

London Borough of Enfield

Cabinet

Meeting Date: 3 February 2021

Subject: Budget Report 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: 5213

Purpose of Report

1. The purpose of this report is to set the Revenue Budget and Council Tax for the 2021/22 financial year. It also updates the Council's Medium Term Financial Plan in the light of those decisions. In summary, it recommends:
 - i. A net revenue budget of £260.281m, a 6.74% increase when compared with 2020/21.
 - ii. The net revenue budget contains investment in services of £0.660m and savings/income generation proposals of £12.997m.
 - iii. A core council tax of £1,271.70 at band D, a 1.99% increase.
 - iv. A further £160.11 at band D to pay for Adult Social Care as allowed by Central Government, a 3.00% increase on 2020/21.
 - v. This results in a charge for Enfield Council of £1,431.81 at Band D, a 4.99% increase; equivalent to an increase of £1.30p per week for a Band D property.
 - vi. Additionally, the Council will levy a council tax of £363.66 at Band D on behalf of the Greater London Authority which is a 9.51% increase on last year.
 - vii. In total the impact of these proposals will be total council tax of £1,795.47 at Band D, a 5.87% increase on the 2020/21 level, equivalent to an increase of £1.91p per week for a Band D property.
2. These proposals are the culmination of the 2021/22 budget planning process and provide information on:
 - i. the financial outlook for the Council and its services
 - ii. the details of the Local Government Finance Settlement
 - iii. the impact of Covid-19 on the Council's overall financial position
 - iv. the outcome of the recent budget engagement
 - v. the details of the Council Tax

- vi. the Council's Medium Term Financial Plan over the next five years including savings proposals and pressures included in the Medium Term Financial Plan
3. As has been the case in recent years, the budget process has sought to protect the most vulnerable in the Borough with the reallocation of resources protecting Children's and Adults Social Care services.
4. The report also makes recommendations regarding the Schools' Budget.
5. The Budget has been developed alongside the Ten Year Capital Strategy and Capital programme 2021/22 to 2030/31 and the Ten Year Treasury Management Strategy 2021/22 to 2030/31; these are both separate reports on this agenda.
6. Finally, the report includes recommendations on the appropriate level for the Council's contingencies, balances and earmarked reserves undertaken in the context of the risks and uncertainties associated with the budget and Medium Term Financial Plan.

Proposals

7. Cabinet is recommended to note:
 - i. The budget is balanced position, however, the forecast costs of Covid-19 have been offset by underlying budget position is a surplus of £7.071m
 - ii. The total cost of Covid-19 in 2021/22 is estimated to be £28.868m; funding levels do not fully meet this gap which totals £10.259m and therefore will need to be funded in part from the reserves
 - iii. Government funding assumptions continue to rely on council tax as a key source of funding for Adult Social Care through the Precept
 - iv. The continuation of the London Business Rate pool was dependent on Government response to London Councils and safety net; this will not proceed in 2021/22 and the impact on Enfield in 2021/22 is a £0.425m reduction in income
8. Cabinet is recommended to:
 - i. With regard to the Revenue Budget for 2021/22 to recommend to Council to set the Council Tax Requirement for Enfield at £133.108m in 2021/22; and
 - ii. Recommend to Council to set the Council Tax at Band D for Enfield's services for 2021/22 at £1,431.81, being a 1.99% general Council Tax increase and a 3.00% Adult Social Care Precept
9. Cabinet is recommended to recommend to Council to agree the Medium Term Financial Plan (MTFP), including:
 - i. The non Covid-19 pressures set out in Appendix 1 totalling £29.426m in 2021/22, which includes
 - a. £3.466m for Demographic pressures within Adults and Children's Social Care and SEN Transport to reflect growing demand in these areas.
 - b. £5.885m of Inflation and pay award funding

- ii. £1.819m investment in transformation funded by the flexible use of capital receipts.
 - iii. full year effects of prior year savings and income generation totalling £3.374m set out in Appendix 2a.
 - iv. the savings of £7.748m and income generation proposals of £1.875m in 2021/22 set out in Appendix 2b.
 - v. adopt the key principles set out in the Medium term Financial Plan section below (paragraphs 172 to 177).
 - vi. note the £2.709m for Capital Financing included within the pressures figure to invest in proposals to deliver long term benefits to the Borough.
10. Cabinet is recommended to recommend that Council agrees the planned flexible use of capital receipts in 2020/21 being £1.864m and approves the planned flexible use of capital receipts in 2021/22, being £1.819m (paragraphs 139 to 144 and Appendix 3).
11. Cabinet is recommended to recommend that Council agrees the Schools Budget for 2021/22 (paragraphs 145 to 165 and Appendix 4).
12. Cabinet is recommended to recommend to Council to agree the changes in Fees and Charges for 2021/22 as set out in paragraph 138 and Appendices 11 to 14 and to note December Cabinet recommended to Council to delegate authority to Executive Directors and Directors to negotiate discounts and make in year amendments where appropriate.
13. Cabinet is recommended to note the gap remaining in the MTFP for 2022/23 of £12.141m; and of £36.033m for the period 2022/23 to 2025/26 and the actions being taken to address this challenging position
14. Cabinet is recommended to recommend that Council agrees that the New Homes Bonus funding of £0.608m is applied as a one-off contribution to the General Fund in 2021/22.
15. Cabinet is recommended to note Council will be provided with feedback from the Budget Engagement at Appendix 5a and minutes of the Overview and Scrutiny Committee Budget Meeting on 4 February 2021 which will be set out in Appendix 5b of the report to Council.
16. Cabinet is recommended with regard to the robustness of the 2021/22 budget and the adequacy of the Council's earmarked reserves and balances to:
 - i. note the risks and uncertainties inherent in the 2021/22 budget and the MTFP (paragraphs 178 to 182) and agree the actions in hand to mitigate them;
 - ii. note the advice of the Executive Director of Resources regarding the recommended levels of contingencies, balances and earmarked reserves (paragraphs 183 to 190 and Appendix 8a) and have regard to the comments of the Director of Finance (paragraphs 207 to 209) when making final decisions on the 2021/22 budget; and
 - iii. agree the recommended levels of central contingency and general balances (paragraphs 183 to 190).

Reason for Proposal(s)

17. To set the Council's Budget Requirement and level of Council Tax for 2021/22 within the timescales set out in legislation. The Council has a statutory duty to approve a balanced budget for 2021/22 along with consideration of the finances over the medium term and the Council's reserves and balances. It is essential that there is a clear understanding of the anticipated income and expenditure flows for the Council, despite the uncertainties, and for savings proposals to ensure full delivery from 1 April 2021 wherever possible to maximise their contribution to addressing the financial pressures in 2021/22 and beyond.

Relevance to the Council Plan

18. The Council refreshed its Corporate Plan in July confirming three key objectives:
 - a. Good Homes in Well Connected Neighbourhoods
 - b. Safe, Healthy and Confident Communities
 - c. An Economy that Works for Everyone.
19. The development of the Budget 2021/22 and MTFP 2021/22 to 2025/26 is focused on the Corporate 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.
20. In January 2020, a Poverty and Inequalities Commission report was issued setting out a number of actions. A commitment was made in the 2020/21 budget to set up a team to support those in financial hardship and to maximise benefit uptake, this team have dealt with over 2,000 enquiries to date. A continuing commitment implicit in the current budget is the Council Tax Support Scheme which has been increased to reflect anticipated cost of new claimants arising
21. In the summer of this year a Climate Action Plan was agreed, including a commitment to decarbonise the Council's infrastructure, this budget includes savings from investing in retrofitting LED lights following the capital investment made in the current financial year anticipated to result in a 47% reduction in street light emissions.
22. The Council's Commercial Strategy contributes to deliver a sustainable budget going forward through development of business cases for income generation as well as service redesign. In the 2021/22 budget additional income of £1.875m has been included as part of the contribution towards closing the budget gap. The approach to fees and charges was set out in the December report to Cabinet which included a review of service costs, benchmarking and market review.

Introduction

23. There are a number of components in the Budget 2021/22 and MTFP 2021/22 to 2025/26 report. In order to aid reading, a broad list of the sections, tables and charts within the report is set out below.

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2a	Full Year Effects of Prior Year Savings
2b	New Budget Savings and Income Generation Proposals
2c	Equality Impact Assessments
3	Capital Receipts Flexibility Efficiency Statement
4a	Schools Budget 2021/22 – Summary
4b	Dedicated Schools Grant and Schools Budget - Details
5a	Budget Engagement - Summary of Results
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7a	Earmarked Reserves Overview
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9	Specific Grants 2021/22 to 2025/26
10	Revenue Budget – Departmental Control Totals 2021/22
11	Place Department Fees and Charges – update from December
12	People Department Fees and Charges (Council Report)
13	Chief Executive’s Department Fees and Charges - update from December
14	Resources Department Fees and Charges (Council Report)
15	Statutory Calculations and Resolutions 2021/22 – for Council Report

National Context and Local Government Finance Settlement

25. The Council continues to operate in an environment of considerable uncertainty and financial challenge. The Council has experienced financial pressures of £73.155m due to Covid-19 in 2020/21 and whilst forecasting the in-year impact has been a challenging task, looking forward a year and assessing the impact beyond 1 April is yet more challenging. Added to this is late and single year announcements on Government funding along with no certainty on Fair Funding, the Business Rates reset and a long term solution to the funding of Adult Social Care.
26. The Chancellor of the Exchequer, Rishi Sunak made his Spending Review announcement on Wednesday 25th November 2020. The announcement acknowledged the pressure on public finances with the economy in the downside scenario only recovering to the pre Covid-19 level of GDP by the end of 2024. Government is set to miss three of its four fiscal targets on the structural deficit, debt as a percentage of GDP and a balanced budget.
27. The Spending Review was for a single year only, the headlines were:
- i. Core Spending Power 4.5% based on increasing Council Tax by 4.99% (1.99% core and 3% Adult social care precept)
 - ii. Increase in Settlement Funding Assessment by inflation
 - iii. £300m Children’s and Adult Social Care Grant
 - iv. £1.55bn for Covid-19 pressures on 2021/22
 - v. Continuation of Sales, Fees and Compensation scheme in the first quarter of 2021/22
 - vi. £762m to support 202/21 Collection Fund deficits
 - vii. £670m for Council Tax Support
28. There was sufficient detail in the Announcement to make an assessment of Enfield’s shares of ii. to iv. and this was commented on in the December update report and also set out later in this report. There was less certainty though with the Covid-19 allocations, especially the £762m for Collection Fund deficits.
29. The Provisional Local Government Finance Settlement was announced on Thursday 17th December 2020. The Provisional Settlement has confirmed the core elements of the Spending Review and provided further detail on a range of grants supporting on going Covid-19 pressures in 2021/22.
30. Despite the modest increases in SFA in 2020/21 and 2021/22 there has been a significant decline in Government support to Enfield over the past decade as set put in Table 1 below.

Table 1: Enfield Settlement funding Assessment 2010/11 to 2021/22

	2010/11	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m
Settlement Funding Assessment *	191.2	98.7	92.6	94.7	95.7
Annual cash change on previous year	N/A	-5.6	-6.1	+2.1	+1.0

Annual percentage change on previous year	N/A	-5.4%	-6.2%	+2.3%	+1.1%
Cumulative cash reduction since 2010/11	0.0	-92.5	-98.6	-96.5	-95.5
Cumulative percentage reduction since 2010/11	0.0	-48.4%	-51.6%	-50.5%	-49.9%

** Settlement Funding Assessment is composed of the Government's estimate of locally retained business rates, the business rates top up, and revenue support grant (RSG). These elements vary in presentation over financial years to reflect the change to the 100% pool in 2018/19, and 75% pool in 2019/20, in which years RSG was rolled into the retained rates. Therefore, for comparison, the combined total figures for the settlement funding assessment rather than the component elements, are shown here. Figures include compensation for under-indexing the business rates multiplier (s31 grant)*

31. There are anticipated further delays to both the Business Rates reset and implementation of Fair Funding with further work to proceed in late spring/early summer. This is undoubtedly at a cost to Enfield with the expectation that the Council will benefit through both the initiatives.
32. There is no mention of the longer term solution for Adult Social Care funding; the Adult Social Care precept has been in place since 2016/17. Of the additional resources for social care that have been made available since 2016/17, more than half is from the increase in grant funding (£3.8bn), with the remainder from expected increase in ASC precept (£3.1bn). The increase in grant in 2021/22 is the smallest increase in social care grant since 2015/16. The funding levels for Adult Social Care via Council Tax now exceed the levels of Government funding since this time. The national social care grant allocation distribution methodology (of the £240m) assumes that the ASC precept is implemented.
33. The Chancellor of the Exchequer has announced that the Government will publish the Budget on Wednesday 3 March 2021. The Budget will set out the next phase of the plan to tackle the virus and protect jobs and will be published alongside the latest forecasts from the Office for Budget Responsibility (OBR). Although the Council's budget will have been set at this point, these announcements may indicate how public finances will be balanced over time.

Local Context and Budget Process 2021/22

34. With the backdrop of Covid-19 the Council agreed its Medium Term Financial Strategy in July but committed to regular updates of the financial assumptions due to the extreme financial challenge and uncertainty.
35. Consequently there were further reports to Cabinet in both October and December in which there were reviews of the forecast assumptions and early savings brought forward for approval.
36. The Council has responded strongly to the Crisis and the work over the past two years of building a more robust and sustainable budget has paid off with there being a small underspend on the underlying budget in 2020/21. Further the Council took action to effect in year savings during 2020/21 to reduce the impact of Covid-19 pressures. These actions have ensured that the 2021/22 budget is on an improved financial foundation, albeit, in the uncertain context of Covid-19 set out below.

37. Enfield has been in as challenging position as most in 2020/21 as a consequence of the demographic make up of the Borough with low average wages and a large proportion of the population receiving benefits payments. There was a growth in unemployment in the Borough between 1st January and 31st August of 163% and at the peak 21,000 of a working age population of 161,000 furloughed. This has had a huge impact on the Council's Collection Fund which is forecast to be in deficit by £12.749m by 31st March 2021. More worrying though is the impact that the ending of the furlough scheme at the end of April 2021 will have on unemployment and benefits levels for 2021/22.
38. The impact of Covid-19 will continue to be felt on the Council's finances in 2021/22. There will be continued pressures on service delivery and losses from sales, fees and charges but they greatest impact is likely to be on the Council's tax revenues from Council Tax and Business Rates.

Financial Summary

39. The overall position for the Council is balanced budget for 2021/22 but with the need to use £1.927m of the Council's Risk Reserve and £36.033m of further savings and efficiencies to identify over the medium term. With regard to the use of reserves to support the Council's 2021/22 budget It is important to understand the impact of Covid-19 on the Council's finances alongside the robust underlying position which has been established. The Council's underlying budget is in good health but the one off nature of unfunded Covid-19 pressures does make it appropriate to apply the reserves, this is the very set of circumstances for which they are held.
40. A narrative of the key issues follows the table with further detail on all elements in the relevant sections of the report.

Table 2: Summary Position for 2021/22

	Forecast Costs	Forecast Grants/ Income	Gap
	£000	£000	£000
Impact of Covid-19 on Service Costs and Income			
Ongoing Covid-19 expenditure pressures	5,773	(10,534)	
Welfare Support (Balance of the £6.262m Hardship Grant)	1,466		
Sales, Fees and Charges pressures	2,697	(750)	
Concessionary Travel reductions in cost as a consequence of Covid-19	(1,364)		
Covid-19 contingency £10.534m Covid-19 grant set aside	4,183		
	12,755	(11,284)	
Impact of Covid-19 on Funding Sources			
Council Tax Support increased cost	4,796	(6,262)	
Council Tax reduction in recovery of 2%	2,642		

Business Rates reduction in income and recovery	4,000		
London Pool Benefit ceasing	425		
2020/21 Collection Fund deficit (£12.749m over 3 years)	4,250	(1,063)	
Use of smoothing reserves to address Collection Fund deficit		(3,188)	
	16,113	(10,513)	
Covid-19 – Total Impact	28,868	(21,797)	7,071
Underlying Budget			
Increase in General Grant SFA and Non-Core Funding Grants including New Homes Bonus and Flexible Homelessness Support Grant.		(497)	
Adult Social Care Grant		(1,727)	
Business Rates Multiplier and Lower Tier Grant		(1,589)	
Change in Council Tax Base		(945)	
Council Tax 1.99%		(2,522)	
ASC precept 3%		(3,803)	
Pool deficit, one off charges, reverses 2022/23		700	
Reverse 2020/21 use of reserves		1,565	
Use of Reserves 2021/22 to support overall budget		(1,927)	
Inflation, Demography, Investment and Pressures	16,671		
Savings already agreed in October and December	(11,737)		
February Savings	(1,260)		
Underlying Budget	3,674	(10,745)	(7,071)
Total Position	32,542	(32,542)	0

41. Covid-19 has had a major impact on the Council's finances with a gap of £7.071m between pressures and funding for 2021/22. As set out in the table above, this gap has been funded via the Council's underlying budget of £5.144 and £1.927m Risk Reserves.
42. A review has been undertaken of the impact of Covid-19 expenditure pressures and income losses on 2020/21 and the likely continuing impact in 2020/21, the review being a line by line analysis against the November MHCLG submission. These are forecast to be in the order of £7.2m but given the unprecedented levels of uncertainty it is appropriate to hold £4.183m as a contingent sum against the forecast grant payments of £11.284m. The Council share of the national allocation of £1.55bn of £10.534m is a notified sum but the £0.750m for the Sales, Fees and Charges Compensation Scheme is a forecast based on current year experience.

43. Council Tax Support is an area of concern given the levels of unemployment and furloughing in the Borough. There is already an underlying pressure of £2.5m in 2020/21 and it is forecast that this could be increased to the order of £4.796m in 2021/22. The Council has been notified that its share of the £670m announced nationally will be £6.262m and will also put an additional £1.466m into a discretionary Welfare Support and Hardship fund. Further detail is set out in paragraphs 94 to 95 below.
44. The Business Rates take has been under pressure in 2020/21 and this is set to continue into 2020/21 with a reduced base and potentially lower recovery rates. There is no Government support at this time, to both the Council and to local businesses. Further detail is set out in paragraphs 83 to 89 below.
45. Government initially permitted local authorities to address Collection Fund deficits arising from the Covid-19 crisis over a three year period and this has now been supplemented by a grant. Government is consulting on the allocation of the grant, but it is very unlikely to cover 75% of the Council's shortfall as per the Government; the grant is £762m nationally but local authorities have collectively been reporting deficits of £3.1bn and the guidance excludes cover for reduced recovery and bad debt provisions on Council Tax. The Council has reviewed its earmarked reserves in year, and it is deemed appropriate to make up the gap with a one of use of smoothing reserves as this is a known one off sum, albeit across a three year period.
46. Covid-19, therefore, allowing for Government grant is presenting a pressure of £10.259 on the Council's finances for 2021/22, reduced to £7.071 after the one of use of reserves.
47. The underlying budget for 2021/22 is in much better health and this is essential given the financial challenges in the future years of the Medium Term Financial Plan. Had it not been for Covid-19 there would have been a £7.071m surplus.
48. The Council has continued to direct its resources to its corporate priorities and the most vulnerable in the Borough. Table 3 sets out investments, pressures and savings by service.

Table 3: Investment, Pressures and Savings by service 2021/22

	Corporate	Chief Exec/ Resources	Adult Social Care	Public Health	Children's and Education	Place	Total
	£m	£m	£m	£m	£m	£m	£m
Demography	0.000	0.000	2.086	0.000	0.750	0.630	3.466
Inflation	4.078	0.000	1.565	0.000	0.000	0.242	5.885
Investment	0.000	0.350	0.130	0.000	(0.070)	0.250	0.660
Capital Financing	2.709	0.000	0.000	0.000	0.000	0.000	2.709
Pressures	12.187	0.688	0.000	0.000	1.400	2.431	16.706

	18.974	1.038	3.781	0.000	2.080	3.553	29.426
Full Year savings	1.500	(0.630)	(0.100)	0.000	0.000	(4.144)	(3.374)
New Savings	0.000	(1.650)	(2.019)	(0.100)	(1.486)	(4.368)	(9.623)
	1.500	(2.280)	(2.119)	(0.100)	(1.486)	(8.512)	(12.997)
Net Increase in Resources	20.474	(1.242)	1.662	(0.100)	0.594	(4.959)	16.429
Funding	(7.349)	0.000	(4.666)	0.000	(0.864)	0.000	(12.879)
Gap	13.125	(1.242)	(3.004)	(0.100)	(0.270)	(4.959)	3.550
Reversal of Use of Reserves from 2020/21	1,565	0.000	0.000	0.000	0.000	0.000	1,565
Use of Reserves to address Collection Fund deficit	(3.188)	0.000	0.000	0.000	0.000	0.000	(3.188)
Use of Reserves for 2021/22	(1.927)	0.000	0.000	0.000	0.000	0.000	(1.927)
Total	9.575	(1.242)	(3.004)	(0.100)	(0.270)	(4.959)	0.000

Summary of Budget Proposals and Impact on Council Tax

49. The Localism Act requires Council approval of the Council Tax Requirement.
50. Table 4 sets out the Council's budget position and Council Tax Requirement after taking into account the proposed changes detailed in this report

Table 4: Budget Position & Council Tax 2021/22

	2020/21	2021/22
	£000	£000
Net revenue budget		
Other Services (base budget)	232,488	243,852
	232,488	243,852
Budget Movements:		
Demographic and Cost Pressures	22,258	26,057
Investment in Services	4,487	660
Reduction in Employers Pension Contribution	(3,600)	0
Capital Financing	3,403	2,709
Full Year Effect of previous budget decisions	(3,279)	(3,374)
Proposals for New Savings	(11,905)	(9,623)
Net Budget	243,852	260,281

Less Corporate Funding:		
Settlement Funding Assessment ¹	(98,241)	(94,241)
London Pilot Pool Growth	(425)	0
Reserves	(1,565)	(5,115)
Corporate Specific Grants	(10,345)	(13,096)
Covid-19 Funding	0	(18,609)
Collection Fund Net (Surplus)/Deficit	0	3,888
Corporate Funding	(110,576)	(127,173)
Council Tax Requirement	133,276	133,108
Tax Base (Band D equivalents)	97,726	92,965
Council Tax (Band D)	£1,363.77	£1,431.81

¹ includes Revenue Support Grant, Business Rates Income and section 31 grants

Schools Budget	2020/21	2021/22
	£000	£000
Schools Budget	351,258	373,187
Dedicated Schools Grant	(351,258)	(373,187)
London Borough of Enfield Total	0	0

Housing Revenue Account Budget	2020/21	2021/22
	£000	£000
Supervision & Management General & Special	21,736	21,623
Repairs and Maintenance	12,889	12,540
Corporate & Democratic Core	367	367
Cost of Capital & Depreciation	21,592	23,412
Bad Debt Provision	710	858
Self-financing contribution	8,448	10,848
Expenditure Total	65,742	69,648
Rents, Service Charges and Other Income	(65,742)	(69,648)
Income Total	(65,742)	(69,648)
Net Total	0	0

Grant Funding

51. Settlement Funding Assessment
52. There has been an increase in the Settlement Funding Assessment (SFA) for a second successive year after ten years of reduction from 2011/12 onwards. This is a modest increase only as it is in line with September CPI which was only 0.55% and is also only on the Revenue Support Grant (RSG) element of £17.570m of the total 2020/21 SFA of £91.735m. There was no uplift for the retained business rates element of £74.164m. Nationally, in 2021/22, spending power is 5p per head higher than it was in 2010/11.
53. Lower Tier Services Grant
54. This is a new grant announced for 2021/22 aimed at reducing variances in core spending power between local authorities. It is not ring-fenced and is assumed to be one-off funding for 2021/22.
55. New Homes Bonus

56. New Homes Bonus (NHB) is awarded on the basis of new properties eligible for council tax in the Borough, and is not ring-fenced, so can be used to support the general budget. For 2021/22 Enfield's allocation has reduced from £0.646m to £0.608m. The methodology for calculating the New Homes Bonus changed in 2018/19 resulting in falling levels of funding in future years. Changes included reducing the number of years that councils would receive funding for eligible increases in the council tax base and reviewing the base line threshold for growth, below which NHB is no longer paid. The payment for 2021/22 is based on two years of legacy payments not three years as in 2020/21 hence the reduction. The future of the NHB grant is very uncertain and the MTFP is forecasting this grant to cease after 2022/23.
57. Homelessness Prevention Grant
58. The Homelessness Prevention Grant (HPG) combines and increases the overall funding of what was previously the Flexible Homelessness Support Grant (FHSG) and Homelessness Reduction Grant (HRG). This funding is aimed at giving local authorities more control and flexibility in managing homelessness pressures and supporting those who are at risk of homelessness. Enfield's allocation of HPG in 2021/22 is £8.928m compared to the 2020/21 allocation of £8.348m (made up of £7.163m FHSG and £1.185m HRG) so an increase of £0.580m. The Homelessness budget will need to increase in 2021/22 by circa £0.9m because of the additional pressure caused by the pandemic, this pressure being the resultant increase in demand in 2021/22 as a consequence of the ban on evictions being lifted. It is expected that this pressure will be for one year only and the budget will reflect this in 2022/23 onwards.
59. Rough Sleeping Initiative Fund
60. Grant funding for Rough Sleeping Initiatives has yet to be announced for 2021/22 however the MHCLG have confirmed that Enfield will receive at least as much as was received in 2020/21, which was £0.699m.
61. Housing Benefit Administration Grant
62. Details on this grant are still awaited, the current assumption is for a 10% reduction from 2020/21 level in MTFP.
63. Social Care Support Grant
64. The Spending Review 2020 confirmed a further overall increase of £300m to the Social Care Support Grant. This adds to the £410m awarded in 2019/20 and the £1billion from 2020/21 which are both ongoing. This grant can be used to address Adults or Children's Social Care pressures and Enfield has chosen to allocate the funding 50:50. Enfield's allocation of the grant will be £9.375m for 2021/22 which is an increase of £1.727m from the 2020/21 figure.
65. In addition, £3.8m has been allocated to Adult Social Care in respect of the additional council tax raised from increasing the ASC precept by 3.00% in 2021/22.
66. Domestic Abuse Bill
67. £125m announced nationally but allocations are still to be confirmed.
68. Public Health Grant

69. Awaiting confirmation of the 2021/22 Public Health Grant. For now assuming the same level of funding as in 2020/21 (£17.290m).
70. Covid-19 Grants
71. Collection Fund Deficit Grant
72. Details on this grant are set out as part of the commentary on the Collection Fund, Business Rates and Council Tax from paragraph 81 onwards.
73. Covid-19 General Grant
74. The Government made general grant payments across four tranches during 2020/21 to help local authorities manage the cost pressures arising from Covid-19.
75. Enfield has received £10.534m of Covid-19 Expenditure Pressures grant (from the national pot of £1.55bn); although this pot is unringfenced, the guidance explains that the purpose of this grant to cover expenditure such as adult social care, children's services, public health services, household waste services, shielding the clinically extremely vulnerable, homelessness and rough sleeping, domestic abuse, managing excess deaths, support for re-opening the country and, in addition, the additional costs associated with the local elections in May 2021. Further, the guidance explains that "Councils should plan on the basis of not receiving any additional funding for the above pressures.
76. The Council is utilising this grant alongside the Sales, Fees and Charges Compensation Grant below and the full extent of the pressures is set out in paragraphs 110 to 129.
77. Sales, Fees and Charges
78. MHCLG announced an extension to the compensation scheme for local authority sales, fees and charges which have been impacted by Covid-19. Enfield's anticipated funding is estimated at £0.750m which will cover the first quarter of 2021/22. This grant falls short of the estimated impact of Covid-19 on income by £1.950m. This shortfall will need to be covered by the Covid-19 "cost pressures" grant above in the absence of further sales, fees and charges income losses scheme extension beyond June 2021.

Council Tax, Business Rates and Collection Fund

79. The statutory calculations of the proposed Council Tax for each property band and the formal Council resolutions required under the 1992 Local Government Finance Act will be reported to full council on 24th February 2021 for approval.
80. The Collection Fund
81. Pressure on the Business Rates and Council Tax bases along with poorer recovery rates and a need for increase bad debt provision has placed the Collection Fund under severe pressure on 2020/21 giving rise to a forecast deficit of £12.749m.

Table 5: Enfield collection Fund 31 March 2021

	£000
Council Tax	
Reduced recovery/Increased Council Tax Support	6,755
Bad Debt provision	2,354
Local Business Rates	3,640
Total Net	12,749

82. In July 2020 Government announced that local authorities could address Collection Fund deficits over three years rather than the established approach of addressing it full in the following year's budget setting. The £12.749m deficit therefore creates a base pressure of £4.250m in 2021/22 and will be reversed out of the MTFP in 2024/25. Further support for Collection Fund deficits was included in the Spending Review announcement with £762m made available nationally to address 75% of the deficit cost. However, current information suggest that the sum of deficits nationally is £3.1bn and the likelihood of 75% of the £12.749m is very low. This has been made clearer with publication of some further guidance which clarifies that for the Council Tax element of the deficit the grant only covers tax base growth that has not materialised and additional Council Tax Support costs but not reduced recovery and bad debt provisions. A review of Council reserves has been undertaken and a specific smoothing reserve is in place to cover the fact that for 2021/22 to 2023/24 reserves of £3.188m will be applied annually to take up the gap between the £4.250m cost and forecast £1.063m grant. This will be subject to iterative review and monitoring.
83. National Non-Domestic Rates (NNDR) and Business Rates Retention
84. Integral to setting the Council's budget is forecasting the business rate income; of the total business rate income collected the Council retains 30% share and the remaining share is allocated to the GLA and central Government.
85. In previous years, a pan-London business rate pool has been in place which resulted in a net benefit to the Council, however, in 2021/22 this pool will not be operational because of the uncertainty of business rate income across London. The pandemic has led to a far worse economic outlook than was anticipated in October, and the latest in-year monitoring exercise, suggested the benefit in 2020/21 is significantly less than forecast. In 2020/21 there is Government support for the collection rate losses (up to 75% of the irrecoverable loss), however, this protection is not in place for 2021/22, and London Councils estimate that with the worsening economic position, it is looking likely that the pool would be in deficit, meaning some authorities would be worse off by being in the pool next year.
86. The Spending Review confirmed the business rates holiday for Retail, Hospitality and Leisure businesses would end in March, which is worth £3 billion for London businesses (£46.5m for Enfield). If the current business rate relief scheme is not extended, there could be significant reductions in business rates collected from businesses in these sectors. The Central London office sector is also experiencing a significant increase in the number of Material Change of Circumstances appeals, which represents a significant further risk to potential revenues collected next year, with the

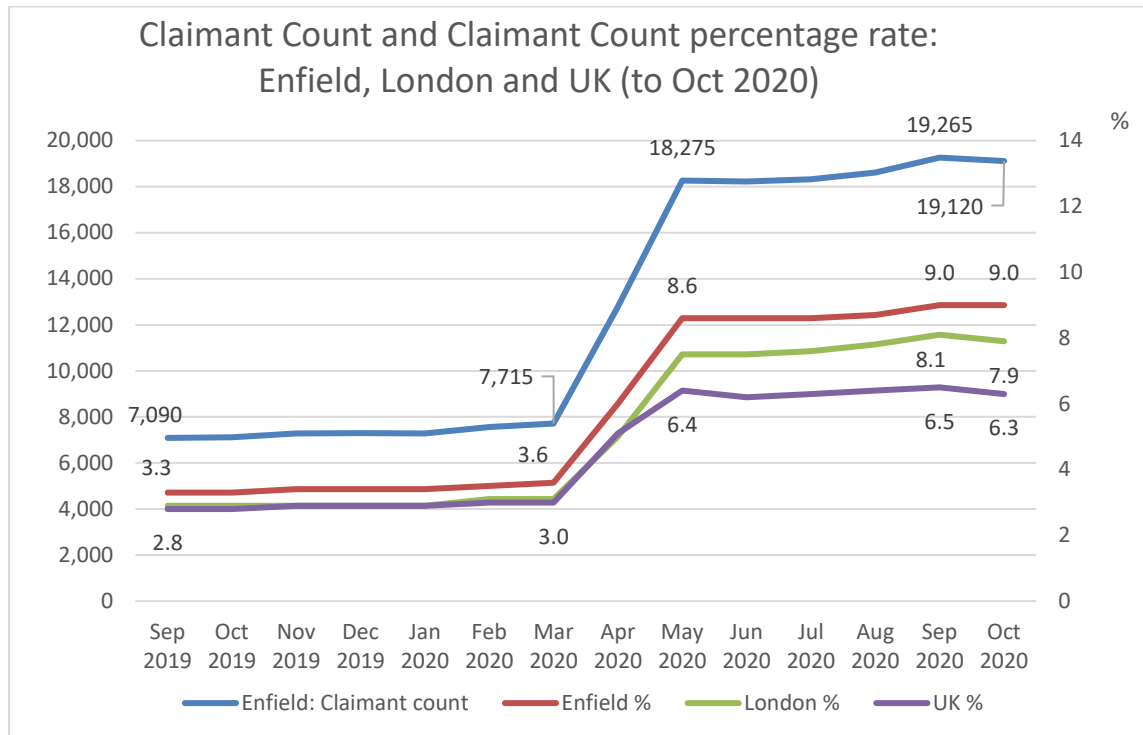
office sector generating nearly £4.5 billion a year, almost half of London's business rates. At this stage, across London Treasurers it has been agreed that no provisions will be set up for this risk for 2021/22; there are £8.6m of business rates collected in Enfield from office accommodation, of which the Council retains 30%.

87. Every month the ONS produces insight into the economic impact of Covid-19 on businesses; this national information has been used to inform the forecast position on business rates base in Enfield for 2021/22. This is very difficult to forecast due to the impact of various lockdowns on different sectors. Across all businesses the data sets out that 2% to 3% of businesses across all sectors have permanently ceased trading. Further, that across all industries 32% had less than 3 months cash; the hospitality industry being most adversely impacted where this figure increases to 52%. Across all industries, of businesses not permanently stopped trading 15% had no or low confidence that their business would survive the next three months. The data also indicates that the size of business impacts on resilience; of businesses with less than 50 employees - 20% have temporarily ceased trading, compared to 10% of businesses in excess of 50 employees.
88. For each sector of business rates an assumption has been made regarding the economic impact on business rates next year; assuming that no additional rate relief is given to the retail and hospitality sectors. In total, an overall reduction of 11% in collectible business rates has been assumed. However, within this overall 11% reduction a number of assumptions have been made: there has been no change in collection made for more resilient sectors and larger retailers such as supermarkets, in contrast to an assumed reduction in the business rate base for retail and the hospitality sectors, in particular small businesses and a generic assumption about the overall economic position on the total base. In addition, a review of the top 30 business rate payers in the Borough has been undertaken to gain assurances around the likelihood of failure of any one single business significantly impacting on business rate income.
89. This assessment has resulted in a prudent assumption that a £4m loss in business rates will impact in 2021/22, however, this remains an estimate. Any under or over estimate compared to the assumed business rate base will be monitored throughout the year and reported via the quarterly budget monitor; the accounting on business rates means that the final position is then becomes a brought forward position to the following financial year. Should the Government subsequently announce any further rate reliefs this will improve the Council's position.
90. Council Tax Base
91. There has been continued modest growth in the underlying tax base with 986 additional properties in the Borough in 2020/21 and future growth expected to be at similar levels.
92. The local Council Tax Support Scheme, whereby Council Tax benefits are provided through locally determined discounts applied to residents' Council Tax bills has been in effect since 2013, replacing the previous national Council Tax Benefit Scheme which was abolished by the Government. The

2021/22 scheme was approved by Council on 28th January 2021, with the contribution maintained at 24.5% as per the 2020/21 level.

93. There are no changes to the Scheme for 2021/22 but there has been a steep rise in eligibility and hence cost as a result of the economic consequences of the Pandemic. This growth in Council Tax Support is difficult to forecast for 2021/22 and even more challenging for the future years of the MTFP. There was a steep rise in the number of residents qualifying for Council Tax support in April and May, right at the start of the Pandemic at which point there had been a rapid rise in unemployment nationally with a more marked rise local. As part of the Chancellor's Spending Review announcement there was commentary on the Office of Business Responsibility's (OBR) forecast of unemployment which is set to rise to 7.5% nationally in 2021/22. This will undoubtedly be felt more greatly in Enfield and have a significant impact on eligibility for Council Tax Support. This is forecast to be £4.796m in 2021/22 with an expectation that it may take as long as three years for numbers to return to pre pandemic levels.

Chart 1: Unemployment



94. As part of the Spending Review Government announced £670m of support nationally for Hardship. It has been distributed on the basis of working age local tax support claimant numbers, Enfield's share being £6.262m. This funding will be utilised to support the increased cost of Council Tax Support and to fund the increased level of discretionary hardship payments. Further, the Government Support is for one year only and it is evident that the heightened levels of Council Tax Support will persist beyond 2020/21.
95. During 2020/21 there was a reduction in the collection rate to 97% from the historical level of 98% due to the pandemic. This rate did hold up well despite earlier in the financial year that that the negative impact was looking greater. However, it held up in part due to £5.9m of Hardship Grant which

was distributed to 27,648 tax payers in receipt of Council Tax Support up to £250. With the ongoing impact of Covid-19 and cessation of furlough, it is assumed prudently that the collection rate for 2021/22 will be 96% and will take three years to return to the historical 98.0%.

96. On the 28th January 2021, the Council agreed a Council Tax Base of 92,965 Band D properties for 2021/22 (97,726 in 2020/21), based on the latest composite collection rate of 96.0% (98% in 2020/21). The reduction in the Tax Base of 4,761 is broken down in the table below:

Table 6: Council Tax Base 2021/22

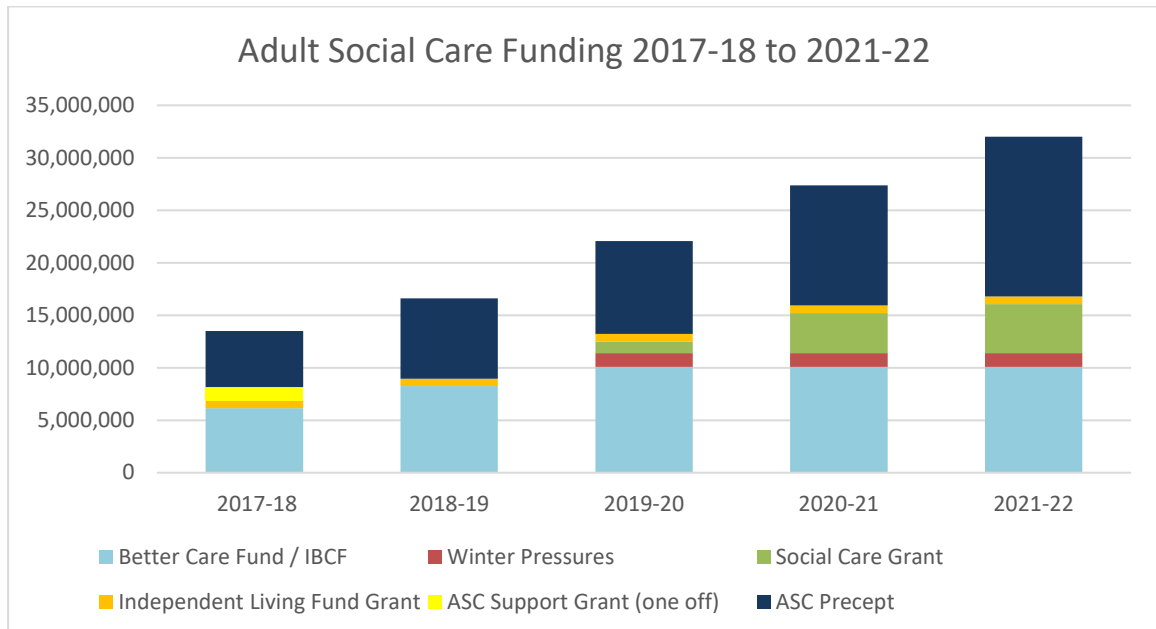
Council Tax Base Change – Band D Equivalent	Band D Equivalent
Tax Base 2020/21	97,726
Increase in Band D Equivalent Properties	986
Change in Council Tax Discounts, including CTS	(3,517)
Discounts, Exemptions & Empty Homes Premium	(293)
Impact of reduction in assumed collection rate to 96.00%	(1,937)
Tax Base 2021/22	92,965

97. Local Referendums on Council Tax Increases
98. The Localism Act requires councils to hold a referendum for proposed Council Tax increases in excess of a threshold set annually by the Secretary of State for Communities and Local Government. The Referendums Relating to Council Tax Increases (Principles) (England) Report 2021/22, published with the settlement, sets out the principles which the Secretary of State has determined will apply to local authorities in England in 2021/22
99. For 2021/22, the increase in the relevant basic amount of council tax is excessive if the increase in the authority's relevant basic amount of council tax for 2021/22 is 2.00% or more above the relevant basic amount of council tax for 2020/21. In addition to this, a further amount, known as the Adult Social Care Precept, can be raised for expenditure on Adult Social Care, which should not exceed 3.00% in 2021/22. For 2021/22 Enfield Council is therefore increasing the Council Tax by 4.99%; this is made up of 1.99% general council tax increase and 3.00% on ASC precept.
100. The Council is required to determine whether its basic amount of Council Tax is excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992. The London Borough of Enfield element of the Council Tax, in accordance with the regulation, is not excessive as it is within the thresholds set by the Secretary of State.
101. Enfield froze council tax for 6 years from 2010/11 to 2015/16, saving taxpayers a potential 15.5% increase. This was partially compensated for between 2012/13 and 2015/16 by a government grant paid to all councils who froze their council tax but has resulted in foregone income of around £14m in the base budget.
102. Adult Social Care Precept
103. The capacity for councils to charge an Adult Social Care (ASC) Precept was introduced in the Spending Review and Autumn Statement 2015. This was designed to help local authorities with responsibility for Adult Social Care to

meet the increasing care needs of their population. The additional Council Tax raised from this precept must be used for Adult Social Care. Enfield has made use of this facility since 2016/17. The 2020 Spending Review confirmed a maximum 3.00% ASC Precept could be charged in 2021/22. The funding from the ASC precept and additional grant funding announced by the Government will be used by the Council directly on maintaining and improving provision of Adult Social Care. In 2019/20 an additional £11.4m budget was allocated to address Adults and Children’s Social Care pressures in part funded from other savings in the wider Council’s budget; in 2020/21, the ASC overall budget will increase again, the application of the precept ensures that the ASC can be protected from the need to make further budget reductions.

104. In December 2016, the Kings Fund noted the impact of this precept where income generation has no relation to population need. Based on income deprivation among older people, the 10 least deprived council areas this year will raise almost two-and-a-half times as much from the precept as the 10 most deprived. A permanent, sustainable funding of Adult Social Care need is imperative.

Chart 2: Adult Social Care Funding



105. Chart 2 above demonstrates that the Adult Social Care Precept charged to council tax payers is an increasingly significant part of funding Adult Social Care in Enfield relative to the various Government grants that are received. The Government are proposing a fundamental review of funding for social care and the chart shows that this is very much needed to avoid putting a greater burden on the tax payer.

106. Greater London Authority (GLA) Precept

107. The GLA Assembly reviewed the Mayor’s draft GLA budget on 16th December 2020 with the final draft budget due to be agreed by the London Assembly on 25th February 2021. This is after the publication of the budget report to Council and so any changes to the GLA precept will be reported as revised statutory calculations and resolutions for approval by Council. The budget was recommended with an increase in the Band D precept from

£332.07 to £363.66. The Band D Council Tax payable by Enfield residents for 2021/22 based on the budget proposals (including GLA precept) is £1,795.47. This is made up as set out in Table 7:

Table 7: Council Tax Band D Charge 2021/22

	2020/21	2021/22	Change	Change *
	£	£	£	%
Core Council Tax	1,244.57	1,271.70	27.13	1.99%
Adult Social Care Precept	119.20	160.11	40.91	3.00%
London Borough of Enfield Total	1,363.77	1,431.81	68.04	4.99%
Greater London Authority	332.07	363.66	31.59	9.51%
Total	1,695.84	1,795.47	99.63	5.87%

*The percentage change shown is calculated in reference to the 2020/21 LBE Total Band D charge of £1,363.77 not the individual elements shown.

108. There are 126,063 chargeable properties in the Borough, however, less than half (61,344) of these pay full council tax due to single person discount or eligibility for council tax support. On average (Band D) the impact of the council tax changes proposed is an increase of £1.92 per week for those households paying full council tax and £0.47p a week for those working age and in receipt of Council Tax Support.

Revenue Budget Proposals

109. The following paragraphs cover the update to the MTFP relating to the review of pressures and full year effects of savings agreed in previous years plus the new savings and income generation proposals being put forward for 2021/22 and beyond.

Pressures

110. The demographic and other pressures the Borough faces are regularly reviewed and updated throughout the lifetime of the Medium Term Financial Plan (MTFP). The Council faces additional service pressures in 2021/22, especially from demographic growth, increased demand on services, changing needs and cost inflation. Services are expected to manage pressures within existing budgets where possible, but for those pressures that are ongoing and considered to be unmanageable, additional funding has been included in the MTFP in order to set a realistic and sustainable budget. The pressures are summarised by category and department in the following two table with narrative in the following paragraphs.

111. Table 8 sets out pressures over the next five years by category and Table 9 by department. For full details of the pressures please refer to Appendix 1.

Table 8: Pressures in the MTFP by Category

Category	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000	£000	£000
Inflation	5,885	7,435	7,461	7,487	7,513	35,781
Demography	3,466	3,466	3,466	3,466	3,466	17,330
Investment	660	410	150	150	150	1,520
Capital Financing	2,709	3,520	2,643	3,800	1,648	14,320
Pressures	15,953	(16,627)	224	(83)	274	(259)

NLWA	753	753	753	753	753	3,765
Total	29,426	(1,043)	14,697	15,573	13,804	72,457

Table 9: Pressures in the MTFP by Department

Department	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000	£000	£000
Corporate	18,974	(467)	8,618	10,475	8,349	45,949
Place	3,553	(1,953)	93	697	1,054	3,444
Chief Executive	186	0	0	0	0	186
Resources	852	(3,284)	1,585	0	0	(847)
Adult Social Care	3,781	3,781	3,651	3,651	3,651	18,515
Children's	2,580	880	750	750	750	5,710
Education	(500)	0	0	0	0	(500)
Public Health	0	0	0	0	0	0
Total	29,426	(1,043)	14,697	15,573	13,804	72,457

112. Inflation provision of £5.885m has been set aside in 2021/22. This is broken down below.

113. The Provisional Local Government Finance settlement confirmed the consultation on a public sector pay freeze included in the Spending Review 2020 Announcement. This excludes those earning less than £24,000 who it is anticipated will receive a pay award of £1.000m. In London the overall principles of the national pay award have historically been followed, however, central government cannot impose a pay freeze or cap on local Government as pay is determined between the employers and unions. This provision is held corporately and will be allocated to service budgets when the full details are known following negotiations. There is further unallocated provision for general inflation of £2.758m and specific allocations for:

- i. Adult Social Care - £1.565m for contract inflation
- ii. Street Lighting - £0.184m
- iii. Highways Maintenance – £0.047m
- iv. IT contract inflation - £0.320m
- v. Water - £0.011m

114. Demography

115. There was a thorough review of the approach to demography in setting the 2020/21 Budget which was wider in scope than had previously been the case and there was also a more detailed assessment of the cost pressure arising over the medium term, so Children's Social Care and Special Educational Needs Transport covered as well as Adult Social Care. £3.466m has been allocated to services in 2021/22 to offset demographic and cost pressures and £17.330m across the five year Plan.

116. Investment

117. Investment of £0.560m has been made within Adults and Children's Services in 2021/22. £0.260m of this is to fund additional social workers in response to the ongoing workload pressures in the services, with a further £0.300m investment in Children's Services social care workforce skill mix, creating an improved career pathway. In addition, £0.250m has been

allocated in 2021/22 within the Place directorate, £0.100m of this is for Property Services and the development of the Council's asset management system and £0.150m investment is being made to the Repairs and Maintenance budget. Finally, planned investment of £0.350m to fund the Council's IT service following the team restructure and new digital strategy.

118. It was approved by Council in the 2019/20 budget setting process that £0.500m per annum be allocated within the 2019/20 and 2020/21 budgets to fund an enhanced mentoring programme and data analytics to enable targeted early intervention for young people at risk of involvement in serious youth violence. This funding is now ending and is being removed from the budget for 2021/22.

119. Capital Financing

120. The Council changed its MRP Policy in 2017/18 and as a result of over provision was able to put resources into an earmarked reserve. During the intervening period the underlying budget was not increased to match the underlying pressure, and this is now being implemented over the life of the MTFP. The budget is being gradually built up over the period and the reserve being gradually drawn down. Budget and requirement will match from 2025/26 onwards. The reserve movements are set out in Appendix 7b.

121. Other Pressures

122. The Council has had a programme of Budget Pressure Challenge sessions over the past eighteen months to address historical underlying cost pressures and unrealistic savings and income targets. Much of this was factored into the 2019/20 and 2020/21 budgets and has given rise to the more resilient and sustainable finances which has seen the Council through the challenges of Covid-19 in 2020/21. The final area of review has been the Council's culture budget and £0.632m has been added to the budget in 2021/22 with efficiency built in over subsequent years from increasing income levels.

123. There are minimal other pressures to be recognised with the exception of £1.2m for a specific high cost placement in Children's Services.

124. Covid-19 Pressures

125. £7.101m has been allocated to corporate pressures in 2021/22 to cover forecast known Covid-19 pressures for expenditure of £4.404m and income loss £2.697m. The majority though not all of the additional expenditure and lost income pressure identified in 2020/21 will continue for the first quarter of 2021/22

126. The current assumptions regarding additional Covid-19 pressures are:

- i. A provision is allowed for to cover the additional long term care purchasing costs that could result for the cancellation of routine operations
- ii. The lifting of the eviction ban will create a surge in demand for Temporary Accommodation in 2021/22 whilst this expected to be a one year problem only and will return to usual demand levels for 2022/23 onwards.
- iii. The expenditure also allows for a provision for a further increase in the share of mortuary and coroners provision across London

- iv. The loss of income impact is anticipated to continue for the first quarter of 2021/22 with the most significant being the impact of parking income and court cost income.
127. This remains difficult to forecast, and additionally, £4.183m is being put aside as a contingency for the unknown Covid-19 expenditure and income loss pressures. This equates to the balance of the Covid-19 cost pressures grant losses that the Government guidance indicated was the last grant allocation for Covid-19 and forecast grant for Sales, Fees and Charges compensation.
128. It is important to consider the Covid-19 pressures on spend and lost income and lost tax revenues as these have a significant impact on not just 2021/22 but across the Medium Term. This is set out in Table 10 below which is presented on an absolute basis rather than the iterative basis used elsewhere across the report.
129. However, Government support only extends to 2021/22 and a number of pressures being experienced will undoubtedly persist into 2022/23 and beyond. Consequently, £4.648m of the £12.141m Council Funding Gap in 2022/23 is due to the financial impact of the Pandemic. There is a net cost of £8.796m across the five years of the MTFP.

Table 10: Covid-19 Pressures and Funding across the Medium Term

Category	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000	£000	£000
Funding						
Government Grants	0	0	0	0	0	0
Covid-19 £1.55bn Grant	(10,534)	0	0	0	0	(10,534)
Extension of Sales, Fees and Charges compensation scheme into Q1 21/22	(750)	0	0	0	0	(750)
Sub-total	(11,284)	0	0	0	0	(11,284)
Taxes						
Business Rates Income (assumed flat)	4,000	4,000	3,000	1,500	0	12,500
BR loss of London Pool benefit	425	425	425	425	425	2,125
Council Tax Recovery Reduction (98% down to 96% in 21/22 recovering to 97% in 22/23, 97.5% in	2,642	1,352	685	0	0	4,679

23/24 and 98% in 24/25)						
Council Tax Support	4,796	2,397	1,198	0	0	8,391
Council Tax Support	(6,262)	0	0	0	0	(6,262)
Collection fund deficit arising from Covid-19 carried forward over three years	4,250	4,250	4,250	0	0	12,750
Collection Deficit Grant	(1,063)	(1,063)	(1,063)	0	0	(3,188)
Sub-total	8,788	11,361	8,495	1,925	425	30,994
Total Funding	(2,496)	11,361	8,495	1,925	425	19,710
<u>Spending</u>						
Covid-19 Pressures	11,289	(3,525)	(3,535)	(3,675)	(3,370)	(2,816)
Welfare Support / Hardship	1,466	0	0	0	0	1,466
Total Spending	12,755	(3,525)	(3,535)	(3,675)	(3,370)	(1,350)
Use of reserves to address Collection Fund deficit	(3,188)	(3,188)	(3,188)	0	0	(9,564)
Total	7,071	4,648	1,772	(1,750)	(2,945)	8,796

Savings and Income Generation Proposals

130. Savings workstreams developed proposals to bridge the starting budget gap of £13.266m and the full year effect of proposals in the 2020/21 budget were thoroughly reviewed and updated. Tranche 1 and 2 savings have already been reported to Cabinet for approval on 16 October 2020 and 4 December 2020. The final schedule of savings and income generation proposals are detailed in Appendix 2b.

Table 11: Savings and Income Generation Proposals (including Full Year Effects)

Department	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000	£000	£000
Chief Executive	(850)	0	0	0	0	(850)
Adult Social Care	(2,119)	(213)	(477)	(100)	0	(2,909)
Children's Social Care	(1,290)	0	0	0	0	(1,290)
Education	(196)	0	0	0	0	(196)

Public Health	(100)	0	0	0	0	(100)
Place	(8,512)	360	(969)	(1,234)	0	(10,355)
Resources	(1,430)	(1,010)	(700)	(500)	(50)	(3,690)
Corporate*	1,500	500	0	0	0	2,000
Total	(12,997)	(363)	(2,146)	(1,834)	(50)	(17,390)

*prior year saving reversals as for one year only.

Full Year Effect savings

131. The savings proposals in the MTFP includes the Full Year Effects (FYE) of savings agreed in previous years which total £8.017m with £3.374m in 2021/22. Table 12 summarises FYE savings by department:

Table 12: Full Year Effects of Savings and Income Generation Proposals agreed in prior years

Department	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000	£000	£000
Corporate	1,500	500	0	0	0	2,000
CEX	(50)	0	0	0	0	(50)
People – Adult Social Care	(100)	(213)	(477)	(100)	0	(890)
Place	(4,144)	(340)	(969)	(1,234)	0	(6,687)
Resources	(580)	(710)	(650)	(450)	0	(2,390)
Total	(3,374)	(763)	(2,096)	(1,784)	0	(8,017)

132. Tables 13 and 14 summarise the final savings and income generation proposals over the 5 year MTFP period:

Table 13: Savings over MTFP period

Department	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000	£000	£000
Chief Executive	(800)	0	0	0	0	(800)
Adult Social Care	(1,899)	0	0	0	0	(1,899)
Children’s Social Care	(1,290)	0	0	0	0	(1,290)
Education	(96)	0	0	0	0	(96)
Public Health	(100)	0	0	0	0	(100)
Place	(2,713)	300	0	0	0	(2,413)
Resources	(850)	(300)	(50)	(50)	(50)	(1,300)
Corporate	0	0	0	0	0	0
Total	(7,748)	0	(50)	(50)	(50)	(7,898)

Table 14: Income Generation proposals over MTFP period

Department	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£000	£'00	£000	£000	£000	£000
Chief Executive	0	0	0	0	0	0
Adult Social Care	(120)	0	0	0	0	(120)
Children's Social Care	0	0	0	0	0	0
Education	(100)	0	0	0	0	(100)
Public Health	0	0	0	0	0	0
Place	(1,655)	400	0	0	0	(1,255)
Resources	0	0	0	0	0	0
Corporate	0	0	0	0	0	0
Total	(1,875)	400	0	0	0	(1,475)

133. The early savings and income generation proposals were taken to Cabinet in October with some further items being taken to December Cabinet. The position as at these two dates is set out below, together with the final savings and income generation proposals to be considered by Cabinet in February before Council approves the entire list of savings and income generation proposals.

Table 15: Change in Savings since December

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000	£000	£000
FYE Savings (December)	(2,627)	(1,602)	(2,352)	(1,925)	0	(8,506)
TA future years changes	(789)	839	256	141	0	447
Out of Hours review saving	42	0	0	0	0	42
Revised FYE	(3,374)	(763)	(2,096)	(1,784)	0	(8,017)
October Cabinet	(7,313)	(250)	0	0	0	(7,563)
December Cabinet	(1,050)	250	(50)	(50)	(50)	(950)
<u>Further proposals for February Cabinet:</u>						
Review of Property portfolio	(80)	0	0	0	0	(80)
Enforcement efficiencies	(200)	0		0	0	(200)

Additional Fees & Charges Income (5% increase)	(280)	0	0	0	0	(280)
Bunding Income (one off for 2021/22)	(400)	400	0	0	0	0
Whitewebbs Lease Income	(100)	0	0	0	0	(100)
Catering Service efficiencies	(200)	0	0	0	0	(200)
February Cabinet	(1,260)	400	0	0	0	(860)
Total of FYE & New Savings and Income Generation Proposals	(12,997)	(363)	(2,146)	(1,834)	(50)	(17,390)

Equalities Impact Assessments

134. 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 later on in this report (paragraphs 135 to 137 below)

135. 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.

136. Of the 36 proposals 27 have required a full EQIA.

137. Of the 27 proposals:

- 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;
- 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;
- 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;
- 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
- A further 1 proposal will have no planned reduction on services or impact on the Council's employees.

Review of Fees and Charges

138. Fees and Charges were reviewed as part of the December Medium Term Financial Plan update to Cabinet and have been recommended for approval to Council. They will be incorporated into this report for the Council meeting for completeness. There are a couple of updates to the fees and charges for the Place departments from those presented in December and these are a set of new charges proposed for 2021/22 for the provision of Strategic Planning and Design information and a minor change to charging in Tennis Court hire, these changes are set out in Appendix 11. In the event that a household is in financial hardship and the Green Waste charge is not affordable, financial support may be accessible via the Welfare Hardship Funding. Similarly, the Registrars service have continued to review the proposed fees and charges for 2021/22 and an updated schedule is included in this report in Appendix 13 for approval on to Council.

Flexible Use of Capital Receipts

139. With effect from 2016/17 the Government provided a general capitalisation directive to all councils, enabling them to utilise new capital receipts to finance projects that are designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. The 2018/19 Local Government Finance Settlement extended the temporary capital receipts flexibility, under which local authorities can fund transformative revenue costs from capital receipts, for a further three years to 2021/22.

140. To take advantage of the flexibility local authorities must produce a strategy which discloses the individual projects that will be funded, or part funded, through capital receipts flexibility and this must be approved by full Council or the equivalent. As a minimum, the strategy should list each project that plans to make use of the capital receipts flexibility and provide details, on a project-by-project basis, of the expected savings or service transformation that will result. The strategy should report the impact on the local authority's Prudential Indicators for the forthcoming year and subsequent years. Enfield is planning to use £1.9m of capital receipts to fund transformation projects in 2020/21 and £1.8m in 2021/22. The strategy is therefore set out in Appendix 3, for consideration and for recommendation to Council. The strategy includes details of the proposed schemes for 2020/21 and 2021/22 and a backward look at 2017/18, 2018/19 and 2019/20.

141. Over the past couple of years the approach has been to reduce the reliance on capital receipts. However, specifically for 2021/22, the strategy will be adopted to use of capital receipts to support cashable savings, income generation and cost avoidance projects for 2022/23 budgets and beyond. The aim is to fund transformation over time and to move the budget into an increasingly resilient financial position.

142. All departments of the Council were invited to submit "invest to save" funding bids that will produce sustainable savings/income generation to reduce our future budget gap from 2022/23 or sooner if possible.

Therefore, making the most of the opportunity under the current flexibilities to invest in projects/proposals that will have long term savings.

143. The majority of these proposals are currently being assessed and further work is required to quantify the benefits. Once this is finalised any proposals that are put forward for approval will be reported in the Quarterly Revenue Monitoring reports during 2021/22.
144. However, two of the proposals submitted to date have been evaluated as sufficiently progressed to be adopted at the stage and these are the “Break the Cycle” project within Children’s Social Care and the transition costs associated with establishing Millfield House and Theatre as an independent cultural venue. The investment in 2021/22 required for these two proposals is £0.200m and £0.180m respectively.

Dedicated Schools Grant and the Schools Budget

145. The Dedicated Schools Grant (DSG) allocation in Enfield is £373.187m for 2021/22, which represents a 6.24% gross increase on the 2020/21 DSG. However, funding for teachers pay and pension increases funded through separate grants in 2019/20 and 2020/21 has been subsumed into the DSG with effect from 2021/22 and excluding this £12m, the net DSG increase is 2.8%. Key issues impacting on the DSG are:
 - The implementation of a National Funding Formula for Schools
 - High Needs Cost pressures relating to pupils with SEN
 - Deficit DSG Position
 - Schools Forum Budget Setting Process
146. In July 2020 the Government confirmed that they would continue with their proposal to implement a National Funding Formula (NFF) for the Schools and High Needs Blocks. Additional funding was announced in 2019/20 to support this transition with the following increases in school funding over a 3 year period of £2.6bn for 2020/21, £4.6bn for 2021/22 and £7.1bn for 2022/23. Whilst this funding is welcomed, it does not result in any real terms growth due to funding cuts since 2009/10.
147. For 2021/22, as in 2020/21, a ‘soft’ NFF is in place, whereby local authorities’ allocations were based on the NFF, but authorities have some local flexibility regarding the distribution of these funds. There is, however, very limited flexibility to move funds between blocks and other than an allowable 0.5% transfer to the High Needs Block, funding received in the Schools Block must all be delegated to schools.
148. Since 2018/19, Enfield has continued with a local funding formula but with a phased move to the NFF unit rates. Following a further consultation exercise with schools in Autumn 2020, Schools Forum agreed at their meeting on 20th January 2021 to move fully to NFF values. For 2021/22, the NFF unit rates, including Enfield’s area cost adjustment, have been applied for all formula factors. The formula allocations include a 1.89% Minimum Funding Guarantee so all schools should see a minimum funding increase of this level per pupil. The draft budget and further details of the funding blocks are included in Appendix 5 for approval.
149. There are ongoing risks in the School’s Budget for 2021/22 mainly due to the ongoing increase in numbers of children presenting with special

educational needs (SEN). This has resulted in a projected DSG deficit of £7.7m in 2020/21 which will be carried forward to 2021/22 and whilst funding for high needs has increased by £5.8m, the full year effect of current year pressures will leave little funding to address this deficit. The Authority continues to work on various initiatives to develop additional in Borough special education provision which will reduce the number of children being educated in independent out borough provision and reduce costs.

150. Other Schools Funding

151. Pupil Premium Grant

152. The Pupil Premium is allocated in addition to the DSG to enable schools to work with pupils who have been registered for free school meals (FSM) at any point in the last six years (known as 'Ever 6 FSM'). The Government has confirmed that the rates for 2021/22 will remain at 2020/21 levels i.e. £1,345 for primary FSM 'Ever 6' and £955 for secondary FSM 'Ever 6' pupils.

153. Looked After Children (LAC), and children who have been adopted from care, will continue to attract a higher rate of funding than children from low-income families and this will continue at the 2020/21 rate of £2,345 in 2020/21. The NFF does not include a LAC factor and this increase in pupil premium funding will help to compensate schools who previously received formula funding for LAC.

154. Children who have parents in the armed forces are supported through the Service Child Premium, which remains at £310 per pupil in 2021/22.

155. The Pupil Premium is a specific grant that the Council has to pass on directly on to schools, who can then decide how they will use the additional funding to achieve improved outcomes for this group of children. The latest pupil premium allocation for 2020/21 totals £8.9m and this is expected to increase for 2021/22 to reflect a 4% increase in pupils eligible for FSM. Allocations for 2021/22 will be based on the October 2020 census data rather than January 2021 to bring this grant in line with the DSG. We expect the funding allocations to be announced by April 2021 and this earlier publication will support schools with their budget planning.

156. Early Years Pupil Premium (EYPP)

157. EYPP was introduced in 2015/16 with schools, nurseries and child-minders receiving £300 for every 3 and 4-year-old from a low-income family, to enable these children to start school on an equal footing to their peers. This is based on the 3 and 4-year olds taking up their full entitlement of 570 hours. This will continue at the same rate in 2021/22.

158. Sixth Form Funding

159. The Education, Skills and Funding Agency (ESFA) is responsible for the funding of 16-19 provision in academies, general further education colleges, sixth-form colleges and independent provision. The EFA also distributes resources to local authorities for them to pass on to maintained schools.

160. Funding increases for the 2021/22 academic year are expected to be confirmed in January 2021. School sixth forms will receive their 2021/22 indicative allocations during February 2021 followed by final allocations in March 2021. Similarly, to 2020/21, the ESFA will set a deadline in April to

receive business cases where exceptional circumstances have affected their 2021/22 indicative allocation. Considerations will be given to:

- Cases where there has been a major error in the data submitted by the institution via the school census
- Cases where exceptional growth has been experienced based on a minimum threshold of 5% of students or a minimum of 50 students, whichever is lower
- other cases not covered above, reviewed individually

161. Universal Infant Free School Meals

162. Funding for free school meals for infant pupils will continue in 2021/22 based on a rate of £2.32 per day.

163. Primary PE and Sport Premium

164. This grant will continue in 2021/22 for schools with pupils in years 1 to 6. The funding rates are expected to continue as a lump sum of £16,000 plus £10 per pupil.

165. Covid-19 Funding for Schools. During 2020/21 various grant funding has been provided to schools to support them with their response to the pandemic and provide support to pupils and staff during this period. The key areas of funding are as follows:

- i. Coronavirus Schools Fund – schools could submit claims direct to the ESFA for additional costs incurred during the Summer 2020 term in respect of 3 specific areas – increased premises related costs, support for FSM, additional cleaning. As at 31.12.2020, £0.5m funding had been received in respect of these claims and distributed to schools. Schools were given a further claim window for the summer term that closed on 27.11.2020 and further reimbursements are expected in respect of these but based on latest announcements, schools are expected to fund these additional costs from their own budgets from September 2020 onwards
- ii. Catch Up Premium - £1bn funding provided nationally to support schools catch up lost teaching time due to school closures. Of this, £650m is being provided direct to schools at a rate of £80 per pupil (recep-year11) and £240 per high needs pupil for the 2020/21 academic year. Funding is allocated to schools on a termly basis and support regarding the use of these funds has been provided by the Education Endowment Foundation. The remaining £350m will be allocated via the National Tutoring Programme, which aims to provide additional, targeted support to the pupils who need most help. Schools can submit bids for this funding based on their individual needs.

Budget Engagement

166. 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.

167. 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 [as set out in paragraph 167 (i)] 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.

168. 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.

169. 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.

170. In total 151 responses were received through the online questionnaire.

171. The feedback from the public engagement will be presented to the Overview and Scrutiny Committee Budget Meeting on 4th February 2021. Appendix 5a to this 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 this report when it goes forward to Council.

Medium Term Financial Plan

172. The Corporate Plan is linked to the budget through the Medium Term Financial Plan (MTFP) and the annual budget process. The Budget and MTFP 2021/22 to 2025/26 forecasts funding requirements for the Council's General Fund services and provides the mechanism to redirect limited resources to priorities. The Corporate Plan sets out the Council's financial objectives, which aim to "target resources smartly and reinvest income wisely to deliver excellent value for money and reduce inequality" by:
- i. Continuing to make best use of all available financial resources and balance risks and opportunities;
 - ii. Ensuring effective governance is in place to support the efficient and smart delivery of our services;
 - iii. Maximising the procurement of services and assets to support local businesses and residents wherever possible.
173. In setting the Council's 2021/22 Budget and MTFP, the Council's aim has been to continue to maintain, and where possible, improve services provided with a focus on protecting the most vulnerable in the Borough. It has recognised the need to increase in Council Tax to balance the growing pressures being faced by the Council especially the increased demand in Children's and Adults Social Care. The focus continues to be on delivering high quality services more efficiently through reductions in costs. The Council routinely, throughout the year, takes action to cut costs and make efficiency savings wherever possible. Every attempt continues to be made to minimise additional costs, but the ability to influence many of them is limited and the ability to make back office savings is increasingly difficult as a result of the scale of public spending cuts. Decisions are becoming more difficult and potentially not without significant impact.
174. There has been a renewed focus on pressures and need to invest in services for the five year MTFP. There has been a robust assessment of future pressures and the MTFP now allows for contractual commitments on Adult Social Care contracts, Children's demographic pressure and increased demand for SEN transport.
175. All risks related to the delivery of proposals in the MTFP and any future uncertainties will be reviewed on a regular basis, the detailed budget tracker is already being put in place for 2021/22 savings. The MTFP is based upon the principle that savings identified will be implemented to allow benefit realisation as soon as possible.
176. There are risks inherent in the MTFP exemplified in paragraphs 178 to 182 of this report and Appendix 6. A number of key items in the plan cannot be estimated with 100% accuracy. The figures in the plan also assume that significant savings will be made. In this situation, it is essential to maintain sufficient balances, not only to deal with unforeseen events but also to cover the potential risk of not achieving the savings required. In addition, the Council will need to maintain adequate reserves for future commitments.
177. No final decision has been taken on taxation levels for 2022/23 and later years, but there is currently a 1.99% core council tax annual increase included in 2022/23 to 2025/26 for planning purposes. The following table

summarises the MTFP position over the coming five years and the current forecast of the budget gaps for the period of the MTFP (2021/22 to 2025/26):

Table 16: Medium Term Financial Plan 2021/22 to 2025/26

	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
Council Tax Base Provision	133,276	133,108	140,337	145,824	151,507
Movements:					
Inflation/Pay Awards	5,885	7,435	7,461	7,487	7,513
Demography	3,466	3,466	3,466	3,466	3,466
Investment	660	410	150	150	150
Capital Financing	2,709	3,520	2,643	3,800	1,648
Pressures	16,706	(15,874)	977	670	1,027
Total Pressures	29,426	(1,043)	14,697	15,573	13,804
Full Year Effect of Previous years' savings decisions	(3,374)	(763)	(2,096)	(1,784)	0
New Savings and Income Generation Proposals	(9,623)	400	(50)	(50)	(50)
Changes to Specific Grants	(3,716)	2,003	1,168	826	745
SFA increase	(97)	0	0	0	0
Business Rates	4,000	0	(1,000)	(1,500)	(1,500)
Business Rates - London Pool	425	0	0	0	0
Council Tax Support Funding £670m nationally	(6,262)	6,262	0	0	0
SFC Compensation Scheme extension	(750)	750	0	0	0
Covid-19 Grant	(10,534)	10,534	0	0	0
Collection Fund	700	(700)	0	0	0

Collection Fund Deficit (Covid-19)	4,250	0	0	(4,250)	0
Collection Fund Deficit Grant	(1,063)	0	0	1,063	0
Use of Reserves to address CF deficit	(3,188)	0	0	3,188	0
Reversal of 2020/21 Use of Reserves	1,565	0	0	0	0
Use of reserves in the 2021/22 budget	(1,927)	1,927	0	0	0
Gap Still to be Found	0	(12,141)	(7,232)	(7,383)	(9,277)
Council Tax Requirement	133,108	140,337	145,824	151,507	155,229
Council Tax Base	92,965	96,101	97,910	99,741	100,197
Band D Charge (£)	1,431.81	1,460.31	1,489.37	1,519.00	1,549.23
% tax change	4.99%	1.99%	1.99%	1.99%	1.99%

178. Budget Risks, Uncertainties and opportunities

179. In the coming years, more than ever, the Council faces huge financial uncertainty, especially in respect of:

- i. Local Government funding changes
- ii. BREXIT impact
- iii. Pressures on Children's and Adults' Social Services
- iv. Scope to make savings while maintaining services
- v. Temporary Accommodation
- vi. Covid-19

180. The 2021/22 budget includes the best estimate of financial achievement of savings and likely pressures. Where there are potential risks of higher cost pressures as in the areas listed above or slippage in realisation of savings these have been factored into the assessment of budget robustness, balances and reserves to ensure the Council can meet any short-term pressures without an impact on service delivery. Corporate and Service budget risks are detailed in Appendix 6. Many factors affect the Council's future financial position which can be estimated with some degree of confidence for the first year of the plan but become increasingly uncertain for later years. It is therefore essential to test the sensitivity of the plan to changes in the main assumptions. The figures in the following table illustrate the extent to which the plan would be affected by such changes:

Table 17: Sensitivity Indicators

Item	Budget Impact
	£000
1% Change in Pay	1,350
1% Increase in Departmental price Inflation across Income and Expenditure	550
1% Increase in Community Based Costs	550
1% Increase in Residential Care Costs	420
1% Change in Settlement Funding Assessment based on 2020/21	960
1% increase in Council Tax Support claimants	50
1% reduction in businesses chargeable for business rates	370
1% increase in numbers requiring temporary accommodation	75
1% increase in Children Looked After Population	125

181. The Government had announced radical changes to Local Government Finance arrangements, the most significant at this stage being the localisation of business rates, and the review of formula funding. Whilst these changes are delayed It is certain that the new arrangements will create winners and losers, and as such represent both opportunity and risk to Enfield and all councils in England. At this stage the MTFP assumes that funding is constant from 2021/22 to 2025/26 and this will be updated as further information becomes available.
182. Throughout the budget process, officers have kept under review the key risks, uncertainties and opportunities that could have implications for the Council's financial position in 2021/22 and in the medium term. The systematic review, particularly of risks and mitigating actions is a key part of any effective planning system and therefore crucial in the budget setting process. This process was reinforced by the creation in 2018/19 of a Pressures Challenge Board which seeks to find ways to manage in year and ongoing pressures and will continue to operate in 2021/22.

Contingencies, Reserves and Balances

183. The Budget includes a central contingency for unforeseen circumstances; the balance in 2021/22 is £3m in recognition of the current level of national and local financial risks. The Council also holds centrally a number of contingent items relating to spending requirements that are expected to arise at some point in the budget year but about which there is some uncertainty regarding the timing or magnitude of the financial impact. These will be allocated to services during the year.
184. The Council's policy will continue to be one of containing spending within the budgets set for each department, without recourse to the central contingency other than in exceptional circumstances. However, there are significant risks facing the Council in 2021/22 and throughout the period of the MTFP. Appendix 6 provides details of the high-risk areas identified corporately and by departments. In view of the level of risks it is recommended that the central contingency be retained at £3m for 2021/22.
185. As set out above for 2021/22 there is also a Covid-19 Contingency of £4.183m to cover unquantified expenditure pressures and losses of sales, fees and charges.

186. The Council's General Fund Balances (excluding schools) stood at £14m as at 31 March 2020. The latest 2020/21 Revenue Monitoring report to Cabinet forecasts an overall underspend position of approximately £1.587m as at the end of December, which will be applied to the Council's Risk Reserve and be used to support the 2021/22 budget.
187. The level of balances is examined each year, along with the level of reserves and contingencies, in light of the risks facing the Authority in the medium term. Following consideration of risks outlined in Appendix 6, which have been analysed against reserves in Appendices 8a and 8b, it is recommended that the General Fund balance be maintained at £14m.
188. Earmarked reserves are held to meet the cost of specific one-off projects or specific risks. Any balance on reserves once the projects are completed or the risk has ceased is returned to General Fund balances. A list of the Council's Earmarked Reserves and the purposes for which they are held is set out in Appendix 7a. Planned movements in the reserves' balances over the period of the MTFP are shown in Appendix 7b. These are split between revenue and capital projects which are included in the MTFP and Capital Programme respectively.
189. The current level of available usable General Fund specific reserves is forecast to reduce from £76.841m as at 31st March 2021 to £48.549m by 31st March 2026 based on the projects currently planned. The use of reserves will be monitored, and projects revised depending on competing priorities for investment to generate revenue savings.
190. It is also recommended that any uncommitted departmental resources at year end are added to central reserves, so they can be managed more flexibly to support the achievement of corporate priorities.

Outlook and Budget Process 2022/23

191. The impact of changes to business rates, the funding formula and the future of social care funding cannot yet be determined, leaving great uncertainty over the future of local government finance. The Council's medium term financial planning process recognises this uncertainty, but it is clear that savings in addition to those in this report will be needed between 2022/23 and 2025/26 to balance the budget. For example, as shown in Table 18, the budget gap for 2022/23 to 2025/26 is currently expected to be in the region of £36m, assuming the level of core Government funding remains static.
192. This is a challenging target for Enfield in the context of £193.2m of savings already delivered since 2010 and a further £9.623m of new savings and £3.374m of full year effect savings to be delivered in 2021/22. Further, independent benchmarking of Council costs has shown that Enfield are lower quartile in the majority of services areas.
193. Savings workstreams will commence with immediate effect and there will be work corporately to develop and implement new savings proposals as soon as possible. There will need to be a focus on demand management of social care services as well as driving further commercial savings including generating greater levels of income and being more efficient in procurement and contract management. The use of capital receipts for transformation projects will support "invest to save" businesses cases identified not able to

be funded from within existing budgets to drive forward 2022/23 and later years' savings.

Table 18: Medium Term Financial Plan Budget Gap 2021/22 to 2025/26

	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
Budget (Gap)/ Surplus in future years of MTFP	0	(12,141)	(7,232)	(7,383)	(9,277)

194. The approach to the 2021/22 budget has built on the work in 2019/20 and 2020/21 with continued transparency, enabling enhanced levels of scrutiny and appropriate challenge of budget decisions, and this will continue throughout future budget processes. The capital programme had been extended to include a ten year forecast of expenditure that will enabling the long term impact on borrowing to be factored into the extended medium term plan. This will help to ensure that decisions are made in the context of a longer term financial view. Both the Capital Programme and Treasury Management Strategies have been rolled forward one year to maintain the ten year time horizon.

195. For 2022/23 there will undoubtedly be a familiar look to the approach with savings workstreams to include:

- i. demand management strategies in social care to address the significant demographic pressures being experienced.
- ii. exploitation of commercial opportunities.
- iii. use of digitalisation and system improvement opportunities to improve customer experience and reduce cost
- iv. reduced use of agency staff across the Council
- v. seeking opportunities to partner with others where this makes financial and operational sense

196. Further, an outcome/priority based review of the budget is planned for 2022/23 and more detail of this will follow in the Medium Term Financial Strategy 2022/23 to 2026/27 in July.

Alternative Options Considered

197. The Council operates a budget planning and consultation process during which a wide range of options are considered in detail before recommendations are made. Issues raised and discussed have greatly contributed to this report including information from the Budget Engagement exercise set out elsewhere in this report. As part of its planning for both 2021/22 and future years the Council has considered future levels of Council Tax.

Safeguarding Implications

198. The report includes service reductions across all services including Adult Social Care and Children's Social Care. Officers have worked through these to ensure there is no impact on the Council's safeguarding duties for vulnerable adults and children in the Borough. There are inherent risks in demand in these services which may be compounded by the pandemic for which the Council holds a revenue contingency and reserves.

Public Health Implications

199. 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.

Equalities Impact Implications

200. 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.

201. 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.

202. The Council undertakes Equality Impact Assessment (EqIAs) to help make sure we do not discriminate against service users, residents and staff, and that we promote equality where possible

203. An Equality Impact Assessment will be completed for individual budget/savings proposals. These assessments will evaluate how the proposal will impact on people of all protected characteristics and will identify alternative action or mitigating action where any adverse impact is identified. This will include consultation and engagement with affected people and organisations as appropriate.

Environmental and Climate Change Considerations

204. None. The October report included proposals for rationalisation of the office estate which should enable the Council to operate out of more modern energy efficient buildings which will benefit the environment.

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

205. The Council faces an enormous financial challenge and it is essential that the opportunity is taken to progress savings at the earliest possible time. Delaying the decision will impact on the delivery of those savings and also impact on work to further close the financial gap.

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

206. Risk and uncertainty are two of the major themes running through the report. The report has sought to continue to identify as many of the financial risks facing the Council at this time and where possible to also quantify them. Identification is naturally one of the key steps in managing risk and this will be supplemented by regular review.

Financial Implications

207. The Local Government Act 2003 places a duty on 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. Statutory guidance in this area is provided by Local Authority Accounting Panel (LAAP) Bulletin 77 (Nov 2008) and is the basis on which the Chief Finance Officer's annual financial risk assessment has been updated in the Council Budget report. A full statement of robustness is provided at Appendix 8a.
208. The 2021/22 budget has been prepared taking into account the following:
- (i) Specific cost pressures set out in paragraphs 110 to 129;
 - (ii) The uncertainty around changes in central government funding over the period of the Medium Term Financial Plan – the recent settlement only covered 2021/22;
 - (iii) Provision for legislative change and changes to the Council's statutory responsibilities; and
 - (iv) The estimated impact of underlying cost pressures, as evidenced by financial monitoring reports in the current year.
209. Taking into account the budget risks and uncertainties, and assuming that the recommendations set out above are agreed, the Council's contingencies and balances are considered prudent.

Legal Implications

210. This report sets out the basis upon which recommendations will be made for the adoption of a lawful budget and setting of the council tax. The report also outlines the financial outlook for the Council and its services.
211. The setting of the budget is a matter for the Council, having considered recommendations by the Cabinet. The Council's budget-setting process is set out in the Constitution. Before the final recommendations are made to the Council, an Overview and Scrutiny Committee must have been given an opportunity to scrutinise the proposals and the Cabinet must have taken any comments of the OSC into account when making these proposals.
212. The amount of Council Tax must be sufficient to meet the Council's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget. Members should be mindful of their fiduciary duty to ratepayers when adopting a budget and setting a council tax
213. The Council is required by section 33 of the Local Government Finance Act 1992 ("the Act") to calculate for each financial year the basic amount of its council tax. The basic amount of council tax must be calculated from the Council Tax base. This base is created by applying a prescribed formula under the Local Authorities (Calculation of Council Tax Base) Regulations 2012
214. The Council is required to submit its council tax base to the GLA between 1 December and 31 January in the financial year preceding the financial year for which the calculation of council tax base is made. If the Council does not submit its council tax base to the Greater Local Authority ('GLA'), then the

GLA is required to determine the calculation for itself, in the manner prescribed in the above Regulations.

215. Members are obliged to consider 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. Where there is discretion as to how to discharge duties, that discretion should be exercised reasonably.
216. The Council is obliged by section 151 of the Local Government Act 1972 to make proper arrangements for the management of its financial affairs. It is consistent with sound financial management and the Council's obligation under section 151 for the Council to adopt and monitor a Medium Term Financial Strategy as this informs the budget process and is viewed as a related function.
217. The Council has carried out appropriate budget consultation. Those representations have been taken into account as part of this process and are reflected in this report.
218. In considering the budget for 2021/22, the Council must have due regard to its ongoing duties under the Equality Act 2010. The Equality Act 2010 requires the council in the exercise of its functions to have due regard to the need to avoid discrimination and other unlawful conduct under the Act, the need to promote equality of opportunity and the need to foster good relations between people who share a protected characteristic and those who do not (the public sector equality duty). The Council should consider how its decisions will contribute towards meeting these duties, against other relevant circumstances such as economic and practical considerations. The relevant departments should undertake detailed impact assessments of major proposals to ensure that any proposals for savings are reasonable and meet Equality Act duties.
219. Finally, Members should have regard to s106 of the Local Government Finance Act 1992 which provides that members who are in arrears on their Council Tax for two or more months may not vote on matters concerning the level of Council Tax or the administration of it.

Workforce Implications

220. 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.
221. Where redundancies are necessary the appropriate HR policies and procedures should be followed. Redeployment options must be considered.
222. It is important that services engage with HR at the earliest opportunity.

Property Implications

223. Given the high-level perspective of this report, there are no specific property implications from within its contents. However, as the budget and MTFP is implemented over time, there is the real possibility of property implications arising on specific projects and other activities. These will be addressed as necessary as they come forward in future reports.

Other Implications

224. None identified.

Options Considered

225. None applicable for this report.

Conclusions

226. The report puts forward a prudent budget in a very challenging and uncertain financial environment.

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Appendices

Appendix 1 – Pressures included in the MTFP 2021/22 – 2025/26

Appendix 2a – Full Year Effects of Prior Year Savings

Appendix 2b – New Budget Savings and Income Generation Proposals

Appendix 2c – Equalities Impact Assessments

Appendix 3 – Capital Receipts Flexibility Efficiency Statement

Appendix 4a – Schools Budget 2021/22 - Summary

Appendix 4b – Dedicated Schools Grant and Schools Budget - Details

Appendix 5a – Budget Engagement - Summary of Results

Appendix 5b – Minutes of OSC Budget Meeting (Council Report only)

Appendix 6 – Budget Risks

Appendix 7a – Earmarked Reserves Overview

Appendix 7b – Estimated Movements in Earmarked Reserves

Appendix 8a – Statement of Robustness of Budget Estimates

Appendix 8b – Adequacy of Reserves - Risk Evaluation

Appendix 9 – Specific Grants 2021/22 to 2025/26

Appendix 10 – Draft Budget Departmental Control Totals

Appendix 11 – Place Department Fees and Charges – update from December

Appendix 12 – People Fees and Charges (Council Report only)

Appendix 13 – Chief Executive’s Fees and Charges – update from December

Appendix 14 – Resources Fees and Charges (Council Report only)

Appendix 15 – Statutory Calculations and Resolutions (Council Report only)

Background Papers

Medium Term Financial Strategy 2021/22 to 2025/26 – Cabinet, July 2020

Medium Term Financial Plan 2021/22 to 2025/26 Update and Early Savings –
Cabinet, October 2020

Medium Term Financial Plan 2021/22 to 2025/26 Update and Further Savings –
Cabinet, December 2020