

MUNICIPAL YEAR 2019/2020 REPORT NO.

MEETING TITLE AND DATE:

Overview & Scrutiny Committee
19 December 2019

REPORT OF:

Executive Director of
Resources

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Agenda – Part:	Item:
Subject: 2020/21 Budget and 2020/21 - 2024/25 Medium Term Financial Plan	
Wards: Key Decision No:	
Cabinet Member consulted: Cllr Maguire	

1. EXECUTIVE SUMMARY

- 1.1. Cabinet agreed its Medium Term Financial Strategy in July and there have been two subsequent reports to bring forward savings and income generation proposals and updates on the spending and funding assumptions. There was also a progress report to Overview & Scrutiny Committee in early November.
- 1.2. Members of the Committee are being asked to refer to the full savings and income generation proposals and assumption on spend and funding in the December MTFP Tranche 2 Savings Cabinet report.
- 1.3. Engagement with the community through the Council's e newsletter commenced on 31 October and runs for six weeks through to 13 December. There is support for the Council's strategy to target resources at the most vulnerable and for Council Tax to rise in line with the Threshold Limit and for the additional precept for Adult Social Care to be applied.
- 1.4. The Council is committed to its Equality Act 2010 commitments and Equality Impact Assessments have been undertaken for all proposals where appropriate.

2. RECOMMENDATIONS

- 2.1. Overview & Scrutiny Committee is recommended to:

Consider the savings and income proposals and spending and funding assumptions in the December MTFP Tranche 2 Savings Report and report the outcome of their deliberations to Cabinet.

3. BACKGROUND

- 3.1. Cabinet agreed the Medium Term Financial Strategy for 2020/21 to 2024/25 at its meeting on 17 July 2019.

The vision is:

- 5 Year Medium Term Financial Plan (MTFP) with detailed savings plans for all five years to drive resilience and sustainability (three year Spending Review (SR19) anticipated)
 - 10 Year Capital Programme to give greater visibility to long term capital commitments
 - 10 Year Treasury Management Strategy to give greater visibility on the Council's Capital Financing Requirement (CFR)
- 3.2. Savings and income generation proposals have been developed against an agreed framework.
- 3.3. There have been a series of follow up reports to Cabinet and to Overview & Scrutiny. The Cabinet reports have brought forward savings and income generation proposals and also provided updates on the funding and spending assumptions.
- 3.4. The Chancellor made a Spending Announcement on 4 September with better than expected news on funding, although it will be for one year only and Fair Funding and the Business Rates Reset won't be in place for 2020. The Local Government Settlement was due 5 December 2019, but this is delayed due to the General Election. MHCLG (Ministry for Housing, Communities and Local Government) have prepared the detailed settlement but the earliest this could be published would be Friday 20 December with Parliament due to reconvene on Thursday 19 December.
- 3.5. Overview and Scrutiny received an update report on the MTFP at its meeting on 7 November which focussed on process and progress to date.
- 3.6. The final Budget and MTFP will come forward for approval to Cabinet and Council in February 2020.

4. SCRUTINY OF SAVINGS AND INCOME GENERATION PROPOSALS AND SPENDING AND FUNDING ASSUMPTIONS

- 4.1. The Council is committed to delivering a resilient and sustainable budget. An essential element of the budget setting process to deliver this commitment is the scrutiny of the savings and income generation proposals and also the underlying assumptions on spending and funding. These are set out in full in the December MTFP Tranche 2 Savings Report which is attached.
- 4.2. At present £1.565m of reserves are being used on a one off basis to address the outstanding funding gap. There is ongoing work to identify further savings and income generation proposals to close the gap fully and not rely on the use of one off measures.

5. ENGAGEMENT

- 5.1. Engagement with the community on the Council's approach to the budget started early to enable feedback to be presented to this Overview & Scrutiny Committee on 19 December. There had been a Budget Simulator exercise undertaken for the 2019/20 Budget and 2019/20 to 2022/23 MTFP but this proved disappointing. It cost £5k but only 61 residents made use of it. There were 388 responses to the online questionnaire which was publicised through the Council's quarterly news publication. The 2020/21 engagement has been through the e newsletter to which 40,000 residents are signed up and the link has also been published in the Cabinet Report.
- 5.2. After ten years of austerity, options available to the Council are more limited and consequently the engagement has simply sought views on:
- i. How important is it the Council delivers a budget which protects the most vulnerable in the community?
 - ii. How much do you agree or disagree with the Council's proposals to increase Council Tax in line with the Government's referendum threshold of 1.99% and collect a 2.00% precept to cover the rising costs of Adult Social Care?
 - iii. If you have any comments on the Budget proposals presented to Cabinet on 16 October 2019, let us know.
- 5.3. There were plans to promote the engagement through Ward forums, but this was put on hold following the announcement of the General Election.
- 5.4. To date there have only been 78 response to the Questionnaire.
- 5.5. From the feedback received to date on the questionnaire:
- Q1 – A clear majority (85%) feel that it is important ('very important' or fairly important') for the Council to deliver a budget which protects the most vulnerable in the community.
- Q2 - Around six out of 10 (58%) agree with the Council's proposals to increase Council Tax in line with the Government's referendum threshold of 1.99% and collect a 2.00% precept to cover the rising costs of Adult Social Care. While around a third (35%) disagree, it is encouraging that the choice 'strongly agree' has the highest recorded score of 33%.
- Q3 - Just a third of participants responded to this open-ended question. Almost all responses do not address the question, rather the comments are general, with the main themes being criticism of the Council for perceived inefficiencies and in particular disappointment/dissatisfaction for cutting services (including changing the bin collection to fortnightly from weekly).
- 5.6. An updated position will be presented at the meeting.

6. EQUALITY IMPACT ASSESSMENTS

- 6.1. The Council is committed to its responsibilities under the Public Sector Duty of the Equality Act 2010. These duties are set out in paragraphs 12.1 to 12.4 below.
- 6.2. For 2020/21 there are 59 individual savings proposals, and these have all been evaluated to determine whether an Equality Impact Assessment (EQIA) is required and there is paperwork in place to support this evaluation.
- 6.3. Of the 59 proposals 36 have required a full EQIA.
- 6.4. Of the 59 proposals:
 - 9 are likely to have an impact on staffing and in these cases Human Resources guidance and principles on managing reorganisations will be used to minimise the impact for staff,
 - 22 proposals are considered to have an impact on customers and accessibility requirements will be considered and built into the specifications of any new systems and the business case for change,
 - 1 proposal relating to internal system will impact on staff as users of the system and again accessibility requirements will be built into the system specifications, and
 - A further 4 proposals will have no planned reduction on services or impact on staff.

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1. None.

8. REASONS FOR RECOMMENDATIONS

- 8.1. Members of the Overview and Scrutiny Committee Budget Meeting are required to consider budget proposals in the light of consultation responses and to report findings back to Cabinet for their consideration when finalising recommendation on budget setting for 2019/20.

9. COMMENTS FROM OTHER DEPARTMENTS

9.1. Financial Implications

- 9.1.1. Committee members views are being sought on the proposals and assumptions in the December Cabinet report and will be fed through to the Final Budget and MTFP report to Cabinet and Council in February.

9.2. Legal Implications

- 9.2.1. The Council is required to make arrangements for the proper administration of the Authority's financial affairs (section 151 Local Government Act 1972). The process for the adoption of a lawful budget and setting of council tax is set out in Part 4 Chapter 4.7 of the Constitution. This requires the reporting of recommendations to the Overview and Scrutiny Committee for advice and consideration. The Committee shall report to Cabinet on the outcome of its deliberations.

9.2.2. Public consultation has been carried out in respect of the subject matter of this report. The product of any consultation must be conscientiously taken into account in finalising proposals.

9.3. Property Implications

9.3.1. There are no property implications arising from this report.

10. KEY RISKS

10.1. Two key risks in the formulation of the annual budget are that savings aren't delivered or that incorrect assumptions have been made on future spending commitments and funding settlements. These can in part be mitigated by ensuring there is transparency in reporting and effective challenge and scrutiny.

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

11.1. Good homes in well-connected neighbourhoods

11.2. Sustain strong and healthy communities

11.3. Build our local economy to create a thriving place

The Consultation has clearly set out the Council's three objectives and the focus to allocate resources effectively to ensure they're delivered.

12. EQUALITIES IMPACT IMPLICATIONS

12.1. 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.

12.2. 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.

12.3. 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's aims and objectives.

12.4. 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.

13. PERFORMANCE AND DATA IMPLICATIONS

13.1 Not applicable to this report.

14. HEALTH AND SAFETY IMPLICATIONS

14.1 Not applicable to this report.

15. HR IMPLICATIONS

15.1 These are being addressed the EQIA process.

16. PUBLIC HEALTH IMPLICATIONS

16.1 Not applicable to this report.

Background Papers

4 December 2019 Cabinet Report – Medium Term Financial Plan 2020/21 to 2024/25 Tranche Two Savings. Attached

7 November 2019 Overview & Scrutiny Committee – Budget Progress Update

16 October 2019 Cabinet Report – Medium Term Financial Plan 2020/21 to 2024/25 Tranche One Savings.

17 July 2019 Cabinet Report – Medium Term Financial Strategy 2020/21 to 2024/25