

London Borough of Enfield

Overview & Scrutiny Committee

4 February 2021

Subject: Budget 2021/22 and Medium Term Financial Plan 2021/22 to 2025/26

Cabinet Member: Cllr Maguire, Cabinet Member for Finance

Executive Director: Fay Hammond, Executive Director Resources

Key Decision: No

Purpose of Report

1. Cabinet on 3 February will recommend the Budget and Medium Term Financial Plan to Council on 2 March for approval. This report seeks the views of the Overview and Scrutiny Committee to feed into Council on 2 March 2021.

Proposal(s)

2. Overview and Scrutiny Committee is recommended to consider the savings and income proposals and funding and spending assumptions in the February Budget and MTFP to Cabinet and report the outcome of their deliberations to Council on 2 March 2021.

Reason for Proposal(s)

3. The Council is committed to delivering a resilient and sustainable budget and has made significant progress over the past two years. A key element of the budget process to deliver this commitment is the effective scrutiny of the savings and income generation proposals and of equal importance the underlying assumptions on funding and spending. The Council is operating in a very challenging and uncertain financial environment and this scrutiny is more important than ever.

Relevance to the Council Plan

4. The prime focus of the budget setting process is to ensure that the Council's financial resources are aligned to delivery on the Corporate objectives of:
 - a. Good Homes in Well Connected Neighbourhoods
 - b. Safe, Healthy and Confident Communities
 - c. An Economy that Works for Everyone.

Background

5. There has been an extensive budget setting process in place for 2021/22 which has been driven by the uncertainty and financial pressures of the global pandemic and also the regime of single year budget settlements from

Government and the successive delays in the implementation of Fair Funding, the Business Rates reset and a long term solution to the funding of Adult Social Care.

6. Cabinet agreed its Medium Term Financial Strategy for 2021/22 to 2025/26 in July 2020. The vision building on the work in 2020/21 was for a:
 - i. 5 Year Medium Term Financial Plan (MTFP) with detailed savings plans to drive resilience and sustainability against a backdrop of single year spending reviews.
 - ii. 10 Year Capital Programme to give longer term visibility on longer term commitments
 - iii. 10 Year Treasury Management Strategy to give visibility on the Council's Capital Financing requirement.
7. Given the uncertainty and financial challenge there has been a more thorough review of assumptions on funding and spending with the assumptions initially set out in the Strategy being refreshed in both October and December as well as in the final draft report to go forward to Council. There is a good understanding of the underlying pressures faced by the Council but the Covid-19 pandemic does add an additional dimension. There has been strong monitoring of the financial impact of the pandemic on the 2020/21 budget including monthly submissions to MHCLG and this work underpins the assessment of the ongoing impact into 2021/22.
8. Savings and income proposals have been developed against an agreed framework supported by workshops and initiatives brought forward by services. These have been brought forward to Cabinet in three tranches with the majority of £10.687m of the total of £12.997m savings and income generation proposals coming forward early in October in order to drive early delivery. There was a comprehensive presentation to the Finance and Performance Scrutiny Panel on these proposals on 5 November 2020.
9. Council has needed to plan on the basis on single year funding settlements from Government so the Spending Review Announcement on 25 November 2020 by the Chancellor Rishi Sunak was especially critical. This included details of underlying funding for 2021/22 only and also included headlines and some detail on a range of additional Covid-19 measures. Further detail emerged in the following weeks and the overall package was confirmed in the Provisional Local Government Settlement on Thursday 17 December.
10. The draft budget proposals are to be considered by Cabinet on 3 February for recommendation on to Council for approval on 2 March. These papers have been published and members of this Committee are advised to review these papers and have them to hand for the meeting 4 February.

Budget Engagement

11. Along with appropriate scrutiny, engagement with the community is also a key element of the budget setting process. Despite the limited choices available to the Council there has been a refresh of the approach to engagement to attempt to make it more meaningful and accessible and also to improve response levels.
12. This next section is a direct copy of the relevant section of the Cabinet report for ease of access.

13. The Council's 2021/22 Budget Engagement was open from 19th November 2020 to 20th January 2021 (9 weeks). This year residents' views were collected through a questionnaire available online.
14. The questions asked in the questionnaire were
 - i. To what extent do you agree or disagree that we should consider the following approaches to address our budget shortfall? (options were strongly agree, tend to agree, tend to disagree, strongly disagree and not sure).
 - a. Reducing the number of staff delivering certain services and functions
 - b. Increasing the income we receive and/or reducing costs of certain activities and services
 - c. Improving how we use technology and/or manage our back-office processes
 - d. Changing our contracts with providers of certain goods and services
 - e. Encouraging self-service from residents and other customers
 - f. Reducing services
 - g. Making better use of our properties
 - ii. Thinking about the proposals as a whole, to what extent do you feel we are taking the right approach? (options were strongly agree, tend to agree, neither agree nor disagree, tend to disagree, strongly disagree and don't know).
 - iii. How much of a positive or negative impact do you feel the various approaches could have on your household? (options were very positive, fairly positive, neither positive nor negative, fairly negative, very negative and not sure).
 - iv. If you have any other comments you would like to make about the savings proposals or the budget challenge we face, please let us know.
15. A link to the budget engagement was advertised prominently on the Council's website and information was also included in the Council's e-newsletter sent out to around 40,000 residents.
16. In order to help set the financial context and provide information to those responding to the public engagement, information was provided on the Council's financial position (including links to the Council's Medium Term Financial Strategy, latest MTFP position and the latest revenue monitoring report). In addition to this a facts and figures summary was provided setting out the Council's expenditure and funding and finally the proposed savings which were considered by Cabinet on 14th October 2020.
17. In total 151 responses were received through the online questionnaire.
18. The feedback from the public engagement will be presented to the Overview and Scrutiny Committee Budget Meeting on 4th February 2021. Appendix 5a to the Cabinet report provides a summary of the findings from

the engagement exercise. The minutes and recommendations of the OSC Budget Meeting will be available in Appendix 5b of the Budget report when it goes forward to Council.

Safeguarding Implications

19. None arising directly from this report

Public Health Implications

20. None arising directly from this report

Equalities Impact of the Proposal

21. The Council is committed to its responsibilities under the Public Sector Duty of the Equality Act 2010. These duties are set out in the Equalities Impact Assessment section of paragraphs 22 to 24 to the Cabinet report.
22. For 2021/22 there are 36 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.
23. Of the 36 proposals 27 have required a full EQIA.
24. Of the 27 proposals:
 - i. 8 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;
 - ii. 10 proposals are considered to have an impact on customers and accessibility requirements. These will be considered and built into the specifications of any new systems and the business case for change;
 - iii. 5 proposals are considered to have a combination of impacts on staffing, customers and internal systems. In these cases, Human Resources guidance and principles on managing reorganisations will be used to minimise the impact for staff accessibility requirements. These will be considered and built into the specifications of any new systems and the business case for change;
 - iv. 3 proposal relating to an internal system will impact on staff as users of the system and again accessibility requirements will be built into the system specifications, and
 - v. A further 1 proposal will have no planned reduction on services or impact on the Council's employees.

Environmental and Climate Change Considerations

25. None arising directly from this report

Risks that may arise if the proposed decision and related work is not taken

26. The input of Overview and Scrutiny Committee is a key element of the budget setting process. The more robust this process the more likely the savings and income will be delivered and spend will be to budget in 2021/22 on the basis of robust estimates underpinned by well tested assumptions on funding and income.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

27. The input Overview and Scrutiny is part of the overall financial control framework. The budget proposals and assumptions have been subject to extensive review by officers and Cabinet across the budget setting process and there are strong, well established in year monitoring arrangements in place to ensure strong management. Further the work done over the past two years to drive resilient and sustainable budgets provides a strong foundation.

Financial Implications

28. The financial implications are set out in the Cabinet report. Committee members views are being sought on the proposals and assumptions in the report and will be fed through to the Final Budget and MTFP report to Cabinet Council in March.

Legal Implications

29. 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.

Workforce Implications

30. None arising directly from this report.

Property Implications

31. None arising directly from this report.

Other Implications

32. None.

Options Considered

33. None.

Conclusions

34. The continued input from Overview and Scrutiny is a highly valued contribution to the Council's budget setting.

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Appendices

Background Papers

Budget 2021/22 and Medium Term Financial Plan 2021/22 to 2025/26 – Cabinet
3 February 2021