

**REPORT TO: OSC**

**DATE: 7 November 2019**

**REPORT TITLE: Budget Update**

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**PURPOSE OF REPORT: To update the Committee on the formulation of the Council's 2020/21 Budget and Medium-Term Financial Plan 2020/21 to 2024/25.**

**SUMMARY:**

**The Budget setting process commenced in April with the development of the vision and framework which were presented to Cabinet in July along with an update on spending and funding assumptions.**

**Significant progress has been made in identifying savings and income generation initiatives to address the financial gap. These were presented to Cabinet in October seeking agreement to progress and bring forward to Council for approval in February.**

**There is a specific Overview and Scrutiny meeting on 19<sup>th</sup> December to review Medium Term Financial Plan in advance of proceeding to Council in February 2020.**

**1. BACKGROUND**

- 1.1. There have been ten years of grant reductions which alongside every increasing demand for Council services has meant Enfield has need to make £179m across this period.
- 1.2. There is a clear vision to put in place robust and resilience finances to enable the Council to safeguard services and protect the most vulnerable in the Borough. To this end a five-year Medium Term financial Plan is being developed which will be complemented by a ten year Capital Programme and ten year Treasury Management Strategy.

**2. ISSUES AND CHALLENGES**

- 2.1. The key issues and challenges are set out in the Tranche 1 savings report to Cabinet in October (link below for information). This report brings forward savings and income generation proposals and provide spending and funding assumption updates building on the Budget Paper to Council in February and the Medium-Term Financial Strategy presented to Cabinet in July, both of which serve as useful background papers.

**<http://governance.enfield.gov.uk/documents/s77979/MTFP%20Update%20and%20Tranche%201%20Savings%20Report.pdf>**

- 2.2. Based on the latest spending forecasts and funding assumptions Enfield faces a funding gap of £15.5m in 2020/21 and £55.9m across the Medium Term. Tax raising powers for local Government mean that the Council Tax and Business Rates will not even meet the inflationary pressures faced by the Council.
- 2.3. There are significant pressures being experienced both nationally and locally for Children's Social Care, Adult Social Care, Special Education Needs provision especially Home to School Transport and Housing Services.
- 2.4. The Chancellor's spending announcement on 4 September gave the prospect of a better than anticipated settlement for Local Government in December but after ten year of reduction in general Government Grant it does not go far enough. Also at a time when the Council is rightfully planning its finances over the medium and longer term for capital, it is disappointing that the Settlement will only be for one year.
- 2.5. There has been significant progress made in bridging the funding gap with £12.174m of savings and income generation proposals brought forward for consideration by Cabinet in October. Consultation on the overall budget is commencing through the Council's e Newsletter in late October.
- 2.6. There will be a further report to Cabinet in December with a second tranche of savings and updates on funding position which intend to bridge the remaining gap. There will be an opportunity for Overview and Scrutiny Committee to scrutinise both tranches of proposals and the underlying assumption on spend and funding at its meeting on 19 December 2019.
- 2.7. The Local Government Funding Settlement which should confirm detail of the 4 September announcements is expected late December. This will be a provisional settlement subject to consultation which will be confirmed early towards the end of January. The final budget proposals will be presented to Council in February 2020.

### 3. RECOMMENDATIONS

- 3.1. Overview and Scrutiny Committee is recommended to note:
  - i. the current financial position outlined;
  - ii. the opportunity to scrutinise the savings and income generation proposals and the underlying spending and funding assumptions at its meeting on 19 December 2019; and
  - iii. the future reports to Cabinet with the Tranche 2 proposals in December and to Council for final approval in February 2020.