

London Borough of Enfield

Council

Meeting Date – 28th January 2021

Subject: Fairer Funding for Enfield

Cabinet Member: Cllr Mary Maguire

Executive Director: Fay Hammond

Key Decision: Not applicable

Purpose of Report

1. To note the current estimated position of the impact of Covid-19 on the Council's medium-term financial plan for 2021/22 as set out in this report.
2. To note the recent letter to the Chancellor of the Exchequer of 18 January 2021 from the Leader of the Council on behalf to the local authority as appended to this report. The letter requests further funding from central Government to help the local authority meet the financial impact of the Covid-19 pandemic.
3. To agree that steps are taken to allow local residents and all councillors to show their support for the efforts of the local authority to lobby Government for this additional funding should they wish to do so by setting up a 'fair funding' webpage on the Council's website. This follows in the tradition of our previous support to lobby for fairer funding as a 'grant damped' borough both individually and as a bloc of similarly challenged London Councils and also reflects a history of other community-led campaigns of support for fairer funding such as those led by our Enfield Over 50's Forum.

Proposal(s)

4. That Council:
 - a. Notes the current financial context that the budget for 2021/22 is being set.
 - b. Recognises and supports the letter from the Leader of the Council to the Chancellor of the Exchequer issued on 18 January 2021 requesting the release of additional Government funding to help the local authority meet the costs incurred supporting residents and businesses during the Covid-19 pandemic
 - c. That a 'fair funding' webpage is set up for residents to show their support for the Council to continue to lobby government for the full cost of incurred through the Covid-19 pandemic should they wish to do so.

Reason for Proposal(s)

5. To ensure that the Enfield residents are aware of the updated budget position and are given the opportunity to comment on this.

Relevance to the Council's Corporate Plan

6. The Council refreshed its Corporate Plan in July 2020 confirming three key objectives:
 - a. Good Homes in Well Connected Neighbourhoods
 - b. Safe, Healthy and Confident Communities
 - c. An Economy that Works for Everyone.

The ability of the local authority to deliver its objectives and maintain high quality services to local people is affected in part by the amount of support received from central Government. This is particularly the case when significant additional resources have been assigned to helping support local people and businesses affected by the COVID19 pandemic.

7. The development of the Budget 2021/22 and MTFP 2021/22 to 2025/26 is focused on the Council Plan and ensuring finite resources are focused on the Council's key objectives. As articulated in the Council's refreshed "Lifetime of Opportunities" Council Plan, "financial resilience and good governance" is an enabler to deliver transformation in the Borough.

Background

8. For over a decade Enfield's funding has not reflected our needs due to historic damping. The review of local government funding has been delayed for a further year in the light of Covid-19, albeit understandable, this means that Enfield's continues to be underfunded for need. Since 2010, savings and income generation of £193m have been made to offset reductions in grant funding and unfunded demographic and cost pressures over this time.
9. The situation is exemplified when we consider our current Public Health allocation from Government. Enfield receives less public health funding than neighbouring boroughs. Enfield currently receives just £50.01 per head, compared to £71.90 for neighbouring Haringey and £108.14 for Islington.
10. London local authorities Kensington and Chelsea and Westminster have the highest funding allocations in London while Enfield is 24th out of 33 boroughs, for funding allocation. In other words, Westminster receive 2.5 times more per head more in PH funding compared with Enfield.
11. Prior to Covid19, Enfield had taken a number of steps to ensure it was financially resilient, however, this has now been undermined by the impact of Covid-19, and the Council now faces a challenging financial position in 2021/22. The current forecasted impact of Covid-19 (including the impact of business rates, council tax and costs and lost income) totals £30m.

Although the final figure is still to be finalised and will be reported at the Cabinet and Council in February. Government funding to support Covid-19 has been welcomed, grants notification have been received to support cost pressures, sales fees and charges losses up to June 2021, 2021/22 irrecoverable collection losses and council tax support costs. Enfield is estimated to receive £18.6m or 62% of the current estimated financial impact of Covid-19. However, the forecast Covid-19 funding gap will need to be covered by the Council's core budget through increasing income levels, savings and the limited use of smoothing reserves.

12. As reported to Cabinet in November 2020, this is on the back of Covid-19 costs of £64m (£45m excluding the collection fund deficit which will be spread over the next three years). As set out in this report, in 2020/21, government grants totalling £35m have been received to date, which has supported the financial position of the Council. In addition, the Council has saved £9.3m which offsets the current financial years pressures, any uncommitted savings will be carried forward in a reserve to specifically support the 2021/22 position.
13. As part of the Chancellor's Comprehensive Spending Review announcement in November 2020, it was suggested that Councils may wish to consider increasing Council Tax by up to 5% in future years (2% core and 3% ASC precept). As a financially prudent local authority we felt it important to make representations in response to Government to ask that this burden was not passed onto local communities.
14. At the outset of the pandemic that Government promised local government would have the resources they need to meet these challenges of Covid19 and that they would, "stand shoulder to shoulder with local government". Therefore we have written to the Chancellor asking for the remaining funding gap generated by Covid19 be met in full by Government.

Main considerations for the council

15. In the overarching financial context, it is proposed that continued lobbying of central Government to secure fair funding support that can meet the shortfall and mitigate the financial impact of Covid-19 is a vital and necessary activity to pursue. The ability to create a 'fair funding' webpage where local people can register their interest in how the local authority is lobbying Government for further financial assistance is appropriate given the extraordinary circumstances of the present time.

Safeguarding Implications

16. There are no specific safeguarding implications contained within this recommendation.

Public Health Implications

17. There are no specific public health implications contained within this recommendation.

Equalities Impact of the Proposal

18. There are not specific Equalities Implications contained within this recommendation.

Environmental and Climate Change Considerations

19. There are no specific climate change implications contained within this recommendation.

Financial Implications

20. The financial implications of these specific report proposals are contained within existing budget envelope.

Legal Implications

21. There are no legal implications arising from this report.

Workforce Implications

22. Not applicable.

Property Implications

23. Not applicable

Other Implications

24. Not applicable

Options Considered

25. None

Conclusions

26. The recommendations in the report are presented for consideration and support from Full Council.

Report Author: Fay Hammond
Executive Director Resources

Date of report

Appendices

N/A

Background Papers - N/A