

Report from Finance Scrutiny to Cabinet Budget Proposals 2022/23

A. Overview

Finance Scrutiny set up a Task and Finish Group to scrutinise the budget and budget process for 2022/23.

B. Feedback

B1 Finance Scrutiny Committee met on Tuesday 8 February to review the feedback from the Task and Finish Group. They determined to present the summary findings in Section 3 of this appendix to Cabinet along with the following addition:

B2 Recommendation that the effect of the proposed Structural Change Order be included in the budget report to aid understanding of the effect of Local Government Reorganisation in 2022/23.

C. Summary of Scrutiny applied

Session 1 – 11 January 2022

1.1 The Task and Finish group met to confirm the areas that they would like to scrutinise from the proposed 22/23 budget. Officers and portfolio holders were then invited to 2 sessions to answer questions about these areas.

Session 2 – 1 February 2022

In attendance: Councillors Phil Dew (PD), William Patterson (WP), Gordon Nicolson (GN), Neil McCall (NM), David Ryland (DR)

Portfolio Holders: Mary Robinson (MR) and Mark Rudhall (MRud)

Officers: Les Clark, Paul Sutton, Marianne Bastille, Fergus McMorrow, Laura Cadman, Mike Poulter, Greg Macdonald

2.1 Corporate Priorities: Economic Development Framework

2.1.1 In November 2021, the Council approved spend of £760k in 2022/23 on the Economic Development Framework.

Questions were asked by Councillors about the following key areas:

2.1.2 Continuity – What happens after 31 March 2023? Questions and answers provided the following information: The focus is on setting a framework up which the new Unitary can continue easily if they wish until they can develop their own framework. The work is aimed at enabling/facilitating rather than subsidising so benefit will not be lost if the funding does not continue. Only amounts contractually committed to by 31 March 2023 will become a commitment of the new Authority. The shadow authority is expected to seek help from the legacy authorities in setting budgets.

2.1.3 Whole of Eden – There appears to be a focus on Penrith, is the rest of the area being considered as part of the framework. Response: Part of the plan is to work across Area Planning Groups Already talking to partners in those areas about scope to apply for funds as a part of the inspiring Eden Programme. The projects will link with the Borderlands place plan.

2.2 Climate Change & Sustainability Fund

2.2.1 In November 2021, Council approved a fund of £160,000 for 22/23 in relation to COP26 sustainability. In the proposed budget a further £100k has been allocated to Zero-carbon Biodiversity initiatives.

Scrutiny was applied in the following areas:

2.2.2 Clarification that the bio-diversity allocation is for internal costs, whereas the COP26 Fund is for applications for grants.

2.2.3 Further approvals for spend of the bio-diversity allocation. Response: There is a notional allocation now based on estimates with a more detailed plan being worked on and approved by the relevant portfolio holders and Zero-carbon working group (subject to virements limits in the constitution). A reminder of the virements limits is to be circulated to the task and finish group members.

2.2.4 Size of the bio-diversity allocation. It was noted by Cllrs that the amount of the pot was low considering the importance and amount of work involved in bio-diversity. Response: the size of the allocation has been considered in relation to the overall budget and in relation to the resources available to deliver the outcomes.

2.3 One Eden Transformation Programme

2.3.1 Included in the 22/23 budget are £3,113k within the capital programme (£1,250k to be spent in 21/22 and £1,863 in 22/23. A further £40k of revenue budget is proposed to manage the costs of moving between the sites.

Cllrs were directed towards the paper on the Single site which was presented at Cabinet in October 2021.

Scrutiny was applied in the following areas:

2.3.2 It was confirmed that the Salix funding was £862k (the amount in the cabinet paper had been rounded).

2.3.3 Mike Poulter, the project manager, confirmed that the estimated hand over date was October/November 2022.

2.3.4 It was questioned whether the plans for the Town Hall had been linked to the Place Plan and it was confirmed that they complement one another.

2.4 Assurances that the Budget is 'Robust' and in line with the Corporate Plan

2.4.1 It was presented that the budget process had included:

- Zero based in consultation with Managers
- Reviewed by finance staff
- Growth requests from ADs and Managers considered initially by CLT
- Small requests to come from recurring underspends

- Larger requests and corporate priorities considered by Executive in December
- Draft budget prepared and approved by Exec
- Consultation Process
- Further Checks by ADs and Managers

Scrutiny:

- 2.4.2 Scrutiny considered the process and asked if officers had engaged with the process and it was confirmed that they had.
- 2.4.3 It was noted that 2 councillors (Cllr Robinson and Cllr Rudhall had attended as Portfolio holders to answer any questions about policy or priorities.
- 2.4.4 Cllr Robinson highlighted that the focus of 22/23 would be about leaving a legacy that could be transferred to the new Unitary whilst being considerate of the resources available in relation to staff.
- 2.4.5 Cllr Rudhall commented on the Green Portfolio items to identify that resources had been low this year but that this was being rectified to allow the plans to be implemented in 22/23.
- 2.4.6 Cllr Dew concluded that it was important that the plans for 22/23 were deliverable.

Session 3 – 3 February 2022

In attendance:

In attendance: Councillors Phil Dew (PD), William Patterson (WP), Gordon Nicolson (GN), Neil McCall (NM), David Ryland (DR), Peter Baker (PB)

Portfolio Holders: Virginia Taylor (VT)

Officers: Les Clark, Paul Sutton, Marianne Bastille, Fergus McMorrow, Robert Docherty

3.1 Development Management – Resources

- 3.1.1 The proposed budget includes in the Corporate Priorities £431k in relation to resources for Development Management (Planning), in relation to resourcing the recommendations from the PAS review, challenges delivering green priorities and resourcing challenges.
- 3.1.2 Cllrs asked questions of officers about whether the requested budget would put planning back on track and ease the backlog. Officers responded that the budget took in the current market conditions but that it was likely it would still be a challenge to be fully resourced. Cllrs asked if sharing resources with other local councils had been considered. Officers responded to say yes but that they had been unable to arrange this as the other councils were struggling with resource also.
- 3.1.3 The request for additional resource was for one year only, however this should allow us to hand over to the Unitary in a strong position.

3.2 Resources Directorate – Resources

- 3.2.1 The proposed budget includes £163k in relation to resourcing within the Resources Directorate. This included finance, licencing and Health and Safety.
- 3.2.2 Cllrs asked if any of the resources had already been retained and Officers responded that in the case of an Accountancy Manager, we had a contractor who has been completing our last 2 sets of accounts that we hoped to retain. The other resources are yet to be sourced. They will be for a period of 1 year only, with resources then being shared within the new Unitary.
- 3.2.3 The Cllrs raised the issue of the market place and concerns that the situation was likely to get worse with staffing and asked about contingencies. Officers responded to say that although no contingency had been added to the budget, the proposed budget still left healthy reserves that could be called if required. Where resource is stretched due to Local Government Reorganisation (LGR), there will be the chance to reclaim resource costs from the LGR fund.

3.3 Cultural Development Initiative

- 3.3.1 The proposed budget includes £235k for Cultural Development Initiatives. This is proposed to be placed in a reserve until a detailed proposal is approved by Cabinet.
- 3.3.2 Cllrs asked how the £235k budget had been determined as no split of the spend had been provided. Officers responded that work had been done to look at and develop proposals but was still in draft form. The proposal is that the funding would be put in a reserve for draw down when the level of detail can be ascertained and approved.
- 3.3.3 Cllrs queried how will we ensure the sustainability of projects or organisations that we will support and encouraged the Exec & Officers for events that will become self-perpetuating rather than a programme that subsidises organisations that falls off the cliff at the end of the year since we have created dependents. Officers responded that One of the key rationale we have in creating a fund organisations can draw on is that we don't have the necessary expertise and these organisations can pull from more funding than we can. We are looking at how we can foster arts and culture framework in the District, a great part of that is making them as strong as sustainable as we can before we go into LGR.
- 3.3.4 It was noted that of the 5 Regularly Funded Organisations, only 2 currently have SLAs where the council has an arranged commitment to fund into 2022/23.

3.4 ICT

- 3.4.1 ICT is provided via a shared service with SLDC. The base budget includes funding costs for this and the corporate priorities include a further £25k in relation to Microsoft licences increased costs due to systems that need upgrading. Included in the capital programme is £57k.

3.4.2 Cllrs queried the amount included in the base ICT budget and the split between Capital and Revenue. Officers responded that they were still analysing what ICT spend could be capital and which would be revenue, if this resulted in any change in the split then this would be made clear in the report to Council.