

Date: 2 December 2020



District Council

Town Hall, Penrith, Cumbria CA11 7QF

Tel: 01768 817817

Email: cttee.admin@eden.gov.uk

Dear Sir/Madam

Budget Planning Committee Agenda - 10 December 2020

Notice is hereby given that a meeting of the Budget Planning Committee will be held at 6.45 pm on Thursday, 10 December 2020.

This meeting will be a virtual meeting and therefore will not take place in a physical location following guidelines set out in Section 78 of the Coronavirus Act 2020.

[This Council meeting will be held virtually on Microsoft Teams.](#)

1 Apologies for Absence

2 Minutes

To sign the minutes BPc/24/11/20 to BPc/32/11/20 of the meeting of this Committee held on 10 November 2020 as a correct record of those proceedings (copies previously circulated).

3 Declarations of Interest

To receive any declarations of the existence and nature of any private interests, both disclosable pecuniary and any other registrable interests, in any matter to be considered or being considered.

4 Medium Term Financial Plan Review (Pages 5 - 12)

To consider report F49/20 from the Interim Director of Corporate which is attached and which seeks to update the Budget Planning Committee on the Council's Medium Term Financial Plan (MTFP) and progress on the budget to date.

RECOMMENDATION that the Budget Planning Committee note the MTFP and budget progress updates and make any comments to Executive.

5 Budget Planning Committee Work Programme Update (Pages 13 - 16)

To consider report F48/20 from the Interim Director of Corporate Services which is attached and which sets out the timeline for the business for the Committee throughout the municipal year.

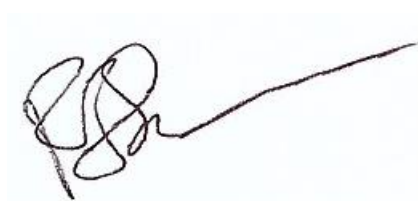
RECOMMENDATION that the Forward Plan, as previously circulated is approved.

6 Any Other Items Which the Chairman Decides are urgent

7 Date of Next Scheduled Meeting

The next scheduled meeting of this Committee be confirmed as 14 January 2021.

Yours faithfully



P Sutton
Interim Director of Corporate Services

Democratic Services Contact: Nichola Baker

Encs

For Attention

All members of the Council

Chairman – Councillor N McCall (Liberal Democrat Group)

Vice Chairman – Councillor P G Baker (Liberal Democrat Group)

Councillors

P Dew, Conservative Group
M Eyles, Liberal Democrat Group
M Hanley, Labour Group
S Lancaster, Independent Group

G Nicolson OBE, Conservative Group
D Ryland, Independent Group
D Wicks, Conservative Group

Standing Deputies

I Chambers, Conservative Group
L Harker, Liberal Democrat Group
D Holden, Liberal Democrat Group
W Patterson, Independent Group

A Ross, Green Group
H Sawrey-Cookson, Independent Group
A Todd, Conservative Group

Please Note:

- 1. Section 78 of the Coronavirus Act 2020 and the Local Authorities and Police and Crime Panels (Coronavirus)(Flexibility of Local Authority and Police and Crime Panel Meetings)(England and Wales) Regulations 2020 mean that this meeting of Eden District Council is classed as a virtual meeting.**

- 2. Under the Openness of Local Government Bodies Regulations 2014 this meeting has been advertised as a public meeting (unless stated otherwise) and as such could be filmed or recorded by the media or members of the public**

This page is intentionally left blank

Report No: F49/20

**Eden District Council
Budget Planning Committee
10 December 2020**

**Executive
15 December 2020**

Medium Term Financial Plan Update

Portfolio:	Resources
Report from:	Interim Director of Corporate Services
Wards:	All Wards
OPEN PUBLIC ITEM	

1 Purpose

- 1.1 This report updates the Council's Medium Term Financial Plan (MTFP) and progress on the budget to date.

2 Recommendation

The Budget Planning Committee is recommended to:

- 2.1 Note the MTFP and budget progress updates and make any comments to Executive.

The Executive is recommended to:

- 2.2 Note the MTFP and budget progress updates.

3 Introduction

- 3.1 The Covid19 pandemic continues to have a significant financial impact globally, nationally and locally. We are continuing to support local businesses in need, whilst at the same time making sure that we consider our own financial position and actions required to manage our way through this difficult period.
- 3.2 At the Budget Planning Committee meeting on 30 September the Medium Term Financial Strategy position was outlined along with the budget timescales and on 10 November 2020 the quarter 2 monitoring position was set out.
- 3.3 This report provides the update to the Medium Term Financial Plan (MTFP) and an update on progress made on the budget for 2021/22.

4 Medium Term Financial Strategy Update

- 4.1 The Medium Term Financial Strategy update on 30 September set out, in detail, the process the Government would follow in to deliver the Local Authority settlement, probably late December.
- 4.2 The Chancellor has since set out his Spending Review on 25 November. The main factors that affect Local Government are set out below:

- A public sector pay freeze, however those on lower income (below £24k pa) to get an increase of £250 pa.
 - Increase in National Living Wage to £8.91 ph (increase of 2.25%) extended to those 23 and over.
 - Total Core spending power increases for Councils of 4.5% in cash terms. This includes Council Tax rises allowable of up to 2% before a referendum.
 - £4b levelling up fund – pot of money Local Authorities will be able to bid on (projects deliverable by the end of parliament). Must have local support.
 - Announcement of £7.1b National Home Building Fund and to support that establishment of a new UK Infrastructure bank.
- 4.3 The proposed public sector pay freeze and other pay changes will have an impact upon the budget for 2021/22 and medium term forecasts. It is currently being modelled and will be included in detail in the estimates. An assumption as to the effect has been built in to the MTFP.
- 4.4 The Council is currently looking at ways of accessing both the levelling up funding and National Home Building Fund.
- 4.5 The announcement on core spending powers is, on the face of it, positive however as usual will ultimately depend upon the distribution and settlement that should be available mid-December.
- 4.6 Future years will clearly also continue to be impacted by the Covid19 pandemic. This makes forecasting incredibly difficult as the reporting for quarter 2 showed. The Council's projected costs for 2020/21 are expected to be in excess of £1m higher than budgeted however the Government support is expected to cover the vast majority of the overspend.

5 Medium Term Financial Plan

- 5.1 The ability to forecast accurately in to the medium term is severely impaired due to the current economic outlook. This is exacerbated by the prospect of Local Government Reorganisation (LGR), which further heightens the instinct to think short rather than medium term.
- 5.2 LGR particularly will cause the Council to think differently particularly when looking at contracts and projects which require time to pay back a significant investment.
- 5.3 What doesn't change however is the requirement for the Council to have a sustainable medium term financial forecast when setting its annual budget and council tax.
- 5.4 This isn't however a one off annual event the MTFP needs to be updated regularly and reflective of the current year's position and any intelligence as to future trends and underlying assumptions.
- 5.5 The revised MTFP is set out at Appendix 1. It reflects the in-year position updated from Q2.

- 5.6 The major considerations for change clearly relate to future funding forecasts and the impact upon the Net Cost of Services particularly in relation to the ongoing Covid19 pandemic.
- 5.7 The in-year position has given the Council some surety that the Government are prepared to support Councils and fund their Covid19 related increases. It has to be said that the funding provided, whilst extremely welcome, has not been distributed in a particularly sophisticated way and there are no guarantees that this will be repeated in 2021/22.
- 5.8 At this stage the MTFP is reflecting known income and expenditure variables that haven't been covered this year. The main impact relates to investment income, which has reduced by around £85k. The detailed budget work will ensure that all potential variances are assessed and incorporated.
- 5.9 The original forecast for 2021/22 for Government funding took account of the implementation of the new "Fairer Funding Formula." The Government have already announced that this is delayed until 2022/23.
- 5.10 The impact for Eden was expected to be negative and this was reflected in the MTFP approved in February 2020.
- 5.11 We will know before Christmas what that settlement funding figure is and build in to the Budget and MTFP. For now the budgets have been left the same as this should be a worst case scenario, as we'd expect at least the same level of funding as 2020/21, uplifted in cash terms as set out in the Spending Review.
- 5.12 The MTFP therefore reflects a savings target of £1.111m in 2021/22, which is around the cumulative of savings for 2020/21 and 21/22 from the approved MTFP in February.
- 5.13 The ongoing savings required to be achieved across the whole MTFP are £1.75m. This is an increase over the £1.3m included in the original estimate, which is not surprising given it includes an additional year, we haven't yet made the savings planned and in the future years funding streams have been amended to reflect the "tone" of the spending review.
- 5.14 The level of uncertainty and volatility with the numbers means that there is a need to rely more heavily on the Council's reserves and balances to provide assurance that the Council has a sustainable financial future.
- 5.15 The Council's General Fund Balance currently stands at £3.2m, which is around 40% of the Net Budget Requirement. This is a healthy position for the Council to be in and provides significant short-term surety and protection against a volatile financial outlook.
- 5.16 The Council holds an additional £8.8m in earmarked reserves and although these are held for specific projects it does provide some additional financial flexibility over the medium term.
- 5.17 Even if the savings aren't achieved, and we will do everything possible to ensure that they are, the Council would retain a positive reserves position at the end of the MTFP period.

6 One Eden Transformation Programme

- 6.1 As has been said many times the key to the Council's medium term financial sustainability remains the delivery of the One Eden Transformation Programme.
- 6.2 The savings identified for 2020/21 will not be achieved due to the impact of the Covid19 pandemic, however the programme is still progressing and expected to deliver on 2021/22.
- 6.3 Work is being undertaken in parallel with the budget to ensure the savings targets identified are realistic and achievable and these will be presented along with the budget in January and February 2021.
- 6.4 At this stage the level of savings required over the medium term has increased to £1.75m reflecting the later delivery and assumed pressure on funding and expenditure. They are though still at a manageable level, within the delivery parameters set within the Transformation Programme.

7 Policy Framework

- 7.1 The Council has four corporate priorities which are:
- Sustainable;
 - Healthy, safe and secure;
 - Connected; and
 - Creative
- 7.2 The annual budget forms an essential part of the Council's budgetary and policy framework.

8 Consultation

- 8.1 The Executive have been consulted on the report and the Budget Scrutiny group convened to consider a presentation on its content. The report forms the first part of the formal budget setting process and the budget will be consulted upon publicly once approved.

9 Implications

9.1 Financial and Resources

- 9.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.
- 9.1.2 The nature of the report means that Financial and Resources implications are dealt with throughout the body of the report.

9.2 Legal

- 9.2.1 There are no direct legal implications.

9.3 Human Resources

- 9.3.1 There are no direct human resources implications.

9.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	There are no implications
Health, Social Environmental and Economic Impact	There are no implications
Crime and Disorder	There are no implications
Children and Safeguarding	There are no implications

9.5 Risk Management

Risk	Consequence	Controls Required
A funding gap remains on the Councils MTFP although the position is has improved since last February. The lack of forecast information, pressure on budgets and flexibility in local tax setting continue to make maintaining a sustainable budget in the medium term difficult. Specific risks are dealt with throughout the report	Lack of fiscal control. Decline in reserves. Poor External Audit VFM Conclusion.	Budget Setting process needs to be robust and include all stakeholders. Budget monitoring must be accurate and timely and lead to proactive decision making.

10 Other Options Considered

10.1 No other options have been considered.

11 Reasons for the Decision/Recommendation

11.1 To keep Members updated on the work of the External Auditor.

Background Papers: None

Appendices: Appendix 1 – Medium Term Financial Plan

**Contact Officer: Paul Sutton, Interim Director of Corporate Services,
01768 212207**

MEDIUM TERM FINANCIAL PLAN 2020 - 2025

	2020/21 Approved	2020/21 Revised	2021/22 Estimate	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£000	£000	£000	£000	£000	£000
EXPENDITURE						
Approved Base Budget	10,264	10,644	11,096	9,187	9,012	9,077
Unavoidable Pressures						
Salaries & Pensions	232	0	88	164	166	169
Contract Inflationary Pressures	50	0	100	100	100	100
In Year Budgetary Movements						
One Eden Costs re-profiled		(50)	50			
Additional Homelessness Costs		134	(134)			
Additional Development Control Fees		(55)	55			
Additional Building Control Fees		(35)	35			
Additional Recycling Credits		(100)	100			
Additional Leisure Contract Costs		600	(600)			
Other Budget movements		(44)	(20)	(81)	6	
Council Tax Hardship Fund		100	(100)			
Total Budget Pressures	282	550	(426)	183	272	269
One Off Growth						
Recommissioning of Service Contracts	55	55	(125)			
Proposed Growth	(159)	(159)				
Approved Growth	(15)	(15)	(23)	(53)		
Appleby Heritage Action Zone	22	22	(19)	(53)		
Armed Forces Support Hub and Outreach	0	0	(5)			
Community Housing Scheme	(552)	(552)				
Penrith Vision Master Plan	(70)	(70)				
In Year Growth funded from Reserves	(324)	(324)				
Local Development Plan	75	75		(25)	(75)	
Local Elections	(80)	(80)			115	(115)
Corporate Plan Growth	500	500	(240)	(100)	(75)	
Interest Costs on Borrowing	0	0	40	45	3	
Total Budget Changes	(548)	(548)	(372)	(186)	(32)	(115)
Savings Targets						
One Eden	(411)	0	(1,111)	(172)	(175)	(295)
Pension Savings	(100)	(100)	0	0	0	0
Additional Investment Income	(120)	0	0	0	0	0
Total One Eden Business Case Savings	(631)	(100)	(1,111)	(172)	(175)	(295)
NET COST OF SERVICES	9,367	10,546	9,187	9,012	9,077	8,936
Budget Adjustments & Use of Reserves						
Revenue Contribution to Capital	1,990	2,498	1,468	703	696	290
Capital Accounting Adjustments	0	(507)	(507)	(507)	(507)	(507)
Transfer to / (from) General Reserves	0	0	0	0	0	0
Transfer to / (from) Earmarked Reserves	(2,390)	(2,473)	(1,526)	(636)	(670)	(263)
Interest on Investments - Income						
Interest / Heart of Cumbria	(207)	(207)	(120)	(180)	(200)	(210)
CCLA Property Fund	(246)	(246)	(246)	(246)	(246)	(246)
New Squares	(826)	(826)	(826)	(826)	(826)	(826)
NET BUDGET REQUIREMENT	7,688	8,786	7,430	7,320	7,324	7,174

	2020/21 Approved	2020/21 Revised	2021/22 Estimate	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£000	£000	£000	£000	£000	£000
FUNDING						
Settlement Funding Assessment	(1,784)	(1,784)	0	0	0	0
Section 31 Grants (Gov't Discounts)	(197)	(197)	0	0	0	0
Cumbria Business Rates Pool	(387)	(387)	0	0	0	0
Rural Services Delivery Grant	(678)	(678)	0	0	0	0
"Fair Funding Reform" Grant	0	0	(2,713)	(2,503)	(2,403)	(2,303)
Other Government Grants (Covid)	0	(1,097)	0	0	0	0
Collection Fund Deficit / (Surplus)	50	50	0	0	0	0
	(2,996)	(4,093)	(2,713)	(2,503)	(2,403)	(2,303)
Transfer to Parish Councils - CTRS	15	15	15	15	15	15
New Homes Bonus	(697)	(697)	(523)	(473)	(423)	(373)
	(682)	(682)	(508)	(458)	(408)	(358)
Council Tax Income						
Baseline	(3,933)	(3,932)	(4,080)	(4,229)	(4,382)	(4,382)
Taxbase increase	(24)	(24)	(24)	(24)	(24)	(24)
Council Tax Increase @ £5	(104)	(104)	(105)	(106)	(107)	(107)
Collection Fund Deficit / (Surplus)	50	50	0	0	0	0
TOTAL INCOME	(7,689)	(8,785)	(7,430)	(7,320)	(7,324)	(7,174)
FUNDING GAP	(0)	0	0	(0)	0	0

	General Fund Balance					
Balance B/Fwd	3,201	3,201	3,201	3,201	3,201	3,201
Net Transfers In Year	0	0	0	0	0	0
Balance C/Fwd	3,201	3,201	3,201	3,201	3,201	3,201

	Earmarked Reserves					
Balance B/Fwd	10,874	10,874	8,402	6,876	6,240	5,570
Net Transfers In Year	(2,390)	(2,473)	(1,526)	(636)	(670)	(263)
Balance C/Fwd	8,484	8,402	6,876	6,240	5,570	5,307

	Total Revenue Reserves					
Balance B/Fwd	14,075	14,075	11,603	10,077	9,441	8,771
Net Transfers In Year	(2,390)	(2,473)	(1,526)	(636)	(670)	(263)
Balance C/Fwd	11,685	11,603	10,077	9,441	8,771	8,508

This page is intentionally left blank

Report No: F48/20

**Eden District Council
Budget Planning Committee
10 December 2020**

Budget Planning Committee Work Programme

Report from:	Interim Director of Corporate Services
Wards:	All Wards
OPEN PUBLIC ITEM	

1 Purpose

- 1.1 To note the work programme for the Budget Planning Committee.

2 Recommendation

- 2.1 To approve the Forward Plan which has been circulated previously.

3 Report Details

- 3.1 The work programme for the Budget Planning Committee is set out at Appendix 1.
- 3.2 The work programme sets out the timeline for the business for the Committee throughout the municipal year.
- 3.3 The Covid-19 pandemic and recovery are having a significant impact upon global economies. It creates significant levels of uncertainty around the Councils budget, although the Council has sufficient cash and reserves to manage in the short term.

4 Policy Framework

- 4.1 The Council has four corporate priorities which are:
- Sustainable;
 - Healthy, safe and secure;
 - Connected; and
 - Creative
- 4.2 This report meets sustainable and Health, safe and secure corporate priority

5 Consultation

- 5.1 The Work Plan was put in front of the Budget Planning Committee at its first meeting on 30 June 2020.

6 Implications

6.1 Financial and Resources

- 6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.

There are no proposals in this report that would reduce or increase resources.

6.2 Legal

6.2.1 There are no legal implications arising from this report.

6.3 Human Resources

6.3.1 Additional resource will be required to service the meetings of the Committee, this can be met within existing budgets.

6.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	None arising from this report.
Health, Social Environmental and Economic Impact	None arising from this report.
Crime and Disorder	None arising from this report.
Children and Safeguarding	None arising from this report.

6.5 Risk Management

Risk	Consequence	Controls Required
Reputational risk to Council – scrutiny of the Council's budget is a vital part of transparent governance.	Inadequate Terms of Reference could undermine public confidence in the effectiveness of the Council	Approval by the Accounts and Governance Committee and Full Council

7 Other Options Considered

7.1 No other options were considered.

8 Reasons for the Decision/Recommendation

8.1 The Forward Plan sets out the work programme of the Committee for the municipal year.

Background Papers: None

Appendices: Appendix 1 – Budget Planning Committee Work Programme

Contact Officer: Paul Sutton, Interim Director of Corporate Services

Budget Planning Committee – Work Programme

Committee Date	Report Title	Public/ Private
10 December 2020	Medium Term Financial Plan Update	Public
10 December 2020	Budget Planning Committee Work Programme Update	Public
14 January 2021	Quarter 3 – Revenue and Capital Budget Monitoring	Public
14 January 2021	Revenue and Capital Budget 2020/21 and MTFP	Public
14 January 2021	Treasury Management Strategy 2020/21	Public
14 January 2021	Work Programme Update	Public
February TBA	Revenue and Capital Budget 2020/21 and MTFP	Public
February TBA	Work Programme Update	Public

This page is intentionally left blank