

MUNICIPAL YEAR 2017/2018 REPORT NO. 116

MEETING TITLE AND DATE:

Cabinet
20th December 2017

Agenda – Part: 1

Item: No 10

Subject: Budget 2018/19: Tranche Two Savings

Wards: ALL

Key Decision No: 4603

REPORT OF:

Executive Director of
Finance, Resources &
Customer Services

Contact officer and telephone number:

Stephen Fitzgerald, 0208 379 5910

E mail: Stephen.Fitzgerald@enfield.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 This report updates Cabinet on proposals for the second tranche of savings as part of the budget preparations for 2018/19.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Notes the progress made to date in the preparation of the 2018/19 budget.
- 2.2 Agrees the second tranche of savings proposals for 2018/19 and beyond set out in Appendix 1. These will be included in the Medium Term Financial Plan (MTFP) for 2018/19 and future years.

3. BACKGROUND

- 3.1 A balanced budget position was achieved for 2017/18 despite continuing cuts to core funding (£87.9m in cash terms from 2010/11 to 2017/18) with £13.4m of new savings identified. The starting position

for the MTFP, as reported in the February 2017 Budget report, is set out in Table 1 below.

Table 1	2017/18	2018/19	2019/20	2020/21	Total
Medium Term Financial Plan	£m	£m	£m	£m	£m
Budget Gap	0.0	5.7	14.2	7.6	27.5

- 3.2 The MTFP is continually updated in the light of financial performance in year and will reflect changes in economic circumstances. Macroeconomic conditions are key variables, e.g. inflationary pressures and changes in interest rates. As the MTFP estimates are updated, the projected budget gap will change. Table 2 below sets out the financial impact of the factors discussed here.

Table 2: Sensitivity Indicators	Budget impact	Council Tax impact
	£'000	%
1% change in pay	1,300	1.3%
1% increase in departmental price inflation across income & expenditure	1,700	1.7%
0.5% increase in interest rates (benefit to the Council)	(100)	-0.2%

4. APPROACH TO BALANCING THE BUDGET FOR 2018/19 AND BEYOND

- 4.1 The medium term financial plan is being revised to take account of new developments and financial performance during the 2017/18 cycle. In addition, the national review of pay spines to take account of the minimum wage could add significant pressure to LB Enfield's wage bill; a national offer has been made, and the impact on London/Enfield is being assessed. The approach to balancing the budget for 2018/19 and future years has taken the form of cross cutting reviews, using an outcome based approach to assessing the impact of savings proposals. Ten work streams were established, led by members of the senior leadership team. Savings are being identified in successive tranches, to build up options for the final 2018/19 budget and future years' budgets, combining savings that can be taken now in the light of past trends with savings which require more detailed groundwork to implement. The first tranche of savings proposals totalling £4.5m was reported to Cabinet on 26th July. An update on the second tranche of savings proposals is attached as Appendix 1.

5. LOCAL GOVERNMENT FINANCE SETTLEMENT AND FINALISATION OF THE BUDGET

- 5.1 It is not expected that the announcements in the Autumn Budget will directly impact on the 2018/19 Budget. The provisional Local Government Finance Settlement details are expected shortly and will

be factored into the final budget report which will go to Cabinet and Council in February.

6. ALTERNATIVE OPTIONS CONSIDERED

6.1 Not applicable to this report.

7. REASONS FOR RECOMMENDATIONS

7.1 Cabinet needs to manage the 2018/19 financial planning process having regard to constraints in public spending.

8. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE, RESOURCES & CUSTOMER SERVICES AND OTHER DEPARTMENTS

8.1 Financial Implications

Financial implications are implicit in the body of the report. By planning an effective budget round and considering financial resources in the light of the Council's strategic priorities and other resources, the framework for the development of the budget is robust and in line with service delivery requirements. By considering risk as part of this process, council reserves and balances will be appropriately set to ensure the continued financial stability of the Council.

8.2 Legal Implications

The Council has various legal and fiduciary duties to arrange for the proper administration of its financial affairs. This report sets out the lawful basis upon which recommendations will be made to note progress made in preparation of the 2018/19 budget and agree savings proposals for 2018/19 and beyond. The Council's budget-setting process is set out in the Constitution.

As part of these recommendations, officers will undertake equality impact assessments to help secure compliance with the Council's ongoing duties under the Equality Act to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation; and advance equality of opportunity between people who share a protected characteristic and those who do not and foster good relations between those who share a protected characteristic and those who do not. Members must consider how their decisions will contribute towards meeting these duties in the light of other relevant circumstances such as economic and practical considerations.

Members should note that some of the actions to deliver proposed savings for future years have not yet taken place and may require specific statutory and/or legal procedures to be followed.

8.3 Property Implications

Not applicable in this report.

9. KEY RISKS

9.1 The budget risks during 2017/18 are being managed through detailed revenue monitoring reports which are considered by Cabinet on a monthly basis. Where services are forecasting overspends the Executive Directors are required to produce a recovery plan with the aim of achieving a balanced position by year end.

10. IMPACT ON COUNCIL PRIORITIES

10.1 The savings proposals in this report are part of the budget development process for the 2018/19 budget and for future years. The budget will be developed in support of the Council's priorities:

- Fairness for All
- Growth and Sustainability
- Strong Communities

11. EQUALITIES IMPACT IMPLICATIONS

11.1 As part of the development of the 2018/19 budget, Heads of Service will carry out an equalities impact assessment of savings proposals requiring change or new services and policies and evaluate how the proposal will impact on all parts of the community. Heads of Service will identify what actions will be taken to mitigate against the worst adverse impacts at the end of their EQIA.

12. PERFORMANCE MANAGEMENT IMPLICATIONS

12.1 The report provides clear evidence of sound financial management and efficient use of resources.

13. HEALTH AND SAFETY IMPLICATIONS

13.1 Not applicable in this report.

14. HR IMPLICATIONS

14.1 Not applicable in this report.

15. PUBLIC HEALTH IMPLICATIONS

Not applicable in this report.

Appendix 1

Tranche 2 Savings Proposals

Ref.	Tranche 2 Savings Proposals	2018/19	2019/20	2020/21	2021/22
		£000	£000	£000	£000
	1. Corporate Resources				
1.1	Single Person's Council Tax Discount This is based on using Power BI on the Council's datasets to reduce the number of false claimants.	(200)			
1.2	Remove in-year underspends As part of the monitoring process, structural underspends are being identified and budgets reduced.	(130)			
1.3	Human Resources The saving relates to a re-organisation in line with the organisational design principles of reducing layers of management and increasing the spans of control of managers.	(120)			
1.4	Audit & Risk Management This is based on a Service Restructure.	(50)			
	Subtotal Corporate Resources	(500.0)	0.0	0.0	0.0
	2. Corporate Finance				
2.1	Further Review of Capital Financing Requirements A review of our policy on capital financing has identified a potential further saving.	(2,000.0)			
	Subtotal Corporate Finance	(2,000.0)	0.0	0.0	0.0
	3. Adult Social Care/Public Health				
3.1	IWE benefit/surplus by at least 1% per year This will be a reduction in funding to the Independence and Wellbeing Company to be achieved through efficiencies.	(130.0)			
3.2	Review of bank accounts held by Social Care clients This represents unused direct payments.	(75.0)			
3.3	Review of high cost packages that may be eligible for Health Needs funding Packages that have a health need may be eligible for health funding. This needs to be agreed with the relevant CCG.	(75.0)			
3.4	Further use of Assistive Technology (net of cost) Technology in Adult Social Care will be used to help maintain independence of clients.	(75.0)			

Ref.	Tranche 2 Savings Proposals	2018/19	2019/20	2020/21	2021/22
		£000	£000	£000	£000
3.5	Relocation of residential clients This reflects the movement of physical disability residential clients into adapted accommodation.	(105.0)			
3.6	Hospital Placements D2A Programme: This saving represents a reduction in placements from hospital (this equates to five placements)	(37.0)			
3.7	Management of Sustainable Provider Rates If inflation uplifts can be limited then the estimated reduction in pressures funding for cost of services can be reduced by £225k (of total £1.752m)	(225.0)			
3.8	Restructure of Director and Assistant Director Posts This saving includes permanent reductions in management costs including the deletion a half time Assistant Director post and fixed term savings as a result of the cover arrangements for the secondment of the Executive Director.	(196.0)	30.0	90.0	
	Subtotal Adult Social Care/Public Health	(918.0)	30.0	90.0	0.0
	4. Environmental Services				
4.1	Traffic Management Measures A range of service efficiency measures including the renegotiation of the parking enforcement contract.	(100.0)	(300.0)		
4.2	Regeneration and Planning Restructure	(140.0)			
4.3	Regeneration and Environment Service This saving relates to the reduction in the senior management of the department and a reduction of the numbers of Assistant Directors.	(200.0)			
4.4	Street Lighting Reduction of Scouting The introduction of the centralised Street lighting monitoring system means that there is no longer a requirement for a regular physical monitoring function of the street lighting infrastructure.	(50.0)			
	Subtotal Environmental Services	(490.0)	(300.0)	0.0	0.0
	Grand Total Tranche 2 savings	(3,908.0)	(270.0)	90.0	0.0