

MINUTES OF THE MEETING OF THE FINANCE & PERFORMANCE SCRUTINY PANEL HELD ON TUESDAY, 14TH SEPTEMBER, 2021

MEMBERS: Councillors Mahym Bedekova, Birsen Demirel, Ayten Guzel, James Hockney, Tim Leaver and Andrew Thorp

Officers: Fay Hammond, (Executive Director, Resources), Sue Nelson (Director of Customer Services), Clare Bryant (Governance Manager), Cheryl Headon (Head of Schools traded Services), Matthew Watts (Assistant Head of Service- Commercial

Also Attending: Adrean Jenkins (Pixar Financial Management),

1. WELCOME & APOLOGIES

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

Apologies for absence were received from Cllr Mary Maguire (Cabinet Member for Finance and Procurement) and Cllr James Hockney requested a substitute should have represented her.

2. DECLARATIONS OF INTEREST

There were no declarations of interest registered in respect of any items on the agenda.

3. FAIR FUNDING PRESENTATION ON IMPACT FOR ENFIELD

The Panel received a presentation from Adrian Jenkins of Pixel Financial Management included in the agenda pack. The information outlines major changes in local government funding expected in 2021-24 (delayed for 4+ years).

The modelling provided suggests that Enfield will gain from the review from areas such as council tax equalisation, new public health formula and the remainder from a combination of formula changes and data to include the unwinding of “damping”.

The following comments were received:

Fair Funding Review:

- There is a financial pressure on Enfield and the funding review is needed as soon as possible.

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- The government's commitment would be dependent on Covid fall out and no work has taken place within the central government department.

Adult Social Care Funding:

- It was noted that the new Adult Social Care formula was developed 5+ years ago and is now out of date.
- Enfield will see a 4% reduction in funding and will therefore not benefit from this review.

Funding For Deprivation:

- This important funding formula will help Enfield gain £250K.
- Measures show Enfield's deprivation scores are marginally above average.
- It was noted that deprivation within the borough changes dramatically from road to road, although groundwork has shown that Enfield's deprivation has proven to be localised in areas, not across the Borough and these clusters of deprivation can benefit from commissioned work to aid improvement.

Population Change:

- Enfield has seen small reductions in mid-2019 and mid-2020 population estimates - possibly Brexit related. This will impact on Enfield's funding which will be far less than what is needed.
- It is envisaged that there will be a significant increase in older people living in Enfield which inevitably increases expenditure. There is already a localised pattern in North and East London boroughs.

Area Cost Adjustment:

- Significant losses from these changes will be seen in Enfield and most other London Boroughs except Tower Hamlets and Westminster as ACA based on LA only.

Business Rates Baseline Reset:

- Business Rates baseline is expected to be reset in 2023-24 so that it equals business rate income.

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- The local share needs to be increased. Higher growth of share will be kept by Enfield, who have done moderately well from the current model of this.
- Enfield would lose any retained growth as baseline increased to the amount of income produced.
- It is likely that business rate reset will happen sooner than envisaged.

New Homes Bonus and Incentive Payments:

- The scheme is being phased out during the last 4 years based on council tax returns. A replacement scheme is expected where a huge range of proposals could be put in place.

Council Tax Support:

- The Band D value of Council Tax Support has fallen since its transfer to Local Government in 2013-14 and no longer supports Council. This is one of Enfield's biggest pressures.
- There is a strong case to have funding for Council Tax Support reset in some way as Council Tax is equalised and it was recommended that this be lobbied.

Covid Support:

- The final tranche of Covid support will be received 2021/22 and will then be dependent on spending review thereafter.
- £10m were set aside for Covid financial reserve.

Total Resources and Damping:

- Overall, Enfield is likely to gain from all funding changes in 2023-24.

Short and Medium Term Funding:

- Funding is expected for public services and growth is expected from spending review.

Future of Local Government Spending, Levelling Up and Lobbying:

- Enfield has some characteristics similar to typical "levelling up" authority but new sources of funding are unlikely to go to Enfield.
- Lobbying needs to be more informed and pressure put on Ministers as there is a risk of impact on services that are provided to residents.

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- It is important to lobby where funding does not represent our residents such as areas of deprivation.

The Chair thanked Adrian Jenkins for his informed presentation.

4. MTFP OVERVIEW INCLUDING FOCUS ON COVID-19 IMPACT & REVIEW OF RISKS & OVERALL FINANCIAL RESILIENCE

The Panel received a report from Fay Hammond (Executive Director, Resources) providing an update on the Council's 2022/23 to 2026/27 Medium Term Financial Plan, Covid-19 Risks and Financial Resilience.

The Council have done a significant amount of work to ensure the budgets are more robust, with a reserve set up for Covid-19 financial resilience.

The following comments were received:

1. Fay confirmed that Covid-19 funding has covered costs. The grant has covered this year's outgoings, but the loss in fees and charges was not covered. Therefore, there are concerns for the forthcoming year.
2. It was noted that the Council Officers did an amazing job during the pandemic period. The funding helped but there is concern as the furlough schemes begin to end as the pandemic is expected to continue for a further 2/3 years.
3. In response to how front line services have been impacted, Fay advised that there is a need to refresh the plan as the level of borrowing was stable last year and the regeneration programme struggled to progress during the pandemic.
4. With several authorities being bankrupt, the CIPFA review have suggested a borrowing plan to tighten Enfield's lending. Enfield have independently reviewed their financial review and will share the findings with the panel in due course.

5. COVID-19 IMPACT ON COUNCIL TAX AND BUSINESS RATES

The Panel received a report from Fay Hammond (Executive Director of Resources) outlining the impact of Covid-19 on Council Tax and Business Rates in the Borough.

The following comments were received:

1. 12% loss in Business Rates and 1% loss in Council Tax has been seen. Contributory factors for these figures include high furlough numbers, unemployment rates, and council tax support increases.

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2. The MTFP resets targets for business rates and debt collections have now restarted seeing lump sum reductions coming in.
3. The impact of furlough, devaluation on business rates to be reviewed after Christmas and reported back if possible.
4. The recovery plan includes better engagement with debtors and introducing a nudge technique implemented for Council Tax and Business Rates. This is to be enhanced by an increased capacity of officers that deal with these specifications. A review of the single person discounts will also be seen.
5. Arrears levels have been reviewed and it has been evident that benefit capping has had a huge impact on figures but the difficulty is ascertaining those who cannot pay and those who will not pay and it is the role of the Council to ensure income is maximised whilst being official.
6. Communications are encouraged by debtors and engagement is recommended which often leads to the debt not being passed onto the debt collectors.

The Chair thanked the officers for their in depth reports.

6. UPDATE ON COMMERCIAL & PROPERTY & INCOME GENERATION

The Panel received an update report, providing an overview of the current workplan of the Commercial services team and outlining future proposals for delivering a commercial approach across Council services together with current income from Commercial Property Assets and plans for a portfolio review.

The following comments were received:

Commercial:

1. Business cases for new projects to include project management.
2. Service reviews for trading services, examples of which include:
 - Grounds maintenance which is now sourced in house.
 - Fleet workshop - provides services for third party organisations
 - NEXUS created a saving to the Council
 - Southgate Cemetery
 - Commercial Waste Services, to include how they are structured, monitor customer base.
3. It was noted that the report lacks details on property and commercial schemes and income generation. How much income did the Council make?

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4. In response £2.2m and figures include total of project generation for 2021-22.
5. NEXUS is not a Pupil Referral Unit (PRU) which was deemed better from an educational prospective as less expensive than a PRU.
6. Enfield Council trade with 120 schools across the country, often on-line, across 57 services. This allows patterns to be monitored easily. The Hub allows for a stronger invoicing system.
7. In-house chefs in schools and good feedback has been received on quality and nutritional value of school meals.
8. A survey was conducted to schools on all services provided. An offer for 2022/23 is tailored around customer demand.

Property:

1. Income had been held up.
2. There was a rent free period during COVID meaning rental income was reduced.
3. Income had been maintained at the expected levels.
4. Looking at incentives to increase income.
5. Vacancy rates showed improvement from 3.9% to 3.5%.
6. The portfolio required investment and there would be a review of all commercial and operational assets.
7. There was an active review to look at these higher-level targets for leasing within Parks. The asset had to be understood and know what is best for that asset. It was important to consider the condition of those hubs.
8. The strategy for reviewing assets in public spaces namely Broomfield Park and the bowling green was queried. In respect of the commercial portfolio estimated at £9.8 million, it was queried whether these are effective managed assets or whether this will increase. It was noted that Broomfield Park is managed by the Leisure team. The majority of retail is managed on behalf of the HRA as well as ground rents from car parks and large supermarkets. A potential review on how estates can improve for the future was discussed.
9. It was noted by the Panel that retail is a key issue as the increase in remote working has added more pressure on small industrial units.

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Officers advised that they will be led by political direction on whether it is best to rent or whether it will focus on the population.

10. The Council's approach to reaching targets was questioned and it was noted that current focus is on commercial income which is not without risk. In respect of targets it is important to have a commercial strategy that is ambitious but realistic.

7. MONITORING UPDATES

The review of the quarterly monitoring reports was noted.

8. MINUTES OF THE PREVIOUS MEETING

The minutes from the Finance & Performance Scrutiny Panel dated 23 June 2021 were agreed.

9. DATE OF NEXT MEETING

The date of the next Finance & Performance Scrutiny Panel was noted and agreed as 15th December 2021 in the Conference Room.

The meeting ended at Time Not Specified.