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OVERVIEW & SCRUTINY COMMITTEE - 4.2.2021

MINUTES OF THE MEETING OF THE OVERVIEW & SCRUTINY COMMITTEE HELD ON THURSDAY, 4 FEBRUARY 2021

COUNCILLORS

PRESENT (Chair) Susan Erbil, Achilleas Georgiou, Edward Smith, Hass Yusuf, Birsen Demirel and Elif Erbil

ABSENT Lee David-Sanders and Margaret Greer

STATUTORY CO-OPTees: *1 vacancy (Church of England diocese representative), Mr Simon Goulden (other faiths/denominations representative), Mr Tony Murphy (Catholic diocese representative), Alicia Meniru & 1 vacancy (Parent Governor representative) - Italics Denotes absence*

OFFICERS: Ian Davis (Chief Executive), Tony Theodoulou (Executive Director People), Fay Hammond (Executive Director Resources), Sarah Cary (Executive Director Place), Matt Bowmer (Interim Director of Finance), Doug Wilkinson (Director of Environment and Operational Services), Peter Nathan (Director of Education), Kieran Murphy (Director of Digital Data and Technology), Jeremy Chambers (Director Law and Governance), Claire Johnson (Head of Governance, Scrutiny and Registration Services), Andy Ellis (Governance and Scrutiny Officer).

Also Attending: Cllr Sinan Boztas
Cllr Joanne Laban (Leader of the Opposition and Conservative Group)
Councillor Nesil Caliskan (Leader of the Council)
Councillor Mary Maguire (Cabinet Member for Finance and Procurement)
Councillor Alev Cazimoglu (Cabinet Member for Health and social Care)
3 members of the public.

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WELCOME & APOLOGIES

The Chair, Cllr Susan Erbil welcomed everyone to the meeting. Apologies for absence were received from Cllr Greer following a family bereavement and Cllr David-Sanders due to illness. Cllr Boztas was acting as a substitute for Cllr Greer and Cllr Laban was acting as a substitute for Cllr David-Sanders.

All Members of the Committee introduced themselves and The Chair explained the purpose and format of the meeting.

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DECLARATIONS OF INTEREST

No declarations of interest were received.

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LONDON BOROUGH OF ENFIELD BUDGET CONSULTATION 2021/22

- 1) Cllr Mary Maguire, Cabinet Member for Finance and Procurement, informed the Committee that Cabinet had met on 3 February and had agreed to recommend the 2021/22 budget and the 5 year Medium Term Financial Plan to Full Council on 2 March 2021. As required by law, the budget is balanced and Cllr Maguire summarised the details of the Cabinet recommendations.
- 2) Cllr Maguire welcomed scrutiny of the budget from the Overview and Scrutiny Committee.
- 3) Fay Hammond, Executive Director of Resources and Matt Bowmer, Interim Director of Finance, highlighted the following issues within the presentation. This is a resilient budget, that is sustainable each year, protecting services for residents. This year saw an in-year strategy in relation to Covid-19, including a review of fees and charges and reviewing reserves. This in-year strategy has helped the financial position of the of the Council for this year and will support the budget next year. Where Savings have been made, they will be re-invested in to service areas, for example, Adult Social Care.
- 4) There has been increased scrutiny of the budget this year via the Finance and Performance Scrutiny Panel.
- 5) Over the past 5 years, Enfield has become a more resilient Council. Although Covid-19 has had an impact on finances, Quarter 3 will see an in-year underspend, which will support or budget position next year.
- 6) The Council has continued to reduce the use of capital receipts and in 21/22, the level of receipts will be maintained at £1.8m.
- 7) The Council has continued to maintain the level of stable reserves which has increased to £44.9, which will help moving forward as the financial position is very uncertain.
- 8) The budget setting has 2 elements this year. The underlying budget is performing well, served by the savings that have come forward. The pressures relating to demography have been met by a modest increase in grants and the increase in Council Tax of 4.99%. The pressures have been off-set by savings of £12.997m, which puts the Council in a surplus position. However, the impact of covid-19 on finances has to be considered as only 25% of pressures are covered by Government support. In relation to Business Rates, 2021 saw a considerable amount of support for businesses. The Spending Review and Local Government Finance Settlement have no support for business rates, leading to a £4m in Enfield.
- 9) On the Covid-19 side of the budget, there is a £10.2m deficit which will be addressed, in part, by the use of a reserve for Council Tax, taking the deficit back to £7.1m, bringing the budget overall in to balance.
- 10) Moving forward, the 2022/23 pressures include a £14.5m reversal of 2021/22 Covid-19 pressures.

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- 11) There is a lot of uncertainty in the budget, including uncertainty with grants in the medium term and no long-term solution to funding for Adult Social Care.
- 12) The level of reserves going beyond the Medium-Term Financial Plan, still indicate that Enfield will be a resilient and robust Council.
- 13) Engagement has included an on-line questionnaire, with information on the budget being more accessible, following feedback from the process last year. The engagement process ran from November to the end of January. The number of responses improved from the previous year, with 150 responses received. There was a range of promotional activity through the council website and social media.
- 14) The confirmation of the Local Government Financial Settlement was received on 4 February. The comments of the Overview and Scrutiny Committee will go to Full Council on 2 March, with the Chancellor's Budget being on 3 March 2021.

At the request of The Chair, Cllr Birsen Demirel provided a brief summary of the presentation of the budget to the Finance and Performance Scrutiny Panel in November 2021. It was noted that

The Chair then asked Members for any comments and questions.

- 15) In response to a question about income generation opportunities, it was noted that a mid-year review of fees and charges had been required to mitigate loss of income, especially within the Place Department. However, innovation has also been evident, for example, offering visa verification within libraries and developing bundling income.
- 16) The example of Croydon Council was highlighted as an Authority that had failed in the budget process. It was confirmed that Enfield were never in a similar position, having taken great steps to ensure a resilient budget is maintained, with any borrowing being within prudential indicators.
- 17) Reserves have only been used in an emergency, for example, in response to the pressures of the pandemic.
- 18) In response to Covid-19, the Council has generated £6.2m of in-year savings, following a restraint on spending. The original plan was to draw down £1.5m of reserves this year, but that is no longer necessary. In addition, a corporate contingency of £3m has not been required to be used, further strengthening the budget position for next year.
- 19) It was confirmed that capital receipts can only be used for transformation or one-off purposes. Any allocation of capital receipts will fund transformation projects that will generate money in the longer-term. The Council ensure that core services are not funded by capital receipts, providing resilience each year.
- 20) In response to a question on the Public Health Grant it was confirmed that this year's grant had been fully allocated, providing a number of commissioned services such as smoking cessation, teenage pregnancy, sexual health and tackling obesity. There is cross-party agreement that Enfield is underfunded in this area, receiving £50 per

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head, with Haringey receiving £72 per head and Islington receiving in excess of £100 per head.

- 21) In relation to the consultation process, the improved response rate was noted. In addition, the general questions were more accessible and meaningful to the public, resulting in some very detailed answers. However, to ensure the implications of some of the comments were fully appreciated by the public, it was suggested that the interactive element of the consultation process, the budget simulator, be re-introduced. In response, the budget simulator only attracted a minimal increase in participants and was not deemed to be value for money. Some of the comments received were not necessarily related to the budget, but all responses will be reflected upon.
- 22) The 3% precept for Adult Social Care would generate £3.8m and will fund existing services. It was noted that the report gives very little detail on this area.
- 23) The Climate Action Plan includes projects that won't cost money in the longer term, for example, the proposals for LED street lighting. The Council is investing in schemes such as tree planting in Chase Ward. Housing developments are constructed in the most environmentally friendly way, however, there is a cost to this and Central Government are lobbied for additional grant funding.
- 24) With increasing unemployment, more people become eligible for the council tax support scheme, which has created a predicted budget pressure of £13m. There are currently 40,000 families in Enfield in receipt of council tax support and 21,000 people on furlough.
- 25) The quarterly monitoring process will now include reporting on Council Tax Income, Council Tax Support Scheme and Business Rate Income throughout the year. Review of the top 30 business rate paying companies in the Borough has resulted in a provision within the budget for a loss of business rate income as this is an area of potential risk.
- 26) Savings attributed to Temporary Accommodation Services will also be monitored closely as the economic impact of delivering that saving is noted.
- 27) It was noted that a saving of £500k had been identified within building maintenance and that a lot of Place Department savings relate to consolidation of the property portfolio over time. The saving will be achieved as a result of efficiency savings and expecting less maintenance to be required as the Council take control of newly refurbished buildings.
- 28) Following clarification on the position of reserves, it was confirmed that a total of £5m of reserves would be used in 2020/21. The reserve figure of £1.9m would not be used in 2022/23, however the Collection Fund Smoothing Reserve will be used over the coming 3 years.
- 29) A discussion was held on the use of the phrase 'sustainable-in-year' and whether this intimated that the budget was not sustainable long-term. It was commented that to achieve a sustainable long-term budget, there had to be a sustainable-in-year budget also.
- 30) A comment was received that given the fragility of Local Government Funding it was right to use reserves for one-off costs relating to the pandemic, however, reserves should not be used for on-going costs.

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- 31) The Children, Young People and Education Scrutiny Panel received a report entitled 'Empowering Young People' which stated that The Council will fund additional Police officers to cover housing estates and additional CCTV but there is no reference to this in the budget. It was confirmed that the Police Officers would be funded via the Housing Revenue Account and further information would be provided by Housing Officers. CCTV will go into areas such as Pymmes Park, Durants Park and around secondary schools.
- 32) The Government Lower Tier Grant of £362k will be used to support the underlying council budget.
- 33) It was confirmed that agency costs are being reviewed and they have decreased and will continue to decrease. It should be noted that some agency staff are covering for staff suffering from covid-19 or in self-isolation.
- 34) The amount of money the Council are required to pay in interest charges on their investment is approximately £8m and is included in the budget. The Council borrow money to invest in the borough, for example, homes and infrastructure, which will provide a return.
- 35) There is a potential development of a new crematorium and part of the budget includes a predicted income of £1.544m.
- 36) An increase in planning fees and charges will see an improved service provided.
- 37) The predicted level of income generated by meanwhile use at Meridian Water has been reduced.
- 38) It was confirmed that the Holly Hill bunding project has been returning good levels of income.
- 39) The homes provided by Enfield Innovations have all been sold, however, some may remain unoccupied with difficulties moving home during the pandemic.
- 40) It was confirmed that Energetik have received the £5m Heat Networks Investment Projects Grant.
- 41) In relation to Member's Allowances which appear as a pressure within the Chief Executive's Department, it was stated that with additional responsibility comes an additional allowance, however, no member is obliged to take it.
- 42) A comment was received relating to how the contingency figure of £3m was calculated. It was confirmed that aspects such as an overall risk within Temporary Accommodation of £1.5m would be used in the calculation. It was emphasised that the contingency figure is in place to manage risk, not balance the budget.
- 43) The saving of £750,000 within the Adult Social Care Budget was noted and it was confirmed that as a result of Covid-19, the Council have been forced to operate differently and as a result, a number of agency staff will be released, without impacting on service quality.
- 44) Borrowing costs were clarified as including £8.7m in interest costs but in addition to interest costs when financing, there is also the Minimum Revenue Provision figure of approximately £10m, which gives a combined figure of approximately £18m.
- 45) Borrowing can generate income, for example, the Genotin Road site will generate £1.5m for the budget next year.

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- 46) To ensure the Council's spending plans are sustainable, a 10-year Treasury Strategy and a 10-year Capital Strategy has been devised. This is in excess of the CIPFA requirement of 3 years.
- 47) All of the borrowing costs are reflected in the Medium-Term Financial Plan.
- 48) There has been a delay to the re-set of business rates nationally. The Council are likely to benefit from the re-set but this is not predicted to occur before 2022/23.
- 49) The full schedule of Fees and Charges will be provided within the report to Full Council. A benchmarking exercise highlighted that there was good cause to increase some fees and charges above the current level of inflation.
- 50) A saving of £3m is attributed to staff restructuring, however, it is not possible to put a figure on the number of redundancies required as some of the savings relate to agency staff and vacant posts. Staff who may be at risk of redundancy will have access to redeployment opportunities. The Trade Unions are kept apprised of all the emerging plans.
- 51) In response to a question on how Enfield performs in relation to neighbouring boroughs, at least 75% of London Boroughs will be proposing to take the maximum in council tax and the adult social care precept to support their budget provision. Many councils are in a difficult financial position in-year as a result of the pandemic.
- 52) Benchmarking was undertaken with similar sized councils and Enfield appeared in the lower quartile of every service area. However, as we are a low funded borough, providing good services, we provide value for money. This benchmarking information will be shared with the Finance and Performance Scrutiny Panel.

The Chair provided a summary of the meeting and thanked Cabinet Members and Officers for providing a detailed budget. The minutes of this meeting will form part of the agenda for the next business meeting of this Committee to be held on 17 February. The agreed minutes will then form Appendix 5b of the Budget Report to Full Council on 2 March 2021.

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DATES OF FUTURE MEETINGS

The dates of future meetings were noted.