

MEDIUM TERM *Financial Strategy*

2022/23 to 2026/27



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1 Council Plan 2020-22

- 1.1. The Enfield Council Plan, agreed by Cabinet in July 2020, sets out the vision for delivering a lifetime of opportunities for everyone in Enfield. The Plan shows the significant progress made over the previous two years – from launching the most ambitious Council-led house building programme, to securing investment for community initiatives to help young people make positive life choices, to bringing new businesses that provide high-skill jobs into Enfield.
- 1.2. The Plan sets out the scale of our ongoing ambition to improve outcomes for everyone, in the context of huge financial challenges for local people, local businesses and organisations and local government.
- 1.3. The Council has three overarching ambitions:
 - i. Good homes in well-connected neighbourhoods
 - ii. Safe, healthy and confident communities
 - iii. An economy that works for everyone
- 1.4. In addition, there are four cross cutting themes that will inform the work to deliver transformation in the Borough and help the Council make the right decisions, and which are key approaches for all three of the ambitions:
 - i. A modern council
 - ii. Climate action
 - iii. Fairer Enfield
 - iv. Early help.
- 1.5. Financial resilience and good governance are an essential part of what it means to be a modern council. 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, the Council Plan commits to:
 - i. target resources in delivering Council priorities, reinvest savings and income wisely to deliver excellent value for money in everything that it does;
 - ii. make decisions which are timely, transparent, led by evidence, risk-based and robustly scrutinised;
 - iii. seek opportunities to generate income by proactively securing grant funding and developing an increasingly commercial culture to support a resilient budget; and
 - iv. ensure that all decisions made will help the Council to become carbon neutral; create good health for local people; safeguard children and vulnerable adults; enhance equality of opportunity and tackle discrimination and inequality.
- 1.6. The Climate Action Plan commits Enfield to becoming a carbon neutral organisation by 2030 and a carbon neutral borough by 2040. While this means that the Council will need to lever in investment over the short and medium term to make the changes needed to buildings; the means of travel; the energy usage; and improving green and blue spaces in the Borough, over the longer term these investments will generate financial savings as well as the reduction in emissions that are required to tackle the climate emergency.
- 1.7. Similarly, taking an ‘early help’ or prevention-based approach in all that the Council does, provides assurance that the financial pressure on statutory services such as social care or homelessness services can be reduced, while also empowering communities and improving lives.
- 1.8. In all that the Council does, the overarching priority to create a fairer Enfield is paramount. The Fairer Enfield Policy sets out how the Council will ensure that equality of opportunity is advanced and inequality and discrimination tackled.

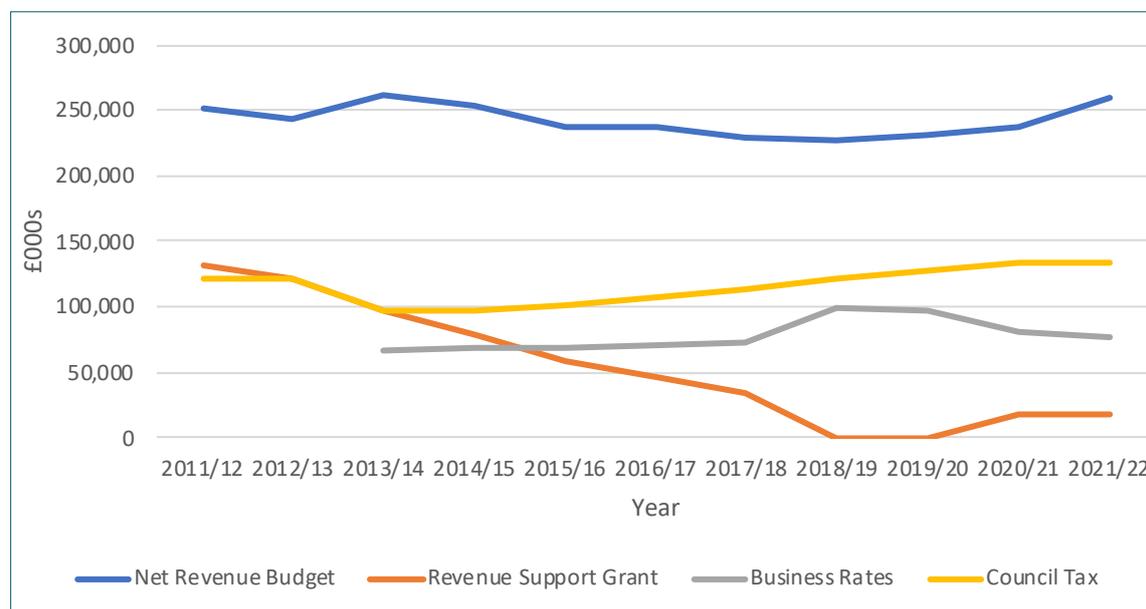
2 Financial Strategy

- 2.1. In the context of Covid-19, the financial fragility of local government has come to the fore. The Council's strategy for the last three years has been to ensure a robust, resilient budget which has strengthened the Council's ability to remain financially stable during this exceptional year. A sound financial strategy that ensures that the Council remains on a resilient footing has become ever more important.
- 2.2. The finance strategy is key to the delivery of the Council Plan and financial resilience. There are six key strands to the strategy:
- Financially self-sustaining Council through growth in housing and business rates
 - Value for Money (VfM)
 - Culture
 - Robust financial position
 - Ensuring a fair financial settlement for Enfield
 - Best in class governance

2.3. Financially self-sustaining Council through growth in housing and business rates.

- 2.4. The change in the balance of funding to local authorities has shifted over the last ten years with the reduction of Revenue Support Grant by Government being replaced by income from retained Business Rates and Council Tax. This has led to a need for local authorities to be increasingly self financing with a need to grow the local economy and Council Tax base to provide prosperity and reduce need alongside delivering efficiencies and generating more commercial income.

Chart 1 – Balance of Funding 2011/12 to 2020/21



Note 1. Business rates and RSG not separately identified 2011/12 and 2012/13

Note 2. Council Tax Support devolved to local authorities in 2013/14.

Note 3. RSG £nil during period of Pilot Rates Pool.

- 2.5. Enfield has a growing population but in recent decades it has seen low levels of house building which have not kept up with housing demand. The resulting affordability gap for residents has put pressure on the homelessness service but has also dampened council tax income.
- 2.6. In the past two years the Council has embraced the need for new homes and new employment spaces in the Borough – to provide affordable housing and new jobs for residents. Over the past five years, only 500 new homes were built in the Borough each year (other homes have been

created through refurbishment); the Council's new Local Plan sets out how that will increase to over 1,000 homes per year in the next few years.

- 2.7. Likewise, whilst Enfield's industrial sector has remained healthy in recent times, it has provided lower employment ratios as the nature of work has changed. Enfield's office and retail sectors have declined, the office sector has particularly been affected by conversion to residential which is taxed through Council tax at a much lower rate. Over the past few years business rates collection fund has declined slightly.
- 2.8. The Council has adopted strategies and action plans to increase economic activity and the supply of housing. The Council has prepared an economic development strategy which aims to support a more mixed economy, with more employment around town centres. A team has been appointed to drive economic growth and a published action plan is being implemented to drive housing supply. Both approaches will take some time to work through but are important to the medium term financial strategy.
- 2.9. Alongside the growth in the tax base the rates needs to keep pace with the Council's inflationary and demand pressures, especially those being experienced in Adult Social Care. To this extent it is essential to increase the Council Tax up to the threshold limit and to apply the Adult Social Care precept when offered by Government.
- 2.10. The cost of the Council Tax Support scheme in Enfield is one of the highest nationally due to local levels of poverty and deprivation. If the Council Tax increases there is a matching increase in the cost of council tax support. For every £1 of Council Tax increase, the Council receives £0.60p (after accounting for the GLA share, discounts, council tax support and providing for non-collection).
- 2.11. 2020/21 saw an increase of 1,900 working age cases to an overall 37,400 cases at a cost of £35.8m. Although the caseload has stabilised a further smaller increase is expected when the furlough scheme ends in September.

2.12. Value for Money

- 2.13. It is essential that the Council makes best use of its finite resources. In simple terms this means evidence based decision making, testing the market, strong business cases, delivering to the corporate objectives.

2.14. Culture

- 2.15. The Council's finances need to be **Everyone's** responsibility, it is not the sole responsibility of the Council's S151 Officer, it is necessary to be across the entire Council, the Cabinet, Chief Executive, Executive Directors and their management teams, senior managers and front line workers. This has increasingly been the case through ten years of austerity and even more than ever with the huge financial impact of the Covid-19 crisis.

2.16. Robust Financial Position

- 2.17. There needs to be clear, transparent budget planning to ensure the Council's finite resources are directed to where they are most needed. It is essential that the finances are understood by members, senior officers, managers and the community. It is imperative in the context of Covid-19 that the Council's budget is built on solid foundations. A single year budget is not enough, the finances need to be planned over the medium term and good practice is for this term to be five years. The budgets need to be robust with realistic savings plans to avoid in year volatility. The five year plan needs to recognise all future pressures and income flows. Local Government is a very dynamic environment with many demand led services and the growth in Adult Social Care, Children's Social Care, Special Education Transport and Housing need to be accurately modelled. The same applies on the income side with a clear understanding required of changes to the Council Tax and Business Rates tax bases and the level of Government support.

- 2.18. There is inevitably a gap between the demographic and inflationary pressures and tax growth along with the requirement to invest in priority area which will need to be met by changing the way in which the Council operates. This will be through delivery of efficiencies, reducing services or generating more income. All of these measures need to be realistic with appropriate processes in place to ensure their delivery.
- 2.19. Finally, the Council needs to hold an appropriate level of reserves to ensure that it can continue to deliver its objectives in times of financial uncertainty. These reserves will cover the smoothing of spend areas that are known to move from year to year, for specific and general risks and a general provision for unknown risks. In the current unique economic environment resulting from the Covid-19 pandemic, the level of reserves has added importance.
- 2.20. Much work has been done over the past two years to put the Council's Finances on a robust sustainable footing. Undeliverable savings and historical overspends have been built back into the base budget, there is a more focussed view of the medium term and there is a more realistic assessment of future demographic pressures and investment needs. In addition, Ten Year Capital and Treasury Strategies have ensured that decision making considers this wider, long term context. This Strategy will set out how this approach can be taken further forward.
- 2.21. The Council has been operating in a period of great uncertainty especially with an absence of multi year funding settlements. This was exacerbated for 2020/21 with Brexit and a snap general election and delays in essential reforms to the local government financial framework. However, this uncertainty has been escalated with the impact of the worldwide Covid-19 Pandemic in 2020/21. This strengthens all of the arguments above but also gives rise to consider additional plans to be formulated and brought forward depending on the financial impact of Covid-19 in 2021/22 and any potential ongoing consequences.

2.22. Ensuring a Fair Financial Settlement

- 2.23. The Government introduced its Business Rates Retention model for funding local government in 2013/14. It relied however on the historical needs data and damping arrangements from the previous model. At the time Government committed to address both of these issues and also set out plans to reset the business rates growth on a regular basis.
- 2.24. Government has been developing Fair Funding proposals to remedy the position, but this is now years overdue and Enfield has been disadvantaged by both the lack of an update of the underlying data and the damping arrangements. Modelling on the new Fair Funding framework suggests that whilst resources may flow out of London, Enfield would potentially be a beneficiary. Implementation was held up due to Government being stretched with Brexit, a snap General Election and then the Covid-19 pandemic. It is essential for Enfield to lobby hard to bring forward implementation of the new system, albeit the potential upside could be adversely impacted as a consequence of the Government's levelling up agenda. At this time there is still no certainty as to whether this work will be in place for 2022/23.
- 2.25. Similarly, with lower business rates growth than the rest of London, Enfield will benefit from the reset of the Business Rates. This would see the accumulated growth built up since 2013/14 being redistributed across the system. Strong lobbying is also required here.
- 2.26. The funding of Adult Social Care is a major concern with significant delays in the publication of a Green paper to address the current shortcomings. Instead there have been a series of short term interventions in the form of Adult Social Care precepts on the Council Tax and targeted grant. Disappointingly this was one of the key gaps in the Queen's Speech to Parliament in May 2021.
- 2.27. Finally, whatever funding system is in place, it will require relevant up to date information to ensure its effectiveness. The Census in 2021 will be key and the Council has promoted the importance of the Census in 2021 and ensured the maximum possible engagement across the Borough.

3 Economic Context

3.1. Global/UK Economy

- 3.2. The following economic commentary has been provided by the Council's treasury advisers Arlingclose from their May Economic Update.
- 3.3. The medium term global economic outlook has improved with the rollout of vaccination programmes, albeit some countries are experiencing extremely challenging conditions that may dampen activity. The UK has benefitted from the initial rapid vaccine rollout, boosting confidence and activity.
- 3.4. The opening up of the UK economy in Quarter 2 will prompt a sharp increase in GDP. Meanwhile, inflation is set to rise quickly back to target due to weaker base effects as the pandemic hit in 2020.
- 3.5. The extension to Government support packages, such as the Coronavirus Job Retention Scheme, in the March Budget, has reduced the downside risks facing the UK economy. The extension of furlough will not totally mitigate an inevitable rise in unemployment when support starts being withdrawn, although the Bank of England is more optimistic that the rise in unemployment will be substantially lower than first envisaged.
- 3.6. Household spending over the next few months is likely to be the primary driver of GDP growth, as consumers both revert to more normal activities and engage in "freedom" activities, marking the end of the lockdown.
- 3.7. The rise in growth and inflation is likely to be largely temporary and this uncertainty over sustainability will maintain pressure on central banks to maintain loose monetary conditions for the foreseeable future. Bank Rate is unlikely to change despite developing market expectations.
- 3.8. Longer term yields have recently remained relatively stable, largely due to this uncertainty. US stimulus, the relaxation of restrictions, global political pressures, and the on-going pandemic are providing succour to both bears and bulls.
- 3.9. Upward pressure on gilt yields could continue in the short term due to the preponderance of strong data, but this is likely to ease once inflation fears recede as the effect of weak base effects subsides and growth figures return to more normal levels.

3.10. Local Economic Impact

- 3.11. There has been a significant economic impact on Enfield due to Covid-19, and the available comparative data indicates that the Borough has been hit especially hard. In September 2019, Enfield's claimant count was at 3.3%, with the national average at 2.8%. As of March 2021, the claimant count in Enfield had risen to 9.7%, with the national average at 6.5%. This indicates that Enfield has been hit harder than other areas of the country. As of March 2021, Enfield had an 18% furlough take-up rate (as a % of employments available for furlough scheme); this contrasts to the national average of 14%. Council tax support working age caseload has increased by 4,000 (from 31,400 – 35,400) with an increase of £4.3m and council tax arrears increased by £7.1m (from £25.3m - £32.4m) despite £6.2m council tax hardship support. Business rate arrears increased by £4.2million, from £10.7m - £14.9million. With regard to rates relief, £47.9m was provided for retail, hospitality, sports and events sector and an estimated £30m additional rate relief will be provided for retail, hospitality, sports and events sector in 2021/22.

- 3.12. GLA Economics' 38th London forecast (published 27 May 2021) suggests that:
- London's real Gross Value Added (GVA) growth rate is forecast to be 5.4% this year due to the recovery from the COVID-19 crisis. This growth rate is expected to increase slightly to 6.9% in 2022 before moderating to 3.1% in 2023.
 - London is forecast to see a fall in the number of workforce jobs in 2021 (-3.6% in annual terms) although this will recover in 2022 (2.9%) before accelerating in 2023 (4.2%).
 - Similarly, to GVA, London's household income and expenditure are both forecast to grow in all years of the forecast period.
 - Real GVA is not expected to reach its pre-crisis levels until Quarter 1 2022 in the reference scenario (Quarter 3 2021 in the fast economic recovery scenario) while workforce jobs (WFJs) only reach pre-crisis levels in Quarter 2 2023 in the gradual return to growth scenario.
- 3.13. Major industries in Enfield such as distribution, food service, transport, and construction are amongst those expected to take a significant hit in employment growth in 2021, e.g. 7.6% decrease in construction jobs alone versus a relatively static 0.4% growth in other public and private services. However, construction is expected to rebound quickly with 11.2% growth in jobs in 2022 and most other sectors stabilising or seeing modest growth by 2023. Output growth however is impressive in some of our sectors with distribution, transport and other public and private services seeing a predicted 8 to 10% increase in GVA in 2022.
- 3.14. The longer term outlook for Enfield's core business base is generally good as many of these industries have been quite resilient through the pandemic or are foundational in nature. However, their employment needs and practices are volatile and that can present challenges for certain sections of our population, e.g. unemployment has soared amongst the young with 6,480 16 to 24 year olds currently on Universal Credit.
- 3.15. The counterbalance to this situation is that Enfield is also attracting new industries such as film and tv production, and there are accompanying signs of growth in other creative industries as well as newcomer industries such as e-commerce/fulfilment and craft brewing. The robust growth in start-ups in the borough is highly encouraging and the ongoing demand for new talent from the large and well-established health and social care sectors will also provide new opportunities.

3.16. Impact on Local Government funding

- 3.17. There is significant uncertainty for local government albeit there does not appear to be any clamour for an immediate return to austerity. Nevertheless, first Brexit and the snap General Election and now the Covid-19 crisis have contrived to delay funding reform for Local Government. The Fair funding reform promised with the introduction of the retained business rates back in 2013/14 is yet again delayed continuing to lock in lost grant of £12m through the historical damping arrangements. Running alongside this, there is a similar delay to the business rates reset, from which it is also anticipated that Enfield would benefit. Perhaps as significant as both of these is the reform of Adult Social Care funding. Back in May 2020 the House of Lords Economic Affairs Committee urged the Government to end its delay on social care reform and it was news for the wrong reasons with its omission from the Queen's Speech.
- 3.18. There are no rolling multi years settlements in place currently so with the exception of school funding there is no financial settlement for 2022/23. There is an expectation for a Spending Review 2021 to enable some degree of more informed forward planning to be possible but decisions on this are likely to be made later in the year. This would then be followed at a high level in the Chancellor's budget in the autumn with the authority by authority detail in December in the provisional Local Government Finance Settlement.

4 Borough Profile

4.1. Overview

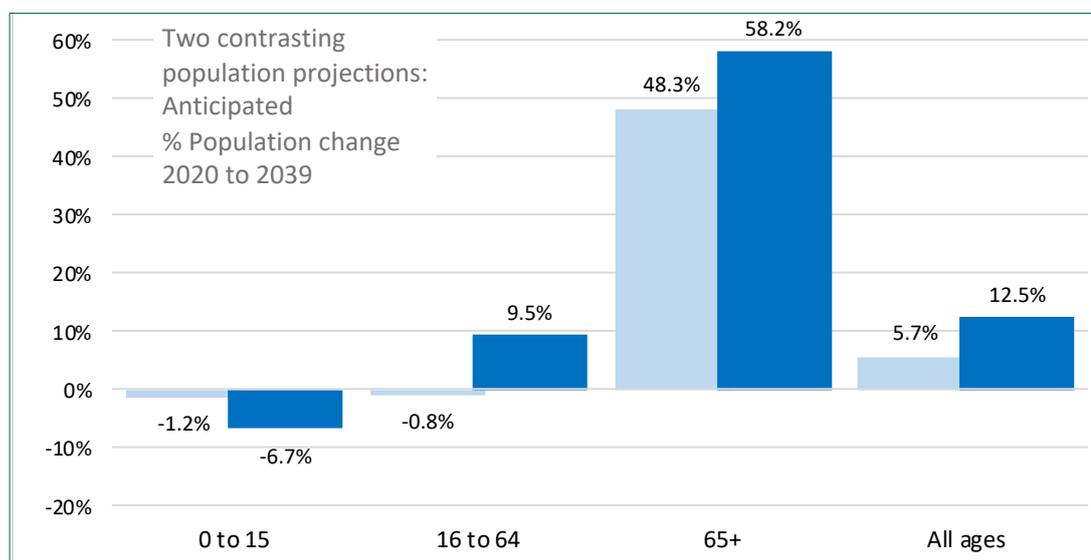
4.2. Enfield is amongst the most deprived 25% of all districts in England and is the ninth most deprived of the 33 London boroughs. The Economic Inactivity rate is higher than regional and national averages, and household incomes are lower than the average for London. Social Housing supply in Enfield is also relatively low, while Private Sector housing costs remain challenging for people on average and below-average incomes. There is significant economic inequality between the wards on the east and west of the borough.

4.3. Population

4.4. Enfield is the fifth largest London Borough by population, it has a population of 333,794 (ONS 2019 mid-year estimate), an estimated fall of 75 persons (-0.02%) over the previous 12 months. The population of the London area and England were both thought to have increased by half a percent in the same period. The 65+ age group bucked the general trend by 1.5% (661 persons). The general population has increased by 8.5% over the past decade, with the greatest change being among the over 65s (16.4% increase). The over 65 group is projected to increase by 28% over the next decade which presents a financial challenge with the overall yearly decrease in Enfield's budget.

4.5. Enfield's age profile is proportionately distributed between the sexes but, compared to the rest of London averages it has a higher number of young people aged 0-15 – 23% of the total population are in this age group. There are proportionately more children and young people under 20 in Enfield than in both London and England overall: 27%, as compared with 25% and 24% respectively.

Chart 2 – Forecast Population Change 2020 to 2039



4.6. There are significant changes anticipated in population forecasts. Two contrasting population projections suggest that the number of older people will increase by between 48% and 58% by 2039, with a decline in the number of children. Trend-based projections anticipate a 10% increase in the working-age population, while the Housing-led model suggests a slight decline. Sources: 2018 GLA housing led population projection & 2019 trend-based Upper Central Trend population projection.

- 4.7. The Borough has a diverse population. Overseas born residents make up 35% of the total, (London 35%, England 15% and UK 14%). Source: Annual Population Survey year ending June 2020.

4.8. Deprivation

- 4.9. The Index of Multiple Deprivation 2019 reveals that Enfield is the 74th most deprived local authority in England overall. Enfield's ranking compared with other local authorities in England dropped from 64th in 2015 but is still within the most deprived 25% of all local authorities. Enfield has become relatively more deprived when compared with other London Boroughs. In 2010, Enfield was the 14th most deprived borough in London, whereas in 2015 it was the 12th most deprived and in 2019 is now ranked 9th, Edmonton Green ward is the 5th most deprived ward in London.
- 4.10. Enfield has "traditional" inner London deprivation with outer London funding. Government data reveal that 13,987 or 18.4% of all children under 16 live in Relative Low-Income households as at 2019/20. This represents a small increase from the 2018/19 figure (13,670, or 17.9%). In the UK as a whole, the proportion of children in low-income families is 19%, although high housing costs in London tend to mean that even households with incomes above the official poverty threshold tend to be more challenged. Enfield's proportion is the 15th highest of the 33 London boroughs.

4.11. Income and employment

- 4.12. Enfield has high rates of economic inactivity compared with London and the UK, combined with relatively low average household incomes.
- 4.13. The term 'economically inactive' refers to people who are not employed and not actively seeking work. It includes full-time students, people with caring responsibilities and early retirees. Enfield has the 3rd highest levels of economic inactivity of all boroughs in London with a rate of 26.0%. This is higher than the average for London (19.9%), England (20.5%) and the UK (21.1%).
- 4.14. Females are the more economically inactive gender in the borough: 30% of working-age females compared to 21.3% of males are economically inactive, possibly owing to a greater burden of caring responsibilities.
- 4.15. In the year to December 2020, 154,700 people (69.8%) of the Enfield population were estimated to be in employment, an increase on 2019. However, this is below the London (75.3%) and UK (75.3%) averages.
- 4.16. Estimates supplied by CACI Ltd for 2021 indicate that the mean gross household income in the Borough was around £43,000. This is higher than the Great Britain average of £40,500, but somewhat lower than the Outer London average of £45,800 (all figures have been rounded).
- 4.17. Enfield's median household income (arguably, a more meaningful statistical measure of the average) is £35,300, which is the 9th lowest of the 33 London boroughs and lower than the Outer London average. 15.4% of households in Enfield have an annual income below £15,000 - higher proportion than in London (13.5%) Within the Borough, there are clear differences in income between the western and eastern parts, with median incomes in the most affluent areas being over twice those of the least affluent.

Crime

- 4.18. According to official crime summary data published by the Metropolitan Police, the number of notifiable offences committed in Enfield between January and December 2020 was 28,781 – a decrease of around 6% on the previous 12 month period. Offence numbers fell across the country and the capital, presumably owing to the effects of pandemic restrictions.

- 4.19. The Metropolitan Police crime rate in Enfield for this period was 84.71 per 1,000 residents. The London-wide crime rate for the same 12 month period was 87.92 per 1,000 people.
- 4.20. In Enfield, the three most common types of recorded crime were Violence Against the Person (not including sexual offences), Vehicle Offences and Theft.

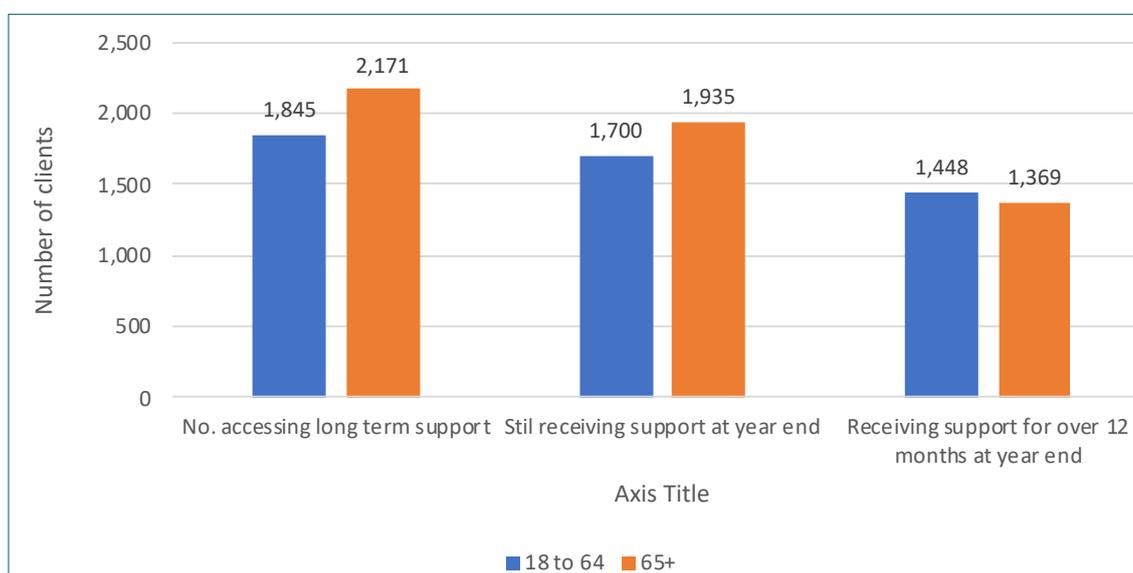
4.21. Health

- 4.22. The latest available local estimates from the Office for National Statistics (Life Expectancy at Birth 2017 to 2019) suggest that life expectancy at birth for males born in this period in Enfield is 81.0 years, which is above both the London and England averages (80.9 and 79.8 years respectively).
- 4.23. Female life expectancy in Enfield is 84.7 years – equal to the London average and higher than the England-wide figure of 83.4 years.
- 4.24. There are, however, wide variations across the Borough with the inequality driven by deprivation. Life expectancies range from 75.6 to 87.2 years depending on gender and location in the borough. Upper Edmonton which is one of the most deprived wards in the Borough had the lowest life expectancy for both sexes with Highlands ward having the highest life expectancy rates for both as well. Recent data by Public Health England on life expectancy, indicates more residents die from all causes in Upper Edmonton than any other ward in the Borough with a standardised mortality ratio of 139.8, with stroke being the biggest contributor. Highlands ward (68.6) has the lowest standardised mortality ratio in Enfield, and it is also well below the England average.

4.25. Adult Social Care

- 4.26. During April 2019 to March 2020, Enfield received 3,942 requests for support from new clients, which is a significant increase on the previous year (2,950). 76% of these from customers aged 65 or over. 427 of these new requests led to Short-Term Support to Maximise Independence. Baseline estimates for Enfield residents aged 16-64 with learning disabilities are projected to remain broadly the same over the next 10 years from 2020, while the number of over 65s with learning disabilities is projected to increase significantly by 26% over the same period, potentially having profound implications on social care budgets.
- 4.27. During 2019/20, 4,562 customers received long-term support at some point. Of these, 3,635 (80%) were still receiving support at the end of the period. As at 31st March 2020, 2,817 (77.5%) of the total still receiving support had been receiving long-term support for over twelve months.

Chart 3 – Adult Social Care Clients Accessing Long Term Support



4.28. Children's Services

- 4.29. There has been a steep rise in early help referrals over the last 2 years, during the period 1 April 2019 and 31 March 2020, a total of 1,521 referrals were received by the Early Help Family Hub. This represents a 23% increase on the previous year where 1,241 referrals were received. In 2020/21 there were 2,315 early help referrals received, which represents a 34% increase on the previous year.
- 4.30. Referrals for Children's Social Care arrive via the MASH (Multi Agency Safeguarding Hub). Children's Services in Enfield have experienced a significant increase in demand in 2020/21 there were 20,030 MASH contacts, which is a 13% increase from 17,725 the previous year.
- 4.31. During the period April 2020 to March 2021, the service dealt with 3,999 referrals, the rate of referrals was 492 per 10,000 children.
- 4.32. Between April and December 2020, due to Covid-19, there was a 23% increase in the number of Children being placed on a Child In Need Plan from 435 to 533. March 2021 has seen this number reduced to 472 children on a CIN plan.
- 4.33. 80 young people aged 16-17 presented themselves as homeless in 2020/21 compared to 86 young people in 2019/20. The majority of these young people were supported to live at home with only 4 young people becoming looked after, compared to 8 in 2019/20.
- 4.34. As at 31st March 2021, 257 children were the subject of a Child Protection Plan (CPP) – a rate of 30.5 per 10,000 children. This is an increase from a rate of 24 per 10,000 in 2020 and is below the 2020 national average of 42 per 10,000.
- 4.35. At the end of March 2021 there were 391 children in care, this is a slight reduction of 4 children from 395 as at the end of March 2020.
- 4.36. At the end of March 2021, the number of Unaccompanied Asylum-Seeking Children (UASC) fell to 38 (9.7% of total LAC population), compared to 64 in 2019/20.

4.37. Housing

- 4.38. There are around 126,255 dwellings located in Enfield, of which 10,157 are local authority owned homes (8% of the total) 8,556 are registered provider homes (7%) 107,501 are private sector homes (both owner-occupied and privately rented) (85%). Unofficially, it is estimated that 76,450 of these privately owned dwellings are owner-occupied, while 31,051 are rented. The Private Rented Sector (PRS) is thought to account for 25% of housing in the borough.
- 4.39. 11.2% of households in Enfield are in overcrowded accommodation. Overcrowding is mostly assessed by the 'bedroom standard' which assesses the number of bedrooms needed according to the size and composition of households. Of these overcrowded households, in the 2011 census, Enfield had an overcrowded rate of 18.31% out of 119,916 households with Edmonton Green (31.93%) being the most overcrowded ward in the Borough and Town ward (8.71%) being the least overcrowded.
- 4.40. The private rented sector has grown significantly in Enfield; increasing by 117% in the 10 years between the 2001 and 2011 Censuses. Between 2012 and 2019 there was an estimated increase of 2,757 properties (+10). What distinguishes Enfield from other Boroughs in terms of the functioning of the PRS is that the majority of households in the PRS are claiming benefits to assist with rent (in the form of Housing Benefit or Universal Credit). Housing Costs for private renters in Enfield, as in London in general, are far higher than for other tenure types. Furthermore, there is PRS housing instability: for some time more Outright Possession Orders have been granted in the county courts for Enfield's rented sector than for any other London borough. Both the number of evictions and the rate per 1,000 renting households were higher in Enfield than the rest of London – 31.5 per 1,000 in 2015 and 28.8 in 2016, compared with London-wide averages of 16.6 and 15.2 for those periods [Trust for London eviction rate calculation methodology].

From 2017 onwards, eviction rates dropped across the board, but Enfield has consistently had the second or third highest in the region. This is one of the main drivers of homelessness in the Borough. Government interventions in 2020, in the form of Local Housing Allowance reforms and the eviction moratorium have slashed the number of possession claims heard by the courts. Nonetheless, at 4.0 per 1,000 renting households, Enfield's rate was the fourth highest over the period. We would expect to see the numbers of evictions increase again over 2021 as courts start to undertake possession hearings again and this drives the number of residents seeking housing advice and support.

- 4.41. Homes to purchase on the market are relatively unaffordable to people on average salaries in Enfield, unless they have access to additional capital to get onto the housing ladder. An average property in Enfield in May 2021 cost 13.7 times the median full-time salary in the same period. This House Price to earnings ratio is slightly lower than the London average (12.5 to 1) but significantly higher than the national average (8.5 to 1), and a considerable increase of nearly 50% over the past decade.
- 4.42. During 2019 to 2020 Enfield's Housing Options and Advice Team dealt with 2,008 homelessness applications, of which 98% were owed a duty either of homelessness prevention or relief.
- 4.43. As at 31st March 2020, 3,497 households were in temporary accommodation – the second highest number of all English authorities (behind Newham). Twenty-seven households were in Temporary Accommodation for every 1,000 resident households in Enfield – the fourth highest rate of the 33 London boroughs.

4.44. Education

- 4.45. Due to Covid-19 the Government cancelled all school exams and assessments meaning there has been no published data on education performance for 2020. The data below is, therefore, unchanged from the 2021/22 Strategy.
- 4.46. In 2019 for Early Years - 69.7% of children in the Foundation Stage (i.e. under 5 years) had achieved a 'good level of development', which was slightly lower than the England average of 71.8% and the London average of 74.1%. 68.6% of pupils had achieved at least the expected level across all Early Learning Goals, an improvement again on the 2017 performance which was 68.1%. this though was below the London average of 73%.
- 4.47. KS1 - In 2019 in Enfield, the percentage of pupils achieving the expected standard in English Reading and Writing, and maths decreased in 2019.
 - 70% of pupils reached the expected standard in Reading (73% in 2018)
 - 65% reached the expected standard in Writing (69% in 2018)
 - 73% reached the expected standard in Mathematics (74% in 2018)
 - 78% reached the expected standard in Science (77% in 2019)
- 4.48. Key stage 1 results for Enfield are towards the bottom of the London boroughs in all subject areas with a ranking of 32/33.
- 4.49. The percentage of pupils reaching the expected standard in KS2 Reading, Writing and Maths combined in Enfield has increased from 61% in 2017 to 66% in 2019. The latest figures for 2019 for London and England are 69% and 65% respectively.
 - 72% of pupils reached the expected standard in Reading
 - 79% reached the expected standard in Grammar, Punctuation and Spelling (higher than the England average of 78%).
 - 80% reached the expected standard in mathematics, below the London average (82%) but above the England average (79%)
- 4.50. KS4 – In 2017, the new 9-1 marking system was introduced for English and Maths GCSE examinations, and this was rolled out into other subjects from 2018. The Government publishes data on the percentage of pupils achieving a 9-5 pass and a 9-4 pass in English and Mathematics.

In Enfield, 41.6% of entrants achieved a strong 9-5 pass, compared with 40.2% in England and 48.7% in London. 61.4% of pupils attained a 'pass' (Grades 9-4), compared with 59.4% in England and 67.9% in London.

- 4.51. Level 3/A Levels - A levels are among a group of regulated qualifications which are classified as Level 3. These also include Tech Level qualifications, such as the BTEC Extended Diploma. In 2019/20, public exams did not take place, but assessment data revealed the following:
- Enfield's Level 3 students recorded an Average Point Score (APS) of 37.18 – slightly below the London average (37.47) and the England state-funded sector (37.96).
 - 89.4% of Enfield entrants achieved at least two substantial Level 3 qualifications
 - Enfield's A Level students' Best 3' A Level APS was 38.16, which was slightly below the London figure (39.01).
 - 19.4% of A Level student achieved three A* to A grades at A level – in London as a whole, the figure was 21.2%.
 - The Average Point Score for Tech Level students in Enfield was 31.82 (graded as Distinction+ by the Department for Education) – higher than the regional and national averages.
- 4.52. Unfortunately, the most accurate assessment of the level of qualifications held by the adult population is the 2011 Census. As of that year, 23.0% of Enfield adults aged over 16 years had no qualifications compared to a London average of 17.6% and a national average of 22.5%.
- 4.53. The more recent Annual Population Survey for the year to December 2020 estimates that 7.5% of Enfield residents of working age (16-64 only) had no qualifications (compared with 6.6% for the UK), and that 46% of Enfield's working age residents were qualified to NVQ Level 4 and above (BTEC / HND / Foundation Degree level and above).
- 4.54. Recent publications for young people who are 16 and 17 who are recorded in Education and Training shows that 95.8% are participating in education and training as of March 2020. This compared to 92.5% across England. This is a positive 1.64% improvement since March 2019.
- 4.55. As of January 2020, there was 3,057 EHCPs in Enfield. The number of children in Enfield with an EHCP has increased by 24% in the last year, compared to a 10.2% seen nationally this is a very significant increase.
- 4.56. 24% of pupils at state funded nursery and primary schools and 20% of pupils at state funded secondary schools were known to be eligible for and claiming free school meals (DfE Spring 2021 School Census). This is above the England figures of 20.2% and 18% respectively.

4.57. Local Economy

- 4.58. There are roughly 222,000 people of working age in Enfield (aged 16-64 years).
- 4.59. In 2020, there were 4,699 new business start-ups in Enfield (involving the creation of new business bank accounts) - 45% more than in the previous year, possibly owing to redundancies and other loss of employment as a consequence of the pandemic. The expected effect of job losses, combined with redundancy payments, plus opportunities for entrepreneurial activity enhance the number of business starts in an area.
- 4.60. During the first three months of 2021, there were 1,011 new business start-ups – 131 more than in the first three months of 2020.
- 4.61. In March 2021 there were 13.7 business start-ups for every 10,000 working age adults in Enfield. This compares with a business start-up rate of 13.3 for the whole of London, and 9.2 for England. In Enfield 291 new businesses started in March 2021, 34 more than the previous March (2020). Both in first quarter of 2021, and for the whole of 2020, Edmonton Green saw the most new business accounts, and Highlands was home to the fewest.
- 4.62. 61,100 workers in Enfield have been furloughed at some point since Covid-19 began – the 29th highest number of all 377 local authority areas in England. At 31st March 2021, 25,800

employments were still subject to furlough. This is the 19th highest number of all English districts, and the fifth highest in London.

- 4.63. The number of Unemployed Benefit Claimants in Enfield has risen by 167% in the last year: from 7,715 in March 2020 to 20,625 in March 2021. The Claimant Count percentage rate now stands at 9.7%: in the London region it is 8.5% and in the UK as a whole, 6.5%

4.64. Climate

- 4.65. The 2019/20 Carbon Emissions review identified a 0.9% reduction in the Council's direct emissions between 2018/19 and 2019/20:

Table 1 - **Carbon Emissions**

	2017/18	2018/19 (CAP Baseline Year)	2019/20
Scope 1	11,998.73	11,199.03	12,086.97
Scope 2	14,919.68	10,708.97	9,604.71
Totals	26,918.41	21,908.00	21,691.68

- 4.66. Whilst this was positive it was noted that this is below the forecast annual trajectory, reflecting that the Council is at the start of its climate action journey.
- 4.67. There was also a reduction in borough-wide emissions of around 1.5%:

Table 2 - **Carbon Emissions Reductions**

	2017	2018
Sector	KtCO ₂ e	KtCO ₂ e
Domestic	418	415
Industrial and commercial	254	250
Transport	442	432
Totals	1,114	1,097

- 4.68. Since the 2019/20 Emissions Review there has been significant activity around climate change including securing funding for delivery of:
- Active travel schemes and electric vehicle charging
 - Improvements to Council buildings
 - Social housing retrofit.
- 4.69. However, much more needs to be done and it is recognised that the Medium Financial Strategy will play a role in further delivery both via business as usual and investing in new interventions. This will need to be alongside extensive external funding from both the public and private sectors. Developing tasks in this area will be a priority for the near term.
- 4.70. There will also need to be further work on the approaches to the deployment of resources where often high up-front capital costs can be balanced against delivering decarbonisation, with the potential benefits it brings, both monetary and social. This will help inform decisions to invest in higher cost alternatives that offer carbon reductions alongside long-term financial returns. An

example of this is the retrofit of Council buildings, which has a high capital cost but delivers long term revenue benefits, particularly if supported by staff behaviour change campaigns as part of our business as usual.

- 4.71. The 2020 Borough Profile can be found here [Enfield Borough Profile](#). The 2021 Borough Profile is currently in progress and will be published later in 2021.
- 4.72. The Borough profile presents some fundamental challenges which drive the Medium Term Financial Strategy. The low employment low wage economy undoubtedly impacts on tax levels and demand on Council services. The Council needs to be working to support those out of work gain employment and support the wider economy to drive an increase in high paid jobs. Equally, the aging population has been accommodated in the Strategy through full recognition of the demographic pressures in the Medium Term financial Plan but this is not sustainable in the longer term with ASC commanding an increasing share of the Council's resources – a long term vision and strategy is required. Housing, especially temporary accommodation present a similar challenge, albeit a clear strategy to address this in place; here, the priority is to see the strategy through.

5 Refresh of Financial assumptions

- 5.1. Council agreed a five year Medium Term Financial Plan in March 2021 covering the period 2021/22 to 2025/26. For 2021/22 there was Net Expenditure of £260.281m on services which was funded through Settlement Funding Assessment £94.241m, Specific Grants £13.096m, Specific Covid-19 funding £18.609m, a Collection Fund deficit of £3.188m (net of Government Grant support) and one off Use of Reserves £5.115m (of which £3.188m related to the Covid-19 element of the overall Collection Fund deficit) giving a Council Tax Requirement of £133.108m. There is a Council Tax Base of 92,965 with the Band D Council Tax of £1,431.81. There was a balanced budget for 2021/22 but a gap of £36.812m across the period 2021/22 to 2025/26.

Table 3 - **Net Expenditure by Department**

Department/ Directorate	Gross Expenditure 2021/22	Gross Income 2021/22	Net Expenditure 2021/22
	£m	£m	£m
Chief Executive	17.451	(5.969)	11.482
Corporate*	61.549	(7.077)	54.472
People			
Adult Social Care	131.504	(51.221)	80.283
Children's & Families	54.748	(10.401)	44.347
Education**	411.685	(407.181)	4.504
Public Health	12.803	(17.359)	(4.556)
Housing Related Support	2.709	0	2.709
Place	140.776	(110.299)	30.477
Resources	354.257	(317.694)	36.563
Total	1,187.482	(927.201)	260.281

* Corporate contains a £3.000m Contingency budget within the expenditure figure

** Within the Education budget there is £373.187m of Dedicated Schools Grant contained within both the expenditure and income figures. This grant funds much of the activity undertaken by the department.

- 5.2. The Plan will need to be rolled forward a year to cover 2026/27 and the assumptions refreshed. This is the first refresh of those assumptions and there will be further review and refinement throughout the budget setting process.
- 5.3. Covid-19 is expected to have a long term impact on the Councils' finances, however, the degree of that impact is difficult to predict. The MTFP has been revised to reflect current information and include an estimate of cost pressures arising directly due to the economic impact of Covid-19. The Crisis has also had some short and medium term impact on the tax base and this is considered in the commentary below.
- 5.4. Overall, rolling the Plan forward a year the Council is forecast to have a funding gap of £46.673m over the next five years. £13.685m of this is in 2022/23 and whilst the overall strategy is to have a balanced five year plan, the focus of attention will be on this first year.

- 5.5. The Covid-19 crisis is going to have an impact on the Council's finances beyond 2021/22. The crisis is not going to drive the same level of uncertainty as faced the Council in 2020/21 but it will need focussed consideration later in this Strategy.
- 5.6. Currently, the gap over the five year plan will at best be £46.673m and for the first year of the Plan will be £13.685m.

Table 4 – **Summary MTFP Forecast**

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
Funding	13.547	(7.465)	(8.955)	(4.527)	(3.021)	(9.240)
Spend	(1.043)	14.697	15.573	13.804	12.882	55.913
Gap	13.685	7.232	6.618	9.277	9.861	46.673

- 5.7. The year one gap is unchanged from the £13.685m reported to Council in March 2021. The initial review of the assumptions on income and spending has not considered it necessary to revise the forecasts at this stage. There will be continuous review and doubtless the focus will be on the ongoing impact of Covid-19, Council Tax and Business rate forecasts, demographic pressures and capital financing costs.

5.8. Income

- 5.9. There are no changes to the assumptions put forward in March 2021 other than the addition of the income forecasts for 2026/27. Nevertheless, there are areas of risk and uncertainty which will be the focus of review throughout the year. Most notable is tax collection, both Business Rates and Council Tax. Monitoring these through 2020/21 was very challenging with a continually changing picture of Government support, especially a succession of extensions of the furloughing scheme.

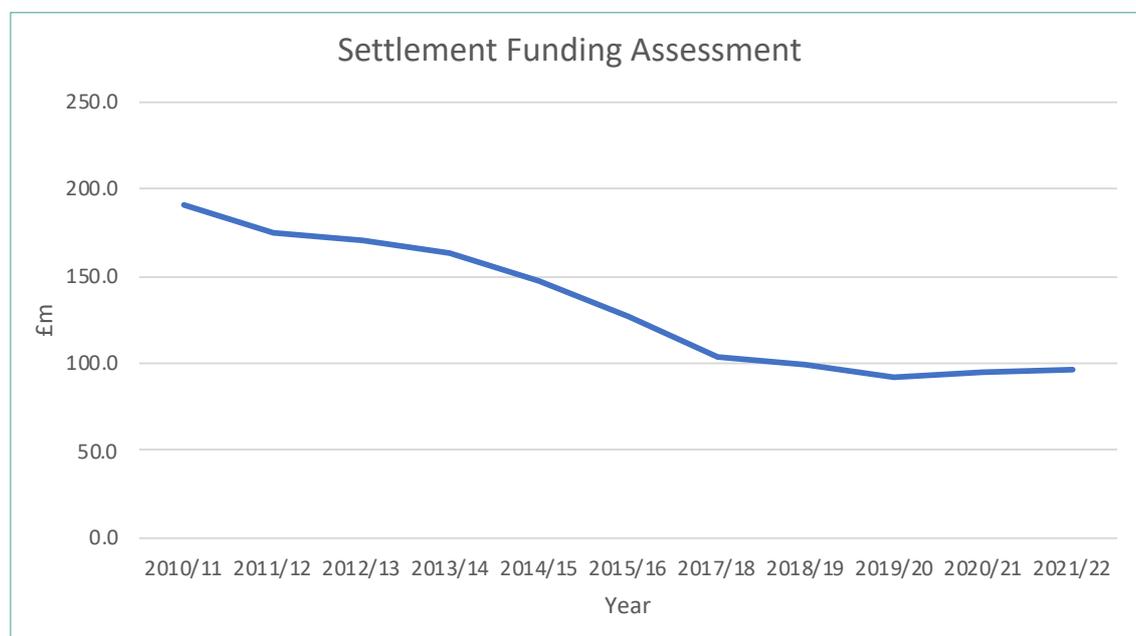
Table 5 – **Income Forecast**

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
General Government Grant	0.000	0.000	0.000	0.000	0.000	0.000
Specific Government Grants	13.387	1.258	0.907	0.818	0.736	17.106
Business Rates	0.000	(1.000)	(1.500)	(1.500)	0.000	(4.000)
Council Tax Collection Rate	(1.290)	(0.667)	(0.685)	0.000	0.000	(2.642)
Council Tax Base	(0.682)	(0.682)	(0.682)	(0.682)	(0.682)	(3.410)
Council Tax rate increases	(2.958)	(3.029)	(3.198)	(3.113)	(3.075)	(15.373)
Council Tax Support (Covid-19 pressure)	3.863	(1.199)	(1.199)	0.000	0.000	1.465
Collection Fund	(0.700)	0.000	(3.188)	0.000	0.000	(3.888)
Use of Reserves	1.927	0.000	3.188	0.000	0.000	5.115
Savings/ Income Generation	1.181	(2.146)	(2.599)	(0.050)	0.000	(3.614)
Total	14.728	(7.465)	(8.955)	(4.527)	(3.021)	(9.240)

5.10. Government Grant

- 5.11. Local Government has been through an unprecedented period of austerity as demonstrated in the chart below. 2020/21 saw some respite with the first increase in general grant for ten years and additional funding for social care and this was repeated for 2021/22. The initial assumption is for general grant to be flat and for the additional social care funding to continue as outlined in the Local Government Settlement in February 2020.

Chart 4 - Government Funding



- 5.12. There are several grants outside of the Government's Spending Power commitment. These are assumed to decline over time.

5.13. Collection Fund

- 5.14. The Collection Fund is the collection of all the Council's business rate and council tax income. The budget for this is set at the beginning of the year as part of the March budget. This is influenced by a number of areas: level of Council Tax Support, number of businesses, collection rates of debts. The difference between the planned income and actual income is then carried forward as part of the following years budget. During the year the position is monitored. Prudent positions were taken on both Business Rates and Council Tax for 2021/22 in the March Council Budget which were quickly followed by Government announcements on Rates reliefs for business for the first quarter of 2021/22 and a further extension of the Furlough Scheme. As this is a key budget risk the impact of Covid-19 will continue to be monitored.

5.15. Business Rates

- 5.16. The MTFP approved by Council in March assumed a decline in Business Rates in 2021/22 due to the economic impact of the Pandemic and for this position to persist in 2022/23 before recovery comes through in the later years of the Plan. This has been a complex area to forecast due to economic activity levels and a range of Government support in the form of rates reliefs and grant. The position will be continuously reviewed throughout the year.

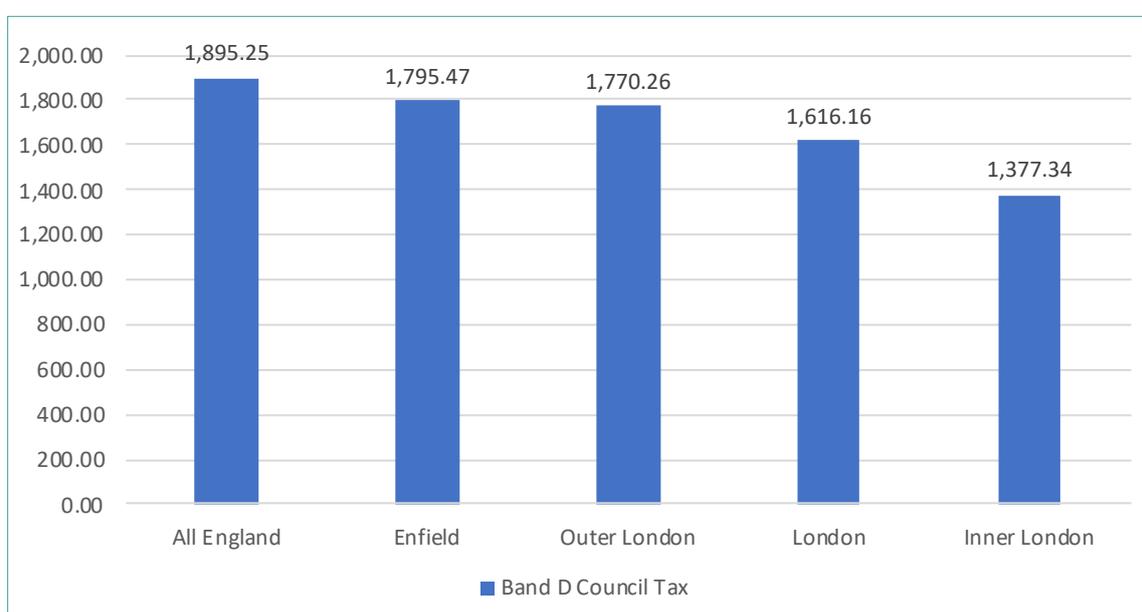
5.17. Council Tax

- 5.18. The broad assumptions set out in March 2021 were for a significant reduction in the tax base as a result of the Covid-19 pandemic. This was brought about by a combination of the estimated collection rate dropping from 98% to 96% plus an increased take up of the Council Tax Support

scheme as more residents were struggling due to furlough or job losses. In terms of council tax increases, a core increase of 1.99% each year was modelled across the MTFP period and this is extended to 2026/27. There was a 3.00% Adult Social Care precept applied in 2021/22 only as permitted by Government, but there are no indications at this time to suggest that such an assumption should be made for 2022/23 and beyond. The Council generates £133.11m income from Council Tax so every 1% increase generates an additional £1.331m.

- 5.19. The annual Council Tax rate increases of 1.99% would raise around £2.6m each year. However, this is still a fraction of the inflationary pressures faced by the Council even before considering demand and the impact of the Covid-19 crisis. With the failure of the Government to come forward with reforms of funding for Adult Social Care it would not be hugely surprising for the Adult Social Care precept to be a proposition for 2022/23 too. This is speculation though and is not currently included in the forecast.

Chart 5 – 2021/22 Band D Council Tax



- 5.20. The Council operates a Council Tax Support scheme following the localisation of support by Government at the start of austerity. As at 1 April 2021 the scheme cost in the order of £39.0m to operate with low income residents and pensioners only billed for a proportion of the full Council Tax charge.
- 5.21. The forecast has assumed a pressure of £4.8m on Council Tax Support in 2021/22 and that it will take three years for take up to return to pre-crisis levels. As with the other elements of tax collection noted above, Council Tax Support take will be subject to continuous review.

5.22. Savings/Income Generation

- 5.23. The MTFP contains £3.614m of future year savings agreed by Council in March 2021 and there is no adjustment to these at this time.
- 5.24. Expenditure
- 5.25. The expenditure forecast is set out below. The 2022/23 Pressures figure is negative due to the dropping out of some significant pressures relating to Covid-19. There will be some further financial implications of Covid-19 in 2022/23 and beyond and these will require continual reassessment.

Table 6 – Expenditure Forecast

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
Inflation	7.435	7.461	7.487	7.513	7.513	37.409
Investment	0.410	0.150	0.150	0.150	0.150	1.010
Demography						
Adult Social Care	2.086	2.086	2.086	2.086	2.086	10.430
Children's	0.750	0.750	0.750	0.750	0.750	3.750
SEN Transport	0.630	0.630	0.630	0.630	0.630	3.150
Pressures*						
Covid-19 Reversals	(13.894)	0.911	0.000	0.000	0.000	(12.983)
Underlying	(2.733)	(0.687)	(0.083)	0.274	0.000	(3.229)
	(16.627)	0.224	(0.083)	0.274	0.000	(16.212)
Capital Financing	3.520	2.643	3.800	1.648	1.000	12.611
Levies	0.753	0.753	0.753	0.753	0.753	3.765
Total	(1.043)	14.697	15.573	13.804	12.882	55.913

* Further detail in Table

5.26. Inflation

5.27. Provision for pay and prices is made in line with the Bank of England 2% target for CPI (Consumer Price Index). Specific provision is made for Adult Social Care contractual commitments which have typically outstripped CPI.

5.28. Investment

5.29. There has been limited opportunity to invest given the financial challenges and uncertainty being faced by the Council. Total investment in 2021/22 totalled £1.160m, including £0.300m for Children's Social Care and £0.260m for Social Care apprenticeships which is repeated in 2022/23. There was also a commitment to increase the Council's Repairs and Maintenance Budget by £0.750m being stepped at £0.150m per annum across the Plan.

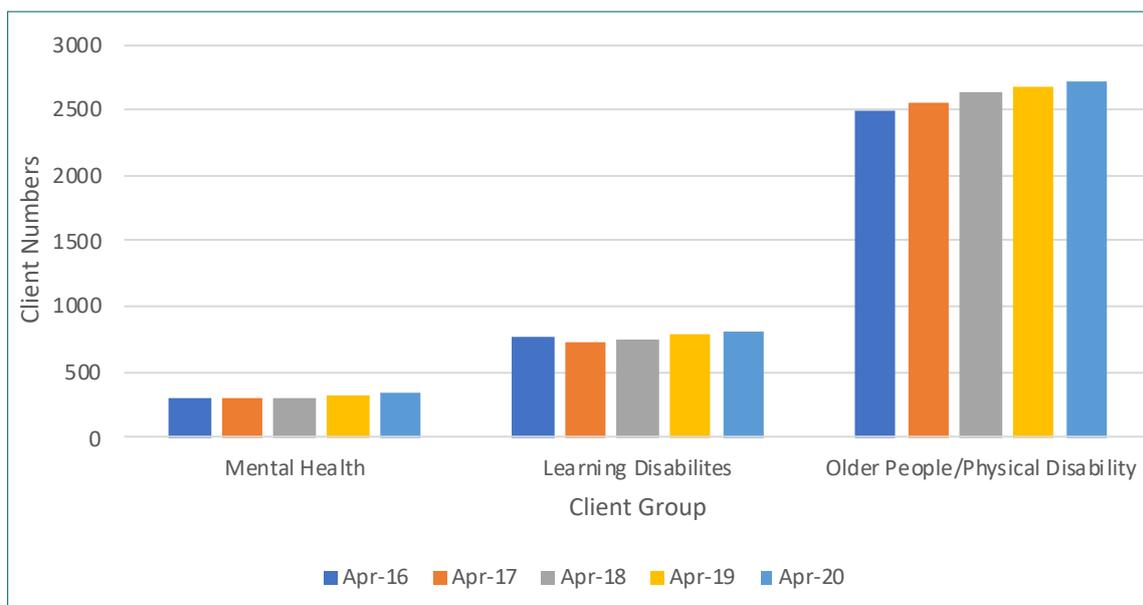
5.30. Demography

5.31. Recent MTFP updates have included a more comprehensive and realistic assessment of demographic pressures across the medium term and this level of attention to detail continues. This has been one of the key cost drivers for the Council and is a real financial challenge. There are three key pressure areas – Adult Social Care, Children's Social Care and Special Education Needs Transport, the magnitude of the challenge is highlighted in the charts below.

5.32. Adult Social Care

5.33. There has been an overall increase in client numbers of 299 over the past five years.

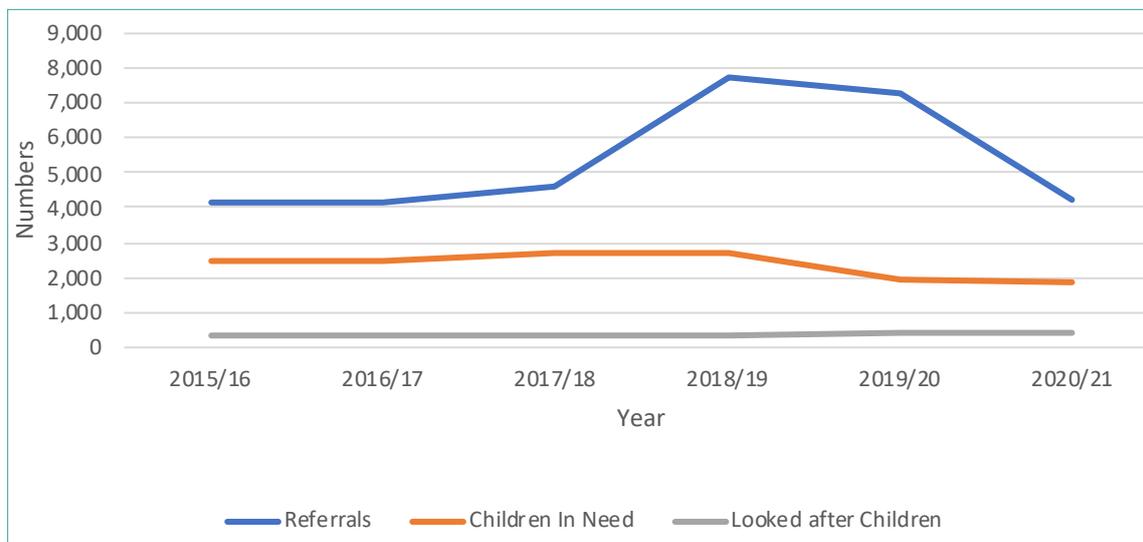
Chart 6 - **Adult Social Care Client numbers 2016 to 2020**



5.34. Children’s Social Care

There has been a notable increase in MASH (Multi Agency Support Hub) Contacts this year. In 2020/21 there were 20,030 MASH contacts, which is a 13% increase from 17,725 in 2019/20.

Chart 7 – **Children’s Social Care Activity 2015/16 to 2020/21**



5.35. There has been a change in approach over the past 12 months to the way in which referrals are recorded. Consequently, it is difficult to draw conclusions from the referral data in the chart above, this will become the benchmark for reporting in future years.

5.36. The number of children in need has slightly reduced from 2019/20 to 2020/21. Sustaining reduced demand for statutory social care is linked to having a strong and effective early help service which is better for children and families and more cost effective as it reduces the need for more intensive statutory activity.

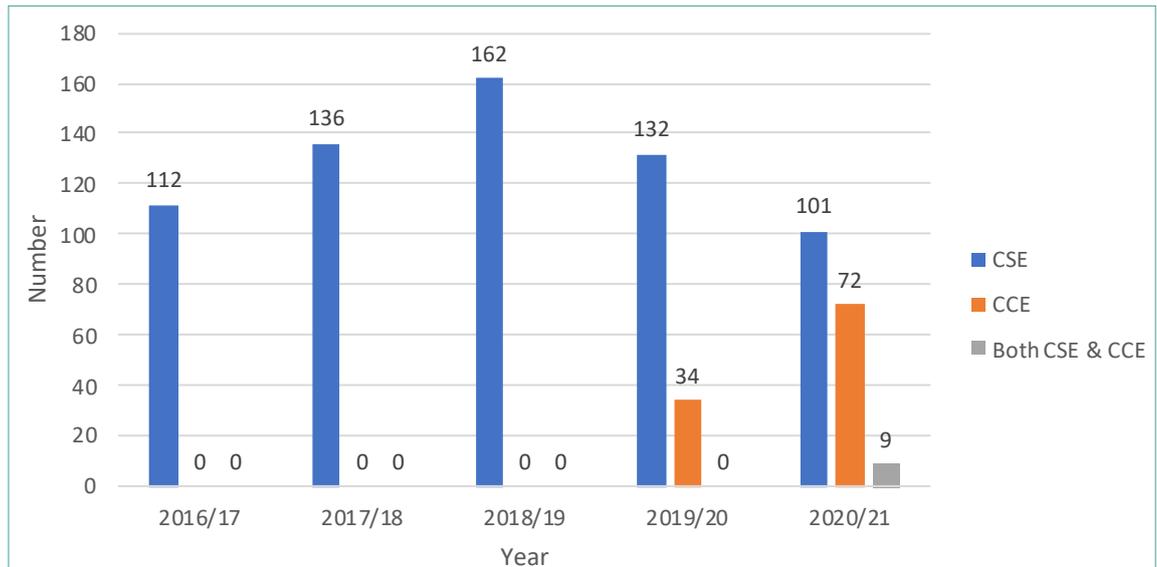
5.37. Early help casework services were developed in Enfield following the introduction of the Children Act 2004. Early help is a key priority in the corporate plan, it is cost effective investment that prevents escalation and re-referrals to more costly statutory services. The Children’s Early Help Family Hub is fundamental in supporting those families that need extensive help, but do not need the involvement of statutory children’s social care services. Over 500 families a year are stepped down from social care to early help case workers who offer continued support to

families to sustain improvements, and many families are referred directly to the hub thus avoiding unnecessary escalation to statutory services.

5.38. Child Sexual Exploitation

5.39. There has been a year on year increase in the identification of exploitation, with a notable increase in young people at risk of criminal and sexual exploitation. In 2020/21, 182 children and young people, were identified as being at risk of experiencing Sexual or Criminal exploitation, this is an increase on last year (166) and continues an upward trend as indicated in the table below over the last 5 years.

Chart 8 - **Child Sexual Exploitation and Criminal Exploitation Profile 2016/17 to 2020/21**

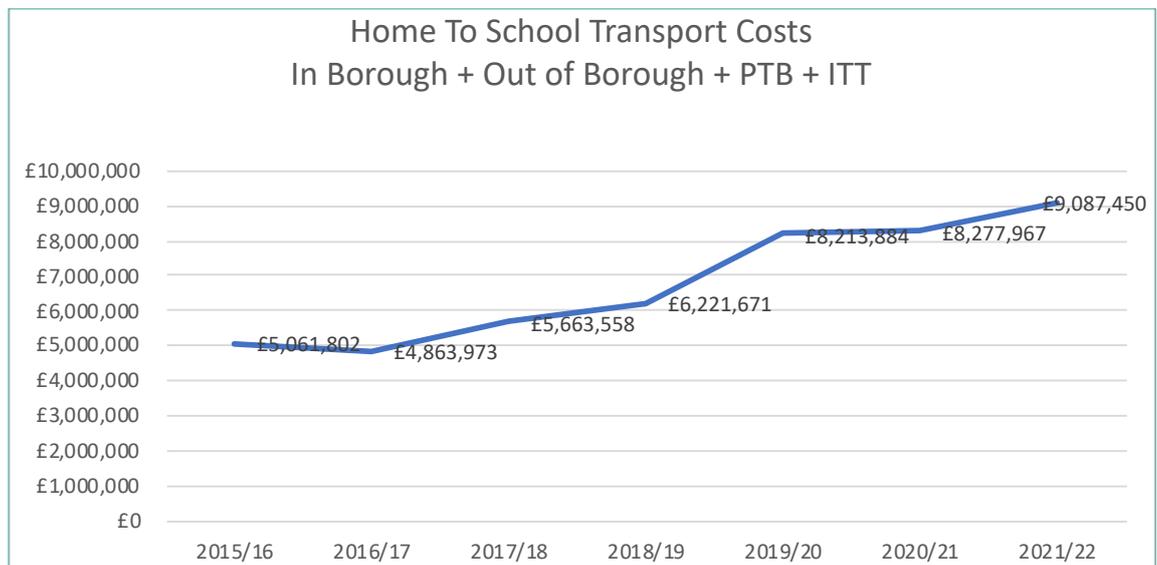


* Data segmented from 2019/20 onwards.

Special Education Transport (Home to School)

5.40. There has been a significant growth in the SEN Transport spend over the past five years from £5.1m in 2015/16 to £8.3m 2020/21 with a further increase of £0.630m forecast in 2021/22. The 2020/21 spend increase of £64k is a lot less than in the previous years, which is mainly due to the impact of Covid-19 (i.e. closure of schools in January and February 2021).

Chart 9 - **SEN Transport Costs 2015/16 to 2021/22**



- 5.41. The key driver has been the growth in the number of pupils being transported in and out of borough totalling 1,084 for 2020/21 (April 2021) (travel budgets of 171 children). The number of children transported to out of borough provision, has increased from just 71 at the end of 2015/16 to 220 in April 2021 (includes personal travel budgets of 40 pupils), an increase of 210%.
- 5.42. People Transport service currently has 281 bus and taxi routes, 191 of which are for In Borough transport and 90 are for Out of Borough transport.
- 5.43. Over the previous years, the out of Borough transport was increasing at very high rates (e.g. in 2016/17 and 2017/18, 41% and 62% respectively). But in recent years this has come down slightly (an increase of 6% in 2019/20 and 12% in 2020/21).
- 5.44. The Brokerage Team are currently running 159 personal travel budget accounts; for 171 students (includes siblings). The use of personal travel budgets has grown from zero in 2015/16 to 171 (April 2021).
- 5.45. PTB are a lot more cost effective than direct transport, these travel plans are designed to help pupil become independent travellers.

Chart 10 – **SEN (Home To School) Transport Numbers (includes estimates May 2021 – March 2022)**

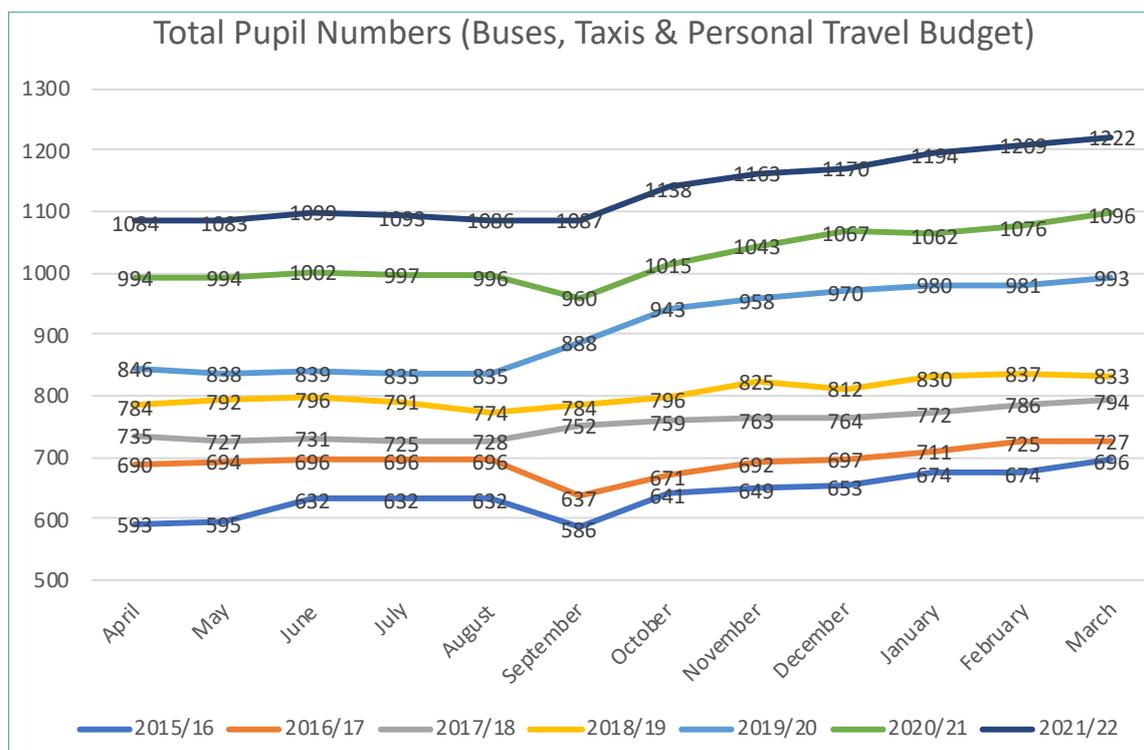
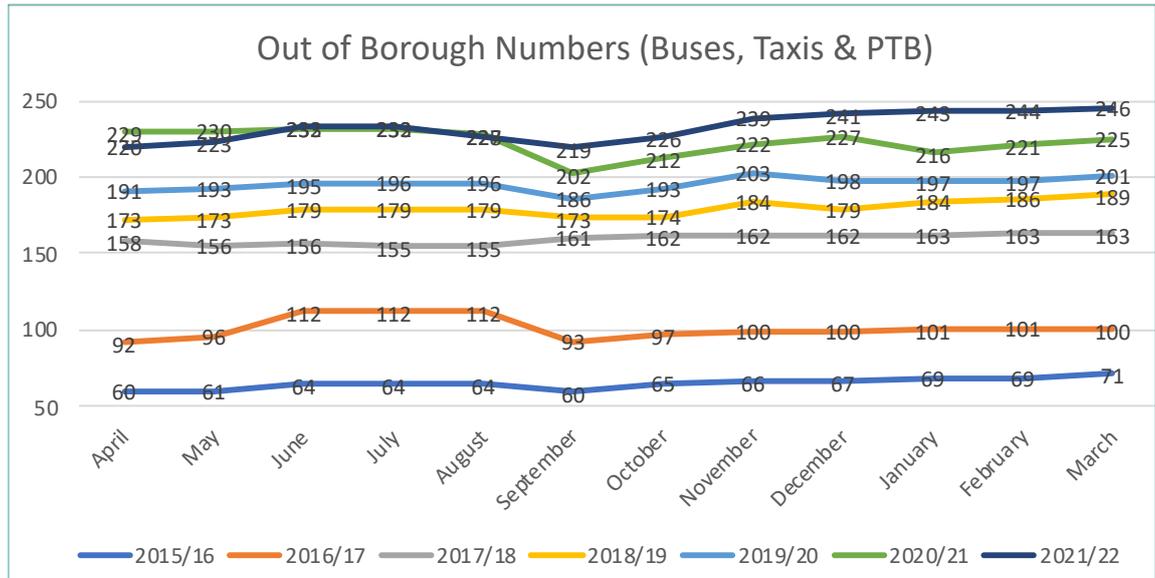


Chart 11 – SEN Out of Borough Transport Numbers



- 5.46. There is significant variation in average in and out borough costs per pupil, £8,462 and £14,197 respectively and also Personal Travel Budgets which average out at £6,158 per pupil.
- 5.47. The Council has put in place a number of Strategies to manage the increasing budget pressures. Including:
- Managing demand through tightening eligibility of policy
 - Setting up of the SEN panel to review eligibility/allocation of transport (about 250 applications have been rejected in the past 5 years)
 - Transitioning pupils off taxis onto personal travel budgets, shared minibuses/buses (from zero in 2015/16 to 171 as at May 2021)
 - Moving towards independent travel arrangements (82 trained since its inception in September 2017)
 - Recovering the costs from other councils where the child is under their responsibility
 - Routing software (regular review of routes)
 - Generating income through utilisation of busses during idle time
 - Regular review of routes and re-procurement through reverse auction tender
 - Regular review of routes costing/comparison; i.e. option appraisal for in house, external or PTB transport

5.48. Pressures

- 5.49. There has been strong budget monitoring throughout 2020/21 with the additional pressures of Covid-19 and the importance of separating these from the Council's underlying financial performance. The Outturn position for 2020/21 is an improvement on the third quarter monitoring information which fed into the 2021/22 Budget and 2021/22 to 2025/26 MTFP. These are broken down into further detail in the table below.

Table 7 – Covid-19 and Underlying Pressures in the Medium Term

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
Covid-19 Pressures						
Unquantified Covid-19 Pressures	(4.404)	0.000	0.000	0.000	0.000	(4.404)
Unquantified Covid-19 lost income ongoing	(2.023)	(0.674)	0.000	0.000	0.000	(2.697)
Covid-19 Pressures Contingency	(4.183)	0.000	0.000	0.000	0.000	(4.183)
Welfare Support/Hardship	(1.466)	0.000	0.000	0.000	0.000	(1.466)
Concessionary Travel costs (reduced journey volumes in short term)	(1.818)	1.585	0.000	0.000	0.000	(0.233)
Covid-19 Pressures sub-total	(13.894)	0.911	0.000	0.000	0.000	(12.983)
Underlying pressures						
Morson Road Depot Rent Review	0.000	0.266	0.089	0.000	0.000	0.355
Local Plan (Plan Making)	(0.300)	0.000	0.000	0.000	0.000	(0.300)
Cultural Services Development	(0.047)	(0.032)	(0.032)	(0.031)	0.000	(0.142)
Homelessness demand pressure (£0.939m already in Unquantified Covid-19)	(2.386)	(0.921)	(0.140)	0.305	0.000	(3.142)
Underlying pressures sub-total	(2.733)	(0.687)	(0.083)	0.274	0.000	(3.229)
Total	(16.627)	0.224	(0.083)	0.274	0.000	(16.212)

- 5.50. There are four broad area which need further consideration:
- i. Adult Social Care
 - ii. Children's Social Care
 - iii. Collection Fund
 - iv. Temporary Accommodation
- 5.51. For Adult Social Care it is unlikely the improved 2020/21 year end position will feed through into 2021/22 and beyond. It is certainly the case that a number of Enfield residents needs were met through the CCG rather than by the Council as a consequence of the Pandemic. This position will be reviewed at the end of the first quarter of 2021/22.
- 5.52. There is a similar position for Children's Social Care where referrals were down as a consequence of pressures on school activity and also challenges in recruiting staff. This is expected to unwind in 2021/22 and the position will also be appraised at the end of the first quarter.
- 5.53. As outlined later, in Section 8, Homelessness and Temporary Accommodation (TA) usage represents one of the Council's key demand pressures. As stated during the pandemic the Council responded to the "Everyone in" agenda accommodating around 500 rough sleepers and those at risk of rough sleeping, alongside some revenue funding and some capital funding to provide move on accommodation. Whilst the Council lobbied hard for this investment and was successful, both relative to other London Boroughs and nationally, the funding is inadequate, and the pressures are such that targets for the underlying reduction of TA numbers have not been achieved and will result in an adverse budget performance at the end of 2021/22 which will be met by Covid-19 grant for this purpose. The challenge remains though for future years with

increased pressures arising from future homelessness arising from the drivers outlined earlier in this Strategy. The service is working on a twelve point plan to address the required reductions in TA numbers and to address the surge in demand for advice and potential assistance, and a revised 5 year plan will be developed during 2021/22. The Council will continue to make the case for the funding Enfield needs to address these pressures – for example increased DHPs and for reforms to the welfare system to enable residents who are benefit capped to be able to access and sustain private rented accommodation.

5.54. Capital financing

- 5.55. A thorough review of the capital financing commitments was undertaken as part of the 2020/21 planning. This reassessed the commitments arising from the historical schemes in the capital programme and was enabled for the future years in the publication of a ten year Capital Programme covering the period 2020/21 to 2029/30. The 2021/22 MTFP has built on this work and there are smoothed increases to the budget with a drawdown from the Capital Financing Reserve over the life of the Plan to bring the budget and commitments into synch. The 2020/21 Capital Programme has experienced significant slippage and the Capital Financing Budget will be revised once the treasury position is fully understood, this will feed into the October refresh.
- 5.56. Nevertheless, capital financing is taking up a growing proportion of the Council's resources – 11.5% of Net Expenditure in 2021/22 and 15.0% by 2025/26. The Council will need to explore alternative means of investing in the Borough in order that this position does not become over burdensome.

5.57. Levies

- 5.58. The financial impact of the new waste facility to be operated by the North London Waste Authority is being smoothed through reserves, with the MTFP gradually bringing the budget up to full cost.

6 Ongoing Impact of Covid-19

6.1. There was great uncertainty in 2020/21 with the additional cost, lost income and impact on savings programmes under continuous review and no detailed early commitment from Government to meet the costs. The impact on the medium term was far from clear and the Council took effective and decisive action in year. Whilst the level of concern is much reduced a year on it is prudent to have similar actions to hand should they be required.

6.2. Approach to address the Financial Implications of Covid-19

6.3. To complement the longer term strategy, it is important that a number of immediate steps could be taken in 2021/22 to ensure that the Council remains financially resilient. The following workstreams have been identified and are available to mitigate the future impact of Covid-19 on the Council's financial position during 2021/22, enhancing usual practice should it become necessary:

Reduce costs/update forecasts:

- Review the existing Covid-19 expenditure and income forecasts in order to identify how to reduce expenditure, reduce likelihood of income loss.
- Ensure that 2021/22 budget savings are implemented, find substitute savings where these are at risk.
- Maintain spend within the existing budget envelope for key demand areas as far as possible; identify management action to reduce in year cost pressures. (This will have the impact of protect the £3m contingency in Corporate.)
- Accelerate the MTFP existing savings and income proposals for 2022/23 onwards
- Accelerate any newly identified savings and income proposals in the current year

Increase income:

- Continue to review opportunities to increase income to replace lost income
- Re-focus income collection approach to reduce the impact of bad debt on the end of year position in particular for council tax and business rates. Maximise income collection through ensuring the collection base is accurate.

Capital:

- Capital expenditure - identify which expenditure is "in contract" and which can be paused should become necessary in year.

Reserves

- Mid-year comprehensive review of the Council's reserves to be reported to Cabinet in October 2021.

Opportunistic

- Review specific opportunities and costs arising in year as a result of Covid-19 (e.g. channel shift, home working)
- Accelerate the review of operational building requirements
- Identify where grant can be used to substitute existing spend.
- Accelerate the identification of properties that can be sold on the open market (not to HRA as this does not provide flexibility) which can be re-invested to reduce borrowing costs, fund transformation, should this become necessary

6.4. Where the impact of actions to reduce expenditure or generate additional income is beyond the current financial years, these will come forward as early savings for the MTFP and base budgets adjusted.

6.5. Approach to meeting Covid-19 costs

- 6.6. The Council is keen to minimise the financial impact of Covid-19 on residents however, the ability to do this is dependent on Government Grant and the unknown impact of Covid-19 on Council costs and income. The following resources for Covid-19 costs were provided by the Government for 2021/22 which have been earmarked to support the known and unknown Covid19 costs during 2021/22. This includes: Covid-19 grant £10.554m: Council Tax Support Grant of £5.9m - retained by Council to offset costs; Collection fund £3.189m (estimate); Sales fees and charges to 30 June 2021 £0.50m (estimate). At the time of setting the budget, the £10.259 shortfall in funding for Covid-19 was met through the Council budget and reserves.
- 6.7. Where the 2020/21 Covid-19 grants were not fully expended these will be retained and earmarked for Covid-19 costs, albeit, in some instances there is no regulatory reasons to do this.
- 6.8. The unfunded Collection Fund deficit of £4.701m is currently planned to be funded from Council smoothing reserves/unexpended Covid-19 grants over the next three years.
- 6.9. Further the Council is expecting to set up an ASC specific reserve to smooth the impact of Covid-19 on adult social care costs of £3.697m.
- 6.10. The Government stated that there would be no further Covid-19 funding; and therefore, the Council currently may require Covid-19 reserves for some years to come to smooth the impact.
- 6.11. The corporate budget includes £3.0m base budget contingency which also provides a level of financial assurance that the Council can remain on a stable financial footing.

7 Reserves

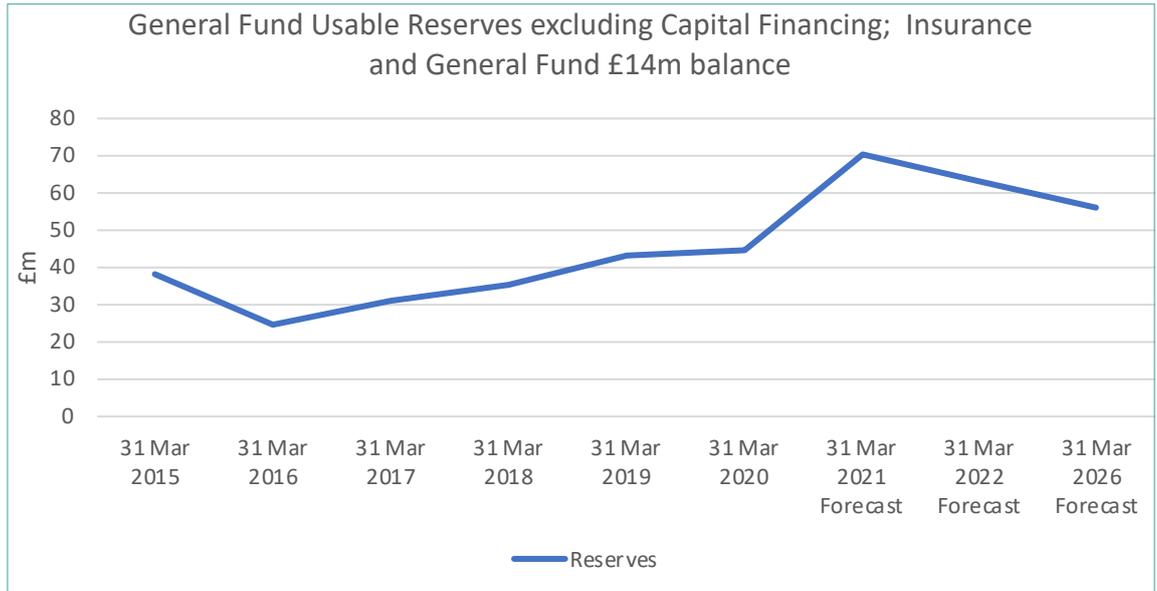
- 7.1. Enfield's reserves and balances have historically been lower than peers and have been the notable element of the CIPFA Financial Resilience Index. The work undertaken by the Council over the past three years to drive financial resilience to put the Council's finances on a much firmer footing has paid dividends with the Council's outturn being within budget for 2020/21 and reserves strengthened despite the challenges of Covid-19.
- 7.2. The Reserves Strategy is set out annually in the Medium Term Financial Plan to Council; including an assessment of risks. The Council will ensure that it maintains a prudent level of reserves in line with best practice and relevant guidelines. The level of reserves held are considered in the light of the budget forecast and the risks associated with that forecast.

Table 8 – Summary of Enfield's Usable Reserves

Reserves	31 March 2020	Mid Year Review Transfers	In Year Transfers	Forecast Transfers 2020/21	Forecast Balance 31 March 2021
	£m	£m	£m	£m	£m
Risk Reserve	(8.304)	(10.451)	0.618	(2.391)	(20.527)
Covid-19 Risk Reserve 2021/22	0.000	0.000	0.000	(10.000)	(10.000)
Covid-19 Reserve 2020/21	(3.000)	2.567	0.000	0.433	0.000
Balance Sheet Management	(4.200)	2.200	0.000	0.000	(2.000)
MTFP Smoothing Reserves	(18.033)	0.000	(0.193)	(6.928)	(25.155)
Service Specific Reserves	(14.253)	2.157	1.548	0.113	(10.435)
Property	(2.125)	0.000	0.024	0.000	(2.101)
Useable Reserves Sub total	(49.915)	(3.527)	(1.997)	(18.773)	(70.218)
Capital Financing Reserves	(24.254)	3.527	0.000	(1.800)	(22.527)
S31 Reliefs Grant	0.000	0.000	(16.554)	0.000	(16.554)
Grants & Other Contributions	(18.278)	(0.000)	7.436	(4.288)	(15.130)
Insurance	(7.021)	0.000	0.000	0.000	(7.021)
General Fund Balance	(13.950)	0.000	0.000	0.000	(13.950)
Total Reserves & Balances	(113.418)	0	(7.121)	(24.861)	(145.400)

- 7.3. The overall level of reserves at 31 March 2021 was £145.4m, an increase of £32.0m compared to 31 March 2020. This is of great importance with the planned running down of the Council Tax Collection Reserve and Capital Financing Reserves over the next five years.
- 7.4. The Council changed its MRP Policy in 2018/19 and is bringing its budget back in line with actual spend through use of the Capital Financing Smoothing reserve across the life of the Plan.
- 7.5. Similarly, Government is only meeting part of the cost of the Council's Collection Fund deficit which has arisen as a consequence of the Covid-19 impact on Business Rate and Council Tax collection. The smoothing reserve is therefore forecast to be drawn down £9.564m over the next three years.

Chart 12 - Usable Reserves 2017/18 to 2026/27



8 Approach

- 8.1. The following section sets out the central approach to developing the Medium Term Financial Plan for 2022/23 to 2026/27. There is continuing financial uncertainty as a result of the worldwide Pandemic as well as local authorities operating in an environment of single year funding settlements. It is therefore essential to have a continuous review of the funding and spending assumptions in order for the Council respond to changes in and orderly and managed way should it be presented with additional financial pressures and should it be necessary also the overall approach.
- 8.2. At the heart of the approach is full recognition of demographic and other pressures to ensure the correct level of base funding in services. There is then a hybrid approach to ensure forecast spend is in line with available resources. There is currently a £46.7m gap across the medium term. £13.7m of this is in 2022/23 and there will be a hybrid approach to address this – work will continue of the 2021/22 Themes and exploration of invest to save opportunities to drive efficiency and new and strengthened income streams. This will be supplemented by the inevitable need for departmental savings which may lead to service reduction with protection for those services supporting the most vulnerable in the Borough.
- 8.3. To some extent 2022/23 will consolidate the work undertaken over the past two/three years to ensure robust and sustainable finances. This approach will be further developed over the medium term with a move to outcome based budgeting (expanded on below) which seeks to focus resources on key outcomes from the Corporate Plan driving early intervention in demand led services and great collaboration in delivering outcomes across the Council.

8.4. Background analysis

- 8.5. During May and June the groundwork has been undertaken which is primarily the review of the Borough Profile and updating of benchmarking data to give a clear context in which to identify areas for investment and redirection of resources, opportunities for efficiency and income generation and reduced service. Service level benchmarking has primarily been CIPFA/CFO Insights budget data for 2020/21 focussed on the Council's ten London "nearest neighbours". This work will be led by the Knowledge and Insights Team.
- 8.6. This should identify areas to drill down into further detail and for further analysis to be undertaken.
- 8.7. There will be a hybrid approach to the identification of savings to address the 2022/23 and medium term funding gap which will have three components:
 - i. Review of the output of the 2021/22 Theme work
 - ii. Invest to Save
 - iii. Departmental Savings Targets.
- 8.8. This work will be complemented by exploratory work on outcome based budgeting. The Council is looking to develop the approach it followed over the past two years to protect those services protecting the most vulnerable in the Borough by ensuring resources are targeted at the Council's corporate priorities. This will feature in future years budgets with the priority being consolidation following on from the financial challenges and uncertainties of the past twelve months.
- 8.9. Review of Themes Work
- 8.10. Across June and July Departments/Directorates will be reviewing the output from the workshops that were held across summer 2020. They are not limited to the work already undertaken at that

time and can use that review time to generate new ideas too. There will be workshops organised on an ad hoc basis as necessary to support this work. The Themes are set out below.

8.11. Themes/areas of focus

8.12. Demand Management

8.13. The key areas of focus will be Adult Social Care, SEN Transport and Temporary Accommodation. These are three areas which are significant cost drivers for the Council; for the existing Medium Term Financial Plan £20.959m was added to the budget for Adult Social Care across the five years and £4.600m for SEN Transport. There will be a range of short term and medium term strategies required, so essential to consider both of these across the full life of the five year plan. This work will also consider approaches for prevention as well as demand that is already in the system.

8.14. Adult Social Care

8.15. The council has naturally been intervening over a number of years to mitigate the impact of rising demand. Some of the key strategies have been through step down provision, reablement, use of aids and adaptations to property, use of direct payments, increasing support to carers, strength based approaches to bring in family and community support, and developing community capacity.

8.16. A great deal of work has also been undertaken on supply and value for money. This is through support and constructive challenge to providers including thorough review of these organisation especially those is less developed provision. This needs to be developed to enable people to access provision closer to home and certainly in borough. There's extensive use of direct payments which controls spend and gives greater choice and possibly minimal opportunity to extend this further. Another area of focus will be working with Learning Disability and Mental Health providers to avoid crisis which can use up a disproportionate level of resource.

8.17. New models of care also need to be considered, reducing reliance on residential care and moving to more and better sheltered accommodation/supported living schools and further investment in assistive technology.

8.18. SEN Transport

8.19. The focus of this work needs to be on provision of great in Borough school places with the average in Borough cost currently £8.5k versus Out borough at £14.4k and to direct more children to Personal Travel Budgets which is the most cost effective option currently averaging £7.2k per pupil.

8.20. Children's Social Care

8.21. One of the key strategies has been to develop the Early Help Family Hub and launch the children's portal. By investing and sustaining a strong early help offer children and families are far less likely to need statutory social work services

8.22. In order to manage demand and reduce the number of children in care the Council have invested in an Edge of Care Service to prevent family breakdown and support reunification of children back home as quickly as possible when it is safe to do so.

8.23. Reducing reliance on external placements such as independent fostering agencies and residential homes by increasing the numbers of in-house foster carers has been a strategy that has been in place for many years. The service continues to invest in strong recruitment campaigns to attract new in-house foster carers each year. However, as new carers are approved and join us there is natural movement as established carers leave. This year capital investment has been identified to increase the size of some family homes to enable established in-house carers to look after more foster children.

- 8.24. Families are supported through receipt of direct payments to assist children with special education needs and disabilities (SEND). There have been joint commissioning arrangements in place for many years with the CCG, education and social care to share the costs of complex care packages this process is managed through an agreed protocol and a monthly panel chaired by the Director of Children and Family Services.
- 8.25. Further, there is a Community Hubs vision to work with cross Council services, partner agencies, residents and communities to identify needs and facilitate solutions for individuals prior to their escalation into statutory services (and if they are in statutory services, to facilitate their de-escalation from that level of need back down to tier 1 and 2 services and support people to thrive and stay outside statutory services in the longer term). The solutions are not to be defined and delivered by Enfield services alone but by also engaging the assets local people have individually and in their communities.
- 8.26. The Target Operating Model is being developed in 2021/22 and also associated projects such as the single integrated assessment framework and referral model, which will drive inter and intra organisational collaboration and more efficient working. This will help the Council get started and support the development of the business case. Currently the hubs are located at Enfield Town and Edmonton Green Libraries. In future they can be located in any appropriate locality building and can also be peripatetic or even virtual. The Britain Thinks consultation provided some useful principles on which the Target Operating Model will be developed, such as solutions focussed intervention with no hand offs between 'professionals'. This will require a sophisticated level of collaborative working between services which the hubs will facilitate, and also a level of community asset building.

8.27. Housing/Temporary accommodation

- 8.28. Pre-pandemic Cabinet agreed a new approach to reducing homelessness so that it becomes something that is rare, brief and non-recurring alongside a significantly reduced level of temporary accommodation and when it is used it is for emergency, short term housing only. The approach is predicated on a greater focus on upstream prevention, significant improvements to access to, quality of and sustainability of housing in the private rented sector alongside a policy framework which gives clarity about how to access the different range of housing products in the Borough. This was due to create significant savings in temporary accommodation over a five year period.
- 8.29. During the pandemic the Council suspended its statutory housing role to take into accommodation rough sleepers and those at risk of rough sleeping. At the same time the Housing team was unable to support residents in TA to move on in the way they would normally, and council housing and Housing Gateway lettings were suspended. This has created a backlog of pressures alongside a potential increase in those at risk of homelessness when the suspension of possession proceedings is lifted. It will take some time to address this situation affecting the timescales with the original five year plan. The impact of the pandemic is being assessed and a revised five year financial plan will be agreed during 2021/22.

8.30. Capital Financing

- 8.31. Review of ten year Capital Programme. Across 2021/22 to 2025/26 £14.3m has been added into the capital financing budget to meet the historical Capital Programme commitments as well as those arising from the new ten year programme. As well as extending the Council's borrowing to approaching £2bn, this is impacting on the revenue resources too. The slippage on the 2020/21 Capital Programme will have eased this pressure and the impact is currently being evaluated with the expectation that it should be possible to reduce the investment in the Capital Financing Budget. However, strategies are going to need to be put in place to keep within the cap as each year the Capital Programme is rolled forward the greater the likelihood is of the cap being breached.

8.32. Channel Shift/use of CRM/Web

8.33. The Council has been modernising its Web site and is in the process of implementing a new Customer Management Resources (CRM) system (part of the Ten Year Capital Programme) to both rationalise existing systems and improve the way in which the council engages with its residents. System thinking and transformation needs to be undertaken to identify savings. Benefits realisation has neither been defined nor delivered and systemic service by service review is necessary.

8.34. Commercial

8.35. The Council approved its Commercial Strategy in September 2018 with the objective of maximising commercial opportunities as Government support drops away and all councils need to become more self financing. This will remain a key strand of the Council's financial strategy.

8.36. <https://new.enfield.gov.uk/services/your-council/commercial-strategy/>

8.37. The Commercial Strategy includes seven areas of focus, some of which are explicitly discussed below:

- i. Commissioning
- ii. Procurement
- iii. Contract management
- iv. Assets and investments
- v. Income generating services
- vi. Traded services
- vii. Trading companies

8.38. A Culture and Capability focus has subsequently been included in acknowledgement of the 'One Council' approach outlined in the strategy, and the necessity of officers across the Council understanding commerciality, having the ability to develop commercial ideas, and the drive to deliver them. We believe this is an essential component in being truly commercial and delivering our MTFP objectives.

8.39. Property

8.40. There are two elements to this theme. First is the need to rationalise the office estate and the efficiencies this will generate and second is the output from the Asset Management Strategy agreed by Cabinet in 2019. The council needs to be clear on which assets generate value and should be held and maintained and those which are not adding value and need to be developed, backed up by a sound business case or disposed of.

8.41. Organisational Structure

8.42. The Council currently has an annual salary bill in excess of £130m and it is appropriate to regularly review how these resources are utilised to deliver essential services. Across the organisation there is significant variation in spans of controls of employees and the number of management tiers.

8.43. The Council's terms and conditions of employment, including pay scales are part of the NJC agreement. It is important to ensure that the structures are fit for purpose and match the ambitions of the Council as well as representing value for money.

8.44. In year, it is natural that the Council reviews long-term vacancies, number of heads of services, use of honoraria, agency workers, market force supplements, call out rates and overtime spend. The Council will perform this review as part of in year savings. Any long-term vacant post that does not perform a critical role for the Council will be deleted in time for the new financial year.

8.45. All structures will need to be reviewed to ensure that only one service area has responsibility and delivers a service activity.

- 8.46. The Council already has a plan in place to review its dependence on the cost of agency placements albeit that there will always be a need for agency workers to support the substantive workforce. Agency numbers are reviewed monthly and there is governance in place to approve more exceptional needs.
- 8.47. It is important to explore how to prioritise and develop talent within the Council apprentices and trainees. Career pathways for existing staff must be a priority. It is also a great time to prioritise entry level recruitment so the Council needs to advertise its exciting opportunities widely.

8.48. Invest to Save

- 8.49. The Government's Capital Flexibilities regulations have been extended and the Council will be making use of these along with its specific earmarked reserves to explore Invest to Save Opportunities.
- 8.50. In year a number of these are already being pursued to contribute to the efficiencies in the 2022/23 to 2026/27 MTFP. However, it is imperative that the capital receipts are only utilised in accordance with the guidelines and transform the Council, save money or increase income.

Table 9 – Covid-19 and Underlying Pressures in the Medium Term

Directorate	Service Area	Name of Project	Cost	Cashable Saving	Non Cashable
			£	£	£
Chief Executive	Human Resources	Review and align workforce structures and budgets on SAP HR and SAP Finance	49,933	0	0
Chief Executive	Corporate Strategy	Digital Development Programme (Digital Infrastructure & Inclusion)	112,000	150,000	250,000
People	Children's Social Care	Specialist Outreach Service	81,400	0	141,000
People	Adult Social Care	Smooth and cost effective transition back into Enfield adult services from Out Of Borough Residential schools	200,000	400,000	0
Place	Planning	Planning Commercial and Customer Manager	140,000	490,000	0
Place	Public Realm	Recycling Improvements in Flats	68,015	22,500	204,900
Resources	Commercial Team	Environmental Landscaping (Holly Hill Extension)	452,926	4,443,000	0

8.51. Departmental Savings Targets

- 8.52. The Themes and Invest to Save initiatives will contribute to meeting the budget gap but they are unlikely to be 100% of the solution. Departments are being given indicative savings targets proportionate to spend as part of the overall process.
- 8.53. Development of savings and income generation proposals
- 8.54. This will be the key activity for officers across July and August.

- 8.55. Review of Investment, Growth and Pressures.
- 8.56. It is a very unstable environment in which to agree a Strategy and develop savings and income generation proposals. There are a number of other activities which will need to take place throughout the process. Number one is a frequent refresh of all of the assumptions in Section 5, the first of which will be reported to Cabinet in October.
- 8.57. At a time of such great financial pressure it is difficult to envisage how it will be possible to invest in all of the Council's objectives. However, the recommendation of the Poverty and Inequality Commission and Climate Strategy will feature in resourcing decisions and certainly savings proposals won't come forward that adversely impact on the aspirations of the Commission.

8.58. Outcome Based Budgeting

- 8.59. Longer term will be the move to Outcome Based Budgeting building on the existing strategy of protecting those budgets which support the most vulnerable in the Borough. Such an approach has a number of key benefits:
 - i. Targeting resources at priority outcomes arising from the Corporate Plan;
 - ii. Supporting early intervention;
 - iii. Promoting cross working across the Council; and
 - iv. Removing duplication and ensuring greater efficiency.
- 8.60. Work will commence on this approach across the summer and early autumn in order for it to be a feature of the MTFs for 2023/24 to 2027/28. The key activity at this time will be identification and prioritisation of the key outcomes in the Corporate Plan followed up by costing of the resources required to deliver them and formation of cross departmental working groups to progress the initiatives.

Community Engagement

- 8.61. This is an area which is under review but is currently envisaged to take place immediately the initial budget proposals are approved at Cabinet in October.
- 8.62. Engagement will be more effective when there is a specific set of proposals on which to garner views. The engagement will be digital and driven through the Council's website which will target 40,000 registered users.
- 8.63. The Community Engagement will be supported/promoted through presentations to interest groups, provision of briefing materials to enable the budget to be covered at Ward Forums.
- 8.64. However, it is worth noting there is no statutory requirement to consult on the budget proposals.
- 8.65. The only legal requirement under Section 65 of the Local Government Finance Act 1992 is to consult with Business Ratepayers.

<http://www.legislation.gov.uk/ukpga/1992/14/section/65>

8.66. Scrutiny

- 8.67. Scrutiny will be given an update on progress in the autumn and then will be given the opportunity to review all of the Cabinet proposals in the light of the community engagement responses in January.

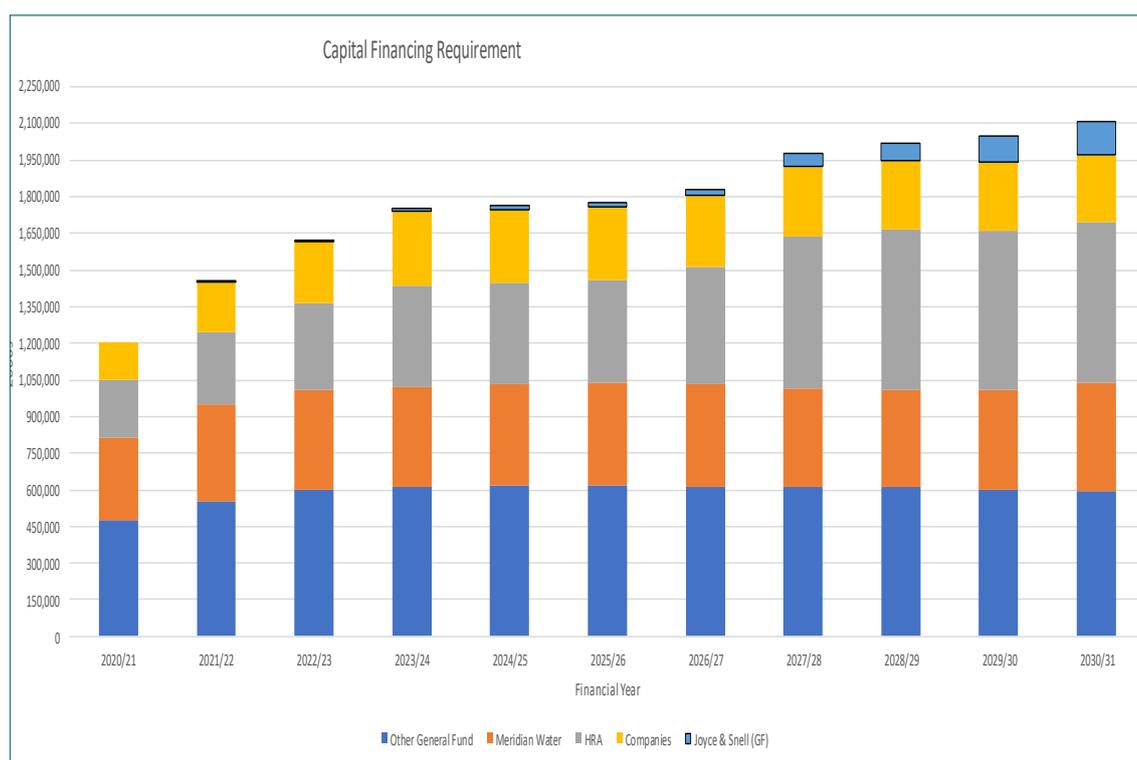
9 Capital Strategy

- 9.1. The Council agreed its Capital Strategy and Ten Year Capital Programme 2021/22 to 2030/31 in March 2021. This builds on the significant development in 2020/21 when the Programme was extended beyond its historical three year time horizon.
- 9.2. The Capital strategy, which explains how the Council invests its capital funds and the various sources of funding and how this facilitates the delivery of its objectives.
- 9.3. The main governance of the Capital Strategy is through the Capital Finance Board which:
 - Reviews and recommend to Executive Management Team (EMT), all new General Fund Capital projects,
 - Ensures capital resources are viewed corporately demonstrating a clear link to Corporate objectives,
 - Ensures any revenue costs are identified and considered in the Treasury management strategy and the Council's MTFP,
 - Develops a capital strategy which supports the delivery of the Councils Corporate objectives, and
 - Reviews new capital project requests on behalf of EMT.
- 9.4. In the move to a Ten Year Programme for 2020/21 to 2029/30 the Capital Finance Board reviewed every scheme, and this was repeated for 2021/22 and is now the established process. For 2022/23 the Strategy will be agreed at the start of the process in line with the approach with the MTFP setting out the objectives and approach for establishing the MTFP.

10 Treasury Strategy

- 10.1. The Council agreed its Ten Year Treasury Management Strategy 2020/21 to 2030/31 in March 2021.
- 10.2. The Council has high ambitions for the regeneration of the Borough and the ten year Strategy has given greater visibility to the longer term Capital Financing Requirement of the Council, the Council continuing the long term approach first put in place in 2020/21.
- 10.3. The Capital Financing Requirement is set to increase to £2.105bn by 2030/31 with Council cash balances keeping Net Borrowing at £1.985bn, within the Council's self imposed cap.

Chart 13 – Capital Financing Requirement 2021/22 to 2030/31



- 10.4. Clearly the Council will wish to actively manage this level of borrowing and alternative means of delivering the schemes in the Capital Programme will need to be explored.
- 10.5. The Ten Year Strategy will be reviewed and updated alongside the development of the MTFP and Capital Programme.

11 Timetable

11.1. Work on the Medium Term Financial Plan has already commenced with the benchmarking data being updated and department reviewing existing savings commitments and further development of the 2021/22 Themes work. The high level timetable is set out below culminating with approval of the MTFP along the with Capital Strategy and Ten Year Capital Programme, Treasury Strategy and 10 Year HRA Business Plan and Rent Setting Report at Council in February 2022.

Table 10 – **MTFP Timetable**

Date	Report/Announcement	Body	Lead
June 2021	Review of Savings Commitments and further development of Themes work alongside updated benchmarking	Knowledge & Insights Team	Director of Finance & Commercial
June/July 2021	Ad Hoc Workshops	Through specific DMTs or dedicated workshops	Named directors
July 2021	MTFS	Cabinet	Cabinet Member for Finance/ S151 Officer
July/August 2021	Formulation of proposals	Officers	Chief Executive/Executive Directors
September 2021	Quarter One Monitoring	Cabinet	Cabinet Member for Finance/ S151 Officer
October 2021	Early MTFP Proposals	Cabinet	Cabinet Member for Finance/ S151 Officer
Autumn 2021	Fair Funding Review (to be confirmed)	MHCLG	Secretary of State
Autumn 2021	Autumn Budget	Treasury	Chancellor of the Exchequer
December 2021	Local Government Finance Settlement	MHCLG	Secretary of State
December 2021	Draft MTFP, Capital Programme	Cabinet	Cabinet Member for Finance/ S151 Officer
January 2022	Draft MTFP – Savings Proposals	Overview & Scrutiny	Cabinet Member for Finance/ S151 Officer
January 2022	Draft Treasury Strategy	General Purposes Committee	S151 Officer
February 2022	MTFP, Capital Strategy & Programme, Treasury Strategy, HRA Business Plan	Cabinet	Cabinet Member for Finance/ S151 Officer

12 Risk Register

12.1. There are a number of risks which were they to materialise would impact on the delivery of the Strategy. The key risks and how they are being managed are set out in the table below.

Table 11 – Risk Register

Risk	Likelihood	Impact	RAG Rating	Actions/mitigation
Late settlement from MHCLG	3	3	Yellow	The Council has a five year forecast in place and has strengthened its reserves to build resilience. A draft budget is planned for December which will include best known information at this time.
Adverse impact of Fair Funding and Business Rates Reset	3	5	Yellow	Horizon scanning and modelling supported by London Councils and third party advisers would provide a lead in time so opportunity to plan for.
Further waves of Covid-19	4	5	Red	There is a strong monitoring approach on the impact of the pandemic on the Council's services and its finances and the Strategy includes a section on a response to further outbreaks. Covid-19 grants set aside to respond.
Unanticipated growth in demand.	3	4	Yellow	Continual assessment of demand and use of smoothing reserves to manage over the medium term.
Inaccurate estimates of income and expenditure	3	4	Yellow	Continual assessment of forecasts and provision of smoothing reserves to address spikes and the Collection Fund to smooth Council Tax and Business Rates variations.
Over reliance on one off monies to balance the budget	2	5	Yellow	The Council has moved away from this approach and has significantly reduced reliance on funding streams such as flexible capital receipts.
Resistance to take difficult decisions to balance the budget	2	5	Yellow	The Council has a strong culture here as evidenced in a recent external review by CIPFA.
Inability to identify £13.7m of savings	3	5	Yellow	There is a strong track record of identification and delivery of savings. There has been an early start to the process and a clear detailed timetable in place. However, cumulative impact of reductions over time means this is a significant challenge.
Insufficient skills and capacity to drive transformational change	3	4	Yellow	The transformation team supports the organisation to deliver change and where appropriate, experts are utilised to provide the additional capacity and thinking.
Savings not deliverable or unrealistic	2	5	Yellow	There is a strong culture of not putting forward unrealistic savings and extensive process of due diligence before being incorporated into the budget.

12.2. The Risk Register will be reviewed throughout the budget setting process.

13 Delivery

- 13.1. There is a strong financial management framework in place and the general approach will continue albeit there is some room for improvement.
- 13.2. All savings and pressures will be RAG rated during the budget setting process with clear delivery plans in place. These will form the basis of the Savings Tracker which will be available for review by Senior Management immediately the budget is set. This will be regularly reviewed and is the key tool to ensure all the plans are on track prior to the formal financial monitoring.
- 13.3. On a monthly basis service managers review their forecasts through BPC and take action as possible supported by the Business Finance Partners. There is monthly reporting to Senior and Departmental Management Teams. The Finance Team are reviewing their processes and training materials to continually improve the standard and quality of financial management.
- 13.4. On a Quarterly basis there is reporting through to the Executive Management Team (EMT) and Cabinet.
- 13.5. A Budget Pressures Challenge Board was established in 2018 to focus on specific pressure areas including unaddressed budget pressures and unrealistic savings and income targets. This work was completed during 2021/22 Budget setting. Nevertheless, the position will be reviewed and it will come back into operation after the first quarter monitoring if required.
- 13.6. The Council's General Purposes Committee (initially through Audit & Risk Management Committee) has focussed attention on financial resilience and there will be further reports to the Committee during 2021/22.

