

REPORT TO: OSC

DATE: 7 November 2018

REPORT TITLE: Budget Progress Update

REPORT AUTHOR/S:

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PURPOSE OF REPORT:

The aim of the report is to update Overview and Scrutiny Committee on the progress and timetable in setting the Council's budget. Further, to seek an indication of particular areas of interest from the Committee in advance of the focussed budget meeting on 15 January 2018.

SUMMARY:

The budget is set in the context of ensuring the council is financially resilient.

The budget gap as set out in Cabinet is set at £18m, to date £15.6m of savings have been identified. Officers continue to work on options for savings in preparation for finalising the budget in February 2019. A key feature of the savings is to ensure that these are ambitious but achievable.

Further, the budget consultation is now underway, the results of this will be reported at the Overview and Scrutiny Committee Budget meeting in January.

1. BACKGROUND

- 1.1. In February 2018, at Council, the 2019/20 budget gap was identified as £13.6m; subsequently, cognisant of the 2017/18 year-end position and cost pressures continuing in 2018/19, this saving target was increased to £18m. This gap has arisen from reduction in funding but also increasing demographic and cost pressures and unrealisable savings from prior years.
- 1.2. It is imperative that Enfield's budget is financially robust to address a number of issues:
 - Future funding uncertainty - in 2020/21 the national funding system for all councils will change, the settlement information will not be available until autumn 2019.
 - There are a number of local authorities in financial difficulties, which has been reported in the press. This places robust

financial planning at the forefront of ensuring we can deliver our corporate plan.

- Mindful of key lessons from a review of Northants, the importance of ensuring that savings are realisable and reducing reliance on one-off funding sources (i.e. use of the flexibility capital receipts) is key.
- Ongoing demographic and cost pressures across services supporting more vulnerable residents is continuing to place budgets under pressure.
- General economic climate impact over a sustained period.

1.3. The purpose of this report is to set out:

- Progress made to date in setting the 2019-20+ budget
- The additional budget challenge put in place
- The budget consultation
- Key areas of risk
- Next Steps

2. Budget Progress to Date

2.1. The approach to balancing the budget for 2019/20 and future years will take the form of six work streams focused on the Council's services:

- Corporate Services and Access
- Children's Services
- Adult Social Care
- Housing, Property and Regeneration
- Public Health
- Environment

2.2. These work streams are led by members of the senior leadership team. The workstreams apply four key tests in their reviews:

- Start/stop/do less
- Alternative service delivery models
- Digitisation and/or automation
- Demand management or preventative activity

2.3. Each workstream has been set with challenging targets to identify savings, with weightings applied to recognise the difficulties demand led services such as Children's Services will face in finding savings from stretched budgets.

2.4. Savings and Income Generation proposals identified to date are summarised in the table below. Phases 1 and 2 have been reported to Cabinet and agreed for progression and Phase 3 will be reported to Cabinet in December.

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 Savings(agreed in July Cabinet Report)	(2,195)	(200)	(313)	(377)
Phase 1 Income (agreed in July Cabinet Report)	(704)	(6)	(6)	19
Phase 2 Savings (agreed October Cabinet Report)	(4,877)	1,067	0	0
Phase 2 Income(agreed in October Cabinet Report)	(2,953)	(570)	(290)	(41)
Phase 3 Indicative Savings (for December Budget Report)	(2,134)	(1,965)	0	0
Phase 3 Indicative Income (for December Budget Report)	(2,698)	(1,580)	(761)	(50)
Total Savings & Income	(15,561)	(3,254)	(1,370)	(449)
Over (Under) Target	(2,439)	(5,246)	(3,630)	(4,551)

- 2.5. For each saving, a detailed budget savings template will be completed which sets how the saving will be achieved and highlights any associated risks. An equalities impact assessment is also completed where relevant. The budget templates will be available for member scrutiny shortly.
- 2.6. As part of the budget preparation process all savings agreed in prior years to be delivered in 2019/20 will be reviewed and amended where assumptions have changed.

3. Additional Budget Challenge

- 3.1. A series of three Member budget challenge sessions have been set up in November with the administration (Resources and Chief Executives, Place, People). The purpose of these sessions is to provide additional scrutiny to the saving process.
- 3.2. Examples of the areas to cover in more detail could include; discussion regarding the current in year budget pressure and what plans are in place to address these; understanding of areas which have not been subject to savings and why; the equalities impact of the savings proposals; demographic and cost pressures; setting out broad ideas for 2020+ savings; testing how realistic the proposed savings are and what are the delivery risks.

4. Budget consultation

- 4.1. The Council is required to consult annually regarding the budget. The results will be set out in a report to the Overview and Scrutiny Committee Budget Meeting on 15 January.
- 4.2. The 2019/2020 budget consultation went live on the Council's website on 26 October 2018 and will close on 8 January 2019. This is just over 10 weeks. The budget consultation includes:
 - A budget simulator which enables residents to see the difficulties of prioritising services and achieving the scale of budget savings required whilst maintaining services. This can be accessed here: (the link is signposted from the council website): [Budget simulator](#)
 - In addition, a short budget consultation questionnaire is underway which asks residents to rate their top four service priorities. This is accessed via a link on the Council website and includes an easy read version. [Budget questionnaire](#)
- 4.3. Finance officers will also be attending the Voluntary Sector Strategy Group meeting on 10 December 2018 and the Health and Well-being Board on 6 December.
- 4.4. Posters and flyers on the budget consultation will be made available from 29 October in Council buildings including libraries. There will be an article informing residents of the budget consultation and how they can have their say in the next publication of Our Enfield which will reach doorsteps between 26 November and 3 December and the digital newsletter from 5 November.

5. ISSUES AND CHALLENGES

- 5.1. The challenges for the budget process for 2019-20+ include:
 - Risk that officers may be unable to identify sufficient savings that are agreed to fully meet the savings requirements
 - Additional budget pressures are identified increasing the gap
 - Savings for 2019-20 are not realised
- 5.2. A key area of risk is that due to the difficulty of finding savings, focus has been on 2019-20 savings which means that future savings beyond 2019-20 have not been identified. Identifying savings year on year becomes increasingly challenging in the context that the largest areas of budgeted expenditure support the most vulnerable groups. London Councils recently undertook a stress survey of all London Boroughs,

only 15% of the savings needed for 2020/21 had been identified demonstrating this issue is London wide.

5.3. For 2019-20, the savings are subject to additional scrutiny to reduce the risk of these not being realisable.

5.4. The current focus remains for Officers to continue to work on options to close the 2019-20 budget gap. For 2020+, the work will start as soon as the budget for 2019-20 is agreed.

6. RECOMMENDATIONS

6.1. Members are asked to:

- Note the information regarding the budget process
- Provide feedback on key areas of interest/concern for officers to ensure this is included in the January OSC.

7. NEXT STEPS

7.1. The budget timetable is set out below for information:

November 2018	Member budget challenge sessions
6 December	Draft Local Government Finance Settlement (LGFS)
12 December	Cabinet report Phase 3 Savings and budget update
8 January	Budget consultation closes
15 January	OSC budget meeting
31 January	Final LGFS
13 February	Cabinet – final budget position
27 February	Full Council – Final Budget and council tax setting for 2019/20