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FINANCE & PERFORMANCE SCRUTINY PANEL

**Wednesday, 23rd June, 2021 at 7.00 pm in the Council Chamber,
Civic Centre, Silver Street, Enfield, EN1 3XA**

The meeting will also be broadcast live. Please use link below to view/hear the meeting:

<https://bit.ly/3iLgCvm>

Membership:

co : Mahym Bedekova, Yasemin Brett, Lee David-Sanders (Deputy Leader of the Opposition), Birsen Demirel, Christine Hamilton (Deputy Mayor), James Hockney, Tim Leaver and Dino Lemonides

AGENDA – PART 1

- 1. WELCOME & APOLOGIES**
- 2. DECLARATIONS OF INTEREST**

Members of the Council are invited to identify any disclosable pecuniary, other pecuniary or non-pecuniary interests relevant to items on the agenda.

- 3. INTRODUCTION - PURPOSE OF THE MEETING**

The Chair to introduce the purpose of the meeting.

- 4. LOCAL PRIORITIES FOR 2021-22**

The Scrutiny Panel will hear from the Cabinet Member and officers outlining

priorities and areas of challenge.

Cabinet Members and Officers will be asked to leave the meeting at this point.

5. MINUTES OF THE PREVIOUS MEETING (Pages 1 - 8)

To agree the minutes of the Finance & Performance Scrutiny Panel meeting held on the 11 March 2021.

6. PLANNING THE WORK PROGRAMME 2021/22

To agree and prioritise items for the new work programme.

7. TERMS OF REFERENCE (Pages 9 - 10)

To note, for information, the attached terms of reference for the Finance & Performance Scrutiny Panel.

8. DATE OF NEXT MEETING

To note that the next Finance & Performance Scrutiny Panel meeting is scheduled to take place on Tuesday 14 September 2021.

MINUTES OF THE MEETING OF THE FINANCE & PERFORMANCE SCRUTINY PANEL HELD ON THURSDAY, 11TH MARCH, 2021

MEMBERS: Councillors Birsen Demirel (Chair), Tim Leaver (Vice Chair), Christine Hamilton, James Hockney and Lee David-Sanders

Officers: Fay Hammond (Executive Director - Resources), Matt Bowmer (Interim Director of Finance), Sangeeta Brown (Resources Development Manager), Peter Nathan (Director of Education), Neil Goddard (Head of Budget Challenge), Melissa Williamson (Transformation Finance Manager), Penelope Williams (Governance & Scrutiny Team) and Susan O'Connell (Governance and Scrutiny Team)

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

1. WELCOME AND APOLOGIES FOR ABSENCE

Councillor Birsen Demirel (Chair) welcomed everyone to the meeting and invited Panel Members to introduce themselves.

Apologies for absence were received from Councillor Mahym Bedekova and Councillor Yasemin Brett

2. DECLARATIONS OF INTEREST

Noted that there were no declarations of interest in respect of any item listed on the agenda.

3. MINUTES OF MEETING HELD ON 6 JANUARY 2021

AGREED, that the minutes of the previous Scrutiny Panel meeting held on the 6 January 2021 be confirmed as a correct record.

4. DEDICATED SCHOOLS GRANT

Councillor Birsen Demirel (Chair) invited Councillor Mary Maguire (Cabinet Member for Finance and Procurement) to introduce the report.

Councillor Maguire highlighted that the panel had received a comprehensive slide pack. The key issues were the adequacy of the Schools grant and the resulting overspend that is recorded. The biggest area of overspend is in the High Needs Block.

As the report details this block funds pupils with special needs from birth up to the age of 25 who have Education Health & Care Plans (EHCP) and require

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additional support. The regulation of funds do not allow movement between the 4 blocks without specific approval.

The SEND reforms and the changing needs of children and young people in Enfield have created acute financial pressures particularly for this HNB. An example of this is the number of children with EHCP's has risen from 1150 five years ago to 2230 a year ago. The Council has taken a number of steps to deal with the increasing pressure and demand such as increasing SEND provision in the borough and increased support for early intervention.

Another area of concern is in the Schools Block there is a prescribed funding formula for individual schools and there is little flexibility for the local authority to target funding where there is a particular need. The total funding provided by the government each year reflects the changes in pupil numbers only. At the end of last year 16 of Enfield's schools were in overall deficit. The figures are constantly under review and support is given to schools to assist them dealing with their deficits.

Sangeeta Brown, Resources Development Manager outlined in further detail the information set out in the report pack

NOTED:

1. It was clarified that in terms of the council's relationship with schools, the Council has a responsibility in terms of oversight for maintained schools both financially and educationally. Therefore, the Council has to have an overview of the balances that are held by schools. The Scheme for Financing for Schools stipulates how these balances are treated.
2. The key concern for the Council is those schools reporting a deficit balance. Schools are required to work to a balanced position in terms of their budgets. When there is a deficit balance the risk to the Council is that if the school have a poor Ofsted judgement and is required to academize and be sponsored for that academisation, then the deficit will remain with the Council and the Council will have to fund the deficit that is being reported by the school.
3. This is a major risk and the Council is working with the schools to reduce the level of deficits.
4. Over the past year a process has been set up for supporting schools in deficit. The schools have been asked to provide a deficit recovery plan.
5. An external consultant has been engaged to carry out reviews of four schools to assess the deficit recovery plan against what is happening operationally within the schools. The findings from these reviews are due shortly.
6. The next stage will be to assess the findings against what is in the deficit recovery plan and look at opportunities for savings and seek the schools to revise their plans accordingly. Then a similar pattern will be followed with the other schools in deficit.
7. The aim is for schools to report an in-year surplus in their balances and following this, remunerate the deficit over a number of years. So that they reach a balanced position.

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8. The High Needs Block (NHB) is to support children with SEND. The local authority is required to ensure the children with SEND receive the right level of support to meet their educational needs.
9. Reforms to the SEND funding changed the age range from 5-16 years to birth to 25 years for support to meet their needs in any educational setting. There is a rising demand for support being seen, the key areas of high demand are children with autism and children with speech and language needs
10. An external consultant recently carried out a review, from these findings a strategy going forward has been developed. Since the reforms came in the local authority have been increasing in borough provision to prevent costly out of borough placements.
11. From 2017/18 and planned to the end of next year the number of places in the borough will have increased by 500. It is hoped that there will be further increases in place numbers in 2022/23 and the following year. This will reduce the need to use costly independent placements.
12. Early intervention strategies are being developed to support children with autism and speech and language needs. This is a new development agreed with the Schools Forum. This is an invest to save strategy with the aim of being able to support children early in their education so that their needs are met much more rapidly. This is due to start this September.
13. It is hoped that the Council can then meet the demand and stem some of the requirements for Education, Health Care Plans reducing costs to address the overspend which is currently £8million.

Comments, questions and queries:

- Whilst members were concerned to note the deficit in the HNB, they were pleased to note that the most vulnerable children are able to access the support they need. Clarification was requested on how much extra the cost is for out of borough placements compared to in borough placements. It was confirmed that approximately 900 children attend special schools. A lot of money is saved bringing children back into the borough. An example was provided of expanded provision at Durants special school. This allowed roughly 28 children to be bought back in borough. Out of borough placements cost in the region of £50k per child at Durants the costs do vary from pupil to pupil but is roughly half this figure. This savings for bringing these children back have been in the region of half a million pounds on an annual basis. All children cannot be bought back in borough once the child is settled and happy in a provision they would not be moved. However, this can be looked at on transition between primary and secondary for example. In most cases it is better for the child to be educated nearer to home this also reduces transport costs
- How does Enfield with an expected 12 schools by the end of the year in deficit compare to other London boroughs on the number of schools in deficit? It was confirmed that 25 boroughs responded to a poll on the number of schools in deficits; 9 councils had between 1-5 schools in deficit, 8 had 5-10 schools in deficit and 5 have 10-15 schools in deficits. Enfield is similar to other boroughs on this. With the overall deficit Enfield is doing slightly better than others. The average deficit across London is roughly 10 million. The number of schools in deficits a growing number to

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the point where there is discussions and benchmarking on this topic across London.

- A query was raised when this item was discussed at the Children, Young People & Education Scrutiny Panel around the deficit. It is understood the DSG was created as a ring-fenced grant to fund education. How does the £5.5 million deficit in the General fund, where does this stand in the general context, where does the DSG show on the Council's accounts and what is the transparency of reporting this? Officers advised that the deficit is clearly marked in the Statement of Accounts as a reserve. The Budget Report sets out clearly that the DSG is a deficit and an area of risk with plans to address this over time. This is also in the Monitoring reports. The Director of Education confirmed that the Council is working very closely with schools to support them reducing their deficits. The Council has had some success working with schools and a number of schools have moved out of a deficit position over a number of years. There are considerable pressures on schools, Enfield schools will be getting this year roughly 1.5% increase in budget nationally the increase is 4%. Some schools are also impacted by reducing pupil numbers.
- Following a query on whether demand is outstripping the increases from government in funding. Officers confirmed that whilst there has been an increase in the DSG, this includes 2 grants the Pay and Pensions Grant which has put into the overall grant for this year. So, schools are not getting a bigger rise as this grant is now included. This is also levelling up so some schools across the country are getting more.
- Is the council allowed to have this deficit on the books for a number of years whilst it is addressed? It was confirmed that there is a plan to reduce over time. It is important to recognise that there will be increasing need over time. The plan will require investment in terms of early intervention, and time to invest in moving children from more expensive placements and providing that in borough placements. This plan will be put together more formally through the Schools Forum.
- Can the deficits to keep increasing year on year can we keep doing this. Officers confirmed that this deficit can be carried forward. A number of other local authority have considerable higher deficits. Enfield has a multi-pronged strategy to deal with this issue such as increasing places within the borough, offering much more intervention, supporting schools with deficits to reduce these and working on more inclusion in Enfield's mainstreamed schools. A management plan will be developed to present top the DfE.
- Table 1 and 2 in the report shows the spend on HNB has historically been higher than the allocation. Clarification was requested as to why the spend was similar in 2016/2017 through to 2018/2019 have been more or less the same but in 2019/20 and 2020/21 the spending was a lot more. It was clarified that the costs resulting from the reforms in 2015 did take a while to impact. We are now seeing a considerable increase in spend on 16-25-year olds. Some of this provision is extremely expensive. The reforms gave more power to parents. Parents have a preference for specialist provision.

Officers were thanked for their presentations

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5. GRANTS - THE COUNCIL'S STRATEGY AND APPROACH TO GRANT APPLICATIONS

Neil Goddard, Head of Budget Challenge introduced the report.

NOTED:

1. Funding received from grant awards is important in delivering the Council's financial strategy and overall objectives.
2. The report focuses on the council's approach to actively seeking out opportunities to bid for additional grants that become available.
3. Officers from across departments keep up to date by horizon scanning, being part of networks helping to identify opportunities. The Council has also signed up to a grant finder system allowance increased awareness of grant opportunities.
4. Many grants that are bid for require collaboration across teams to produce the bid, this can have a significant impact on officers' capacity and resources.
5. Where possible service leads will discuss proposals with awarding bodies in advance, to increase success and ensure that the bid is in line with awarding bodies objectives to help ensure that the officers are making the best use of resources.
6. Appendix A of the report details the volume and the scope of successful bids since January 2020. Some key successes are highlighted in paragraph 11 of the report.
7. The governance arrangements vary depending on the grant, paragraph 19 details the more general governance arrangements that apply for grants.
8. The Panel is asked to note the approach and success in the grants that have been awarded.

Comments, queries and questions:

- Are the Council doing as much as councils to get grants? It was confirmed that the council has not been able to benchmark our success against other councils. The report shows that the Council's approach has been relatively successful in getting grants
- How much of the grants that are available through Covid has the Council been successful in getting? Officers confirmed that some have been through direct grant awards and some have been bid for. An example was provided of an award for Rough sleepers.
- Is there sufficient resource and support to be able to apply for grants? In bidding for the grants, the council tries to make use of the resources available. There are not specific resources or posts to actively seek grants, this is undertaken within the service resources. Bids take time and resources and often need a collaborative approach. The success is evident by the list of grants on the report. An advantage of officers applying is that the officer knows the core reason for the grant, they understand the complexities of what they are trying to deliver.
- Regarding the Rough sleeper's initiative is this an area for further bidding to carry on what has been put in place? Officers confirmed that

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Enfield received the highest allocation for this from the GLA in London. Enfield will continue to actively bid for funding on this. This will continue to be an area of focus. The Council has been successful in achieving further funding for 2021/22.

Officers were thanks for their presentation and their comprehensive report

6. CIPFA FINANCIAL MANAGEMENT CODE

Melissa Williamson, Transformation Finance Manager introduced the report.

NOTED:

1. The report provides an overview of the CIPFA Management Code and the approach that Enfield is taking.
2. The CIPFA code was published in October 2019 which is intended to support good practice in financial management and also demonstrates financial sustainability.
3. It is a principle-based approach and there are 6 key principles which are translated into a series of standards.
4. The first full year of compliance is 2021/22.
5. Paragraph 10 details the six underlying principles of the code.
6. Paragraph 11 provides further details for each of the standards.
7. It is for the individual authorities to determine whether they meet each of the standards and provide evidence that they have reviewed arrangements against the standards and taken any necessary actions.
8. Due to the Covid pressures being faced CIPFA has allowed a more flexible and proportionate approach in the first year of compliance.
9. Enfield is taking a two-stage approach with a light touch internal assessment being undertaken between May and July. Stage 2 of the process is an external independent assessment undertaken by CIPFA in late September and early Autumn.
10. The Panel is asked to note the initial report and the approach for the first year of implementation. The Panel could be provided with update reports throughout the process.

Comments, queries and questions:

- Is there going to be a consultation on CIPFA guidance in terms of borrowing and if so, would this have any impact on the council's borrowing plans? Officers advised that a report went to the General Purposes Committee last week on interest risk to the Council. There was a reference to the consultation on the prudential code for borrowing which closes on the 12 April. The Council will be responding to this consultation. To put this in context this consultation is looking at potential new indicators to include in the Treasury Report in the future. It will also look at testing affordability and build on commercial investing and the fact the Council's can no longer borrow from the PWLB for build purposes. This could be reported back to the Panel when the consultation ends.
- On affordability point what will this take in? Officers advised that there is already a Prudential code that the Council follow and take a risk-

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based approach, this builds on that programme with the 10-year Treasury Strategy. It is not expected that the code will significantly alter the Council's current approach but will add increasing transparency. It is important to keep a watching eye on position, including taking professional advice, making sure the risks are considered. Every year the 10-year strategy and programme are agreed one year at a time so can react to situations as they arise.

The Chair thanked officers for their report. It was suggested that an update on this item be included in the work programme in the Autumn.

7. QUARTERLY MONITORING REPORTS

Councillor Birsen Demirel (Chair) reminded Members that the Panel's terms of reference included the consideration of the quarterly monitoring reports provided by the Council, which were considered by the Cabinet.

NOTED

1. That since the previous meeting of the Panel in January, the following quarterly monitoring reports had been received by the Cabinet:

- Quarterly Revenue Monitoring 2020/2021 Quarter 3 – KD 5203 – Cabinet – 3 February 2021
- Capital Programme Monitor Period 8 (November 2020) – KD 5202 – Cabinet – 3 February 2021
- Housing Revenue Account (HRA) Revenue and Capital Monitor Period 8 (December 2020) – KD 5250 – Cabinet – 3 February 2021
- Quarterly Corporate Performance Report (Quarter 2 – 2020/2021) – Non key – Cabinet – 3 February 2021

8. WORK PROGRAMME 2020/21

The Panel noted completion of their work programme.

9. DATES OF FUTURE MEETINGS

It was noted that future meeting dates will be agreed and circulated in due course.

The Chair thanked all officers and Panel members for contributions and participations in discussions.

The meeting ended at Time Not Specified.

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FINANCE & PERFORMANCE SCRUTINY PANEL
Appointed by: Chair and Vice Chair appointed by Council
Proportionality: Applies
Membership: 8
Public/Private meetings: Public
Quorum: 3
Frequency: minimum of 4 meetings per annum
Terms of reference: <ol style="list-style-type: none">1. To examine the draft budget proposals for the next financial year and to report to Overview and Scrutiny Committee as part of their annual budget meeting.2. To examine, monitor and report to Overview & Scrutiny on matters relating to the finance and performance of the Council and its partners3. To consider finance and performance matters on request from another standing committee and report its opinion to that standing committee.4. To consider the quarterly monitoring reports provided by the Council.

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