

MUNICIPAL YEAR 2019/2020 REPORT NO. 114

MEETING TITLE AND DATE:
Cabinet 16 October 2019

REPORT OF:
Acting Executive Director
of Resources

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Agenda – Part: 1	Item: 5
Subject: MTFP 2020/21 to 2024/25 Tranche One Savings	

Wards: All
Key Decision No: 4991

Cabinet Member consulted:
Cllr Maguire

- 1. EXECUTIVE SUMMARY**
- 1.1. The vision is for:**
 - i. A resilient budget that is "sustainable" in year (i.e. not reliant on one-off resources, such as capital receipts);
 - ii. A budget which protects the most vulnerable residents in the Borough by reinvesting savings generated through efficiencies and growing income;
 - iii. A long term budget to ensure that decisions are sustainable providing opportunities for future investment; and
 - iv. Council services which provide value for money.
- 1.2. The report updates progress on developing the MTFP 2020/21 to 2024/25 to deliver the Council's Corporate Plan – Creating a Lifetime of Opportunities in Enfield**
 - i. Good Homes in Well Connected Neighbourhoods
 - ii. Sustain strong and Healthy Communities; and
 - iii. Build Our Local Community to Create a Thriving Place
- 1.3. There is significant uncertainty with only a single year financial settlement in place for 2020/21. The Spending Round announcement on 4 September contained better financial news than expected but local government had been pushing hard for a multi year settlement to enable effective medium term planning. The Government's Fair Funding Review and the accompanying business rates reset expected for 2020/21 are also pushed back to 2021/22 at the earliest.**
- 1.4. Given the financial uncertainty and also the uncertainties around Brexit and a possible General Election in the near future it is essential to develop a multi year plan and preserve the Council's reserves and balances.**

- 1.5. Although there has been a better than expected financial settlement for local government outlined in the Spending Round announcement pressures and demands in Adults and Children's Social Care, in excess of £12.2m in 2020/21, continue to significantly outstrip the available resources.
- 1.6. The report contains savings and income generating proposals of £12.174m for 2020/21 and £24.128m over the five year life of the Plan.
- 1.7. There has been a continuous review of the financial pressures facing the Council and a review of the funding assumptions over the medium term. These are detailed in sections 5 of the report.
- 1.8. In order to continue to protect Social Care it is proposed to take the financial benefit of the Adult Social Care Precept in addition to increasing Council Tax up to the referendum limit.
- 1.9. There will be a programme of consultation on the Council's financial position across the autumn and also a number of opportunities for the initial proposals and spending plans to be challenged and scrutinised.
- 1.10. Officers are continuing to work through proposals to close the remaining gap for 2020/21 and across the Medium Term.
- 1.11. Work is progressing on the Ten Year Capital Programme and Treasury Management Strategy and these will come forward to Cabinet in December

2. RECOMMENDATIONS

- 2.1. Cabinet to note:
 - i. The Continued financial uncertainty facing local government and the need to maintain the Council's reserves and balances.
 - ii. The protection of its services to the most vulnerable in the Borough as exemplified in paragraph 6.12.
- 2.2. Cabinet to approve:
 - i. Adopt the Adult Social Care precept of 2% alongside the referendum threshold Council Tax increase of 1.99%
 - ii. The savings and income generation proposals in Appendix 2b for further development and consultation.

3. BACKGROUND

- 3.1. Cabinet agreed its Medium Term Financial Strategy for 2020/21 to 2024/25 at its meeting in July 2019. The report updated the assumptions in the Council's agreed Medium Term Financial Plan (MTFP) approved by Council in February 2019 and set out the

approach for developing the MTFP for 2024/25. This was all in the context of delivering the Council's Corporate Plan – Creating a Lifetime of Opportunities in Enfield, approved by Council in September 2018:

- i. Good Homes in Well Connected Neighbourhoods
 - ii. Sustain strong and Healthy Communities; and
 - iii. Build Our Local Community to Create a Thriving Place
- 3.2. The July MTFS identified a funding gap of £39.0m over the next five years including £13.7m in 2020/21 which will be reassessed in this report.
- 3.3. There were to be two tranches of savings to be brought forward; the first tranche being those that potentially required longer periods of consultation to implement that would come forward to October Cabinet and the second being the remainder to address the gap in December.
- 3.4. A framework for identifying the savings proposals was also agreed, being:
- i. Digital
 - ii. IT
 - iii. Demand Management
 - iv. Commissioning, Procurement and Contracting
 - v. Commercial, Income and Trading
 - vi. Invest to Save
 - vii. Organisational Review
 - viii. Corporate Led Initiatives
 - ix. Directorate Led Initiatives.
- 3.5. The MTFS also identified significant uncertainty in a number of areas – progress on the Fair Funding Review, Spending Review and Business Rate Reset. Uncertainty in all of these areas persist and an update is provided below.

4. GOVERNMENT FUNDING ANNOUNCEMENTS

- 4.1. There has been little progress in three key areas. Most important is the overall quantum available for local government for the next three to four years. 2019/20 was the final year of a four year settlement for the sector and SR19 (spending Review 2019) was anticipated to provide a similar settlement for 2020/21 onwards. There had been speculation for a number of months on whether this would be a single or multi year settlement or whether there would even be a review at all. As late as August MHCLG announced that there would be a single year settlement for 2020/21 and this was announced on 4 September with the full detail to follow in the Local Government Finance Settlement (LGFS), the provisional numbers typically being released in the second or third week of December.

- 4.2. The financial settlement in the Spending Round announcement was, however, better than expected. The key headlines:
- i. Settlement Funding Assessment SFA to increase in line with CPI, the first increase in a decade.
 - ii. £1bn of additional funding nationally for social care. This is likely to have a £5.4m benefit for Enfield in 2020/21.
 - iii. Alongside the additional grant is a consultation on 2% Adult Social Care Precept on Council Tax, similar to the arrangements that were in place between 2017/18 and 2019/20.
 - iv. All existing grants in Core Spending Power to continue, the key areas of benefit to Enfield being continuation of the £2.2m Social Care Grant initially announced as one off in 2019/20 and the existing New Homes Bonus allocation of £1.594m
 - v. Public Health Grant will increase in line with CPI which will help fund Agenda for Change Pressures in the NHS.
 - vi. School Funding will increase by £2.6bn as part of a three year settlement with more detail to follow. The High Needs Block element of the Dedicated Schools Grant (DSG) has been under significant pressure nationally and this is set to increase by £700m with Enfield's share forecast to be £5.3m.
- 4.3. These are all forecasts at this point and are subject to confirmation in the LGFS in December.
- 4.4. There were some downsides in the announcement too. Most notably despite the delayed implementation of the Government's Fair Funding Review and Business Rates Reset the London Business Rates Pool will cease to operate beyond 2019/20. Enfield had benefited £4.7m from the pooling arrangements in 2018/19 and is likely to benefit in the order of £3m in the current financial year.
- 4.5. There is now little prospect of the Fair Funding Review being completed in time to be implemented for 2020/21.
- 4.6. There have been no announcements on the Business Rate reset but this was widely believed to be delivered alongside the Fair Funding Review so is also unlikely for 2020/21.
- 4.7. The Council is lobbying alongside London Councils for an improved settlement and greater certainty for London and Enfield. In particular there is a demand to:
- i. provide multi year settlements;
 - ii. increase overall funding for local government;
 - iii. deliver additional permanent resources for Adults and Children's Social Care;
 - iv. provide sufficient funding for Unaccompanied Asylum Seeking Children and for those with No Recourse to Public Funds;

- v. address the unique factors causing homelessness in London and specially Enfield; and a range of measures to enable local authorities to increase the supply of social housing.
- 4.8. This level of uncertainty does reinforce the need for the Council to plan for the medium term and ensure that it maintains the appropriate level of reserves and balances to manage financial risk.
- 5. FURTHER REFRESH OF SPENDING AND FUNDING ASSUMPTIONS**
- 5.1. There is a continuous review of all assumptions. Since July the level of pressures, the need for investment and assumptions for funding have been reassessed and the gap now stands at £15.496m in 2020/21 and amount to £55.925m over the life of the five year Plan. The updated position is set out in the tables below and in greater detail in Appendix 1 (a. Spending and b. Funding). The key changes are set out in the paragraphs below.
- 5.2. Despite the better than expected Spending Round announcement the overall narrative is nevertheless unchanged - demand led pressures in social care and SEN services along with inflationary pressures across the Council are far outstripping increases in local tax (both Council Tax and Business Rates) and Government Grants giving rise to the need to identify savings and increased income streams.

5.3. Table 1 – Spending Assumptions

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m
Pressures						
Pay Awards & Inflation	7.433	5.846	5.870	5.896	5.922	30.967
Demographic	7.017	3.280	3.280	3.280	3.280	20.137
Investment / Capital Financing	6.118	2.952	3.138	2.261	2.418	16.887
NLWA	0.000	0.000	1.500	1.500	1.500	4.500
Pressures	5.890	0.099	0.000	0.000	0.000	5.989
	26.458	12.177	13.788	12.937	13.120	78.480
Savings						
Full Year Effects 2018/19	(1.479)	(1.140)	(0.439)	0.000	0.000	(3.058)
Waste	(1.800)	(0.700)	0.000	0.000	0.000	(2.500)
Total Spend Pressures	23.179	10.337	13.349	12.937	13.120	72.922

- 5.4. The full detail is set out in Appendix 1a.
- 5.5. A review has been undertaken on the demographic pressures across Adults and Children's Social Care and also those impacting on the provision of Special Educational Needs (SEN) Transport in the Borough. Provision had previously been made across all years for Adult Social Care and these are unchanged. Allowance has now also been made for increases in Children's Placements and costs arising from increased numbers of Special Guardianship Orders. Further SEN Transport is a continuing area of pressure for the Council over the medium term and there is now allowance here too.
- 5.6. The Quarter One 2019/20 Revenue Monitoring position was reported to Cabinet in October. There is a forecast overspend of £3.9m and the ongoing impact of the pressures have been incorporated into the spending assumptions for the MTFP. There is ongoing work to mitigate these pressures in year and over the longer term.
- 5.7. The Council is committed to investing £2.727m in Children's Social Care and £5.773m investment in Adult Social Care. The additional is detailed in Table 5 (6.12).
- 5.8. There has been a reliance on the use of capital receipts in line with the flexibilities offered by Government. However, the use of finite capital receipts is not a sustainable strategy and the spend on Edge of Care previously funded by receipts will form part of the base budget from 2020/21 onwards.
- 5.9. The Capital Financing forecast is still work in progress. £1m a year was added into the Strategy in July to reflect likely commitments arising from the formulation of the ten year Capital Programme and some additions have been made for specific schemes to support a number of income generation and savings proposals along with the impact of additional affordable housing in the Meridian Water development. The ten year Capital Programme and Treasury Management Strategy will come forward to Cabinet in December and the full capital financing impact will be clearer at that time.

5.10. Table 2 – Funding Assumptions

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m
Total Pressures B/F	23.179	10.337	13.349	12.937	13.120	72.922
Income						
Local retained rates	(2.032)					(2.032)
Business Rates Pool	2.950					2.950
Social Care Grant	(5.411)					(5.411)
New Homes Bonus		0.400	0.400	0.400	0.394	1.594
Housing Benefit Admin	0.158	0.142	0.128	0.115	0.103	0.646
Homelessness Grant	0.800	0.800	0.800	0.800	0.800	4.000
Council Tax	(3.010)	(3.001)	(3.069)	(3.138)	(3.209)	(15.427)
Council Tax scheme/Single Persons Discount	(0.700)	(1.000)				(1.700)
Adult Social Care Precept	(2.559)					(2.559)
Collection Fund	1.314	0.700	(0.700)			1.314
Tax Base adjustments	(0.193)	(0.278)	(0.289)	(0.300)	(0.312)	(1.372)
Use of Reserves	1.000					1.000
Gap	15.496	8.100	10.619	10.814	10.896	55.925

- 5.11. The funding position has been updated in line with the forecast allocations in the Chancellor's Spending Round Announcement. This does show an improved position on that reported back in July regarding funding issues.
- 5.12. Work is ongoing to assess the impact of the announcement with regard to the CPI increase in the SFA. This work runs alongside the assessment on the position on Business Rates below. At current there is no uplift in the assumptions.

- 5.13. The position on grants is improved compared with the MTFS report; Enfield's share of the Social Care grant is £5.4m and the reduction in New Homes Bonus is moved back one year. There is still some uncertainty with Flexible Homelessness Support Grant with a prudent approach taken at this stage to reduce by £0.800m per annum. There should be greater clarity in the Tranche 2 report in December.
- 5.14. Council Tax has been increased in line with the Referendum Limit across the life of the MTFP and the Council Tax Base has been assumed to increase with previous years at this point. It is also assumed the Adult Social Care Precept will be charged in order to support the necessary funding required to meet the pressures in Social Care set out above.
- 5.15. Collection Fund – these are initial forecasts for the positions on the collection funds for Council Tax and Business Rates reported to Full Council in February 2019. These will be updated in January 2020 when the Council agrees the Tax Base.

6. PROGRESS ON SAVINGS AND INCOME GENERATION PROPOSALS

- 6.1. Officers have been assessing potential areas of savings against the framework in paragraph 3.4. above. It should be noted that it is a framework to work to and it may be possible to categorise individual savings proposals in one or more of the various themes. Significant progress has been made and the gap for 2020/21 is narrowing but more work does need to be done for the future years of the plan, specifically years four and five.

6.2. Table 3 - Savings

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m
Gap	15.496	8.100	10.619	10.814	10.896	55.925
Tranche 1 savings	(11.874)	(2.652)	(1.599)	(3.050)	(3.033)	(22.208)
Tranche 2 Savings	(0.300)	(0.960)	(0.700)	0.000	0.000	(1.960)
Total Savings	(12.174)	(3.612)	(2.259)	(3.050)	(3.033)	(24.128)
Remaining Gap	3.322	4.488	8.360	7.764	7.863	31.797

- 6.3. £11.874m of savings proposals are being brought forward for early consultation. They are set out in full detail in Appendix 2b and are summarised below. The Tranche 2 savings are not included in the Appendix as they are not sufficiently well developed to bring forward at this time.
- 6.4. Tables 4a and 4b set out the savings and income generation proposals by theme and by directorate.

Table 4a – Tranche 1 and 2 Savings and Income Generation Proposals by theme

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m
Digital	(0.020)	(0.180)	0.000	(0.250)	(0.250)	(0.700)
IT	(2.500)	(0.510)	(0.200)	0.000	(0.200)	(3.410)
Demand Management	(0.400)	(0.120)	0.000	0.000	0.000	(0.520)
Procurement/ Contracts	(1.968)	(0.555)	0.000	0.000	0.000	(2.523)
Commercial	(1.841)	(1.241)	(0.934)	(1.600)	(2.178)	(7.794)
Invest to Save	(1.019)	(1.839)	(0.500)	(1.200)	(0.405)	(4.963)
Organisational Design	(1.237)	0.000	0.000	0.000	0.000	(1.237)
Corporate Led	(2.125)	1.000	(0.500)	0.000	0.000	(1.625)
Service Led	(1.064)	(0.167)	(0.125)	0.000	0.000	(1.356)
Total	(12.174)	(3.612)	(2.259)	(3.050)	(3.033)	(24.128)

- 6.5. There is a major rationalisation programme in place to streamline the Council's IT applications of which there are currently in excess of 600 and also to more efficiently deliver the infrastructure in which it operates. This is the major contributor to the Savings and Income Generation Proposals for 2020/21. This improved environment should enable further exploration of future digital savings in the longer term.
- 6.6. There are £1.968m of contractual savings in 2020/21 across all services as efficiencies are sought on contract renewals.
- 6.7. There has been a big push for additional income through the commercial theme. This is primarily in the Place Directorate and in part is driven by investment in the Council's physical assets.
- 6.8. Organisational Design. There are £1.237m of proposals being developed, a number of which are coming forward for approval to progress at this time. Officers will be working hard to minimise redundancies. This will be helped by the natural turnover of staff, but it should be recognised that the Council needs to continually change in the face of the dynamic environment in which it operates and there won't always be a perfect fit for existing staff and new roles. The staffing reductions proposed are relatively modest and will be exceeded by those posts being created, driven by the demand led pressures and investment in key services.

6.9. Table 4b – Savings and Income Generation Proposals by Directorate

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m
Corporate	(2.250)	0.850	(0.500)	0.000	0.000	(1.900)
Resources/ Chief Executive	(3.664)	(1.042)	(0.200)	(0.250)	(0.450)	(5.606)
Adults and Public Health	(1.855)	(0.100)	(0.100)	(0.100)	(0.100)	(2.255)
Children's and Education	(0.462)	0.000	(0.060)	(0.600)	(0.375)	(1.497)
Place	(3.943)	(3.320)	(1.399)	(2.100)	(2.108)	(12.870)
Total	(12.174)	(3.612)	(2.259)	(3.050)	(3.033)	(24.128)

6.10. Alongside the investment in Social Care in paragraph 5.7 there has been a conscious effort to protect these services when coming forward with savings and income generation proposals. Despite People Directorate accounting for 51% of the Council's net expenditure, the savings and income generation ask has only been 38%. This is explored in further detail in paragraph 6.12 below specifically for 2020/21.

6.11. Table 5 – Overall 2020/21 Position allowing for Tranche 1 and 2 Savings

	Corporate	Chief Exec/ Resources	Adults and Public Health	Children's and Education	Place	Total
	£m	£m	£m	£m	£m	£m
Demography	0.000	0.000	4.370	1.397	1.250	7.017
Inflation	6.150	0.000	1.283	0.000	0.000	7.433
Investment	1.600	1.450	0.120	1.330	1.618	6.118
Pressures	0.000	0.751	2.937	0.800	1.402	5.890
	7.750	2.201	8.710	3.527	4.270	26.458
Full Year savings	(0.075)	(0.050)	(0.157)	0.000	(2.997)	(3.279)
New Savings	(2.250)	(3.664)	(1.855)	(0.462)	(3.943)	(12.174)
	(2.325)	(3.714)	(2.012)	(0.462)	(6.940)	(15.453)
Funding	(0.513)	0.000	(5.270)	(2.700)	0.800	(7.683)
Total	4.912	(1.513)	1.428	0.365	(1.870)	3.322

- 6.12. Table 5 highlights the extent to which resources have been targeted to Social Care and the more vulnerable in the Borough in 2020/21.
- 6.13. The Council is proposing putting an additional £12.2m into its Adults and Children's Social Care Services. This figure will increase when the £6.150m provision for contractual inflation and cost of living uplifts for pay held corporately are allocated out. Whilst the £5.4m Adult Social Care grant is welcome along with the opportunity to raise an additional 2% Council Tax through the Adult Social Care Precept, the pressures on these services continue to significantly outstrip the available resources.

7. RESERVES

- 7.1. There will be a more robust assessment of reserves in the MTFP Reports which follow in December and February.
- 7.2. However, it is worth highlighting two areas of concern at this point. The Council has been undertaking some independent benchmarking work on its financial resilience. When compared with its ten London Borough statistical nearest neighbours, Enfield was ranked 10/11. The specific indicator was assessing the period of time over which reserves would be exhausted against known pressures and funding settlements.
- 7.3. The Quarter One 2019/20 Revenue Monitoring Report presented to Cabinet in September has identified a number of in year pressures, predominantly in demand led social care services during the current financial year. In the absence of mitigating actions or compensating savings these pressures will reduce the Council's reserves by £3.9m.

8. CAPITAL PROGRAMME AND TREASURY MANAGEMENT STRATEGY

- 8.1. There is ongoing work in both of these areas. The three year life of the existing Capital Programme was insufficient, and officers are currently drawing up commitments for a ten year Programme. This will be complemented by a ten year Treasury Management Strategy to give greater visibility on the Council's Capital Financing Requirement. Some allowance for this work has already been made above for the impact that this will have on the revenue budget. A broad £1m per annum increase has been included which should cover medium to long term highways maintenance, building maintenance and IT refresh programme commitments and there has also been allowance made for the financing costs of a number of initiatives which generate new or increased income streams for the Council.

8.2. NEXT STEPS

- 8.3. There will be a number of elements to Consultation over the autumn. An update on the Council's financial position across the Medium Term will be published in the Council's e Newsletter which will invite comment and can be considered along with other feedback which the Council receives on its services such as the Residents Survey. This narrative will also be provided to members to enable them to update

the community and Ward Forums and there is also the opportunity for the spending and funding assumptions and the savings and income generation proposals to be examined at Overview & Scrutiny Committee.

- 8.4. The Member Challenge session will also take place in October/November whereby overall spending and income plans can be scrutinised as well as the savings.
- 8.5. Officers are continuing to address the outstanding £3.322m gap for 2020/21 and £31.797m across the five years of the Plan. Both are equally important. A fully populated Plan will certainly streamline the Budget Planning approach in future years with more of a rolling approach rather than starting from scratch each year and is a major strand in the strategy for a resilient and sustainable financial position for the Council. The tranche 2 savings will come forward to Cabinet in December.
- 8.6. The other key budget work in place across the autumn period will be the Fees and Charges which will come forward in December along with the further savings and income generation proposals.
- 8.7. Complementing the revenue budget are the Ten Year Capital Programme and Ten Year Treasury Management Strategy. These will also come forward to Cabinet in December, there has been much progress on these and the finance team are ensuring assumptions across three are consistent.
- 8.8. Council in February will approve the overall Budget for 2020/21 and agree the approach for the future years.

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1. None

10. REASONS FOR RECOMMENDATIONS

- 10.1. Cabinet need to manage the 2020/21 to 2024/25 financial planning process with due regard to the available resources.

11. COMMENTS FROM OTHER DEPARTMENTS

12.1 Financial Implications

- 12.1.1 The key financial implications are set out in the body of the report

12.2 Legal Implications

- 12.2.1 The Council has various legal and fiduciary duties in relation to the budget. The Local Government Act 2003 requires the Chief Finance Officer to report to Council as part of the budget process on the robustness of the estimates and the adequacy of the proposed financial reserves. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the setting of the overall budget and council tax.

- 12.2.2 Members are obliged to take into account all relevant considerations and disregard all irrelevant considerations in seeking to ensure that the

Council acts lawfully in adopting a budget and setting council tax. Members should note that where a service is provided pursuant to a statutory duty, the Council cannot fail to discharge it properly.

- 12.2.3 This report provides a clear and concise view of future sustainability and the decisions that need to be made for the recommended actions.

12.3 Property Implications

- 12.3.1 There are property proposals detailed in the appendices to the report. The Director of Property and Economy and team have been fully engaged in their formulation.

13. KEY RISKS

- 13.1 There are a number of risks which may impact on the 2020/21 Budget and 2020/21 to 2024/25 Medium Term Financial Plan.
- 13.2 The absence of a multi year settlement from Government is a major source of uncertainty and impacts on the ability to plan for the medium term. It is important that the Council maintains adequate reserves and balances to mitigate this risk and the Finance Team will regularly review the financial assumptions made.
- 13.3 There is naturally risk in delivery of the individual proposals and these are subject to risk appraisal and will be continuously reviewed.
- 13.4 There is a risk that spending pressures in 2019/20 are not managed and create a greater funding gap in future years. The 2019/20 Budget is being managed through detailed reporting to management on a monthly basis and to Cabinet quarterly and there is a Pressures Challenge Board in place to address the key areas of spending pressures.
- 13.5 There are also political risks at this time with Brexit and speculation on a General Election. This situation will be continuously monitored.

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

14.1 Good homes in well connected neighbourhoods

- 14.2 Whilst not including full proposals on capital spend, the report sets out a position that can ensure the continuation of critical initiatives that will improve the quality of existing neighbourhoods and support residents, especially the most vulnerable.

14.3 Sustain strong and healthy communities

- 14.4 The proposals acknowledge the centrality of supporting local people to live healthy, happy and independent lives. This is demonstrated by the commitment to prioritise support and protect front line adult social care and children's services where it can. The proposals can ensure that the local authority is able to continue to deliver services that can provide the basis for strong and healthy communities.

14.5 Build our local economy to create a thriving place

- 14.6 The proposals help create a financial position for the local authority that can provide a basis for further work to contribute to the wider economic wellbeing of the borough.

15. EQUALITIES IMPACT IMPLICATIONS

- 15.1 Local authorities have a responsibility to meet the Public Sector Duty of the Equality Act 2010. The Act gives people the right not to be treated less favourably because of any of the protected characteristics. It is important to consider the needs of the diverse groups with protected characteristics when designing and delivering services or budgets so people can get fairer opportunities and equal access to services.
- 15.2 The Council aims to serve the whole borough fairly, tackle inequality and protect vulnerable people. The Council will promote equality of access and opportunity for those in our communities from the protected characteristic groups or those disadvantaged through socio-economic conditions.
- 15.3 Through the use of Equality Impact Assessments the Council can analyse and identify where and how proposed changes to services, policies and budgets could improve its ability to serve all members of the community fairly. It helps ensure that the Council does not discriminate, and in taking decisions that it does not unduly or disproportionately affect some groups more than others. The Council also recognises that undertaking full assessments will help to improve the efficiency and effectiveness of the Council by ensuring that residents and service users' needs are met through the delivery of the Council aims and objectives.
- 15.4 The Council's budget is not subject to a single Equality Impact Assessment, as it is far too complex for this approach. Instead, budget proposals requiring change or new services and policies will be required to carry out an Equality Impact Assessment to evaluate how the proposal will impact on all parts of the community. The impact assessment must include consultation with affected people and organisations. Heads of Service will have to identify what actions will be taken to mitigate against the worst adverse impacts at the end of their EQIA. The Corporate Equalities Group will be providing advice and support to Departments in developing appropriate EQIAs.

16. PERFORMANCE AND DATA IMPLICATIONS

- 16.1 The Demand Management assumptions have been developed by looking closely at the data and undertaking projections based upon historic and current patterns of demand and need and assessing future demand such as rising populations and changes in age demographics. This data is under constant review with an aim to develop more sophisticated projections which will inform future years
- 16.2 Tracking the progress in realising the proposed savings is crucial and monitoring of these will be undertaken through financial reporting but also through departmental and executive management team reporting

16.3 It will be important to track any positive or negative impact on the Council's key performance indicators as a result of these initiatives and this review will continue to be done through our performance framework and associated methodology. This will allow services and the Council as a whole to make a robust assessment of the impact of these initiatives.

17. HEALTH AND SAFETY IMPLICATIONS

17.1 None arising from this report.

18. HR IMPLICATIONS

18.1 Paragraph 6.8 above refers to Organisational Design which may impact on roles, responsibilities, structures and post reduction.

18.2 Any proposal that is likely to impact on posts or changes and potential closure of services, will require the Council to conduct a meaningful consultation with trade unions and staff. This will include consideration of alternative proposals put forward as part of the consultation process. The Council's HR policies and procedures for restructures should be followed.

Any consideration for staff structural changes should ensure there is a resilient workforce to deliver on-going service requirements. Therefore, consideration of workforce planning should be included in the process.

18.3 Where redundancies are necessary the appropriate HR policies and procedures should be followed. Redeployment options must be considered.

18.4 It is important that services engage with HR at the earliest opportunity.

19. PUBLIC HEALTH IMPLICATIONS

19.1 The council's core business is to maintain and enhance the wellbeing of the community; austerity and the financial climate is severely challenging its ability to do this. The MTFP outlines how the Council aims to meet its financial demands whilst minimising the effect of these pressures on the community. However, it is difficult to envisage how continuous cuts to the Council's budget will not impact upon its ability to support and maintain community wellbeing.

Background Papers

Medium Term Strategy Report to July Cabinet

Pressures in the Medium Term Financial Plan 2020/21 - 2024/25									
Ref No.	Department	Proposal Summary (from template)	Category	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Pay Awards and Inflation									
General inflation	Corporate	General inflation	Inflation	3,000	3,000	3,000	3,000	3,000	15,000
Pay Awards	Corporate	Pay Awards	Inflation	2,500	2,526	2,550	2,576	2,602	12,754
Customer Experience & Change 1	Corporate	Inflation specifically for IT contracts	Inflation	320	320	320	320	320	1,600
Environment & Operations	Corporate	Impact of deteriorating commodity prices for dry recycling materials	Inflation	330					330
ASC_P1_1920	People	Customer Pathway Contract Inflation ASC	Inflation	708					708
ASC_P2_1920	People	Learning Disabilities Contract Inflation ASC	Inflation	494					494
ASC_P3_1920	People	Mental Health Contract Inflation ASC	Inflation	81					81
Total Pay Awards and Inflation				7,433	5,846	5,870	5,896	5,922	30,967
Demographic Pressures									
Demographic Pressures	People	Adult Social Care Demographic Pressures estimated July 2019	Demography	2,017	2,000	2,000	2,000	2,000	10,017
Older People	People	Older People - Overspend forecast for 2019/20 at Q1	Demography	1,159					1,159
Learning Disabilities	People	Learning Disabilities - Overspend forecast for 2019/20 at Q1	Demography	1,194					1,194
Demographic Pressures	People	Children's Social Care Demography estimated July 2019	Demography	397	0	0	0	0	397
CSC Demographic Pressure	People	Further Children's Social Care Demography	Demography	1,000	750	750	750	750	4,000
Home To School Transport/SEN Transport	Place	Home To School Transport Pressures (ongoing annual demand pressures impact of £530k) + other current pressures	Demography	650	530	530	530	530	2,770
Home To School Transport/SEN Transport	Place	Home To School Transport/SEN Transport - Overspend forecast for 2019/20 at Q1	Demography	600					600
Total Demographic Pressures				7,017	3,280	3,280	3,280	3,280	20,137
Investment / Capital Financing									
Legal	CEX	FOI/MEQ Team restructure	Investment	121					121
Organisational Development	CEX	Continuing Professional Development (estimate of £70k per directorate)	Investment	150					150
People & Governance	CEX	Director of HR	Investment	150					150
Head of Corporate Strategy	CEX	Head of Corporate Strategy	Investment	110					110
Capital Financing	Corporate	Capital Financing	Investment	1,000	1,000	1,000	1,000	1,000	5,000
WIL/EMG/DG	Corporate	Women into Leadership/Ethnic Minorities Group/Disabilities Group	Investment	75					75
- Property Investment	Corporate	Capital Financing Costs - Property Investment	Investment		468	468	468	468	1,872
- Montagu	Corporate	Capital Financing Costs - Montagu	Investment			869			869
- Fleet Replacement	Corporate	Capital Financing Costs - Fleet Replacement	Investment		304	458	360	360	1,482
- Additional Affordable Housing Meridian 1	Corporate	Capital Financing Costs - Additional Affordable Housing Meridian 1	Investment	525	405	193	1	440	1,564
- Crematorium Development	Corporate	Capital Financing Costs - Crematorium Development	Investment					282	282
Invest to Save	Corporate	Capital Financing Costs of Investment in LED Street Lighting	Investment	378					378
ASC	People	Modern Slavery Team	Investment	120					120
Investment in Youth Crime	People	Two Year Pilot on Prevention of Serious Youth Violence ends	Investment		(500)				-500
Children's Services	People	Permanent increase in the number of front line social workers	Investment	865					865
Summer Uni Programme	People	Summer Uni Programme	Investment	80					80
CSC	People	Children's Social Care - Edge of Care Work - social work team	Investment	385					385
Preventing cycle	People	Preventing cycle - managing risk of repeated pregnancies.	Investment		175				175
In-house support / skilled carers of teens	People	In-house support service and skilled carers of teens	Investment		500				500
Investment in Waste	Place	Investment in Street Cleaning (funded via Waste Savings)	Investment	500					500
Property & Economy	Place	Property Restructure and Asset Management System	Investment	440	100				540
R&M Budget	Place	Repairs and Maintenance budget shortfall (non-capital planned works)	Investment	150	150	150	150	150	750
Property & Economy	Place	Asset Valuations Capital Accounts - Statement of Accounts action plan	Investment	150					150
Commercial	Resources	Procurement Hub resources	Investment	250					250
Customer Experience & Change	Resources	Web Team structure	Investment	60					60
Customer Experience & Change 2	Resources	IT Team	Investment	350	350				700
Finance	Resources	Debt Strategy - increasing staff levels to focus on debt prevention and benefit maximisation	Investment	170					170

Pressures in the Medium Term Financial Plan 2020/21 - 2024/25									
Ref No.	Department	Proposal Summary (from template)	Category	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Customer Experience & Change	Resources	Customer Operations - quality manager and training post	Investment	89					89
Total Investment / Capital Financing				6,118	2,952	3,138	2,261	2,418	16,887
North London Waste Authority									
NLWA	Corporate	NLWA	NLWA	0	0	1,500	1,500	1,500	4,500
Total NLWA				0	0	1,500	1,500	1,500	4,500
Pressures									
ASC	People	Increasing costs of services delivered by IWE. 2020/21 forecasts being reviewed	Pressure	2,000					2,000
CSC	People	National Accreditation and Assessment System (NAAS) for Social Workers - new requirement	Pressure	200					200
Schools Traded	People	Prior year income target legacy for school traded unrealised	Pressure	600					600
ASC/PH	People	Use of one-off Public Health Reserves to support 2019-20 budget reversed	Pressure	937					937
R&E_P10_1718	Place	Street Lighting PFI Reserve	Pressure	291					291
R&E_P11_1718	Place	Planning Policy - establish a base budget for the function	Pressure	88					88
ENV_S9_1819_T1	Place	Traffic and Transportation Income (18/19 saving for 3 years only)	Pressure		130				130
Property & Economy	Place	Vacant Properties / Disposals - creation of base budget for function	Pressure	150					150
Trespass and Enforcement Actions On Council Land	Place	Trespass and Enforcement Actions On Council Land £250k per annum	Pressure	250					250
Property & Economy	Place	In sourcing cleaning contract (loss of JV income from NORSE JV £123k)	Pressure	123					123
Property Lease	Place	Increased property lease costs	Pressure	500					500
Customer Experience & Change 3	Resources	Out of hours service-one off contract termination cost	Pressure	31	-31				0
Commercial	Resources	Procurement Contract review/forward plan legacy savings	Pressure	520					520
Commercial	Resources	Schools Catering Service - reducing income	Pressure	200					200
Total Pressures				5,890	99	0	0	0	5,989
Overall Pressures in the MTFP 2020/21 - 2024/25				26,458	12,177	13,788	12,937	13,120	78,480

APPENDIX 1B

Funding Assumptions in the Medium Term Financial Plan 2020/21 - 2024/25

Proposal	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£000	£000	£000	£000	£000	£000
Council Tax						
Council tax single person discounts and other discounts. Use our internal records to identify savings	(500)	(1,000)				(1,500)
Review Council Tax Reduction Scheme	(200)					(200)
Adult Social Care precept 2%	(2,559)	0	0	0	0	(2,559)
Tax Base adjustments and Tax Base Growth - additional 500 Band D Equivalents rather than 300	(193)	(278)	(289)	(300)	(312)	(1,372)
Core Council Tax increases (1.99% per annum)	(3,010)	(3,001)	(3,069)	(3,138)	(3,209)	(15,427)
Business Rates						
Business Rates Pool arrangement ending	2,950	0	0	0	0	2,950
SFA/Business Rates increase	(2,032)	0	0	0	0	(2,032)
Grants						
Social Care Grant (£1bn nationally)	(5,411)					(5,411)
New Homes Bonus - grant reduction		400	400	400	394	1,594
Reduction in Housing Benefit Admin Grant (10% per annum)	158	142	128	115	103	646
Homelessness Grant - reducing by £800k per year	800	800	800	800	800	4,000
Other Items						
One off Use of Reserves in 2019/20	1,000	0	0	0	0	1,000
Collection Fund Deficit	1,314	700	(700)	0	0	1,314
Total	(7,683)	(2,237)	(2,730)	(2,123)	(2,224)	(16,997)

APPENDIX 2A

Full Year Effect of Prior Year Savings in 2020/21 - 2024/25

Directorate	Department	Title	2020/21	2021/22	2022/23	2023/24	2024/25	Total
			£000	£000	£000	£000	£000	£000
Corporate People	Corporate Adult Social Care	Taxbase Growth Reardon Court - Extra Care	(75)	(113)	(377)			(75) (490)
People	Adult Social Care	Reduction in management as a result of service re-modelling	(157)					(157)
Place	Environment	Edmonton Cemetery Expansion - sales of mausolea and vaulted graves	(6)	(6)	(6)	25		(18) 25
Place	Environment	Additional T&T income from recharges to capital						
Place	Environment	Cemeteries Mausoleum and Vaulted graves sales - Southgate Cemetery	(390)	(60)	(31)			(481)
Place	Place	Meridian Water Meanwhile Use income	1,190					1,190
Place	Place	LED Street Lighting	(250)					(250)
Place	Place	Stop School Crossing Patrols	(34)					(34)
Place	Place	Building Control Income	(50)					(50)
Place	Place	Temporary Accommodation - Future Years	(780)	(711)				(1,491)
Place	Place	Market Rentals for Council Properties	(50)	(50)	(50)			(150)
Place	Place	Management actions to contain pressure	(379)					(379)
Place	Place	Increase income across R&E	(250)					(250)
Place	Place	Organisational Review Savings	(198)					(198)
Place	Place	Waste Savings	(1,800)	(700)				(2,500)
Resources	CEX/Resources	Payments Programme - new system allowing efficiencies in Exchequer	(200)	(200)				(400)
Resources	CEX/Resources	Energy Saving Initiatives	150					150
			(3,279)	(1,840)	(439)	0	0	(5,558)

Tranche 1 Savings and Income Generation Proposals 2020/21 - 2024/25

Reference	Department	Description of Saving/Income Generation Proposal	Tranche	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Corporate									
CORP 20-21 S01	Corporate	Take system credits as a one-off saving, then assume £500k each year ongoing saving	1	(2,000)	1,500				(500)
Corporate Total				(2,000)	1,500	0	0	0	(500)
Resources/CEX									
RES 20-21 S01	Resources	Organisational Review Saving	1	(450)					(450)
RES 20-21 S02	Resources	Update of financial systems. Alternative to SAP & BPC.	1				(250)		(250)
RES 20-21 S04	Resources	Payroll Service expansion to schools	1					(200)	(200)
RES 20-21 S05	Resources	Staff savings from implementation of a vendor payment portal	1					(200)	(200)
RES 20-21 S06	Resources	Single view of the customer debt	1					(50)	(50)
RES 20-21 S07	Resources	On line forms and ability to upload information required to go into back office systems for revenues and benefits	1	(20)	(120)				(140)
RES 20-21 S08	Resources	Greater automation to reduce staff resources in administering DWP notifications	1		(60)				(60)
RES 20-21 S09	Resources	Review of out of hours contracting arrangements; early exit termination fees apply.	1		(14)	(42)			(56)
RES 20-21 S10	Resources	Customer Service Centre demand reduction and channel shift	1			(100)			(100)
RES 20-21 S11	Resources	Sustainable council: reduction in printing across the council by 15%	1	(50)					(50)
RES 20-21 S12	Resources	Re-procurement of bulk printing and postage contract	1	(200)					(200)
RES 20-21 S13	Resources	New arrangements for hosting ICT applications and mobile phone contract reductions	1		(1,300)				(1,300)
RES 20-21 S14	Resources	Reducing costs associated with data storage	1		(300)				(300)
RES 20-21 S16	Resources	Procurement saving resulting from replacing our digital customer platform	1		(800)				(800)
RES 20-21 S18	Resources	Rationalisation of telephony contracts	1			(200)			(200)
RES 20-21 S19	Resources	Automation of routine processes including the exploration of Artificial Intelligence	1			(50)			(50)
RES 20-21 S20	Resources	Reduction in the usage of the interpreting contract	1			(20)			(20)
RES 20-21 S21	Resources	Digital support to the UK immigration and visa verification service.	1		(140)	(140)			(280)
RES 20-21 S23	Resources	Investment in a sensory room for use by individuals, companies and schools	1		(20)				(20)
RES 20-21 S24	Resources	Makerspaces. Equipping community rooms to support crafting and other skill development	1	(20)					(20)
CEX 20-21 S02	CEX	Reduce printing	1	(50)					(50)
CEX 20-21 S03	CEX	Organisational Review Saving	1		(150)				(150)
CEX 20-21 S04	CEX	Review of recharges	1	(100)					(100)
Resources/CEX Total				(3,614)	(732)	0	(250)	(450)	(5,046)

Tranche 1 Savings and Income Generation Proposals 2020/21 - 2024/25

Reference	Department	Description of Saving/Income Generation Proposal	Tranche	2020/21	2021/22	2022/23	2023/24	2024/25	Total
				£000	£000	£000	£000	£000	£000
Adults and Public Health									
PEOPLE 20-21 S05	Adult Social Care	Increased income through fees and charges for chargeable Adult Social Care Services	1	(320)	(100)	(100)	(100)	(100)	(720)
PEOPLE 20-21 S06	Adult Social Care	Maximisation of IWE resource for day services	1	(90)					(90)
PEOPLE 20-21 S07	Adult Social Care	Review of residential placements to secure appropriate supported living	1	(200)					(200)
PEOPLE 20-21 S08	Adult Social Care	Increased use of Assistive Technology and support through the VCS	1	(100)					(100)
PEOPLE 20-21 S09	Adult Social Care	Reduced costs of care through early intervention	1	(110)					(110)
PEOPLE 20-21 S10	Adult Social Care	More efficient processing of DoLs and care of Pets	1	(40)					(40)
PEOPLE 20-21 S11	Adult Social Care	Reduction in print costs	1	(25)					(25)
PEOPLE 20-21 S13	Public Health	Review of commissioning contracts and out of borough Sexual Health spend	1	(970)					(970)
Adults and Public Health Total				(1,855)	(100)	(100)	(100)	(100)	(2,255)
Children's and Education									
PEOPLE 20-21 S04	Education	DSG Funding and capital recharges	1	(90)					(90)
PEOPLE 20-21 S03	Children Social Care	Reduction in business support (vacant post)	1	(39)					(39)
PEOPLE 20-21 S01a	Children Social Care	Reduction in early retirement pension budget	1	(58)					(58)
PEOPLE 20-21 S01b	Children Social Care	Reduction in reparation due to Police contribution	1	(10)					(10)
PEOPLE 20-21 S14	Children Social Care	Managing risk of repeated pregnancies.	1					(375)	(375)
PEOPLE 20-21 S15	Children Social Care	In-house support service and skilled carers of teens	1		(60)	(600)			(660)
PEOPLE 20-21 S02a	Children Social Care	Block booking semi-independent accommodation	1	(125)					(125)
PEOPLE 20-21 S02b	Children Social Care	Reducing placement cost	1	(140)					(140)
Children's and Education Total				(462)	0	(60)	(600)	(375)	(1,497)
Place									
PLACE 20-21 S04	Place	Traffic order income	1	(40)					(40)
PLACE 20-21 S06a	Place	Parking Contract Renewal	1	(165)	(35)				(200)
PLACE 20-21 S06b	Place	Crown Road Lorry Park and Shared Pound	1		(120)				(120)
PLACE 20-21 S07	Place	Additional LED street light savings	1		(260)				(260)

APPENDIX 2B

Tranche 1 Savings and Income Generation Proposals 2020/21 - 2024/25

Reference	Department	Description of Saving/Income Generation Proposal	Tranche	2020/21	2021/22	2022/23	2023/24	2024/25	Total
				£000	£000	£000	£000	£000	£000
PLACE 20-21 S08	Place	Scaffolding Permit Income	1	(50)					(50)
TBD	Place	Vehicle Fleet Replacement – through borrowing instead of leasing.	1	(1,200)					(1,200)
TBD	Place	In house Parks/Cemeteries contracts efficiency	1	(50)					(50)
TBD	Place	Southgate Cemetery Cemeteries Mausoleum and Vaulted graves sales	1				819		819
TBD	Place	Commercialisation of the Fleet Workshop	1	(50)					(50)
TBD	Place	Crematorium Development	1				(1,139)	(23)	(1,162)
TBD	Place	Inflation uplift on external clients and receipts income	1		(180)	(180)	(180)	(180)	(720)
TBD	Place	Genotin Road Car Park Redevelopment	1	93	(1,579)				(1,486)
PLACE 20-21 S02a	Place	Montagu Industrial Estate Redevelopment	1	0	0	0	(300)	(900)	(1,200)
PLACE 20-21 S02b	Place	Commercial Property Investment	1		(700)	(700)	(700)	(700)	(2,800)
TBD	Place	Security contract saving	1	(78)					(78)
PLACE 20-21 S03	Place	Rationalisation of property estate	1	156	(408)	(440)			(692)
TBD	Place	Reardon Court Development Rental Income	1	0	0	0	(600)	(30)	(630)
TBD	Place	Insource Cleaning Contract ongoing efficiencies	1	0	(50)				(50)
TBD	Place	Sub-stations rent reviews	1	0	(50)				(50)
PLACE 20-21 S01a	Place	Increase in fee income in the planning service	1		(170)	(20)			(190)
PLACE 20-21 S01b	Place	Building Control Plan Drawing Service	1		(30)	(20)			(50)
TBD	Place	Homelessness Service Review	1	(1,000)	(125)	(125)			(1,250)
PLACE 20-21 S05	Place	MW Meanwhile use income	1	(1,109)	387	86	0	(81)	(717)
TBD	Place	MW Non-Residential Rental Income	1	0	0	0	0	(194)	(194)
TBD	Place	Organisational Review Saving	1	(450)					(450)
Place Total				(3,943)	(3,320)	(1,399)	(2,100)	(2,108)	(12,870)
Total Savings and Income Generation proposals				(11,874)	(2,652)	(1,559)	(3,050)	(3,033)	(22,168)