forecast outturn (£0.1m budget)

	Budget £m	P5 forecast £m	variance £m
Environment & Communities	0.1	0.0	(0.1)
	0.1	**0.0**	**(0.1)**

73. Budget originally assumed the use of £0.1m from the North London Waste Authorities rebate would be used to fund replacement wheeled bins. This has now been removed until such time as funding is confirmed.

2023/24 Capital expenditure funded by capital receipts – £31.1m Period 5 forecast outturn (£60.1m budget)

	budget £m	P5 forecast £m	Variance £m
Resources	32.2	0.0	(32.2)
Environment & Communities	0.3	0.3	0.0
Meridian Water	0.0	5.2	5.2
HRA	27.6	25.6	(2.0)
	60.1	**31.1**	**(29.0)**

74. Resources – the £32.2m outline budget relating to recycling capital related to Montagu to fund future Montagu phases has been removed as the project is reviewed in response to the changes in the economic environment. This scheme has now been moved to ‘pipeline.’

75. Environment & Communities use of capital receipts is soil importation income to fund development of Sloeman’s Farm. Contract is expected to be awarded by the end of the financial year.

Financial implications

76. Financial implications are contained within the body of this report.

Legal implications

77. The Council must adhere to various statutory provisions under the Local Government Finance Act 1992, The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 and The Local Government Act 2003.

78. The Council must set the budget (of which the Capital Programme is part of) in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council.

79. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.

80. Where a service is provided pursuant to a statutory duty, it would not be lawful to fail to discharge it properly or abandon it, and where there is discretion as to how it is to be discharged, that discretion should be exercised reasonably

81. The Council shall ensure that all of its capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt and consideration of risk, and the impact and potential impact on the Council's overall fiscal sustainability. The Prudential Code, referred to, in this Report, requires authorities to look at capital expenditure plans, investments and debt in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long-run financing implications and potential risks to the Council. To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account.

82. 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.

83. This Report sets out that by adopting and adhering to legislative provisions and Industry Codes (CIPFA and Prudential) the Council continues to monitor the Council's Capital Strategy Programme. This Period 5, recommends a significantly reduced budget as set out in this monitoring Report, and maintains that this will still continue the Council's commitment to the development and delivery of a 10-year financially sustainable and affordable Capital Management Strategy without significantly impacting on

delivery of the key ambitions and commitments underpinning the original approved Capital Management Programme and Strategy.

Equalities Implications

84. There are no adverse equality implications arising from this report .

HR and Workforce Implications

85. Not relevant to this report.

Environmental and Climate Change Implications

86. The Council continues to consider environmental and climate change implications in the design and delivery of its capital programme and capital strategy.

Public Health implications

87. 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 resident's wellbeing.

88. The Council has taken steps to understand the risks around the use of RAAC in school buildings, the implications of which are included in this report.

Property Implications

.

89. All property implications have been considered where relevant in the report. The Council continues to take a strategic approach to management of the civic estate. Where relevant, capital spend on building related improvements has been paused until strategic decisions are made on the use of buildings.

Safeguarding Implications

90. Not relevant to this report.

Crime and Disorder Implications

91. Not relevant to this report.

Conclusions

92. The forecast capital programme for 2023/24 at Period 5, which is significantly reduced from budget, demonstrates the Council's commitment to the development and delivery of a 10-year financially sustainable and affordable capital strategy. The reduced programme for 2023/24 assumes £33.7m less General Fund borrowing this year than budgeted. This will have a positive impact on future years' minimum revenue provision budget requirement and current year interest budget.

93. The Council has been able to make these strategic programme reductions without significantly impacting on delivery of the key ambitions and commitments underpinning the original approved capital programme.

94. Year to date spend represents 15.0% of period 5 forecast outturn. The key underspend to forecast is within the Meridian Water programme and profile of Companies loan drawdowns (for Housing Gateway Ltd and Energetik).

95. Members are also asked to note that actual spend to date excludes capitalised staff costs (recharges from revenue to be reviewed, approved and posted), material transactions only processed at year end (for example Meridian Water capitalised interest) and orders placed but not yet invoiced (£40.4m at Period 5).

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Appendices

Further detailed analysis of the Period 5 capital programme is included in the Appendices to this report:

Appendix A	Period 5 forecast full year outturn – changes to budget
Appendix B	Proposed reprofiling of budgets to 2024/25
Appendix C	Proposed reductions to capital budget
Appendix D	Growth in capital budget
Appendix E	Forecast capital programme outturn and funding by corporate objective

Appendix A - Period 5 forecast full year outturn changes to budget (by Programme)

	budget	P5 forecast outturn	Forecast outturn variance to budget	Of which budget carried forward to 2024/25	Of which budget growth in 2023/24	Of which budget reduction in 2023/24	Forecast outturn variance to budget	Spend to date (at Period 5)
	£m	£m	£m	£m	£m	£m	£m	£m
Digital Services	13.5	5.8	(7.7)	(2.0)	0.0	(5.7)	(7.7)	0.0
Corporate Condition Programme	2.1	2.1	0.0	0.0	0.0	0.0	0.0	0.4
Corporate Property Investment	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.1
Electric Quarter CPO	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.5
Build the Change	4.5	0.6	(3.9)	0.0	0.0	(3.9)	(3.9)	0.1
Montagu	42.2	0.2	(42.0)	0.0	0.0	(42.0)	(42.0)	0.0
Resources	**63.0**	**9.3**	**(53.7)**	**(2.0)**	**0.0**	**(51.7)**	**(53.7)**	**1.1**
Schools programme	24.8	13.9	(10.9)	(10.9)	0.1	0.0	(10.9)	2.7
Extensions to Foster Carers' Homes	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Enfield Children’s Homes	0.0	0.3	0.3	0.0	1.3	(1.0)	0.3	0.0
Community Safety	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Mental Health Hub	1.3	0.3	(1.0)	(1.0)	0.0	0.0	(1.0)	0.0
People	**26.4**	**14.9**	**(11.5)**	**(11.9)**	**1.4**	**(1.0)**	**(11.5)**	**2.7**
Libraries & Community Hubs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vehicle Workshop	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Traffic & Transportation	0.7	0.3	(0.4)	0.0	0.3	(0.7)	(0.4)	0.0
Vehicle Replacement Programme	2.4	1.0	(1.4)	0.0	0.0	(1.4)	(1.4)	0.8
Waste & Recycling Collections	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Highways & Street Scene	4.3	4.3	0.0	0.0	0.0	0.0	0.0	1.0
Highways Fibre Ducting	1.0	0.2	(0.8)	(0.8)	0.0	0.0	(0.8)	0.0
Sloemans Farm	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0

Appendix A - Period 5 forecast full year outturn changes to budget (by Programme)

	budget	P5 forecast outturn	Forecast outturn variance to budget	Of which budget carried forward to 2024/25	Of which budget growth in 2023/24	Of which budget reduction in 2023/24	Forecast outturn variance to budget	Spend to date (at Period 5)
	£m	£m	£m	£m	£m	£m	£m	£m
Flood Alleviation	1.8	1.6	(0.2)	0.0	0.0	(0.2)	(0.2)	0.3
Parks, Playgrounds & Verges	1.1	1.1	0.0	0.0	0.0	0.0	0.0	0.1
Journeys & Places	7.7	4.2	(3.5)	(0.3)	0.3	(3.5)	(3.5)	0.5
Town Centre Regeneration	0.8	0.6	(0.2)	0.0	0.0	(0.2)	(0.2)	0.1
Environment & Communities	**19.0**	**14.1**	**(4.9)**	**(1.1)**	**0.7**	**(6.1)**	**(4.9)**	**3.0**
Housing Adaptations & Assistance (DFG)	2.8	2.3	(0.5)	(0.5)	0.0	0.0	(0.5)	0.5
Housing, Regeneration & Development	**2.8**	**2.3**	**(0.5)**	**(0.5)**	**0.0**	**0.0**	**(0.5)**	**0.5**
Meridian Water non-HIF	56.4	62.9	6.5	0.0	12.7	(6.2)	6.5	5.2
Meridian Water HIF	67.7	30.6	(37.1)	(37.1)	0.0	0.0	(37.2)	0.1
Meridian Water	**124.0**	**93.5**	**(30.7)**	**(37.1)**	**12.7**	**(6.2)**	**(30.7)**	**5.3**
Energetik	17.7	8.9	(8.8)	(2.6)	0.0	(6.2)	(8.8)	0.0
Housing Gateway Ltd	11.2	10.2	(1.0)	(3.0)	2.0	0.0	(1.0)	0.0
Companies	**28.9**	**19.1**	**(9.8)**	**(5.6)**	**2.0**	**(6.2)**	**(9.8)**	**0.0**
General Fund	**265.7**	**153.2**	**(112.5)**	**(58.2)**	**16.8**	**(71.2)**	**(112.5)**	**12.7**
Housing Revenue Account	**142.4**	**129.9**	**(12.5)**	**(13.1)**	**0.6**	**0.0**	**(12.5)**	**29.2**
capital programme	**408.1**	**283.1**	**(125.0)**	**(71.3)**	**17.4**	**(71.2)**	**(125.0)**	**41.9**

Appendix B – proposed carry forward of budget into 2024/25 (subject to Council approval)

	Budget carried forward funded from borrowing	Budget carried forward funded from grants, s106, etc	Accelerated spend budget brought forward	Total
	£m	**£m**	**£m**	**£m**
Digital Services	2.0			2.0
Resources	**2.0**	**0.0**	**0.0**	**2.0**
Schools programme		10.9		10.9
Mental health hub		1.0		1.0
People	**0.0**	**11.9**	**0.0**	**11.9**
Highways & Street Scene		0.8		0.8
Journeys & Places		0.3		0.3
Environment & Communities	**0.0**	**1.1**	**0.0**	**1.1**
Housing Adaptations & Assistance (DFG)		0.5		0.5
Housing, Regeneration & Development	**0.0**	**0.5**	**0.0**	**0.5**
Meridian Water HIF		37.1		37.1
Meridian Water	**0.0**	**37.1**	**0.0**	**37.1**
Housing Gateway Ltd	3.0			3.0
Energetik	2.6			2.6
Companies	**5.6**	**0.0**	**0.0**	**5.6**
General Fund	**7.6**	**53.2**	**0.0**	**55.2**
Housing Revenue Account	**0.0**	**13.1**	**0.0**	**13.1**
Capital programme budget reprofiled to 2024/25	**7.6**	**63.7**	**0.0**	**71.3**

Appendix C – proposed reductions to 2023/24 capital programme (subject to Council approval)

Department	Programme	£m	funding source	Description
Resources	Digital Services	5.7	borrowing	Budget moved to pipeline
Resources	Build the Change	3.0	Borrowing	Budget moved to pipeline
Resources	Montagu Industrial Estate	42.0	Capital receipts and £10m borrowing	Budget moved to pipeline, with the exception of £150k budget reinstated for essential works
People	Extensions to foster carers homes	0.0	Borrowing	Budget initially removed but reinstated for 23/24
E&C	Vehicle replacement programme	1.4	Borrowing	EMT approved reduction to rolling programme
E&C	Expansion of fleet workshops	0.0	Borrowing	Budget initially moved to pipeline but subsequently reinstated
E&C	Flood alleviation	0.2	Borrowing	EMT approved reduction to rolling programme
Companies	Energetik	6.2	Borrowing	Budget moved to pipeline
Decisions as part of the development of the Capital Strategy		**58.7**		
People	Enfield Children's Homes	1.0	borrowing	Revision to recognise nil acquisition costs
Resources	Build the Change	0.9	borrowing	Budget reduced to essential works only
HRD	Meridian Water	6.2	borrowing	Revised position approved by Meridian Water Board
E&C	Journeys & Places	3.5	grant	Removal of indicative budget allocation
E&C	Traffic & Transportation	0.7	grant	Removal of indicative budget allocation
E&C	Town Centre Regeneration	0.2	Grant	Funding transferred to Journeys & Places
Changes to programmes		**12.4**		
Capital programme reductions		**71.1**		

Appendix D – growth to 2023/24 capital programme

Department	Programme	£m	funding source	Description
People	Enfield Children's Homes	1.3	borrowing	KD5568
People	Raglan Infants School - boiler	0.1	grant	New grant funded scheme
E & C	Traffic & Transportation	0.3	grant	Budget alignment with grant funding
HRD	Journeys & Places	0.2	grant	New schemes (funding transferred from Town Centre Regeneration)
HRA	OPE Self-Custom Build Project	0.7	grant	Operational decision
Meridian Water	Parcel 10	12.7	borrowing	KD5627 note that this is largely offset by £6.2m borrowing reduction in 2023/24 (Appendix B) and a 2023/24 capital receipts assumption of £5.2m (table 2b)
Companies	Housing Gateway Ltd	2.0	grant	New grant for homes acquisition
Capital programme growth		**17.4**		

Appendix E - 2023/24 forecast capital programme outturn and financing by corporate objective

			forecast outturn financing						
	forecast outturn		**grants**	**s106 & CIL**	**capital receipts**	**HRA RTB**	**HRA reserves**	**Borrowing**	**YTD spend**
	£m		**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Journeys & Places	4.2		3.8	0.4				0.1	0.5
Flood alleviation	1.6		1.0	0.4				0.2	0.3
Sloemans Farm	0.3				0.3			0.0	0.0
Parks, playgrounds & verges	1.1			0.2				0.9	0.1
Clean and green spaces	**7.2**		**4.8**	**1.0**	**0.3**			**1.2**	**0.9**
Community hubs	0.0							0.0	0.0
Community safety	0.2							0.2	0.0
Mental health and wellbeing centre	0.3		0.3					0.0	0.0
Highways & street scene	4.3							4.3	1.0
Highways fibre ducting	0.2		0.2					0.0	0.0
Traffic & Transportation	0.3		0.3					0.0	0.0
Vehicle replacement programme	1.0							1.0	0.8
Vehicle workshop	0.3							0.3	0.0
Strong, healthy and safe communities	**6.6**		**0.8**					**5.8**	**1.8**
Schools maintenance	5.4		5.4	0.0				0.0	1.8
Schools maintenance - fire safety	0.3		0.3	0.0				0.0	0.0
Strategic schools places programme	8.3		7.0	1.3				0.0	0.8
Enfield children's homes	0.3							0.3	0.0
Extensions to foster carers' homes	0.3							0.3	0.0

Appendix E - 2023/24 forecast capital programme outturn and financing by corporate objective

	forecast outturn	forecast outturn financing: grants	s106 & CIL	capital receipts	HRA RTB	HRA reserves	Borrowing	YTD spend
	£m	£m	£m	£m	£m	£m	£m	£m
Thriving children and young people	**14.6**	**12.7**	**1.3**				**0.6**	**2.6**
Build the Change	0.6						0.6	0.1
Corporate condition programme	2.1						2.1	0.4
Corporate property investment programme	0.2						0.2	0.0
Electric Quarter	0.5						0.5	0.6
Genotin Road	0.0						0.0	0.0
IT Investment	5.8						5.8	0.0
Montagu Industrial Estate	0.1						0.1	0.0
Town Centre Regeneration	0.6	0.2	0.1				0.3	0.1
Replacement wheeled bins	0.1						0.1	0.1
Libraries	0.0	0.0					0.0	0.0
An economy that works for everyone	**9.9**	**0.2**	**0.1**	**0.0**	**0.0**	**0.0**	**9.6**	**1.3**
Housing & Regeneration	2.3	2.3						0.5
Meridian Water	93.5	30.6		5.2			57.7	5.3
Energetik	8.9	0.1					8.8	0.0
Housing Gateway Ltd	10.2	2.0					8.2	0.0
Housing Revenue Account	129.9	18.3		14.9	10.7	24.3	61.7	29.2
More and better homes	**244.8**	**53.3**	**0.0**	**20.1**	**10.7**	**24.3**	**136.3**	**35.0**
capital programme	**283.1**	**71.8**	**2.3**	**20.4**	**10.7**	**24.3**	**153.6**	**41.9**

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London Borough of Enfield

Title of Report:	Medium Term Financial Plan (2024/25 to 2028/29)
Report to:	Cabinet
Date of Report briefing:	15th November 2023
Cabinet Member:	Cllr Tim Leaver (Finance & Procurement)
Directors:	Fay Hammond, Executive Director – Resources Kevin Bartle, Interim Director of Finance (Corporate)
Report Author:	Neil Goddard, Head of Financial Strategy
Ward(s) affected:	All
Key Decision Number	KD 5681
Implementation date, if not called in:	
Classification:	Part I Public
Reason for exemption	

Purpose of Report

1. This report brings forward a set of proposed new savings and income proposals that have been identified in response to the £39.4m budget gap as set out in the Medium Term Financial Plan (2024/25 to 2028/29) report considered by Cabinet in September (KD5641). Nationally, councils are experiencing financial challenges, a recent analysis carried out by the Local Government Association (LGA) noted that councils across the country face a £4billion funding gap over the next two years (£2.4bn in 23/24 & £1.6bn in 24/25).

2. This report will set out:

   - New savings and income proposals.
   - Remaining budget gap if Council Tax is increased and the proposed Council Tax support schemes changes are implemented.

Recommendations

3. Cabinet is recommended to:

a) Note the progress towards balancing the budget for 2024/25:

- As of September 2023, the estimated gap was £39.4m in 2024/25, prior to any increase in Council Tax, revision to the Council Tax Support scheme, savings and any additional Government funding. The gap across the medium term to 2028/29 was £118.6m, primarily driven by high inflation, demography, an unprecedented increase in Temporary Accommodation costs, arising from a lack of available property, and increasing capital financing costs as interest rates continue to rise.

b) Agree in principle the proposed savings and income of £9.2m in 2024/25 put forward by departments as shown in Table 3. Further details of the indicative proposals are set out in Appendix C:

- £6.1m from service redesign, efficiencies and demand management
- £3.1m from income generation.

c) Note that these savings and income proposals, or suitable alternatives, should be delivered as soon as practically possible and, if appropriate, in the current financial year.

d) Note the estimated potential reduction in the budget gap of £14.6m if Council Tax (including ASC precept) is increased by 4.99% and the proposed Council Tax Support scheme changes are implemented.

e) Note that the budget gap would, therefore, reduce from £39.4m to £15.6m. Ongoing review of the cost pressures and growth and further savings and income generation remains in progress to be updated in January 2024 Cabinet. These forecasts are subject to a significant number of variables and estimates and are highly likely to change, but nevertheless represent officers' best estimates at this time.

f) Note that in addition to the 2024/25 budget gap, there is a forecast £28m overspend in 2023/24 and Executive Directors and officers are attempting to implement mitigating actions to reduce the in-year overspend.

g) Note that Enfield has expressed its interest to DLUHC to continue with the smaller Business Rate Pool of eight London boroughs for a further year into 2024/25.

h) Note that this report is written prior to the government's Autumn statement due on the 22nd November 2023 and the Local Government Finance settlement due in December 2023.

i) Agree the proposed changes to Green Waste charging for 2024 as set out in paragraph 44.

Reason for Proposals

4. The Council has a statutory duty to approve a balanced budget for 2024/25 in February 2024 along with consideration of the finances over the medium term, and the Council's reserves. It is essential that there is a clear understanding of the anticipated income and expenditure flows for the Council, despite the uncertainties. The measures referenced in paragraph 29 are the steps by which the Council will ensure that it meets its statutory duty to set a balanced budget for 2024/25.

Relevance to the Council Plan

5. The primary purpose of the development of the Budget and Medium Term Financial Plan is to direct resources to deliver the priorities set out in the Council's Plan 2023-26:
    - Clean and green places
    - Strong, healthy and safe communities
    - Thriving children and young people
    - More and better homes
    - An economy that works for everyone.
6. It is not possible for the Council to deliver on its ambitions for local people if these are not in place and the financial strategy is a key pillar on which success is built. As part of this, one of the principles of the Council Plan 2023-26 is financial resilience and commits to:
    a. Deliver excellent value for money in all that we do and target our resources smartly to enable us to meet the needs of our residents, now and in the future.
    b. Plan ahead carefully, making decisions based on evidence of what works, to deliver on the priorities set out in the plan.
    c. Invest in our organisation to become more efficient and effective in what we do, in order to prevent higher costs for the future. This includes ensuring we have the right digital infrastructure in place.
    d. Deliver our long-term regeneration programme for the borough to drive transformational change for Enfield and achieve better outcomes for local people. This will also support our financial resilience by growing the local economy and Council Tax base.
    e. Look for new and innovative ways to generate income, so that we have additional funding to invest in services over the long-term. In line with our new Sustainable and Ethical Procurement Policy, we will use our significant purchasing power to help us achieve our strategic objectives, ensuring our suppliers show a wider commitment to the borough, our residents and local businesses through the delivery of social value.
7. Financial Resilience remains at the heart of the approach to budget management at Enfield, and considerable work has been undertaken to establish a stable and more resilient position over recent years.

Economic update

8. Our requirement to set a balanced budget remains challenging given the dynamic and challenging national and local economic context. The following provides a brief update on key issues since the September update.
9. The latest inflation update was announced on the 18th October with CPI now reported at 6.7% in the 12 months to September 2023 (unchanged from the August 2023 CPI figure). The Government target is for inflation to be down to 5% by the end of December, so that forecast would appear to be at risk. This also has an impact on estimated levels of Government

funding where uplifts for 2024/25 are based on the September reported CPI. The impact of which will be provided in the January 2024 cabinet report.

10. The BoE base interest rate remained at 5.25% and will be next updated in early November. Whilst further interest rate rises may be required to bring inflation back down, this in itself will create further pressure on the Council's capital financing costs and consequently the revenue budget.

11. The Council borrows mainly from the Public Works Loans Board (PWLB) and the cost of both long and short-term borrowing have increased over the financial year. Compared to the September report, the PWLB borrowing rates (which track gilts rates) remain at around 5.6% (depending on the term).

12. The public sector pay award continues to add to our financial pressures, as it does for all local authorities due to pay awards being higher than has been the case in recent years, and outstripping local government funding increases. The 2023/24 NJC pay award for officer grades was agreed on 1st November and officers are currently working out the impact on both this year and next year's budget against the assumptions which had previously been made. Nationally agreed pay awards for local government staff are unfunded by central government, leaving further pressures on council revenue budgets. the cash-amount pay award offered by employers over the last two years to support employees during high levels of inflation represents a 22 per cent increase for staff on the bottom pay point. For those above a certain grade, the percentage increase was 3.88% this year. This significant increase from the pay award forecasts from just two years ago has been a further significant pressure on councils' budgets, with no support from the Government.

13. The situation across London remains increasingly challenging. In June 2023, the number of homelessness presentations was 22.1% higher than a year earlier and the number of households living in Temporary Accommodation has increased by 6.6% in the same 12 month period. There have been similar reductions in the availability of suitable housing supply across the region. Along with pressure on market rents, the lack of supply of affordable accommodation continues to create significant cost pressures in the Council's Temporary Accommodation budget. The economic downturn has also contributed to higher numbers of people requiring temporary accommodation.

14. In addition, demand led pressures across children's and adult social care services persist. Budgeted spend on adult social care increased nationally by £2.5 billion (12.8 per cent) in 2023/24. Children's social care is increasingly cited by councils with this responsibility as their key source of financial pressure and overspend. Budgeted spend on children's social care increased nationally by £1.5 billion (13.6 per cent) in 2023/24. This is a continuation of a trend of spiralling costs in this service area driven partly by continuous growth in the number of children in care since 2009.

Government Funding and Spending Assumptions for 2024/25

15. The government funding, Collection Fund and spending assumptions stated in the September Cabinet report remain unchanged from those contributing to the £39.4m budget gap. The following paragraphs and Table 1 are

included here as a reminder of the how the preliminary budget gap was estimated.

16. The base 2023/24 net budget is £286.9m as set out in the Budget report agreed by Council in February 2023. The current estimates show that we would require a budget of £335.0m but only estimate to generate funding of £295.6m, therefore leading to a forecast budget gap for 2024/25 of £39.4m prior to savings, any additional Government funding, and other actions to mitigate this pressure such as level of Council tax increase and Council Tax support provided. The £39.4m gap represents 13.7% of the Council's net budget or 29% of the Council's budget excluding adults and children's social care.

17. The preliminary gap across the medium term is now forecast at £95.4m (down from £118.6m in September), however the focus is currently on the 2023/24 and 2024/25 positions, given the scale of the gap and the pressing need to bring the current year's spending back in line with budget.

18. The budget gap is considerable, and the estimates shown in the tables are based on a prudent set of assumptions, but it is still important to remember that these are subject to change e.g. legislation, Local Government Finance settlement outcome, interest rates, inflation, demand - all could change and impact the budget gap for next year and beyond.

19. Table 1 below shows how the budget requirement builds on the 2023/24 base budget.

Table 1 – Draft 2024/25 Budget requirement

	£m
Base 2023/24 Net budget	**286.942**
Pay Awards (4.75% pay award assumed for 24/25 plus £2.5m catch up inflation from 23/24)	11.511
Growth in Temporary Accommodation	9.800
Inflation	8.531
Pressures / other growth items	7.011
Capital Financing costs increasing	6.200
Demography across adults and children's services	3.660
North London Waste Authority levy	1.328
Concessionary Fares returning to pre-covid levels	1.914
Review of savings previously agreed	0.722
Net increase in service specific grants (social care, as announced)	(2.622)
Net budget requirement 2024/25	**334.997**
Baseline funding 2024/25	(295.600)
Shortfall	**39.397**

20. Where possible high, medium and low scenarios were estimated and the estimated gap was prudently set on the medium scenario for all areas except for Temporary Accommodation, where the lower estimate has been

used given that additional strategies are being implemented with the expectation that they will reduce the current pressure. This does mean that in terms of sensitivity to the budget gap, the Temporary Accommodation is the most significant.

21. The September report outlined how the Council would meet the remainder of the budget gap. One of these measures was the identification of new savings and income proposals. Proposals totalling £9.2m have now been identified and put forward in this report for approval (see Appendix C for the full list of proposals).

22. In addition, the Council also has the ability to increase Council Tax by a maximum of 4.99% without the need for a referendum and can also consider making changes to the Council Tax Support Scheme. If Council Tax is increased by the maximum 4.99%, and if the proposed changes to the Council Tax Support Scheme (which are currently out to consultation) are implemented, then this is estimated to generate a further £14.6m in Council Tax income. This would have the impact of reducing the remaining gap required to balance the budget to £15.6m for 2024/25 and £95.4m over the MTFP period.

23. Table 2 summarises the impact of these proposals on the budget gap as reported in the September Cabinet report.

Table 2 – Summary of changes in Budget Gap from the position reported to September Cabinet

Summary of budget gap	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Budget Gap as at September Cabinet report	39.397	19.747	22.960	22.077	14.474	**118.655**
New Savings & Income proposals	(9.241)	0.623	0	0	0	**(8.618)**
Sub- total	**30.156**	**20.370**	**22.960**	**22.077**	**14.474**	**110.037**
Increased Council Tax income if rate increased by 4.99%	(7.313)	0	0	0	0	**(7.313)**
Revised Council Tax Support scheme if implemented	(7.280)	0	0	0	0	**(7.280)**
Remaining gap	**15.563**	**20.370**	**22.960**	**22.077**	**14.474**	**95.444**

New Savings & Income Proposals

24. Departments have been formulating new savings proposals amounting to £9.2m in 2024/25. The savings contain a mix of service redesign,

efficiencies, service reduction and income generation and a further analysis is set out below.

Table 3 – New Savings & Income Generation proposals 2024/25 - 2028/29

	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£m	£m	£m	£m	£m	£m
Income Generation	(3.072)	0.060	0	0	0	(3.012)
Service Redesign	(2.812)	0.263	0	0	0	(2.549)
Service Efficiencies	(1.608)	0.300	0	0	0	(1.308)
Contract Management	(1.216)	0	0	0	0	(1.216)
Changes in Service Delivery	(0.533)	0	0	0	0	(0.533)
Total	**(9.241)**	**0.623**	**0**	**0**	**0**	**(8.618)**

25. Appendix C provides the full list by department of the proposals being put forward.

26. In order to maximise the financial benefit of these proposals it is recommended that they are implemented as soon as feasibly possible, which could mean that some could help mitigate the 2023/24 forecast overspend and the consequent draw on reserves.

27. The savings and income proposals agreed in the budget are monitored throughout the year, these include those that are for savings in future years. Where required these have been reprofiled to reflect current likelihood of delivery, in addition, some savings have been reconsidered, such as savings predicated on the implementation of a new finance and HR system which is not due to be progressed until much later now in the Digital investment programme. The position as reported in September remains unchanged for these previously agreed savings.

Adult Social Care Specific Grants

28. The additional service grants noted in Table 1 are both related to Adult Social Care. The Government announced in the 2023/24 Local Government finance settlement that the ringfenced ASC grant and discharge fund would continue into 2024/25. These are estimated figures based on the allocation methodology applied in the 2023/24 allocations. Since September, it has been established that a new grant allocation received in 2023/24 called the Market Sustainability & Improvement Fund – Workforce grant, will reduce by £0.9m in 2024/25. This is the only funding change factored into this latest update and Adult Social Care have identified mitigating new savings and income proposals as part of the overall package of proposals being put forward.

Meeting the remainder of the budget gap

29. Whilst £9.2m of new savings and income has been put forward, the identification of further savings continues, and a further update will be

reported to Cabinet in January 2024. Commitment to identifying these savings is high, with the following additional key actions continuing to be progressed:

- Budget challenge sessions, covering review of budget pressures, service delivery, statutory vs non-statutory service review, review of staffing structures, and savings and income proposals.
- Early implementation of 2024/25 savings where possible
- Impact of the reduction in planned capital expenditure
- Fees & Charges review
- Contract reviews.

30. By the time of the January 2024 Cabinet meeting, both the Autumn Statement and Provisional Local Government Finance settlement should have been published, which will provide greater clarity on the level of funding that the Council will receive for 2024/25.

31. The outcome of this work will feed into the revised 2024/25 budget to be considered by Cabinet in January 2024. It is clear from the scale of the budget gap in 2024/25, and direction of travel for the years after this (including lack of clarity on government funding), that we will have to continue to look fundamentally at how we operate and consider different ways of working.

32. It is worth noting that after more than a decade of austerity and total savings of over £225m delivered, the challenge of setting a balanced budget is significant. LGA analysis found that there has been a 27 per cent real-terms cut in core spending power since 2010, leaving councils lacking the resilience they need to meet new challenges.

Eight Authority Business Rates Pool

33. The Council has indicated its intention to remain within the pooling arrangements that have been in place for the last two financial years. The pooling receipts have enabled the Council to utilise £1.5m to help fund the 2023/24 budget, whilst it is estimated that a further £2.0m will be available to help bridge the 2024/25 gap and this was anticipated when calculating the 2024/25 £39.4m gap. Our intention to remain in the pool can be revoked in a period after the Local Government Financial Settlement if following further review it is not considered beneficial.

Reserves and Financial Resilience update

34. Core to the Council's Financial Strategy has been establishing financial resilience. As well as ensuring there are robust budgets and realistic savings there has been a need to strengthen reserves.

35. However, the overspend for 2022/23 and forecast overspend for 2023/24 will significantly erode the reserve balances, and if this is not addressed, and if there continues to be an overspend, this will seriously impact the Council's reserves position. The Council's reserves provide resilience to deal with any unforeseen budget pressures.

36. The Council will address the forecast depletion in reserves with action to balance the budget, protect reserves and maintain financial resilience.

37. The Period 5 (August 2023) forecast sees earmarked General Fund reserves reducing by circa £40m, to £63m. All of the reserves are under continuous review and are reported through to Cabinet as part of the Quarterly Revenue Monitoring Reports. From a recent London Councils survey, it was found that six London Boroughs were forecasting overspends of £20m or more in 2023/24. The main pressure areas being experienced by all London Boroughs are Adults, Children's and Housing.

38. The key movements in the reserves are the £27.5m forecast overspend for 2023/24 based on the Period 5 revenue monitor. In addition to one-off use of reserves for the planned £1.5m use of Collection Fund pool that was built into the 2023/24 budget, estimated draw on the redundancy reserve of £1m, application of unapplied grants of £3.3m, application of £4.5m of NCIL/CIL funding for specific projects.

39. There had been planned reductions in the Capital Financing Reserve for a number of years as the budget is increased over time to match the capital financing growth driven through the Capital Programme. The additional £6.2m included in the MTFP and realignment for future years for Capital Financing means there will be no planned use of the reserve for 2024/25. The reserves will be there to manage any fluctuations over the budget. Consideration will be given to whether we need to hold this level of reserve and options include transferring to other reserves for specific purposes or adding to the risk reserve to help manage the overall budget.

40. Whilst a number of these reserves including the capital financing mentioned above appear to remain static, by the end of 2023/24 the forecast £27.5m overspend will have to be drawn down from a combination of these reserves. In addition, the future years gaps currently projected in the MTFP are expected to be met through savings, income and funding changes and will therefore not require a draw upon reserves.

41. The General Fund Balance is at the agreed policy level, however, given the increased risk from inflation this level of reserve will be reviewed and reported on within the budget proposals in February 2024. When assessing the adequacy of unallocated general reserves as part of budget setting, consideration is given to the strategic, operational and financial risks facing the authority.

Table 4 – Summary of Forecast Reserves across the Medium Term

Reserve balances at:	**31/03/23**	**31/03/24** **P5 Forecast**	**31/03/25**	**31/03/26**	**31/03/27**	**31/03/28**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Risk Reserve	**(3.440)**	**(5.778)**	**(5.778)**	**(5.778)**	**(5.778)**	**(5.778)**
Balance Sheet Management	(2.295)	(1.295)	(1.295)	(1.295)	(1.295)	(1.295)
Collection Fund Pooling Reserve	(2.059)	(2.005)	(1.621)	(1.621)	(1.621)	(1.621)
Collection Fund Equalisation Reserve	(13.628)	(13.628)	(13.628)	(13.628)	(13.628)	(13.628)

Housing Benefit Smoothing Reserve	0.726	(4.240)	(4.240)	(4.240)	(4.240)	(4.240)
Adult Social Care Smoothing Reserve	(3.697)	0.000	0.000	0.000	0.000	0.000
NLWA Reserve	(0.514)	(1.566)	(0.694)	(1.005)	(0.004)	(0.004)
Meridian Water Reserve	(1.297)	(1.297)	(1.297)	(1.297)	(1.297)	(1.297)
Sub-total MTFP Smoothing Reserves	**(22.764)**	**(24.031)**	**(22.775)**	**(23.086)**	**(22.085)**	**(22.085)**
Capital Financing	(23.428)	(23.428)	(23.428)	(23.428)	(23.428)	(23.428)
Service Specific	(13.757)	(7.622)	(5.787)	(2.520)	(2.085)	(2.306)
Property	(0.925)	(0.436)	(0.346)	(0.256)	(0.256)	(0.256)
Grants & Other Contributions	(19.274)	(8.229)	(7.434)	(6.638)	(6.013)	(5.388)
Potential Risk Reserve drawdown 2023/24 outturn	-	27.452	27.452	27.452	27.452	27.452
Sub-total GF Usable Reserves	**(83.588)**	**(42.072)**	**(38.096)**	**(34.254)**	**(32.193)**	**(31.789)**
Insurance	(7.513)	(7.263)	(7.022)	(7.022)	(7.022)	(7.022)
General Fund Balance	(13.949)	(13.949)	(13.949)	(13.949)	(13.949)	(13.949)
GF Earmarked Reserves	**(105.050)**	**(63.284)**	**(59.067)**	**(55.225)**	**(53.164)**	**(52.760)**

Fees and Charges

42. As part of the budget setting process for 2024/25, the Council's traded services fees and charges are being reviewed. This annual review is underway, and the outcome will be reported to Cabinet in January 2024. The review will assess the Council's current fees and charges to establish whether the service delivery costs are being covered by the charges set, considering whether income generation opportunities are being maximised and benchmarks the proposals with other councils.

43. The majority of fees and charges will follow the timescale above, however, because of the preparation required for the new year green waste service i.e. advertising in January 2024 and setting up direct debits in February 2024, means that the decision to increase the green waste charge needs to be made earlier.

44. It is proposed to increase the green waste annual subscription charge by £20 for 2024.

45. There is a continued focus on strengthening income streams in order to support the MTFP and the proposed strategy is to increase charges by circa 9% in line with RPI, subject to case by case conditions. The MTFP already

includes expectations of inflationary increases as agreed in the Budget Report 2023/24.

46. It is also proposed to continue with the arrangements that were first put in place for 2021/22 whereby individual services are able to amend the fees and charges where it is considered appropriate to do so during the coming year. In order to do so, services will work with finance and commercial services to determine and consider the market factors and propose amendments. These proposals will be reviewed by the Executive Management Team, and then implemented via delegated authority to the Executive Directors in consultation with the relevant Cabinet Member.

Council Priorities

47. The priorities set out in the administration's manifesto include a number which are progressing within existing budgeted resources. Those priorities which incur additional financial commitments will be built into the medium term financial plan as plans are brought forward but only within the available approved budget.

Safeguarding Implications

48. None arising from this report. Where there are service reductions across all services including Adult Social Care and Children's Social Care, officers are working through these to ensure there is no impact on the Council's safeguarding duties for vulnerable adults and children in the Borough.

Public Health Implications

49. The Council's core business is to maintain and enhance the wellbeing of the community; austerity and the financial climate is severely challenging its ability to do this. The MTFP outlines how the Council aims to meet its financial demands whilst minimising the effect of these pressures on the community. However, it is difficult to envisage how continuous cuts to the Council's budget will not impact upon its ability to support and maintain community wellbeing.

Equalities Impact of the Proposal

50. Local authorities have a responsibility to meet the Public Sector Duty of the Equality Act 2010. The Act gives people the right not to be treated less favourably because of any of the protected characteristics. It is important to consider the needs of the diverse groups with protected characteristics when designing and delivering services or budgets so people can get fairer opportunities and equal access to services.

51. The Council aims to serve the whole borough fairly, tackle inequality and protect vulnerable people. The Council will promote equality of access and opportunity for those in our communities from the protected characteristic groups or those disadvantaged through socio-economic conditions.

52. The Council undertakes Equality Impact Assessment (EqIAs) to help make sure we do not discriminate against service users, residents and staff, and that we promote equality where possible.

53. An Equality Impact Assessment will be competed for individual budget/ savings proposals. These assessments will evaluate how the proposal will impact on people of all protected characteristics and will identify alternative

action or mitigating action where any adverse impact is identified. This will include consultation and engagement with affected people and organisations as appropriate.

Environmental and Climate Change Considerations

54. There are no specific environment or climate change implications arising from this report at this time, these will be considered alongside savings and income proposals in future.

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

55. The Council faces an enormous financial challenge and it is essential that the opportunity is taken to progress savings at the earliest possible time. Delaying the decision will impact on the delivery of those savings and also impact on work to further close the financial gap.

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

56. The report has sought to identify as many of the financial risks facing the Council at this time and where possible to also quantify them. Identification is naturally one of the key steps in managing risk and this will be supplemented by regular review, there will be further reports to Cabinet in January 2024 and February 2024.

Financial Implications

57. As set out in the body of the report.

Legal Implications

58. The Council has various legal and fiduciary duties in relation to the budget. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the setting of the overall budget and council tax. The Local Government Act 2003 entitles local authorities to borrow and invest as long as their capital spending plans are affordable, prudent and sustainable. The 2003 Act requires the Chief Finance Officer to report to Council as part of the budget process on the robustness of the estimates of borrowing, investment and spending and the adequacy of the proposed financial reserves taking into account the affordability, prudency, sustainability, value for money, stewardship of assets, service objectives and practicality requirements as provided by CIPFA's Prudential Code of Capital Finance in Local Authorities concerning borrowing and investment.

59. Members are obliged to take into account all relevant considerations and disregard all irrelevant considerations in seeking to ensure that the Council acts lawfully in adopting a budget and setting council tax. The Council must set and maintain a balanced budget and must take steps to deal with any projected overspends and identify savings or other measures to bring budget pressures under control. Members should note that where a service is provided pursuant to a statutory duty, the Council cannot fail to discharge its duty properly.

60. Members have a fiduciary duty to the Council Taxpayer for whom they effectively act as trustee of the Council's resources and to ensure proper custodianship of the Council's resources.

61. This report provides a clear and concise view of the position at present, of future sustainability and the decisions that need to be made for the recommended actions outlined herein with a view to meeting the Council's legal and fiduciary obligations.

Workforce Implications

62. Any proposal that is likely to impact on posts or changes and potential closure of services, will require the Council to conduct a meaningful and timely consultation with trade unions and staff. This will include consideration of alternative proposals put forward as part of the consultation process. The Council's HR policies and procedures for restructures should be followed. Any consideration for staff structural changes should ensure there is a resilient workforce to deliver on-going service requirements. Therefore, consideration of workforce planning should be included in the process.

63. Where redundancies are necessary the appropriate HR policies and procedures should be followed. Redeployment options must be considered.

64. It is important that services engage with HR at the earliest opportunity.

Property Implications

65. There are no new specific property implications that arise from the proposals in this report. As savings and income proposals are considered, property implications will be considered as appropriate.

Other Implications

66. None.

Options Considered

67. None. The Council is statutorily required to set a balanced budget and this report is a step towards this.

Conclusions

68. This report contains £9.2m of new savings and income proposals for 2024/25 that if approved will contribute to closing the £39.4m budget gap reported in the September Cabinet report. The report also provides the estimated increase in Council tax income if it is increased by the maximum 4.99% and if proposed Council Tax Support scheme changes are implemented. The impact being that an additional £14.6m could be generated, resulting in a remaining gap of £15.6m required to be found to balance the 2024/25 budget. This is a significant sum and there is still much work to be done to achieve one of the key principles of the Council's approach in minimising the use of reserves to balance the budget.

69. The Council's financial resilience is of utmost importance in order to be able to deliver statutory services and to have the ability to focus resources on key priorities. It is clear that there is significant funding uncertainty, however, despite these challenges, the Council is resolved to face these challenges head on in setting a balanced, prudent and transparent budget with the best known information. The principles of maintaining a resilient balance sheet and minimising use of reserves for the annual budget remain at the heart of the approach.

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Appendices

Appendix A - Medium Term Financial Plan Summary 2023/24 – 2026/27

Appendix B - Departmental Budget Build Up 2023/24 to 2024/25

Appendix C - Departmental Savings and income proposals

Background Papers

The following documents have been relied on in the preparation of this report: KD5641: Medium Term Financial Plan (2024/25 to 2028/29) Cabinet - September 2023

Appendix A - Medium Term Financial Plan Summary 2023/24 – 2026/27

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Net Service Costs	304,512	336,129	380,174	398,444
Growth - Previously approved by Full Council	9,465	13,550	12,449	11,980
Growth - New	27,733	23,503	(2,955)	2,271
Inflation - Previously approved by Full Council	6,807	9,674	8,513	8,590
Inflation - New	3,368	4,728	(138)	19
Funding Changes	0	1,109	0	0
Savings - Previously approved by Full Council	(2,683)	(1,544)	323	0
Savings - Unachievable and Reprofiled	1,145	2,266	(545)	0
Savings - New	(14,218)	(9,241)	623	0
Total Funding Requirement	**336,129**	**380,174**	**398,444**	**421,304**
Core Grants:				
- Revenue Support Grant	(20,758)	(21,796)	(21,796)	(21,796)
- New Homes Bonus	(723)	(723)	(723)	(723)
- Services Grant	(3,000)	(3,000)	(3,000)	(3,000)
- Improved Better Care Fund	(11,726)	(11,726)	(11,726)	(11,726)
- Social Care Grant	(21,106)	(24,500)	(24,500)	(24,500)
- Housing Benefit Admin Grant	(1,402)	(1,402)	(1,302)	(1,202)
- ASC Discharge Fund	(1,644)	(2,740)	(2,740)	(2,740)
- ASC Market Sustainability & Improvement Fund	(3,041)	(4,567)	(4,567)	(4,567)
- ASC MSIF Workforce Grant	0	(1,109)	(1,109)	(1,109)
- Public Health Grant	(18,611)	(18,611)	(18,611)	(18,611)
- Homelessness Prevention Grant	(11,269)	(11,269)	(11,269)	(11,269)
- Rough Sleeping Initiative	(2,896)	(2,896)	(2,896)	(2,896)
Core Grants	**(96,176)**	**(104,339)**	**(104,239)**	**(104,139)**
Business Rates	**(90,809)**	**(97,454)**	**(95,454)**	**(95,454)**
Council Tax:				
- Council Tax - in year income	(146.963)	(162,297)	(162,297)	(162,297)
- Council Tax - Collection Fund deficit/(surplus)	(2,181)	(521)	(521)	(521)
Council Tax	**(149,144)**	**(162,818)**	**(162,818)**	**(162,818)**
Total Funding	**(336,129)**	**(364,611)**	**(362,511)**	**(362,411)**
Budget Gap (Incremental)	**0**	**15,563**	**20,370**	**22,960**
Budget Gap (Cumulative)	**0**	**15,563**	**35,933**	**58,893**

Appendix B – Departmental Budget Build from 2023/24 to 2024/25

Service Department	2023/24 Budget £'000	Hierarchy Changes £'000	Permanent Virements £'000	Approved Savings £'000	New Savings £'000	Approved Growth £'000	New Growth £'000	Funding Changes £'000	2024/25 Budget £'000
Chief Executive	11,790	(3,172)	1,035	(58)	(1,140)	63	0	0	8,518
People - Adult Social Care	113,468	0	2,827	168	(2,661)	5,947	3,758	(861)	122,646
People – Children & Families	52,316	(598)	302	341	(407)	750	1,250	0	53,953
People - Education	4,542	(36)	36	10	(282)	630	0	0	4,900
People - Public Health	13,640	0	3	0	(404)	0	0	0	13,240
Place (deleted and services transferred to other departments)	52,213	(52,213)	0	0	0	0	0	0	0
Environment & Communities	0	36,111	(504)	75	(3,326)	1,168	(197)	0	33,327
Housing & Regeneration	0	20,863	(11)	100	(72)	0	9,800	0	30,680
Resources	29,872	(956)	539	186	(949)	(761)	2,749	0	30,680
Corporate	58,287	0	(2,256)	(100)	0	15,427	10,871	0	82,230
Total Budget	**336,129**	**0**	**1,970**	**722**	**(9,241)**	**23,224**	**28,231**	**(861)**	**380,174**
Core Grants									
Revenue Support Grant	(20,758)	0	0	0	0	0	0	(1,038)	(21,796)
New Homes Bonus	(723)	0	0	0	0	0	0	0	(723)
Services Grant	(3,000)	0	0	0	0	0	0	0	(3,000)
Social Care Grant	(21,106)	0	0	0	0	0	0	(3,394)	(24,500)
Housing Benefit Admin Grant	(1,402)	0	0	0	0	0	0	0	(1,402)
Improved Better Care Fund	(11,726)	0	0	0	0	0	0	0	(11,726)
ASC Discharge Fund	(1,644)	0	0	0	0	0	0	(1,096)	(2,740)
ASC Market Sustainability & Improvement Fund	(3,041)	0	0	0	0	0	0	(1,526)	(4,567)
ASC MSIF Workforce Grant	0	0	(1,970)	0	0	0	0	861	(1,109)
Public Health Grant	(18,611)	0	0	0	0	0	0	0	(18,611)
Homelessness Prevention Grant	(11,269)	0	0	0	0	0	0	0	(11,269)
Rough Sleeping Initiative	(2,896)	0	0	0	0	0	0	0	(2,896)
Business Rates									
Retained Rates	(33,112)	0	0	0	0	0	0	(4,611)	(37,723)
(Top up) / Tariff	(36,724)	0	0	0	0	0	0	(992)	(37,716)
s31 Grants (Government compensation for national decisions)	(19,492)	0	0	0	0	0	0	(523)	(20,015)
Business Rates anticipated benefit from 8 Authority Pool	(1,481)	0	0	0	0	0	0	(519)	(2,000)
Council Tax									
Council Tax - in year income	(146,963)	0	0	0	0	0	0	(15,334)	(162,297)
Council Tax - Collection Fund deficit / (surplus)	(2,181)	0	0	0	0	0	0	1,660	(521)
Total Funding	**(336,129)**	**0**	**(1,970)**	**0**	**0**	**0**	**0**	**(26,512)**	**(364,611)**
Budget Gap	**0**								**15,563**

Appendix C – Departmental Savings and Income proposals 2024/25 to 2026/27

Department	Saving Category	Saving Description	2024/25 £'000	2025/26 £'000	Total £'000
CEX	Service Redesign	Chief Executive department Service Redesign	(969)	0	(969)
CEX	Contract Management	Reduce Number of non-critical audits from PWC contract	(66)	0	(66)
CEX	Efficiency	Reduced operational costs of Audit Team	(14)	0	(14)
CEX	Efficiency	Other operational HR & OD Savings	(46)	0	(46)
CEX	Income	Schools' HR Income Generation	(40)	0	(40)
People	Service Redesign	People Department Service Redesign	(427)	0	(427)
People - ASC	Contract Management	Management of care purchasing costs	(900)	0	(900)
People - ASC	Change in Service Delivery	Adult Social Care Demand Management	(662)	0	(662)
People - ASC	Efficiency	Review of Council run services	(500)	0	(500)
People - ASC	Income	Maximisation of income generation Fees & Charges & NHS	(1,100)	0	(1,100)
People - ASC	Contract Management	Review of Transition arrangements	(250)	0	(250)
People - ASC	Growth	Reduction in Market Sustainability & Improvement Fund - Workforce Grant	861	0	861
People - PH	Efficiency	Public Health grant substitution	(300)	300	0
People – C&F	Service Redesign	Deferral of Social Work Apprenticeship Scheme	(128)	128	0
People – C&F	Change in Service Delivery	Youth Centre - review of provision	(29)	0	(29)
People – C&F	Change in Service Delivery	Short Breaks (to be part funded from the Holiday Activities and Food Programme funding)	(15)	0	(15)

Department	Saving Category	Saving Description	2024/25 £'000	2025/26 £'000	Total £'000
People - Education	Efficiency	Transport Cost - Substitution to Dedicated Schools Grant (DSG) High Needs Block	(81)	0	(81)
People - Education	Efficiency	Early Years - Substitution to DSG Early Years block	(63)	0	(63)
People - Education	Efficiency	Reduced Running Costs - Admissions, Education Welfare Service and Education Psychology Service	(54)	0	(54)
People - NCIL	Efficiency	Review the Summer University provision	(100)	0	(100)
Resources	Service Redesign	Resources Department Service Redesign	(279)	0	(279)
Resources	Income	Payroll income generation	(50)	0	(50)
Resources	Income	Pensions recharge	(100)	0	(100)
Resources	Efficiency	Further review of cleaning at the Civic Centre	(20)	0	(20)
Resources	Income	Income & Debt/Financial Assessments GLA/HSG funding of teams/manage CTS in existing resources	(500)	0	(500)
Environment & Communities	Service Redesign	Environment & Communities Department Service Redesign	(937)	135	(802)
Environment & Communities	Efficiency	Library – Operational Efficiencies	(58)	0	(58)
Environment & Communities	Efficiency	Reduction in resources within Complaints Team	(20)	0	(20)
Environment & Communities	Efficiency	Recentralising MEQ resources into Complaint's service	(17)	0	(17)
Environment & Communities	Efficiency	Ceasing printed newsletter bi-annual communications	(25)	0	(25)
Environment & Communities	Efficiency	Review approach to grass cutting – Cemeteries	(35)	0	(35)

Department	Saving Category	Saving Description	2024/25 £'000	2025/26 £'000	Total £'000
Environment & Communities	Change in Service Delivery	Removal of seasonal bedding and replacement with sustainable planting	(20)	0	(20)
Environment & Communities	Change in Service Delivery	Memorial Testing – review of service offer	(50)	0	(50)
Environment & Communities	Income	Introduce further memorial options via cemeteries teams	(10)	0	(10)
Environment & Communities	Change in Service Delivery	Seek alternative external funding for the friends grant support	(16)	0	(16)
Environment & Communities	Change in Service Delivery	Streamlining of parks resources	(97)	0	(97)
Environment & Communities	Efficiency	Reduction in Artist's hospitality budget	(26)	0	(26)
Environment & Communities	Efficiency	Implementation of new purchasing arrangements for the Museum Shop stock	(26)	0	(26)
Environment & Communities	Income	Increased commercial events & hires	(27)	0	(27)
Environment & Communities	Income	Expanding the number of opportunities delivered through the commercial programme	(32)	0	(32)
Environment & Communities	Income	Millfield Theatre – income from leasing building	(10)	0	(10)
Environment & Communities	Income	Additional income school swimming programme	(14)	0	(14)
Environment & Communities	Efficiency	Music Service savings from move to LBE building, cutting non-essential delivery/back-office costs and divesting in stock to reduce storage costs	(88)	0	(88)
Environment & Communities	Income	Further income from Soil Project	(60)	60	0

Department	Saving Category	Saving Description	2024/25 £'000	2025/26 £'000	Total £'000
Environment & Communities	Income	Electric Vehicles Charging Pilot Highway License income	(30)	0	(30)
Environment & Communities	Income	Traffic control measures & Parking contract efficiencies	(1,000)	0	(1,000)
Environment & Communities	Income	Commercial Waste - Increase Customer Base Income	(50)	0	(50)
Environment & Communities	Efficiency	Operational cost reductions and efficiency improvements with 2 new specialist collection vehicles	(120)	0	(120)
Environment & Communities	Income	Introduction of a Fleet workshop nightshift to increase customer base income	(75)	0	(75)
Environment & Communities	Income	Replacement Bins - Revert back to charging for replacement bins	(264)	0	(264)
Environment & Communities	Income	Green Waste – increase subscription charge for 2024/25	(200)	0	(200)
Housing & Regeneration	Service Redesign	Housing & Regeneration Service Redesign	(72)	0	(72)
Council wide	Change in service delivery, efficiency and Income	Other minor operational efficiencies	(30)	0	(30)
		Total New Savings & Income Proposals	**(9,241)**	**623**	**(8,618)**

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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