

MUNICIPAL YEAR 2018/2019 REPORT NO. 87

MEETING TITLE AND DATE:

Cabinet
17 October 2018

Agenda – Part:1

Item: 6

**Subject: Phase 2 Savings and Income
Generation Proposals**

REPORT OF:

Director of Finance

Wards: All

Key Decision No: 4746

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1. EXECUTIVE SUMMARY

- 1.1 This report sets out an update on the progress of budget development for 2019/20 to 2022/23 and puts forward Phase 2 proposals for savings and income generation.

2. RECOMMENDATIONS

That Cabinet:

- 2.1 Notes the progress made to date in the preparation of the 2019/20 budget.
- 2.2 Agree that the savings proposals of £4.9m and income generation proposals of £2.9m set out in Appendix A to this report be progressed, and
- 2.3 Agree that the 2019/20 Budget Consultation proceeds in consultation with the Cabinet Member for Finance and Procurement

3. THE FINANCIAL POSITION

- 3.1 On 25 July Cabinet received an update on budget development and agreed the first phase of savings proposals for 2019/20. The report highlighted the difficult financial position and the uncertainty over future government funding after the end of the current four-year settlement for 2019/20. There has been widespread coverage of the general pressures across the sector, and the difficulties all local authorities are now facing, and this was discussed in more detail in the July Budget report.
- 3.2 As noted in July, for the 2019/20 financial year the starting budget gap was £18m and workstreams were established to bring forward proposals for income generation and savings to balance this gap. First phase savings agreed to be progressed in July totalled £2.9m. Proposals to bridge the remaining gap will be presented for agreement in two more phases. Phase Two is included in this report and Phase Three will be presented in December with the aim of setting a near final balanced budget for 2019/20.
- 3.3 As set out in the revenue monitoring report to Cabinet in September, the forecast budget overspend for the current financial year is £9.2m after the application of £2.3m capital receipts. Starting with the most significant overspends, a robust review is being undertaken of the reasons for the in-year overspends and the short and longer term management actions that are needed to address these. Through this process it is anticipated that cost pressures will be identified that will need to be considered as part of the budget report to Cabinet in December. In the interim the November monitoring report will include an update of this scrutiny and challenge process. The forecast variance at the year-end will need to be met from a contribution from the council's general balances, though it is intended to keep this as low as possible. As set out in the July cabinet report, robust reserves would help us manage pressures in the short to medium term. It will be critical to ensure an adequate level of reserves going forward, in the light of in-year pressures on budgets and the uncertainty of future funding.

4. SECOND PHASE OF SAVINGS PROPOSALS

- 4.1 An update on the second phase of proposals for savings and income generation that have been identified is set out in Appendix A, and Cabinet is recommended to agree that these savings be progressed. Cabinet are asked to note that one of the income generation proposals, to raise £2,673k over a four-year period from selling additional cemetery plots, is based on new capital investment of £1,136k, and if the proposal is agreed, the capital expenditure will be reflected in a revised capital programme. The saving in the July 2018 Budget Report, based on reducing CCTV revenue spending of £400k a year by charging it to the capital programme, will also be reflected in a revised programme.
- 4.2 A summary of the savings and income generation proposals by workstream is set out in Table 2 below, with progress against 4-year targets in Table 3.

Table 2: Savings and Income Generation Proposals by Workstream	2019/20		
	Phase 1	Phase 2	Total
	£000	£000	£000
Workstreams:			
Corporate Services and Access	(460)	(3,483)	(3,943)
Children's Services	(66)	(95)	(161)
Adult Social Care	(337)	(655)	(992)
Housing, Property and Regeneration	(1,132)	(1,254)	(2,386)
Environment	(904)	(493)	(1,397)
Public Health	0	(1,850)	(1,850)
Total	(2,899)	(7,830)	(10,729)

Table 3 Savings and Income Generation Proposals against Target	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Target	(18,000)	(8,500)	(5,000)	(5,000)
Phase 1 (July Budget Report)	(2,899)	(206)	(319)	(358)
Phase 2 (October Budget Report)	(7,830)	497	(290)	(41)
Total Savings & Income Phases 1 & 2	(10,729)	291	(609)	(399)
Further Savings Needed	(7,271)	(8,791)	(4,391)	(4,601)

5. BUDGET CONSULTATION

- 5.1 It is proposed to conduct a budget consultation with Enfield residents to inform decision making on the 2019/20 budget. This would be achieved by including information about Enfield's financial challenges in Our Enfield, with an invitation for residents to take part in an online consultation, including a budget simulator, where residents can model the impact of funding reductions on different services. This consultation will be complemented by presentations to the Health and Wellbeing Board and the Voluntary Sector Strategy Group Meeting. It is intended to launch the consultation shortly, with the aim of allowing the maximum consultation period before it is reported to Overview and Scrutiny Committee Budget Meeting on 15th January. OSC's comments and a summary of the consultation findings will be reported on to February Cabinet.

6. BUDGET CHALLENGE

- 6.1 Additional scrutiny is being applied to the budget process this year through a councillor and officer budget challenge panel chaired by the Cabinet Member for Finance and Procurement during November. This will include consideration of areas such as, what services have not been subject to savings in 2019-20, review of the deliverability of the savings or income generation proposed and information on the equalities impact.

7. NEXT STEPS AND TIMETABLE

- 7.1 Work streams will continue to identify savings options for the 2019/20 budget and beyond, and there will be a further progress report to Cabinet in December. The planned timetable is set out in Table 3 below.

Table 3: Budget Timetable	Date
Budget Challenge Panel	November 2018
Overview and Scrutiny Committee	07 November 2018
Cabinet report – Phase 3 Savings and Income Generation Proposals	12 December 2018
Draft Local Government Finance Settlement	December 2018
Budget Consultation	Autumn 2018
Overview and Scrutiny Committee Budget Meeting	15 January 2019
Final Local Government Finance Settlement	January/February
Cabinet and Council – Final Budget and Council Tax for 2019/20	13 February 2019 and 27 February 2019

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The Council operates a budget planning and consultation process during which a wide range of options are considered in detail.

9 REASONS FOR RECOMMENDATIONS

- 9.1 The Cabinet needs to manage the 2019/20 financial planning process having regard to constraints in public spending.

10. COMMENTS OF THE DIRECTOR OF FINANCE AND OTHER DEPARTMENTS

10.1 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.

10.2 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 2019/20 budget and agree savings proposals for 2019/20 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.

10.3 Property Implications

There are savings proposals in this report which will impact on Property. The Director of Property, Regeneration and Environment has been fully involved in the development of these proposals and will make appropriate arrangements to manage their impact.

11. KEY RISKS

The budget risks during 2018/19 are being managed through detailed revenue monitoring reports. Departments are acting to minimise budget pressures and to align departmental spend to budget.

12. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

12.1 The savings proposals in this report are part of the budget development process for the 2019/20 budget and for future years. The budget will be developed in support of the Council's priorities:

- Good homes in well-connected neighbourhoods
- Sustain strong and healthy communities
- Build our local economy to create a thriving place

13 EQUALITIES IMPACT IMPLICATIONS

13.1 As part of the development of the 2019/20 budget, Heads of Service are undertaking equality impact assessments of savings proposals requiring change or new services and policies and evaluating how the proposals 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.

14 PERFORMANCE MANAGEMENT IMPLICATIONS

14.1 This report provides clear evidence of sound financial management and efficient use of resources.

15 HR IMPLICATIONS

- 15.1 To date the Council has implemented a robust redeployment programme and worked closely with the trade unions to identify initiatives which have minimised the number of compulsory redundancies over the past three years. Given the financial pressures identified in this report, the Council will be exploring a range of options to ensure that its human resources are appropriately used and allocated in the future with a view to delivering efficient services with reduced budgets.

16 PUBLIC HEALTH IMPLICATIONS

- 16.1 Heads of Service will consider whether the savings proposals could have an adverse impact on Public Health and will take action to mitigate any impact.

Background Papers

None.

Savings and Income Generation Proposals, October 2018	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Savings				
Workstream: Environment				
Traffic and Transportation This proposal relates to a restructuring in Traffic and Transportation, which could impact on time to progress applications and capacity to bid for external funding although mitigating measures will be put in place.	(45)	0	0	0
Planning Policy This is a reduction in the Local Plan Consultancy budget.	(50)	0	0	0
Total for Environment	(95)	0	0	0
Workstream: Adult Social Care				
Contract management This is the management of annual contract uplift arrangements to service providers.	(450)	0	0	0
Physical Disability Clients This involves the provision of appropriately adapted accommodation with support for younger disabled clients in residential care to reduce more expensive less appropriate placements.	(105)	0	0	0
Voluntary and Community Sector This saving will come from a reduction in funding provided to the voluntary and community sector.	(100)	0	0	0
Total for Adult Social Care	(655)	0	0	0
Workstream: Children's Services				
Looked After Children This is based on reducing expenditure in the core budget but increasing the provision via grant funding streams.	(75)	0	0	0
Youth Offending Unit This is a proposal to reduce the use of sessional workers and running costs in the Youth Offending Unit.	(20)	(20)	0	0
Total Children's Services	(95)	(20)	0	0
Workstream: Public Health				
Public Health Savings realised from contract renegotiation and redesign of preventative services will be used as substitute funding in areas and activities of the Council that support the improved achievement of public health outcomes across the wider determinants of health.	(1,850)	937	0	0
Total Public Health	(1,850)	937	0	0

Savings and Income Generation Proposals, October 2018	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Workstream: Corporate Services and Access				
Operational Support Team This saving follows a restructure and decentralisation of the operational support team.	(120)	0	0	0
Energy this saving will be achieved through various energy saving initiatives.	(150)	150	0	0
Internal Audit This saving will be achieved by replacing a bought in service with in-house provision.	(42)	0	0	0
Corporate Budgets This is based on reducing the budget for interest charges. The budget may need to increase in future years.	(1,200)	0	0	0
Legal Team This saving is based on recharges made for internal legal support to the Housing Revenue Account and capital projects.	(200)	0	0	0
Communications This saving is based on changing the Council newsletter (Our Enfield) to a digital newsletter and increasing the frequency and the reach of the e-newsletters as well as stepping up our social media activity.	(100)	0	0	0
Communications This saving is based on stopping producing and distributing two editions of the Enjoy Enfield place marketing publication and changing two editions of the Enjoy Enfield marketing publication to a digital newsletter.	(100)	0	0	0
Communications: Meridian Water media and marketing support This saving is based on additional communications support for Meridian Water in line with the project aim to reduce costs spent on external agencies, with a recharge to the project.	(84)	0	0	0
Customer Services/Access Centres This reflects the increased level of support in recharges to the HRA.	(162)			
Total Corporate Services and Access	(2,158)	150	0	0
Workstream: Housing, Property and Regeneration,				
Capital Charges This saving is based on capitalisation of the Urban Design Team's staff time on the Meridian Water project.	(24)	0	0	0
Total Housing, Property and Regeneration	(24)	0	0	0
Total Savings Proposals	(4,877)	1,067	0	0

Savings and Income Generation Proposals, October 2018	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Income Generation				
Workstream: Environment				
Cemeteries Mausoleum and Vaulted graves sales This is additional income from Southgate Cemetery. This proposal requires additional capital investment of £1,136k, which it is proposed to add to the capital programme.	(338)	(390)	(60)	(31)
Parks Assets Income This proposal relates to marketing of empty and end of lease assets within the Boroughs parks portfolio to generate income, reduce the maintenance burden and improve social benefits derived from the properties.	(60)	0	0	0
Total Environment	(398)	(390)	(60)	(31)
Workstream: Corporate Access and Services				
Council Tax Base Review This relates to budgeting for higher levels of council tax payments. The figure will be kept under review as tax base information for the current year is updated.	(1,250)	0	0	0
Library Service This is based on increasing the income target.	(75)	0	0	0
Total Corporate Services and Access	(1,325)	0	0	0
Workstream: Housing, Property and Regeneration				
Meridian Water Meanwhile Use This involves using income generated by Meridian Water meanwhile use to support the General Fund.	(1,190)	(180)	(230)	(10)
Filming This is based on achieving additional income from filming on council sites.	(40)	0	0	0
Total Housing, Property and Regeneration	(1,230)	(180)	(230)	(10)
Total Income Generation Proposals	(2,953)	(570)	(290)	(41)
Total Savings and Income Generation Proposals	(7,830)	497	(290)	(41)