

## Budget Planning Committee Meeting 30th September 2020

This committee oversees the current and future income and spending of the council. Covid-19 has brought huge pressures on the finances of the council.

After the initial procedural items, Paul Sutton spoke on behalf of the council for most of the meeting. He is the Interim Director of Corporate Services.

### Medium Term Financial Strategy Review

There have been impacts on budget planning from Austerity, Brexit and Covid. Government funding comes from the Ministry for Housing, Communities and Local Government and was £3.7 million (49% of the budget). There will be a spending review for local government. It will not be known how much the council will get until about the 18th of December so it is difficult to make predictions for next year.

Rural districts will be disadvantaged with funding. The government has announced a new business rates review. The Rural Services Grant will be phased out over time. This accounts for 18% of government funding. Eden has received a total of £639,000 unring-fenced grant to cope with Covid.

There is also a co-payment mechanism to cover losses but because the Leisure Contract is run by GLL which is a private company this does not apply. The council would get 75% to cover losses here if it ran the leisure services.

### Council Tax

For 20-21 there was a £5 increase in the council tax on band D properties. The council tax makes up 51% (£4 million) of the council's funding. If the council wanted to increase the tax above 2% it would have to conduct a referendum. There are concerns about collecting the tax because of the inability of some people, due to loss of income as a result of Covid, to pay. This is predicted to last three years. It will impact on all the precepts. The budget will be under pressure so we will have to find savings elsewhere.

### Expenditure

The council's gross expenditure for 20-21 is estimated to be £12.9 million. The way the council is operating during the pandemic is very different from before. The long term contracts are: Leisure and Waste and Recycling. Covid has mainly impacted the Leisure Contract. Currently the council is financially supporting Greenwich Leisure Limited (GLL) but as time goes on, continuing support will be difficult. The contract has recently been extended for five years. The waste contract has been less affected by the pandemic however the market is much more volatile as contractors are exiting due to the trend of councils to bring the service back in house. The economic landscape and current financial situation means that growth is not affordable in the medium term. If GLL is forced to close again due to lockdown the costs will be greater. The grant funding provided by the government isn't expected to be sufficient to cover this and other areas of pressure such as homelessness.

### Staff Pay

This represents a significant proportion of the council's expenditure. The lay settlement for April 20 was 2%. Also the contracts for Leisure and Waste have a 2% uplift.

### Fees and Charges

The co-payment mechanism of government aid will not help with increased costs from GLL but it can be used to cover losses in car parking, planning and building control income. The losses in

planning income are relatively low and it looks like planning and building control income levels are being maintained at last year's levels.

#### Investment Income

This comes in three forms: treasury, property and Heart of Cumbria. The treasury investment is about £14 million. The longer term investment is in Church Charities and Local Authorities Property Fund. The returns are reasonable and significantly above bank base rate. Commercial property returns are from New Squares along with other properties. A review of Heart of Cumbria will be taking place soon. It should have been done but has been delayed because of Covid. The purpose of this project was both to provide affordable housing and investment.

#### Capital Funding

Borrowing: it would be difficult to fund any borrowing on an ongoing basis. The council is identifying any potential pieces of land that can be sold. The council has secured a variety of capital grants in the past but these are now very difficult to obtain due to severely reduced levels of public expenditure.

#### One Eden Transformation Programme

The objectives are still on course. There is a need to find £400,000 in savings over this year. There has already been some success as a result of Covid. Digital solutions have been put to the test. The council now conducts customer services digitally. Face to face and phone contacts will be reduced as a result of Covid. Voreda House is now owned by the council. Working from home has increased so less desk space will be needed. This could reduce to 5-6 from 10 desks. The DWP is interested in sharing space at Voreda House and this will result in further reduced costs.

#### Questions from Members

Councillor Mike Eyles: Covid has taken over from Brexit...any idea how Brexit will affect the council?

Paul Sutton: Brexit will not affect the council directly. It may affect business rates but the likely impact will be minimal. 41% of business has been furloughed in Eden so Covid has had a much bigger impact. The larger employers like BAE and Sellafield have been much less affected than the hospitality industry.

The Budget Planning Committee Work Programme was then discussed. This gives the dates and topics of future meetings.

The next meeting will be on the 15th of October.