

OVERVIEW AND SCRUTINY COMMITTEE

Minutes of the proceedings at a meeting of the Overview and Scrutiny Committee held on Friday, 15 January 2021, at 2.00 p.m.

Present

Councillors

Vicky Hughes (Chairman)
Helen Chaffey (Vice-Chairman)

Pat Bell
Brian Cooper
Hazel Hodgson
John Holmes

Janette Jenkinson
Malcolm Lamb
Susanne Long
Ian Mitchell

Doug Rathbone
Mark Wilson

Apologies for absence were received from Councillors Eamonn Hennessy and Suzie Pye.

Officers

Lawrence Conway	Chief Executive
Linda Fisher	Legal, Governance and Democracy Lead Specialist (Monitoring Officer)
Dan Hudson	Strategy Lead Specialist
Simon Rowley	Director of Customer and Commercial Services
Helen Smith	Finance Lead Specialist (Section 151 Officer)
David Sykes	Director of Strategy, Innovation and Resources

Also in attendance were Councillors Giles Archibald (Leader and Promoting South Lakeland Portfolio Holder), Robin Ashcroft (Economy, Culture and Leisure Portfolio Holder), Jonathan Brook (Deputy Leader and Housing and Innovation Portfolio Holder) and Dyan Jones (Climate Emergency and Localism Portfolio Holder).

O&S/33 CHAIRMAN'S INTRODUCTION

Following confirmation that the live stream of the meeting had commenced, the Chairman welcomed everyone to the virtual meeting of South Lakeland District Council's Overview and Scrutiny Committee, in doing so, thanking all officers involved in the process for their work on the project.

The Chairman referred to the new Government legislation allowing councils to conduct remote meetings and explained in detail to all taking part, and for the benefit of members of the public, the procedures for the meeting. She then invited Members of the Overview and Scrutiny Committee to introduce themselves, to advise whether they were taking part by video or audio and to confirm that they were able to see (where practicable) and hear all Members participating in the meeting. All Members present, including the Chairman himself, having indicated that this was the case, he referred to officers present at the meeting who would introduce themselves when asked to address the meeting.

15.01.2021

O&S/34 MINUTES

RESOLVED - That the Chairman be authorised to sign, as a correct record, the minutes of the meeting of the Committee held on 17 July 2020.

O&S/35 DECLARATIONS OF INTEREST

RESOLVED – That it be noted that no declarations of interest were raised.

O&S/36 DECLARATION OF THE PARTY WHIP

RESOLVED - That it be noted that no declarations of the party whip were raised.

O&S/37 LOCAL GOVERNMENT ACT 1972 - EXCLUDED ITEMS

RESOLVED – That it be noted that there are no excluded items on the Agenda.

O&S/38 PUBLIC PARTICIPATION

No questions, representations, deputations or petitions have been received in respect of this meeting.

O&S/39 COUNCIL PLAN 2021-2026

The Deputy Leader of the Council and Housing and Innovation Portfolio Holder provided a brief introduction of the Council Plan 2021-2026. The Council Plan sets out the Council's vision and priorities and how these would be delivered over the period of the Plan. The Strategy Lead Specialist shared a PowerPoint Presentation, which outlined the Council's action plan against COVID-19, and highlighted the unprecedented impact the pandemic had on the Council's own finances and services, while also considering the impact of Brexit.

The Lead Strategy Specialist explained the Council's the Council's vision was to make South Lakeland the *'best place to live, work, place and explore'* and the plan set out how the Council would work towards this vision. The presentation addressed some key recent changes including the Pandemic and associated changes in the economy and in working patterns. He also noted that some fundamental issues including the ageing population, remained important. The Council Plan has four strategic priorities.

The first priority working across boundaries to deliver sustainable economic growth seeks to develop the potential of working on a Morecambe Bay wide footprint. The Bay is a functional economic subregion. Working in partnership would allow give the Bay area critical mass, economically and enable the Districts to grow in a way, which complement each other.

The second priority is the ageing population of the district. Whilst recent projections suggested that the trend was slowing, the working population was continuing to shrink. The Plan sought to grow the economy and generate job opportunities for young people. It also sought to develop services, to create a more balanced locality with a better quality of life for all age groups.

The third priority of a fairer South Lakeland is a Fairer South Lakeland. This means address poverty, deprivation, housing and unemployment. The presentation highlighted to Members that many affluent areas had pockets of poverty. The Council Plan sought to

improve standards of housing and provide better advice for those in poverty. The Council would also work within partnerships to address issues such as deprivation, inequality and related issues such as addiction.

Lastly, the fourth priority was the climate emergency. This section of the Council Plan sets out the Council's targets for reducing its carbon footprint.

The Lead Specialist concluded that all four priorities were inter linked together within the Council Plan and welcomed any questions from Members.

Discussion

Issues raised in discussion included housing for the elderly, including to re-visit the elderly housing strategy and the findings of the Task and Finish Group they undertook four years ago. Furthermore, Members highlighted the lack of fitting incentives and opportunities for young people to remain within the District. Members felt the Council could encourage more partnership working with Cumbria County Council in order to provide greater opportunities for young people.

In response to a question on housing need numbers for 2025, the Strategy Lead Specialist explained that he was unable to provide a definitive number as this was set through the Local Plan, not the Council Plan. The government approach to housing need was evolving in a way that was difficult to predict and the Council were watching this very closely.

Members praised the presentation and suggested that the pandemic had sharpened the focus of the Plan in a positive way. Members raised the point that high value jobs should be of great importance in the context of the District's reliance on the uncertain visitor and hospitality sector. The ageing population should be viewed positively, as Members highlighted that elderly people could still play an important role and emphasised the sensitivity of this point, and explained that the elderly should not be considered redundant. Members' also highlighted the contribution of the elderly to the voluntary sector, specifically in relation first responders and mountain rescue. The Lead Specialist stated that there should be an encouragement for people to work for longer, if they wish to do so.

The Lead Specialist also clarified within the Draft Plan that the Council aimed to be carbon neutral by 2037, not 2038, an error within the report. Members commented on the changing population following Brexit, whereby the population of the UK had reduced by 1.25 million in light of recent changes. The Lead Specialist explained that the most recent figures the Council held for the locality were from 2018, and that population projections post COVID-19 figures might look very different.

There was also the multi-dimensional issue of trying to encourage younger people to stay due to the combination of housing costs, quality of life offer and adequate job opportunities. The Lead Specialist listed various initiatives aimed at addressing these problems.

Members questioned - whether the Council plan was based on the assumption that a Bay Unitary Authority would happen. The Chief Executive of the Council reassured Members that prior to all of the work the Council had done on Local Government Reform, works were already underway on a growth deal for the Bay. He explained that there was already a clear perspective, and decisions had already been made on what critical areas required improvement across the Bay area.

The Lead Specialist clarified that this Plan was not predicated on a Bay authority. The Bay Area was a functional economic area with a great deal of interdependencies and no

matter how the Local Government Reform played out, the Council would continue to work with Barrow, Lancaster and Cumbria. Any new Bay Authority would require a new set of strategic documents and policy framework

Further discussions were in relation to the accessibility of broadband, which transcended all four priorities. Members stated this was vital, and connected to everything. Moreover, broadband was fundamental in the success of the Customer Connect programme working efficiently during the ongoing pandemic. Some Members emphasised that in rural areas, broadband and mobile phone coverage remained poor due to topography. The Lead Specialist was fully cognisant of such broadband issues; however, many problem areas were located within the Lake District National Park Authority and not covered by SLDC's local planning and infrastructure planning power.,

It was stated during the debate, that in order to encourage young people to live and work in the District, there was a clear need for more investment in apprenticeships, and to encourage local businesses to employ young people. There was also a need for affordable housing and sufficient transport links. The Lead Specialist suggested that within the combined Bay area laid great potential, and that thought had already been given to how the Council could think on a wider level and this was indeed on the Council's radar.

The 'green agenda' was also greatly deliberated by Members in relation to the Government's Green Homes Grant, which had not worked as efficiently as expected both nationally and locally due to a shortage of approved tradespeople to carry out the work.. Questions were asked about how this could be improved. There was an opportunity for the Council to lobby government in order to make the greener homes grant more effective.

The Deputy Leader and Housing, and Innovation Portfolio Holder was aware of these issues in relation to this particular grant, both at district level and across Cumbria. He explained that issues were faced due to contractors not wishing to participate in the scheme. This was due to the historic failings of previous government grants, and that it would take time and energy to roll out appropriate training.

There was a discussion about mature peoples' housing needs, It was suggested that this area should be looked at on a strategic basis. Members discussed the changing economic paradigm and the unprecedented changes in relation to planning development. The Council should be alive to those changes in the implementation of the Council plan. Assurances were sought that the Council would be robust enough to insist on high quality development in light of government changes to the planning system. The Strategy Lead Specialist recognised the need for extra care housing; this would be given consideration in the next local plan. He also echoed the concern about permitted development and stated the key strength of town centres was their many differences and diverse characteristics.

Final discussions centred on the reduction of second homes and government lobbying. This was a very difficult problem as nothing could be done about existing second homes, but in areas of very high concentrations of second homes (primarily the National Parks) new homes could be subject to local occupancy, The National Parks are responsible for planning policy within their area.

RESOLVED – That the Overview and Scrutiny Committee:-

- 1) note the Draft updated Council Plan 2021-2026, and, subject to comments made; and***

2) recommend that Cabinet and Council adopt the updated Council Plan 2021-26 as part of the Council's Policy Framework.

O&S/40 2021/22 TO 2025/26 DRAFT BUDGET

The Finance and Resources Portfolio Holder presented the 2021/22 to 2025/26 Five Year Draft Budget and highlighted the impact of COVID-19 reserves that would need to be rebuilt. Within leisure, no support had been received and there was a loss of more than £2.5 million in business rates. Although the Government had introduced a number of grants to mitigate the impact of COVID-19 as part of the local government settlement, these were insufficient to cover the full extent of the additional costs and income lost due to the pandemic.

The Portfolio highlighted, amongst other movements, the Council's very large deficit, the pay freeze on Councils and the new appointed operator for Kendal Market. There was an ongoing consultation on the increase to car parking fees and a projected deficit of over £1 million. He emphasised the great amount of additional work the Council had undergone while still maintaining control of normal tasks. The Portfolio Holder commended the Council for its commitment to investing in communities and thanked officers in the Finance team for their continual hard work during these difficult times.

Discussion

Members discussed in depth the raising of car parking fees. The Portfolio holder clarified that the last increase took place over 10 years ago. However, despite the appreciation that fees had not been increased for a considerable amount of time, Members highlighted the need to assist in financial recovery. Under this context, this was the wrong time to increase charges, local businesses needed every support they could get to overcome the pandemic and aid recovery. Members raised great concerns on this subject.

The Finance and Resources Portfolio Holder understood and expected such comments on this topic. However, subsidised parking was an extremely expensive way to help businesses; money could be injected elsewhere, rather than to reduce car parking fees. He found it preferential to support other projects, such as Kendal Visions, directly, rather than indirectly, through other means. The Portfolio Holder voiced his scepticism on the Ulverston Town Council free parking scheme. The Council wanted to support the community at this time, but also needed to be in a reasonable financial situation.

The Economy, Culture and Leisure Portfolio Holder clarified from an economic development perspective, that free car parking, in very broad terms, did not necessarily mean shoppers would spend more money. The research on this area was counter intuitive and these principles were well established.

Members discussed the historic situation of New Road in Kendal, an area converted into a green space, but questions were raised if this car parking was replaced elsewhere. Parking was an emotive topic, particularly with businesses, and over many years, Ulverston business owners requested free car parking to generate greater engagement for shoppers. Some Members were sceptical of this success and were in agreement with some of the points raised by the Economy, Culture and Leisure Portfolio Holder. Further, Members stressed that people had benefited for a long time without an increase in fees, and this was a matter of timing.

The Chairman sought clarification from Members on specifically what comments should be taken forward on to Cabinet and Council.

Members questioned the appropriateness of timing in relation to the increase, and discussed other avenues that could be explored in order to assist with the recovery of highstreets. Other Members drew caution to a reduction in car park charges, concern was generated on who would be pay for a proposed reduction, council tax payers would ultimately pay, and there were costs to maintain.

The Finance Lead Specialist and Section 151 Officer stated that suggestions had been made around a number of proposals, as there was a statutory requirement to balance the budget. Yet, emphasised to Members that if the Council were to introduce free parking, or not increase charges, what other suggestions were available in Members' thoughts to create a balanced budget? This was the task that needed to be addressed.

The Climate Emergency and Localism Portfolio Holder raised a few different points. Namely, that the fees had not been increased for such a long time and ultimately there was a need to balance the budget. It would be unfair to burden non-driver taxpayers with the extra cost of free car parking. The carbon footprint should also be brought in for consideration, the Council were not punishing drivers, but fairness and equity needed to be created. She echoed the purpose of her Portfolio, that active travel and walking should be encouraged where possible.

In order to reach a resolution, the Monitoring Officer clarified to Members that agreement by assent was required. Members reiterated that they were not approving the increase in fees by this proposal only, as this report would go forward to Council for debate and comment also.

At this point in the proceedings, Councillor John Holmes suggested to add a rider to the resolution. The Overview and Scrutiny Committee should accept the sensitivity of the car park charging increase given the current situation, and note the fact that it had been 8 years since fees were last raised, and that there were little alternative options. The Council would continue to monitor car parking, especially when considering the incoming proposals for the improvement of Kendal.

For clarity, the Monitoring Officer read out the proposals put forward, which were the recommendations as per the report, with the additional rider as above, suggested by Councillor John Holmes.

RESOLVED – That the Overview and Scrutiny Committee:-

- 1) Notes that the development of the Budget is an iterative process between now and Council on the 23rd February 2021. The assumptions, proposals and calculations included within it will be subject to change as more information from internal and external sources is provided and decisions around the final proposals can be made;***
- 2) Consider the proposals contained in this report and Appendices 3 to 14 to achieve a balanced budget from April 2021;***
- 3) Consider the proposals for Fees and Charges from April 2021 set out in Appendix 14 (excluding car parking) and the proposed increase in car parking fees as set out in Appendix 13;***
- 4) Note the projected deficits starting at £0.1m for 2021/22 rising to circa £2.2m by 2025/26;***

- 5) ***Agrees any comments to be taken forward for consideration at the Cabinet meeting on 3rd February 2021; and***
- 6) ***Accept the sensitivity of the car park charging increase given the current situation, and note the fact that it had been 8 years since fees were last raised, and that there were little alternative options. The Council would continue to monitor car parking, especially when considering the incoming proposals for the improvement of Kendal.***

O&S/41 2021/22 PROCUREMENT SCHEDULE

The Finance and Resources Portfolio Holder set out the Procurement Schedule and explained that the wide range of projects included on the Procurement Schedule allowed officers to conduct procurement without further authority on the projects as long as the Budget had also been approved. He also highlighted to Members a mistake whereby the report should refer to '2021/22' not '2020/21'. He added that there were 119 projects listed, which were many more than there had been in previous years, and in part, reflected the delays caused by the pandemic. In concluding the report, the Portfolio Holder referenced the impact of Brexit on procurement rules.

Discussion

The Chairman of the Committee drew concern to the number of items on the Procurement Schedule and asked if all items were necessary. The Chairman highlighted the importance to monitor the list due to the heavy schedule. The Finance and Resources Portfolio Holder addressed this point, and elucidated that all the items were essential but noted that this concern would be highlighted to Cabinet.

Members drew attention to the South Lakeland House development, and suggested it may be prudent to hold some of this procurement back until future deals were secured, as there may need to be changes in relation to structures and the network.

The Finance and Resources Portfolio Holder explained that this work was already under way. Advice was previously received which stated that even if the building was not to be used for local government, any refurbishments would make the building a lot more saleable. In addition, the Portfolio Holder noted that two floors would be let out to other organisations. The building would be in a position to be suitable for this Council, and any other successor Council.

RESOLVED – That the Overview and Scrutiny Committee:-

- 1) ***Considered the Procurement Schedule for 2020/21 attached at Appendix 1 and forward any comments to Cabinet for their consideration; and***
- 2) ***note the changes to Procurement in line with Brexit.***

O&S/42 TREASURY AND CAPITAL STRATEGY 2021/22 TO 2025/26

The Finance and Resources Portfolio Holder presented a report setting out the Council's Treasury Management Strategy for 2021/22 to 2025/26 and the Capital Strategy for 2021/22 to 2033/34, which were expected to be approved by Council on 23 February

2021. The report had been updated to reflect the 2021/22 Budget and Capital Programme. The Portfolio Holder referred to the substantial changes to the economic situation, which included the impact of the COVID-19 pandemic on the UK economy and GDP levels, the current Bank of England interest rate of 0.1%, significant increases in public borrowing and the uncertainty and risk surrounding Brexit. The Portfolio Holder discussed two temporary modifications to the Council's investment strategy. Namely, the first allowed very large sums received from Government for the COVID-19 grants to be lodged with the Council's principle banker. The second, the counter party limit for Money Market funds were increased from £5m to £10m and proposed that both of the changes were made permanent. The Portfolio Holder stated the Council had just today received £30 million on the day of this Committee meeting into its bank account. This cash sitting in the bank account could be injected into capital investment.

Section 5 of the report outlined the Council's commercial strategy and highlighted various commercial investments. The Finance and Resources Portfolio Holder added that it was proposed that a new local prudential indicator for internal borrowing be introduced. He noted that the capital strategy remained relatively unchanged from last year with the long-term view of possible capital expenditure being taken which had helped the Council improve the quality of decision-making and prioritisation of certain expenditures.

The Chairman thanked the Finance and Resources Portfolio for another valuable report.

Discussion

One Member questioned the increase in the Capital Financing Requirement (CFR) figures; they queried if these figures would be reduced after 4 or 5 years and suggested if this was something to assuage any potential fears for residents, and indeed, Members of the committee. The Finance and Resources Portfolio Holder explained that over time there would be significant levels of investment by the Council. This required funding, and there were risks around this. Overall, he was happy with the shape and investments made by the Council, but noted the this should be closely monitored at all times.

The Finance Lead Specialist and Section 151 Officer provided further clarification on this point. The CFR was very much related to how much the Council spends, and what resources were left to fund that spending, and whether or not the Council needed to borrow. The Council would still need to do more borrowing, but for an organisation of this size, the Council had a very low amount of borrowing due to its circumstances. Yet, the Section 151 emphasised that she would not like to guarantee that the total amount would go up or down over time. The other element was that the Council would consider affordability very carefully and were very prudent to set aside money to repay any monies borrowed. The Council should generate that income as it was funding projects that were able to create returns and re-pay any borrowing. The Section 151 Officer assured Members that the Council does not put pressure on Council Tax Payers and would continue to protect them.

RESOLVED – That the Overview and Scrutiny Committee;

- 1) Note and recommend to Cabinet and Council the Treasury Management Strategy, Capital Strategies, the authorised limit and operational borrowing limits within the report;***
- 2) Note and recommend to Cabinet and Council the permanent increase to £10m of the limit for investing with individual Money Market Funds and the***

disregarding of Government COVID-19 funds when applying the counterparty limit to the Council's Bankers NatWest; and

- 3) *Note and recommend to Cabinet and Council the introduction of a new local prudential indicator for internal borrowing.***

O&S/43 COVID-19 RECOVERY REPORT

The Director of Strategy, Innovation and Resources presented the COVID-19 recovery report and explained the scale of financial challenges faced by the Council. The Director highlighted to Members the key areas discussed at the Workshop held on 23 October 2020.

Key Areas where areas are felt, reasonable understanding. Depth of that impact and range. Far more apparent where Members felt certain impact within communities. Workshop and discussions. Take this from the workshop. Have a more strategic recovery. Appendix 1, refresh of the Council Plan. Encouraging to see these themes on draft Council Plan.

All Members commended the COVID-19 recovery report and the efforts of the Director of Strategy, Innovation and Resources for his contributions. Members' voiced that it was a great workshop and very thought provoking, the work tied in with the Local Plan and Members were eager for this piece of work to be the main focus of the Committee's future Work Programme for 2021-22.

RESOLVED – That the Overview and Scrutiny Committee:-

- 1) *Received and noted the summary of issues identified in the workshop on the 23rd October 2020 – attached as Appendix 2; and***
- 2) *Considered the draft recommendations arising from the workshop as described in Appendix 1 and:***
 - a. *Approved that the recommendations identified in column 1 are made to Cabinet for address in the Council's strategies;***
 - b. *Approved that the recommendations identified in column 2 are made to Cabinet for address in the Council's services and initiatives;***
 - c. *Approved that the Committee communicates the recommendations identified in column 3 to the respective organisations; and***
 - d. *Approved that recommendations in column 4 are taken forward in the Committee's Work Programme.***

O&S/44 CUMBRIA HEALTH SCRUTINY COMMITTEE UPDATE

The Vice Chairman, Councillor Helen Chaffey, provided a verbal update on the work of the Cumbria Health Scrutiny Committee to Members. The Vice Chairman highlighted

problems with delayed transfer of care from hospital to home in some areas. Some more positive news was in relation to the COVID-19 vaccine rollout that was under way and going well at present.

RESOLVED – That the update be noted.

O&S/45

CHAIRMAN'S UPDATE

The Chairman of the Committee and Monitoring Officer provided an update to Members. The Chairman suggested that the next Committee meeting due to be held on 05 February 2021 be cancelled, as the Quarter 3 Finance Update Report was the only item of business on the agenda. As an alternative option, the Lead Finance Specialist and Section 151 Officer offered to provide a briefing session to Members prior to the item being heard at Cabinet on 03 February 2021, and debated at full Council on 23 February 2021. All Members were content with this suggestion. Any significant feedback from the briefing would then be passed on as appropriate.

RESOLVED – That the Overview and Scrutiny Committee:-

- 1) Receive a briefing by the Lead Finance Specialist and Section 151 Officer prior to the next Council meeting for Members to review the Quarter 3 Finance Update Report; and***
- 2) The next Committee meeting due to be held on 05 February 2021 should be cancelled.***

The meeting ended at 5.19 p.m.