

London Borough of Enfield

Cabinet

14th September 2022

Subject: Revenue Q1: General Fund and Dedicated Schools Grant 2022/23

Cabinet Member: Cllr. Tim Leaver, Cabinet Member for Finance & Property

Executive Director: Fay Hammond, Executive Director Resources

Key Decision: 5481

Purpose of Report

1. The report explains how the Council's income and expenditure compares to the original budgeted position for 2022/23 based on forecasts as at the end of June 2022. The report also provides the forecasted outturn for the Dedicated Schools Grant (DSG).
2. This report is set out as follows:
 - i. [Overview of the general fund budget 2022/23](#)
 - ii. [A review of the key issues that have been identified in the forecast outturn.](#)
 - iii. [Other underlying budget pressures on the budget by Directorate \(excluding the impact of Covid-19\)](#)
 - iv. [A review of the Covid-19 budget pressures by Directorate](#)
 - v. [Collection Fund for Council Tax and Business rates](#)
 - vi. [An update on progress of savings and income to be delivered in 2022/23](#)
 - vii. [Forecasts for the Flexible Use of Capital Receipts in 2022/23](#)
 - viii. [A summary of the Dedicated Schools Grant \(DSG\) financial position](#)
 - ix. [Forecasted levels of Reserves as at the end of the 2022/23 financial year](#)
 - x. [Consideration of the medium term financial implications](#)

Executive Summary

3. A number of factors are combining to present a very challenging financial position for the London Borough of Enfield, and this is reflected within the opening General Fund revenue forecast for 2022/23.
4. The forecast aggregate overspend for 2022/23 against the base £260m General Fund budget that was agreed in February, prior to application of any reserves, is £26.6m. Planned use of reserves (including Covid19 reserve) brings this overspend down to a residual £12.6m. In summary, the key themes are:
 - i. Notable inflationary pressures of £7.9m across energy and fuel inflation and estimated pay award costs in excess of those budgeted for
 - ii. £4.7m increase in demographic costs in excess of those budgeted for in adult social care £2.0m; children's services £1.3m; temporary accommodation £1.1m; SEN Transport £0.3m.
 - iii. Offset by £3m contingency held for this purpose.
 - iv. £2.3m of unrealised income forecast in parking, cemeteries and planning.
 - v. £1.2m of cost pressures in digital services.
5. Annually the Council considers as part of budget setting estimates for demographic and inflationary and pay award increases. In 2022/23 these estimates, based on best known information at that time were included growth in total of £22m which included estimated pay award of 2% (as did 2/3rds of other London Boroughs) and specific allocations for demographic and inflation costs at that time. In addition, prudently, a £3m contingency is held corporately should unanticipated cost pressures arise not previously budgeted for. However, subsequently, energy inflation, pay award expected beyond the 2% budgeted for and rising demand has placed significant budget pressures in excess of those budgeted.
6. Financial resilience has always been a top priority for this Council and the current financial position is of significant concern. Currently there is no additional funding anticipated from the government to support Councils with the impact of these in year inflationary increases. This means that the Council, alongside the wider local government sector, in a position of needing to identify in year savings to address these cost pressures. Further, where these are not able to be made, the Council will need to access our risk reserves as needed. Needless to say, these are of course, one-off funds to support what are likely to be ongoing costs and therefore the medium-term financial plan will need to be recast to reflect this.
7. Forming part of the overall position outlined above, the Covid-19 impact continues to be monitored as a discrete element and totals £8m. The impact of Covid-19 is anticipated to continue throughout 2022/23 and beyond and includes increased costs and ongoing lost income. The Council has a £15m specific Covid-19 earmarked reserve and no further Government grants relating to Covid-19 are anticipated. The Covid-19 reserve is finite, and officers are working on exit strategies for those areas

with additional funding, however there is a risk of additional cost within the MTFP where this proves challenging.

8. The key areas of pressure continue to be felt in the Council's demand driven services such as:
 - i. Adult Social Care, specifically Older People and people with physical disabilities services,
 - ii. Children's Social Care,
 - iii. Homelessness services, specifically the provision of Temporary Accommodation.
9. Although interest rate rises have occurred, due to the profile of the capital expenditure, and the fact that the interest rate budget is prudently set, this is not expected to impact on our cost pressures in the current financial year.
10. The impact of the cost of living crisis is also resulting in unfunded financial pressures on the Council of discretionary housing payment of £483k . The grant reduced in 2022/23 by £720k, with forecast expenditure at £2.1m. This will be a further call on the Council's limited reserves.
11. Contributing to the adverse forecast are amber and red rated savings i.e., not achieved or fully achieved in 2022/23. Where there have been delays or work continues to achieve them, they will continue to be monitored reported in the quarterly reports.
12. The potential impact on our available reserves as a result of this opening forecast is considerable – a £34m reduction in earmarked General Fund reserves (including £12.6m unplanned use of the risk reserve; £8.0m Covid19 planned use of reserve), leaving a potential year-end balance of £106m. There is a balance to be struck between using these reserves for the purpose that they are intended (to smooth the impact of risk) and to ensure financial resilience going forward. In year budget cost reduction and savings strategy is needed including controls on staffing costs, cost pressure reviews, bringing savings forward and pausing capital projects. More details will follow in the October Cabinet. The Council will aim to protect our reserves in order to maintain financial resilience to ensure that our key services can be maintained.
13. The Dedicated Schools Grant outturn position is forecast to be £1.077m overspend and reflects an improved year on year position due to additional grant funding and slower increases in out of borough placements. This will increase the accumulated deficit carried forward to £13.695m.
14. The main pressures are within the High Needs Block and relate to the development of additional in borough provision, an increase of the number of pupils with Education, Health and Care plans (EHCPs) in mainstream schools, the development of early intervention strategies and from September 2021, increased forecasts in out of borough placements.
15. The authority's ongoing and increasing DSG deficit position is a general London and national issue resulting from additional demand for high needs provision which is increasing at a higher rate than the additional funding being provided by Government.

Proposals

16. Cabinet is recommended to note:
 - a. The 2022/23 financial year the General Fund revenue forecast outturn position of £12.6m adverse variance, arising in the main from demographic and cost pressures exceeding the £22m budgeted growth and unanticipated inflationary increases across pay and energy.
 - b. Financial resilience remains a key priority for the Council and an in-year budget savings and cost control strategy is needed to protect the Council's reserve levels.
 - c. The potential drawdown on reserves and the impact this has on the forecast level of reserves. The £3m contingency will be required to achieve the General Fund forecast outturn and the planned drawdown from reserves of £1.99m will also be required.
 - d. The Covid-19 impact on the General Fund of £8.0m which will be funded from the Council specific Covid-19 earmarked reserve.
 - e. The Dedicated Schools Grant (DSG) revenue overspend of £1.077m, which is reflected in the balance sheet.
17. Cabinet is asked to require Executive Directors continue to work with Cabinet Members to robustly manage the underlying budget position, implement in year savings and further cost control measures deemed appropriate to the challenge faced, whilst managing, mitigating, and minimising the Covid-19 financial impact.
18. It is recommended that Cabinet Members note the potential forecast level of reserves and implications for 2022/23 and challenging financial position over the life of the MTFP.

Reason for Proposals

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

Relevance to the Council's Corporate Plan

20. The General Fund and DSG Outturn Report sets out how the Council has best used its limited resources to deliver the Council's objectives in 2022/23. These objectives are:
 - i. Good homes in well-connected neighbourhoods
 - ii. Sustain strong and healthy communities
 - iii. Build our local economy to create a thriving place

Background

21. On the 24th February 2022, the 2022/23 budget was set by Council. New savings of £5.9m and new income generation plans of £2.8m were agreed for 2022/23. As part of the aim to continue to place the budget in a more

resilient position, in 2022/23 £22m of growth was included to reflect the demographic, inflationary, investment and capital financing needs.

22. The budget covers the day to day operational expenditure and income of the Council and is funded from a combination of government grants, council tax and business rate income, to a limited extent fees and charges and reserves. Note, that the agreed original budget includes a prudent planned £3m contingency that for unforeseen inflationary and demographic pressures. The financial position is considered quarterly at Cabinet and by the Finance and Scrutiny Panel.
23. The body of the report will focus on the key issues contributing towards the forecasted position. The Appendices to the report provide further details on the other variances of at least £50,000 whether adverse or favourable.
24. For the last two years and continuing for 2022/23 at least, this report separately identifies how Covid-19 impacts on Council costs and reductions in income. The funding for Covid-19 related pressure is finite and now managed through the Council's earmarked reserve. Through the MTFP the Council must plan how to transition into the ongoing business as usual position. The balance at the beginning of 2022/23 is £15m but this finite and forecasts in this monitor total £8.0m, meaning that £7.0m remains to manage any increases in year and pressures in 2023/24.
25. The Council remains in a financially challenging position for 2022/23. There is the continuing significant risk and uncertainty due to the legacy impact of the Covid-19 pandemic and the unprecedented inflationary economic context. The Covid-19 financial implications are under continuous review. The quarter 1 revenue forecast reflects these pressures and the Medium Term Financial Plan will also need to be updated to reflect the impact in 2023/24 and beyond.
26. The financial management key performance indicators set out in Appendix A.

Main Considerations for the Council

27. General Fund Quarter One Forecast

28. The forecast aggregate overspend for 2022/23 against the base £260m General Fund budget that was agreed in February, prior to application of any reserves, is £26.6m. Planned use of reserves brings this overspend down to a residual £12.6m.
29. Each of the departments has generated a list of the key variances which are contributing to the forecast figures and are not resulting from the pandemic. Cabinet Members and Executive Directors are expected to manage their budgets in year and contain any forecast adverse variance by implementing offsetting in-year or permanent savings measures.
30. The approach of utilising Pressure Challenge Boards to review the most significant pressure areas identified in 2022/23 will continue in order to provide corporate challenge as well as generating additional options to mitigate future pressures.
31. The Covid-19 impact continues to be reported separately and totals £8.0m. The Council has a £15m specific Covid-19 earmarked reserve and no further new Government grants relating to Covid-19 are anticipated. The

impact of Covid-19 is anticipated to continue throughout 2022/23 and beyond. However, it should be noted that the Covid-19 reserve is finite and whilst provides a short to medium term resilience, the Medium Term Financial plan will reflect the longer term impacts of Covid-19 where this can be evidenced.

32. Executive Directors continue to work with Cabinet Members to robustly manage the underlying budget position and implement savings, whilst managing, mitigating, and minimising the Covid-19 financial impact. Specific management actions are referenced in the report but in summary include:
- A series of service reviews building on the work of the pressure challenge boards work in previous years
 - Additional controls on recruitment of new staff and restructures across revenue and capital.
 - Developing strategies in Homelessness to manage current and future demand. Note this is a separate report being taken to Cabinet.
 - Strategies are underway to improve recruitment and retention of social workers within Children's services.
 - Reviewing and developing the Council's exit strategy from the additional resources applied to Covid-19 related pressures.
33. The year-end budget position is set out in Table 1 below. It provides a comparison between the latest budget and the actual position. This is the total forecast position for the Council, including the effects of Covid-19. Table 2 sets out the Covid-19 associated pressures the Council is experiencing by department.

Table 1: General Fund Departmental Variances 2022/23 @ Quarter 1

Department	Net Budget	Net Actuals @ Q1	Net Forecast	Total Gross Forecast Variance	Flexible use of Capital Receipts	Covid-19	Specific Reserves	Total Forecast Variance
Chief Exec	9.571	3.035	10.142	0.571	(0.121)	(0.301)	0.000	0.149
People - Adult Social Care & Public Health	82.584	6.359	86.711	4.127	0.000	(1.000)	0.000	3.127
People – Children’s	46.449	12.633	52.987	6.538	(0.308)	(3.653)	(1.184)	1.393
People – Education	4.565	43.631	5.345	0.780	(0.500)	(0.280)	0.000	0.000
Place	31.413	6.701	37.479	6.066	0.000	(2.012)	0.000	4.054
Resources	30.300	12.008	36.432	6.132	(1.498)	(2.267)	0.000	2.367
Service Net Costs	204.882	84.367	229.096	24.214	(2.427)	(9.513)	(1.184)	11.090
Corporate Expenses	28.395	10.4	24.664	(3.731)	0	1.508	(0.019)	(2.242)
Inflation	5.250	0	12.000	6.750	0	0	0	6.750
Minimum Revenue Provision	17.508	0.000	19.836	2.328	0.000	0.000	(2.328)	0.000
Contingency	3.000	0.000	0.000	(3.000)	0.000	0.000	0.000	(3.000)
Bad Debt Provisions	0.791	0.000	0.791	0.000	0.000	0.000	0.000	0.000
Net Expenditure	259.825	94.767	286.387	26.561	(2.427)	(8.005)	(3.531)	12.598
Expenditure financed by:								
Business Rates	(97.426)	(14.366)	(97.426)	0.000	0.000	0.000	0.000	0.000
Council Tax	(139.361)	0.000	(139.361)	0.000	0.000	0.000	0.000	0.000
Other non-ring-fenced Government Grants	(21.053)	(5.918)	(21.053)	0.000	0.000	0.000	0.000	0.000
Planned Use of Reserves	(1.985)	0.000	(1.985)	0.000	0.000	0.000	0.000	0.000
General Fund Corporate Financing	0.00	74.483	26.562	26.561	(2.427)	(8.005)	(3.531)	12.598

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

Department	Net Budget	Covid-19 Additional Expenditure	Covid-19 Loss of Income	Covid-19 Impact on Savings Programme	Covid-19 Total Impact
		£m	£m	£m	£m
Chief Exec	9.571	0.301	0.000	0.000	0.301
People - Adult Social Care & Public Health	82.584	1.000	0.000	0.000	1.000
People – Children’s	46.638	3.653	0.000	0.000	3.653
People - Education	4.565	0.280	0.000	0.000	0.280
Place	31.413	1.062	0.950	0.000	2.012
Resources	30.300	2.001	0.266	0.000	2.267
Service Net Costs	204.882	8.297	1.216	0.000	9.513
Corporate Expenses	33.645	(1.508)	0.000	0.000	(1.508)
Minimum Revenue Provision	17.508	0.000	0.000	0.000	0.000
Contingency	3.000	0.000	0.000	0.000	0.000
Bad Debt Provisions	0.791	0.000	0.000	0.000	0.000
Net Expenditure	259.825	6.789	1.216	0.000	8.005
Expenditure financed by:					0.000
Business Rates	(97.426)	0.000	0.000	0.000	0.000
Council Tax	(139.361)	0.000	0.000	0.000	0.000
Other non-ring- fenced Government Grants	(21.053)	0.000	0.000	0.000	0.000
Reserves	(1.985)	0.000	0.000	0.000	0.000
General Fund Corporate Financing	0.000	6.789	1.216	0.000	8.005

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

General Fund – Key Issues

People Directorate – Adult Social Care

34. The 2022/23 Adult Social Care budget increased by net £4.3m (growth of £6m, less savings). However, continuing cost and demand pressures in this area resulting in a £3.1m forecast overspend. This is composed of inflationary impact of £1.1m and a further £2.0m of demand led pressure in excess of budget.
35. The inflationary impact exceeds the budget provision by approximately £1.1m. This has been a particular issue on domiciliary care rates which have increased by 5.99% due to national living wage and national insurance increases. Residential and Nursing rate increases have been mitigated through the implementation of a lean cost model developed across North Central London.
36. Other service demand and cost pressures total £6.1m are being experienced across all services; in the Older People and Learning Disabilities services care purchasing particularly Customer Pathway and Learning Disability Direct Payments. Over the last two years of the pandemic demand had reduced but this is now unwinding and demand is now on the increase.
37. For 2022/23 forecasts, the care package pressure described above has been mitigated through the use of *one-off funding* from Hospital Discharge Programme (£1.800m), Covid-19 Reserve (£1.000m), the Long Length of Stay/Virtual Wards Programme (£1.188m) and other Section 256 income (£0.163m), resulting in a net forecast overspend of £2.0m.
38. However, the mitigating use of one off income will create a further budget pressure of £3.151m to be included within 2023/24 onwards medium term financial plan.
39. The activity and unit costs over the last 3 years have significantly increased. Current care package forecasts assume that activity and costs remain at the same level for the rest of the financial year with an adjustment against Learning Disability budgets for new packages and assumed package savings. In a number of areas activity has increased quite significantly over the last 3-6 months and at this stage it is not possible to predict exactly when and if this activity will reduce and to what extent on individual budget areas.
40. Key assumptions within the forecast are based on projected activity and year to year trends. However, the continuing effects of Covid-19 makes trend analysis extremely difficult in year. Additional provider costs due to Covid-19, demographic and inflationary pressures mean the projected outturn, whilst containing an element of risk, may be subject to change.

People Directorate - Children's Social Care

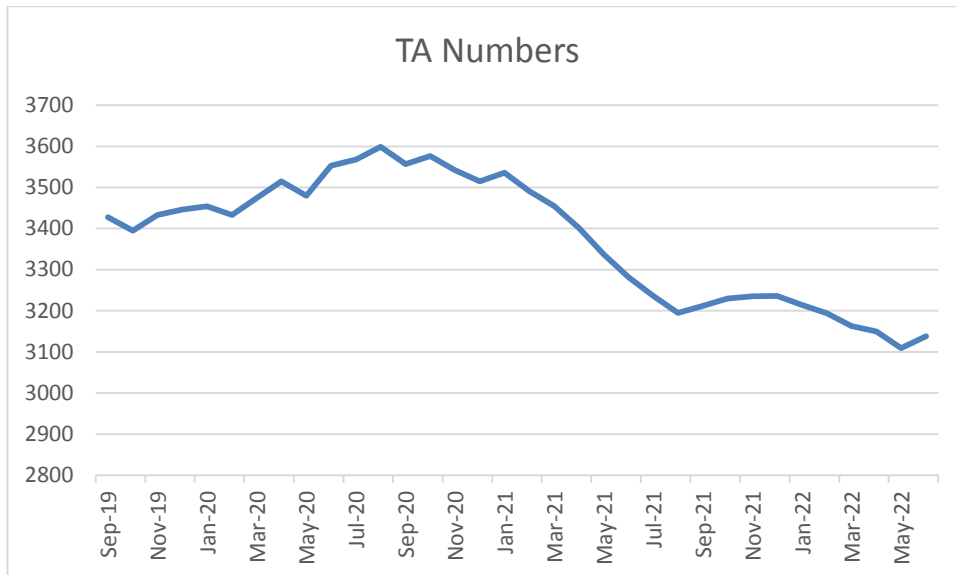
41. Children's Social Care services are statutory, and demand led, this means the service must be provided if the client meets the relevant criteria. These

budgets are at risk from changes as the numbers of children requiring services grow.

42. The impact of the Covid-19 pandemic combined with the aftermath of national high profile child abuse cases and local demographic changes has led to a significant rise in demand. In addition to this, the complexity of need has heightened, requiring much higher levels of support for much longer periods for children and families. The presenting complexities have included adolescent mental health with suicidal ideation, violence and aggression, parental mental health issues and domestic abuse.
43. The significant adverse variance of £0.869m is in Joint Service for Disabled Children. Although the budget has been increased by £0.500m, the service is experiencing significant increase in demand and complexity both from the existing and new clients. The team is now fully staffed and therefore the vacancy factor is causing £0.136m pressure on the budget.
44. In Looked After Children, the biggest challenge is the increased costs of residential care and enhanced support packages, causing an adverse variance of £0.344m due to the residential care market facing an extraordinary set of cost pressures and staffing sufficiency issues.
45. Strategies are underway to improve recruitment and retention of social workers. However, the number of vacancies, covered by the temporary agency workforce, still causes an overspend of £0.238m in Children in Need.

Place Directorate

46. The residual budget pressure after Covid reserve funding of £2.012m for Place directorate after reserve application is £4.054m. Homelessness is the first major constituent part of this pressure with an overspend of circa £1.06m, which is predominantly due to starting the year with 244 more properties than were estimated when the budget was set in February. This has resulted in projected circa £1.1m in additional property costs, assuming the current rate of exits from Temporary Accommodation is maintained. An increased number of exits will reduce this figure but any slowing of the rate will increase the overspend further. The number of properties also increases the amount payable by the Council in Housing Benefit (HB) Subsidy for which a pressure of £0.225m is currently forecast as well as the number of properties requiring repairs which is forecast to overspend by circa £90k.
47. The current market conditions are contributing to the pressure being seen. Landlords are leaving the market and therefore reducing supply (note the Council has seen a 62% decrease in Private Rented Sector). This result is households having to be placed in higher cost hotel accommodation.
48. Chart 5 shows the number of households in Temporary Accommodation over the last three years. The numbers hit a peak of 3,600 in July 2020 and now currently stand at 3,138.
49. Chart 5: Number of households in TA



50. Prevention work is also contributing to the overspend, this is work undertaken to prevent families from entering TA in the first instance. The current projected overspend across all the prevention activities is approximately £0.500m and this reflects how many families are approaching the Council for help. The work undertaken avoids cost for the Council in the long term. Despite the pressures described above and the number households presenting as homeless, the numbers of households being placed per month are not increasing. Further strategies which will mitigate the pressure and future demand pressures are being developed.
51. The second major contributing factor to the Place budget pressure is an under-recovery of Parking income against budget of £1.296m. This reflects an ongoing trend post Covid-19, with changing habits and behaviours, e.g. increases in working from home and increased on-line shopping.
52. There is further forecast income under-recovery within Planning (£500k – pre-planning applications and fees) and Cemeteries (£500k). There is a £310k pressure within Passenger Transport Service which reflects fuel and contract inflation and non delivery of savings.
53. The final notable budget pressure is for clients with No Recourse to Public Funds (NRPF) of £240k being higher than budgeted. Rising energy costs mean there is a risk this pressure could increase within block booked accommodation.

Resources

54. The residual Resources overspend after Covid reserve funding of £2.267m is £2.367m, with the key element of this being Digital Services, which has a budget pressure of £1.24m. This consists of a number of items, notably £0.390m additional contract costs of new projects with an ongoing revenue impact (reflects the increasing ratio of IT procurement being revenue based rather than capital). The profiled saving from the new CRM/CMS of £0.400m is unlikely to be achieved this year and will need to be reprofiled to 2023/24. Further smaller pressures include additional security team costs to combat cyber threats of (£0.2m, additional resources to support

the dual running of legacy systems £50k and agency resources covering Business as usual roles (£0.191m) due to challenges in recruitment.

55. The Finance function has a £470k residual forecast overspend. This relates primarily to additional agency staffing supporting the Corporate Team in managing 3 years audits of the accounts and also agency cover for some vacant posts. The closing of prior year accounts will negate the need for additional resource and senior finance officers are exploring all avenues to ensure the orderly closing down of outstanding issues with Enfield's external auditors, BDO.
56. The position for Customer Experience is a forecast £205k overspend which relates to unachieved savings on financial assessments.

Corporate Items

57. The Corporate Items residual overspend of £4.5m consists primarily of a £6.75m overspend against inflation and then accumulated underspends across a number of other budget headings of £2.242m.
58. A £5.250m inflation budget was built into corporate items as part of budget setting, which included £4.5m to fund a 2% pay award plus increased National Insurance Employers costs announced as part of Spring budget. The current proposed (not agreed) pay award for 2022/23 is closer to 6% equating to an estimated £10.1m. A further £1.9m of pressure relates to energy costs overspend, with 90% of the indicative volume requirement already purchased.
59. The Minimum Revenue Provision is a charge that Councils are required to make in their accounts for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt). The underlying debt is needed to finance the capital programme.
60. The Minimum Revenue Provision forecast is £19.8m against a budget of £17.5m. This was expected and planned for in the budget setting, where the balance was planned to be drawn down from the MRP equalisation reserve. These forecasts are recalculated in line the capital programme forecasts and the next update will be provided at quarter 2.
61. **Other Departmental Monitoring Information – Budget Pressures and Mitigating Actions (net variance, excluding Covid-19)**
62. A breakdown of all other variances greater than £50k are detailed in Appendices B to E.

Covid-19 Impact (Appendix F)

63. **Chief Executive's: net budget is £9.6m; the total additional costs of £0.3m (3%)**

64. The costs relate to the additional legal cover required to deal with the increase in Children's social care cases which continues as expected into 2022/23.
65. **People: Adult Social Care (ASC) and Public Health – net budget is £82.6m; the total additional costs of £1m (1%)**
66. The impact on Adult Social Care (ASC) continues to be additional cost associated with the ongoing impact of the pandemic. The current forecasted impact directly on the department is £1.000m. This includes workforce pressures across the department, the long-term impact on care purchasing resulting from delayed/cancelled routine operations and other factors including the impact of long Covid and the demographic impact.
67. **People: Education – net budget is £4.6m; the total additional costs are £0.280m (6%)**
68. These costs include additional support staff resources required in the SEND team to manage and deal with the backlog of cases resulting from the pandemic. In order to support Covid-19 recovery in the boroughs Schools; a pilot of after school provision for supervised independent study took place in four of the borough's secondary schools in 2021/22, costing circa £48k, this has now been extended across all schools in the borough and will cost £0.230m.
69. **People: Children & Families – net budget is £46.6m; the total additional costs of £3.6m (8%)**
70. The most significant cost relates to c.£1.6m pressure in care placements, block-booking, and the need for at-home support packages to safeguard, particularly but not exclusively, children with SEND and/or severe emotional and mental health.
71. The need for additional staffing resources remains in 2022/23 due to increased demand, with c.£1.4m for addition staff predominantly sourced via agencies and fixed term posts, and a further £0.056m required to recruit and retain social workers.
72. The continuing high numbers of referrals to the service has led to an operational decision to spend £0.403m to address the spike in demand for provision of Child and Family Assessments, inflicted by pandemic, to clear a backlog and reduce caseloads in the Assessment Service while the current recruitment initiatives are fully implemented.
73. **Place – net budget is £31.4m; the total additional costs and income loss of £2m (6%)**
74. Temporary additional resources have been required in the Planning service to implement workload recovery and backlog management plan in response to the pandemic. This was always going to span financial years with £85k the cost in this year and was included in the Covid-19 pressures noted at budget setting.
75. Some costs of providing the Testing Units, Covid Marshals and Locally Supported contact tracing have slipped into 2022/23 at a cost of 32k.
76. The Covid-19 related cost in Housing is £0.945m, as the service continues the housing and support to protect rough sleepers and impact the

pandemic has had on the services ability to deliver the Homelessness Strategy.

77. The sales, fees and charges compensation scheme stopped after Q1 in 2021/22 but the Council's loss of income continues to be a pressure across services, with the more significant pressure being felt in Planning, Culture, Parking and Community Halls and Youth Centres and these total £0.950m.
78. **Resources: net budget is £30.3m; the total estimated additional costs of £2.3m (7%)**
79. The most significant impact identified in Resources services relate to additional resources required in the Financial Assessments Team (£0.9m) and the Income Collection (£1.022m) to manage and recover from the pandemic.
80. There is a loss of income across services in the department of £0.240m with the most significant being in school catering which continues from last year though not at the same extent.
81. **Corporate Items: net budget is £54.944 (including corporate contingency); reduction in spend of £1.5m**
82. The Concessionary Fares budget, which is our budget for the Freedom Pass within London, sits within Corporate Items. The charge for each of the London boroughs is calculated based on historic usage of the travel network within London. The impact of Covid means that, for the short to medium term, we see a reduction in our charge where usage data is lower than pre-covid levels. For 2022/23 we therefore see a reduced charge giving an underspend against budget of £1.5m.
83. Further details of Covid-19 variances are provided in [Appendix G](#).

Collection Fund

84. The movement in reserves for 2022/23 is a net drawdown of £4.9m. This is broken down in to:
 - £6.9m of 2021/22 Business rate reliefs to be repaid (this was put into the reserve in 2021/22)
 - £1.9m of Business rate reliefs (CARF) to be added to the reserve and then repaid in 2023/24.

Flexible Use of Capital Receipts ([Appendix G](#))

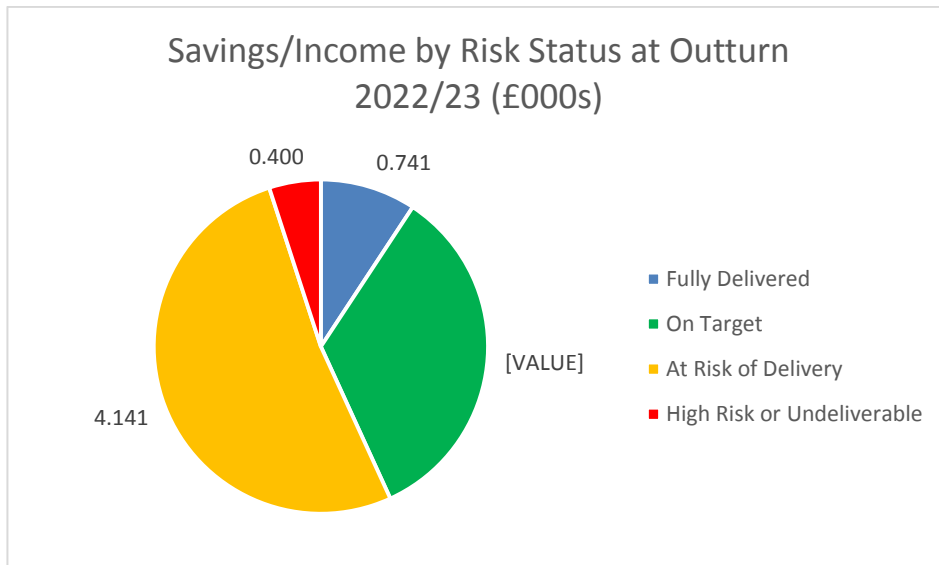
85. With effect from 2016/17 the Government provided a general capitalisation directive to all councils, giving them the option to utilise capital receipts for revenue purposes. These receipts can be used to finance projects that are designed to generate ongoing revenue savings in the delivery of public services, and/or transform service delivery to reduce costs or demand for services in future years for any of the public sector delivery partners. The Government has continued to extend this flexibility and provide specific guidance covering purpose and transparency in the use of this.
86. The Council is mindful of over reliance on, and the sustainability of, this one-off funding. In the medium to long term, alternative funding will need to be identified to fund any further projects, as capital receipts may not be available.

87. The impact of using capital receipts to fund revenue transformation projects is that these receipts are not available to fund the council's capital programme and, therefore, increase the council's borrowing requirements.
88. The Budget Report 2022/23 set out the plan for use of capital receipts this financial year with a total of £3.4m originally planned. The latest forecasted position is a total of £2.4m with the full details provided in [Appendix G](#).

Achievement of Savings (Appendix H and Appendix I)

89. A risk-based approach to the monitoring of savings is undertaken as part of the monthly budget monitoring, where a score is given in relation to the value of saving or income and the likelihood of delivery, these are then multiplied together, and the total score provides the following risk ratings:
 - Blue - Saving/ income has been fully delivered
 - Green - Saving/ income is on target for delivery
 - Amber - Saving/ income is at risk of delivery
 - Red - Saving/ income is high risk or undeliverable
90. The savings include those that are new for 2022/23 plus the full year effect of previous decisions.
91. Of these £3.4m was fully delivered or on track for delivery at this stage.
92. However, £4.1m and £0.4m are amber or red risk status. These risk ratings are reflected in the forecast outturns for each department. Departments are working on mitigating actions to bring delivery back on track e.g., Parking and Homelessness. Where this is not possible then these will be reflected in the MTFP update for 2023/24.

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



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

Dedicated Schools Grant (DSG) (Appendix J)

95. For 2022/23 Enfield received a final, gross Dedicated Schools Grant allocation of £380.978m (as at March 2022) and the funding is allocated across four blocks; £285.544m for the Schools Block, £2.486m for the Central Schools Services Block, £24.958m for the Early Years Block and £67.990m for the High Needs Block.

96. In 2021/22 there was a bought forward DSG deficit of £8.048m but due to ongoing High Needs pressures there was a net in year overspend of £4.570m resulting in a cumulative outturn deficit of £12.618m which was bought forward to 2022/23.

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

98. At quarter one, there is a projected in year overspend of £1.077m. This would increase the cumulative deficit is £13.695m. The main pressures are within the High Needs Block and relate to the development of additional in borough provision, an increase of the number of pupils with Education, Health and Care plans (EHCPs) in mainstream schools and the full year effect of early intervention strategies introduced in 2021/22. The cost of out of borough placements is projected to be within budget at this stage but could change with new and changed placements at the start of the new academic year.

99. Whilst still a forecast overspend the year on year pressure has reduced due to an increase in funding and declining increases in out of borough placements as described above.
100. The authority's ongoing and increasing DSG deficit position is a general London and national issue resulting from additional demand for high needs provision which is increasing at a higher rate than the additional funding being provided by Government. The Department for Education are carrying out a review of SEND services and the outcomes have been delayed due to other pressures during the Covid-19 pandemic.

Earmarked Reserves

101. The table below summarises the changes between the balances reported in the outturn report and what is the provisional final outturn, as well as providing the outturn position for 2022/23:

	2021/22 Outturn Balance per Outturn Report	2021/22 Outturn Balance Final position	2022/23 Forecasted Balance
	£m	£m	£m
Risk Reserve	(22.106)	(25.890)	(23.592)
Covid-19 Risk Reserve 2021/22	(15.000)	(15.000)	(7.000)
Balance Sheet Management	(3.040)	(3.331)	(3.331)
Collection Fund Equalisation Reserve	(20.596)	(13.628)	(8.728)
Housing Benefit Smoothing Reserve	(4.480)	(4.480)	(4.448)
Adult Social Care Smoothing Reserve	(3.697)	(3.697)	(3.697)
NLWA Reserve	(0.628)	(0.628)	(0.627)
MTFP Smoothing Reserves	(47.441)	(40.764)	(27.830)
Capital Financing	(23.428)	(23.428)	(21.080)
Service Specific	(15.108)	(14.819)	(12.603)
Property	(1.372)	(1.372)	(1.372)
Grants & Other Contributions	(12.662)	(11.953)	(10.461)
Sub-total GF Usable Reserves	(122.117)	(118.226)	(96.940)
Insurance	(7.022)	(7.022)	(7.022)
General Fund Balance	(13.949)	(13.949)	(13.949)
GF Earmarked Reserves	(143.088)	(139.197)	(117.911)
Schools	0.387	0.387	0.387
Total Reserves & Balances	(142.710)	(138.810)	(117.524)
Potential Risk Reserve Drawdown			12.600
Total Reserves & Balances			(104.924)

102. It is important to recognise that the reserves overall are limited, especially against a backdrop of challenging savings targets, the ongoing impact of the pandemic and new inflationary pressures emerging in the last few months. The importance of maintaining a tight control on spend, delivering on existing savings plans and recovering lost income positions due to Covid-19 cannot be understated.
103. The risk reserve had been strengthened over the last two years with the final outturns in 2020/21 and 2021/22 has meant that the Council has been able to further strengthen the risk reserve and starts the year with a balance of £25.9m. However, given the adverse forecast outturn of £12.6m this could be a potential drawdown from the reserve.
104. Given the ongoing financial uncertainty created by the pandemic a specific Covid-19 reserve was created and whilst this has not been required in 2021/22 it is anticipated that balance will be required in 2022/23 and beyond. The reserve was bolstered at year end and starts with a balance of £15m. The budget report for 2022/23 set out circa £7m that will be required in 2022/23, the quarter one update increases this need to £8m as detailed in the paragraphs 37 to 55.
105. The General Fund Balance remains at £13.950m (on a net budget of £260m, i.e., 5.3%). The minimum level of unallocated reserve balances is a decision reserved for the Section 151 Officer, in order to ensure operational efficacy and sustainability of the Council's financial position. The appropriate level of General Fund balances will need to be reviewed over the course of 2022/23 considering the new inflationary risks and uncertainty brought about by Covid-19.
106. The £40.8m Smoothing Reserves relate to Council Tax (£139m) /Business Rates (£97m), Housing Benefits (£224m claim per year), Adult Social Care and the North London Waste Authority levy and provide resilience in the budget to manage annual fluctuations.
107. The £23.4m of Capital and Minimum Revenue Provision reserves are committed for the next five years to smooth any increased budget requirement. The drawdown of £2.3m from the MRP reserve was planned when the budget was set.

Medium Term Financial Impact

108. The Council remains in a financially challenging position. There is ongoing significant risk and uncertainty due to the legacy impact of the Covid-19 pandemic, unprecedented new inflationary pressures, cost of living crisis and demographic pressures exceeding government grant levels. These are set out in more detail below and will need to be considered as part of the medium term financial plan in the Autumn.
 - The ongoing anticipated impact of Covid-19 on Council Tax and Business Rate debt.
 - The unknown impact of Covid-19 on Adult Social Care costs, in particular, delayed operations and long Covid-19 and undetermined suppressed need such as mental health.

- One of the most significant areas of risk is the ongoing impact on Emergency Accommodation costs arising from the economic impact of Covid-19 and suppressed need.
 - The risk of increasing number of children in need as families bear the sustained economic impact of Covid-19 and increased need for respite packages for families with children with disabilities.
 - Despite seeing an improving position in some service, uncertainty remains on the ongoing impact of Covid-19 and cost of living on Council fees and charges income.
 - Changes in working patterns and lifestyle impacting on car park income, waste services.
109. These anticipated Covid-19 financial pressures are likely to impact over the medium term, however, there is no precedent to base the forecast impact and therefore, the picture remains uncertain. In addition, the ongoing uncertainty over the medium-term funding of local government and no government funding for the legacy costs and lost income arising due to Covid-19 exacerbates this position.
110. New financial challenges face the Council in 2022/23 such as the cost of living crisis and the rapidly increasing inflationary pressures. These will impact of the Council's contract costs and services are already experiencing increase in costs of fuel and energy prices.
111. The pay award for 2022/23 is anticipated to exceed 2% and this will result in additional ongoing cost pressure and this is reflected in the quarter one forecast.
112. Full details of the of the 2022/23 budget and MTFP 2022/23 to 20265/27 can be found in the Budget Report 2022/23 and Medium-Term Financial Plan 2022/23 to 2026/27 report (KD5352) which went to Cabinet on the 24th February 2022.
113. **Safeguarding Implications**
114. There are no specific safeguarding implications arising out of these recommendations, other than to note the financial impact of safeguarding children and adults in the borough.
115. **Public Health Implications**
116. The Council moved swiftly to safeguard the health of its residents and staff during a period of threat unprecedented in living memory. As previously reported the financial implications of this have been harsh and have reached into every department in the Council. As the council is fundamental to the health of Enfield residents it needs to achieve financial balance.
117. This report notes the work that the Council is and has already undertaken and therefore in and of itself does not have public health implications. However, both the Office for Budget Responsibility (OBR) and the Institute for Financial Services (IFS) have both reported on the negative health effects of the 2008 financial crisis. In order to mitigate the effects of this current crisis the council will need to attain financial balance,

consider what the 'new normal' might be and how this might be achieved whilst optimising resident's health.

118. Equalities Impact of the Proposal

119. The Council is committed to Fairness for All to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.

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

121. Environmental and Climate Change Considerations

122. None in the context of this report.

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

124. None in the context of this report.

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

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

127. Financial Implications

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

129. Legal Implications

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

131. Workforce Implications

132. None in the context of this report.

133. Property Implications

134. None in the context of this report.

135. Other Implications

136. None in the context of this report.

137. Options Considered

138. Not relevant in the context of this report.

139. Conclusions

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

141. The Covid-19 impact continues to be monitored and in previous years Government funding was sufficient to meet the Covid-19 impact, any new grants are not expected and therefore the Council depends on the Covid-19 earmarked reserve it has established to manage these pressures.
142. In addition to the continuing challenge of the pandemic, new challenges have emerged in the first half of this calendar year, namely the cost of living crisis with increasing inflationary pressures impacting our residents and the services the Council provides. Mitigating actions are being put in place to manage the forecast pressures but the Council must continue to be prudent in its spending to reduce and minimise the forecast overspend.

Report Author: James Newman
Director of Finance
James.newman@enfield.gov.uk

Date of report: 18th September 2022

Appendices

[Appendix A: Financial Resilience Key Performance Indicators](#)

[Appendix B: Chief Executive's Variances](#)

[Appendix C: People Variances](#)

[Appendix D: Place Variances](#)

[Appendix E: Resources Variances](#)

[Appendix F: Covid-19 Variances](#)

[Appendix G: Flexible Use of Capital Receipts](#)

[Appendix H: Achievement of Savings](#)

[Appendix I: Savings & Income Monitor](#)

[Appendix J: Dedicated Schools' Grant Variances](#)

Background Papers

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






- Revenue Outturn 2021/22 – KD
- Budget Report 2022/23 and Medium Term Financial Plan 2022/23 to 2026/27 (KD5352)

Financial Resilience Key Performance Indicators

A summary overview of financial performance is outlined below in Table 4. This dashboard summary captures the key messages across the Council's main financial areas:

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

Table 3: Summary performance overview

Financial Indicator	Status	Key Highlights
Income & Expenditure Position – General Fund year end forecast variances		The forecast outturn is a £10.1m adverse variance after the utilisation of the £3m contingency.
Progress to Achieving Savings MTFP (current year)		Savings monitoring has identified a total of £0.4m considered a high risk rated/ undeliverable and a further £4.1m that are at risk of delivery. These are reflected in the reported outturn position.
Income & Expenditure Position – DSG		The DSG forecast is a £1.1m overspend against budget. Therefore, the cumulative deficit is forecast to be £13.7m and will be the first call on the 2023/24 grant allocation.
Cash Investments; Borrowing & Cash Flow		The current profile of cash investments continues to be in accordance with the Council's approved strategy for prioritising security of funds over rate of return.
Balance Sheet - General Fund balances year end projections		The outturn for General Fund balances is in line with expectations set out in the Council's Medium Term Financial Plan.

Appendix B

Chief Executive	Net Budget	Gross Forecast Variance	Flexible Use of Capital Receipts	Net Forecast Variance Q1
	(£m)	(£m)	(£m)	(£m)
Human Resources & Organisational Development HR staff savings are forecast due to having vacant posts. The 80k flexible use of capital receipts relates funds the HR transformation manager. There are adverse variances in OD due to part year effect of restructuring.	2.230	0.116	(0.080)	0.036
Electoral Services A £67k overspend is forecast relating to the postage and printing cost for the annual canvass which had been funded by government grant that has now been ceased.	0.612	0.067	0.000	0.067
Other variances	6.729	0.046	0.000	0.046
Chief Executive Total	9.571	0.229	(0.080)	0.149

[Return to Chief Executive Narrative](#)

Appendix C

People	Net Budget (£m)	Gross Forecast Variance Q1 (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q1 (£m)
Adult Social Care				
Strategy & Resources - These services include grants to voluntary organisations, service development Safeguarding Adults and Safeguarding Adults, deprivation of liberty safeguards (dols) as well as brokerage, contract monitoring and Safe & Connected. With an increasing number of dols year on year, there is risk costs may increase with more activity. At this stage there is no net forecast variation against this service with additional staffing costs in year offset using Better Care Funding.	8.883	0.000-	0.000-	0.000-
Mental Health – This forecast is currently forecast to underspend by £0.091m mainly due to a forecast underspend against care purchasing.	6.823	(0.091)	0.000	(0.091)
Learning Disabilities - This service includes the in-house day services. The service is projecting an overspend of £1.970m primarily due to the increasing number and cost of care packages. All packages of care are subject to ongoing scrutiny to ensure they are delivered in the most cost-effective way, and this is expected to continue to deliver savings throughout the year. However, demand for services continues to rise as a result of demographics, particularly complex and expensive transition cases with the service now facing the full year impact of 2021/22 transition cases as well as new transitions in 2022/23.	29.592	1.970	0.000	1.970

<p>Older People and Physical Disabilities (the Customer Pathway)</p> <p>The service is currently facing significant financial pressures, particularly in relation to care purchasing. In the last 6 months activity levels have increased quite significantly following a period of reduced activity during the covid pandemic. Current care package forecasts assume that, on average, activity and costs will remain at the same level for the rest of the financial year. One-off funding from Health of just over £3m has been assumed to mitigate this additional pressure in the current year leaving a forecast overspend of £1.248. However, if activity levels continue to increase this will increase the budget overspend in 2022/23 and create a potential ongoing risk in 2023/24.</p>	39.558	1.248	0.000-	1.248
<p>Supporting People - there is no forecast variation against this service.</p>	2.709	0.000	0.000-	0.000-
<p>Adult Social Care Sub Total</p>	87.565	3.127	0.000-	3.127
<p>Public Health Grant</p> <p>The Departmental forecast also includes the ring-fenced Public Health Grant. The Public Health grant in 2022/23 is £18.024m, this reflects an increase in the grant of 2.8%, compared to 2021/22. The Public Health Service will deliver savings of £0.425m in 2022/23 and a further £0.375m in 2023/24, largely through staff reorganisation and a review of projects. Of the remaining Public Health spend, over 90% is for services contracted to the NHS. The Public Health Reserve Balance at 31st March 2022 is £2.067m which will now be required to mitigate pressures facing the service in future years, particularly the impact of increases in demand led services post pandemic.</p>	(4.981)	(4.981)	0.000	0.000

Public Health Sub Total	(4.981)	(4.981)	0.000	0.000
Adult Social Care & Public Health	82.584	3.127	0.000	3.127
Education				
Enhanced Pension costs These are the cost of former employees on enhanced pension and forecast variance is £0.030m favourable.	1.776	(0.030)	0.000	(0.030)
SEN Services Staffing pressures due to cost of agency staff and maternity cover	0.849	0.060	0.000	0.060
Sports Favourable variance forecast as a result of increases traded income from schools and reduced staffing costs	0.000	(0.030)	0.000	(0.030)
Nexus project	0.000	0.500	(0.500)	0.000
Other variances Miscellaneous minor over and underspends	1.940	0.000	0.000	0.000
Education Sub Total	4.565	0.500	(0.500)	0.000
Children and Families				
Children In Need Adverse forecast resulting from agency staff covering posts and maternity leave cover.	9.172	0.238	0.000	0.238

<p>Looked After Children</p> <p>The most significant pressure circa £0.344m is in external child care placements budget, due to increasing cost of residential placements. This is due to some young people coming into care with complex and challenging behaviours.</p>	26.832	0.507	(0.163)	0.344
<p>Joint Service for Disabled Children</p> <p>The overspend is predominantly due to a significant increase in demand in overnight breaks, commissioning and increase in Direct Payments rate for both new and existing clients.</p>	3.663	0.909	(0.040)	0.869
<p>Other Variances</p> <p>Variance is mainly due to delays in recruiting social work apprentices.</p>	6.971	0.047	(0.105)	(0.058)
<p>Children and Families Services Sub Total</p>	46.638	1.701	(0.308)	1.393

[Return to People Narrative](#)

Appendix D

Place	Net Budget	Gross Forecast Variance	Flexible Use of Capital Receipts	Net Forecast Variance Q1
	(£m)	(£m)	(£m)	(£m)
Development Management Shortfall of £0.5m in Pre Planning Application and Planning fees income.	(0.239)	0.500	0.000	0.500
Senior Management & Support Team Favourable variance in staffing costs and through holding departmental training budget to mitigate service pressure across the department.	0.792	(0.117)	0.000	(0.117)
Culture Services £90k forecast pressure relates to delayed implementation of new management of Millfield centre.	0.668.	0.090	0.000	0.090
Traffic & Transportation The forecast variance is due to additional Traffic Order income.	(0.815)	(0.125)	0.000	(0.125)
Parking Services The most significant variance is the reduction of car parking receipts either in car parks or on street parking and parking permits. This is a continuing trend seen over the last couple of years and are affected by the following factors: <ul style="list-style-type: none"> • Impact of the pandemic and the reduction in travel • The increase in working from home and the reduction in travel • Changing consumer habits and increased on line shopping rather 	(5.465)	1.296	0.000	1.296

Place	Net Budget	Gross Forecast Variance	Flexible Use of Capital Receipts	Net Forecast Variance Q1
	(£m)	(£m)	(£m)	(£m)
than coming into Town Centres.				
Regulatory Services Staffing costs in Food Safety and Housing Enforcement Team.	1.347	0.073	0.000	0.073
Cemeteries New extension has been completed and income profile for Burial Chambers and mausolea will need to be reprofiled..	(1.749)	0.500	0.000	0.500
Street Scene The £0.083m forecast overspend is due to the increasing cost of fuel..	4.989	0.083	0.000	0.083
Parks Operations £41k relates to the increasing cost of fuel. Whilst £0.150m was a result of break ins at Trent Park. A further 49k is from the recycling bin installations and big belly bins in the Town park.	2.502	0.228	0.000	0.228
Passenger Transport Service The over spend is due to increasing cost of fuel and contract inflation. Along with MTFP savings that still need to be delivered.	10.873	0.310	0.000	0.310
Strategic Property Services The favourable variance of £0.220m is due to increased rental receipts from the Montagu Industrial Estates.	(4.582)	(0.220)	0.000	(0.220)

Place	Net Budget (£m)	Gross Forecast Variance (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q1 (£m)
<p>Housing</p> <p>The TA monitor for June shows an overspend of C.£1.06m.</p> <p>This is predominantly due to starting the year with 244 more properties than budgeted for. This has resulted in projected C.£1.1m in additional property costs, assuming the current rate of exits from TA is maintained. An increased number of exits will reduce that figure but any slowing of the rate will increase the overspend further. The number of properties also increases the amount payable by the Council in HB Subsidy for which a pressure of £225k is currently forecast as well as the number of properties requiring repairs which is forecast to overspend by C.£90k.</p> <p>Prevention work is also contributing to the overspend, this is work undertaken to prevent families from entering TA in the first instance. The current projected overspend across all the prevention activities is C.£500k. This reflects how many families are approaching the Council for help. The work undertaken avoids cost for the Council in the long term.</p> <p>Nomination rights payments to HGL are projected to be lower than budgeted for and a small increase in staffing through HGL has been agreed (total £165k saving).</p>	5.212	1.059	0.000	1.059
<p>No Recourse to Public Funds (NRPF)</p> <p>The number of families with No Recourse to Public Funds is currently higher than expected. The overspend could increase further in this area due to rising energy costs which the Council are liable for in block</p>	0.905	0.240	0.000	0.240

Place	Net Budget	Gross Forecast Variance	Flexible Use of Capital Receipts	Net Forecast Variance Q1
	(£m)	(£m)	(£m)	(£m)
booked NRPF accommodation. To date the main has not increased this cost, however some providers in other boroughs have effectively doubled their energy charges which for Enfield would show a full year effect increased charge of c.£110k.				
Other minor variances	17.408	0.087	0.000	0.087
Place Department Total	31.413	4.054	0.000	4.054

[Return to Place Narrative](#)

Appendix E

Resources	Net Budget (£m)	Gross Forecast Variance (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q4 (£m)
<p>Finance</p> <p>The forecast overspend is mainly driven by agency cover supporting the Corporate Team in managing 3 years audits of the accounts and also agency cover for some vacant posts. In addition, a project accountant has been brought in to drive savings in Place department.</p>	3.341	0.470	0.000	0.470
<p>Digital Services</p> <p>The forecast overspend is due to additional security team costs to combat cyber threats which is currently unfunded (£200k); additional resources to support legacy system dual running (£50k) and agency resources covering BAU roles (£191k) due to challenges in recruitment. The overall overspend anticipated to be funded by capital receipts is due to the transformational work undertaken across the team.</p> <p>Further pressures result from additional contract costs incurred for additional security applications (£150k) and professional services to mitigate risks around compliancy and testing. Additional contract costs of new projects that have an ongoing revenue impact (£390k). The profiled saving from CRM/CMS of £400k is also unlikely to be achieved this year. The balancing overspend is due to additional annual contract uplift costs.</p>	13.411	1.838	(0.598)	1.240
<p>Customer Experience</p> <p>Delays in delivering savings in Financial Assessment and the Income Collection team are contributing to a £0.239m forecast overspend.</p>	9.258	0.205	0.000	0.205

Transformation	0.000	0.900	(0.900)	0.000
The forecast overspend is transformation project costs and are planned as described in the Budget Report 2022/23 to be funded by the Flexible use of capital receipts.				
Other variances	4.290	0.452	0.000	0.452
Resources Department Total	30.300	3.865	(1.498)	2.367

[Return to Resources Narrative](#)

Appendix F

Covid-19 Impact	Additional Expenditure	Loss of income
	£m	£m
Chief Executive		
CEX: Additional legal costs to cover rising C&F case work	0.301	0.000
CEX: Communications Officer		0.000
Chief Executive Total	0.301	0.000
People		
Adult Social Care		
ASC: Additional workforce across ASC services	0.100	0.000
ASC: Additional long term care purchasing costs as a result of cancelation of routine operations, hip, knee etc	0.250	0.000
ASC: 2022/23 Demographic pressures	0.650	0.000
ASC and Public Health Total	1.000	0.000
Children & Families		
C&F: Increase numbers of agency staff and fix term posts	1.382	0.000
C&F: Block booking placements	0.030	0.000
C&F: PPE for Children's Services (including Leaving care)	0.005	0.000
C&F: Increase in Short Breaks (JSDC)	0.100	0.000
C&F: Outsourcing a completion of C&F assessments for a short period of time to clear the backlog of assessments and reduce caseloads while successful recruitment initiatives are finalised.	0.403	0.000

C&F: Recruitment initiative	0.056	0.000
C&F: Agency staff support for care co-ordinators converting to AYSE	0.029	0.000
C&F: Care placements, support packages into homes to safeguard children particularly but not exclusively children with SEND and/or severe emotional and mental health needs	1.648	0.000
Children & Families Total	3.653	0.000
Education		
Education: SEND support staff	0.050	0.000
Education: after-school provision for supervised independent study and increased Teaching Assistant support	0.230	0.000
Education Total	0.280	0.000
Place		
Homelessness Service	0.945	0.000
Development Management recovery of backlog	0.085	0.215
Covid Marshals & Locally Supported contact tracing	0.032	0.000
Parking Services	0.000	0.140
Highways Services0.050	0.000	0.050
Traffic & Transportation	0.000	0.075
Construction Maintenance Facility Management (CMFM)	0.000	0.050
Strategic Property Services	0.000	0.070
General Fund - Community Halls & Youth Centres	0.000	0.120
Culture services	0.000	0.230
Place Total	1.062	0.950

Resources		
Customer Experience: Financial Assessments staff overtime, Civica on Demand Extra & Additional Financial assessment staff	0.822	0.000
Customer Experience: Additional Resources in Income & Debt service post COVID recovery, Civica on Demand	1.022	0.000
Digital: Additional Staff Capacity - Overtime, Changes to 4th floor/Basement layout, Adjustments to allow people with Disability to work remotely	0.157	0.000
Schools Catering service income	0.000	0.240
Other Resources services loss of income e.g., recharges	0.000	0.026
Resources Total	2.001	0.266
Central Items		
Underspend on Concessionary Fares	(1.508)	
Covid-19 Total	6.789	1.216

[Return to Covid-19 Narrative](#)

Use of Capital Receipts in 2022/23

Appendix G

2022/23 Cost of Transformation Initiatives	£m	Planned Savings and Demand Reductions
People		
Children & Families	0.163	New Beginning (previously Break the Cycle)
Children & Families	0.040	SEND & Disability Outreach Worker (2 Year Fixed Term)
Children & Families	0.017	Outreach worker Operation Alliance
Children & Families	0.088	Parent Support Advisor
Education	0.500	Investment in Nexus project
Chief Executive		
Communications	0.041	Reflects transfer of Communications post from the Transformation team to the Communications team.
Human Resources	0.080	HR Transformation Manager
Resources		
Digital Services IT	0.598	To develop business cases for new projects as part of the Portfolio's pipeline. Continuation from 2021/22 item with a further £0.820m Use of Capital Receipts anticipated.
Transformation	0.900	The Transformation Service manages a diverse Portfolio of Programmes: Payments, Children's Transformation, Build the Change, Customer Experience.
Total to be funded from the Flexible Use of Capital Receipts 2021/22	2.427	

[Return to Capital Receipts Narrative](#)

Appendix H

Achievement of Savings and Income in MTFP

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

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

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

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

[Return to Achievement of Savings Narrative](#)

Savings & Income Monitor

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

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

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

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

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

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

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

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

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

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

[Return to Achievement of Savings Narrative](#)

Appendix J

Dedicated Schools Grant	Forecast Variance Q1 (£m)
Early Years Block	(0.105)
Schools and Central Services Blocks	0.047
<p>High Needs Block The main pressures are within the High Needs Block and relate to the development of additional in borough provision, an increase of the number of pupils with Education, Health and Care plans (EHCPs) in mainstream schools and the development of early intervention strategies.</p>	1.135
DSG Total	1.077

[Return to DSG Narrative](#)