



London Borough of Enfield

Report Title	2026/27 Quarter 1 Revenue and Capital Monitoring Report
Decision Taker/ Committee	Cabinet
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Ward(s) affected	All
Key Decision Number	KD 6094
Classification	Part 1 Public
Reason for exemption	N/A
Date Decision taken	September 2026

1. Purpose of Report

- 1.1. The report gives an update on the Council's finances at the first quarter of the financial year 2026/27 (end of June 2026). It sets out the latest forecasts for both the Council's day-to-day spending (revenue) and investment in long term projects (capital).
- 1.2. Cabinet is asked to approve the reallocation of general fund revenue budgets to reflect £7.3m of identified in-year savings and other movements to support departments where there is increased demand for services.

2. Recommendations

Cabinet is asked to approve:

- 2.1. The realignment of £7.3m from corporate underspends to Adult Social Care, Housing General Fund, Environment & Communities and Education reflecting structural changes in the budget required since the budget was set in February 2026 (as detailed in table 4).
- 2.2. To reduce the in-year capital pipeline budget by £3m and use that capacity to fund transformation expenditure currently budgeted to be funded by revenue, to protect reserves.
- 2.3. Request Full Council approval to use £3m of capital receipts to fund transformation expenditure (of which £2m is Digital Services and £1m is corporate transformation) if required at year end to protect reserves, under the Flexible Use of Capital Receipts provisions.
- 2.4. To accept the Ministry of Housing, Communities and Local Government's allocation of £22.537m under Round 4 of the Local Authority Housing Fund (LAHF), to support delivery of 106 homes over the four-year period (see paragraphs 13.5 to 13.8).

Cabinet is asked to note:

- 2.5. The quarter 1 forecasts as set out in Table 1 below.
- 2.6. The 2026/27 capital programme forecast of £390.0m compared to a budget of £493.1m.

3. Background and Executive Summary

- 3.1. The table below summarises the 2026/27 forecast position for each of the key areas for the Council:

Table 1 - Overall Summary

Area	Q1 Forecast	Progress, mitigations in place and next steps
General Fund Revenue	A £6m net pressure is forecast that could be fully mitigated pending the approval of recommendations 2.2 and 2.3, noting continuing service pressures and risks of increase	Social Care - continued focus on demand management, cost control panels, contract reviews, regional collaboration and workforce planning. National Placement Policy and Temporary Accommodation strategy to address homelessness.
Risk Reserves	Forecast at £50.5m against Minimum level of £42.8m	The commitment to improve financial resilience includes £4.3m planned contribution to the Risk Reserve in 2026/27 plus future planned annual contributions to the Risk Reserve over the life of the MTFP.
Savings progress	Circa 87% of savings are delivered or on target for delivery.	Savings are monitored and tracked and progress regularly reviewed by the Executive Management Team. Where savings cannot be achieved mitigations/alternative saving proposals are requested where possible.
Total Capital programme (including HRA & Temporary Accommodation long leases)	£390.0m Q1 full year forecast against an approved budget of £493.1m	This includes £93.6m for long-leased temporary accommodation as part of the Council's strategy to reduce the pressure on the revenue budget. Capital spend is reviewed monthly and forecasts reported quarterly. Unspent but committed capital budget forecast at year end will only be carried forward in exceptional circumstances and / or if grant conditions allow
Affordability Metric for capital	2026/27 forecast 6.60%	This forecast is based on a lower than forecast opening debt position and increased cash resources during 2026/27.

Area	Q1 Forecast	Progress, mitigations in place and next steps
borrowing (target 10-12%)		
HRA	£0.2m reduction in projected spend	The HRA is projecting a net favourable variance driven by lower debt interest costs and increased rental income, which are partially offset by one-off decanting costs and continued pressures within the repairs service arising from regulatory compliance, damp and mould remediation, and health and safety requirements
Dedicated Schools Grant (DSG)	£15.3m in-year overspend resulting in a cumulative £36.1m deficit	Increasing in-borough provision through additional resources within schools. Review contracts and service delivery models. This position is before the outcome of High Needs Sustainability grant is known which will cover 90% of the eligible DSG Deficit.

- 3.2. The Council continues to experience significant demand and increased cost pressures. Financial pressures are primarily driven by sustained demand in adult social care (£7.7m), Special Education Needs Transport (£2.3m) and Homelessness and the need to meeting statutory homelessness and children's duties (£2.2m). In addition, new pressures have emerged across Environment and Communities services, including, fleet services (£1.3m) and property services (£1.5m). If unmitigated, these would result in a budget overspend by the end of the year and a draw on risk reserves. Service departments are actively taking measures to manage and minimise pressures.
- 3.3. The General Fund revenue forecast outturn as at Quarter 1 is a £6m overspend pending the approval of the application of Flexible use of capital receipts and pausing further allocations of the in-year investment budget which would result in a forecast balanced position, after applying £13.1m from flexible use of capital receipts (assuming the recommendations in this report are approved and Full Council approves the revised Flexible Use of Capital Receipts plan) and assuming a net contribution to reserves of £3.7m.
- 3.4. This position is not without considerable risk, with the most significant being experienced in Adult Social Care (further potential £3m risk) and Homelessness (further potential £2m risk) - which are not included in the net Q1 forecast outturn position as mitigations are being worked on by the service areas. Sustained growth in demand, increasing complexity of care needs, and inflationary pressures within the provider market continue to place considerable pressure on Adult Social Care. Implementation challenges with the long lease scheme has had an impact on the Homelessness forecast outturn position. These risks are reflected the Forecast Variance Q1 in Table 2.
- 3.5. Enhanced budget monitoring arrangements are in place with detailed quarterly Executive Management Team reviews and Member detailed reviews of key demand pressure areas and mitigation workstreams.
- 3.6. As part of the 2026/27 budget, £4.4m was set aside for in-year service investment. Of this, £3.5m is remaining in 2026/27. It is proposed to limit further allocations to £0.5m to create £3m of capacity to offset significant demand pressures in statutory services.
- 3.7. £2.2m of the pressure in 2026/27 is due to delayed savings delivery. Out of £18.1m planned savings for 2026/27 (£13.4m new savings, £3.1m deferred from 2025/26 and £1.6m prior years decisions), services are reporting that £14.4m are forecast to be fully delivered, £3.0m will be delivered later than planned and £0.7m will not be delivered in their current form (Appendix C). This means that there is a projected shortfall in-year of £3.7m. This is £2.2m above the 2026/27 deliverability adjustment of £1.5m that was built into the corporate budget, to recognise that some savings would be deferred/delayed.

- 3.8. Risk reserves remain a key area of focus as part of the Council's commitment to financial resilience. Full Council set the minimum threshold for risk reserves for 2026/27 at £42.9m and target levels to reach £90.6m by 2028/29. Risk Reserves had met the minimum threshold levels by the end of 2025/26 with a balance of £46.2m. If the mitigations in this report are approved by Cabinet (and subsequently Full Council), risk reserves will be £50.5m as originally planned.
- 3.9. Without these mitigations, risk reserves would be forecast to be £44.5m. If pressures increased in-year there would therefore be a risk that risk reserves would fall below the Minimum Threshold Balance. Total General Fund reserves (including ringfenced grants) are forecast to reach £89.2m by year-end.
- 3.10. The Dedicated Schools Grant is forecast to be £15.3m overspent in 2026/27, resulting in a forecast cumulative deficit of £36.1m. This negative reserve is forecast to cost the General Fund £1m in 2026/27 alone in interest.
- 3.11. The capital programme is forecast to spend £390.0m against an approved budget of £493.1m. The forecast figure includes £93.6m for long-leased temporary accommodation. Of the £390.0m forecast spend, £72.0m (18/%) is funded from direct borrowing or capital receipts. The programme continues to rely on capital receipts forecast for this year, for spend that would otherwise be funded from borrowing. Using capital receipts reduces the need for additional borrowing and interest charges.
- 3.12. The Council has submitted 2 grant applications; £7.0m to Department of Transport (DfT) for the capital works to the Lea Valley bridge and £4.1m from National Lottery Heritage Fund (NLHF) for the Unlocking Broomfield for the community project. The capital programme will be adjusted, once the outcome of these grant bids is known or approval has been given by Cabinet in respect of the Unlocking Broomfield House which is reported separately on the agenda for this meeting. £0.8m of new capital grants have been secured since the capital budget was approved in February; £0.1m additional funding for bridge maintenance from TFL, £0.051 from UK Prosperity Fund and £0.7m for a new children's home from Department of Education.
- 3.13. The Council's Pipeline programme of £12m, funded by capital receipts is for pipeline projects and unplanned programme growth. The current balance is £8.9m, due to the approval of borrowing funded pipeline projects North Lodge Barn, Leisure Centre boilers and new Children's Home (50% match funding for grant funded growth) and £1.9m increase in Meridian Water capitalised interest forecast (and a corresponding £1.9m decrease in net revenue interest in Q1 Treasury report). This report recommends reducing this by a further £3m to use capital receipts to fund transformation costs and pausing any further material allocations to capital projects. . This will reduce the budget that can be allocated capital pipeline projects in year.

- 3.14. The Housing Revenue Account (HRA) continues to support strategic objectives through the development of new affordable homes and investment in existing homes. The HRA capital budget forecast outturn at Quarter 1 will spend the allocated £144.9m budget, whilst the revenue position is projecting a reduction of £0.2m in spend against the approved budget.
- 3.15. The HRA key financial metrics are an Interest Cover Ratio of 1.95 and Loan to Value ratio of 51.6%, which are both within the levels agreed by Full Council in February 2026.

4. Forecast Net Revenue Outturn - General Fund

4.1. The 2026/27 net budget is £439.0m. The General Fund revenue forecast outturn as at Quarter 1 is a £6m overspend pending the approval of the application of Flexible use of capital receipts and pausing further allocations of the in-year investment budget which would result in a forecast balanced position.

Table 2: Summary of 2026/27 Forecast Revenue Outturn Variances

Department	Net Budget	Forecast Outturn	Forecast Variance Q1	Risks/ (Mitigations)	Adj. Forecast Variance Q1	Management Actions	Final Forecast Variance Q1
	£m	£m	£m	£m	£m		£m
People	225.0	236.7	11.7	(3.6)	8.1	(0.3)	7.8
Environment & Communities	47.8	52.9	5.1	2.8	7.9	(1.3)	6.6
Housing	40.2	42.9	4.7	(2.0)	2.7	TBC	2.7
Chief Executive Service	31.9	31.7	(0.2)	0.3	0.1	0	0.1
Resources	17.9	17.9	0	0	0	0	0
Service Net Costs	362.8	382.1	21.3	(2.5)	18.8	(1.6)	17.2
Corporate	76.1	68.2	(7.9)	0	(7.9)	(3.3)	(11.1)
Net Expenditure	438.9	450.3	13.4	(2.5)	11.0	(4.9)	6.1
Taxation & Non-specific grants	(438.9)	(439.0)	(0.1)	0	(0.1)	0	(0.1)
Total	0	11.3	13.3	(2.5)	10.9	(4.9)	6.0
Switch FUCR funding							(3.0)
Freeze further in-year investment							(3.0)
Total Q1 Forecast							0.0

- 4.2. The key financial pressures areas driving the overspend are Adult Social Care £7.7m, SEN Transport £2.3m and Homelessness (Temporary Accommodation) £2.2m due to service demands and higher unit costs. Plus, new emerging pressures in Fleet and Property Services.
- 4.3. The key areas of budget pressures in the Council are driven by higher levels of demographic/demand growth, contract inflation growth and wage growth than was anticipated when the budget was set.
- 4.4. Adult Social Care and Homelessness are considered areas of risk which could adversely impact the forecast position as reflected in Table 2. £3m in Adult Social relates to the risk of future demand and further detail is set out in Appendix 1 (paragraphs 19.12 to 19.17). Whilst the homelessness risk relates to the reduced delivery of long lease accommodation within Temporary Accommodation increases the reliance on higher cost forms of accommodation, leading to a greater gap in the gap between accommodation costs and rental income, as well as increased Housing Benefit subsidy loss, further details are set out in Appendix A (paragraph 21.3).
- 4.5. The £8m central contingency held corporately is released on a pro-rata basis. As at Quarter 1, £2m has been released to mitigate service pressures, with a further £6m remaining in contingency.
- 4.6. The Executive Management Team have reviewed the forecast position and specific actions reflected in the latest forecast. Services continue to implement strategies to manage demand with further information provide by department in Appendix A for example:
 - i. Demand management,
 - ii. Contract reviews,
 - iii. Workforce planning,
 - iv. Placement Sufficiency Strategy
 - v. National Placement Policy and TA accommodation strategy to address homelessness
 - vi. Care leaver support,
 - vii. Regional collaboration,
 - viii. Cost control panels,
 - ix. Capital investment to replace high-cost vehicles

- 4.7. The strategy to manage homelessness pressures is wide ranging with specific targets that underpin budget delivery. Prevention and early intervention activity is progressing to contain the increasing demand from households presenting to us and in need of temporary accommodation. The National placement policy with a single offer is supporting a faster take up of move on accommodation. The long lease programme referred to below is helping to reduce property costs and to minimise our exposure to market pressures. However, it is not being taken up at the levels budgeted for due to lenders not giving approvals. Lobbying to change this approach is being undertaken. Variation to the demand and targets in these main areas leads to pressure. The Council continues to lobby the Government to lift the temporary accommodation subsidy cap and the raising of LHA to the 30% of the market on an ongoing basis.
- 4.8. Local Housing Allowance (LHA) rates determine the maximum level of housing benefit or Universal Credit housing support that many low-income households can receive towards their rent. As private sector rents have increased significantly faster than LHA rates, a growing number of households face a widening gap between their rental costs and the support available, increasing affordability pressures, homelessness risk and demand for temporary accommodation and affordable housing.

Table 3 – Key General Fund Revenue Forecast Variances

Service Area	Q1 £m	Variance
People - Adults Social Care	7.7	Continued demand for services within Older People services. Increasingly complex cases transitioning from Children's services.
Environment & Communities – SEN Transport	2.3	Increased demand, specific costs that can no longer be charged to DSG, delays to savings delivery.
Housing and Regeneration	2.2	Continued demand for TA, particularly Social Care caseload.
Environment & Communities – Property	1.5	Manned security and Repairs & Maintenance in Council buildings. Mitigations for this are currently being worked on.
Environment & Communities – Fleet	1.3	Repairs and maintenance to the fleet.
Environment & Communities – Licensing scheme	0.5	
Environment & Communities – Local Plan scheme	0.5	Alternative sources of funding for this are currently being explored.
Meridian Water	0.5	Reduction in meanwhile tenant related income as the Programme is accelerated reducing the scope to generate income from Meanwhile uses.
Capital Financing	(3.0)	Net Interest and MRP – lower opening borrowing requirement and improved cash receipts in 2026/27
Central Contingency	(2.0)	Pro rata release of contingency (£6m of the total £8m is remaining)
Corporate: Pay Award & Inflation	(1.8)	Unapplied 2025/26 pay award budget carried forward and 2026/27 contract inflation.
Corporate: Grant Substitution	(1.8)	
Corporate: Savings deliverability adjustment	(1.5)	
Housing Benefit Subsidy	(0.8)	
Other variances under £0.5m	0.4	
Total	6.0	
Switch FUCR funding	(3.0)	
Freeze further in-year investment	(3.0)	

Service Area	Q1 £m	Variance
	0	

5. General Fund Risk Reserves

- 5.1. A key priority for the Council is to rebuild the risk reserves to deliver improved financial resilience.
- 5.2. The Minimum Threshold Risk Reserves for 2026/27 is £42.9m. Risk reserves based on the Q1 position are forecast to be £50.5m by year end as planned (subject to approval of recommendations in this report and subsequent Full Council approval), however there is a significant risk that without mitigating action risk reserve balances would fall below the minimum threshold.

Risk Reserves	£m
Opening Balance	46.2
Planned contribution to rebuild risk reserves	4.3
Drawdown to fund forecast GF overspend	0
Forecast Closing Balance	50.5

6. Council's Financial Resilience Framework

- 6.1. As anticipated in the Budget Report 2026/27 agreed at Council in February 2026, the Council is making steady progress to move to "Stable" as per the Council's Financial Resilience Framework during 2026/27.
- 6.2. The budget was balanced with use of reserves and minimum threshold risk reserves levels are forecast to be exceeded again by the end of 2026/27. However, there are still risks to achieving this and it is dependent on making further progress on the savings delivery (increasing those achieved to 90% of the target) and containing service pressures (the proposed realignments will go some way to reset specific service budgets).
- 6.3. See Appendix H for the full Resilience Framework.

7. Savings

- 7.1. A risk-based approach to the monitoring of savings is undertaken as part of the budget monitoring. Savings are categorised into delivered, deferred and undeliverable. Where savings classified as undeliverable service departments are requested to put forward mitigation measures. Savings are monitored by the Council's Transformation Board.
- 7.2. In the budget for 2026/27, the Council set a target of delivering £13.4m of new savings and income growth, with a further £1.6m agreed in previous years to close the budget gap and deliver a balanced budget. In addition, for 2026/27, £3.1m savings were deferred from 2025/26 and delivery of these continues to be monitored in the same way as the new items.
- 7.3. Of these, services are reporting that £14.4m are forecast to be fully deliverable or on track for delivery at this stage. This represents circa 80% delivery or an 87% delivery once the £1.5m deliverability adjustment is included.
- 7.4. Services are reporting that £3.0m will be deferred to a later date and £0.7m (4%) will not be delivered. These are reflected in the forecast outturn. Departments are working on mitigating actions to bring delivery back on track, or to offset these alongside any other pressures in their services with alternative savings.
- 7.5. £1.5m of the deferred/undelivered savings is mitigated by the deliverability adjustment built into the corporate budgets.
- 7.6. Considering the services reporting £3.7m of deferred and undeliverable savings, the proposed budget realignment will strengthen the Council's position. A £1m increase to the deliverability adjustment and the write-off of the three undeliverable savings are proposed in the list of budget realignments as set out in Table 4.
- 7.7. Further details for each department are summarised in the tables in Appendix C.

8. 2026/27 Budget Realignment

- 8.1. The 2026/27 Budget was set at Council in February 2026, with known assumptions at the time. However, since that point and following the completion of the 2025/26 outturn, existing pressures have exacerbated and new pressures have emerged that require structural realignment of the budget.

- 8.2. Cabinet is requested to approve the following £6.3m of ongoing virements and £1m one-off virements:

Table 4: Virements to realign the 2026/27 budget

Description	Service Area	£m
ASC Nursing & Residential Care purchasing	People – ASC	3.020
NCIL funding in Adult Social Care	People – ASC	0.100
Out of Hours service saving	People - ASC	0.050
Community Support Officer	People – C&F	0.066
DSG Recharge Progression & Pathway	People – Education	0.067
Temporary Accommodation for Social care users	Housing - TA	1.055
Reduction in meanwhile tenant related income as the Programme is accelerated reducing the scope to generate income from Meanwhile uses.	Housing - MW	0.500
DSG Recharge from SEN Transport	E&C	0.477
SEN Policy Change	E&C	0.388
Additional & Selective Licensing	E&C	0.300
LED Lighting Saving	E&C	0.232
Total On-going virements		6.255
Increase corporate savings deliverability adjustment	Corporate	1.000
Total One-off virement		1.000
Corporate: Pay Award & Inflation		(1.805)
Corporate: Grant Substitution	Ongoing	(0.750)
Corporate: Grant Substitution	One-off	(1.000)
Capital Financing		(3.000)
Housing Benefit Subsidy		(0.700)
Total		(7.255)

- 8.3. The Adult Social care virements reflect a sustained inflation in provider fees, driven primarily by workforce-related costs that continue to increase above general inflation within residential and nursing placements. Whilst Learning Disabilities services have seen increasingly complex caseload transitioning from Children's. These pressures are further exacerbated where health contributions available through children's complex care funding arrangements cease at age 18, resulting in Adult Social Care assuming a significantly greater share of care costs unless alternative funding streams such as CHC or s.117 aftercare are secured. Two less significant virements are proposed to adjust for NCIL funding that is no longer available and the removal of further savings within the Out of Hours service. The Education virement will realign the budget to reflect that progression and pathways costs can no longer be charged to the Dedicated Schools Grant (DSG) this is due to clarification from the education service that work completed does not meet the DSG eligible expenditure requirements.
- 8.4. There are two proposed virements with Housing. The first will increase the Temporary Accommodation budget to reflect the costs of meeting children's activities and the second will realign Meanwhile income expectations within the Meridian Water budget as the Programme is accelerated reducing the scope to generate income from Meanwhile uses.
- 8.5. Due to the £3.7m of 2026/27 savings that are currently categorised as deferred or undeliverable, it is proposed to prudently increase the deliverability adjustment that is held centrally to £2.5m
- 8.6. Within Environment & Communities, £0.5m of the SEN Transport forecast overspend relates to costs that the Department of Education advise can no longer be charged to the Dedicated Schools Grant. A further £0.4m virement is also proposed to realign the SEN Transport budget to reflect that the SEN Transport efficiencies saving for 2026/27 will not be achieved. The new Private Sector landlord scheme has been implemented and requires an adjustment to the budget of £0.3m. A comprehensive audit of energy usage is proposed across the Council's assets, the outcome of which will replace the £0.2m savings that were proposed but undelivered in 2025/26.
- 8.7. If agreed, the Q1 variance would be adjusted as per the following table:

Department	Final Forecast Variance Q1	Impact of Proposed Virement	New Forecast Variance Q1
	£m	£m	£m
People	7.8	(3.3)	4.5
Environment & Communities	6.6	(1.4)	4.2

Department	Final Forecast Variance Q1 £m	Impact of Proposed Virement £m	New Forecast Variance Q1 £m
Housing	2.7	(1.6)	1.1
Chief Executive Service	0.1	0	0.1
Resources	0	0	0
Service Net Costs	17.2	(6.3)	10.9
Corporate	(11.1)	6.3	(4.8)
Net Expenditure	6.1	0	6.1
Taxation & Non-specific grants	(0.1)	0	(0.1)
Total	6.0	0	6.0
Switch FUCR funding	(3.0)	0	(3.0)
Freeze further in-year investment	(3.0)	0	(3.0)
Total	0	0	0

9. Flexible Use of Capital Receipts (FUCR)

- 9.1. Enfield was planning to use £9.4m of capital receipts to fund transformation projects in 2026/27 (as approved by Council in February 2026 Budget Report KD5784) and set out in Appendix D. The Q1 forecast is now £13.1m, assuming the proposed switch of base budget of £3m for the digital portfolio and other transformation initiatives are approved.

10. Capital Receipts – General Fund

- 10.1. Capital receipts are used strategically to support transformation and fund capital projects and repay debt as one element of meeting external audit recommendations to reduce Council debt. For 2026/27, available capital receipts (excluding Meridian Water) are forecast at £60m. £13.1m are proposed to be allocated to Flexible Use of Capital Receipts £39.9m to fund in year capital spend and historic debt (reduced from £42.9m by reducing the in-year capital allocations budget). Table 5 summarises the position.

Table 5 Capital Receipts – General Fund balances (excluding Meridian Water & Ringfenced Education receipts)

	2026/27 £m
Opening Balance	10.0
Add: Receipts generated in year	0.3
Add. Forecast receipts but not yet generated	49.7
Forecast Total receipts available	60.0
Less: Flexible Use of Capital Receipts	(9.1)
Less: ERP	(4.0)
Less: Receipts applied to current & historic capital borrowing	(39.9)
Forecast Balance available to fund future year transformation	7.0

11. Dedicated Schools Grant

- 11.1. The Dedicated Schools Grant (DSG) is a ring-fenced specific grant, which must be used in support of the schools' budget. Enfield reported a cumulative DSG deficit balance of £20.8m at 31 March 2026. The statutory override requires the deficit to be accounted for as an unusable reserve at the end of each financial year, separate from the Council's reserves. The Statutory Override will end on 31 March 2028 and Council's will need to be able to meet the cost of the residual deficit from their own resources in 2028/29.
- 11.2. Support with DSG deficits is expected including a High Needs Stability Grant covering 90% of the eligible High Needs related DSG deficit accrued up to the end of 2025/26.
- 11.3. The DSG forecast outturn position for 2026/27 is a projected overspend of £15.3m in relation to the High Needs block. The current year estimates are a significant increase in comparison to previous years due to:
 - No increase in the baseline DSG position, which has partly offset the impact of prior year budget pressures and growth in previous years.
 - Increased costs due to existing commitments including the mainstream EHCP top-up funding banding pilot and expansion of mainstream specialist provision.
 - Increases in demand, complexity and costs in relation to placement costs.
 - Ongoing prior year budget pressures.
- 11.4. The cumulative DSG position forecast at the end of 2026/27 is £36.1m.
- 11.5. The Government has announced support for Council's with DSG deficits. As part of the first phase of support, Council's will be eligible for a High Needs Stability Grant covering 90% of the high needs related DSG deficit accrued up to the end of 2025/26. Funding will be subject to meeting specific conditions, DfE approval of a local SEND reform plan and based on the eligible DSG deficit value determined. Further support is expected for deficits that arise in 2026/27 and 2027/28 however the details are still to be confirmed. Council's need to plan to meet the costs of the residual deficit from their own resources in 2028/29, once the statutory override ends on 31 March 2028.

11.6. The table below sets out the current forecast position:

Table 6 – DSG Forecast and Reserve movement

DSG Block	2026/27 Budget £m	2026/27 Forecast £m	Variance £m
Schools Block	139.6	139.6	0
Early Years Block	52.7	52.7	0
High Needs Block	84.8	100.1	15.3
Central School Services Block	2.6	2.6	0
Total DSG	279.8	295.1	15.3
Opening DSG deficit balance as at 31 March 26			20.8
Forecast DSG deficit balance as at 31 March 27			36.1

12. Final General Fund Revenue Outturn 2025/26

- 12.1. The provisional General Fund outturn reported to Cabinet in June 2026 was an overspend position of £6.4m. The final outturn as reflected in the Councils Draft Statement of Accounts remained an overspend of £6.4m.
- 12.2. General Fund risk reserves reported at provisional outturn were £46.1m and total revenue reserves were £87.3m. Whilst risk reserves have remained unchanged, £0.9m of CIL reserves have been reclassified as capital grants and therefore transferred out of revenue reserves and therefore the total revenue reserves at final outturn were £86.4m.

13. Capital expenditure Q1 full year forecast

- 13.1. Council approved £476.4m capital budget envelope for 2026/27 (Feb. Council KD5994). Cabinet subsequently approved the carry forward of £16.7m unspent but committed budget from 2025/26 outturn. This increases approved capital programme budget to £493.1m. Of this the Council currently forecasts capital programme spend of £390.0m (79.0% of approved budget).
- 13.2. Table 7 summarises capital programme Q1 full year forecast in comparison with approved budget. Appendix E analyses forecast variances in more detail.

Table 7 – Q1 full year forecast 26/27 capital programme

	original budget (Feb Council)	approved c/fwd at outturn	approved budget	Q1 forecast	forecast variance approve budget	Actuals at Q1
	£m	£m	£m	£m	£m	£m
Adult social care	4.6	1.2	5.8	5.8		1.7
Children & family services		0.1	0.1	1.5	1.4	
Education	16.6	1.4	18.0	14.9	(3.1)	1.9
People	21.3	2.6	23.9	22.2	(1.7)	3.9
CCTV	0.2		0.2	0.2		
Transport, climate & place	19.4	1.4	20.8	18.2	(2.6)	1.1
Leisure, parks & culture	3.0	0.5	3.5	3.8	0.3	0.1
Property	2.9	0.4	3.5	3.5	0.2	0.1
Fleet operations	7.5	0.6	8.1	8.1		0.8
Environment & Comms	33.1	2.8	35.9	33.8	(2.1)	2.1
Pipeline & programme growth	12.0		12.0	5.9	(6.1)	
Resources	12.0		12.0	5.9	(6.1)	0.0
Digital services	2.6	0.1	2.7	1.7	(1.0)	
Pride in place	0.6	0.4	1.0	1.0		0.2
Chief Executive	3.2	0.5	3.7	2.7	(1.0)	0.2
Core services	69.6	5.9	75.5	64.6	(10.9)	5.1
Strategic infrastructure works	42.5	0.4	42.9	42.9		2.1
Development phases	6.0	2.5	8.6	6.2	(2.4)	0.1
Capitalised interest	7.6		7.6	9.5	1.9	
Meridian Water	56.2	2.9	59.1	58.6	(0.5)	2.3
Energetik	16.4	4.2	20.6	20.6		1.3

	original budget (Feb Council)	approved c/fwd at outturn	approved budget	Q1 forecast	forecast variance approve budget	Actuals at Q1
	£m	£m	£m	£m	£m	£m
Housing Gateway Ltd	6.9	0.8	7.7	7.7		
Companies	23.3	5.0	28.3	28.3		1.3
GF excl. Temporary accommodation (TA)	149.0	13.9	162.9	151.6	(11.4)	8.7
HRA	142.1	2.8	144.9	144.9		24.3
capital programme excl. TA leases	291.1	16.7	307.8	296.4	(11.4)	33.0
Temp accommodation leases	185.3		185.3	93.6	(91.7)	
capital programme incl. TA leases	476.4	16.7	493.1	390.0	(103.1)	33.0

- 13.3. Changes in forecast capital funding to approved budget are detailed in Appendix F. There is a £2.4m forecast underspend in the Council's forecast in-year borrowing requirement consisting of a £1.3m reduction and £1.1m proposed carry forward of Meridian Water borrowing. The reduction in forecast digital services spend has resulted in £1.0m reduction in usable general fund capital receipts forecast to be used this year.

	original budget (Feb Council)	approved c/fwd at outturn	approved budget	Q1 forecast	variance to approved budget
	£m	£m	£m	£m	£m
Borrowing	29.0	7.3	36.4	34.0	(2.4)
Grants	87.4	6.4	93.8	89.6	(4.2)
s106 contributions	0.6		0.6	0.6	
CIL	1.0	0.2	1.2	0.3	(0.9)
Usable capital receipts	30.2	0.1	30.2	26.2	(4.0)
Earmarked capital receipts	0.8	(0.1)	0.8	0.8	
General Fund (ex TA leases)	149.0	13.9	162.9	151.6	(11.5)
Borrowing	38.0		38.0	38.0	
Grants	65.9		65.9	65.9	
HRA capital receipts	2.4		2.4	3.0	0.6
RTB	9.0		9.0	9.0	
MRR	5.1	2.8	7.9	11.2	3.3

	original budget (Feb Council)	approved c/fwd at outturn	approved budget	Q1 forecast	variance to approved budget
	£m	£m	£m	£m	£m
Earmarked reserves	21.7		21.7	17.7	(3.9)
HRA funding	142.1	2.8	144.9	144.9	(0.0)
General Fund revenue contribution for temporary	185.3		185.3	93.6	(91.7)
Total capital funding	476.4	16.7	493.1	390.0	(103.1)

13.4. Table 7a below lists the projects that are forecast to be funded from either borrowing or general fund usable capital receipts. It demonstrates clearly the reliance on future general fund usable capital receipts to fund the capital programme.

	26/27 borrowing (inc unspent c/fwd outturn)	26/27 general usable capital receipts	Q1 forecast total
	£m	£m	£m
Mental health and well-being hub	0.3		0.3
Community House refurbishment	0.2		0.2
CCTV		0.2	0.2
TCP: highways		4.0	4.0
Parks and playgrounds		0.4	0.4
Leisure Centre boiler replacement		0.3	0.3
Padel courts at Southbury Leisure		0.5	0.5
Magistrates Court (Drug & Alcohol)	0.3		0.3
North Lodge Barn (dismantle)	0.1	0.4	0.5
Corporate condition programme		2.7	2.7
Electric Quarter CPO		0.1	0.1
Fleet operations – vehicle replacement		7.5	7.5
Digital services	0.1	1.6	1.7
Pipeline projects and unplanned growth		5.9	5.9
Core services	1.0	24.3	25.3
Meridian Water development phases	6.2		6.2
Meridian Water capitalised interest	7.6	1.9	9.5
Energetik	11.5		11.5
Housing Gateway Ltd	7.7		7.7
General Fund	34.0	26.2	60.2
HRA	38.0		38.0
Total capital programme	72.0	26.2	98.2

13.5. Table 8 below summarises the 26/27 approved capital programme budget by Council Priority, with comparison to Q1 full year forecast.

Council Priority	approved budget	Q1 forecast	variance to approved budget	Summary description of planned spend
	£m	£m	£m	
An economy that works for everyone	52.8	44.4	(8.4)	Spend includes forecast investment in highways and bridges, public spaces (including major Shaping Edmonton programme and Pride in Place), digital services, Energetik loan drawdowns and PSDS grant funded spend, and civic estate. Also includes forecast £5.9m remaining budget for non-grant funded approved pipeline projects and unplanned programme growth (of £12m originally approved by Council in February). Q1 forecast variance to budget consists of £0.1m TfL grant funded growth for bridges and £0.2m North Lodge Barn project transferred from pipeline. This is offset by Q1 forecast reductions including £1.0m digital services from smarter procurement and extending life of equipment, £1.7m correction to indicative original budget estimate for grant funded Shaping Edmonton project and £6.1m transfer of budget from pipeline for approved non-grant funded pipeline projects and unplanned programme growth (Meridian Water capitalised interest, leisure centre boiler replacement, North Lodge Barn and 50% borrowing funded element of new children's home) and £3.0m reduction in overall pipeline programme.
Clean and green places	9.8	8.7	(1.1)	Consists of predominantly grant, s106 and CIL funded spend to provide Safer Corridors & Neighbourhoods, Liveable Neighbourhoods and Flood Alleviation measures across the Borough (from within the Transport, Climate & Place programme). The Q1 forecast underspend to approved budget is mostly due to reprofiling of CIL and grant funded budget into 2027/28 for the Liveable Neighbourhoods programme

Council Priority	approved budget	Q1 forecast	variance to approved budget	Summary description of planned spend
	£m	£m	£m	
More and better homes	396.9	304.8	(92.1)	Includes £7.7m forecast loan drawdown for Housing Gateway Ltd, £144.9m for Housing Revenue Account (including £64.2m Development programme, £12.7m for Acquisitions programme, £22.3m on Decent Standards for Council dwellings, £7.3m Building Safety, £27.3m Estate Regeneration, £11.2m for energy efficiency and statutory compliance), and £58.6m for Meridian Water (including £42.9m HIF grant funded SIW, with target date of December 2026 for works to be substantially complete, and £9.5m capitalised interest). The Q1 forecast reduction to approved budget includes a £91.7m reduction in planned spend on long-leased temporary accommodation units, proposed £1.3m reduction in Meridian Water borrowing and a further proposed reprofiling of £1.1m Meridian Water budget into 2027/28.
Strong, healthy and safe communities	15.5	15.8	0.3	Planned investment in the Council's fleet operations (replacement of 49 vehicles and plant & machinery including 18 refuse collection vehicles, 5 food waste vehicles, 5 24-seat wheelchair accessible buses, 6 street cleansing tippers), £1.7m spend to complete major capital works to refurbish / adapt properties for Adult Social Care (including relocation of Drug & Alcohol Service to former magistrates' court, new Mental Health & Wellbeing Centre, Community House refurbishment and Formont Day Centre expansion). The Council will also continue to facilitate DFG grant funded private home adaptations to enable more vulnerable adults to live independently at home. £0.3m growth is approved transfer of leisure centre boiler replacement programme from the pipeline programme.

Council Priority	approved budget	Q1 forecast	variance to approved budget	Summary description of planned spend
	£m	£m	£m	
Thriving children and young people	18.1	16.4	(1.7)	Q1 variance to budget includes £1.5m growth for new Children's Home project (funded 50% DfE capital grant and 50% transferred from pipeline). This will be a new 4-bedroom care home for children with complex needs. The home is planned to be operational by April 2028 and has the potential to generate annual revenue savings of between £0.3m and £0.6m. The Council forecasts to invest £14.9m of DfE grant funding and ringfenced schools related capital receipts on the schools' capital programme. This is £3.1m lower than approved budget as it includes estimated reductions and reprofiling of unspent but committed DfE funded schools' capital budgets into 2027/28
Total	493.1	390.0	(103.1)	

- 13.6. Council approved £12.0m budget for approved pipeline projects and unplanned capital programme growth. Of this £1.0m has been used to fund the transfer of new children's home and North Lodge Barn from pipeline into the main capital programme (following appropriate capital programme governance requirements). These programmes are added to the capital programme under delegation granted by Council in 2026/27 10-year capital programme. A further £2.1m of the Council's budgeted provision for unplanned growth is forecast to be used to fund increased Meridian Water capitalised interest and leisure centre boilers.
- 13.7. Forecast planned use of pipeline and unplanned growth budget is further reduced by £3.0m in line with the recommendation (in this report) to pause further approvals from the pipeline programme unless there is an urgent health and safety need, or to generate cost savings. As a result of these changes approved £12.0m is reduced to a forecast residual £5.9m. Further new projects are on the horizon that could potentially require access to this funding over the course of the year. For reference the Pipeline programme is detailed in Appendix G.

14. Housing Revenue Account (HRA) Forecast Outturn

- 14.1. The HRA is achieving the Council's objectives through the development of new affordable homes, providing good homes in well-connected neighbourhoods, improving existing housing stock to create a lifetime of opportunities in Enfield, and sustaining strong and healthy communities. This section of the report presents the HRA revenue and capital as at the Quarter 1 (Q1) position.
- 14.2. The HRA Q1 position shows an underspend of £0.2m against the approved budget at this point in the year. Forecast savings against the projected outturn will be returned to HRA reserves, strengthening the overall financial position of the HRA.
- 14.3. The table below shows the projected outturn position and total variance against budget. The movements are explained below in Appendix A from paragraph 25:

Table 8

Council Housing (HRA) Revenue Monitor 2026/27	Budget	Actuals to date	Forecast Outturn	Variance
	£m	£m	£m	£m
Operational management of housing stock	30.6	4.5	31.0	0.5
Repairs Admin & Base	22.2	6.2	22.7	0.5
Rates	1.4	0.1	1.4	0.0
Bad Debt Provision	0.7	0.0	0.7	0.0
Interest on debt & Depreciation	23.6	0.0	22.8	-0.8
Corporate & Democratic Core	0.1	0.0	0.1	0.0
Gross Expenditure	78.5	10.8	78.7	0.2
Rents Dwellings	(83.0)	(19.2)	(83.4)	(0.5)
Rents non-dwellings	(3.4)	(1.1)	(3.4)	0.0
Interest on HRA Balances	(0.8)	0.0	(0.6)	0.1
Leaseholders Service Charges	(8.6)	(15.4)	(8.6)	0.0
Gross income	(95.7)	(35.8)	(96.0)	(0.4)
Total Net Income	(17.1)	(25.0)	(17.3)	(0.2)

HRA Capital Programme

14.4. The HRA capital budget for the current financial year is summarised in the table below. It provides the Q1 forecast outturn position compared to the original budget as advised by programme managers.

Table 9

	Original Budget (Feb Council)	Approved c/fwd at Outturn	Approved Budget £m	Q1 Forecast Outturn £m	Actual s £m	Variance £m
2026/27 Capital Programme						
Building Safety	9.0	0.0	9.0	7.4	2.5	(1.6)
Decency	18.4	0.0	18.4	22.3	2.3	3.9
Energy Efficiency	1.0	0.0	1.0	1.3	0.5	0.3
Overheads & other invest.	7.5	0.0	7.5	1.8	0.0	(5.7)
Statutory Compliance	2.3	0.0	2.3	6.5	0.9	4.3
Estate Enhancement	2.3	0.0	2.3	1.2	0.0	(1.1)
Investment programme	40.5	0.0	40.5	40.5	6.2	0.0
TA Acquisitions	12.7	0.0	12.7	12.7	5.4	0.0
HRA Acquisitions	39.4	0.0	39.4	38.0	7.3	(1.4)
Meridian Water	4.2	0.0	4.2	4.2	0.0	0.0
Joyce & Snells	22.8	0.0	22.8	22.8	3.1	0.0
Bullsmoor Lane	3.9	0.0	3.9	1.1	0.0	(2.8)
Exeter Road	4.5	0.0	4.5	4.5	0.0	0.0
Dendridge	6.3	0.0	6.3	6.3	0.1	0.0
Reardon Court	0.0	0.3	0.3	0.3	0.1	0.0
Upton & Raynham	6.8	0.0	6.8	11.0	2.4	4.2
Development Programme	100.6	0.3	100.9	100.9	18.4	0.0
Alma Towers	0.4	1.5	1.9	1.9	0.4	0.0
Buybacks	0.5	1.0	1.5	1.5	0.3	0.0
Estate Regeneration	0.9	2.5	3.4	3.4	0.7	0.0

Grand Total	142.0	2.8	144.8	144.8	25.3	0.0
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Local Authority Housing Fund (LAHF) Funding Allocation

- 14.5. In the June 2025 Spending Review, the Government announced a fourth round of the Local Authority Housing Fund (LAHF). Enfield has been successful in securing an allocation of £22.537m for the period 2026/27 to 2029/30 to support delivery of 106 homes, including 14 new supply homes. This comprises £22.356m capital grant and £0.181m revenue grant, paid in staged tranches linked to delivery milestones and evidence of committed spend. The final allocation represents an increase from the initial provisional allocation of £17.99m approved in the HRA Rent Setting Report KD5993.
- 14.6. The capital budget and grant allocation are shown in the table below. This budget was approved as part of the HRA rent setting report KD5993, which shows an affordable and viable position:

Table 10

	2026/27	2027/28	2028/29	2029/30	Total
Capital Budget funded by borrowing	9.0	7.0	16.5	8.0	40.5
LAHF 4 Grant	5.8	5.0	6.0	5.6	22.4
Borrowing/HRA Reserves	3.1	2.1	10.4	2.5	18.1

- The Council will be required to provide 106 homes, of which 14 will be new supply. The Council has agreed that:
 - 89 properties for TA (2-4+ bed)
 - 9 properties for resettlement families (2-3 bed)
 - 8 properties for large resettlement families (4+ bed)

- 14.7. Each acquisition will be subject to separate report approval and will include financial assessments to ensure the purchases meet the HRA financial hurdles. Overall, each unit will show that it is affordable over the long term.
- 14.8. The revenue funding will cover the non-capital costs of administering, assuring, monitoring, and delivering the Local Authority Housing Fund (LAHF) Round 4 year programme which supports the delivery of 106 homes and is included within the approved revenue budget.

15. Relevance to Council Plans and Strategies

- 15.1. The report shows how the council will use its limited resources to deliver the Council Plan priorities in the projection through to March 2026. These priorities are:
 - a. Clean and green places
 - b. Strong, healthy and safe communities
 - c. Thriving children and young people
 - d. More and better homes
 - e. An economy that works for everyone
- 15.2. The budget for 2026/27 was set as part of the Medium-Term Financial Strategy endorsed by Council in February 2026.
- 15.3. This is a critical report for updating both members and officers on the council's financial resilience, which is one of the five principles in the Council Plan framework.

16. Financial Implications

- 16.1. The financial implications are referred to throughout the report.

17. Legal Implications

- 17.1. Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs. The Council has a fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties.
- 17.2. The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council.
- 17.3. Section 28 of the Local Government Act 2003 requires that the Council monitor its budget during the year to avoid a deficit occurring in any year and that if the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. The Council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.
- 17.4. The Council, as a local housing authority, is required to maintain a Housing Revenue Account (HRA) and in accordance with s74 of the Local Government & Housing Act 1989 not to operate its HRA at a deficit. Borrowing levels must be kept within prudential rule guidelines.
- 17.5. The Dedicated Schools Grant (DSG) is a ring-fenced grant payable to Local Authorities under S14 of the Education Act 2002. The DSG can only be spent on school/pupil activity as set out in The School and Early Years Finance (England) Regulations 2024. The Council and Schools' Forum are responsible for ensuring that the DSG is deployed correctly according to the Regulations. Monitoring of spend against the grant needs to take place regularly. The Secretary of State has the right to recover the grant if there is evidence the Local Authority has failed to comply with the conditions of the grant.

18. Appendices

Appendix A	Departmental General Fund Revenue and Capital forecast outturn.
Appendix B	Reserves
Appendix C	Savings
Appendix D	Flexible Use of Capital Receipts outturn
Appendix E	2026/27 Capital Programme Expenditure Forecast at Quarter 1
Appendix F	2026/27 Capital Programme Forecast Funding at Quarter 1
Appendix G	2026/27 Pipeline Programme at Quarter 1
Appendix H	Council's Financial Resilience Framework

19. Background Papers

19.1. The following papers have been relied upon in the preparation of this report:

KD No	Report Title	Date
	Budget Report 2026/27 and Medium-Term Financial Plan 2026/27 to 2030/31	Council – February 2026
	2026/27 Capital Strategy and Ten-year Capital programme (2026/27 to 2035/36)	Council – February 2026
	2026/27 HRA Budget and Rent Setting Report and Business Plan update	Council – February 2026
	2025/26 Draft Financial Outturn	Cabinet - June 2026

Separate Appendices into their own document for publication

Appendix A: Departmental detail Revenue and Capital

General Fund Revenue Forecast Outturn Quarter 1 2026/27

20. People – Departmental Revenue Overview

People	Budget	Net Forecast Outturn	Variance
	£m	£m	£m
Adult Social Care	139.9	147.7	7.7
Public Health	0.3	0.3	0
Children & Families	78.3	78.9	0.6
Education	6.4	6.7	0.3
Total	225.0	233.6	8.6

People – Adult Social Care

Financial Overview

- 20.1. Adult Social Care is forecasting an overspend of £7.74m against a net budget of £139.94m. The position is principally driven by demand-led pressures within care purchasing budgets, reflecting continued growth in service user numbers, increasing complexity of care needs, and sustained inflationary pressures across the provider market. Despite ongoing management action and regional commissioning initiatives, expenditure growth continues to outpace available funding.
- 20.2. The forecast comprises a £7.0m overspend within care purchasing budgets and a £0.74m overspend within non-care purchasing budgets, after taking account of reassessment and bad debt provisions.

Care Purchasing Budgets

- 20.3. Care Purchasing budgets (net of client contributions and joint funding income) are forecasting a £7.0m overspend against a budget of £117.8m.

Adults & Older People (£3.0m overspend)

- 20.4. The overspend is primarily attributable to:
- Community Based Packages (£0.91m) – expenditure pressures arising from demand and package cost growth exceeding budgeted levels.
 - Residential and Nursing Care (£2.06m) – increased demand and higher unit costs across the residential and nursing market.

Learning Disabilities (£3.12m overspend)

20.5. The overspend reflects significant care purchasing pressures, including:

- Transition cases (£0.9m).
- Inherited Section 117 responsibilities (£0.6m); and
- Inflationary pressures on care packages (£1.0m).

20.6. Additional pressures arise from increasing demand, greater package complexity, demand for external day care due to delays in inhouse expansion and transport costs. These pressures are partly offset by higher client contribution and joint funding income but remain insufficient to mitigate the overall overspend.

Mental Health (£1.0m overspend)

20.7. The service is forecasting a £1.0m overspend, principally driven by inflationary pressures, the full-year impact of new care packages, and increased Section 117 liabilities. These pressures are partially offset by savings from closed packages and improved income performance.

Non-Care Purchasing Budgets

20.8. Non-care purchasing budgets are forecasting a £0.74m overspend against a budget of £22.1m, after the application of reassessment and bad debt provisions. The residual pressure largely reflects demand-led and workforce-related pressures within Adults & Older People services, partially offset by favourable variances elsewhere within the Directorate.

Adults & Older People (£1.8m overspend)

- Reablement (£0.9m) – primarily driven by external reablement expenditure not fully funded within the base budget.
- Outreach and Care Home Services (£0.6m) – expenditure pressures only partially offset by additional client contribution and joint funding income.
- Complex Staffing (£0.4m) – workforce-related pressures arising mainly from vacancy factor assumptions.

Learning Disabilities (£0.1m overspend)

20.9. The overspend relates primarily to Assessment and Care Management services, reflecting agency staffing costs and vacancy-factor pressures.

Mental Health (£0.1m overspend)

20.10. Minor staffing and operational pressures are being experienced across Community Mental Health Teams and Park Avenue services.

20.11. These pressures are partially offset by favourable variances elsewhere:

- Director and Management (£0.9m favourable) – reflecting unallocated contingency funding held within Adult Social Care.
- Supporting People (£0.3m favourable) – driven by lower supported living contract expenditure and improved performance on jointly funded care packages.

Forward Risks

- 20.12. The Adult Social Care forecast remains subject to a number of significant risks which could adversely affect the financial position during the remainder of the year. The details are outlined below. If these risks are realised it would add £3.1m cost pressure to the outturn, bringing the total overspend at £10.8m.

Older People & Physical Disabilities (£1.8m risk – Medium Level Risk)

- 20.13. The current forecast includes assumptions regarding future demand and client contribution income that remain under review. Financial modelling indicates a potential additional pressure of up to £1.8m, reflecting uncertainty around demand growth and anticipated income recovery.

Learning Disabilities (£0.5m risk - Medium Level Risk)

- 20.14. Care purchasing expenditure continues to increase, with the underlying drivers currently being reviewed with the service. This review may identify further budget pressures during the year.

Reassessments and Bad Debt (£0.8m risk - Medium Level Risk))

- 20.15. While current forecasts assume these pressures can be managed within existing contingency funding, first-quarter activity indicates a potential additional pressure of up to £0.8m should current trends continue.

Demand-Led Pressures

- 20.16. Sustained growth in demand, increasing complexity of care needs, and inflationary pressures within the provider market continue to place considerable pressure on Adult Social Care budgets.

Forecasting Uncertainty

- 20.17. A number of service forecasts remain dependent upon assumptions regarding future activity levels and income performance. Work is ongoing with services and the data team to strengthen forecasting methodologies, refine demand modelling, and improve the accuracy of future projections.

Adult Social Care capital: £5.8m Q1 forecast (£5.8m approved budget)

- 20.18. Major capital projects expected to complete this year include the Mental Health & Wellbeing Centre, refurbishment of Community House, expansion of Formont Day Centre and investment in new document management system. The Council also forecasts to spend £4.3m of Disabled Grants Funding (capital grant) on private home adaptations to facilitate more independent living at home for disabled adults.

People – Public Health Revenue

20.19. The directorate's total gross expenditure is £23m. The grant-funded programme has been balanced through the application of £0.26m from Public Health reserves, primarily to expenditure pressures arising from voluntary and community sector (VCS) contract commitments and staffing costs. The General Fund-funded teams, such as the Data and Intelligence Team and the Research & Insight Team, reported a breakeven position against a net budget of £0.33m.

People - Children's Social Care Revenue

20.20. At Quarter 1 2026/27, Children's Social Care is reporting a forecast overspend of £0.6m against a net budget of £78.2m. The forecast variance is primarily driven by sustained demand pressures and increasing costs across key placement and support services. The top three overspend areas are external care purchasing £0.2m, joint service for disabled children £0.2m and unaccompanied asylum-seeking children and leaving care £0.1m.

Key Cost Drivers

External Care Purchasing

20.21. External Care Purchasing is forecasting an overspend of £0.2m, reflecting continued demand for high-cost placements, market capacity constraints, and the increasing complexity of children's needs.

- External Residential Care (£0.5m overspend) currently supports 41 children at an average weekly cost of £5,340 per placement. Costs continue to be influenced by inflationary pressures within the residential care market, together with the requirement to provide a small number of highly specialised placements, including two Deprivation of Liberty Safeguards (DoLS) placements costing £14,900 and £10,600 per week. No specific provision for DoLS placements was included within the original budget forecast, as this area of demand only began to emerge towards the end of the previous financial year and has continued into the current financial year.
- Supported Accommodation (£0.1m overspend) currently supports 48 young people at an average weekly cost of £1,073. Placement costs have increased due to the complexity of support required; however, these pressures have been partially offset by young people reaching the age of 18 and transitioning into the Care Leavers service.

- Parent and Child Placements (£0.3m overspend) currently support seven families at an average weekly cost of £5,071. Since the beginning of the financial year there has been a net increase of five placements. The average placement duration is currently 113 days, compared with an average duration of 43 days across seven placements in 2025/26 and 81 days across 15 placements in 2024/25. Average weekly cost of such placements also increased from £3,800 to £5,000 due to complexity of needs such as substance misuse and mental health.
- Agency Fostering (£0.7m favourable). While foster care remains the Council's preferred placement option wherever it is appropriate to meet a child's needs, the increasing number of children entering care and the growing complexity of their needs has limited the availability of suitable foster placements. Consequently, a greater proportion of children and young people have required residential placements, which provide a higher level of supervision and specialist support but at a significantly greater cost. This shift in placement demand has reduced expenditure against the Agency Fostering budget, generating an underspend, while contributing to the corresponding overspend within the residential budget.

Joint Service for Disabled Children

- 20.22. The Joint Service for Disabled Children is forecasting an overspend of £0.2m, reflecting increasing demand and the growing complexity of support required for children and young people with disabilities.
- 20.23. The service currently supports 1,321 children and young people within the community, including 16 children with very complex needs and 350 children receiving home care support through agency provision or direct payments.
- 20.24. Whilst demand pressures continue, the enhanced support offer has contributed to reducing the number of children entering care by enabling more children with complex needs to remain safely supported within their family environments.

Unaccompanied asylum-seeking children and leaving care

- 20.25. The forecast overspend of £0.1m reflects increased care purchasing costs arising from longer placement durations and delays in young people aged 21 and over transitioning to independent living arrangements.
- 20.26. The forecast is based on current expenditure trends including arrivals during April and May 2026/27. It includes an estimated £56k National Transfer Scheme (NTS) grant allocation and provides for 18 additional arrivals during the financial year, based on the pattern experienced in 2025/26. The forecast also reflects the continued support of two young people with refused asylum claims who remain in care, together with increased fostering placement costs.

Staff Cost

- 20.27. Overall staffing expenditure is forecast to exceed budget by £0.2m as a result of maintaining a fully staffed establishment to meet service demand. This pressure is partially mitigated through grant funding contributions.

Strategic Update

- 20.28. At the end of May 2026, there were 379 children in care in comparison to 375 children in care in May 2025.
- 20.29. The Council continues to implement a range of strategic initiatives aimed at improving placement sufficiency, reducing reliance on external provision, strengthening financial management and delivering better outcomes for children and families.

Placement Sufficiency Strategy

- 20.30. Two in-house children's homes are now operational, reducing reliance on external residential placements.
- 20.31. A third children's home for children with complex needs is planned for completion by March 2028, supported by 50% Department for Education match funding.
- 20.32. A block-booking arrangement with an Outstanding-rated provider has commenced to improve placement stability and secure better value for money.

Care Leavers Support

- 20.33. A Department for Work and Pensions-linked monitoring process ensures timely housing benefit claims and direct payments to landlords.
- 20.34. Recommissioned supported accommodation services and the development of a Stepping Stone project are expected to reduce placement costs.
- 20.35. A dedicated Care Leavers Panel continues to review requests for additional support to ensure resources are targeted effectively and deliver value for money.

Disabled Children's Services

- 20.36. Increased take-up of direct payments is helping to reduce commissioned care costs.
- 20.37. Care-at-home packages are being transitioned to tendered providers offering lower hourly rates while maintaining service quality.

Cost Control and Financial Oversight

- 20.38. Robust governance arrangements remain in place to ensure expenditure is appropriately managed and opportunities for joint funding are maximised:

- 20.39. The High-Cost Placement Panel reviews placement decisions to ensure suitability and value for money.
- 20.40. The Complex Needs Care Panel supports joint funding arrangements with health and education partners.
- 20.41. The Reunification Panel promotes safe and sustainable returns to family settings, reducing reliance on external placements where appropriate.

Regional Collaboration

- 20.42. The Council continues to work collaboratively with London Councils and neighbouring boroughs to share market intelligence, explore joint commissioning opportunities, and develop shared approaches to foster care and residential provision. This collaborative approach aims to improve sufficiency, reduce placement voids and mitigate competition within the high-cost placement market.
- 20.43. Overall, while financial pressures remain, the Council continues to implement strategic reforms designed to improve placement sufficiency, strengthen financial oversight and deliver positive outcomes for children, young people and their families.

Children's social care capital: £1.5m Q1 forecast (£0.1m approved budget)

- 20.44. Cabinet approved the transfer of £1.5m new Children's Home project from the pipeline programme into the main capital programme for 2026/27. £0.725m Department for Education (DfE) capital grant was secured in December 2025. This funding will be matched by Enfield Council (capital receipts) to develop a new four-bedroom children's complex care home. The project is currently focussed on acquiring a suitable property in a central location that offers good access to transport links and to local amenities. Subject to required property adaptations, the home is expected to be completed, Ofsted registered and operational by April 2028. The new provision is projected to reduce placement costs by around 46% compared with externally purchased placements. Estimated annual savings of between £0.3m and £0.6m (increasing as occupancy grows) are expected from 2028/29 onwards.

People Education Revenue

- 20.45. Overall, the General Fund Education Service is forecasting an overspend of £0.3m at Quarter 1, primarily due to overspends within the School Improvement budget and the Enfield Music Service, the latter reflecting an anticipated shortfall against the income target. However, management actions to be put in place are expected to mitigate this overspend.
- 20.46. There is a forecast £15.3m overspend on the High Needs Block of the DSG which is predominantly due to increase in SEND placements and costs. The service has the following strategies and mitigating actions in place to manage the pressure:

- Increased the in-borough provision through Additionally Resourced Provision (ARPs) in schools.
- Established a DSG board
- Contract reviews
- Collaborative commissioning across London
- Reviewing service delivery models.

Education capital: £14.9m Q1 forecast (£18.0m approved budget)

- 20.47. £3.9m of DfE grant funded budget is expected to be carried forward at outturn into 2027/28. This includes £1.9m for Oaktree School expansion project and £1.0m for Portcullis Lodge. Other key changes to approved budget are £4.2m proposed DfE grant funded growth (consisting £3.4m SEND / High Needs, £0.7m schools condition programme works and £0.2m for schools decarbonisation and caretakers lodges) and £1.3m reduction in grant funded budgets for planned schools work (including £1.0m for Waverley School flat roof).
- 20.48. Major capital works on the school estate forecast this year include £3.0m Oaktree School expansion and £2.0m on SEND provision (including alternative resource provision in maintained schools). A further £3.9m is forecast to be spent on the school buildings condition programme, to undertake a programme of heating, roofing, toilets, kitchen facilities, and general school building improvements this year. These works are in addition to the schools' decarbonisation and energy programme, which is forecast to spend £5.2m in 2026/27 on energy saving capital investment in local schools, including £1.8m for Waverley School roof.

21.Environment & Communities Revenue

	Budget £m	Net Forecast Outturn £m	Variance £m
Executive and Council Priorities	1.2	1.4	0.2
Planning & Growth	1.2	1.8	0.6
Transport, Climate and Place	2.1	1.7	(0.4)
Parking	(8.4)	(8.4)	0
Public Protection, Compliance & Regulatory Delivery	2.5	3.0	0.5
Natural & Active Communities	5.2	6.4	1.2
Waste, Recycling & Street Scene	20.6	21.0	0.4
Property	5.5	7.0	1.5
SEN Transport	13.7	16.0	2.3
Customer, Culture & Communities	4.0	4.5	0.5
Total	47.8	54.4	6.6

- 21.1. Environment & Communities: The directorate is reporting a net adverse variance of £6.6m.
- 21.2. Exec and Council Priorities is adverse by £0.2m. This is due to the additional cost of clearing fly tipping and the cost of redundancies
- 21.3. Planning and Growth is adverse by £0.6m. This is due to the additional costs of putting together the Local Plan further to the direction from the Planning Inspector.
- 21.4. Transport, Climate & Place is favourable by £0.4m primarily due to additional income from New Street Works
- 21.5. Parking is currently reporting a neutral variance. Whilst income for on street enforcement is up, it is almost entirely offset by ongoing reductions in moving traffic enforcement where adherence to new cameras reduces the number of fines issued.

- 21.6. Public Protection, Compliance and Regulatory Delivery is adverse by £0.5m this is primarily due to the impact of the new additional and selective licensing scheme. The service is actively looking at their levels of recruitment to keep costs low but still enable them to process the applications and drive income.
- 21.7. Natural & Active Communities is adverse by £1.2m. This is primarily due to the additional cost of fleet repairs and parts. The service is actively looking at the vehicle replacement programme to drive the replacement of the most expensive vehicles. There are 20 vehicles due to arrive in 2026/27 this will support a reduced spend into 2027/28.
- 21.8. Waste, Recycling & Street Scene is adverse by £0.4m. This is due to additional staffing required to deliver the current street cleansing programme of works.
- 21.9. Property is adverse by £1.5m. The current forecast includes additional costs for Repairs and Maintenance across the portfolio. This is under active review with proposals to review and reduce the current programme of spend. It also includes significant overspends on Manned security. The service is also actively reviewing the current levels of security across the portfolio to rationalise the current approach.
- 21.10. SEN Transport is adverse by £2.3m. This is due to additional cost of routes and additional SEN children having personal travel budgets. The exit rate from 2025/26 was significantly higher than the budgeted value. In addition, the current budget included £0.4m of saving related to post 16 transport, this decision has not yet been made. The forecast also includes the assumption that £0.5m of DSG funding will not be provided to the service in this financial year. The service is undertaking a review of its current offering to make sure its routes and processes are as efficient as possible.
- 21.11. Customer, Culture and Communities is adverse by £0.5m. The service has some significant savings targets which are currently under review. Should these proposals materialise and become approved in 2026/27 then this forecast is likely to reduce.

Environment & Communities capital: £33.8m Q1 forecast (£35.9m approved budget)-

21.12. The Council forecasts to invest significantly in maintaining and improving Enfield's highways, parks, open spaces and public realm in 2026/27. Key areas of spend include:

- £10.1m grant and s106 / CIL funded spend on the Transport, Climate & Place programme, including Shaping Edmonton (a series of discrete projects to improve public realm and community spaces), Liveable Neighbourhoods and TfL funded infrastructure and climate action improvements.
- The Council also currently forecasts to spend £8.0m on its annual highways programme, consisting of highways, carriageways, bridges and footways. This consists of £7.2m approved budget (funded £3.2m DfT capital grant and £4.0m capital receipts) and £0.8m GLA grant funded spend to complete installation of highways fibre ducting to deliver digital enhancement across the borough. A further £5.4m grant funded Q1 growth for bridges including Lee Valley Bridge will be added to the capital programme in Q2, subject to confirmation of external grant funding, with estimated spend profile of planned works this financial year.
- £2.5m of predominantly grant funded spend is forecast for flood alleviation measures across Enfield. Planned projects include Salmon's Brook Natural Flood Management to restore over 3km of river, create wetlands and woodlands and to reduce flood risk for around 2,000 homes; create wetlands at Enfield Playing Fields, Bramley Road Sports Ground, Boundary Park and Bury Lodge; install rain gardens across the Borough and to deliver sustainable drainage and flood alleviation measures across schools
- £1.0m investment in parks and leisure facilities is also planned, including £0.6m for new Padel Courts at Southbury leisure centre. Planning application for Padel Courts is due to be considered July 2026. If successful, construction is anticipated to start in September, with project expected to complete this financial year.
- The Council also plans to replace 49 vehicles and plant & machinery this financial year, including 18 refuse collection vehicles, 5 food waste vehicles, 5 24-seat wheelchair accessible buses, 6 street cleansing tippers and various equipment for the Parks Service. The food waste vehicles will be funded from capital government grant. The Council also plans to reinstate Pymmes Park vehicle workshop, to generate savings in the annual cost of equipment repairs. The total £8.1m fleet operations capital budget for 2026/27 is funded from £0.5m capital grant and £7.5m capital receipts.
- £3.5m spend is forecast on the upkeep, refurbishment and repurposing of the Council's estate. This includes £0.5m urgent works to complete deconstruction of North Lodge Barn (a further £0.86m is included in pipeline to rebuild the barn) and £0.25m for the refurbishment of the former magistrates'

court building for the Drug & Alcohol Service relocation. The remainder of the budget is earmarked for improvements to various Council buildings.

22. General Fund Housing & NRPF

GF Housing	Budget £m	Net Forecast Outturn £m	Variance £m
Homelessness	40.2	42.4	2.2
No recourse to public funds (NRPF)	0.9	0.9	0.0
Estate Service operations	0.2	0.2	0.0
Housing & NRPF Total	41.3	43.5	2.2
Meridian Water			0.5
Total	41.3	43.5	2.7

- 22.1. There is a comprehensive programme of activity to reduce the council's homelessness costs in place with operational targets linked to budget. This includes demand management through prevention and early intervention, the National Placement policy and the property acquisition and lease programme. Variation to targets drives the adverse budget position. The net overspend within Temporary Accommodation (TA) and No Recourse to Public Funds (NRPF) is £2.2m.
- 22.2. The projected overspend is mainly driven by the cost of temporary accommodation and the impact of the Housing Benefit subsidy loss regime, which restricts the level of rental income that can be retained. In addition, there are unbudgeted property costs associated with accommodating families under Children's Services statutory duties. These pressures are partly offset by additional income generated from a higher-than-anticipated number of properties in nightly paid accommodation, resulting in overall pressure of £2.2m.
- 22.3. There is a potential risk of £2m within the Temporary Accommodation (TA) budget arising from the reduced delivery of Long Lease acquisitions. The shortfall of approximately 325 Long Lease units has increased reliance on higher-cost forms of temporary accommodation, resulting in a larger gap between accommodation costs and rental income, as well as increased Housing Benefit subsidy loss. Whilst initiatives such as Knock and Know are contributing to reductions in TA numbers, the savings achieved to date are not sufficient to offset the financial impact of the reduced Long Lease programme. In response, the service is developing a comprehensive Property Supply Plan aimed at mitigating this risk through a range of supply-side measures, including engagement with larger accommodation providers, a review of landlord incentive packages, and closer collaboration with letting agents to increase the availability of suitable properties. The principal risk remains the Council's ability to secure sufficient affordable accommodation to meet demand. Without a significant increase in supply, the continued reliance on higher-cost temporary accommodation is likely to place ongoing pressure on the TA budget.
- 22.4. Meridian Water 2026/27 revenue full year forecast is reduced by £0.5m at Quarter 1. This adjustment reflects expected reduction in meanwhile tenant related income as the Programme is accelerated reducing the scope to generate income from Meanwhile uses. Longer term MTFP net income from meanwhile operations will similarly need to be reduced.

Meridian Water capital: £58.6m Q1 forecast (£59.1m approved budget)

- 22.5. £195m of Housing Infrastructure Fund (HIF) funded strategic infrastructure works are expected to be substantially complete this financial year. These works span the Meridian Water development area and include the construction of a new central spine road (including cabling for power and utilities) and four new bridges spanning the River Lee and associated brooks. The Council continues to work closely with Government and other funding agencies to secure further external grant funding to progress further Meridian Water development opportunities (including potential new substation and street lighting).
- 22.6. The Meridian Water programme has transformed over 100 acres of land in North London into a new riverside location with wide-reaching transport links, new housing, new parks, new open spaces and play areas and new employment opportunities. 300 new homes have been delivered at Meridian One. A further 274 homes are on track for Meridian Two with first residents moving in from January 2027. The Council is currently capturing further potential future infrastructure needs in its Meridian Water Future Infrastructure Plan (FIP). The FIP will ensure the Council fully understands and makes sufficient budget provision for future capital and revenue costs of the Meridian Water development. Budget requirements arising from the FIP will be incorporated within the 2027/28 Medium Term Financial Plan (MTFP) and 10-year capital programme for Council approval in February 2027.
- 22.7. Q1 capital programme forecast for Meridian Water estimates a £2.4m reduction in in-year borrowing requirement. This consists of the removal of £1.3m borrowing funded budget for Phase 2 development and non-HIF funded infrastructure works and the proposed carry forward of £1.1m committed but unspent budget for Phase 1 and Phase 3 South. Forecast projections will continue to be challenged and reviewed throughout the year and reported to Cabinet through quarterly capital budget monitoring.
- 22.8. Q1 forecast for capitalised interest is £1.9m higher than budget. This is because more debt on assets still under development has been identified since budget setting. Accounting standards permit the capitalisation of interest on assets still under development. If not capitalised the £1.9m would be a revenue interest cost. The £1.9m 'growth' in capitalised interest is proposed to be funded from the £12.0m approved budget for pipeline projects and unplanned programme growth. This means it will not result in an increase in either the Council's capital programme or overall, in-year borrowing requirement.

General Fund Housing capital: £93.6m Q1 forecast (£185.3m approved budget)

- 22.9. The original budget was based on acquiring long leases on 657 homes in 2026/27. The Lease+ programme will not however deliver the volume of properties originally anticipated and are now estimating to acquire 332 long leases. While the model remains financially advantageous compared to the use of nightly paid temporary accommodation and avoids the housing benefit subsidy, delivery has been constrained by the requirement to obtain individual mortgage lender consent for landlords and to register each lease with HM Land Registry. These requirements have significantly reduced the pace and scale of acquisitions. In response, the service is refocusing its supply strategy towards institutional investors and larger providers, where block leasing arrangements can be secured more efficiently and at greater scale. The investment this year is expected to save the Council £18.2m over the next 10 years (£1.8m in 2026/27).

23. Resources

Resources	Budget £m	Net Forecast Outturn £m	Variance £m
Exchequer Services	1.6	1.5	(0.1)
Finance	5.3	5.3	0.0
Revenues & Financial Transactions	8.9	9.0	0.1
Executive Director	0.4	0.4	0.0
Total	16.2	16.2	0.0

- 23.1. There is an overall net nil variance reported in the Resources department however this consists of the following variances:
- 23.2. There are savings of £0.1m in Exchequer Services due to part year vacant posts (£0.08m) and additional service income generation (£0.02m)
- 23.3. The Capital Finance function and Procurement are reported within budget. There is a slight budget pressure in Corporate Finance mainly due to agency staff covering a vacant post.
- 23.4. There are further part year vacant post savings (£0.04m) projected in the Revenue Service.

24. Chief Executive

CEX	Budget £m	Net Forecast Outturn £m	Variance £m
Chief Executive & Policy Team	1.7	1.7	0.0
Elections Service	0.8	0.8	0.0
Communications	0.7	0.7	0.0
Law & Governance	9.0	9.3	0.3
Human Resources & Org. Development	2.5	2.4	(0.1)
Digital Services	17.2	17.2	0
Total	31.9	32.1	0.2

- 24.1. The Chief Executive Service is reporting an overall overspend of £0.2m:
- 24.2. There is a net nil variance reported within the Chief Executive Team, Policy, Projects and Improvement Team as well as the Elections Service
- 24.3. The Communications Service area is reporting a budget pressure of £0.01m due to a projected shortfall in the budgeted surplus required in the Design and Print Service. Mitigations are being explored to reduce costs and generate additional income.

- 24.4. Law & Governance is reporting an overall budget overspend of £0.3m. There is a Legal Services pressure of £0.25m due to a £0.5m MTFP saving achieved part year by holding vacant posts. A Legal Service review is underway and expected to inform the delivery of required savings which will be reported at a later stage. A staff agency cost pressure and an outsourcing trial of SARS work is reporting a projected overspend of £0.2m in the Access to Information Team. A full review of this function is also underway. There is a Registrars budget pressure of £0.04m due to reductions in income from certificates and registrations. These pressures are offset in part by additional HRA income in Members Support (£0.06m) and vacant posts in Internal Audit (£0.06m).
- 24.5. Human Resources & Organisational Development is reporting an underspend of (£0.1m). There is a projected saving of (£0.03m) in the Schools Personnel service due to a vacant post and staff supporting the ERP project. Savings of (£0.07m) in the graduates' budget are projected where posts are vacant part year and recruitment of a new cohort of graduates planned in September 2026
- 24.6. Digital Services (DS) is reporting a neutral position with contract procurement savings being utilised in full to fund 'work made easier' and other AI related improvements, other initiatives to improve service delivery and cyber security investment.

Digital Services capital: £1.7m Q1 forecast (£2.7m approved budget)

- 24.7. Securing better value through procurement and extending the life of existing equipment has resulted in forecast £0.5m less spend on EUC and smart device replacements and forecast £0.5m less spend on infrastructure and network upgrade this financial year.

25. Corporate Items

Corporate	Budget £m	Net Forecast Outturn £m	Variance £m
Grant Substitutions	(1.6)	(3.4)	(1.8)
Earmarked Reserves	8.4	8.4	0
Pay Award & Inflation	5.6	3.8	(1.8)
Central Contingency	8.0	6.0	(2.0)
Other corporate budgets	8.7	6.8	(7.9)
Levies	13.9	13.8	(0.1)
Financing & Investment Income – Treasury & MRP	32.3	29.3	(3.0)
Financing & Investment Income - Exchequer	(0.1)	(0.1)	0
Housing Benefit Subsidy	1.1	0.3	(0.8)
Total	76.1	62.2	(10.9)

- 25.1. The forecast outturn is a net favourable variance of £10.9m.
- 25.2. The £2m favourable variance in central contingency forecast is due to contingency being 'released' in line with the point in the year i.e. one quarter of the £8m total.
- 25.3. £1.8m underspend is forecast in Pay award and contract inflation. The £0.8m pay award underspend is unapplied budget from 2025/26 (see June outturn report) continuing into 2026/27 and a further £1m is the central contract inflation budget held to mitigate pressures across service departments. This can be released with further provision in future years already allowed for in the Medium-Term Financial Plan.
- 25.4. Within the £1.8m other corporate management underspend is the £1.5m savings delivery adjustment that was built into the budget for the first time for 2026/27. This was to mitigate against the risk of deferred and undelivered savings, which is impacting services variances particularly in Adult Social Care and Environment & Communities.
- 25.5. The Concessionary Travel charges paid to London Councils and Transport for London (TfL) forecasts a favourable variance of £0.1m. This is due to revised estimates being received after the budget was set in February for 2026/27.
- 25.6. The Housing Benefit Subsidy loss issue emerged towards the end of 2023/24 and an action put in place during 2024/25 to mitigate the financial pressure, this resulted in the provisional outturn for 2025/26 showing a £1.5m underspend. An underspend had been anticipated and £0.8m was agreed through the MTFP for 2026/27. Latest in year forecasts suggest that last year's outturn will be repeated and therefore a further £0.8m underspend is forecast.
- 25.7. There is a net £3.0m favourable variance across capital financing and treasury management. This is due to the ongoing impact of lower borrowing achieved in 2025/26 resulting in a lower opening borrowing requirement for 2026/27 and improved forecasts for cash receipts during 2026/27 predominantly arising from the Fair Funding outcome and continually seeking further improvement to cash management.

26. Housing Revenue Account – Revenue £0.2m overspend

Operational management of housing stock (£0.5m adverse to budget)

- 26.1. The one-off costs associated with decanting Shropshire/Cheshire and Walbrook house, are estimated to cost £0.5m this year. We are in the final stages of decanting Shropshire and Cheshire House's with one resident leaseholder left to vacate.

Repairs (£0.5m adverse to budget)

- 26.2. The repairs service is continuing to meet the demands of additional works arising from regulatory requirements, including essential works at address hazards under the health and safety rating systems and fire risk assessments. The service continues to actively manage damp, and mould works following the implementation of Awaab's Law in October 2026 and a steep increase in works reported that have continued into the new financial year.
- 26.3. We continue to progress tight budget management to assist in mitigating the impact of contractor costs and regulatory requirements, and to roll-out the shift of services to in-house delivery to achieve in-year savings

Interest on Debt (£0.8m reduction in cost)

- 26.4. The level of debt at outturn was slightly less than estimated, this has reduced the interest payments on the HRA's debt this year.

Housing Revenue Account – Capital

Council Housing Investment Programme (£40.5m)

- 26.5. The targeted investment enabled the Council to exceed the decency target last year, with a final position of 98.7% of properties meeting the decent homes standard as of March 31st, 2025. Investment this year continues at pace, with programmes of delivery focused on the target of 100% decency by March 2027. In addition, a range of measures to improve the energy performance of our homes is underway, with additional projects to ensure we continue to meet all landlord health and safety obligations.
- 26.6. The Council continues to implement a robust procurement pipeline, with contracts for packages of works assessed for value for money and quality. New contracts are in preparation for fire door replacements, gas boiler replacement, roofing and scaffolding.

Development and Regeneration Programme (£104.3m)

- 26.7. We continue to make strong progress on our development programme and expect to start on site and deliver a further 340 new homes for borough residents. This progress is being achieved despite on-going challenges arising from volatile market conditions and additional building safety requirements.
- 26.8. The new homes will be delivered with the support of the GLA or utilising Right to Buy receipts with risks mitigated by taking a mixed economy approach through self-delivery, acquisitions and working in partnership.
- 26.9. The 340 homes we will deliver and or start this financial year include:
- Start on site delivering 135 social rent homes at Upton & Raynham
 - 205 acquisitions to be acquired as part of our Council Housing Acquisitions Programme funded from RTB receipts and grant funding
- 26.10. Progress has been made with our large estate regeneration schemes, such as the Joyce and Snells Regeneration Scheme, where construction work has commenced. Progress on the scheme has allowed £44.55m of Affordable Housing Grant to be drawn down from the GLA.
- 26.11. The Alma Estate Regeneration Scheme secured planning approval for the last phases of development, which will deliver over 723 homes, including 189 affordable. Demolition of Phase 2b has been taking place and construction works are due to start in the Autumn.
- 26.12. The table below sets out the financing of the 2026/27 capital programme from a combination of grants, capital receipts, reserves and borrowing.

Table 11 HRA Capital Programme 2026/27 Financing

Capital programme Funding	Capital Grants	Capital receipts	RTB	Major Repairs Reserve	Earmarked Reserves	Borrowing	Total
Investment in Stock	8.6	3.0	0.0	11.2	17.7	0.0	40.5
Development	55.9	0.0	8.9	0.0	0.0	36.1	100.9
Estate Regeneration	1.5	0.0	0.0	0.0	0.0	1.9	3.4
Total	66.0	3.0	8.9	11.2	17.7	38.0	144.8

26.13. This year there is a disposal target of £2m, the capital receipts will assist in funding the HRA capital programme.

26.14. The HRA reserves levels (excluding RTB receipts) have reduced (as planned) from £18.2m to £17.8m this year as shown in the table 10 below:

Table 12 HRA Earmarked Reserves

Reserves	Balance at 01/04/2026	Movement (net of capital financing)	Estimated Balance at 01/04/2027
	£m	£m	£m
HRA Balance	11.8	(2.0)	9.9
Insurance Reserve	4.0	0.0	4.0
Insurance Provision	0.3	0.0	0.3
Voluntary repayment provision	1.4	1.6	3.0
Major repairs reserve	0.3	0.0	0.3
Capital receipts	0.4	0.0	0.4
Total	18.2	(0.4)	17.8
RTB one for one receipts	39.5	6.0	45.6
Total Reserves	57.7	5.7	63.4

26.15. The year-end reserves position has been planned to reduce this year, to fund the capital programme spend. This planned use of reserves is necessary in the short term to assist in achieving the regulatory requirements for decency and building safety. There has been an increase in the level of Right to buy receipts to date, due to an increase in sales projections The estimated remaining balances level is within the HRA's minimum requirement of £8m.

HRA Financial Framework

- 26.16. The HRA outturn position has been assessed against the approved financial metrics; these metrics are used to ensure the business plan remains viable and affordable.

Table 13 – HRA financial metrics

Metric/Ratio	Measure	2026/27 Projected Outturn
Interest Cover Ratio (ICR) - This ratio determines whether the net cost of services (surplus) covers the borrowing interest expenses	1.25 minimum	1.95
Loan to Value (LTV) - Measures the level of debt compared to HRA Fixed asset valuation at year end of financial year	55% maximum*	51.6%
*As approved by Council February 2026		

- 26.17. The ICR metric is within recommended levels showing the net cost of the housing service is affordable whilst being able to generate surplus to service the debt required to deliver the development programme.
- 26.18. The LTV metric shows that it's also within the recommended metric, whilst we are maximising other funding sources before borrowing, the final outturn could vary depending on the HRA valuations.

Appendix B Revenue Reserves forecast outturn balances 2026/27

	2025/26 Provisional Balance	2025/26 Final Balance	Transfers between reserves	Top Up	Drawdown	2026/27 Forecast Balance
	£m	£m	£m	£m	£m	£m
Risk reserves	46.2	46.2		4.3		50.5
Collection Fund Smoothing Reserve	1.5	1.5		1.1	(1.5)	1.1
Meridian Water Reserve	0.1	0.1				0.1
Companies Reserve	1.9	1.9		0.5	(0.5)	1.9
Service Specific	4.1	4.1			(2.9)	1.2
Property	0.3	0.3			(0.1)	0.2
Sub-total GF usable reserves	54.0	54.0		5.9	(5.0)	55.0
Grants & Other reserves – ringfenced	9.1	8.2		0.3	(2.6)	5.9
Insurance	6.5	6.5				6.5
Sub-total GF reserves including ringfenced	69.6	68.7		6.2	(7.6)	67.4
General Fund Balance	17.7	17.7		4.1		21.8
Total GF Earmarked Reserves & Balances (excl. HRA & Schools)	87.3	86.4		10.3	(7.6)	89.2

Appendix C – 2026/27 Savings

Department	Budgeted Savings	Savings Deliverable	Savings Deferred	Savings Unachievable
	£m	£m	£m	£m
People	4.7	2.6	2.0	0.1
Environment & Communities	5.0	3.4	1.0	0.6
Housing & Regeneration	0	0	0	0
Chief Executive	1.0	1.0	0	0
Resources	1.6	1.6	0	0
Total Services	12.2	8.6	3.0	0.7
Corporate	5.8	5.8	0	0
Corporate Deliverability Adjustment	(1.4)	(1.4)	0	0
Total	16.6	13.0	3.0	0.7

Appendix D - Flexible Use of Capital Receipts

The table below shows how capital receipts are planned to be used in 2026/27 (subject to Full Council Approval):

Service Area	Original Plan	Forecast Outturn	Planned savings and demand reductions
	£m	£m	
Property	2.0	2.0	Various external fees directly attributable to, and essential for, the disposal of property assets to deliver capital receipts. There will be no ongoing costs associated with each property asset disposal upon completion of each sale. There will also be reduced MRP and interest charges if the receipts are used to repay borrowing.
Digital Investment Programme	2.0	4.0	The digital investment programme covers four themes which collectively enable the Council to enhance its use of technology to deliver its corporate priorities. • Modern infrastructure, that is reliable, resilient and responds to the changing needs of the Council. • Modern applications that provide colleagues and residents with the tools they need to work effectively and efficiently. • Transformation through technology, embracing and exploiting established and emerging technologies.
Enterprise Resource Planning system (ERP)	3.4	4.0	Replacing the Council's current ERP with a modern, secure, cloud-based platform to maintain and improve Finance, HR, Payroll, Procurement and Exchequer capabilities, enabling service performance, financial sustainability, workforce experience and governance.
Invest to Save	2.0	2.0	£2m set aside to fund the statutory redundancy and pension strain costs related to restructures where these pay back in 3 years or less and deliver ongoing savings to contribute to mitigating current year or future years budget gaps.

Service Area	Original Plan	Forecast Outturn	Planned savings and demand reductions
	£m	£m	
Schools' capital programme feasibility studies	0	0.1	Funding to undertake feasibility studies, enabling the service to explore every viable opportunity to repurpose underutilised spaces across the education and corporate estate. Where feasibility studies do not lead to a capital project, the associated costs will be absorbed by the capital receipts. However, if a scheme progresses to delivery, the feasibility study costs will be incorporated into the overall capital programme. Originally transferred to base budget at Budget setting but now proposed to revert back to being funded through the Flexible Use of Capital Receipts as originally intended.
Transformation initiatives	0	1.0	This includes £0.8m general Invest to Save budget and: • Simpler recycling • Adult Social Care Day Centre Expansion • Business Analysts • Feasibility studies for the provision of inhouse respite
TOTAL	9.4	13.1	

Appendix E: 2026/27 capital programme full year expenditure forecast at Q1

	approved budget	full year forecast at Q1	variance	of which tfr from pipeline / unplanned growth	of which proposed growth	of which proposed reductions	of which estimated carry fwd to 27/28	variance
	£m	£m	£m	£m	£m	£m	£m	£m
Adult social care	5.8	5.8						
Children & family services	0.1	1.5	1.4	0.7	0.7			1.4
Schools' capital programme	18.0	14.9	(3.1)		4.2	(3.4)	(3.9)	(3.1)
People	23.9	22.2	(1.7)	0.7	5.0	(3.4)	(3.9)	(1.7)
CCTV	0.2	0.2						
TCP: highways	7.9	8.0	0.1		0.1			0.1
TCP: transport	7.3	6.2	(1.1)			(0.2)	(0.9)	(1.1)
TCP: place	5.4	3.8	(1.6)		0.1	(1.7)		(1.6)
TCP: climate	0.2	0.2						
Leisure, parks & culture	3.5	3.8	0.3	0.3				0.3
Property	3.3	3.5	0.2	0.2				0.2

Appendix E: 2026/27 capital programme full year expenditure forecast at Q1

	approved budget	full year forecast at Q1	variance	of which tfr from pipeline / unplanned growth	of which proposed growth	of which proposed reductions	of which estimated carry fwd to 27/28	variance
	£m	£m	£m	£m	£m	£m	£m	£m
Fleet operations	8.1	8.1						
Environment &	35.9	33.8	(2.1)	0.5	0.2	(1.8)	(0.9)	(2.1)
Pride in Place	1.0	1.0						
Digital services	2.7	1.7	(1.0)			(1.0)		(1.0)
Chief Executive	3.7	2.7	(1.0)	0.0		(1.0)		(1.0)
Pipeline and programme	12.0	5.9	(6.1)	(3.1)		(3.0)		(6.1)
Resources	12.0	5.9	(6.1)	(3.1)		(3.0)		(6.1)
Core services	75.5	64.6	(10.9)	(1.9)	5.2	(9.3)	(4.9)	(10.9)
Strategic infrastructure works	42.9	42.9						
Development phases	8.6	6.2	(2.4)			(1.3)	(1.1)	(2.4)
Capitalised interest	7.6	9.5	1.9	1.9				1.9
Meridian Water	59.1	58.6	(0.5)	1.9		(1.3)	(1.1)	(0.5)

Appendix E: 2026/27 capital programme full year expenditure forecast at Q1

	approved budget	full year forecast at Q1	variance	of which tfr from pipeline / unplanned growth	of which proposed growth	of which proposed reductions	of which estimated carry fwd to 27/28	variance
	£m	£m	£m	£m	£m	£m	£m	£m
Energetik	20.6	20.6						
Housing Gateway Ltd	7.7	7.7						
Companies	28.3	28.3						
General Fund (exc TA	162.9	151.6	(11.4)	0.0	5.2	(10.6)	(5.9)	(11.4)
Housing Revenue Account	144.9	144.9			3.9	(3.9)		
Capital programme (exc TA)	307.8	296.4	(11.4)	0.0	9.2	(14.5)	(5.9)	(11.4)
Temporary accommodation	185.3	93.6	(91.7)			(91.7)		(91.7)
Capital programme (inc TA)	493.1	390.0	(103.1)	0.0	9.2	(106.2)	(5.9)	(103.1)

Appendix F: 2026/27 capital programme full year funding forecast at Q1

	approved budget	Full year forecast at Q1	Variance	of which proposed growth	of which proposed reductions	of which proposed budget virements	of which estimated carry fwd to 27/28	variance
	£m	£m	£m	£m	£m	£m	£m	£m
Borrowing	36.4	34.0	(2.4)		(1.3)		(1.1)	(2.4)
Capital grants	93.7	89.6	(4.1)	5.2	(5.2)		(4.0)	(4.1)
S106 contributions	0.6	0.6						
CIL	1.2	0.3	(0.9)				(0.9)	(0.9)
GF usable capital receipts	30.2	26.2	(4.0)		(4.0)			(4.0)
GF earmarked capital receipts	0.8	0.8						
General Fund funding (ex TA)	162.9	151.6	(11.4)	5.2	(10.6)		(5.9)	(11.4)
Borrowing	38.0	38.0						
Capital grants	65.9	65.9						
HRA capital receipts	2.4	3.0	0.6	0.6				0.6
HRA Right to Buy receipts	9.0	9.0						
HRA Major repairs reserve	7.9	11.2	3.3	3.3				3.3

Appendix F: 2026/27 capital programme full year funding forecast at Q1

	approved budget	Full year forecast at Q1	Variance	of which proposed growth	of which proposed reductions	of which proposed budget virements	of which estimated carry fwd to 27/28	variance
	£m	£m	£m	£m	£m	£m	£m	£m
HRA earmarked reserves	21.7	17.7	(3.9)		(3.9)			(3.9)
HRA funding	144.9	144.9		3.9	(3.9)			0.0
GF revenue contributions for TA leases	185.3	93.6	(91.7)		(91.7)			(91.7)
Capital funding (inc TA)	493.1	390.0	(103.1)	9.2	(106.2)		(5.9)	(103.1)

Appendix G: 2026/27 pipeline programme (if approved, projects would be funded from £12.0m budget in the capital programme). This report recommends pausing material allocations and reducing the total funding available by £3m.

	Pipeline projects indicative budgets	transfer to approved capital programme	budget remaining
	£m	£m	£m
New children's home (50% borrowing)	0.78	(0.73)	0.05
Joint Service for Disabled Children	0.95		0.95
SEN Alternative Resource Provision (Cheviots respite centre)	1.10		1.10
ARC model (respite centre run by rapid response team)	1.10		1.10
People	3.92	(0.73)	3.20
Highways trees removal and replacement	0.20		0.20
Root Pruning & Root Barrier Installation (Footpath Renewal)	0.03		0.03
Playground and Parks Infrastructure	0.40		0.40
Skate Park relocation to Bush Hill	0.20		0.20
Cemeteries infrastructure investment	0.15		0.15
Allotment infrastructure investment	0.10		0.10
Broomfield Boating Lake and other small investment	0.03		0.03
North Lodge Barn (scaffolding & deconstruction)	0.23	(0.23)	0.00
Rebuild North Lodge Barn	0.56		0.56

Appendix G: 2026/27 pipeline programme (if approved, projects would be funded from £12.0m budget in the capital programme). This report recommends pausing material allocations and reducing the total funding available by £3m.

	Pipeline projects indicative budgets	transfer to approved capital programme	budget remaining
	£m	£m	£m
Rural Estate	0.40		0.40
Electric Quarter CPO	0.95		0.95
Library Strategy (further £0.75m in 27/28 pipeline programme)	0.75		0.75
Corporate condition programme	0.50		0.50
Environment & Communities	4.49	(0.23)	4.26
Temporary Accommodation 1,000-unit strategy	6.90		6.90
Pipeline programme funded from borrowing / capital receipts	15.31	(0.96)	14.36
New children's home (50% grant)	0.73	(0.73)	
3G Football pitch in Craig Park - Edmonton	1.00		1.00
Lee Valley Bridge	5.25		5.25
New Build lift at Craig Park	0.42		0.42
Extension and lift	0.60		0.60
Pipeline programme funded principally external grants and revenue contributions	7.99	(0.73)	7.27
Total pipeline programme	23.31	(1.68)	21.63

Appendix H Council Financial Resilience Framework

	Description		Indicators
 1. Strong	Financially thriving with surplus capacity and strategic flexibility	☐ ☐ ☐ ☐	Target risk reserves maintained or exceeded; Clean external audit opinion with no material weaknesses; No net overspend – any overspends offset by underspends elsewhere; Capital receipts are used to pay off debt – no flexible use of capital receipts as transformation is funded by revenue budgets.
 2. Resilient Aim: 2029/30	Well-positioned to absorb shocks and maintain service levels, invest in further early intervention and capital projects with prudent financial management.	☐ ☐ ☐ ☐ ☒ ☐ ☐	Target risk reserves reached; Minimal net overspend (<1% of net revenue budget); All Meridian Water interest funded in-year by revenue; Robust Meridian Water plan with capital receipts being realised; Sustainable Medium-Term Financial Strategy in place; Early warning systems for financial risks are active and effective; No reliance on one-off funding sources (including flexible use of capital receipts for annual spend e.g. redundancy payments)
 3. Stable Aim: 2026/27	Operating within means, but with limited flexibility; requires ongoing vigilance.	☒ ☒ ☐ ☐ ☒ ☐ ☐	Balanced budget with no use of reserves or Exceptional Financial Support; Minimum Threshold risk reserves maintained; Good progress on savings delivery (>90% of planned savings achieved in-year); Service demand pressures are able to be contained within budgets or offset corporately to deliver balanced in-year position Robust savings identified for the next financial year Collection Fund on-track with collection targets System solution for robust management information and financial monitoring for budget holders
 4. Vulnerable	Facing financial pressures that could impact sustainability without corrective action.	☒ ☒ ☒	General Fund Balance is secure and maintained at 5% of Net Revenue Expenditure; Balanced budget with use of reserves and/or EFS; Some reliance on short-term fixes (eg deferral of capital expenditure and spend that is essential in the medium term)
 5. Critical	Immediate and significant financial risk; urgent intervention required to avoid service or solvency issues.		General Fund Balance (most restricted risk reserve) forecast to be used; Substantial recurrent service overspends (>10% Net Revenue Budget)