

South Lakeland District Council
Council
Tuesday, 15 December 2020
Finance and Resources Portfolio

Portfolio: Cllr Andrew Jarvis

The development of strategic policy to ensure that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, i.e. Value for Money.

To ensure that the Council has proper arrangements in place for securing financial resilience and the management of the Council's resources.

Policies, Plans and Strategies

- Medium Term Financial Strategy
- Budget Framework
- Procurement Strategy
- Discretionary Benefit and Rate Relief Policies
- Council Tax Reduction Scheme
- Asset Management Strategy
- Commercial Strategy

Key Areas

- Strategic Finance
- Budget monitoring
- Treasury Management
- Capital Programme
- Value for money
- Procurement
- Savings programme
- Payments and Sundry Debtors
- Insurance and risk management
- Benefits Administration
- Council Tax Collection
- Resource Management

Strategic Finance

External auditors reviewed the Council's Statement of Accounts and provided an unqualified opinion on the Council's financial statements on 30 July 2019 following changes to the statutory deadlines due to Covid-19. The External Auditors were satisfied that the Council had proper arrangements in place to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2020. The auditor reported that "the Council presented us with draft financial statements in accordance with the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit."

As reported in the Economy, Culture and Leisure Portfolio, due to Coronavirus SLDC has distributed a variety of business support grants across the District. It launched an online application process for businesses to submit an application which were validated in accordance with the guideline from Central Government.

Budgets and Budget monitoring

The five year budget for 2020/21 to 2024/25 was set at Council in February 2020. The Council is expected to deliver the priorities set out within the Council Plan therefore the five year budget ensures the Council's resources allow these priorities to be achieved.

The options to deliver a balanced 2021/20 budget were presented through the Budget Book at Council in February 2020. The report set out the actions required to enable the Council's priorities will be delivered and had been developed within the context of the Medium Term Financial Plan.

The delivery of the Customer Connect Programme has substantially reduced future budget deficits, however savings options still need to be developed to mitigate the expected further funding reductions from April 2021. The financial model assumes the overall funding from Government through general grants or retained business rates will continue to decline by the same rate as has been seen during the current multi-year settlement excluding one-off adjustments such as the negative Revenue Support Grant.

The delays in issuing a new Local Government Financial Settlement, the government have rolled over funding from 2019/20 to 2020/21. This left the Council in a comparatively strong position, as savings have been put in place and now we get the benefit of these before falls in income occur. It permitted a balanced budget for 2020/21, while at the same time undertaking measures to protect key priorities and our future financial position. However, in light of the financial impacts of Coronavirus the delays are expected to be pushed back further however the Council will face financial uncertainty. In the report presented to Cabinet in May, it was estimated that the Council will face an additional deficit of around £2m by the end of Quarter 1, despite additional government support. Thanks to our strong reserves position we are able to bear this cost at present – and budgets were adjusted in June to reflect this cost. The Council have been subsequently updated on how costs are developing – these are currently looking slightly better due to car park income holding up during the summer, and additional government support. Consequently, we are currently expecting Covid to cost the Council around £1.5m this year – but with significant costs continuing into future years.

The Medium Term Financial Plan (MTFP), which includes the Council's Financial Strategy, looks at projected income and expenditure over the next five years. The Council is currently facing considerable challenges in setting balanced budgets in the next few years – firstly due to the ongoing impact of the Covid-19 pandemic, and due to the uncertainty of the scale of the impact of Government's changes to local authority financing.

Treasury Management

The Treasury Management Framework strategy ensures that the Council have robust arrangements for potential future investing and borrowing where appropriate and affordable.

The strategy includes the Capital Strategy to clearly link a Council's spending and financing plans for the medium/long term in line with the 2020/21 budget. Finance staff will apply the investment strategy when making decisions on where, and for how long, investments are placed.

Capital Programme

The MTFP includes the Capital Strategy which sets out the sources of funding of capital expenditure, any restrictions on how that funding should be applied and the process for considering new bids for the capital programme. The Property and Land Management Strategy informed the long-term requirements and phasing for capital expenditure based on input from Lambert Smith Hampton (LSH).

The budgets agreed in February, with subsequent amendments, outlined a capital programme with investments of around £22m this financial year. Although good progress is being made on South Lakeland House/Kendal Town Hall project, many other projects have been delayed by the pandemic. Consequently, by the end of Q2 only £4m of spend had been made or committed. Subsequently the timing of all major projects has been reviewed, and Cabinet agreed the re-profiling of around £10m of spend in their November meeting.

Procurement and Value for Money

The Sustainable Procurement & Commissioning Strategy 2020/21 sets the framework for the Council to purchase goods, services, and works to deliver value for money and to meet the needs of local citizens linking to the draft commissioning framework. An updated Commissioning Strategy is to be brought to the July Council

The 2020/21 procurement schedule contains 109 procurement projects. Should a procurement process present as over budget then approval will be sought in accordance with the Financial Procedure Rules.

Current procurements include the Kendal markets, Energy Saving Enhancements, Grange Lido and Playground Improvements. It is likely that the budget pressures faced from Covid-19 may require the Council to re-evaluate the projects currently listed.

Savings programme

The Council is heavily focused on achieving savings, primarily through efficiencies. During the budget and planning process there was an emphasis on ensuring resources are directed to priority areas in line with the Council Plan, with service efficiencies monitored and reviewed highlighting where further savings can be made. The introduction of a commissioning framework and a Commercial Strategy helps balance service demand and income generation.

The Customer Connect programme had delivered savings of £740k in 2019/20 and then on-going revenue savings, initially of £1.55m per year. There are also likely to be indirect savings as a result of new ways of working which have not yet been identified.

Insurance and risk management

The Council has a Strategic Risk Register, which is reviewed by Audit Committee, and describes how the Council identifies and manages operational and strategic level risks both above and below the line of risk tolerance. The Portfolio Holder with responsibility for risk management and the Chief Executive jointly have overall responsibility for risk management throughout the Council.

Corporate Management Team reviews the risks along with corporate plan performance on a quarterly basis which are included in quarterly performance reports to Overview and Scrutiny Committee and Cabinet.

Currently there are a total of 23 risks included on the risk register with 11 strategic risks above the level of tolerance however, this significant change is due to the pressures brought about by Covid-19. The Council has undertaken a review the risks appropriately and identify how the virus will impact on the economy, environment health and financial status of the Council.

Where appropriate the Council arranges insurance to mitigate the financial impact of risks. The insurance cover and administration are set out in the Finance Procedure Rules within the Constitution.

Benefits Administration

There has been a significant increase in workload from the start of the financial year, mainly as a result of Covid 19 consequences for both individuals and families within the district. Compared with the same period in 2019, total workload has increased by 40%, and Universal Credit related workload by 56%, attributable to the continuing increase in Universal Credit claimants in South Lakeland. Despite, significant increase in activity, the Benefits Team have continued to maintain a high level of administration in new claims and changes in circumstances for both housing benefit and council tax reduction being processed within the target times contained in previous service plans, in addition to providing support with the Test and Trace Self Isolation Payment Scheme. Additional temporary support continues to be in place to meet the increased demand and to ensure that residents receive the support that they require in a timely manner.

The whole district now falls under Universal Credit full service. As a result of this there has been a reduction in the number of new claims made for Housing Benefit (as all new working age claimants, with exemptions, are required to claim Universal Credit for the housing element, which replaces Housing Benefit). There are currently 2672 live Housing Benefit claims. The number of Council Tax Reduction claims have increased to 4892. 56% of Council Tax Reduction claims relate to working age claimants, and the remaining 44% to Pensionable age claimants. The increased number of residents in receipt of Universal Credit over the last 9 months in South Lakeland is attributable to the overall increase in caseload. The recovery of Housing Benefit overpayments was halted during the height of the pandemic, although recovery from ongoing benefit entitlement continued. The team has recommenced recovery, and arrangements are being made with customers to repay outstanding debts, whilst applying sensitivity to individual financial circumstances

Throughout 2020 the council has continued to work in close partnership with the Department of Work and Pensions (DWP), Citizens Advice and other partner organisations to ensure that provision is in place to provide additional, support, assistance and advice to those residents who need it. The Council continues to strive to ensure that it maximises benefit entitlement through Council Tax Reduction and will continue to provide additional support to the most

vulnerable residents, particularly as the impact on the economy of the Covid-19 pandemic continues to be felt.

As part of the measures of assistance in relation to Covid-19, the Government announced additional support to all those in receipt of council tax reduction support. The Council used its emergency delegation powers to introduce a Council Tax Discretionary Relief Scheme. The Council recognises that it must be able to respond to the needs of the communities. The Government's expectation was that billing authorities would provide a minimum reduction of £150 on their annual council tax bill to working age recipients of the Council Tax Reduction Scheme during 2020/2021. Based on the funding provided and the current and estimated case load for the remainder of this financial year, the Council's scheme approved and increased the reduction to £300. The relief has now been awarded to all existing claimants, and will be applied to any new working age recipients until the end of the financial year.

Council Tax/NDR Collection

At Council in February 2020 a 2% Council Tax increase was approved which was consistent with expectations from Central Government set out within the final financial settlement for 2020/21.

The Council has run the Local Council Tax Reduction Scheme which reduces the amount of Council Tax paid by the most vulnerable people in South Lakeland since 2013. In February 2020 the Council agreed the continuation of this scheme to support eligible residents on low incomes. The scheme will continue to support the Council's commitment to alleviate poverty. The number claiming against this scheme has increased substantially due to Covid. Since January 2020 there had been an increase of 241 claimants which equates to 5%. With additional grant funding we have been able to further reduce the Council Tax being paid by those who qualify for the scheme by up to £300 this year.

The collection of both Council Tax and Non-Domestic Rates are running well behind previous years (as outlined in the Q2 Financial Update). This is largely due to Covid, and the need for the Council to stop recovery activity as the Courts were closed. The Council has recently restarted pursuing outstanding debts, and has recently appointed an additional specialist to lead the work in this area.

Resource Management

The delivery of the Council Plan require continuous balancing of competing demands for resources. The Council has a number of policies and strategies which have guided resource allocation including:

- People: Workforce Plan
- Money: Medium Term Financial Plan and Procurement and Commissioning Strategy
- Assets: Property and Land Management Strategy, Parks and Open Spaces Strategy

These strategies have been reviewed and were used to assist the leadership team and Cabinet in preparing the 2021/22 Council Plan.

Asset Management

The strategic land and property management board was set up to provide clear direction on the Councils land and building portfolio and drive a 10 year programme.

All future investments will be focussed on where it meets council priorities, service requirements/ efficiency or maintenance requirements. The most recent meeting sought approval from the board for the next round of Capital and Revenue Bids in line with the asset strategy. The schemes put forward were considered at Council in February 2020.

Grange Lido 'Phase 1 Light touch refurbishment' was submitted for planning approval in February 2020. SLDC officers have been working hard to ensure that the scheme is supported by those who may wish to see a pool in the future. The scheme has been designed to accommodate a pool in the future and the design is as such that there will be minimal abortive works if the necessary Capital funds can be raised to introduce a pool on the back of a viable business case. The application was approved by Planning Committee.

Work is also ongoing to finish the design for the Grange Promenade. A public consultation event was held in early March 2020 as well as a 3 week online consultation to update Grange residents and businesses of the works planned for the Promenade and Lido. Tenders for work have recently been received.

A number of feasibility studies are ongoing including looking at the potential use for Lowther Street, options to date include a charitable hub, residential or further office accommodation. A mini masterplan for Bowness is to be undertaken to ensure we make the most out of our assets, land from Ferry Nab to Millerground is being considered and the Council are looking at all options in consultation with key stakeholders. The Assets team are also involved within the One Public Estate programme where public sector colleagues are working together to ensure best practice and efficiency across all sectors.