London Borough of Enfield

Report Title	**Quarter 3 2023/24 Revenue Forecast update**
Report to	Cabinet
Date of Meeting	7th February 2024
Cabinet Member	Cllr Leaver
Executive Director / Director	Fay Hammond – Executive Director, Resources Kevin Bartle – Finance Director, Corporate Finance
Report Author	Annette Trigg – Strategic Head of Corporate Finance
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 November 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.

2. Each year the council sets out a plan for how it intends to make use of the ability to use capital receipts in a flexible manner to fund qualifying revenue expenditure, and then has to submit this plan to DLUHC. For 2023/24 this formed part of the budget setting report approved in February 2023, with an extract and explanation submitted to DLUHC. The council is able to change this plan during the year, but the changes need to be approved and then

resubmitted to DLUHC. This report sets out the proposed changes to the 2023/24 plan and requests approval of these changes, as well as setting out the final position on the use of flexible capital receipts in the 2022/23 outturn.

Recommendations

3. Cabinet is requested to note/approve the following:

   a. An adverse variance of £29.993m is reported in respect of financial year 2023/24, after additional in-year savings and mitigations have been found of £7.733m. This is stated excluding further potential risks of up to £4.316m and £0.600m 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 £3.509m.

   c. The impact of the forecast on the reserves balances as set out in paragraphs 126-132/Table 5 and the consequences this has for longer-term financial resilience.

   d. The forecast in-year overspend on the Dedicated Schools Grant of £2.660m, leading to a projected cumulative deficit of £17.896m.

   e. The final outturn use of capital receipts in 2022/23 as set out in Appendix E

   f. Approve the revised schedule of projects for flexible use of capital receipts in 2023/24 as set out in Appendix G

Background and Options

4. 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.

5. 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.

6. 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.

7. 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.

8. This report is set out as follows:

Relevance to Council Plans and Strategies

9. 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.

10. 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

11. 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

12. 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.

13. 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.

14. 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 £0.842m of reserves, is £29.993m – a £2.541m deterioration from Period 5. Of this, the Temporary Accommodation service represents £17.174m, meaning a further net overspend of £12.819m across other parts of the council which in itself is a very significant overspend.

15. 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	99.282	98.766	(0.516)	(0.637)	(1.153)
People - Public Health	(4.948)	(4.948)	-	(0.500)	(0.500)
People – Children’s Services	52.780	57.704	4.924	(0.854)	4.070
People – Education	4.102	3.907	(0.195)	-	(0.195)
Environment & Communities	38.378	40.057	1.679	0.978	2.657
Housing	7.170	25.800	18.630	(0.090)	18.540
Resources	30.946	34.766	3.820	(0.787)	3.033
Chief Exec	10.243	11.061	0.818	(0.004)	0.814
Service Net Costs	**237.953**	**267.113**	**29.160**	**(1.894)**	**27.266**
Corporate Expenses	18.315	17.975	(0.340)	1.052	0.712
National Pay Award and Inflation	(2.077)	1.738	3.815	0.000	3.815
Capital Financing: Minimum Revenue Provision & Interest	28.960	30.160	1.200	0.000	1.200

Department	Net Budget £m	Forecast before use of reserves £m	Variance £m	Specific Reserves £m	Total Forecast Variance £m
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**	**317.777**	**30.835**	**(0.842)**	**29.993**
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	**-**	**30.835**	**30.835**	**(0.842)**	**29.993**

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

16. 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 include; Housing (TA) £17.2m and NRPF £1.3m due to service demands and higher unit costs, higher pay award than provided for of £3.7m; Looked After Children £4.1m; Environment and Communities reduction in parking enforcement income £1.0 and increased service demands and contract inflation costs £1.6m; Corporate Property repairs and maintenance costs £1.1m. 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.

17. 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 £7.733m.

18. It is important to note that, as set out in Appendix A, there is a further £4.316m 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 £3.181m 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 £0.600m of opportunities are also flagged by departments, hence should all of these risks and opportunities materialise, the current forecast overspend of £29.993m would deteriorate by a further £3.716m to an adverse variance to budget of £33.709m.

19. 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 £40.3m by March 2024. Should the net risks and opportunities flagged above also materialise, this would further reduce to £36.6m. 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.

20. 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, £3.0m has been identified as either deferred to a later year (£2.5m) or unachievable (£0.5m).

21. 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) forecast is a favourable variance of £1.153m (£0.516m before reserves drawdown) towards wider pressures from one-off monies identified, however one MTFP saving of £0.113m is unavoidably deferred. b. ASC pressures are offset by increased fees and charges income, improved shared care cost assumptions, grant maximisation, service efficiencies and a reserve drawdown of £0.637m. Some £4m of these offsets are expected to be one-off in nature and will be kept under review. c. PH is contributing an additional one-off £0.5m towards PH activities across the wider organisation.
People – Children's & Families	4.924	d. £4.2m overspend on Looked After Children, of which External Care Purchasing £3.6m is due to increased demand and delays to savings from children's homes; £0.2m on UASC/former UASC. e. Disabled Children's service £0.6m overspend on client budgets due to increased demand. f. Other net various overspends totalling £0.2m g. £0.9m drawn from reserves to mitigate overspend reducing variance to £4.1m net adverse variance.
People - Education	(0.195)	h. A minor underspend but with risks relating to SEN staffing cost allocations. i. DSG is expected to overspend in the High Needs area, currently predicted to be £2.660m, leading to a cumulative DSG deficit of £17.896m.
Housing	18.630	j. £17.264m due to TA, of which £13.957m on cost of properties/hotels, HB subsidy loss over by £1.667m, £1.27m bad debt, £0.753m incentives, £0.519 nomination fees, running costs £0.4m, other variance costs £0.9m and HGL SLA £0.8m offset by £1m HSF and £2.2m Homelessness Prevention Grant. k. £1.366m due to NRPF properties where both the number of units and their cost has increased substantially. l. £0.09m drawn from reserves to mitigate overspend reducing variance to £18.54m net adverse variance.
Environment & Communities	1.679	m. Environment & Street Scene £2.627m adverse variance, which is mainly due to On Street Enforcement receipts shortfall, parking tariffs dropped by half since the move to cashless (total £1.018m). Waste Operations £0.530m adverse variance due to growth in demand, Street Lighting £0.215m - energy procurement exercise came in higher

Department	Gross Variance (£m)	Key Themes
		than the median number assumed for 2023/24 MTFP budget uplift, Fleet £0.443m – due to increase in R&M (aged vehicles), Passenger Transport Service £0.436m – mainly due to a 16.5% increase in the out of borough transport provisions, regulatory and Compliance Services £0.212m (due to Mortuary and funerals increasing and Waste Enforcement Tendering delays); mitigated by favourable variances in Commercial Waste (NLWA rebate) and Highways & Traffic £0.227m (in relation to traffic Order and S74 receipts). n. Leisure, Parks & Culture £0.194 adverse variance, mainly due to Millfield Complex budget pressure £0.504m, a shortfall in leisure income of £0.192m, offset by various other favourable variances across the division adding to £0.502m. o. Planning & Growth £0.344m net adverse variance after the Local Plan reserves draw down, which is mainly due to declining planning application income, plus planning appeals costs. p. Customer & Communications £0.388m favourable variance from across all the services in the division q. Exec and Corporate Strategy £0.120m favourable variance, which is related to vacant posts. r. The above variances include a £0.978m net contribution to reserves resulting in a net overall overspend of £2.657m.
Resources	3.821	s. Digital Services £0.8m overspend, mainly on contracts and unachievable savings on CRM. t. Property - £1.8m reactive maintenance and servicing (R&M), plus £0.8m mainly due to income shortfall on investment and operational properties. u. £0.4m deferred saving on bringing the Bailiff Enforcement team in-house. v. £0.8m drawn from reserves re Financial Assessments team (£0.3m), Property (£0.4m) and Digital Services (£0.1m), leaving a net overspend variance of £3m.
Chief Executive	0.818	w. Legal Service overspend of £0.1m – driven by the volume of caseloads for safeguarding and external fees higher costs. x. Meridian Water is reporting a budgeted shortfall in rental income of £0.9m. y. Other net underspends of £0.2m 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. z. £0.004m drawn from reserves reducing net overspend to £0.814m.

Department	Gross Variance (£m)	Key Themes
Corporate	1.674	aa. Pay awards anticipated to exceed provision by £3.7m, adverse variance. bb. Capital financing impact from MRP, interest and treasury management charges £1.2m, adverse variance. cc. Technical adjustment to reflect a stricter approach to capitalisation of costs £2.1m, adverse variance. dd. £0.7m forecast pressure in energy and business rates for Council buildings, adverse variance. ee. Offset by Corporate Contingency £3m released plus £0.9m lower concessionary fares, favourable variance. ff. Income for court costs forecast to exceed budget by £0.5m favourable variance gg. Other minor variances totalling £0.6m, favourable variance. hh. The above figures include the impact of a net contribution to reserves of £1.052m. Taking this into account leaves a gross forecast variance of £1.674m.
Other points		ii. Overall deficit forecast of £29.993m will need to be met from risk reserves, which will reduce to £40.301m. jj. There are further net risks not in the above forecast deficit of £3.716m, analysed in Appendix A and clarified in each Department's commentary. This is substantially dependent on the departments' ability to stem demand pressures. kk. 2023/24 MTFP savings target of £15.8m will fall short by £3.0m.

2023/24 Revenue Forecast – Departmental Commentary

People – Departmental Overview

22. The People Department represents a significant proportion of the Council's overall service expenditure with an aggregate net budget of some £151m out of the total £238m service budget. It comprises Adult Social Care, Public Health, Children's Social Care and Education.

23. As a whole, the department is projecting a gross overspend of £4.213m, before reserve drawdowns of £1.991m reduce this to a net overspend of £2.222m. In essence, this is driven by Children & Families which is forecasting a net overspend of £4.070m, of which Looked After Children represents £4.132m, and the Joint Service for Disabled Children £0.630m. The pressure is partially offset by an underspend in other services. There are further potential risks of circa £0.732m for these two services.

24. 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 £0.726m 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 £0.195m but there is some risk that this may reverse as further work on cost allocations to the DSG is undertaken.

25. The overspend forecast of £2.222m 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 £3.181m, 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

26. 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.

27. 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.

28. The directorate outturn is forecasted to be £98.766m. This results in an overall favourable gross variance of £0.516m against the budget of £99.282m. 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.

29. 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 £6.7m. 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.

30. 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.

31. 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. 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.

32. Learning Difficulties (LD) is showing an underspend of £0.244m 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.

33. Mental Health is reflecting an underspend of £0.360m in the full year. This is related to an underspend on pay related to vacancies. A key issue, and thus a risk, will be how much joint income will result from panels with the ICB for health costs £0.8m.

34. 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 £0.621m underspend due to specific and general management actions and savings in year including £0.500m from use of a grant balance remaining.

35. Supporting People is projecting an underspend of £0.017m, similar to last year. This is due to additional unbudgeted income from partner organisations offset against an uplift that was issued this year.

36. 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.

37. 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.

38. 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

39. 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 £5.556m 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.

40. The underlying operating forecast before reserve top-up indicates a balance to budget. This arises from an underspend on 0–19-year-olds of £0.024m inclusive of agenda for change and the reduction of unfilled vacancies, Core Services and Leadership £0.051m. Offset against an overspend of £0.083 on Commissioned services, related to unexpected delays in contract negotiations that will remove unwarranted variations, that has resulted in increased costs. There continues to be 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 £0.533m and so is excluded from the forecast but is highlighted as a risk.

41. 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.

42. The Data and Intelligence Team is also managed in Public Health and is part funded by the General Fund rather than any grants. It is currently projecting a balanced budget at year end against a budget of £0.607m.

43. 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

44. The Children and Family Services division forecast outturn is £57.704m and a net overspend of £4.070m with the two largest variances being in external care purchasing for Looked After Children (£3.622m) and Joint Services for Disabled Children (£0.487m), both demand-led services. The position is exacerbated by deferred savings of £0.760m.

45. The **Children in Need** service is projecting an underspend of £0.242m mainly due to vacancies in the Child Protection & Vulnerable Children service.

46. 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.

47. The **Looked After Children** service is projecting an overspend of £4.132m against a net budget of £30.299m 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 £0.316m pressure comes from Leaving Care costs adverse variance of £278k and other minor variances in other cost centres within the LAC service. The drivers of the issues and variances are as follows:

48. The budget for external care purchasing is projected to be overspent by £3.622m 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.

49. The agency fostering budget is experiencing higher demand and increased unit costs.

50. 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.

51. 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.

52. 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.

53. 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.

54. There is increased demand for secure welfare placements and for high-cost residential placements when stepping down from secure welfare.

55. Since the last report, the forecast for care purchasing has increased by £1.684m 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 £3.622m 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 £0.437m and excluded from the reported variance.

56. The service undertakes regular reviews of the packages to ensure stepping down when appropriate.

57. Leaving Care is projected to overspend by £0.278m 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.

58. 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.

59. 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.

60. UASC & former UASC budget is projected with an overspend of £0.195m. 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.

61. **Young People and Community Safety** is reporting an underspend of £0.246m due to identified in-year saving opportunities to offset escalating pressures in other services.

62. **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.

63. 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.

64. In addition, the staffing budget is £0.143m overspent due to a vacancy factor.

65. 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.

66. The situation is challenging and not without considerable risks and work to be achieved in delivery.

67. 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.

68. 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.

69. 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

70. Overall, the General Fund Education service is projecting an underspend of £0.195m. 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 £0.058m (similar to last year) and Career Work Experience projecting an underspend against the budget of £0.120m.

71. 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

72. The overall Environment and Communities net variance to budget is £2.657m adverse – the main reasons for the variances are as follows:

73. The Environment and Street Scene directorate is reporting an adverse variance of £2.627m. This is due to the following factors:

   - Highway Services and Traffic and Transportation £0.127m favourable variance, which is due to Traffic Orders and New Roads Works Act income.
   - Street Lighting energy costs are higher than budget by £0.215m as the actual procurement cost came in higher than the assumed budget uplift in the 2023/24 MTFP.
   - Parking reporting £1.018m pressure, this is due to On Street Enforcement receipts shortfall, parking tariffs dropped by half since the move to cashless.

- 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 £0.530m.
- Fleet budget pressure of £0.443m, which is mainly due to delays in the replacement programme, i.e., ageing vehicles requiring increased repairs and maintenance.
- Passenger Transport Service reported pressure is £0.436m, mainly due to the increase of the out of Borough provisions – up by 16.5%.
- Regulatory Services £0.212m pressure, which is due to Mortuary and funerals going up since Covid £0.100m, Waste Enforcement tendering delays £0.171m offset my minor variances of £0.059m.
- These pressures are mitigated by favourable variances through the NLWA commercial waste disposal rebate £0.100m, Highways and Traffic £0.127m bringing the net overspend for the division down to £2.627m.

74. The Planning and Growth directorate is reporting an adverse variance of £0.344m, which is due to declining planning applications £0.429m adverse, Building Control £0.039m adverse, Planning Enforcement £0.190m favourable – adding up to circa £0.278m net. Plus an in-year budget pressure of £0.178m related to planning appeals and decisions, offset by an in-year favourable variance in the Town Centre team of £0.112m.

75. Leisure, Parks & Culture £0.194 adverse, mainly due to Millfield Complex budget pressure £0.504m, and leisure income shortfall of £0.192m, offset by various other favourable variances adding to £0.502m.

76. The Customer and Communications directorate is projecting a favourable variance of £0.338m 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 and Customer Experience Services.

77. Risks of circa £0.150m Street Scene, which is subject to achieving the full planned agency costs reduction, plus an opportunity of £0.400m is included in relation to Parking costs.

78. 81% of the total E&C directorate's saving/income target (£3.360m) set for 2023/24 is classified as deliverable (£2.719m), while 19% (£0.641m) is deferred due to the time it has taken to implement the proposed changes, restructures, and procurement exercises to deliver the planned outcomes.

79. The E&C contribution/mitigations identified towards the in-year saving target is included in the reported forecast, at £4.165m. However, these savings/mitigations are only contributing towards reducing the existing departmental budget pressures.

Housing

80. The overall Housing Advisory Service variance to budget is £18.540m adverse after £0.090m drawdown of reserves, split between Temporary Accommodation (£17.174m) and NRPF (£1.366m) with the main reasons for the variance as follows:

81. The Temporary Accommodation (TA) service is forecasting an overspend of £17.174m, 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 £13.957m in TA (with a further property overspend of £1.366m for NRPF). Related to this there is also likely to be a housing benefit subsidy overspend of £1.667m, a bad debt provision of £1.27m above budget, an overspend in incentive payments of £0.753m, an overspend on nomination fees of £0.519m, a shortfall in the HGL SLA of £0.8m, various other small differences totalling £0.967m and an additional £0.441m 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. The number of families in hotel accommodation is now reducing and is currently at the lowest level it has fallen to in 2023/24.

82. All of the total Housing saving/income target (£0.320m) set for 2023/24 is classified as deliverable.

Resources

83. 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 £3.034m in the Resources department which consists of the following variances:

84. In Digital Services a net overspend of £0.736m is reported (P5: £0.484m), which relates to technology contract costs. The overarching pressure within Digital Services is £1.9m. This is substantially due to unachievable MTFP savings of £0.675m relating to CRM/CMS as well as £0.150m regarding additional contract costs. Additional budget pressures are due to the migration and implementation of new software £0.593m and £0.228m of contract inflation/growth. Other residual overspends are also inflation driven such as bulk print and postage costs and increase in mobile phone call cost. These are being mitigated by holding vacancies and undertaking contract reviews to identify cost savings.

85. The Property directorate is reporting an estimated overspend of £1.933m, which is primarily due to reactive maintenance and servicing works (R&M) £1.108m and £0.250m Corporate Condition Programme (CCP), loss of rental rent income on investment and operational properties £0.830m, this is mitigated by various operational and staffing under spends of (£0.255m).

86. The service is working with EMT on mitigations to reduce/control the impact of the repairs and maintenance 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.

87. 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.

88. There is also an adverse variance of £0.468m within the Income Collection Team in mostly 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.

89. 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 £0.104m across the department.

90. Within Exchequer Services, a review of historical duplicate payments is to be undertaken, which based on the previous financial year realised £0.2m-£0.3m of recovered duplicate payments. An opportunity of £0.2m is flagged at this stage but not forecast.

91. In Digital Services, a risk of £0.690m is shown, this reflects the change in the methodology of recharging to HRA.

92. 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 an IT 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.

93. 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

94. There is an overall reported overspend of £0.814m which consists of the following variances:

95. Within Law and Governance, which is showing a net £0.123m overspend, Legal Services is projecting an overspend of £0.285m. 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, £0.200m 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 (£0.150m) with a shortfall predicted on S106 and 3rd party development agreements due to a reduction in the number of major planning applications. These pressures have been offset in part by other savings across the department.

96. In Electoral Services an overspend of £0.108m 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.

97. Meridian Water P8 forecast is shown with a £0.876m adverse variance, which is due to rental income shortfalls and service charges which are not collectable due to the terms of the lease agreements.

98. Other net underspends of £0.293m 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 (£0.043m) these have been offset by additional schools traded income being projected.

99. 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, HR & OD (£0.104m), and Law & Governance (£0.076m). Meridian Water in-year savings of £0.193m previously anticipated 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

100. There is an overall net overspend of £2.726m which consists of the following variances:

101. The 2023/24 final pay award has now been agreed and pay award budget now allocated directly to departmental budgets. The impact of which has led to an adverse variance of circa £3.7m and at this time includes an estimate of the impact of the Soulbury pay award.

102. 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.

103. 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.

104. Revenue Capital Financing charges are made up of three elements – (i) interest that is not capitalised, (ii) repaying a proportion of debt every year (Minimum Revenue Provision) and (iii) treasury management charges. The total capital financing charge is expected to be £1.2m above the ongoing revenue budget £28.9m. This reflects an improving position compared to the £2.2m reported in period 5 resulting from the ongoing review of the capital programme. The interest adjustment between the HRA and GF (governed by regulations known as Item 8) is being reviewed and this may have the impact of reducing the interest due to the HRA by £0.7m and therefore reduce the forecast £1.2m overspend by £0.7m.

105. 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.

106. 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 numbers increase post-covid and latest forecasts indicate that growth will be required for the next couple of years.

107. The latest forecasts for income from court costs is forecast to be a favourable variance of circa £0.5m.

108. Other minor variances total circa £0.6m favourable and include the corporate levies and the joint Coroners service, external audit and valuations fees, whilst the corporate contingency, set at £3m, will be used to mitigate against the variances noted above.

109. 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.

Collection Fund

110. The forecast below in Table 3 below shows a total Collection Fund surplus at the end of 2023/24 of £7.4m. Enfield's share of the surplus is £1.8m. The forecasts are based on a number of assumptions which can vary significantly before the end of the year.

111. 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	2.005	(5.754)	**(3.749)**
Forecast (Surplus)/Deficit Outturn 31 March 2024	**0.792**	**(8.191)**	**(7.399)**
Allocation of Collection Fund Forecast Outturn Balance			
London Borough of Enfield	0.616	(2.457)	(1.841)
Greater London Authority	0.176	(3.031)	(2.855)
Central Government	0.000	(2.703)	(2.703)
Total Allocations	**0.792**	**(8.191)**	**(7.399)**

Council Tax and Business Rates Collection Performance

112. The net collection for **Council Tax** at the end of November 2023 was 70.7% of the £195.025m total Council Tax income. This is 0.42% above the target set and 0.22% down against the same point in 2022/23, when the total Council Tax income was £183.235m. The full in-year collection target is 95%.

113. The net collection for **Business Rates** at the end of November 2023 was 71.6% of the £120.741m total Business Rates income. This is 3.57% above the target and is an improvement on last year when it was at 68.3% of the £114.854m total Business Rates income. The full in year collection target is 96%.

114. Tables detailing the Council Tax and Business Rates performance are included in **Appendix D**.

Achievement of Savings (Appendix B and Appendix C)

115. 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

116. 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).

117. Of these, £12.3m are considered to be fully deliverable or on track for delivery at this stage.

118. However, £2.9m and £0.6m 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.

119. Further details for each department are summarised in the tables in Appendix B and Appendix C.

Dedicated Schools Grant (DSG)

120. The DSG is showing a projected overspend of £2.660m. 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
P8 Forecast	2.660
C/Fwd Projected 23/24 DSG overspend	**17.896**

The in-year forecast overspend is mainly due to the below:

121. 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 current forecast outturn figure is £2.435m. Further work is currently underway to review this forecast.

122. 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 is yet to be clarified.

123. The Parenting Support Service, which forms part of the costs borne by the DSG, is projected to overspend by £0.288m. 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.

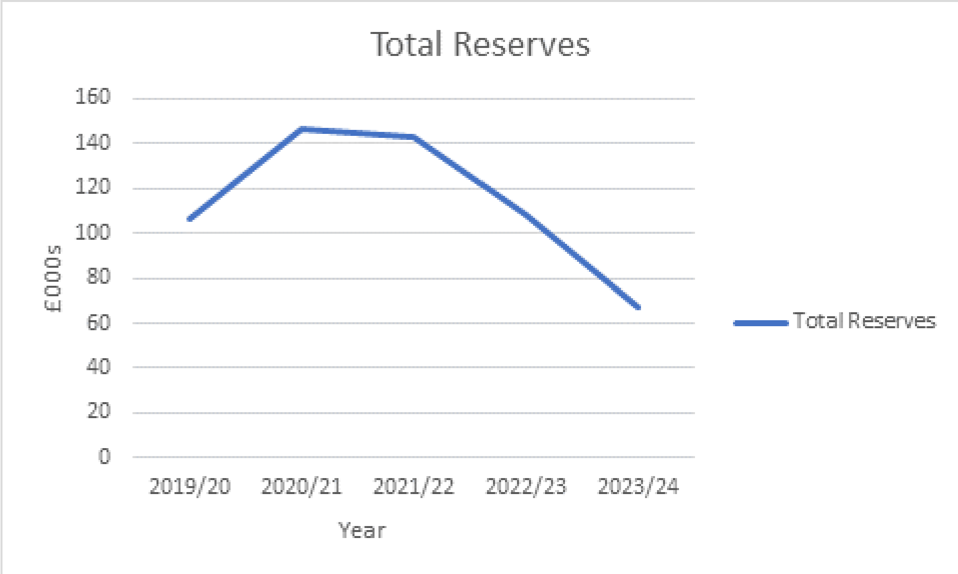
124. The London Mayor has recently announced that grant funding will be made available during the 2023/24 academic year for the provision of universal free school meals for all primary school children in state-funded schools in London who do not currently qualify for Government-funded free school meals. £5.5m of 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

125. 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)	(1.217)
MTFP Smoothing Reserves	**(22.764)**	**(23.951)**
Capital Financing	(23.428)	(23.428)
Service Specific	(13.757)	(7.901)
Property	(0.925)	(0.436)
Grants & Other Contributions	(19.274)	(8.800)
Sub-total	**(83.588)**	**(70.294)**
Potential Risk Reserve Drawdown	-	29.993
Sub-total of all GF risk reserves	**(83.588)**	**(40.301)**
Insurance	(7.513)	(7.382)
General Fund Balance	(13.949)	(13.949)
Total GF Earmarked Reserves & Balances (excl. HRA & Schools)	**(105.050)**	**(61.632)**



126. 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.

127. 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 £29.993m the risk reserve balance will be insufficient, thus this will require further reductions in other reserves.

128. 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.

129. 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.

130. The £20.6m 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.

131. 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.

Flexible Use of Capital Receipts

132. With effect from 2016/17 the Government provided a general capitalisation directive to all councils, enabling them to utilise new capital receipts to finance projects that are designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. This arrangement has been extended in subsequent Local Government Finance Settlements most recently in the 2022/23 settlement, with the flexibility under which local authorities can fund transformative revenue costs from capital receipts extended for a further three years.

133. Enfield was planning to use £3.438m of capital receipts to fund transformation projects in 2022/23 (as approved by Council in February 2022 Budget Report KD5352). However, over the course of the year this figure was revised down as reported through the monitoring reports. The outturn position finally applied £1.953m of flexible capital receipts (FCRs) against expenditure incurred in the year. The final value of capital receipts used to flexibly fund revenue expenditure in 2022/23 has therefore come in £1.485m below what was originally planned.

134. A summary of the final use for the 2022/23 outturn is provided in Appendix E . No additional projects were added to the list in the year but as can been seen from the appendix, less expenditure was incurred than planned, and some initiatives were subsequently deemed not to be qualifying expenditure and so such cases no expenditure has been included in the schedule funded by FCRs.

135. In respect of 2023/24 projects, the Council approved the plan for the use of FCRs as part of the budget setting paper in the 23 February 2023 meeting (KD 5484). £2.201m of spend on projects listed in the report was planned to be funded by FCRs. Since the strategy was approved, a review of the proposed projects has been undertaken with a number of initiatives removed from the list because they are no longer proceeding, can be funded from other sources, or are no longer deemed to be qualifying expenditure. Consequently £0.512m of spend has been removed from the list, as set out in Appendix F.

136. In addition, there is new expenditure planned in respect of activity to dispose of certain land and property assets which is proposed to be added to the list. This increases the list again by £0.495m. The revised total of projects planned to be funded through FCRs therefore stands at £2.184m and the full list of projects now proposed to be funded by FCRs is as set out in Appendix G.

137. Through these changes the council has been able to restrict the revised list of expenditure to within the original planned amount, hence there is no additional pressure on the overall capital receipts held by the council. In fact, the plan to fund key asset disposals will enable the council to generate further capital receipts which may be used to reduce borrowing and the revenue costs associated, or to fund planned capital expenditure which may have required an increase in borrowing, and consequently financing costs.

138. An alternative to funding the disposal costs of the specific sites identified from FCRs would be for this to come from the General Fund. No budget has been set aside to capture such costs and hence this approach would lead to

an increased pressure and overspend on the General Fund. This has therefore been discounted as an option.

Conclusion

139. 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 pressures for 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.

140. 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

141. 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.

142. Capital receipts can only be used for specific purposes, and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure and the use of capital receipts to support revenue expenditure is not permitted by the regulations.

143. The Secretary of State for Communities and Local Government issued guidance in March 2016 under section 15 (1) (a) of the 2003 Act, giving local authorities greater freedoms as to how capital receipts can be used to finance expenditure. This allows for the following expenditure to be treated as capital, “expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.”

144. The guidance requires authorities to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy with the initial strategy being effective from 1st April 2016 with future Strategies included within future Annual Budget documents. This report complies with this requirement.

Other Implications

145. There are no other implications relevant in the context of this report.

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Appendices

Appendix A: Breakdown of Departmental Variances
Appendix B: Achievement of Savings
Appendix C: Savings & Income Monitor
Appendix D: Collection Fund
Appendix E: Flexible use of capital receipts in 2022/23
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Appendix G: Flexible use of capital receipts in 2023/24 – revised list

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 8 Forecast

Directorate	Current Budget £'000	Forecast Outturn £'000	Gross Variance £'000	Specific Reserves £'000	Full Year Net Variance £'000	Memo: Mitigations and new savings £'000	Risks £'000	Opportunities £'000
PEOPLE (ADULTS)								
Customer Pathway	49,275	50,001	726	(637)	89	(637)	970	
Learning Disabilities	31,289	31,045	(244)		(244)	(249)	741	
Mental Health	8,045	7,685	(360)		(360)	(367)	110	
Strategy & Resources	8,149	7,528	(621)		(621)	(633)	95	
Supporting People	2,709	2,692	(17)		(17)	(17)		
Director	(185)	(185)	-		-			
PEOPLE (PUBLIC HEALTH)								
PH Grant	(5,556)	(5,556)	-	(500)	(500)	(500)	533	
Data and Intelligence	608	608	-		-			
People (Adults and Public Health) Total	**94,334**	**93,818**	**(516)**	**(1,137)**	**(1,653)**	**(2,403)**	**2,449**	**-**
PEOPLE (CHILDREN & FAMILIES)								
Children in Need	9,906	9,664	(242)		(242)			
Looked After Children	30,299	34,431	4,132		4,132		437	
Young People and Community Safety	2,637	2,987	350	(595)	(245)	(190)		
Joint Service for Disabled Children	5,192	5,822	630		630		295	
Other Services	4,746	4,800	54	(259)	(205)	(350)		
People (Children) Total	**52,780**	**57,704**	**4,924**	**(854)**	**4,070**	**(540)**	**732**	**-**
PEOPLE (EDUCATION - GF)								
Enhanced Pension Costs	1,716	1,730	14		14	(75)		
SEN Services	1,043	1,043	-		-			
Educational Psychology Service	571	571	-		-			
Schools Improvement Service	209	209	-		-	(45)		
Early Years	543	529	(14)		(14)			
Asset Management & Development	53	53	-		-			
Other Services	(33)	(228)	(195)		(195)			
People (Education) Total	**4,102**	**3,907**	**(195)**	**-**	**(195)**	**(120)**	**-**	**-**
PEOPLE TOTAL	**151,216**	**155,429**	**4,213**	**(1,991)**	**2,222**	**(3,063)**	**3,181**	**-**
HOUSING								
Temporary Accommodation	6,160	23,424	17,264	(90)	17,174	-		
Families with NRPF	905	2,271	1,366	-	1,366			
Other	105	105	-	-	-	-		
Housing Total	**7,170**	**25,800**	**18,630**	**(90)**	**18,540**	**-**	**-**	**-**

LB ENFIELD **APPENDIX A**

General Fund Revenue Monitor 2023/24

Period 8 Forecast

Directorate	Current Budget £'000	Forecast Outturn £'000	Gross Variance £'000	Specific Reserves £'000	Full Year Net Variance £'000	Memo: Mitigations and new savings £'000	Risks £'000	Opportunities £'000
ENVIRONMENT & COMMUNITY								
E&C Director & Corporate Strategy	2,395	2,275	(120)	-	(120)	(90)		
Environment & Street Scene directorate	23,648	24,375	727	1,900	2,627	(3,021)	150	(400)
Planning and Growth	1,679	3,003	1,324	(980)	344	(399)		
HRD Direction & Business Management	-	-	-	-	-	-		
Leisure, Parks & Culture directorate	4,669	4,805	136	58	194	(279)		
Customer & Communications directorate	5,987	5,599	(388)	-	(388)	(376)		
Environment & Community Total	**38,378**	**40,057**	**1,679**	**978**	**2,657**	**(4,165)**	**150**	**(400)**
RESOURCES								
Digital Services	12,664	13,500	836	(100)	736	(88)	690	-
Property	5,207	7,539	2,332	(398)	1,934	-	295	
Corporate Finance	3,013	3,013	-	-	-			
Capital & Procurement	1,879	2,104	225	-	225			
Financial Assessments	3,759	4,017	258	(289)	(31)			
Income Collection	2,514	2,982	468	-	468			
Exchequer Services	1,286	1,059	(227)	-	(227)	(237)		(200)
Executive Director	624	553	(71)	-	(71)			
Resources Total	**30,946**	**34,767**	**3,821**	**(787)**	**3,034**	**(325)**	**985**	**(200)**
CHIEF EXECUTIVE								
Chief Executive	479	327	(152)	-	(152)			
HR & OD	2,505	2,364	(141)	-	(141)	(104)		
Law & Governance	7,255	7,378	123	-	123	(76)		
Corporate Strategy			-		-			
Meridian Water	(636)	320	956	(80)	876			
Electoral Services	640	672	32	76	108			
Chief Executive Total	**10,243**	**11,061**	**818**	**(4)**	**814**	**(180)**	**-**	**-**
NET SERVICE BUDGETS	**237,953**	**267,114**	**29,161**	**(1,894)**	**27,267**	**(7,733)**	**4,316**	**(600)**
% of net revenue expenditure over/(under) budget					**11%**			
CORPORATE BUDGETS	**48,989**	**50,663**	**1,674**	**1,052**	**2,726**	**-**	**-**	**-**
GRAND TOTAL - NET COUNCIL EXPENDITURE	**286,942**	**317,777**	**30,835**	**(842)**	**29,993**	**(7,733)**	**4,316**	**(600)**
% 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	0.000	(0.588)	0.000	0.060	(1.010)	0.000	**(1.538)**
New 2023/24	(0.368)	(5.156)	(0.320)	(3.920)	(2.950)	(1.504)	**(14.218)**
Total	**(0.368)**	**(5.744)**	**(0.320)**	**(3.860)**	**(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	0.000	(0.230)	(0.100)	(2.128)	(0.183)	0.000	**(2.641)**
Green	(0.368)	(4.151)	(0.220)	(1.482)	(1.231)	(1.504)	**(8.956)**
Amber	0.000	(0.769)	0.000	(0.250)	(1.846)	0.000	**(2.865)**
Red	0.000	(0.594)	0.000	0.000	(0.700)	0.000	**(1.294)**
Total	**(0.368)**	**(5.744)**	**(0.320)**	**(3.860)**	**(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	(0.306)	(4.724)	(0.320)	(3.219)	(2.175)	(1.504)	**(12.248)**
Deferred	(0.062)	(1.020)	0.000	(0.641)	(1.164)	0.000	**(2.887)**
Undeliverable	0.000	0.000	0.000	0.000	(0.621)	0.000	**(0.621)**
Total	**(0.368)**	**(5.744)**	**(0.320)**	**(3.860)**	**(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)
Schools Personnel – increased traded service income	1.5	(30)	(30)		
Human Resources – HRA recharge income	1.5	(30)	(30)		
Registrars - Income Generation through additional fees & charges	1.5	(50)	(50)		
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)		
		(368)	**(306)**	**(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	
Pause SW apprenticeship recruitment	2.5	(200)	(87)	(113)	
New children’s home	3.5	(300)	(233)	(67)	
		(1,430)	**(670)**	**(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)	(99)	(171)	
Green Waste Collection Dates	5.0	(200)	(200)		
Increase Garden Waste Charges	3.5	(400)	(305)	(95)	
Commercial workshop- expand 3rd party service change	2.5	(100)	(100)		
Consumer Protection review	2.5	(127)	(96)	(31)	
Staffing Review (Culture)	2.5	(100)	(100)		
Streetworks savings	1.5	(50)	(50)		
Staffing Review (Place)	2.5	(120)	(120)		
Inflation uplift on external clients and receipts income	2.5	(180)	(180)		
Across Place-external fees and charges	2.5	(200)	(200)		
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)		
Grow Commercial Waste Service	1.5	(75)	(75)		
Review of Parking Permit charging	1.5	(60)	(60)		
Traffic order/ permit performance Income	1.5	(50)	(50)		
Vacant Comms (PO1) post	1.5	(50)	(50)		
Customer Operations	1.5	(50)	(50)		
New visa verification contract	5.0	(200)	(91)	(109)	

Description	Total Risk Score	2023/24 Target (£000)	2023/24 Deliverable (£000)	2023/24 Deferred (£000)	2023/24 Unachievable (£000)
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)		
Enfield Strategic Partnership review of reserves	0.0	100	100		
Voluntary & Community Sector budget savings	0.0	(300)	(300)		
Strategy & Policy Team - HRA recharge income	1.5	(35)	(35)		
Strategy & Policy Team - Operating Budget savings	1.5	(15)	(15)		
Policy Team restructure proposal	2.5	(200)	(200)		
CCTV income opportunities	3.0	(50)	(50)		
		(3,860)	**(3,219)**	**(641)**	0

Housing

Description	Total Risk Score	2023/24 Target (£000)	2023/24 Deliverable (£000)	2023/24 Deferred (£000)	2023/24 Unachievable (£000)
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)		
Security Savings	2.5	(200)	(200)		
Morson Road Service Charge	4.5	(30)	(5)		(25)
Staffing Review (Property)	4.5	(36)			(36)
CMFM restructure	3.5	(500)	(425)	(75)	
Montagu Industrial Estate Redevelopment	3.5	(300)	(300)		
Cleaning Review	3.5	(500)	(148)	(280)	(72)
Place Service Reviews - Consolidate B Block North into South (energy)	0.0	(97)	(97)		
Market Rentals for Council Properties	3.0	(10)	(10)		
Business Rate Charges, Reduce costs on empty properties	2.5	(100)	(100)		
Income from Rent Reviews	2.5	(240)	(240)		
Description	**Total Risk**	**2023/24 Target**	**2023/24 Deliverable**	**2023/24 Deferred**	**2023/24 Unachievable**

	Score	(£000)	(£000)	(£000)	(£000)
Insource current removal contract	1.5	(20)	(20)		
Trespass and Enforcement Budget	1.5	(50)	(50)		
Relet Marsh House meanwhile use (temp saving 2-3 years)	1.5	(20)	(20)		
Staffing Review (Place)	0.0	(86)	(86)		
		(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)		
Increase in court cost income. Look to increase court charges to the London average	1.5	(54)	(54)		
		(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 30 November 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%	10.00%	+1.04%	182.445	20.527	11.25%
May 2023	195.106	38.213	19.59%	18.00%	+1.59%	182.566	36.099	19.77%
June 2023	195.095	54.830	28.10%	27.50%	+0.60%	182.549	51.465	28.19%
July 2023	195.157	71.134	36.45%	35.50%	+0.95%	182.370	66.950	36.71%
Aug 2023	195.339	88.123	45.11%	44.00%	+1.11%	182.401	82.394	45.17%
Sept 2023	195.181	104.309	53.48%	52.75%	+0.73%	182.562	99.016	54.24%
Oct 2023	195.330	121.267	62.08%	61.50%	+0.58%	183.168	114.314	62.41%
Nov 2023	195.025	137.820	70.67%	70.25%	+0.42%	183.235	129.886	70.88%

Table D2 - Business Rates Collection Performance 2023/24 as at 30 November 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%
Sept 2023	121.710	65.725	54.00%	50.0%	+4.00%	114.494	56.727	49.55%
Oct 2023	121.590	76.018	62.50%	59.0%	+3.52%	115.131	68.249	59.28%
Nov 2023	120.741	86.415	71.57%	68.0%	+3.57%	114.853	78.386	68.25%

Collection Fund - Council Tax

The forecast Council Tax in year position is a £2.005m deficit across the Collection Fund as shown in Table D3 below, an increase of £0.201m on the August forecast. The main reason for the variance is the increased cost of the Council Tax Support Scheme £2.891m, of which £0.935m is funded from the Council Tax Support Fund grant. There has also been an increased level of discounts and exemptions £0.651m which are offset by increased Council Tax income £0.310m.

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)	(256.127)	(0.310)
Less: Council Tax Support		39.142	42.033	2.891
Less: Other discounts		19.302	19.953	0.651
Net Collectible Council Tax		**(197.373)**	**(194.141)**	**3.232**
Council Tax Support Fund		0	(0.935)	(0.935)
Discounts funded by General Fund		0	(0.155)	(0.155)
Increase/ (decrease) to bad debt provision		8.388	8.251	(0.137)
Council Tax Income		**(188.985)**	**(186.980)**	**2.005**
Allocation of Council Tax Income				
London Borough of Enfield	77.76%	(146.963)	(145.404)	1.559
Greater London Authority	22.24%	(42.022)	(41.576)	0.446
Total Allocation		**(188.985)**	**(186.980)**	**2.005**

Collection Fund - Business Rates

The forecast year end position for Business Rates as at 30 November 2023 is a positive position, as shown below in Table D4, showing an in year surplus of £5.754m, compared to the £3.352m forecast in August.

The net collectable business rates are forecast to increase by £4.463m compared to the budgeted position, with an increase of £1.317m for transitional protection contributing to the surplus position. As a result of gross business rates being higher, reliefs are also forecast to be higher. Largely supporting small business relief which is currently £1.081m higher and the transitional protection relief (mentioned above) which is currently £1.317m 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 £3.394m 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 have seen the impact of the Valuation Office working to clear the appeals relating to the prior 2017 valuation list which should result in a more settled position regarding these appeals going forward. However, the current 2023 list appeals remain an area of high uncertainly.

Table D4: Collection Fund Business Rates

	% Shares	Budget 2023/24 (£m)	Forecast Year End Position (£m)	Variance (£m)
Gross Business Rates Income		(162.063)	(164.515)	(2.452)
Forecast appeals in 2023/24		4.530	1.856	(2.674)
Impact of adjustment to prior years*		0	(1.465)	(1.465)
Transitional protection relief (see below)		13.906	15.223	1.317
Estimated unfunded reliefs		14.383	17.401	3.018
Estimated funded reliefs		14.458	15.121	0.663
		(114.786)	(116.379)	(1.593)
Increase/ (decrease) to bad debt provision		7.466	4.596	(2.870)
Net Collectable Business Rates		(107.320)	(111.783)	(4.463)
Transitional protection payment due to Authority		(13.906)	(15.223)	(1.317)
Cost of Collection Allowance		0.329	0.329	0
Interest paid on appeals refunds		0	0.026	0.026
Net Business Rates Income Total		(120.897)	(126.651)	(5.754)
Allocation of Business Rates Income				
London Borough of Enfield	30%	(36.269)	(37.995)	(1.726)
Greater London Authority	37%	(44.732)	(46.861)	(2.129)
Central Government	33%	(39.896)	(41.795)	(1.899)
Total Allocations		**(120.897)**	**(126.651)**	**(5.754)**

Appendix E – Flexible use of capital receipts in 2022/23

The table below shows how we used capital receipts in 2022/23 compared to the original plan:

Service Area	Plan £000s	Outturn £000s	Planned savings and demand reductions
Human Resources	50	0	Review and align workforce structures and budgets on SAP HR and SAP Finance
Corporate Strategy	87	0	Digital Development Programme (Digital Infrastructure & Inclusion)
Communications	41	0	50% of an Internal Comms/Transformation Manager post (£41k) to be funded from capital receipts
Human Resources	93	0	HR Transformation Manager
Digital Services	820	373	To develop business cases for new projects as part of the Portfolio's pipeline. Continuation from 2021/22 item with a further £0.820m Use of Capital Receipts anticipated.
Transformation	710	837	The Transformation Service manages a diverse Portfolio of Programmes, designing, planning and managing activity on behalf of Directors across the council, hiring and managing specialist IT and other resources, as required for each individual project.
Income & Debt	389	203	Analyse Local contract to bring in upwards of £1.0m a year in growth in Business Rates income
Web Development	114	0	2 additional Form Developer posts & 1 Apprentice post as Content Editor role
NEXUS Community Project	475	408	Funding for the continuation of the Nexus project to address youth violence.
Adult Social Care	200	0	Smooth and cost-effective transition back into Enfield adult service from Residential schools.
Children & Families	17	0	Outreach worker Operation Alliance
Children & Families	40	0	SEND and Disability Outreach Worker
Children & Families	88	0	Parent Support Advisor
Children & Families	81	0	Specialist Outreach Project
Children & Families	163	132	New Beginnings
Planning	70	0	Planning Commercial & Customer Manager
TOTAL	**3,438**	**1,953**	

Appendix F – Flexible use of capital receipts in 2023/24 – schemes to be removed

The table below shows the schemes <u>which are to be removed</u> from the 2023/24 plan:

Service Area	Plan £000s	Planned savings and demand reductions
Human Resources	50	Review and align workforce structures and budgets on SAP HR and SAP Finance
Communications	41	50% of an Internal Comms/Transformation Manager post (£41k) to be funded from capital receipts
Human Resources	93	HR Transformation Manager
Web Development	114	2 additional Form Developer posts & 1 Apprentice post as Content Editor role
Adult Social Care	100	Smooth and cost-effective transition back into Enfield adult service from Residential schools.
Children & Families	44	Parent Support Advisor
Planning	70	Planning Commercial & Customer Manager
TOTAL	**512**	

Appendix G – Flexible use of capital receipts in 2023/24 – revised list

The table below shows the revised list of schemes planned to be funded by flexible capital receipts in 2023/24:

Service Area	Plan £000s	Planned savings and demand reductions
Transformation	900	Portfolio of programmes delivering corporate and customer facing change across the organisation to reduce demand failure, improve customer experience, cost prevention and create efficiencies through improved processes and enhanced technology. Individual programmes may have specific MTFP savings targets. Cost prevention projects & programmes are designed to reduce demand prior to incurring costs.
Digital Services	600	To develop business cases for new projects as part of the Portfolio's pipeline. This will include reducing the cost of laptops and devices; procurement savings; application rationalisation; reduction in mobile phone usage and costs.
Property	495	Various external fees directly attributable to, and essential for, the disposal of property assets to deliver capital receipts. Gross capital receipts forecast to total £65m over the five-year period 2023-29. There will no ongoing costs associated with each property asset disposal upon completion of each sale. There will also be reduced MRP and interest charges if the receipts are used to repay borrowing.
Income & Debt	189	Analyse Local Business Rate growth project. Aim of the project is to increase Business Rate Income through identifying missing hereditaments within the borough and establishing new working partnerships across the Council to ensure maximisation of the tax base in future years.
TOTAL	**2,184**	