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OVERVIEW & SCRUTINY COMMITTEE - 16.1.2023

## MINUTES OF THE MEETING OF THE OVERVIEW & SCRUTINY COMMITTEE HELD ON MONDAY, 16 JANUARY 2023

### COUNCILLORS

**PRESENT** Margaret Greer (Chair), Bektas Ozer (Vice Chair), Josh Abey, Maria Alexandrou, Nawshad Ali, Elif Erbil, James Hockney and Edward Smith

**ABSENT** Mohammad Islam, Michael Rye OBE and Nesil Caliskan (Leader of the Council)

**STATUTORY CO-OPTES:** *1 vacancy (Church of England diocese representative), vacancy (other faiths/denominations representative), vacancy (Catholic diocese representative), Alicia Meniru & 1 vacancy (Parent Governor representative) - Italics Denotes absence*

**OFFICERS:** Ian Davis (Chief Executive), Sarah Cary (Executive Director Place), Fay Hammond (Executive Director Resources), Tony Theodoulou (Executive Director People), James Newman (Director of Finance Corporate), Claire Johnson (Head of Governance, Scrutiny & Registration Services) and Marie Lowe (Secretary)

**Also Attending:** Cllr Tim Leaver (Cabinet Member for Finance and Procurement), Cllr Abdul Abdullahi (Cabinet Member for Children's Services) and Cllr George Savva (Cabinet Member for Social Housing)

### 1

#### WELCOME & APOLOGIES

The Chair of the Overview and Scrutiny Committee welcomed members and officers to the Committee.

Apologies for absence had been received from Cllr Mohammad Islam, who was substituted by Cllr Josh Abey and Cllr Michael Rye, who was substituted by Cllr Edward Smith.

### 2

#### DECLARATIONS OF INTEREST

No declarations of interest were received.

### 3

#### MINUTES OF PREVIOUS MEETING

In response to a question from a Member regarding how the recommendation contained in Minute number 4 – Grenfell Tower Inquiry – Impact on Enfield and Fire Safety that the Council ensured that residents were made fully aware

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of the availability and options regarding fire safety in tower blocks during any construction or remedial works undertaken and that this be fully communicated to residents – would be implemented, the Head of Governance, Scrutiny and Registration Services agreed to circulate the process to Members of the Committee. **ACTION**

**AGREED** that the minutes of the Overview and Scrutiny Committee meetings held on 10 and 24 November 2022 be confirmed as a correct record.

### 4

#### **MEDIUM TERM FINANCIAL PLAN 2023/24 TO 2027/28 UPDATE AND DRAFT 2023/24 BUDGET (INCLUDING FURTHER NEW SAVINGS)**

The Chair thanked Members and officers for attending the meeting to consider the Medium-Term Financial Plan (MTFP) 2023/24 to 2027/28 update and draft 2023/24 budget (including further new savings).

Councillor Tim Leaver, Cabinet Member for Finance and Procurement, introduced the item highlighting the pressures currently faced by the Council in these unprecedented times which were as a result of continued reduction to Local Authority funding from Central Government, the uncertainty with the current high levels of inflation at 10.1%; the legacy impact of Covid which had led to increased costs and reduced income in several service areas and demand for services. Further savings and income proposals had been put forward as the Council worked towards closing the remaining budget gap it faced for 2023/24 and the pressures and risks faced by the Council.

All Council's across the country were facing the same financial situation as Enfield Borough Council.

The Council remained committed to delivering a resilient and sustainable budget and had made significant progress over the past five years. A key element of the approach to deliver this commitment was the effective scrutiny of the savings and income generation proposals, together with the underlying assumptions on funding and spending. The Council was operating in a very challenging and uncertain financial environment and this internal scrutiny by Officers was more important than ever.

The Committee received a presentation delivered by the Director of Finance Corporate, James Newman delivered a summary presentation on the 2023/24 Budget and MTFP which provided the context and background to the proposal; financial strategy; savings, investment, budgets by department; budget gap as at January 2023 MTFP; budget consultation and budget risks. A copy of the presentation was attached to the minutes.

At the invitation of the Chair, Members put a series of detailed questions to the Cabinet Member for Finance and Procurement and Officers, who provided the following responses.

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The Executive Director People advised that as it had been very difficult to recruit social workers for some considerable time, new ways of working had been identified and changed some of the roles to assistant social workers. Posts which had been vacant for two years or more had been deleted and job descriptions had been reviewed.

The Executive Director Resources confirmed that this would provide a cumulative saving of £800K. The number and use of agency staff across the Council was constantly reviewed.

Members were advised by the Executive Director Resources that the Council proposed to increase income generated by the use of its assets on a commercial basis rather than to make savings. For example, renting out workshop space. The structure and process to identify how to balance the budget without affecting service delivery had been for all departments to review the services provided and associated costs. A further round had been carried out when the first round had provided unsatisfactory savings. Restructures of departments had provided a 10% staff saving without an impact on service delivery.

The Cabinet Member Finance and Procurement informed Members confirmed that different ways of working had been identified across the Council, particularly with regard to keeping residents independent in their own homes for as long as possible. Technological advances were identified and, where appropriate and effective were implemented.

The Executive Director Place confirmed that all aspects of the Council had been and would continue to be reviewed to ensure they were as effective and as efficient as possible.

The Director Finance Corporate reported that the results of the budget consultation regarding any increase to help protect and invest in services in Council Tax would be kept under review. The consultation period ended on 6 January 2023. It had been a very positive consultation, with 200 responses being received. Details of the responses would be provided in the February Cabinet report.

The significant risk posed to the Council by the number of families in temporary accommodation was being addressed by early intervention with the families concerned as possible. Temporary accommodation was a cost pressure to the Council and due to the current economic climate would be a higher-pressure area. The impact of the increase in the interest rate and residents were unable to obtain mortgages and landlords were pulling out of the buy-to-let market and selling their properties. The Council aimed to reduce the number of families in temporary accommodation.

The Executive Director Resources explained that Enfield Council was a member of the smaller post Covid London wide Business Rate Pool, consisting of eight London boroughs. The original number had been reduced during Covid as it was no longer economically viable for other authorities to be

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members. Being a member of the pool was of financial benefit to Enfield Council as it added £1.5m to the budget. This would be extended for a further year in 2023/24.

Members noted that there had been a 20% increase in additional funding from Central Government. There had been a £12m increase in funding for Adult Social Care. Figures for Business Rate and Revenue Support Grant (RSG) would be circulated to the Committee by the Director Finance Corporate.

### **ACTION**

The Cabinet Member, Finance and Procurement explained there were significant pressures on the limited resources available to the Council, who listened to the needs of the residents. There was a commitment to invest in the Borough and the Council's infrastructure around housing and digital services were being developed to enable residents to self-serve through the Council's website. The purpose of the investments was to build financial resilience in the Council and the services it provided. Short term Government funding over the last few years had had a detrimental impact on the Council's ability to borrow over the longer term. However, the Council had robust treasury systems in place. The Council had a priority commitment to protect and reduce the financial investment for local residents.

The Executive Director Resources assured Members that whilst there were many demands on the investments of the Council, there had been significant investment in Adult and Children Social Care. The Welfare Support Team provided early intervention to prevent the situation worsening.

The Executive Director People explained that the demands on the People Department were considerable, and it was a more effective and efficient use of resources to prevent situations deteriorating or escalating which resulted in better outcomes for individuals. The cost to the Council of care placement agency staff was enormous and there was a system in place to reduce the number of agency staff with apprentice social workers.

The Executive Director Resources described how the Transformation Team had reviewed back-office processes of Parks and Grounds Maintenance with investment and challenge to identify any ineffective costs and ways to manage demand.

The Executive Director Place described that was spent to pay rent for households who would not otherwise be able to afford the full market rent. Preventative work with the families at an early stage to avoid homelessness and the need for temporary accommodation. This was in line with previous years, although there had been a 30% increase in demand this year, hence the focus on preventive work. More, however was needed. There were 3,500 households, 2-3% of the population of Enfield currently in temporary accommodation. The vulnerability of our residents impacted on the Council's services. The Council supported residents whenever and wherever it could.

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The Chief Executive reported that this was comparable to other London Boroughs. The Borough of Enfield was no longer the second highest in the country for residents in temporary accommodation and was falling. There was considerable pre-emptive work to prevent eviction. Cuts to prevention teams would result in an increase in the levels of homelessness. The amount of accommodation available to the Council was 30% lower, with more families in hotel accommodation in the private sector. The Council was very aware to the current situation described above which was very challenging. It was more beneficial to residents to remain in their own homes. This was fundamental to the Council's ethos.

Members noted that agency costs to the Council was £22m per year described by the Executive Director – People was not by choice. Agency staff were only used in hard to recruit to posts. It had been necessary to use 30/40 agency social workers. Inventive ways of working had been identified, including recruitment of social workers from other countries such as South Africa and Zimbabwe, who had similar laws to the United Kingdom.

The Executive Director Resources reassured the Committee that it was the Council's aim to reverse the downward trend and to build up reserves, which were higher than in 2018. A balance view had to be taken regarding the amount and use of the reserves against risk.

The Executive Director People stated that to face any adverse impact of safeguarding issues identified, Officers kept abreast of the current situation across society and in the field. There were strategies in place to provide direction and guidance. There had been an increase in demand which had seen a correlation in increase of the number of staff. There had been a £1m investment in staff to meet residents' demand.

The Executive Director – Resources confirmed that the weekly Budget Meetings offered an excellent, positive opportunity for Senior Managers to discuss any increases in pressures currently experienced in and across the Borough and identified ways these could be addressed. The Council provided a good service and had excellent Officers in post. There was a £3m contingency fund in the budget to absorb any unexpected demands on the service. Investment in Adult and Children Safeguarding was a priority and remained a commitment of the Council.

The Cabinet Member Finance and Procurement reiterated that the Council's five-year capital plan strengthened the Council's financial resilience. The increase in inflation to 10.1% affected everyone across the country, not just residents in Enfield, and had also affected every single aspect of the Council's business, which was why investment in the borough was vital.

The Cabinet Member Finance and Procurement went on to explain that investment in the new Community Law Enforcement Team would make Enfield's streets safer and more secure, with many more Community Officers on the streets. They were not Police Community Support Officer (PCSO), but Local Authority staff, which had the full support to the Borough Commander.

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The Chief Executive described the impact of inflation on the Council by giving the example of the refuse trucks which did four miles to the gallon. This additional increase could not be avoided and had to be built into the Council's economy.

The Director Finance Corporate advised that the increased to the national living wage had been factored into the budget, including in relation Adult and Children Social Care, services which already provided particular challenge to the Council's resources and finances.

The Executive Director Resources assured Members that the Budget Pressures Challenge Board validated the use of resources by proving to be a very effective way to identify, challenge and transform the way of financing and working across the Council to improve the service offer for the benefit of the residents of Enfield. The Board also enabled resilience to be built into the Council's finances as only realistic and robust proposals were brought to the table. Enfield Council took the approach that all had ownership of the budget. CIPFA had identified Enfield as having a 'good' financial team and leadership across the organisation. Terms of Reference for the Budget Pressures Challenge Board to be circulated to the Committee. **ACTION**

The Cabinet Member – Finance and Procurement confirmed that resilience had been built into the Council's budget, which was proactive and not reactive, making it unnecessary to react to the current financial circumstances as there was longer term planning in place. Officers had started work prior to the increased inflation rates which ensure the Council was in a better position to deal with the current situation.

Members noted, when advised by the Director Finance – Corporate, that the cost of servicing the investment made by the Council in 2022/23 had been £23.6m. This would then be £3m each year for each year of the MTFP.

The Executive Director – Resources provided the following responses to a series of questions as follows

The Library Service was keen to promote the use of space within the libraries across the Borough. Community Groups were welcomed, with more opportunities being identified use the space to work with the community.

There were strict regulations regarding how income received from Penalty Charge Notices (PCNs) was spent.

Whilst the importance and necessity of the publication of the Local Plan by the Council was recognised, there a costly process associated with the process and its production. Officers in the Place Department were currently working through this and would be reported in the February report. **ACTION**

Consideration would be given to a possible increase in bonds charged for festivals and similar events.

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The publication of the allocation for Public Health Grant' Rough Sleeping Initiative and Housing Admin Subsidy Grant was awaited. However, no assumptions could be made on the what the allocation would be.

An Equality Impact Assessment would be completed for individual budget and/or saving proposals, a detailed assessment would be completed if required. A report on the work in progress would be provided in the February Cabinet report.

The proposal that arrangements, referred in the report of Officers, whereby individual services would be able to amend the fees and charges where it was considered appropriate to do so during the coming year, would be reviewed by the Executive Management Team, implemented via delegated authority to the Executive Directors, in consultation with the relevant Cabinet Member and report quarterly to Cabinet. The proposal would enable the Council to respond flexibly to changing circumstances.

The Chair, whilst noting that currently there were no written Terms of Reference, asked that updates be reported back to the relevant Scrutiny Panel. **ACTION**

Where there were workforce implications, the Council was committed to minimise the impact of the process on existing staff and all procedures would be followed appropriately.

It was clarified by the Executive Director – Place that a review of all costs associated with any service provided by the Council had been undertaken. Officers were confident that the increase of the collection charge of the green waste bins would not reduce the number of subscriptions. There had not been an increase in the charge for this service since 2015.

The Chief Executive clarified that the one-off investment of £0.080m in street cleaning reverses out in 2023/24 was for a service review the aim of which was to improve services to residents across the Borough. Separately, an investment of £120m in the Council's housing stock over the next two years was included in the MTFP. A briefing paper to be circulated. **ACTION**

The Committee thanked the Cabinet Member, Finance and Procurement and Officers for providing detailed responses and explanations to the questions posed and for the very helpful and clear concise report.

**AGREED** that having considered the savings and income proposals and funding and spending assumptions contained in the January Medium Term Financial Plan 2023/24 to 2027/28 to update Cabinet on 18 January 2023 and report the outcome of their deliberations to Council on 23 February 2023.

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**2022-23 OVERVIEW AND SCRUTINY WORK PROGRAMME**

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**AGREED** that the Overview and Scrutiny Committee work programme be noted.

**6**

### **DATE OF FUTURE MEETINGS**

It was **NOTED** that the meetings of the Overview and Scrutiny Committee scheduled on 31 January 2023 and 9 February 2023 were business meetings.



# Budget Scrutiny

## Officer Presentation

### 2023/24 Budget and MTFP

#### 16 January 2023

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Minute Item 4

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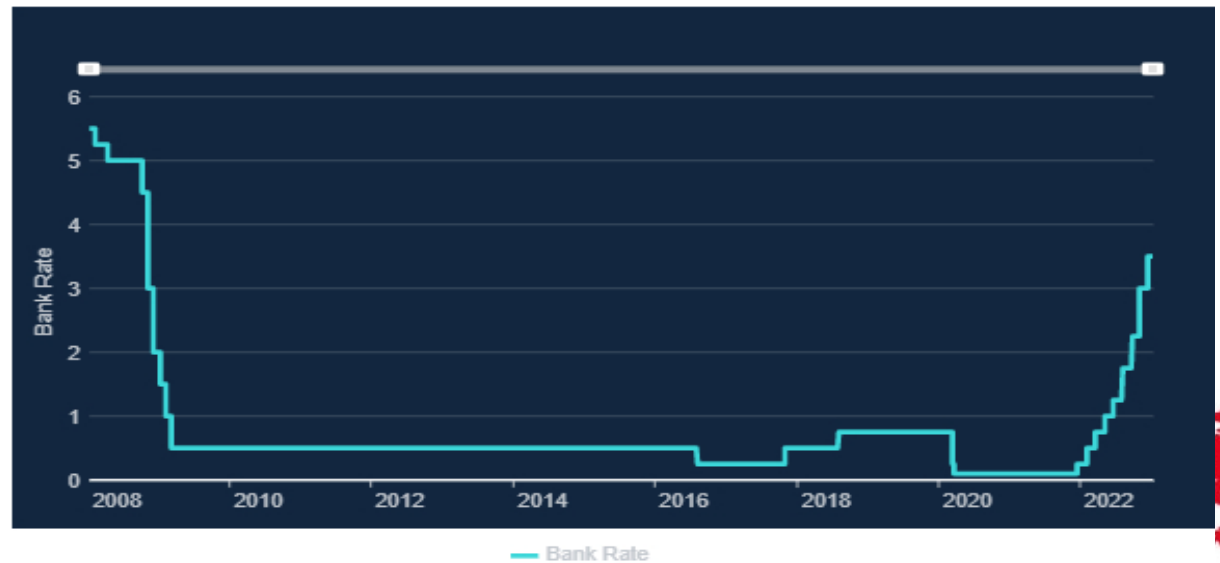
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# Covering

- Context and Background
- Financial strategy
- Savings, investment, budgets by department
- Budget gap as at January MTFP
- Budget consultation
- Budget risks

# Inflation and Interest Rates



# Financial Strategy

- Financial resilience imperative
- Protect reserves
- Continued investment in our core statutory services for adults and children services (Net increase of £8.969m Adult Social Care; £5.599m Children's and Education)
- Recognise the importance of universal services as well as targeted services
- Meet our inflationary and demographic pressures through efficiency and income generation
- Realistic, achievable savings

# Background

- £212m savings secured through austerity to 22/23
- Initial 2023/24 budget gap estimated at £14m; inflation increased gap considerably to +£40m for 2023/24 (before savings/ mitigations)
- Inflation is £21.4m of additional budget need:
  - Catch up inflation from 2022/23 - £3.9m
  - Pay award at 4% - £5.4m
  - Adult Social Care – £7.6m (national living wage)
  - Energy/Fuel - £2.4m
- £8m for inflation in 2022/23 budget
- Net budget £278m (£260m 22/23)

# 23/24 Budget gap

	£m
<b>October Starting Gap</b>	<b>43.0</b>
Pre-agreed savings (taking gap to £40.2m)	- 3.1
New savings (October and January)	- 12.8
Gov funding (primarily social care)	- 10.9
One off funding (Ctax surplus and pooling)	- 3.5
Council Tax 4.99% increase	- 7.0
Council Tax base - adjustment	1.2
Covid 19 Reversal (prior year adjustment)	- 1.6
<b>Budget Gap January MTFP</b>	<b>5.3</b>

# Budget gap over medium term

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
<b>Remaining Gap</b>	<b>5.264</b>	<b>13.026</b>	<b>17.020</b>	<b>17.167</b>	<b>17.942</b>	<b>86.245</b>

# 2023/24 Budget by Department

	Corporate	Chief Exec/ Resources	Adult Social Care	Public Health	Children's/ Education	Place	Total
	£m	£m	£m	£m	£m	£m	£m
Demography	0.000	0.000	2.280	0.000	4.547	0.000	6.827
Inflation	8.449	0.000	8.712	0.000	0.944	3.269	21.374
Investment	0.000	0.000	0.000	0.000	1.000	0.720	1.720
Capital Financing	3.000	0.000	0.000	0.000	0.000	0.000	3.000
Pressures	0.753	3.599	3.273	0.000	0.738	1.766	10.129
<b>Subtotal Pressures</b>	<b>12.202</b>	<b>3.599</b>	<b>14.265</b>	<b>0.000</b>	<b>7.229</b>	<b>5.755</b>	<b>43.050</b>
Covid Reversals	(0.674)	0.000	0.000	0.000	0.000	0.000	(0.674)
<b>Total Pressures</b>	<b>11.528</b>	<b>3.599</b>	<b>14.265</b>	<b>0.000</b>	<b>7.229</b>	<b>5.755</b>	<b>42.376</b>
Full Year savings	0.100	(0.588)	(1.820)	0.000	0.000	(0.750)	(3.058)
New Savings	0.000	(2.506)	(3.476)	(0.200)	(1.630)	(4.956)	(12.768)
<b>Sub total Savings</b>	<b>0.100</b>	<b>(3.094)</b>	<b>(5.296)</b>	<b>(0.200)</b>	<b>(1.630)</b>	<b>(5.706)</b>	<b>(15.826)</b>
<b>Net Change</b>	<b>11.628</b>	<b>0.505</b>	<b>8.969</b>	<b>(0.200)</b>	<b>5.599</b>	<b>0.049</b>	<b>26.550</b>

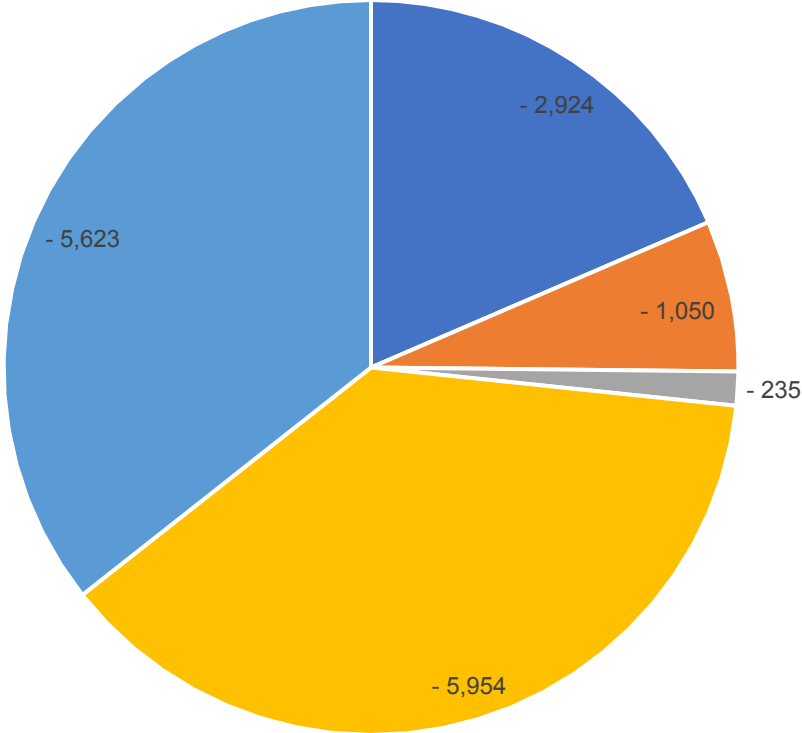


# Top savings and income by value (£6.8m of the £15.8m)

	2023/24
Housing Advisory Service - New Business Plan	(1.520)
Care Purchasing Demand Management	(0.900)
Grant & income Maximisation (Income)	(0.800)
Proposed 5% Staffing reductions in Adult Social Care	(0.786)
Day Services and Transport Reviews	(0.700)
Digital Services Restructure (11.5 posts)	(0.656)
Place Service Reviews	(0.862)
Reduction in external care purchasing costs through in-borough developments of fostering and residential provision	(0.594)



# Analysis of saving by type



■ Income ■ Demand management ■ Service reduction ■ Efficiency - restructure ■ Efficiency - non-restructure

# Budget gap as at January MTFP – options to close

- Expectation of a balanced budget in February without use of reserves
- £5.264m reported gap
- Need to reassess Temporary Accommodation budgets
- Council Tax Support – considered in February
- Business Rate income, revaluation funding levels to be finalised

# Budget Consultation – headlines

- 28 October to 29 December, in paper and on line
- 327 responses
- 89% think it is important (fairly or very) to continue to prioritise spend in adult and children's care
- Strong support for prioritising universal services eg Refuse and recycling (97%), street cleansing (93%)
- 36% agree increase in Council Tax, 60% disagree

# Budget risks

- Cost of living – demand for services and collection rates (eg Business rates, Ctax)
- General uncertain economic environment re inflation
- Temporary accommodation
- Social Care demographics
- NHS pressures impact on ASC
- Medium term outlook

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