

**South Lakeland District Council**  
**Council**  
**23 March 2021**  
**Finance and Resources Portfolio**

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**Portfolio:** Cllr Andrew Jarvis

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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 Councils Statement of Accounts and provided an unqualified opinion on the Council's financial statements on 2 December 2020 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. Particular risks identified by the external auditor included the implications of Covid-19, improper recognition of revenue from fees and charges, valuation of land and buildings and valuation of pensions. 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 distributing 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 2021/22 to 2025/26 was set at Council in February 2021. The Council is expected to deliver the priorities set out within the Council Plan therefore the five year budget ensures the Councils resources allow these priorities to be achieved.

The route to deliver a balanced 2021/22 budget was presented through the Budget Book at Council in February 2021. The report set out the actions required to enable the Council's priorities to be delivered and was developed within the context of the Medium Term Financial Plan.

The Customer Connect programme has substantially reduced future budget deficits. However, the impact of COVID-19 has had a fundamental impact on the Council's financial position. Although the Government have introduced a number of one-off grants to mitigate the impact of COVID-19 as part of the local government finance settlement announced in December 2020, these are insufficient to cover the full extent of the additional costs and income lost due to the pandemic.

In the report presented to Cabinet in May 2020, it was estimated that the Council will face an additional deficit of around £2m relating to COVID-19 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. This scale of deficit significantly reduces the level of the Council's reserves, and consequently it is necessary to ensure that these are rebuilt over the following few 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 which is now anticipated to hit the Council finances from April 2022. This could lead to loss of retained business rates of up to £2m pa. Options are being developed to balance future budget deficits.

## **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.

Council in February 2021 approved the Treasury Management and Capital Strategies for April 2021 onwards. These strategies included new indicators to monitor the impact of internal borrowing and approved a permanent increase in the limits of how much can be invested in individual Money Market Funds to reflect the higher levels of cash held by the Council as a result of early receipt of Covid-19 grants.

## **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 2020, with subsequent amendments, outlined a capital programme with investments of over £23m this financial year. Although good progress is being made on a number of key projects including the South Lakeland House/Kendal Town Hall project, many other projects have been delayed by the pandemic. Consequently, by the end of Q3 £8.4m 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 £15m of spend in their November and February meetings.

## **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 Procurement Strategy is to be brought to the May Council.

The 2020/21 procurement schedule contains 109 procurement projects. Although good progress was made on many of these, others were unavoidably delayed due to Covid-19. Consequently, the schedule for 2021/22 is expanded covering 123 projects. This was approved by Council in February. Should a procurement process present as over budget then approval will sought in accordance with the Financial Procedure Rules.

## **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.

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 throughout the financial year, mainly as a result of Covid 19 consequences for both individuals and families within the district. The overall workload during the 20/21 financial year to date has increased by 38% compared with the same period in 2019/2020. Despite significant increase in activity, the Benefits Team have dealt with 1509 new claims and 43,189 changes of circumstances, continuing 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 the Housing Benefit caseload continues to decrease 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 2584 live Housing Benefit claims. The number of Council Tax Reduction claims have increased to 4904. 57% of Council Tax Reduction claims relate to working age claimants, and the remaining 43% to Pensionable age claimants. The increased number of residents in receipt of Universal Credit over the last 12 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 2020/2021 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 continue to be applied to any new working age recipients until the end of the financial year.

### **Council Tax/NDR Collection**

At Council in February 2021 a £5 Band D (2.51%) Council Tax increase was approved which was consistent with expectations from Central Government set out within the final financial settlement for 2021/22.

The collection of both Council Tax and Non-Domestic Rates are running behind previous years (as outlined in the Q3 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.

Bills for 2021/22 have been sent to the printers. Business rates bills will be issued without additional reliefs announced by the Chancellor of the Exchequer in the Budget on 3 March 2021: revised bills will be issued for relevant nurseries, retail, leisure and hospitality properties who will see an extension of reliefs until at least the end of June 2021 with some receiving reduced relief for the remainder of 2021/22. Details of the scheme are not due to be received from the Government until after the billing deadline.

### **Asset Management**

The strategic land and property management board was set up to provide clear direction on the Council's land and building portfolio and drive a 10 year programme. The board is due to review a number of feasibility studies recently concluded including looking at a potential end use for SLDC's Lowther Street building, a mini masterplan for SLDC's land holdings in Bowness, a car parking study in Arnside and a review of Council land at North Lonsdale Road, Ulverston. 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.

Woks to Kendal Town Hall is due to be completed on 16<sup>th</sup> April 2021 (the District Council Chamber will be completed in May 2021) and the first floor of South Lakeland House (SLDC's office space) will be completed on Friday 8<sup>th</sup> May 2021. The remaining areas of South Lakeland House will be completed over the Summer of 2021.

A report recommending approval to proceed with the Grange Lido and Promenade Light touch refurbishment with structural repairs and connectivity scheme will be taken to Cabinet on 17<sup>th</sup> March 2021. The scheme has been designed to accommodate a pool in the future. If approved, work will go forward to obtain further relevant statutory approvals to accommodate the value engineered scheme prior to contract award and the assets team would be looking to start on site in Summer 2021.

Projects recently completed include:

- New homeless accommodation for families. 3 family units completed in Grange-over-Sands.
- Re-surfacing works to Red Bank car park, Grasmere.
- Energy saving building enhancements to Mintworks and Town View Fields through installation of photovoltaics.
- Insurance work to Town View Fields hostel to refurbish bedrooms following an arson attack.
- Capital grant support given in support of flood remedial measures at Main Street Car Park, Grange-over-Sands.

Reports to be taken to Cabinet on 17<sup>th</sup> March 2021 in relation to SLDC assets include:

- Grant of lease for Braithwaite Fold Caravan Park for 25 years.
- Grant of lease for 99 years and capital scheme for Abbot Hall gallery.
- Extension to existing agreement with UCE to run Coronation Hall and Ulverston Market for a further 2 years.
- Sale of land at Boon Town to help create 28 affordable houses.

Works due to start in the near future:

- Structural repair works to Westmorland Shopping Centre Multi Storey car park.
- New photovoltaic scheme at Ferry Nab Marina, Bowness on Windermere.
- New pathways around Kendal Castle.

The assets team continues to monitor service contracts, undertake planned and reactive maintenance on the Council's estate. Finally, following a decision by Cabinet prior to Christmas to bring the Council's maintenance service in house, a recruitment process has been completed and the first of two appointments to the maintenance team has been made and will start with the Council on 1<sup>st</sup> April 2021.