

Eden District Council

Finance Scrutiny Committee Minutes

Date: 25 October 2022 Venue: The Council Chamber, Town Hall, Corney Place, Penrith, CA11 7QF Time: 6.45 pm

Present:

Chair: Councillor P Dew
Vice Chair: Councillor D Ryland
Councillors: G Nicolson OBE S Lancaster
N McCall
Standing Deputies: Councillor D Holden
Officers Present: Paul Sutton, Interim Director of Resources
Democratic Services Officer: Ian Bonfig

FSc/11/10/22 Apologies for Absence

Apologies for absence were received from:

Councillor Wicks
Councillor Baker, Councillor Holden deputised.

FSc/12/10/22 Minutes

Proposed by Councillor Nicolson
Seconded by Councillor McCall

and **RESOLVED** that the minutes FSc/1/7/22 to FSc/10/7/22 of the meeting of this committee held on the 12th July 2022 be confirmed and signed as correct record of those proceedings.

FSc/13/10/22 Declarations of Interest

There were no declarations of interest received.

FSc/14/10/22 2021-2022 Q4 Provisional Outturn & 2022-2023 Q1 Monitoring

Members considered the report: DoR77/22 of the Interim Director of Resources, which sought to consider the provisional Outturn position for 2021-2022 and to review the position at Quarter 1 of the 2022-2023 Revenue budget.

The Interim Director of Resources noted that the report sought to provide as much detail as possible regarding the Value for Money assessment, specifically the variances. It was clarified that the provisional outturn was the Quarter 4 monitoring. The Interim Director of Resources advised that the committee should be able to see all four quarters of budgetary monitoring before it went back to Cabinet.

The committee was advised that Cabinet had approved the proposed slippage which would then go onto Council for consideration and approval.

The Interim Director of Resources, noted that there would be a report that went to Cabinet, but before Council, which would seek to brief Members on the revised budget and Single Site Programme.

Members asked the following questions of the Interim Director of Resources on the provisional outturn 2021-2022:

- Proposed slippage in the capital scheme will this go into reserves?

Response: the budget is in the programme so it will slip into the 2022/2023 financial year.

- Could you clarify the £704 000 overspend on the One Eden Programme and £430 000 overspend on Housing in Appendix 2:

Response: (One Eden Programme) the savings within the budget were left as a single line, it should have been that the revised budget was set on the basis that the savings were incorporated into all of the individual areas, that's why it shows as a variance on the single line. When we setup the original body and programme we put a line in the medium term financial forecast of to what the savings would be with the view once we established where the savings would be made, this would be taken out, and the budget would include all the savings in 21/22, this didn't happen when we set the revised estimate. What it shows is that savings have been made over the expected amount, but they've been made in the individual lines and not against the lines originally set.

(Housing) The Patterdale Housing scheme was originally included in capital, but it was established that it should have been included in revenue. The expenditure was therefore moved from capital to revenue, it was funded from the reserve originally intended and is therefore not an actual overspend.

- Is there money owing in the community fund to improve play areas?

Response: No, those monies haven't been spent and were in the budget for 2021/2022 at revised estimate time, which will now be spent in 2022/2023.

- With LGR happening is there guarantee that the money will be spent to improve the play areas prior to LGR?

Response: Some of the expenditure is dependent on third party actions, such as bids. There are funds therefore that the council spend on play equipment that it owns and then there are funds that the council provides to devolved play areas.

- With regard to slippage in 2023/2024, including the town hall redevelopment, how confident are you that that the funds will be there to be spent for 2023/2024?

** The Interim Director of Resources declared an interest: as current and interim S151 officer for Westmorland and Furness Council.*

Response: In terms of slippage, it is expected that the Council will underspend this year as it has a history of underspending. The Council has committed a significant amount for investment in Inspiring Eden. The Council is committed to spending the funds and given the current economic circumstances and difficulty in engaging other bodies to spend the funds, there is an expectation that there will be slippage on both revenue and capital.

- Will it be a completely revised budget that we receive in November for 2022/2023?

Response: Yes, there are some significant changes on the budget that need to be made, including with regard to the deficit on the Greenwich Leisure Limited (GLL) contract. Given the economic circumstances, their deficit has increased. The budget will on the whole remain the same. The level of underspend hasn't been as big as it was last year and the pay award is unlikely to cover this.

- With regard to the GLL deficit, how long has this been ongoing and are GLL in breach of any of the provisions in their contract?

Response: When the contract was taken on by GLL from the previous contractor, at the time, there was a structural deficit present. The council has not funded this deficit, except during the Covid-19 pandemic when funds provided from the government were used to support businesses, including the Penrith Leisure Centre, and GLL were transparent with their accounts when the support was provided by the Council during this period only. We are not aware that they are in breach of their contract in any respect. At this point in time, we have not funded GLL post-Covid, we knew that we would negotiate with GLL during this year especially in light of the increasing energy costs. The Council is therefore engaging them in regards to their service provisions.

- Why has anticipated recycling income not materialised and why has there been an increase in sale of blue bags?

Response: The green sites have been closed. – not sure why recycling income hasn't materialised.

- With regards to the local plan policy review, will this be progressing?

Response: There are significant delays and further queries that have been raised which need to be addressed before it can be moved forward. The funding will be available from an earmarked reserve for the local plan.

The Chair noted his thanks for the level of detail provided in the report by the Assistant Director Finance, Marianne Bastille.

Proposed by Councillor Nicolson
Seconded by Councillor Ryland

and **RESOLVED** that the Finance Scrutiny Committee noted the recommendations in the report.

FSc/15/10/22 Local Government Reorganisation - Finance Theme Update

Members considered the report no: DoR 79/22 of the Interim Director of Resources, which sought to update the Committee on the current position and proposals for the finance theme of Local Government Reorganisation.

The Interim Director of Resources advised that the shadow authority was in the process of producing a budget report which would establish the starting position for the budget process. Further, that the Medium Term Financial statement would also set the horizon scanning in respect of funding, expenditure, inflation, as well as interest rates. It was noted that this was a complex process due to the aggregated budgets of the three district councils and the one disaggregated country council budget.

A budget gap of £32 000 000 was highlighted in the 2023/2024 Medium Term Financial Plan (MTFP) for the two authorities. The MTFP would need to be split, with an estimated funding gap of £ 14 000 000 for Westmorland and Furness.

The Interim Director of resources advised that with regards to staffing, all the Chief Executives, the statutory officers, bar the Monitoring Officer for Westmorland and Furness, were in post. Tiers 2 and 3 were likely to be done by vesting day. One of the issues created by having Tier 3 appointed before vesting day, is the potential for unnecessary redundancies, which could be mitigated by redeployment and the management of change policy needs a redeployment provision. It was highlighted that this was concerning staff. Further, from the district council's perspective, it was important that services continued from vesting day, with the appropriate officers equipped to continue. Directors will need to establish what capacity they need to run the service do this in line with the budget and Westmorland and Furness corporate and service plans .The Interim Director of Resources emphasised that the council's training and development programme has been focused through appraisals to equip officers with the tools for the roles and jobs they were looking for.

Members asked the following questions of the Interim Director of Resources:

- Who are you working with?

Response: There is a governance structure for finance. Westmorland Finance will approve the budget in February. I am the interim officer s151 officer for the new authority and working with the permanently appointed s151 officer, Pam Duke. We work to a theme board, this finance theme board have constructed the budget. The County Council have aggregated the district budgets into their disaggregated budgets.

- You mention a budget deficit of £ 32 000 000, from where does this arise? From what I understand the district budgets are technically balanced? In terms of the overall financial position for Westmorland and Furness, where does it stand?

Response: Yes, all the budgets for 22/23 are balanced. The £ 32 000 000 is taken from the 23/24 year of the medium term financial forecasts. The biggest chunk of the projected deficit is the county as the biggest authority. The only authority projecting a balanced budget for 23/24 was Eden District Council. However, there are many changes and this isn't strictly speaking the case. Some authorities have adopted a very pessimistic view of their finances and for instance haven't included council tax increases. All of the component authorities are in the same boat with rising costs.

- With the aggregation of district services, is it correct, that a lot of the savings for LGR will be on staff?

Response: Yes, a lot of the staff will be transferring so savings on staffing costs will only happen later.

- Is the Pension fund protected?

Response: Yes, it is protected and ring-fenced in its own authority. It makes its own decisions rather than the county council.

- Based on what you've said, there's going to be an increase in council tax and we have this shortfall. I'm interested, as Eden has the highest council tax per band of the component authorities. Will this mean an increase for Eden?

Response: Firstly, no decision has been taken on whether there will be an increase on council tax and no decision will be taken until we know that the referendum principles are. The harmonisation of the banded council tax of the three authorities is extremely close. There are various options that can be considered, but no decision has been taken yet. Any increase on council tax would be consulted upon, but as said no decision will be made until referendum principles are received.

- What will happen with the costs for social care services and council tax?

Response: The adult social care precepts are likely to remain.

Proposed by Councillor Ryland
Seconded by Councillor McCall

and **RESOLVED** that the Finance Scrutiny Committee note the report.

FSc/16/10/22 Work Programme 2022-2023

Members considered the report no: DoR80/22 of the Interim Director of Resources, which sought to consider and approve the Committee's Work Programme.

The Chair proposed that Inspiring Eden be brought to a meeting of the Committee. The Interim Director of Resources noted that a Committee was scheduled for December and that Inspiring Eden could be brought to the Committee then.

Proposed by Councillor Nicolson

Seconded by Councillor Lancaster

and **RESOLVED** that the Committee note and approve the Work Programme.

FSc/17/10/22 Any Other Items Which the Chair Decides are urgent

There were no urgent items of business.

FSc/18/10/22 Date of Next Scheduled Meeting

The date of the next scheduled meeting of the committee was confirmed at the 16th November 2022.

The meeting closed at 8.07 pm

.....