

Eden District Council

Finance Scrutiny Committee Minutes

Date: 16 November 2022 Venue: The Council Chamber, Town Hall, Corney Place, Penrith, CA11 7QF Time: 6.45 pm

Present:

Chair:	Councillor P Dew	
Vice Chair:	Councillor	
Councillors:	P G Baker	R Burgin
	N McCall	
Standing Deputies:	Councillor M Clark	
Officers Present:	Marianne Bastille, Assistant Director Finance	
	Paul Sutton, Interim Director of Resources	
Democratic Services Officer:	Ian Bonfig	

FSc/19/11/22 Apologies for Absence

Apologies for absence were received from:

Councillor G Nicolson
Councillor W Patterson
Councillor D Ryland – Councillor M Clark (deputising)
Councillor D Wicks

FSc/20/11/22 Minutes

Proposed by Councillor P Dew
Seconded by Councillor P Baker

and **RESOLVED** that the minutes FSc/11/10/22 to FSc/18/10/22 of the meeting of this committee held on the 25th October 2022 be confirmed and signed as a correct record of those proceedings.

FSc/21/11/22 Declarations of Interest

There were no declarations of interest declared.

FSc/22/11/22 Single Site Programme: Voreda House Project Business Case and Construction Progress Report

Members considered report no: DCE54/22 of the Deputy Chief Executive, which sought to provide an update on the achievement of the project objectives for the Voreda House project and a construction programme and budget progress report.

The Interim Director of Resources, Paul Sutton, provided an update to Members regarding the construction programme and reasons for changes to the projected figures.

The following developments were highlighted:

- The single site project was based on the need to provide a focal point for resident's services, public sector partners and local government operations.
- The building further reduces the long-term operating costs borne by the Council due to its passivhaus design and carbon neutrality.
- Voreda House will serve as an anchor building, which was confirmed by the Westmorland and Furness Shadow Authority decision, which ensures that local jobs are retained in Penrith. Utility cost savings are estimated at £4.8m contributing to all inclusive savings of £10.7m over 25 years.
- The original asbestos survey established a small amount of asbestos which was dealt with on the date of the building's acquisition by the Council.
- The extra costs were identified after further detailed investigations permitted post-acquisition, and after the removal of materials had been carried out, further asbestos was discovered in the under croft and that the structural integrity of the building had been compromised due to contaminated material, carbonisation of the concrete and the removal of concrete in specific locations for wiring. The original lifts, which were fit for purpose, would further not match the lifespan of the building and new lifts would need to be installed.
- Inflationary pressures on building costs in the construction sector estimated at 40 percent, placed further financial pressure on the projects original costs forecasts.
- The original cost was £3.09 million - increased cost of £1.47 million (27 percent inflation) = revised cost of £4.56 million

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

- Is the building (Voreda House) likely to be completed by the 31st March 2023?

Response: Yes

- With regard to the Town Hall Development, how confident are you that the proposed capital schemes will be completed in 2023/2024? Is the funding for the Town Hall ring-fenced?

Response: Where there are contractual commitments in places they will be fulfilled. In cases where there are no contractual commitments in place, the new authority could look at the rationalising of the capital programme. There is funding of £725 000 in the capital programme for the Town Hall Development, although this is not ring-fenced.

- Is there a reserve/contingency fund for Voreda House?

Response: There is still a contingency left within the contract.

- Do the figures this evening reflect the ongoing costs?

Response: The figures are based on the current level of energy costs and the utility savings drawn over a longer period of time.

The Interim Director of Resources noted that had the Council had the information that it now possessed it would have likely continued with the project purely from a financial perspective.

Proposed by Councillor P Baker
Seconded by Councillor N McCall

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

FSc/23/11/22 Q2 Financial Monitoring 2022-23

Members considered report no: DoR88/22 of the Interim Director of Resources, which sought to provide information on the spend and income compared to budget, up to the 30th September 2022, including highlighting any pressures, risk and savings.

The Interim Director of Resources noted that it was originally intended that the revised budget would be brought to the committee, given the outturn position and that quarter 1 and 2 monitoring were on track. The Interim Director of Resources noted further that the financial figures for the Voreda House Project and GLL contract would be going to Council due to the large financial changes to the budget. The Interim Director of Resources noted that leisure contractors across the country were facing increased energy costs which impacted upon their ability to provide services to residents; the same being true for GLL.

The Assistant Director Finance noted that the figures were slightly skewed as the budget reflects that the LGR reserve was paid this year, when in reality it was paid in March and therefore was part of last year's accounts. The Q2 revenue monitoring indicates an underspend year to date, but forecasts an overspend overall. This is made up of the LGR figure, but the majority are where corporate priorities were set for the year, but priority launches were delayed over a number of months. There is an expectation that the corporate priority amounts, will be spent, however the uncertainty of LGR and staffing difficulties may exacerbate pressures, notably due to higher agency costs.

The Assistant Director Finance noted that the higher interest rates were allowing for greater income. The budget for the year was also based on the Heart of Cumbria operations moving into Eden towards the start of the year. This was initially delayed, but is back on track for delivery in January 2023. An additional pressure is the staff pay award, which was initially

included in the forecast, but has now been confirmed as £1925 per person. This will therefore be included in the revised forecast.

With regard to Capital Monitoring, the Assistant Director Finance noted that this information was contained in 3.1 of the report. Key figures, included the Leisure Centre Equipment Maintenance project, the Castle Park Vision which is on hold due to planning concerns, the Green Homes Exemplar was experiencing delays due to nutrient neutrality, and the electrical vehicle charging points in Appleby which may need to be delayed due to flood prevention scheme works.

Members asked the following questions on the item:

- What will happen if Castle Park is delayed beyond the financial year?

Response: If it is in contract then it will go ahead.

- Are Frenchfield stadium and the electric vehicle charging points in contract?

Response: The electric vehicle charging points should progress. Frenchfield stadium is based on a grant scheme reliant upon certain conditions being met, i.e. the installation of the 3G pitch.

- Is the poover available to the Council for use?

Response: The poover was purchased by Urbaser and is available for our use at a charge.

- What are the Castle Park planning issues?

Response: A planning application went in mid-July, there have been a number of planning objections and it therefore has not been determined yet.

- What is the £45 495 write-offs in the resources portfolio?

Response: It is business rate write-offs.

- Is this the last meeting in terms of budget scrutiny?

Response: There will likely be another meeting scheduled for December.

- Have the meetings been irregular?

Response: This isn't a committee where there would be regular meetings, rather when important financial and treasury matters have to be scrutinised that fall within the committee's purview.

- Westmorland and Furness Council are predicting an overspend on the implementation reserve, are we anticipating an additional contributory amount?

Response: The commitment on the implementation reserve would leave a very small contingency. The biggest component of spend on the implementation reserve has

been KPMG and the County is the main party in contract with them. We therefore might be asked to pick up specific costs.

- One of the biggest complaints is staffing in the planning department, notably turnover, is it possible that this committee makes any recommendations for funding to be made from the reserves to alleviate this issue?

Response: Purely from a financial, rather than operational perspective, we set aside an additional £240 000 for this purpose specifically last year. The funding is sufficient; however, the ability to recruit qualified staff is the issue.

Proposed by Councillor Burgin
Seconded by Councillor Baker

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

FSc/24/11/22 Any Other Items Which the Chair Decides are urgent

There were no urgent items of business.

FSc/25/11/22 Date of Next Scheduled Meeting

The date of the next meeting of the committee was confirmed as Thursday, 14th December 2022.

The meeting closed at 8.09 pm

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