

## MINUTES OF THE MEETING OF THE FINANCE & PERFORMANCE SCRUTINY PANEL HELD ON TUESDAY, 8TH SEPTEMBER, 2020

### PRESENT:

**MEMBERS:** Councillors Birsen Demirel (Chair), Tim Leaver (Vice Chair), Mahym Bedekova, Christine Hamilton\*, Yasemin Brett, Anne Brown, Lee David-Sanders and James Hockney

### Officers:

Fay Hammond (Executive Director Resources), Matt Bowmer (Director of Finance and Commercial), Claire Johnson (Head of Governance and Scrutiny and Registration Services) and Jacqui Hurst (Governance and Scrutiny Officer)

**Also Attending:** Councillor Mary Maguire (Cabinet Member for Finance and Procurement)

### 1. WELCOME AND APOLOGIES

Councillor Birsen Demirel (Chair) welcomed everyone present to the first meeting of the Finance and Performance Scrutiny Panel.

NOTED, that Councillor Ian Barnes (Deputy Leader), with responsibility for Council performance, had been unable to attend this evening's meeting due to his attendance at the Environment and Climate Change Scrutiny Panel meeting on the same evening.

\*The Chair advised Members during the meeting that due to technical difficulties Councillor Christine Hamilton had only been able to observe the meeting and not fully participate.

### 2. DECLARATIONS OF INTEREST

There were no declarations of interest in respect of any item listed on the agenda.

### 3. INTRODUCTION - PURPOSE OF THE MEETING

Councillor Demirel (Chair) introduced the purpose of the meeting which was to agree the Scrutiny Panel's work programme for 2020/21, in the light of the following presentation (detailed in Minute No.4 below) on the priorities and areas of challenge for the Council in relation to the Scrutiny Panel's remit.

### 4. LOCAL PRIORITIES FOR 2020/21 INCLUDING THE COUNCIL'S RESPONSE TO THE FINANCIAL CHALLENGES OF COVID 19

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Councillor Demirel (Chair) invited Councillor Mary Maguire (Cabinet Member for Finance and Procurement), Fay Hammond (Executive Director – Resources) and Matt Bowmer (Director of Finance and Commercial) to present to the Panel the local priorities for 2020/21, including the Council's response to the financial challenges of Covid 19. This information would help to inform the Panel's work programme planning for the coming year.

Panel Members had received a copy of the presentation slides in advance of the meeting.

Councillor Mary Maguire (Cabinet Member for Finance and Procurement) took this opportunity to outline to the Panel the challenges now being faced by the Council as a result of the Covid-19 pandemic and how the Council was responding to the unprecedented pressures and demands on Council services. A range of issues were highlighted and potential priority areas for detailed scrutiny outlined for the Panel's consideration, as set out below:

- Impact of Covid 19 – finance and performance
- Focus on income and debt recovery risks re Covid 19 (including how the Council is supporting residents in financial hardship)
- Performance report indicators revision in response to the Corporate Plan refresh
- Dedicated Schools Grant
- Housing Revenue Account – updated business plan (January 2021)

The following points were included in Councillor Maguire's presentation to the Panel:

1. The effect on residents in the Borough had been significant which in turn had impacted on the Council's income and debt recovery; whilst seeking to support residents in financial hardship. The large number of residents who had been furloughed in the Borough was noted. The pandemic had also adversely impacted on a range of businesses in the Borough.
2. The Council had set a balanced budget for 2020/21 in February 2020 prior to the pandemic, which had followed years of austerity and savings. It was further noted that the Government funding received by the Council had been inadequate to meet the additional costs and pressures arising from the pandemic. Particular areas of potential scrutiny suggested were the Dedicated Schools' Grant which was currently in deficit and; the Housing Revenue Account in the light of the Council's review of the business plan.
3. Councillor Maguire highlighted the Council's responsibility and commitment to supporting its residents. Fay Hammond and Matt Bowmer would outline the financial pressures on the Council in detail.

Fay Hammond (Executive Director – Resources) followed with a detailed presentation to the Panel providing an update on the Covid 19 financial

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position and actions taken; the current Medium-Term Financial Plan budget gap for 2020/21; and, progress on the 2021/22 Medium Term Financial Plan challenges. In the absence of Cllr Barnes, Fay Hammond also highlighted to Members the Council's high-performance levels during the pandemic responding to telephone calls and webchats received through the Council's contact centre. Members' received a detailed presentation including the following points:

4. The potential priority areas for scrutiny as outlined by Councillor Maguire and set out above. The impact of Covid 19 on the Council's finances had been significant and would continue in future years. Members were informed of the impact on income and debt recovery risks and how the Council was supporting its residents.
5. The Council's Plan had recently been refreshed and the key performance indicators were being reviewed in the light of this.
6. The budget pressures in relation to the Dedicated Schools Grant were outlined and the current deficit noted.
7. The business plan in relation to the Housing Revenue Account was being updated. The significance of the Plan in supporting the Council's priorities and ambitions was outlined.
8. The Panel's terms of reference, appended to the agenda (Minute No.6 below referred) outlined the regular and annual items that the Panel was expected to consider as part of its work programme including the quarterly monitoring reports on revenue, capital and performance; and, consideration of the annual Budget and medium term financial plan.
9. In order to inform the Panel's consideration of their work programme for the remainder of the municipal year, Members received a detailed and informative briefing providing a financial overview of the Council. The following aspects were covered:
  - An update on the Medium-Term Financial Plan including the remainder of the in-year position 2020/21; and, the gap and actions for 2021/22 to 2025/26. A report had been presented to the July 2020 Cabinet meeting which all Members would have received. There was potentially a significant funding gap going forward.
  - A monthly update was produced for the Ministry of Housing, Communities and Local Government (MHCLG) on the Council's financial position in the light of Covid 19, the figures for July 2020 were presented and explained. Members were also advised how Enfield Covid 19 budget pressures are on a par with other London Boroughs. The funding that had been received to date was noted.
  - The actions being taken by the Council to mitigate the financial pressures including the use of contingency funding and savings

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being sought across departments. The collection fund deficit was explained and the impact on future years with repayment over a period of 3 years required. The potential budget gap was explained to Members in detail.

- A range of Covid 19 in year actions were set out including: identification of savings; review of opportunities for property sales (anticipated October Cabinet consideration); review of capital programme; Human Resources/Finance Board actions; review of service specific reserves; and, potential mid-year increase in fees and charges.
- In response to a question raised, it was noted that the Council did not anticipate receiving any additional Government funding this year.
- The assumptions for the medium-term financial plan funding gaps; the funding levels; and, pressures faced were outlined; the “least worst case” assumed for 2020/21 was approximately £25m. The financial position would continue to be closely monitored and reviewed in view of the significant level of uncertainty faced.
- A graph showed that if no action is taken to balance the budget the Council’s reserves would be depleted during 2022/23.
- Matt Bowmer (Director of Finance and Commercial) provided further detail on the Council’s strategy and approach covering a range of themed budget workshops and the significant challenges being faced. Costed proposals would be coming forward later in the year as a result of the work currently being undertaken. All proposals would be considered in line with the Council Plan objectives and priorities. This was a challenging process.
- Members were reminded of the Budget timetable for the coming year and the legal requirements for setting a balanced budget.

Councillor Demirel (Chair) thanked Councillor Mary Maguire, Fay Hammond and Matt Bowmer for their comprehensive and informative presentation to the Panel. They left the meeting at this point and the Panel continued with planning their work programme for 2020/21, as set out in Minute No.5 below.

### **5. PLANNING THE WORK PROGRAMME 2020/21**

A detailed discussion took place on planning the Panel’s work programme 2020/21 in the light of the presentation detailed in Minute No.4 above. Councillor Demirel (Chair) reminded Members that they had three scheduled meetings for the remainder of the municipal year and it was suggested that the Panel focus on two main areas of scrutiny at each of those meetings. The potential priorities outlined in the presentation were highlighted for the Panel’s consideration.

Councillor Demirel (Chair) invited Members to raise any specific areas of interest to them. The following issues were raised in discussion:

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1. The Council's response to Covid 19 in relation to the terms of reference of this Panel (Cllr Demirel)
2. Customer Service Experience during Covid 19 (Cllr Demirel), it was noted that this area was being covered by the Overview and Scrutiny Committee.
3. Debts (Cllr Brett), including various aspect such as debt cancellation, recovery, restructuring, Council support, support available to residents from community and voluntary groups.  
Councillor Brett also raised the potential of including any positive impacts as a result of Covid 19 for example, savings in utility bills; working from home; customer experience.
4. Grants (Cllr Leaver), covering the grants applied for by the Council and the strategy, approach and processes followed.
5. Commercial Asset Strategy (Cllr Hockney), noted that the Council had a significant portfolio that could be reviewed in the light of current financial pressures. It was noted that this may overlap with work being undertaken by the Overview and Scrutiny Committee on "Build the Change". A discussion took place on this suggestion and the potential aspects of focus for future consideration by the Panel when appropriate.

Members had a detailed discussion on the suggestions which had been raised together with the priorities noted in the presentation, and the Panel's terms of reference. Members recognised the unprecedented situation that the Council was experiencing due to the Covid 19 pandemic and that this would influence their priorities. In conclusion, the following areas were prioritised for the current year.

**AGREED** the following items for inclusion on the Panel's work programme for 2020/21:

1. Impact of Covid 19 – finance and performance
2. Grants - including Council's strategy and approach to applying for grants
3. Debts – including income and debt recovery; debt restructuring; support to residents in financial hardship from the Council and wider community/voluntary groups
4. Housing Revenue Account – updated business plan
5. Dedicated Schools Grant (subject to discussion by the Overview and Scrutiny Panel of potential areas of overlap with other Scrutiny Panels)
6. Budget 2021/22 and Medium-Term Financial Plan (as required by the Panel's terms of reference)
7. Quarterly Monitoring Reports (Revenue/Capital/Performance) – ongoing (as required by the Panel's terms of reference)

In conclusion, Councillor Demirel (Chair) advised the Panel that the work programme would go forward for consideration by Overview and Scrutiny Committee (15 September), Cabinet (16 September) and Council (30 September).

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### **6. TERMS OF REFERENCE**

NOTED, for information, the terms of reference for the Finance and Performance Scrutiny Panel as detailed in the Council's Constitution.

### **7. DATES OF FUTURE MEETINGS**

NOTED, the scheduled dates of future Panel meetings for the current municipal year, as follows:

Thursday 5 November 2020 at 7.00pm

Wednesday 6 January 2021 at 7.00pm

Thursday 11 March 2021 at 7.00pm