

**South Lakeland District Council**  
**Lake Administration Committee**  
**Friday, 24 January 2020**  
**2020/21 to 2024/25 Draft Budget**

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<b>Portfolio:</b>	Economy, Culture and Leisure Portfolio Holder
<b>Report from:</b>	Section 151 Officer
<b>Report Author:</b>	Helen Smith – Finance Lead Specialist (Section 151 Officer)
<b>Wards:</b>	Ambleside & Grasmere; Bowness & Levens; Windermere;
<b>Forward Plan:</b>	Budget and Policy Framework Decision included in the Forward Plan as published on 1 October 2019

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**1.0 Expected Outcome**

- 1.1 It is expected that the budgets for Lake Windermere will be approved by full Council on 25 February 2020, as part of the overall 2020/21 to 2024/25 Budget. This report gives Licensing Committee the opportunity to consider the funding available to deliver their services.

**2.0 Recommendation**

- 2.1 It is recommended that Lake Administration Committee note the latest draft estimates.**

**3.0 Background and Proposals**

- 3.1 Lake Administration Committee reviewed fees and charges relating to Windermere Lake and the Lake Wardens from 1 April 2020 on for 2020/21 onwards based on the Medium Term Financial Plan on 4<sup>th</sup> October 2019.
- 3.2 The latest draft revenue budgets for 2020/21 to 2024/25 are attached at **Appendix 1**. These will form part of the overall Draft Revenue Budget due to be presented to Council for consideration and approval on the 25 February 2020.
- 3.3 The Draft Budget Report considered by Cabinet on the 20<sup>th</sup> December 2019 showed a balanced position corporately for 2020/21. The detailed budget relating to Lake Windermere, presented in Appendix 1, largely represents no change in the level of service provision from 2019/20. The estimates have changed year on year, including:
- Incremental progression on salary costs and the pay award;
  - Unavoidable inflation on costs (e.g. premises costs);
  - Review of base expenditure for cost reductions;
  - Income from fees and charges in line with the fees agreed on 4 November 2019.
- 3.4 There is one budget pressure relating to this Committee of £50,000 for dredging to improve the operation of Ferry Nab and to maximise use of the marina.

3.5 As part of the Customer Connect programme there has been a fundamental restructuring of the Council's staffing. Costs to services are based on internal recharges which reflect staff time on individual services. Prior to Customer Connect there have been regular exercises to record staff time spend on functions which has formed the basis of the recharge calculation. From January 2020 the new structure of customer services, case management, specialists and the delivery team has been introduced. Because this structure is so different to the previous structure it will not be possible to calculate recharges with any degree of accuracy. It is planned to calculate recharges in autumn 2020 when the new operating model has been in place for six months and there is sufficient transaction and activity data to make accurate allocations of time and therefore cost. In the meantime the draft budgets in Appendix 1 exclude recharges for the current and future years.

#### **4.0 Consultation**

4.1 The Draft Budget has been considered by Cabinet on 20 December 2019. It will also be considered by the Licensing Committees and Planning Committees will receive and consider the elements of the draft Budget Report which are relevant to them. The Overview and Scrutiny Committee will be asked to consider the 20 December Cabinet first draft Budget Report at its January 2019 meeting.

#### **5.0 Alternative Options**

5.1 This overall Draft Budget presents options in relation to potential budget pressures and savings, new capital programme bids, one off revenue growth bids and fees and charges. The proposals together aim to meet the Council's statutory duty to set a balanced Budget for 2019/20. No alternative options are proposed in this report.

#### **6.0 Links to Council Priorities**

6.1 This report sets out the draft Budget to enable the consideration of how the Council's priorities will be delivered. Setting a sound framework for budget preparation assists in the delivery of all corporate outcomes. This strategy has been developed within the context of the MTFP.

6.2 Economy and Culture - encouraging a sustainable environment and inclusive economy, we will grow a green economy by making the best use of our parks, open spaces and lakes.

#### **7.0 Implications**

##### **Financial, Resources and Procurement**

7.1 The draft Budget aims to safeguard the Council's financial position and ensure a balanced budget for 2019/20 and an improved position in the years that follow.

7.2 Lake Administration Committee considered fees and charges and initial draft budget proposals at their meeting of 4 October 2019. The proposed fees reflected service demand, the need for public protection and statutory requirements.

##### **Human Resources**

7.2 This report has no direct impact on the staffing of the Council; individual savings and growth proposals may have direct staffing implications.

##### **Legal**

7.3.1 This report has no direct legal implications at this stage but individual proposals resulting from this report may have direct legal implications.

7.3.2 Legal input will be required to prepare any licences, encroachment agreements as well as to deal with any challenges to the Encroachment areas and fee increases.

Costs may be required to cover any legal action we decide to take. Our fees and charges are set by the Council.

- 7.3.3 Furthermore, legal input may be necessary to respond to any issues that might impact upon the effective operation of the service and the level of fees that can be charged.

### Health, Social, Economic and Environmental

- 7.5 Have you completed a Health, Social, Economic and Environmental Impact Assessment? No
- 7.6 If you have not completed an Impact Assessment, please explain your reasons: This report contains proposals to set a balanced budget for 2020/21 which will be subject to further consultation. Specific issues that require HSEEIAs will be addressed within the final budget proposals presented to Council 25 February 2020.

### Equality and Diversity

- 7.7 Have you completed an Equality Impact Analysis? No
- 7.8 If you have not completed an Impact Assessment, please explain your reasons: This report contains proposals to set a balanced budget for 2020/21 which will be subject to further consultation. Specific issues that require EIAs will be addressed within the final budget proposals presented to Council 25 February 2020.

### Risk

Risk	Consequence	Controls required
Failure to create a balanced and sustainable budget by February 2020	Includes: inability to deliver corporate priorities, inappropriate spending, and inappropriate reductions in services.	Identification of sound budget guidelines in an agreed strategy reduces the risk of an unaffordable budget and/or precipitate budget reductions. Monitoring of progress against the budget timetable reduces the need for last-minute budget adjustments.
Revenue budget and Capital Programme may not be integrated and aligned with Council Plan.	Resources not directed to achieving corporate outcomes, leading to inappropriate spending.	Both the revenue budget and the Capital Programme are now embedded in the corporate planning cycle. All revenue budgets and capital programme schemes are linked to Council plan priorities
Failure to set appropriate fees and charges	Reduced income for work undertaken and insufficient income to cover the cost of operating the Lake Windermere service. Potential legal challenge, increased costs and reputational damage.	Bring current fees in line with MTFP while ensuring they meet statutory requirements.

<b>Risk</b>	<b>Consequence</b>	<b>Controls required</b>
That fees are increased beyond a level that the majority of users find acceptable and user levels fall.	Reduced income and increased pressure to raise fees further within a diminishing market.	Keep fees affordable and realistic in order to retain existing clients and secure new customers by providing an efficient well managed service.
That fees are not increased in line with inflation	Overall reduction in income when compared with inflation.	Keep fees affordable and realistic in order to retain existing clients and secure new customers by providing an efficient well managed service.

### Contact Officers

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### Appendices Attached to this Report

<b>Appendix No.</b>	<b>Name of Appendix</b>
1	Draft Budgets 2020/21 – 2024/25
2	Revenue Budget Pressures 2020/21 – 2024/25

### Background Documents Available

<b>Name of Background document</b>	<b>Where it is available</b>
Medium Term Financial Plan approved Council 23 July 2019	<a href="https://tinyurl.com/y35xefgw">https://tinyurl.com/y35xefgw</a>
Lake Windermere Fees and Charges 2020/21	<a href="https://tinyurl.com/t9xwbef">https://tinyurl.com/t9xwbef</a>
2020/21 to 2024/25 Draft Budget, Cabinet 20 December 2020	<a href="https://tinyurl.com/yjtszdmc">https://tinyurl.com/yjtszdmc</a>

### Tracking Information

<b>Signed off by</b>	<b>Date sent</b>
Legal Services	N/A
Section 151 Officer	N/A
Monitoring Officer	N/A
CMT	N/A
<b>Circulated to</b>	<b>Date sent</b>
Lead Specialist	N/A
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	N/A
Ward Councillor(s)	N/A
Committee	N/A
Executive (Cabinet)	N/A
Council	N/A