



To: The Shadow Authority Leader and Members of Shadow Authority Cabinet

Agenda

Dear Member

SHADOW AUTHORITY CABINET

A meeting of the Shadow Authority Cabinet will be held as follows:

Date: Friday, 24 February 2023
Time: 10.00 am,
Place: Barrow Town Hall, Duke Street, Barrow in Furness, Cumbria

Linda Jones
Chief Legal and Monitoring Officer

Enquiries and requests for supporting papers to: Jon Huck
Direct Line:
Email:

MEMBERSHIP

Cllr G Archibald
Cllr P Bell
Cllr J Brook (Chair)
Cllr J Derbyshire
Cllr N Hughes

Cllr A Jarvis
Cllr D Jones
Cllr S Sanderson
Cllr V Taylor
Cllr P Thornton

ACCESS TO INFORMATION

Agenda and Reports

Copies of the agenda and Part I reports are available for members of the public to inspect prior to the meeting. Copies will also be available at the meeting.

The agenda and Part I reports are also available on the Westmorland and Furness website

<https://westmorlandandfurness.moderngov.co.uk/mgCommitteeDetails.aspx?ID=139>

A G E N D A

PART I - ITEMS CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

1. MINUTES SILENCE

To observe a minute's silence as a mark of respect for Councillor Ann Thomson, Leader of Barrow Borough Council and Leader of the Labour Group for Westmorland and Furness Council who has sadly passed away.

2. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

3. DECLARATIONS OF INTEREST/DISPENSATIONS

To receive declarations of interest by Members of interests in respect of items on this Agenda, and to consider any dispensations.

Members may however, also decide, in the interests of clarity and transparency, to declare at this point in the meeting, any such disclosable pecuniary interests which they have already declared in the Register, as well as any other registrable or other interests.

4. EXCLUSION OF PRESS AND PUBLIC

To consider whether the press and public should be excluded from the meeting during consideration of any items of business on the agenda.

5. MINUTES OF PREVIOUS MEETING

To receive the minutes of the previous meeting held on 13 January 2023.
(Pages 7 - 12)

6. STATEMENTS BY THE LEADER AND CABINET MEMBERS

To receive statements by the Leader of the Council and Cabinet Members.

7. PUBLIC PARTICIPATION

To receive any questions or representations which have been received from members of the public and to receive any petitions.

(note any member of the public who wishes to ask a question or make representations or present a petition at the meeting should apply to do so no later than two working days before the day of the meeting. Information on how to apply can be obtained from the person named on the front of the agenda).

8. DRAFT REVENUE BUDGET 2023/24 AND MEDIUM TERM FINANCIAL PLAN (2023-2028) and DRAFT CAPITAL PROGRAMME (2023-2028)

To consider a report from the Cabinet Member for Finance (copy enclosed).
(Pages 13 - 170)

9. SECTION 24 AGREEMENT - EXTENSION OF APPRENTICESHIPS FRAMEWORK

To consider a report from the Cabinet Member for Finance (copy enclosed)
(Pages 171 - 188)

10. SECTION 24 DIRECTION AND GENERAL CONSENT - AWARD OF CONTRACT FOR INSURANCE SERVICES

To consider a report from the Cabinet Member for Finance (copy enclosed)
(Pages 189 - 194)

11. WESTMORLAND AND FURNESS SCHOOLS FORUM AND JOINT STANDING ADVISORY COUNCIL ON RELIGIOUS EDUCATION (SACRE)

To consider a report from the Cabinet Member for Children's Services, Education and Skills (copy enclosed)

(Pages 195 - 222)

12. LGR PROGRAMME UPDATE REPORT

To consider a report from the Leader of the Council (copy enclosed)
(Pages 223 - 236)

13. URGENT ITEMS

To consider any urgent items of business.

PART II - ITEMS NOT CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

14. **PART TWO - SECTION 24 DIRECTION AND GENERAL CONSENT - AWARD OF CONTRACT FOR INSURANCE SERVICES** (Pages 237 - 238)
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Agenda Item 5

SHADOW AUTHORITY CABINET

FRIDAY, 13TH JANUARY, 2023

Present:

Cllr G Archibald
Cllr P Bell (Vice-Chair, in the Chair),
Cllr J Derbyshire
Cllr N Hughes
Cllr A Jarvis
Cllr D Jones
Cllr V Taylor
Cllr P Thornton

Officers in Attendance:

Pam Duke – Director of Finance and Section 151 Officer
Caroline Elwood – Interim Monitoring Officer
Susan Fawkes – Cumbria County Council Officer
Richard Machin – Specialist - Communications
Jane McKeon – Democratic Services
Sam Plum – Head of Paid Service

PART 1 ITEMS CONSIDERED IN THE PRESENCE OF THE PUBLIC AND PRESS

77 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor S Sanderson and Councillor J Brook (Chair).

78 DECLARATIONS OF INTEREST/DISPENSATIONS

Cllr N Hughes declared a non-pecuniary interest in Agenda Item No.5, by virtue of the fact that he is a member of Bampton Parish Council.

Note - The Interim Monitoring Officer advised all Members that it was not necessary to declare a non-pecuniary interest in this instance, unless they preferred to do so for the record.

79 EXCLUSION OF PRESS AND PUBLIC

RESOLVED – That the press and public be not excluded during consideration of any items on the agenda for this meeting.

80 MINUTES OF PREVIOUS MEETING

RESOLVED – That the minutes of the previous meeting of the Cabinet held on 9 December 2022 be agreed as a true and accurate record.

Note – The Vice-Chair in the Chair highlighted to Members that an additional Agenda item was to be included to give Members the opportunity to provide some statements.

81 CABINET MEMBER STATEMENTS

Councillor Andrew Jarvis, Cabinet Member for Finance briefed Members on the consultation process around Council Tax for the Westmorland and Furness Shadow Authority which was being launched today.

Councillor Jarvis stated that the vision for the new Council was clear: for Westmorland and Furness to be a great place to live, work and thrive. Achieving transformation in the delivery of services and the Council Plan, Councillor Jarvis advised, must be done in a financially sustainable way.

Councillor Jarvis noted the drastic rise in costs and that the Council was not immune to that inflation. Calculations for the cost of living and delivery of essential services would increase by at least £20m in 2023/24, the funding expected from Central Government would not meet this increase. The Government expected the Council to increase Council Tax to fill this gap. To enable the Council to get started delivering its ambition for the new Council Plan for Westmorland & Furness and to continue to support essential level services, a 4.99% rise in Council Tax was proposed from the 1st April 2023. This was comprised of a 2.99% basic increase plus another 2% specifically to help Adult Social Care. This was an increase of about £1.60 per week for a Band D Council Tax payer.

The Council continues to support those who are the most financially vulnerable through its generous Council Tax reduction scheme.

Councillor Jarvis noted that harmonisation was required to create an even 'playing field' so that residents would pay the same amount of Council Tax irrespective of where they lived within Westmorland & Furness. It was proposed to harmonise payments in the first year, as soon as possible. This meant that the levels of Council Tax increase payments would vary slightly across our W&F area for this first year only.

Councillor Jarvis explained that the Council was consulting on introducing a new premium of 100% for second homes in the area from the 1st April 2024. The W&F area had one of the highest rates of second home ownership in the country. Councillor Jarvis advised that by charging a higher rate of Council Tax the Council could generate a significant additional income to assist it to deliver its priorities for the local area and provide additional assistance to the local communities most affected by second home ownership.

Councillor Jarvis encouraged local residents and businesses in the area to share their views on the proposals through this consultation. Following consultation the final recommendations would be made to Cabinet in February and would then be forwarded to full Council for approval as part of the budget in March.

82 PUBLIC PARTICIPATION

Cllr M Wilson addressed the Cabinet in relation to Agenda Item No. 7. He asked a question relating to the Council Tax reduction scheme and the possible impact on many Parish Councils budgets.

The Vice-Chair in the Chair thanked Cllr Wilson for his contribution and requested Councillor Andrew Jarvis, Cabinet Member for Finance to respond.

Councillor Jarvis confirmed that it was right that the Council should review all grants to ensure that they were fair, appropriate and provide value for money. Councillor Jarvis stated that he would expect the Council to carry out this review as part of its annual review, as part of the Council Tax Reduction Scheme in June 2023/24. In the meantime, subject to Council approval of the budget and Council Tax reduction scheme, Councillor Jarvis as Cabinet Member for Finance, intended for W&F Council to continue to pay Council Tax reduction scheme grants to parishes in the next financial year.

Councillor Wilson thanked the Cabinet Member for his detailed and helpful response to his question.

83 LGR PROGRAMME UPDATE

Councillor P Bell, Vice-Chair in the Chair, agreed to provide an update on this report in the Leader, Councillor Jonathan Brook's absence.

The report provided an update on the Programme in place to support Local Government Reorganisation in Cumbria. Councillor P Bell outlined the key points as detailed within the report, which consisted of the latest Programme Dashboard and a summary of the Day One Board report which had been presented to the Day One Programme Board on 13 December 2022.

In response to a request for an update on ICT matters, Councillor Jones related that the Day One Board had confirmed that ICT Leads and Project Managers had been assigned to all the high priority work and systems. They would track progress and escalate any concerns. No concerns had been reported thus far and it was understood that all processes had been carried out in a 'succinct manner'. Procurement, ICT and Legal resource was being prioritised to drive progress. Progress and issues were reported weekly to the ICT Theme Lead and fortnightly reports were being prepared for Chief Exec Programme Board and Members.

The Vice-Chair in the Chair proposed the recommendations, which were seconded by Councillor V Taylor.

Councillor N Hughes asked the W&F Shadow Cabinet Members if they thought that it would be useful to receive more than one update in March, as matters progress, so that Members could take a 'hands on approach' to any day to day issues that arose.

The recommendation to note the report was then put to vote, which was unanimous.

Decision

RESOLVED – That the report details and key points included in Section 3 of the report be noted.

84 COUNCIL TAX REDUCTION SCHEME AND WAR PENSION DISREGARD (HOUSING BENEFIT LOCAL SCHEME)

Councillor Andrew Jarvis, Cabinet Member for Finance, presented a report asking Members to approve a new single Council Tax Reduction Scheme for 2023/24 for Westmorland & Furness Council, with effect from 1 April 2023, in accordance with Schedule 1A(3) of the Local Government Finance Act 1992.

This follows consultation on this scheme authorised by Cabinet back in October. Councillor Jarvis reminded Cabinet that all Councils are required to review the Council Tax Reduction Scheme annually, the scheme itself falls into two parts. Councillor Jarvis advised Members that there was no need to make any decisions relating to pension age applicants as this was determined by Government, however it was agreed that it was necessary to determine the scheme in terms of working age applicants.

Councillor Jarvis explained that the Council Tax Reduction Scheme was introduced back in 2013 as a replacement for the Central Government-funded Council Tax Benefit scheme, at that time the districts of W&F broadly accepted the previous means tested scheme as a basis for awarding support for working age claimants, only minor changes had been made since then.

Friday, 13th January, 2023

Councillor Jarvis advised that the proposal was that the existing approach be largely maintained. This was stated as particularly important considering the current cost of living crisis and the pressure that this placed on the most vulnerable residents.

Councillor Jarvis related that the Council Tax Reduction Scheme Assessments were determined in accordance with Modified Scheme provisions under which a 100% voluntary disregard is applicable of War Disablement Pensions, War Widows' Pensions and War Widowers' Pensions under the Social Security Administration Act 1992. It was proposed that this principle be maintained within the W&F Council Tax Reduction Scheme. However a number of changes were being proposed to fully align the approach across the Council and ensure that the scheme could deal with changes to welfare and benefits with the implementation of Universal Credit.

Councillor Jarvis confirmed that the main aspects of the scheme would continue as set out at 3.8 of the report.

Consultation had taken place in line with statutory requirements, the details in response from the public were referenced at Appendix A. Councillor Jarvis drew Members' awareness to the fact that the proposed changes had received high levels of support.

The minimum income score for self-employed applicants discussed and consulted on in October was referenced. Following consultation, Councillor Jarvis advised that it had been decided not to proceed with this. It had become clear that a number of exceptions may be needed.

Councillor Jarvis summarised that overall, by agreeing to the proposals stated within the report, the Council adopt a harmonised and generous scheme. He confirmed that the Council would not be taking the option to cut support for working age residents, as many other councils have done.

Councillor Jarvis advised that he would like to propose the scheme with a slight amendment to recommendation 2.1, he proposed that recommendation (1) should now read: That Cabinet approve and recommend to Council the new single Council Tax Reduction Scheme for 2023/24 for Westmorland and Furness Council, as outlined in this report; and recommendation (2) should read: that Cabinet approve and recommend to Council the 100% voluntary disregard.

Councillor J Derbyshire seconded the motion.

Councillor Archibald confirmed that he was very pleased that the Council was able to propose this scheme and streamlining process which would make it easier for people to get the benefit of the Council Tax Reduction Scheme. He appreciated the fact that this new Council was making a statement early on that it cares about the vulnerable people in society and would do all it could to help them.

Cllr Derbyshire stressed how the sharing of information and getting the message out is now even more important given the current cost of living crisis.

A unanimous vote to approve the recommendations was taken.

Decision

RESOLVED – That

- (1) a new single Council Tax Reduction Scheme for 2023/24 for Westmorland & Furness Council be recommended to Council for approval, to come into effect from 1 April 2023, as outlined within the report and in accordance with Schedule 1A(3) of the Local Government Finance Act 1992; and

- (2) the 100% voluntary disregard be applicable under the Scheme of War Disablement Pensions, War Widows' Pensions and War Widowers' Pensions, under Section 134(8) and 139(60) of the Social Security Administration Act 1992 and that Council is recommended to approve the same.

85 URGENT ITEMS

There were no urgent items of business.

The Meeting Ended at: 10.29 am

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Westmorland and Furness Shadow Authority Cabinet

Meeting Date: 24 February 2023

Title: Draft Revenue Budget 2023/24 and Medium Term Financial Plan (2023-2028) and Draft Capital Programme (2023-2028)

Report from: Andrew Jarvis, Portfolio Holder for Finance
Report Author: Pam Duke, Director of Resources, s151 Officer
Wards: All
Key Decision: Key

1.0 Purpose/Summary of report

- 1.1 This purpose of this report is to set out the spending plans for the Council in its first draft Revenue Budget 2023/24 and Medium Term Financial Plan (2023 - 2028) for Westmorland and Furness Council. This includes the proposed Capital Programme 2023-2028
- 1.2 The budget proposals set out the financial considerations and estimates on the different elements of Local Government funding (including the Council Tax requirement for 2023/24), national and local financial pressures and proposed savings as well as plans for the future to invest and transform the Council to achieve its Council Plan priorities.
- 1.3 The ambition of Westmorland and Furness Council is to ensure that it is a great place to live, work and thrive; placing people at the centre of everything it does, working hard to maximise the opportunities that the natural environment brings and being ambitious for the local communities and residents.
- 1.4 The Council wants to support people to have healthy lives, reduce inequality, drive delivery of carbon net zero, support our communities and enable sustainable economic growth. The focus on these issues will make a positive difference. It also knows that achieving the transformation of services and the delivery of the Council Plan must be delivered in a financially sustainable way
- 1.5 The report sets out the:
 - a) Draft Medium Term Financial Plan (MTFP) 2023-2028
 - b) Revenue spending plans to achieve a balanced budget in 2023/24 (including the HRA budget 2023/24)
 - c) Council Tax Requirement for 2023/24
 - d) Draft Capital Programme for 2023-2028
 - e) Draft Treasury Management Strategy for 2023/24
 - f) Fees and charges policy

- g) Locality Board Budgets
 - h) Senior Leadership Pay Policy Statement
- 1.6 This proposed Revenue Budget (MTFP and Capital programme) brings together the financial plans of the sovereign District and Borough Councils (Eden, South Lakeland and Barrow) and the disaggregated Cumbria County Council financial plans and updates those to present the Westmorland and Furness financial position.
- 1.7 As well as the complexity of creating a new Unitary Council this report also includes the wider context of continued global and national economic uncertainty and the continued constraints around Local Government Funding. This is important context as this uncertainty and complexity will mean that there is more risk in the budget than in previous years and the key financial risks have been identified and mitigations established.
- 1.8 This report provides an update on the overall financial planning work that has been undertaken since the report to Shadow Authority Cabinet in November 2022 and presents the latest funding position, budget pressures and proposed savings, key financial risks and challenges and opportunities going forward.
- 1.9 Some of the key elements of the revenue budget presented are:
- Supporting the Council's priorities through investment in both Integration and improvement activities in year and development and implementation of a significant transformation programme to drive through the opportunities that becoming a Unitary Council brings and delivering on the ambition in the Council Plan.
 - Capital investment of £253m over a five-year period
 - Recognition in the budget of circa £12m of exceptional inflation pressures on energy, fuel and contract increases across both revenue and capital expenditure and estimated pay awards.
 - Proposed below inflation increases in Council Tax of 4.99% in line with Government policy. This is 2.99% increase in general council tax plus 2% for the Adult Social Care Precept
 - Additional support for the service areas most affected by significant cost increases and sufficiency risks including Children's services and inclusion of specific grant funding to support Adult services ensuring that the Council continues to protect the services for the most vulnerable
 - Protection of frontline services in recognition that there is a need to stabilise, harmonise and integrate services as the Local Government reorganisation process continues.
- 1.10 Cabinet is asked to consider the recommendations in this report to form its Budget Proposal (Revenue and Capital) for Council to consider at its meeting on 7th March 2023.

2.0 Recommendation

Shadow Authority Cabinet is asked to:

- 2.1 Consider and note the response to the Budget Consultation including Overview and Scrutiny Committee feedback set out in Appendix B
- 2.2 Note the Director of Resources/ (S151 Officer) Section 25 Report as at Section 5 including her review of the robustness of the estimates and the adequacy of the reserves
- 2.3 Recommend to Council a 2.99% increase in general council tax and an additional 2% increase for the Adult Social Care precept for 23/24 resulting in an overall increase of 4.99%
- 2.4 Recommend to Council to harmonise Council Tax levels for Westmorland and Furness in the first year, as contained in paragraphs 3.28 to 3.33.
- 2.5 Recommend to Council to approve the intention to introduce a 100% Council tax premium on second homes from 1 April 2024, *subject to the Levelling Up Bill achieving royal assent.*
- 2.6 Subject to the approval of 2.3 and 2.4 above, recommend to Council:
 - a Council Tax requirement of £152.700m which results in a Band D Council Tax of £1,740.89 for Westmorland and Furness Council,
 - noting that a separate report on Calculating and setting the 2023/24 Council Tax Report will be presented at the Shadow Authority meeting on the 7th March
- 2.7 Recommend to Council in respect of the draft Net Revenue Budget Requirement of £268.478m:
 - a five-year Medium Term Financial Plan 2023/24 -2027/28 (see Appendix A).
 - The schools budget for 2023/24 of £155.5m including £71.1m for academies and free schools and other providers
 - The use of reserves and levels of forecast reserves contained in the MTFP (See Appendix A)
 - The fees and charges policy for 2023/24 (see Appendix C)
 - The Senior Leadership Pay Policy Statement for 2023/24 (see Appendix F)
 - Housing Revenue Account - balanced budget including the use of £0.770m earmarked reserves and a 3.5% increase on dwelling and garage rents.
 - Treasury Management Strategy for 2023/24 (Appendix D)
 - Capital Programme for 2023/24 of £104.168m (set within a five-year programme 2023-2028 of £252.786m.
 - Equality Impact Assessment (EIA) for Council Tax changes, Fees and charges increases and the Housing Revenue Account rent increases. (See Appendix G)

- 2.8 Recommend to Council to approve that the slippage position on the District Council and disaggregated County Council 2022/23 capital programmes at 31 March 2023 is included within the 2023/24 Westmorland and Furness capital programme and reviewed as part of Q1 budget monitoring.
- 2.9 Approve the Strategic Highways and Transport Committee budget of £1.377m revenue and £19.9m capital subject to agreement by Council of the overall budget.
- 2.10 Approve the Locality Boards revenue budget allocation of £2.568m as set out in Appendix E, subject to agreement of the total Council budget and the draft guidance in respect of allocations and the limitations of virements. This is subject to agreement by Council of the overall budget.
- 2.11 Recommend to Council to delegate to the Director of Resources (section 151 officer) in consultation with the Finance portfolio holder and Asset portfolio holder to approve the capital strategy for 2023/24. This will be then reported back to Council at the earliest opportunity.
- 2.12 Recommend to Council to delegate to the Director of Resources (section 151 officer) in consultation with the Finance portfolio holder to finalise the fees and charges schedule (2023/24) in accordance with the approved Fees and Charges policy.
- 2.13 Recommend to Council to delegate to the Director of Resources (section 151 officer) the full range of powers including taking all decisions, implementing decisions and acting as the authorised signatory for the Council to ensure the safe transfer of the Cumbria Pension Fund assets from Cumbria County Council to Westmorland and Furness on the 1 April 2023.

3.0 Background and Proposals

- 3.1 This report presents the first budget and MTFP for the new Unitary Westmorland and Furness Council. The creation of a new unitary council provides the opportunity to transform and improve local services by taking a fresh approach to the delivery of inclusive services to achieve the Council's vision and priorities.
- 3.2 The Council's vision for Westmorland and Furness Council is presented in its Council Plan with a Vision to be a great place to live, work and thrive:
- As a **great place to live**, with strong local and community leadership, housing for all making best use of land and existing buildings, empowered places, proud and resilient, communities, a green and biodiverse environment, support for those that need it, when they need it, and opportunities for children and young people to live healthy, happy lives;
 - As a **great place to work**, with a sustainable, inclusive, diverse economy with a growing work force delivering opportunities for high quality jobs, learning, skills and enterprise, support to encourage business creation and improved infrastructure and connectivity.

- As a **great place to thrive**, with opportunities for education, health, and wellbeing, a diverse visitor offer, and thriving cultural economy, support for all to start well, live well and age well, holistic early intervention to support people in need and excellent walking and cycling routes.
- 3.3 The Council Plan also outlines **seven priorities**, which will form a framework for the new Council to work towards:
- For People – Supporting active, healthy happy lives for young and old
 - For People – Supporting people in need and reducing inequality
 - For the Climate – Providing leadership in the drive to become carbon net zero
 - For Communities – Confident, empowered, resilient communities
 - For the Economy and Culture – Sustainable, inclusive economic growth
 - For our Customers – At the heart of everything we do
 - For our Workforce – Confident, empowered, and inclusive workforce.
- 3.4 The Council Plan also set out the values for the new Council which will underpin everything that it does and being a caring council is the golden thread that will run through everything that it delivers. The Vision, priorities and values provide the framework for the Council's transformation over the next five years and these aspirations and ambitions will be reflected in service and operational plans that are being developed for all service areas.
- 3.5 The focus of the Local Government Reorganisation programme for Cumbria has been to establish safe and legal organisations from 1 April 2023 for both new unitary Councils and Cumbria Fire and Rescue service. The ongoing transition and transformation work will build on this going forward. Significant work has been undertaken to establish, challenge and refine the proposed baseline revenue budget position for all three organisations. This report presents the further work that has been done to ensure the revenue budget, as far as possible, reflects the vision and priorities of the Council Plan and this will continue as the strategic planning process for 2024/25 is developed.
- 3.6 This has had inevitable complexity and in proposing the budget to Cabinet it is recognised that the financial risks for 2023/24 will be increased but as further due diligence and continued detailed analysis of the costs base and budget monitoring takes place these risks will be managed and mitigated.
- 3.7 In February 2022 each of the four sovereign Councils set out their MTFP forecasts for 2023/24 and significant work has been done to aggregate the District Council positions and disaggregate the County Council positions to develop a balanced budget for 2023/24 within a Medium Term Financial Plan.

- 3.8 Cabinet was updated in November 2022 on the progress and approach to developing the 2023/24 budget. This included the principles for disaggregation of the 2022/23 County Council and aggregation of the District Council funding streams and expenditure. This was then adjusted to reflect estimated changes to funding streams both nationally and locally to present an indicative core funding position of £224m. The indicative net revenue expenditure budget was £220m resulting in a £4m budget surplus.
- 3.9 In November Cabinet were updated on the potential impact of including forecast pressures for 23/24 of over £29m including pressures already included within the sovereign council's MTFPs, additional economic pressures relating to inflation and pay awards, estimated Local Government reorganisation pressures and a recognition of the need for net investment to enable delivery of the Council Plan priorities. At the time it was estimated what the additional national funding for 2023/24 could bring and assumed Council Tax increases of 3%. Overall a budget gap of £19m for 2023/24 was estimated.
- 3.10 This report provides an update on those original assumptions and the wider context in which the 2023/24 revenue budget has been proposed.
- 3.11 In recognition of the exceptional circumstances that the Council is in due to the pace and complexity of the Local Government Reorganisation requirements a request has been made to the Department of Levelling Up Housing and Communities (DLUHC) for exceptional financial support of £26m to assist the Council in managing the transition and transformation.
- 3.12 This support would allow the Council to use capital financing to fund the revenue investment required in setting up and establishing the new Council and stabilise service delivery in the short term and plan effectively for delivering efficiencies from 2024/25 onwards.
- 3.13 The Council is required to approve a balanced Budget for 2023/4. The proposed revenue budget for 2023/24 is proposed on the basis that this request will be supported by Government.
- 3.14 The draft Net Revenue Budget for 2023/24 is £268.478m.
- 3.15 The Gross Budget of the Council is £557.3m, this includes the earmarked Dedicated Schools Grant to Westmorland and Furness of £125.216m.

Budget Planning – Financial Context

- 3.16 The Council's financial plans have been prepared at a time of significant global and national uncertainty both economically and fiscally. The war in the Ukraine has contributed to a surge in energy prices, driving high inflation across the world. Impacting on the cost not only of energy but also on the goods and services we all purchase. The Bank of England is increasing interest rates to as part of a wider fiscal policy to manage inflation however this has pushed up the cost of borrowing for families and businesses as well as government. Economic growth has slowed and a recession is still forecast for 2023

- 3.17 The cost of living crisis is continuing and this is affecting all of our residents in different ways and this is resulting in increased demand for support services including welfare support and advice and guidance, increased uptake of free school meals and increased request for hardship support. Partly this is provided through the Government Household Support grant and partly funded direct by the Council.
- 3.18 All Councils are also still recovering from the impact of the COVID 19 pandemic and the changes that has had on both demand for services and also workforce pressures and risks around recruitment and retention in many parts of the economy. This is particularly prevalent across social care services resulting in challenges in delivering the required care support capacity to meet the identified need. Work is ongoing with health partners to ensure that attracting staff is high profile and career opportunities are encouraged and working effectively together is maximised.
- 3.19 The Government's Autumn Statement in November 2022 provided a financial plan for the short term with guidelines for the medium term and beyond. Following this, on 19 December 2022, the Provisional Local Government Finance settlement was set for 2023/24 only with the Final Local Government Finance settlement announced on the 6th February 2023.
- 3.20 The MTFP (2023-2028) assumes that beyond 2023/24 the Council continues to receive a share of Business Rate income no less than it currently receives and a continuation of grant funding (including Better Care Fund, Improved Better Care Fund, Adult Social Care Grants, Public Health grant etc.). This is set out more fully in Appendix A.

Council Tax Increase Consideration

- 3.21 Council Tax income provides a significant element of the income of Westmorland and Furness Council. From a net budget perspective, it is over 57% of the total income raised with an estimated Council Tax requirement of £152.7m. A 1% increase in Council Tax is equivalent to circa £1.5m in additional income.
- 3.22 In November 2022 the Council had assumed a 3% Council Tax referendum limit would be announced by Government as part of the Draft Local Government Finance Settlement for 2023/24 expected in December 2022.
- 3.23 When Government announced the 2023/24 Draft Local Government Finance Settlement it set out a 4.99% Council Tax referendum limit. This increased limit was in recognition of the extraordinary costs that Councils were facing and therefore the potential need for Councils to increase their own income through Council Tax to reflect those increased costs.
- 3.24 The Council consulted in January 2023 on a proposal for a 2.99% General increase in Council Tax in line with the Council Tax referendum limit.
- 3.25 In addition, it proposed a 2% increase on the Adult Social Care precept.

- 3.26 Back in 2016/17 Government allowed those councils with Adult Social Care (ASC) responsibilities to introduce a 2% precept on Council Tax for that financial year 2016/17. This recognised the increasing cost pressures upon councils in relation to provision of adult social care. Since 2016/17 Government have enabled Councils to increase the precept annually and for 2023/24 the increase proposed, that is within the referendum limit, is 2%.
- 3.27 The draft budget for 2023/24 is based on the 2.99% general increase for Council Tax and the 2% increase for the Adult Social Care precept.

Council Tax Harmonisation

- 3.28 The Local Government Finance Act 1992 requires local authorities to set a single basic (Band D) amount of Council Tax for their area. Where a unitary council is created as part of Local Government reorganisation they are required to harmonise the level of Council Tax which means setting a single level of council tax for the new area.
- 3.29 Currently the Council Tax paid is different across the District council areas. The process of 'harmonisation' means that residents whose properties are in the same valuation band will pay the same amount.
- 3.30 The Council consulted on the proposed harmonisation approach suggesting that harmonisation is achieved in the first year of the Council and it is achieved by using the weighted average Band D equivalent methodology.
- 3.31 This in summary uses the combined total income from Council Tax (including a 4.99% increase) and dividing that by the tax base, i.e. number of band D equivalent properties, to calculate the average equivalent Band D council tax bill. This was calculated at £1,740.89 for 2023/24.
- 3.32 The Council Tax base for 2023/24 will be presented to Council on the 7th March for approval and it will incorporate the impact of the relevant council tax discounts, exemptions and premiums as well as the impact of the Council Tax reduction scheme which was approved by full Council on the 23rd January 2022.
- 3.33 The Proposed charge for Council Tax in 2023/24 is shown in the table below both on an annual basis and a weekly basis. It is compared to the 2022/23 equivalent from each District area.

Table 1: Comparison between 2022/23 council tax charge and proposed charge for 2023/24

Council tax band	Council tax charge in 2022/23: District and Cumbria CC combined (excluding Fire & Rescue for comparison purposes) (£)			Proposed total charge in 2023/24 (£)	Proposed charge per week in 2023/24 (£)
	Eden	SLDC	Barrow	Westmorland and Furness	
A	£1,095.43	£1,100.00	£1,128.53	£1,160.59	£22.32
B	£1,278.00	£1,283.33	£1,316.62	£1,354.03	£26.04
C	£1,460.57	£1,466.67	£1,504.71	£1,547.46	£29.76
D	£1,643.14	£1,650.00	£1,692.80	£1,740.89	£33.48
E	£2,008.28	£2,016.67	£2,068.98	£2,127.76	£40.92
E	£2,373.42	£2,383.33	£2,445.16	£2,514.62	£48.36
G	£2,738.57	£2,750.00	£2,821.33	£2,901.49	£55.80
H	£3,286.28	£3,300.00	£3,385.60	£3,481.78	£66.96

3.34 Because the level of council tax charged currently differs between district council areas, the £1,740.89 average will mean a different increase on bills depending on the District area. This is allowable within the legislation as the overall average increase of 4.99% is within the Council Tax referendum limit set by Government.

Predecessor area	Effective % increase in annual council tax bill for 2023/24
Barrow	2.84%
Eden	5.95%
South Lakeland	5.51%

Table 2: Effect of proposed council tax increase in different parts of Westmorland and Furness

Council tax band	Westmorland and Furness		Eden		South Lakeland		Barrow	
	Proposed total charge in 2023/24 (£)	Proposed charge per week (£)	Increase on 2022/23 (£)	Per week increase (£)	Increase on 2022/23 (£)	Per week increase (£)	Increase on 2022/23 (£)	Per week increase (£)
A	£1,160.59	£22.32	£65.16	£1.25	£60.59	£1.17	£32.06	£0.62
B	£1,354.03	£26.04	£76.03	£1.46	£70.70	£1.36	£37.41	£0.72
C	£1,547.46	£29.76	£86.89	£1.67	£80.79	£1.55	£42.75	£0.82
D	£1,740.89	£33.48	£97.75	£1.88	£90.89	£1.75	£48.09	£0.92
E	£2,127.76	£40.92	£119.48	£2.30	£111.09	£2.14	£58.78	£1.13
F	£2,514.62	£48.36	£141.20	£2.72	£131.29	£2.52	£69.46	£1.34
G	£2,901.49	£55.80	£162.92	£3.13	£151.49	£2.91	£80.16	£1.54
H	£3,481.78	£66.96	£195.50	£3.76	£181.78	£3.50	£96.18	£1.85

Second Homes Premium

- 3.35 The Government's Levelling Up and Regeneration Bill which was announced in May 2022 and enables Councils the power to introduce a 100% Council Tax premium on second homes. Up to £10m of additional income could be generated from introducing a 100% Council Tax premium on second homes from 1 April 2024, provided the relevant legislation is passed through Parliament and receives Royal Assent by 1 April 2023. £5m of this has initially been ringfenced to support delivery of our priorities, including those communities most affected, and help tackle the affordable housing crisis.

Business Rates

- 3.36 The level of Business rates income available to the Council in each financial year is estimated in January preceding the start of the financial year. Under the business rate retention scheme 49% of business rates collected is retained by the Council. The remainder is paid to Government (50%) and to Cumbria Police and Fire Commissioner (1%) for Cumbria Fire and Rescue service.
- 3.37 The scheme includes a complicated system of top up and tariffs to ensure the Council's share of estimated business rates income does not exceed the estimated baseline funding for the Council which is calculated nationally. The Council can retain the growth in the local share of business rates. The estimated income for retained business rates in 2023/24 is £56.682m. This is net of the proposed mandatory and discretionary reliefs available to businesses. The details of these will be proposed to Council on the 7th March as part of the Council Tax base report.

Government Grants

3.38 The MTFP provides an analysis of the general grants the Council expects to receive over the next three years. For 2023/24 the Council expects to receive £25.788m; at the time of writing this report not all grants have been confirmed despite the Final Local Government Settlement being announced. Where confirmation is not yet available estimates are provided.

3.39 The Final Local Government Finance settlement announced in February has resulted in net additional funding of (£3.968m) to that in our original November estimate.

This is made up of the following changes

- Adult Social Care Grant (£7.646m)
- Revenue Support Grant (£0.865m)
- Rural Services Delivery Grant “ (£0.585m)
- Services Grant £1.100m
- Independent Living Grant rolled into Adult Social Care Grant £1.470m
- New Homes Bonus £0.983m
- Lower Tier Services Grant £0.318m
- Other grant adjustments £1.257m

Specific Grants

3.40 The Council receives a number of specific grants each year and they are included in the gross budget position. At the time of writing this report not all of the specific grants have been confirmed so estimates have been used. The most significant specific grant is the Dedicated Schools Grant of £198.022m. £72.807m of this is transferred to Academies, free schools and other providers resulting in a net £125.216m being included in the Council’s net budget.

3.41 As part of the Final Local Government Finance Settlement there was confirmation of the two new specific grants for Adult Social Care. £1.304m for the Adult Social Care Market Sustainability and Improvement Fund which is to make tangible improvements to adult social care with a particular focus on addressing discharge delays; social care waiting times; low fee rates; workforce pressures; and to promote technological innovation in the sector. £2.565m is to be received for Adult Social Care Discharge Funding which forms part of Better Care Fund plans which is again aimed at reducing delayed transfers of care. These grants have been assumed to be ring-fenced for Adult Social Care. Further detail of the conditions and requirements are awaited.

Medium Term Financial Plan 2023-2028 – Revenue Spending Plans

3.42 The MTFP sets out the Council’s Revenue and Capital Spending Plans. The revenue plan is for the period 2023-2028. It is attached at Appendix A.

- 3.43 In November Cabinet Members were updated on the estimated Budget Gap position for 2023/24. This reflected the work that had been done to aggregate the District Council major funding streams and expenditure plans and include the disaggregated County Council position. The potential budget gap reported to Cabinet in November was £19m.
- 3.44 Since then further work has been done to finalise the funding and expenditure disaggregation figures. Based on the Q2 forecast outturn position for 22/23 all sovereign councils have identified any material recurring pressures for 23/24 and have also reviewed the planned savings built into their MTFP's to establish if they remain deliverable in the new Unitary Councils.

Pressures

- 3.45 Adjustments for the extraordinary inflation pressures were assumed in November and have been refined for 23/24 and future years following the Autumn Statement announcements and associated OBR forecasts. This is over and above the inflation assumptions that all sovereign councils had already assumed in their financial planning assumptions.
- 3.46 The Capital Programme is subject to Council approval of the new schemes to be included in the Capital Programme and additional prudential borrowing required. The cost of borrowing for new schemes is included as a revenue pressure each year.
- 3.47 The table below summarises those additional pressures:

Table 3: Additional Pressures

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Increased demand - Inclusive Learning - Direct Payments and Staffing	0.621	0.621	0.621	0.621	0.621
Children Looked After -increased demand and increased costs due to lack of sufficiency of placements	1.920	1.920	1.920	1.920	1.920
Children's and Families staffing pressures	0.150	0.150	0.150	0.150	0.150
SEND Transport – Increased demand linked to increased Education, Health Care Plans.	1.372	1.372	1.372	1.372	1.372
Sovereign Council savings not deliverable	1.258	1.258	1.258	1.258	1.258
Additional 22/23 inflation	2.195	2.195	2.195	2.195	2.195
22/23 insourcing Waste	1.300	1.300	1.300	1.300	1.300
Building Maintenance	0.328	0.328	0.328	0.328	0.328
Inflation adjustment 2023/4 onwards	0.257	1.092	1.869	1.181	9.745

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Capital programme – increased revenue costs	0.355	1.565	2.359	2.452	2.715
Additional capacity - Revenue and benefits team (Second homes and legislative changes)	0.000	0.500	0.500	0.500	0.500
Total	10.508	14.854	16.425	15.830	24.657

3.48 There are inevitable LGR implementation pressures both permanent and temporary that will be incurred in 2023/24. Some of this is due to the disaggregation of County Council services and the need for duplication of staff across a number of services and another factor is the complexity of the ICT systems resulting in a number of legacy systems needing to be maintained in the short term and the system architecture needing to be developed to enable and facilitate transition to new systems.

3.49 The Council is also investing in its senior management team for a three-year period recognising the need to have capacity at a senior level to support the huge change programme and transformation programme required to deliver on the Council Plan priorities whilst ensuring that services are not disrupted and support for the most vulnerable continues. Supporting the workforce and embedding the values that will support the caring culture of the organisation is critical

Table 4: Local Government Reorganisation – Implementation and transitional pressures

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
LGR Transitional costs					
Staffing Senior Structure	1.000	1.000	1.000	0.000	0.000
Staffing Resources and Enabling	0.250	0.250	0.000	0.000	0.000
Other one off costs including resilience and response training	0.100	0.000	0.000	0.000	0.000
Transitional Sub Total	1.350	1.250	1.000	0.000	0.000
LGR Permanent costs					
ICT	2.446	2.461	2.866	2.866	2.866
Staffing Adults/Children	2.500	2.500	2.500	2.500	2.500
Staffing Resources and Enabling	0.500	0.500	0.500	0.500	0.500
Insurance premium	0.250	0.250	0.250	0.250	0.250
Permanent Sub Total	5.696	5.711	6.116	6.116	6.116
New Priorities	7.046	6.961	7.116	6.116	6.116

3.50 In the report to Cabinet in November the £19m budget gap included a net £5m investment in 2023/24 to start immediate activities to deliver on the Council Plan priorities. This work is being finalised and the details of the investments will be approved by Cabinet early in the new financial year.

- 3.51 In addition, the proposed net revenue budget for 2023/24 includes a £5m investment to facilitate the development and start the implementation of transformation. Transformation is essential in order that the Council can deliver on its Council priorities and ambition. It is also a key driver for delivering a financially sustainable organisation. It is recognised that strong business cases will be required to deliver improved services and this funding is available to support that initial development and investment needed to start the transformation journey.
- 3.52 This will be just the start of the transformation journey and in future years further investment to deliver further change and savings will be necessary. For 2024/25 a further £5m net investment is assumed through one off use of earmarked reserves to drive efficiencies and improvements in the longer term.
- 3.53 £6.5m has been proposed to be included within the budget for 23/24 to support Integration and Improvement. The focus of the LGR programme has been to ensure that services are safe and legal when they transfer to the Unitary Councils on 1 April 2023. There is still a significant amount of work required to harmonise, integrate and stabilise many of the council's services during 2023/24 and beyond. In a number of key areas such as housing, waste and planning services there is a need to develop the strategic vision for these services and this will require additional capacity to support those change programmes. It is expected that this will drive out improvements and efficiencies and also improve services through integration and harmonisation.
- 3.54 Decisions about continuity of the priority schemes included in 2023/24 will form part of the strategic planning and budgeting process for 2024/25 and the medium term.

Table 5: Investment Priorities

	2023/24 £m
Integration and Improvement	6.500
Transformation	5.000
Priority Investment to deliver on the Council Plan 23/24	5.000
Total	16.500

Saving Proposals

- 3.55 In order to achieve a balanced budget for 2023/24 a number of saving proposals have been identified and included as part of the budget proposals. The savings. Further detail on the savings can be found in the Medium Term Financial Plan. Where required an Equality Impact Assessment has been developed and no specific actions are required as part of the implementation of these saving proposals.

Table 6: New Savings

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
a) Members allowances due to lower numbers of overall members for Westmorland and Furness	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
b) Capitalisation of Community Equipment	(1.551)	(1.551)	(1.551)	(1.551)	(1.551)
c) Treasury Management - cash flow management and internal borrowing	(2.100)	0.000	0.000	0.000	0.000
d) English National Concessionary Transport Scheme (ENCTS) - estimated continued reduced passenger numbers compared to 2018/19 (pre COVID) demand.	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
e) Fees and charges income (Adults Social Care)	(1.800)	(1.800)	(1.800)	(1.800)	(1.800)
f) Fees and charges income (Non-Care services and net of pressures on reduction of use of some car parks)	(0.350)	(0.350)	(0.350)	(0.350)	(0.350)
g) Reduction in Employers pension contribution rates	(0.350)	(0.350)	(0.350)	(0.350)	(0.350)
h) Vacancy management	(0.650)	0.000	0.000	0.000	0.000
Total	(7.301)	(4.551)	(4.551)	(4.551)	(4.551)

Fees and Charges

- 3.56 In determining the Gross Budget for the Council estimated income from specific grants and fees and charges are included. This supports expenditure on services.
- 3.57 The recommended increases in fees and charges for 2023/24 are set out in the Fees and Charges policy. (Appendix C). Where appropriate the Fees and Charges have been rounded to reasonable values. Where Fees and Charges are set by statutory bodies the relevant inflation factors have been applied or will be when they are confirmed.
- 3.58 Provider Uplift – The social care market is facing significant challenges due to the ongoing impact of the pandemic on the availability and resilience of their workforce. All providers have seen increasing cost pressures relating to staff and operational costs. The Council recognises this and seeks to continue to support the market in the delivery of care.

3.59 During 2022/23 Cumbria County Council increased the in year rates payable to providers in recognition of the increasing costs pressures they faced and from the 3rd October 2022 the following changes to the rates payable per week to independent residential care and nursing providers were implemented.

Table 7: Independent Sector Residential Care Fee rates

NEW CARE BANDINGS	2022/23 Fee Rates (excluding nursing costs)	2023/24 Proposed new banding rate (Oct 22)	Increase	
			£	%
Residential	£625	£656.25	31.25	5
Physically Frail –Residential and nursing	£706	£741.30	35.30	5
Residential dementia	£746	£783.30	37.30	5
Nursing dementia	£773	£811.65	38.65	5

3.60 Where the Council does not contribute to the cost of care for the people we place in the independent sector (i.e. full fee payers) they will be charged the cost as referred to in Table 7 from the 3rd April 2023. Where a different need determines a separate individual cost then the full cost will be charged.

3.61 Work is ongoing to review potential additional provider uplifts for 2023/24. The market sustainability and improvement fund for 2023/24 has been announced but the detail of its requirements and conditions have yet to be confirmed. This will help inform the future decisions that the Council may want to take. Any decision taken to increase provider uplifts for 2023/24 will also lead to an increase in care bandings that is chargeable to fee payers (in both Independent and Care Services - Westmorland and Furness settings).

3.62 For Care Services - Westmorland and Furness residential costs, it is proposed that an inflationary uplift consistent with the uplift for Independent Providers (5.0%) is included for 2023/24. This would result in the cost for the different bandings of care within Care Services - Westmorland and Furness as shown in Table 8. Unlike the Independent Sector, Care Services - Westmorland and Furness, do not provide nursing dementia care.

Table 8: Care Services - Westmorland and Furness Fee Rates

CARE SERVICES – WESTMORLAND AND FURNESS BANDINGS	2022/23 Fee Rates	2023/24 Proposed Fee Rates	Increase	
			£	%
Residential Standard	£719	£754.95	35.95	5
Physically Frail	£763	£801.15	38.15	5
Residential Dementia	£835	£876.75	41.75	5

Highways and Transport Strategic Board

- 3.63 Westmorland and Furness Council have established a Highways and Transport Strategic Board as a committee of Cabinet. The terms of reference make clear the responsibilities of the Board and that includes agreeing and keeping under review the implementation of the rolling three-year strategic programme for highways and transport (revenue and capital) and the one-year delivery plan.
- 3.64 It will have an annual capital budget of circa £20m and a revenue budget of £1.377m. In addition, £2m of highways revenue funding will be allocated to Locality Boards. The detail of this is described below.

Locality Board Budgets

- 3.65 For Westmorland and Furness there will be three Locality Boards; Eden, South Lakeland and Barrow.
- 3.66 The allocations are approved by Cabinet and presented to Full Council as part of the overall budget setting process for 2023/24. The total revenue allocation is £2.568m. The proposed split of the allocations and guidance on their use is set out below and in more detail in Appendix E.
- 3.67 The General budget can be used for community grants whilst the 0-19 budget is available to be allocated to support positive activities, both targeted and mainstream, within the locality Board area which are designed to improve outcomes for children and young people and reduce inequalities.
- 3.68 The £2m highways revenue budget exists to deliver Locality highways schemes. It has been allocated across the three Locality Boards on the basis of 80% population and 20% road length.
- 3.69 These schemes could include street lighting, drainage clearing, traffic calming, sign cleaning and white line painting. Locality Boards may set their own programme of maintenance provided it provides a safe and reliable highway network including lighting infrastructure. It is recommended that a programme of work is set at the start of the financial year. The budget must be spent on highways activities and not vired to other Locality Board budgets but can be supplemented by other budgets.

Schools' Expenditure

- 3.70 Schools' expenditure is funded from the Dedicated Schools Grant (DSG). The 2023/24 provisional Schools' Funding Settlement was announced on 19th December 2022, which gave a provisional figure for DSG of £198.022m for Westmorland and Furness for 2023/24. Of this £84.398m is estimated to be for Council Maintained schools with £72.807m for Academies, Free Schools and Further Education Colleges (based on school pupil numbers at October 2022).

Employer Contribution Rates – Local Government Pension Scheme (LGPS)

- 3.71 The revised service employer contribution rate, in respect of staff who are members of the Cumbria LGPS, for 2023/24 is 18.4%.
- 3.72 The recent triennial actuarial valuation of the Cumbria Local Government Pension Scheme (“the Cumbria Pension Fund” or “the Fund”) calculated that the funding position (i.e. the percentage of the liabilities of the Fund that are covered by Fund’s assets) of the Cumbria Pension Fund increased from 98.9% (at March 2019) to 110% as at 31st March 2022. The improved funding position is primarily due to the investment performance of the Fund’s assets over this period.
- 3.73 Each employer within the Fund has its own individual valuation position and therefore its own specific employer contribution rate. This ensures every employer within the Fund is accountable for any decisions it takes in relation to its pension liabilities such as redundancy programmes. In setting employer contribution rates in the LGPS the Actuary and the Fund must have regard to two fundamental principles;
- The requirement for contributions rates to be sufficient to secure the Fund’s solvency within an appropriate deficit recovery period, and
 - The desirability of employer contribution rates remaining as stable as possible.
- 3.74 The Actuary has calculated that the valuation position for Westmorland & Furness Council was 111% as at 31st March 2022. As such, the Council’s contribution rate payable for the period between 1st April 2023 and 31st March 2026 includes a prudent surplus refund amount which will be offset against (i.e. it will reduce) the Council’s contributions payable towards future pensions benefits.

Housing Revenue Account

- 3.75 The Housing Revenue Account is a separate ring-fenced account that holds the income and expenditure needed to manage the Council-owned social housing stock of some 2,500 properties. The Council has a duty to prevent a debit balance on the Housing Revenue Account; to determine the income for the year; and to determine the expenditure for the year in respect of repair, maintenance, management, and meeting the interest cost of monies borrowed to pay for investment in the housing stock.
- 3.76 The budget proposed for 2023-2024 is balanced, and consists of £12,061,360 income and £12,831,660 expenditure, with a contribution from the Housing Revenue Account earmarked reserve of £770,300.
- 3.77 The income is primarily drawn from dwelling rents which reflect the stock being social housing. A formula rent is used and for 2023-2024 government have set

a ceiling of 7% for social housing rent increases. It is proposed that the dwelling rent is increased by 3.5% for 2023-2024; this is lower than the formula ceiling in recognition of the cost-of-living crisis but balanced against the need to drawdown from the earmarked reserve and ongoing cost pressures. The average rent charged (over 48 weeks) would increase by £3.00, from £85.65 to £88.65 per chargeable week.

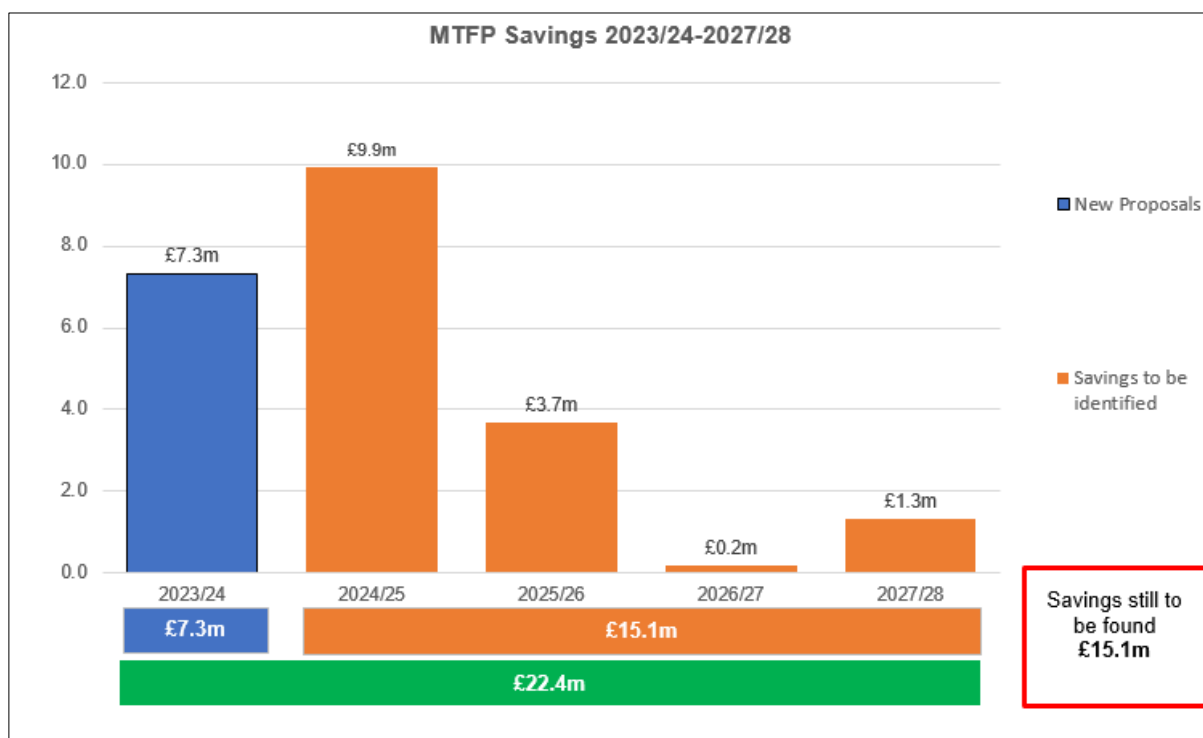
3.78 It is also proposed that the Housing Revenue Account garage rents increase by the same 3.5% for 2023-2024 with the highest charge increased by £0.38, from £10.94 to £11.32 per chargeable week.

Summary – Net Revenue Budget for 2023/24

3.79 Overall a balanced budget position is presented for 2023/24 with a budget gap rising to £15.1m by 2027/28. Overall this would result in £22.4m of savings over the five-year period of the MTFP. Due to the level of one off savings in 2023/24 the Council will need to identify £9.9m of permanent savings for 2024/25 to enable a balanced budget to be presented for that year. Work on the strategic planning process to identify these potential savings will start in early summer. In future years a further £3.7m in 25/26 and £0.2m in 2026/27 and £1.3m in 2027/28 of permanent savings will need to be identified based on the estimates and assumptions of the MTFP. Chart 1 summarises that position.

3.80 Following all the amendments presented in this report the Net Revenue Budget for 2023/24 is £268.478m. After taking account of general grants and the Council's share of locally Retained Business Rates, the Council Tax Requirement for 2023/24 is £152.700m.

Chart 1: MTFP Savings 2023/24-2027/28



Senior Leadership Pay Policy Statement

- 3.81 Under section 112 of the Local Government Act 1972, local authorities have the power to appoint officers on such reasonable terms and conditions as the authority thinks fit. The Senior Leadership Pay Policy Statement (the “statement”) sets out Westmorland & Furness Council pay policy in accordance with the requirements of the Localism Act 2011.
- 3.82 This is an interim Pay Policy Statement that includes details relating to senior leadership posts. This statement will be updated following agreement of the pay and grading structure for new appointments to other grades in the Council.
- 3.83 The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of Senior Leaders (as listed in Tables 1 and 2) in the statement by identifying:
- The methods by which salaries are determined
 - The detail and level of remuneration for Senior Leadership roles
 - The responsibility of the Shadow Authority Council to ensure that the provisions set out in this statement are applied consistently throughout the Council
- 3.84 Appendix F sets out the updated Senior Leadership Pay Policy Statement 2023/24.
- 3.85 A full Pay policy statement for 2023/24 is not required due to the Local Government Reorganisation and the fact that the employee metrics and ratios and full workforce data has not yet been confirmed. DLUHC guidance states that Westmorland and Furness Council will be required to publish a full Pay policy statement in March 2024.

4.0 Medium Term Financial Plan 2023-28 – Capital Spending Plans

- 4.1 This report asks Cabinet to consider recommending to Council the draft 2022/23 Capital Budget of £104.168m, set within the overall Capital Programme 2023-2028 of £252.786m. This includes c£16m of investment for prioritised maintenance of our schools and buildings and c£75m maintenance of our Highway, c£14m for Barrow Market and Public Realm and c£5.8m for Grange Lido, plus many smaller schemes.
- 4.2 As with the revenue budget this is the first 5-year Capital Programme for the new Westmorland and Furness Council and reflects the aggregation of the 3 sovereign District and Borough Councils capital programmes and disaggregation of the County’s programme.
- 4.3 The development of the Capital Programme is an incremental process throughout the year. This allows schemes to be approved on a quarterly basis as individual business cases are approved by Cabinet for recommendation to Council for inclusion in the Capital Programme.

- 4.4 Capital investment shapes the future, it can act as a catalyst and enabler for change. It can also act as an important driver for economic growth - stimulating regeneration and construction and improving the quality of life for our residents.
- 4.5 With a challenging financial environment for the foreseeable future, it will be important to focus the Council's limited capital resources on strategic priorities and those projects which generate a return on investment. The returns will allow the Council to reinvest in services for the future.
- 4.6 The Council is committed to meeting the challenges of the Climate Emergency by reducing its carbon footprint and to supporting the development and implementation of projects that promote climate change mitigation and sustainability. The Capital Programme will be updated as projects come forward. It is expected that these projects will be self-financing or financed from external sources.
- 4.7 There are a number of additional significant pending capital programme schemes that will require further review and business cases to be developed prior to being approved by Cabinet and recommended to Council for inclusion in the Capital Programme. Such schemes include but are not limited to:
- Decarbonisation of the estate
 - Solar farms
 - Fleet Replacement including Waste
 - Windermere Ferry Replacement
 - Affordable Housing Investment Fund
 - Ulverston Leisure Centre Phase 2 and 3
 - Tarn House redevelopment
 - SEND – Pupil Referral Unit's replacement programme
- 4.8 £21m of new schemes are proposed to Council for inclusion in the capital programme 2023-2028 as shown in Table 9.

Table 9: New Capital Schemes 2023-2028

New Scheme	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Scheme Total £m
Community Equipment	1.551	1.551	1.551	1.551	1.551	7.755
Additional ICT Investment	2.520	3.500	0	0	0	6.020
Levelling Up – Fund 2	1.747	1.747	0	0	0	3.494
Additional Inflation Risk Allowance 2023/24	3.823	0	0	0	0	3.823
Total for New Schemes	9.641	6.798	1.551	1.551	1.551	21.092

- 4.9 The Community Equipment scheme is linked to the proposed annual revenue saving of £1.551m in recognition that the equipment is capital and can be funded through capital funding.
- 4.10 The second scheme relates to additional investment of £1.020m in 2023/24 to support LGR transition of ICT services including the delivery of an essential new data centre. In addition, a further £5m of investment has been included for 2023/24 and 2024/25 in recognition of the need to invest in legacy ICT and Customer and Digital systems and support investment for Integration and Improvement as well as Transformation in the future.
- 4.11 Cumbria has been successful in its recent bid for the Levelling Up Fund 2. Cumbria has been awarded £17.8m for the Energy Coast Resilient Routes bid. The scheme is to deliver Highway Structural Maintenance on three key routes in the County
- A595 Calder Bridge to A590 Dalton in Furness
 - A5086 Cockermouth to A595 Egremont
 - A590 Dalton in Furness to Barrow Town Centre

In the Westmorland and Furness area total funding of £3.494m is available for the structural highways maintenance within its geographical boundaries.

- 4.12 It is prudent to recognise the inflationary risks within the existing schemes in the capital programme. £3.823m of Additional Inflation Risk Allowance has been included within the capital programme for 2023/24 and will be allocated to schemes as required and approved by Cabinet. This is in addition to the existing Inflation risk allowance within the County Council capital programme that has been disaggregated between both new Unitary Councils. For grant funded schemes it is assumed that where there are cost pressures then additional funding would be requested for those schemes from Government or the scope of the scheme would be reviewed whilst still delivering the required outcomes.
- 4.13 Any scheme slippage from the sovereign councils Capital Programmes from 2022/23 is proposed to be carried forward into 2023/24 and will be reviewed as part of the Q1 monitoring.
- 4.14 Table 10 shows the continuation of existing schemes into year 5 for County Council schemes and years 4 and 5 for District and Borough Schemes. These are funded by grants and/or additional Prudential Borrowing.

Table 10: Continuation of existing schemes within the Capital Programme

Scheme	2026/27 £m	2027/28 £m	Summary of Scheme
Prioritise Capital Maintenance Projects/ Schools Maintenance	-	3.146	This reflects the estimated additional grants from Government that is used to deliver the priority 1 maintenance (safe, wind and watertight) work that is required.
Chronically Sick and Disabled Persons Adaptations	-	0.108	This budget enables individuals to live more independently and safely in their own homes and also facilitates discharge from acute and community hospitals.
Strategic Highways and Transport	-	11.607	This funding from DfT is expected to continue for 2026/27.
Land/Waste Statutory Standards	-	0.237	This funding is to cover projects on CCC owned land at waste disposal sites to ensure statutory standards are being met.
Corporate Property Planned Maintenance and Improvement	-	1.440	This funding is required to address the increasing maintenance requirements on the corporate estate, which includes cares homes, highways depots, libraries and office buildings. The funding will cover priority 1 maintenance which is safe, wind and watertight work only for the whole estate and will ensure the continued delivery of vital services to the people of Cumbria.
Modernising the Estate	-	0.960	This funding is to support emerging and new schemes within the corporate estate that support the priorities of the Council including its financial sustainability.
ICT Investment/Additional ICT Investment	-	0.480	£0.480m for 2027/28 will continue to support some of the planned ongoing investment for existing ICT. This will be reviewed as the transformation programme develops.
Disability Facilities Grant	2.043	2.043	This funding is to pay for essential housing adaptations to help disabled people stay in their own homes.

Play areas	0.065	0.065	This funding is to pay for essential maintenance to play areas
Housing Authority Maintenance	2.161	2.161	This funding is to pay for essential maintenance on housing stock owned by Barrow Housing Authority
Total for Additional Contributions to existing schemes	4.269	22.247	

4.15 Table 11 show the proposed amendments to the existing capital programmes of sovereign councils.

Table 11: Amendments to existing Schemes 2023-2028

Scheme	Total 2023-2028 £m	Summary of Scheme
Replacement Windermere Ferry	(4.500)	Following an extensive procurement process, Cumbria County Council made a decision not to progress to award the contract in 22/23 for a replacement electric Windermere Car Ferry. Therefore, the existing ferry, The Mallard, will need to remain in service for longer than originally planned. To ensure the Ferry can remain in service £0.894m has been included to undertake essential works to the ferry and slipway and to invest in the infrastructure required for the new electric ferry. There is still a commitment to replace the Mallard with a new, faster electric car ferry but for 23/24 the planned spend of £4.5m is to be removed.
Windermere Ferry and Upgrade	0.894	
New Ulverston Leisure Centre – Phase 2	(5.370)	Phase 2 and 3 of this scheme will be removed from the capital programme whilst it is continuing to be developed and will be referred for approval by Cabinet once completed. This reflects the requirement that schemes should be included in the capital programme when business cases are approved.
Affordable Housing Investment Fund	(6.005)	This scheme will be removed from the capital programme whilst individual business cases are further developed and brought forward for approval by Cabinet. Funding will remain ring-fenced in revenue reserves.
Total for amendments to existing schemes	(14.981)	

4.16 The capital programme 20213-2028 is fully funded and it is financed from external funding in the form of Government grants and grants from other agencies and prudential borrowing and capital receipts. Target levels of borrowing are affordable and included within the revenue budget.

Table 12: Capital Financing Summary

	2023/24	2024/25	2025/26	2026/27	2027/28	Total 2023- 2028
	£m	£m	£m	£m	£m	£m
Grants	65.417	46.296	19.637	16.497	15.994	163.842
Contributions	2.756	0.500	0.000	0.000	0.000	3.256
Revenue Contributions to Capital	8.545	3.357	2.426	2.226	2.226	18.780
Capital Receipts	2.357	0.750	0.600	0.000	0.000	3.707
Prudential Borrowing	25.089	16.466	9.668	6.400	5.578	63.201
Total for Capital Programme	104.164	67.370	32.331	25.123	23.798	252.786

5.0 Statement of Robustness, Adequacy of Reserves and Budget Risk (s25 Local Government Act 2003)

5.1 Under the terms of section 25 of the Local Government Act 2003 the Section 151 Officer is required to report to Council on two specific matters:

- the robustness of the estimates included in the budget
- the adequacy of the reserves for which the budget provides

5.2 Section 26 of the same Act places an onus on the Chief Finance Officer to ensure the Council has established a minimum level of reserves to be retained to cover any unforeseen demands that could be reasonably defined within finalising the proposed budget.

5.3 The Council has a statutory duty to have regard to this consideration from the Director of Resources (Section 151 Officer) when making its decision about the proposed budget, Medium Term Financial Plan and council tax requirement.

5.4 This is the first budget for Westmorland and Furness Council and brings together the budgets for the three District Councils (Eden, South Lakeland and Barrow in Furness) and the disaggregated budget of Cumbria County Council. In making my assessment of robustness I have relied heavily upon the information provided by the Section 151's in each of the predecessor Councils.

5.5 The underlying pressures upon public services, in particular in the area of children and adults social care services and the continued growth in need and demand for these services (and related support services such as transport,

legal support etc.) continues. All local authorities are facing sufficiency risks and price inflation and the need for these to be addressed nationally in a sustainable way is critical. All services have faced exceptional inflationary pressures in 22/23 and it is expected that these will continue into 23/24.

- 5.6 The focus of the budget preparation has been to develop a set of assumptions which are reasonable and robust given the uncertainty of Local Government Reorganisation and the inevitable complexity that brings in aggregating and disaggregating sovereign council budgets whilst also reflecting known service pressures, LGR transitional pressures and financial risks that Westmorland and Furness Council will face in 2023/24 and future years.
- 5.7 The proposals presented assume that additional government support will allow the Council to use capital resources to fund revenue investment required to set up and establish the new Council. This is a potential risk and mitigating actions within the 2023/24 financial year would need to be addressed if the support is not approved.
- 5.8 There is a high-level assessment of the Council's anticipated potential financial risks and proposed mitigations for 2023/24 presented in the Medium Term Financial Plan.
- 5.9 This includes the realism of the assumptions within the Revenue Budget 2023/24 for: -
- price increases and general levels of inflation
 - fees / charges income
 - changes to specific grants and / or changes to their eligibility requirements
 - provision for demand and supply chain pressures within services
 - funding for LGR implementation costs
 - transitional costs – likely impacts of aggregation/ disaggregation of services from 4 sovereign Councils
 - the financing costs arising from the Capital Programme
 - the impact of current and forecast interest rates on the expected returns from investment of cash balances
 - the probability of achieving the savings targets in 2023/24 and identifying future savings to deliver balanced budgets throughout the MTFP period
 - the likelihood of being able to deliver further necessary savings without significantly reducing the level of Reserves / Balances
- the realism of the Capital Programme estimates in light of: -
 - the potential for slippage and underspending of the Capital Programme
 - the risks of overspends due to inflation and / or contractor distress
- 5.10 It is inevitable that the first cut of a new Council Budget will be imperfect and risk based and that better information will be ascertained once the new Council is in existence. Estimates used in the Budget for 2023/24 are therefore based on pragmatic assumptions.

- 5.11 Budget monitoring will be carried out on a regular basis and reported, alongside other key performance information to Cabinet during the year. Given this will be the first year for the Council it is to be expected that there may be more significant variations in the budget position and therefore regular budget monitoring will be of immense importance.
- 5.12 In this context, the Director of Resources (Section 151 Officer) confirms that the spending plans identified within the MTFP and the Council Tax calculation for 2023/24 are robust estimates that:
- a) Direct resources towards priorities in a way that is achievable.
 - b) Reflect the best estimates of inflation and demand factors available at this time.
 - c) Consider and recognise the major financial risks facing the Council over the medium term.
 - d) Considers and recognises the uncertainty of funding and demand in the medium term

Adequacy of Reserves

- 5.13 Reserves provide the cushion to deal with uncertainty, risks and unforeseen events in year and the opportunity to respond to service changes out with existing plans. They provide flexibility and are key to a financially sustainable Council.
- 5.14 The projected level of reserves and balances based upon the aggregation of the three District Council's commitments and forecast outturn and the disaggregated forecast outturn position for the County Council results in a total level of reserves (General and Earmarked) of (£57.817m) at the 1 April 2023. This includes the DSG reserves position of (£3.587m) for schools and a deficit of £8.690m for High Needs.
- 5.15 The General Fund Balance (GFB) for 2023/24 is estimated to be £19.8m as at 1 April 2023.
- 5.16 The estimated level of Earmarked Reserves as at 1 April 2023 is £37.974m (excluding DSG reserves).
- 5.17 The level of reserves is adequate but should be at least maintained if not increased over the coming financial years in recognition of the potential for further financial risks to emerge as the new Council is established and services harmonised and integrated.
- 5.18 The final reserves position will be known once the 2022/23 statement of accounts for the four sovereign councils have been finalised and a full review of reserves will be undertaken at that stage.
- 5.19 The Government have confirmed that they have extended the DSG statutory override for a further 3 years up to March 2026. DFE guidance states that "DSG is a ring-fenced specific grant separate from general funding of local authorities

and that any deficit an authority may have on its DSG account is expected to be carried forward to the next years' schools budget and does not require to be covered by the authority's general reserves. For the purposes of this section 25 report the DSG deficit has not been reflected. The Council is involved in the Delivering Better Value in SEND intervention programme by DFE and plans and actions are being developed to support a process to remove the historic deficit position.

Section 25 Opinion

5.20 Taking all of this into account the Section 151 officer is satisfied that:

- Estimates used in the Revenue Budget 2023/4 are as realistic and robust as possible given the extremely challenging circumstances.
- The proposed Council Tax levels can support a balanced budget position for 2023/24.
- Associated levels of balances/ reserves for 2023/24 and the MTFP period are adequate but given the ongoing uncertainty efforts must continue to build up reserves where possible.
- The 2023/24 Budget includes a contingency of £1.1m to reflect the considerable risks that the Council facing
- The high level estimates used in the projections for the MTFP beyond 2023/24 are as realistic as can be assessed at this stage given the large scale of uncertainty across a range of factors.
- Enhanced financial monitoring during 2023/24 will ensure that the Council maintains focus on delivering its saving proposals and achieving its outcomes within the financial position.

5.21 Looking forward Westmorland and Furness Council will have to prioritise its resources to deliver on its ambitious Council Plan. It will deliver new ways of working, support communities and individuals to thrive and work closely with key partners, particularly health, to deliver essential services. Exploring opportunities to increase capacity and strengthen resilience of social care services and support early intervention is also a critical element of future planning.

6.0 Budget Consultation

6.1 In considering the Revenue Budget for 2023/24 the formal consultation document was launched on the 13th January 2023 and closed on the 13th February 2023.

6.2 The consultation sought feedback on three key proposals:

- A 4.99% increase in the council tax precept charged by the council (compared to predecessor authorities).
- Harmonising council tax rates across the Westmorland and Furness area.
- Introducing a 100% council tax premium on second homes in the area from April 2024.

- 6.3 A public consultation document was produced which explained the three proposals and their background context. This was made available in council locations like libraries and offices and via the council's website.
- 6.4 The document included a short questionnaire which people were encouraged to complete and return, either online or in hard copy. There was also the opportunity to email feedback to a dedicated inbox.
- 6.5 The consultation was promoted publicly via the local media, on social media (both the council's own and predecessor council's) and subscribers to council email updates. It was also promoted to staff in all seven predecessor councils and to the following stakeholder groups:
- Sovereign Council and Shadow Authority Members
 - Trade Unions
 - Parish and Town Councils
 - Third Sector organisations
 - Businesses via Cumbria LEP
- 6.6 Scrutiny Members have engaged with the 2022/23 Council Tax consultation through a session held on 6th February 2023, which 16 non-executive members participated in and a second planned session on the 23rd February 2023. All non-executive Members have had the opportunity to contribute to and review this response. The key themes and points that Members raised have been set out as part of the overall response report attached as Appendix B.
- 6.7 A further meeting with Overview and Scrutiny Committee has been arranged for the 23rd February to consult with them on the proposed 2023/24 Budget and MTFP 2023-2028 in more detail ahead of the Cabinet meeting on the 24th February.
- 6.8 Appendix B sets out the feedback from the consultation. Cabinet's consideration of this feedback is required before the Cabinet Budget recommendation to Council can be agreed. Members should, therefore, ensure that they have appraised themselves of the outcome of consultation.
- 6.9 The consultation findings are based on feedback from 1140 respondents. The consultation is not designed to be a statistically representative sample of public opinion in Westmorland and Furness but a gauge of the opinions of those people and organisations that have chosen to participate in the process.
- 6.10 In summary,
- 41% of respondents agreed with the proposal to increase council tax by 4.99%, 52% disagreed and 7% said they did not know.
 - 59% of respondents agreed with the proposal to harmonise council tax rates, 32% disagreed and 9% said they did not know.
 - 77% agreed with the proposals to introduce a 100% council tax premium for second homes, 23% disagreed.

6.11 A significant number of the responses provided additional written comments. A brief summary is provided below. A longer summary is available in the report in Appendix B.

- The 4.99% increase is too high given cost of living pressures facing households.
- Reorganisation was meant to save money, not cost households more.
- The quality of services needs to improve to justify the increase.
- Harmonisation unfairly penalises some areas.
- If all areas are to pay the same council tax, then the level of service provided in all areas should be the same.
- Support for the second homes premium, citing negative impacts of high second home ownership on communities.
- Opposition to second homes premium, citing benefits second home owners bring to local areas, their low demand on council services, and wide variation in how second homes are used meaning that a 'one-size-fits-all' approach to increasing council tax is unreasonable.

7.0 Alternative Options

7.1 The Council has a legal duty to set a balanced budget each year and these proposals fulfil that requirement.

7.2 The options for Cabinet are to:

- a) Recommend the budget proposals to Council as set out in this report or:
- b) Recommend amendments to the budget proposals (seeking advice of the Section 151 officer and monitoring officer)

8.0 Implications

Financial, Resources and Procurement

8.1 The resource and value for money implications are covered throughout this report.

9.0 Human Resources

9.1 Whilst there are no direct saving proposals within the proposed budget that have direct HR implications, any HR impacts that may result from the ongoing Organisational Development programme for the Council will be subject to

relevant consultation, engagement and communication with due process being followed.

10.0 Legal

- 10.1 The Cumbria (Structural Changes) Order 2022 provides that the shadow authority must take all such practicable steps as are necessary or expedient to prepare any budgets or plans required by Westmorland and Furness Council when those functions are assumed. The responsibilities for doing this are set out in the Shadow Authority constitution. Paragraph 1.2 of Article 7 of the Constitution provides that the Shadow Executive (Shadow Authority Cabinet) shall be responsible for “making recommendations to the Shadow Authority” on the setting of the 2023/2024 budgets. Paragraph 4.1(a) of Part 3 (Responsibility for Functions) of the Constitution includes among the functions of the shadow authority for “Adopting the budget and policy framework for the Westmorland and Furness Council and setting of the council tax for its area”.
- 10.2 The Council is required under Part 1, Chapter III of the Local Government and Finance Act 1992 (“the 1992”) to set a council tax for the forthcoming year and its budget estimates. The decision must be made before 11 March of the preceding year. Sections 31A and 31B of the 1992 Act require the Council to calculate its “council tax requirement”. This is reflected and set out in the recommendations and this report.
- 10.3 The Council is required by law to agree a lawfully balanced budget. The Council’s prospective expenditure must not be likely to exceed its resources available to meet that expenditure. The proposals set out in this report meet this obligation.
- 10.4 The approval of the budget and calculating the Council’s element of the council tax is a decision reserved to Council under section 67(2)(b) of the 1992 Act. In accordance with the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, the Cabinet (Shadow Authority Cabinet) makes recommendations as to the setting of the council tax and budget to Council for final decision.
- 10.5 Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for ‘the proper administration of their financial affairs’. Section 25 of the Local Government Act 2003 requires Chief Financial Officers to report to their authorities about the robustness of estimates and the adequacy of reserves when determining their precepts, and authorities are required to take the Chief Financial Officer’s report into account when setting the Council Tax.
- 10.6 The Equality Act 2010 includes a public sector equality duty which requires Councils when exercising functions to have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act and to advance equality of opportunity and foster good relations between those who share a “protected characteristic and those who do not share that protected characteristic”. When a Budget proposal has implications

for people covered by the Equality Act 2010, the Council must take into account of the Equality Duty and any particular impact on the protected group and an Equality Impact Assessment (EIA) is attached to this report.

- 10.7 Once the budget is agreed by Council, the Cabinet will implement the decisions within the budget, provided it remains within the budget framework.
- 10.8 Members are subject to the Council's duty to set a balanced budget, and at common law owe a fiduciary duty to taxpayers to do so. Members must receive and take into account the advice of officers, particularly the section 151 officer, when considering and deciding the Council's budget. As the decision makers, members must have due regard to the equalities duties when setting the budget.

11.0 Health and Sustainability Impact Assessment

- 11.1 The Council has a legal responsibility under the Health and Safety Act 1974 and associated regulations to ensure that, as far as reasonably practicable, adequate health and safety is considered in everything it does.
- 11.2 The majority of the budget proposals are technical financial adjustments and do not require a health and sustainability impact assessment.

12.0 Equality and Diversity

- 12.1 Have you completed an Equality Impact Analysis? Yes - Equality Impact screening assessments have been undertaken for fees and charges, council tax increases and the HRA. They are attached at Appendix G.
- 12.2 The recommendations of this report are for the Shadow Authority Cabinet to recommend this proposed budget to the Shadow Authority Council for Westmorland & Furness Council. There are no associated equality and diversity implications arising from this recommendation.

Contact Officers

Pam Duke, Director of Resources (S151 officer) –Westmorland and Furness Council
Pauline Cameron, Group Finance Manager, Cumbria County Council
Susan Roberts, Director of Resources (S151 officer)– Barrow Borough Council
Helen Smith – Finance Lead Specialist and S151 Officer – South Lakeland District Council
Paul Sutton, Director of Resources and S151 officer – Eden District Council

Appendices Attached to this Report

Appendix No.	Name of Appendix
A	Medium Term Financial Plan 2023-2028
B	Consultation feedback report
C	Fees and charges policy
D	Annual Treasury Management Strategy 2023/24
E	Locality Board Budgets and guidance
F	Senior Leadership Pay Policy Statement
G	Equality Impact screening assessments (HRA EIA to follow)

Background Documents Available

Draft Budget 2023/24 Process and Medium Term Financial Plan – Shadow Authority Cabinet - Nov 2022

Council Tax Reduction Scheme and War Pension Disregard (Housing Benefit Local Scheme) - Shadow Authority Council – 23rd January 2023

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Medium Term Financial Plan 2023-2028



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Appendix 1 – Council Capital Programme 2022/23-2026/27
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Foreword

Westmorland and Furness is a brand new council and we have an ambitious vision for our area. We want it to be a great place to live, work and thrive. Sound finances are at the core of delivering our new vision. This Medium Term Financial Plan sets out how we will allocate our available budget over the next five years in order to deliver on the priorities we have committed to in our Council Plan.

The plan is intended to guide us through a unique period. Inflation is driving up the cost of delivering services, demand for our services is increasing due to demographic change and cost-of-living pressures on families, and there is a marked lack of certainty about future funding from Government. At the same time, we must manage the transition to the new council. We must ensure services continue to function well and invest in the work that is needed to stabilise, integrate, and eventually transform the services of the four predecessor councils.

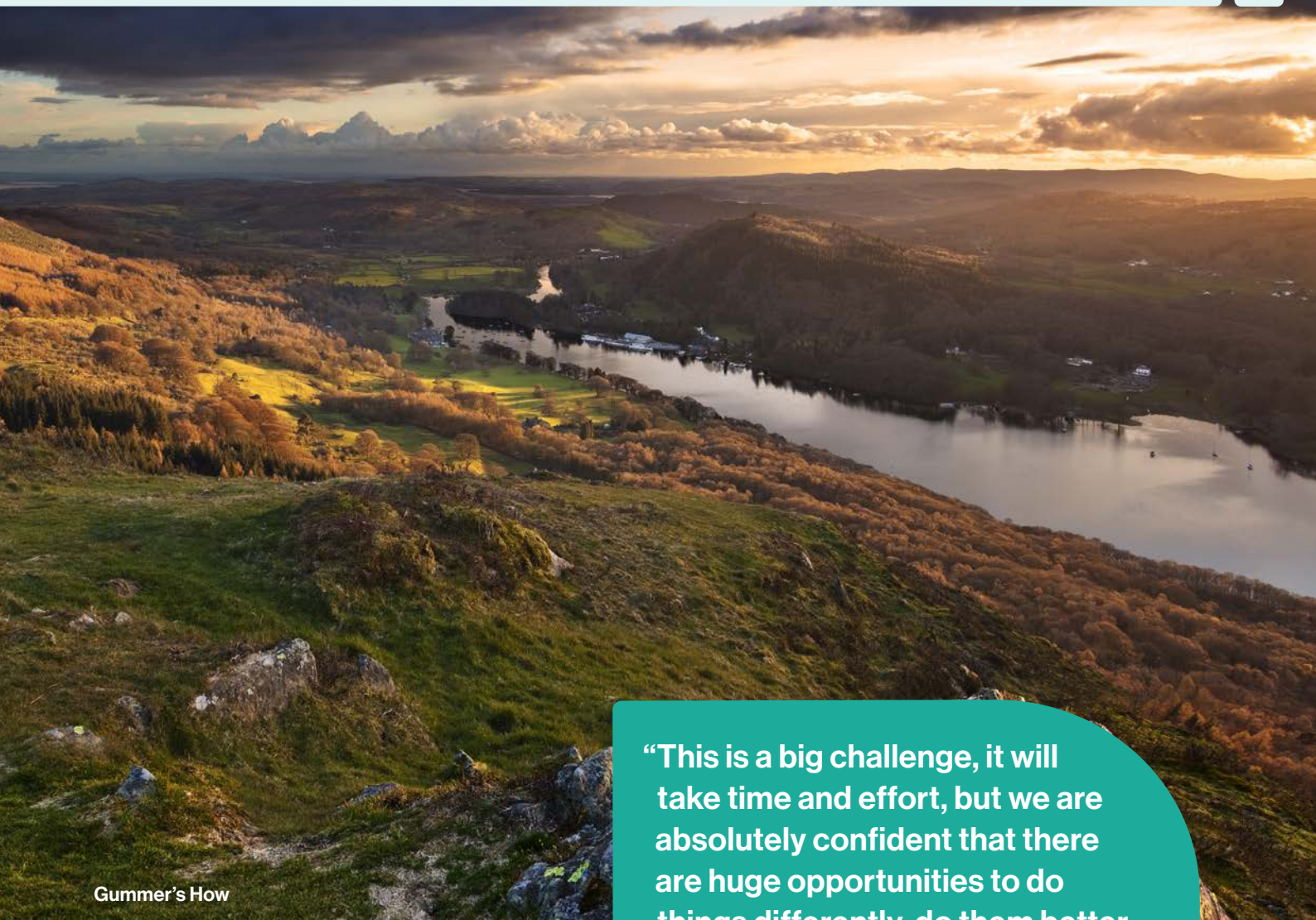
To help us through this period and manage the fact that the budgets we have inherited do not cover the cost of delivering services, Government is expected to make additional financial support available to us for one year should we need it. This will allow us to set a balanced budget in year one, without the need to immediately make significant savings which, as a Shadow Authority with no employees, we have been unable to plan for. This support will also give us the capacity to begin the process of service transformation and improvement that will make us more effective and more efficient. In turn, this will mean we can reduce our spending in subsequent years, deliver balanced budgets and fully realise the benefits that come from being a unitary council.

This is a big challenge, it will take time and effort, but we are absolutely confident that there are huge opportunities to do things differently, do them better, and at lower cost. This Medium Term Financial Plan provides the financial framework we need to get started on this exciting new journey as Westmorland and Furness Council.

Councillor Andrew Jarvis

Cabinet Member for Finance





Gummer's How

“This is a big challenge, it will take time and effort, but we are absolutely confident that there are huge opportunities to do things differently, do them better, and at lower cost.”

Shaping Our Financial Future

Westmorland and Furness is a brand new council, and this provides a huge opportunity to create a fresh vision for our communities and residents and then working together to deliver on that vision.

On 19 December 2022 the Shadow Council adopted its Council Plan which set out the vision, values and priorities of the new Council. It will guide the council through the transition from the four sovereign councils which provided services in the Westmorland and Furness Council area and a period of transformation over the next five years.

The plan is about delivering the best for our residents, customers and communities in partnership with you.

Our vision

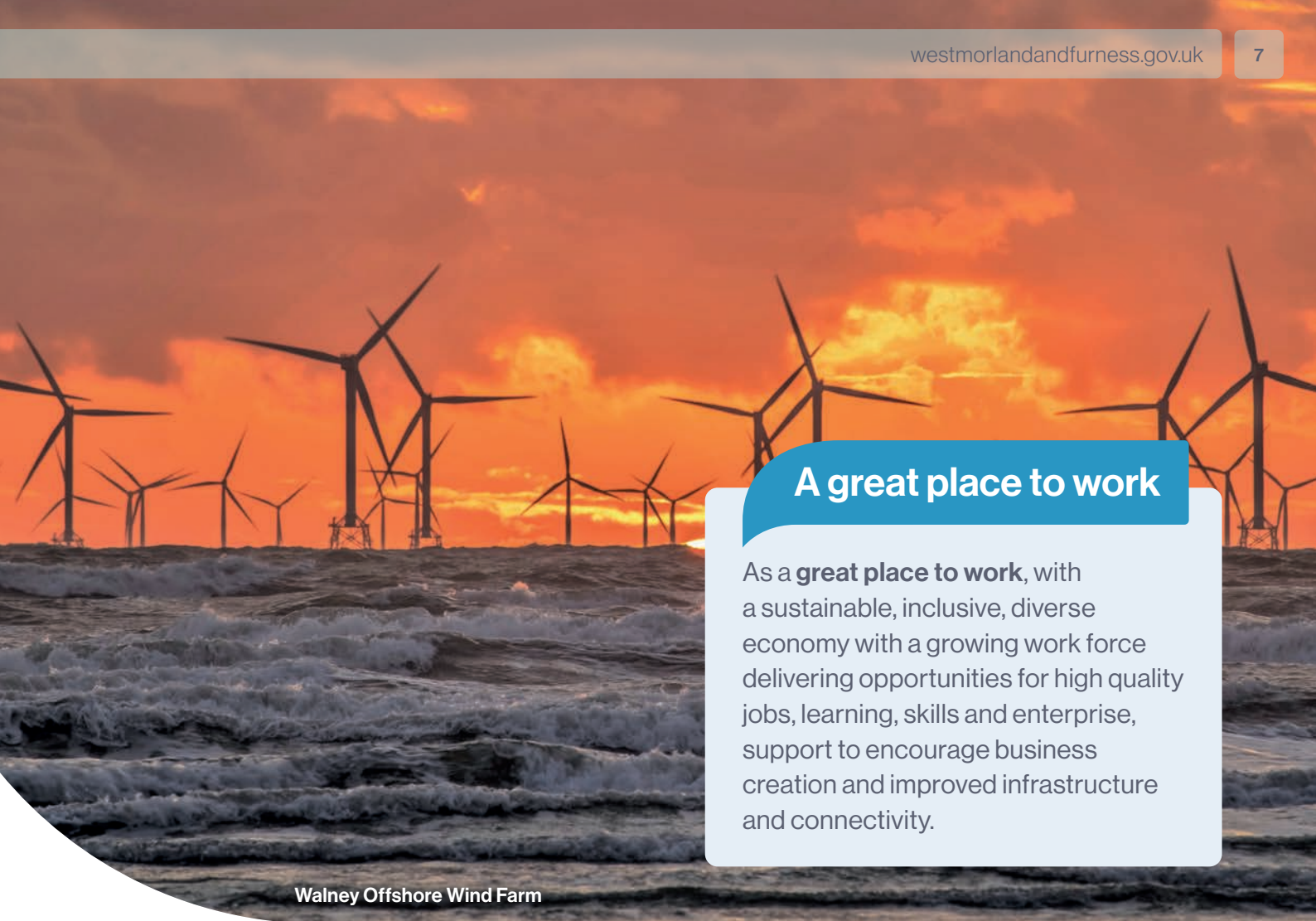
Our vision for Westmorland and Furness is to be:

“A great place to live,
work and thrive.”

A great place to live

As a **great place to live**, with strong local and community leadership, housing for all making best use of land and existing buildings, empowered places, proud and resilient, communities, a green and biodiverse environment, support for those that need it, when they need it, and opportunities for children and young people to live healthy, happy lives;





Walney Offshore Wind Farm

A great place to work

As a **great place to work**, with a sustainable, inclusive, diverse economy with a growing work force delivering opportunities for high quality jobs, learning, skills and enterprise, support to encourage business creation and improved infrastructure and connectivity.

A great place to thrive

As a **great place to thrive**, with opportunities for education, health, and wellbeing, a diverse visitor offer, and thriving cultural economy, support for all to start well, live well and age well, holistic early intervention to support people in need and excellent walking and cycling routes.



Our priorities

The plan outlines seven priorities, which will form a framework for the new Council to work towards.

For people

- Supporting active, healthy happy lives for young and old
- Supporting people in need and reducing inequality

For the climate

- Providing leadership in the drive to become carbon net zero

For communities

- Confident, empowered, resilient communities

For the economy and culture

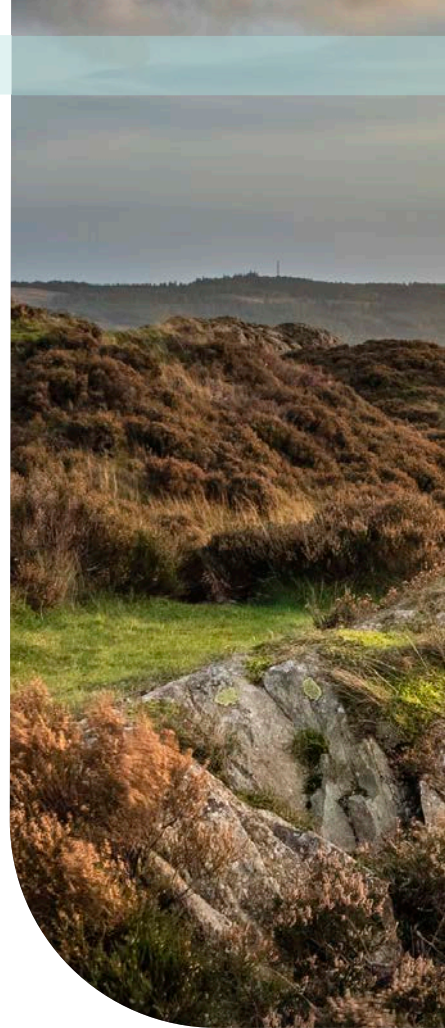
- Sustainable, inclusive economic growth

For our customers

- At the heart of everything we do

For our workforce


- Confident, empowered, and inclusive workforce



What is the Medium Term Financial Plan?

This will be the first Medium Term Financial Plan (MTFP) for Westmorland and Furness Council. From the 1st April 2023, the brand new council will begin to deliver on its Council Plan. This MTFP sets out the framework for how the Council plans to use its financial resources to fund the activity to deliver on the Council's vision and priorities. The MTFP is a 'live' plan and is updated every year when the Council considers the annual budget for the following year. The MTFP covers a five year period 2023–2028. The MTFP is prepared by understanding our income and expenditure profiles and the investment required to deliver the priorities. The Council is required to set a 'balanced budget' annually with financial resources identified to cover all expenditure and therefore savings may need to be identified to balance the budget.

The MTFP is one of the key Council strategic planning documents. It is fully integrated with the Council Plan (which sets out our long term vision and priorities for the next five years) and supports the delivery of that ambition and transformation journey.



Holme Fell

A Financially Sustainable Council

One of our Values is that we will be responsible socially, environmentally and financially. We will make the best and most efficient use of our resources, while making sustainable decisions and striving to deliver on our priorities and promises.

There is a great opportunity through transformation, integration and harmonisation to deliver more effective services to meet the needs of the residents of Westmorland and Furness. Our approach to Transformation and our approach to continuous improvement will support the Council to deliver on financial sustainability over the medium term. It is recognised that the Local Government

Reorganisation (LGR) process has resulted in significant change for all service areas and we will require a period of stabilisation and harmonisation whilst ensuring we effectively maximise the use of our resources and work collaboratively with communities, partners and residents to achieve the best outcomes for all.

We also face a challenging economic environment and with unprecedented levels of inflation and uncertainty. This MTFP sets out the best estimate of the Council's future financial position. Work will continue through the Integration work and the Transformation programme to identify future saving opportunities and maximise funding opportunities to ensure that balanced budgets can be delivered in future years.



Value for Money

Improving value for money is at the heart of everything the Council does. The Council will work hard to ensure that value for money is achieved in all its services; challenging services to make sure its costs compare well with others by identifying and challenging areas of high spend and regularly benchmarking costs with other local authorities.

Equality and Diversity

Equality will be embedded throughout all of the Council's services. It is not an extra piece of work, but part of everything the Council will do. Whenever a new service is created, reviewed or removed, an Equality Impact Assessment (EIA) must be undertaken to ensure individuals are not discriminated against. An EIA helps to identify any potential discrimination or unfair treatment and puts measures in place to mitigate these.



Investing in Our Future

Westmorland and Furness is an ambitious Council. We have a huge opportunity to create a fresh vision for our communities and residents and we will place people at the centre of everything we do. We are ambitious for our communities too and we will work to enable all our villages and towns to thrive for our residents to lead healthy and happy lives.

Our natural environment provides opportunities for improving health and wellbeing and we will work hard to maximise those opportunities and to ensure that we protect our natural resources, striving to become net zero and addressing biodiversity loss.

We are committed to working to ensure that Westmorland and Furness is a great place to live, work and thrive.

This MTFP enables the Council to invest in our future to deliver on the Council Plan Vision, Priorities and Values.

Investment is required across the Council to deliver improvements but also to drive out efficiencies and duplication and transform service delivery ensuring we are financially sustainable for the future.

As the services from four sovereign councils merge together on 1 April 2023 to become the new Westmorland and Furness Council this will bring many challenges but it also provides huge opportunities.



There are a number of competing priorities and also it is recognised that there needs to be staged approach to reviewing and investing in improvements for the future.

There is a need to transition services safely and legally and to stabilise those services early in the first year. We will then need to build on that to deliver improvements and potential efficiencies in the first year with a focus on integration and understanding when and how services can be harmonised across the Westmorland and Furness footprint.

In addition, where services are now being integrated across the four existing sovereign services there will need to be a planned approach to delivering that change. Both from a staffing and a service provision to the customer perspective. This should involve all appropriate stakeholders and with the required consultation and engagement to successfully deliver change. Prioritising this significant change programme is a key task for the Council and work is already ongoing.

Driving the change programme will be a need a Strategic Framework covering areas such as Health and Wellbeing, Transport, Community wealth building, Waste, Housing, Planning, Education and Skills as well as for enabling services such as ICT, Customer and Digital and workforce planning. Strategic planning will require these new strategies to be in place and developed to ensure that the longer term ambition aligns with shorter term decision making.

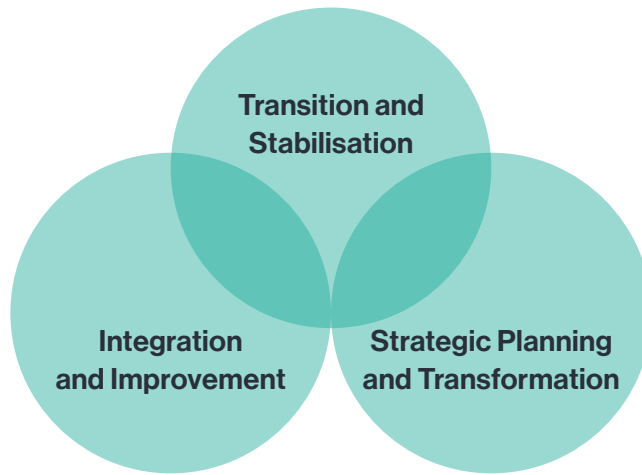
Finally the Transformation programme will be further developed to ensure that the potential and opportunity that moving to a single tier authority brings alongside the ambition for services to support the people of Westmorland and Furness can be achieved. Invest to save schemes will be required to ensure that financial sustainability in the medium to long term is achieved and planned.

To support this programme the 2023/24 Revenue Budget the Council includes additional investment of £16.5m.

- £5m to develop the framework and delivery mechanism for Transformation and kick start the programme
- £6.5m to support integration and improvement activity across prioritised services areas and increased capacity to support the development of key strategies
- £5m of prioritised investment to deliver on the Council Plan priorities.

In addition to this, the Council is recognising it has known LGR pressures of £7.1m that Westmorland and Furness will need to manage and deliver as we transition from four sovereign councils to one Unitary council.

In 2024/25 a further £5m has been included to continue the Transformation Programme funded from reserves. This will be worked up during 2023/24 as the programme develops.



Three different phases to support delivery of the Council Plan priorities

	23/24	24/25	25/26
Transition and Stabilisation	<ul style="list-style-type: none"> • Planning for Services for 2023/24. • Prioritisation of services for integration and improvement. 		
Integration and Improvement		<ul style="list-style-type: none"> • Harmonisation of pay and conditions. • Integration and improvement across prioritised services. • Improvement in ICT and customer digital services to facilitate change. • Organisational development supporting staff. 	
Strategic Planning and Transformation		<p>Development of strategic plan / framework for transformation.</p>	<ul style="list-style-type: none"> • Development of business cases against Council plan. • Programme governance through the Project Management Office to support delivery of strategic plan. • Alignment with financial planning and budget setting processes.

Planning for our future – Financial assumptions

The National Picture

The Council's financial plans have been prepared at a time of significant global and national uncertainty both economically and fiscally. On top of this the war in the Ukraine has contributed to a surge in energy prices, driving high inflation across the world. Impacting on the cost not only of energy but also on the goods and services we all purchase. The Bank of England is increasing interest rates to as part of a wider fiscal policy to manage inflation however this has pushed up the cost of borrowing for families and businesses as well as government. Economic growth has slowed and a recession is forecast for 2023.

Without exception, all councils are facing difficult financial times, the increasing demand for services was present before the COVID-19 pandemic especially from those who need us most. This includes greater pressure for social care services from the growing elderly population and younger adults with complex needs and increasing costs to look after the number of children now in our care and children with Education, Health and Care Plans (EHCPs). The current level of inflation is also impacting on the cost of delivering our services either directly or via our external providers. The cost of living crisis is also impacting on our residents which is resulting in an increase in demand for some services including welfare support, in respect of homelessness, increased number of children accessing free school meals and hardship support for services such as clothing grants.

Some Government support is available for individuals through the Household Support Grant but this isn't sufficient to meet the demand that all Councils are facing.

There are also significant workforce pressures and risks around recruitment and retention exist in many parts of the economy. This is particularly prevalent across social care services resulting in challenges in delivering the required care support capacity to meet the identified need.

The Government's Autumn Statement in November 2022 provided a financial plan for the short term and guidelines for the medium term and beyond. Following this, on 19 December 2022, the Provisional Local Government Finance settlement was set for 2023/24 only.

The Council therefore has made a number of assumptions for the future financial years not covered by the Autumn Statement. The fundamental assumption going forward being that whatever the new funding arrangements are for local government, the Council receives no less than currently in relation to grants received from central government departments (including Better Care Fund and Improved Better Care Fund).

The Local Picture

This is the first budget that will be set for Westmorland and Furness Council. It brings together the aggregation of the sovereign three District Councils and the disaggregation of the County Councils budget.

The complexity of creating a new unitary Council budget is significant and the focus of the budget preparation has been to develop a set of assumptions which are reasonable and robust. It is expected that as further detailed work on the budget allocations is completed in year virements or transfers between services may be required. Regular budget monitoring of spend against the approved budget is critical for effective governance and also providing an indication of where budget amendments may be required.

Future years will also be updated as decisions on how to deliver on the Council Plan priorities are fully formed.

The Council is required to set a balanced budget and in order to support that it has identified savings of £7.301m to be delivered in 2023/24. The ability for the Council to identify and propose further savings has been impacted by the Shadow nature of the council this year – we have had only the three statutory officers in role as at 31 December 2022. Although some Directors were appointed in January 2023, they still have substantive roles within their own organisations and so have limited capacity to explore and present additional savings for 2023/24.

Some of the savings are one off for 2023/24 with permanent savings of £4.551m continuing into 2024/25.

Overall £15.086m of savings will need to be found on a permanent basis over the remaining four year period of the MTFP in order to ensure the Council remains financially sustainable.



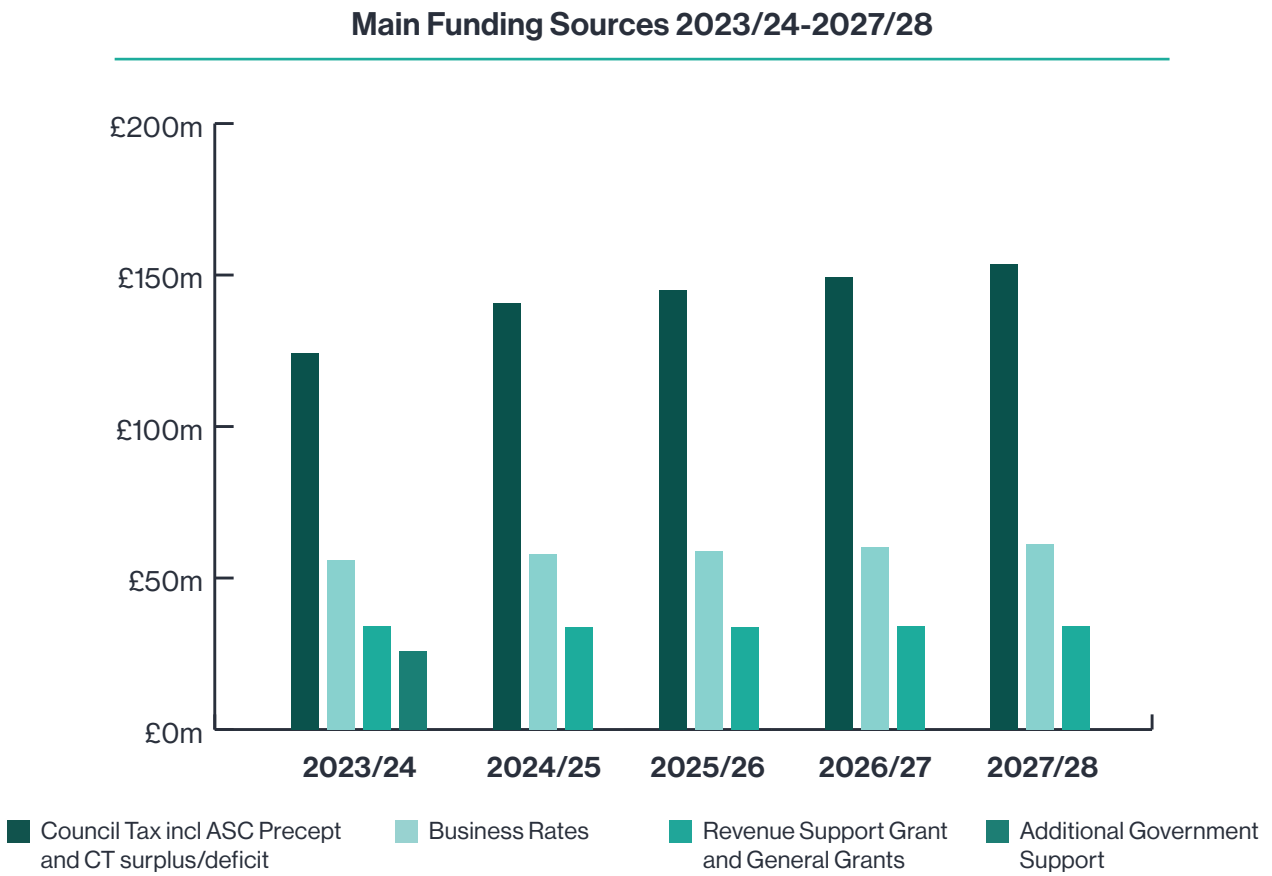


The key funding headlines from the December 2022 Provisional Local Government Finance Settlement and Grant Announcements are set out below as they affect Westmorland and Furness:

- The General Council Tax referendum threshold is 2.99% for 2023/24 and for 2024/25.
- Councils with social care responsibilities are allowed to levy an additional 2% as an Adult Social Care precept.
- 2022/23 Services Grant was reduced from £822m to £464m for 2023/24. The Westmorland and Furness allocation of the funding remaining being £1.5m.
- Additional social care grant funding of £1.245bn, the Westmorland and Furness allocation being £7.646m.
- Revenue Support Grant has been increased by 13.6%, 10.1% due to CPI the remainder due to existing grants worth £78m being rolled into the RSG total.
- Most other grants were rolled forward on a flat cash basis.
- Lower Tier Services Grant has been removed and replaced by the Minimum Funding Guarantee, of 3% of 2023/24. However, this is not applicable to the new unitary authorities including Westmorland and Furness.
- Adult Social Care Market Sustainability and Improvement Fund: Nationally this Fund comprises of £562m made up of £162m rolled in from the Market Sustainability and Fair Cost of Care Fund, and £400m intended to make tangible improvements to adult social care. It is a ring fenced grant and tangible improvements will have a particular focus on addressing discharge delays; social care waiting times; low fee rates; workforce pressures; and to promote technological innovation in the sector. The Westmorland and Furness allocation being £2.565m. Detailed grant conditions are yet to be released by Government.
- New Adult Social Care Discharge Fund: £300m, to form part of Better Care Fund plans aimed at reducing delayed transfers of care, allocated on the basis of the improved Better Care Fund shares in used in 2023/24. The Westmorland and Furness allocation being £1.304m. Working with NHS partners will be required to agree and deliver additional activities to support the objectives of this grant funding. Detailed grant conditions are yet to be released by Government but it has been assumed that this is a ringfenced grant.

The MTFP (2023-2028) assumes the following core sources of finance (excluding service specific grants and income) as follows:-

Chart 1: Funding Sources 2023/24 – 2027/28



Council Tax including Adult Social Care Precept

Council Tax is the most stable, sustainable and significant source of funding for Westmorland and Furness Council. The Council expects to raise (£152.700m) from its taxbase of 87,714 Band D equivalent properties based on Council Tax Band D charge of £1,740.89, which is set by the Council and is made up of the core Council tax £1,520.66 and the Adult Care Precept £220.23. Additional funding is expected to be generated in future years as a result of forecast growth in our taxbase. As part of the budget estimates for future years additional increases of 4.99% for 2024/25 and 2% for 2025/26 onwards have been included.

Retained Business Rates

Under the Business Rates retention scheme 49% of Business Rates (NNDR) raised by the Council is retained to fund services, the remainder is payable to central government (50%) and Cumbria Police, Fire and Crime Commissioner (1%). A system of top-ups and tariffs ensures that the Council's share of estimated business rates income does not exceed the level of funding to be provided through the business rates retention scheme (baseline funding).

For 2023/24, the Council expects to retain (£56.682m) of Business Rates. This is based on an estimate made in January 2023.

Revenue Support Grant and General Grant

The Council also receives a number of general grants, these are not ringfenced grants and are used to support the delivery of services. It expects to receive (£8.451m) in Revenue Support Grant which is a grant based on the governments assessment of relative need formulae.

General Grants of (£25.788m) are included. Some of these grants have been confirmed, however others will be confirmed after 1 April 2023, these will be reported as part of quarterly monitoring to Cabinet.

	2023/24
	£m
Social Care Grant	(17.494)
Rural Services Delivery Grant	(5.565)
Services Grant	(1.562)
New Homes Bonus	(0.402)
Other smaller grants	(0.765)
Total General Grants	(25.788)



Additional Government Support

Throughout the LGR process discussions with Government have raised the limitations about the pace and capacity within the senior leadership team for the new Unitary Councils to develop immediate financially sustainable plans from day one. The recruitment into the senior leadership team is not complete. Until 1 April 2023 only the 3 statutory officers are formally in place. The Head of Paid Services, the S151 Officer and the Monitoring Officer. A number of other Councils have requested additional financial support as part of previous LGR processes.

For 2023/24 given the extraordinary inflationary pressures and transitional pressures from the LGR programme Westmorland and Furness have discussed the potential of one off support from Government to enable a safe transition of services and sufficient time and capacity to develop transformation and integration activities to deliver efficiencies in the future.

£26m of additional financial support has been requested from the Department of Levelling Up, Housing and Communities (DLUHC) to fund the additional costs associated with the LGR Programme and in particular due to the disaggregation of the County Councils Services. Such costs are necessary to ensure that the Westmorland Furness Council maintains safe and legal services.

Second Homes Premium

The Government's Levelling Up and Regeneration Bill which was announced in May 2022 and enables Councils the power to introduce a 100% Council Tax premium on second homes. Up to £10m of additional income could be generated from introducing a 100% Council Tax premium on second homes from 1 April 2024, provided the relevant legislation is passed through Parliament and receives Royal Assent by 1 April 2023. £5m of this has initially been ringfenced to support delivery of our priorities, including those communities most affected, and help tackle the affordable housing crisis.

What are the Council's Revenue Spending Plans?

The Net Revenue Budget for 2023/24 is £268m. The Council is required to balance its budget, ensuring that expenditure is matched by its sources of finance. After taking account of general grants and the Council's share of locally retained business rates, the Council Tax Requirement for 2023/24 is £153m.

Financial forecasting of both Council Tax and Business Rates is increasingly important as they are the most significant source of funding. We have used our modelling to forecast the likely income from these two sources.

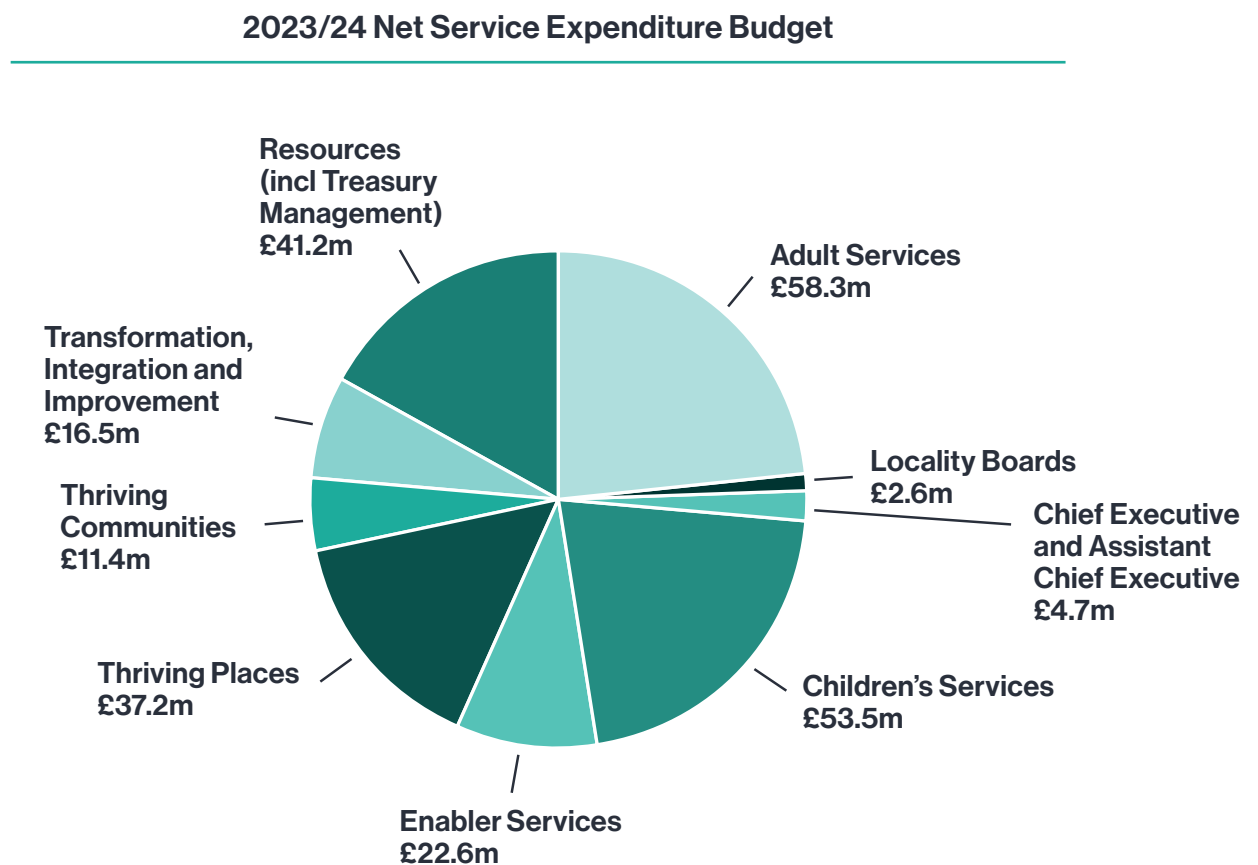
Table 1 summarises the Council's revenue spending plans for 2023/24 and provisional spending plans for 2024/25 – 2027/28. It shows how net budgets (excluding specific grants) have been initially allocated across the Council's Directorates, as well as the sources of funding available to match our expenditure.

Table 1: Budget Requirement & Council Tax

REVENUE BUDGET SUMMARY						
2022/23		2023/24	2024/25	2025/26	2026/27	2026/27
Restated budget		Budget	Budget	Budget	Budget	Budget
£m		£m	£m	£m	£m	£m
	Directorate Budgets:					
4.615	Chief Executive and Assistant Chief Executive	4.715	4.615	4.615	4.615	4.615
60.454	Adult Services	58.324	58.546	58.546	58.546	58.546
47.362	Children's Services	52.925	52.925	52.925	52.925	52.925
19.751	Enabler Services	22.647	22.662	22.817	22.817	22.817
37.440	Thriving Places	37.238	42.419	42.550	42.870	42.870
11.359	Thriving Communities	11.374	11.374	11.374	11.374	11.374
2.568	Locality Boards	2.568	2.568	2.568	2.568	2.568
36.060	Resources (incl Treasury Management)	41.816	48.085	49.300	48.798	49.091
0.000	Transformation, Integration and Improvement	16.500	5.000	0.000	0.000	0.000
219.609	Service Expenditure	248.107	248.194	244.695	244.513	244.806
	Corporate Budgets:					
0.457	Precepts Paid	0.457	0.457	0.457	0.457	0.457
0.163	Pay and Inflation	19.642	27.432	35.004	41.313	49.877
0.620	Total Corporate Budgets	20.099	27.889	35.461	41.770	50.334
3.158	Savings to identify	0.000	(9.911)	(13.585)	(13.778)	(15.086)
0.643	Transfers to & (from) Earmarked Reserves	0.272	(3.352)	2.071	2.096	0.643
224.030	Net Budget	268.478	262.820	268.642	274.601	280.697
	Sources of Finance:					
(7.436)	Revenue Support Grant	(8.451)	(8.620)	(8.793)	(8.969)	(9.148)
(21.249)	General Grants	(25.788)	(25.141)	(25.141)	(25.141)	(25.141)
(51.224)	Retained Business Rates	(56.682)	(57.816)	(58.972)	(60.152)	(61.355)
0.000	(Surplus)/Deficit on Business Rates Collection Fund	0.617	0.000	0.000	0.000	0.000
0.000	(Surplus)/Deficit on Council Tax Collection Fund	0.526	0.000	0.000	0.000	0.000
0.000	Additional Government Support	(26.000)	0.000	0.000	0.000	0.000
0.000	Second Homes Premium	0.000	(10.103)	(10.305)	(10.511)	(10.721)
(79.909)	Total Sources of Finance	(115.778)	(101.680)	(103.211)	(104.773)	(106.366)
144.121	Total Council Tax Requirement	152.700	161.140	165.431	169.828	174.332
n/a	Divide by Council Taxbase (revised as per Local Council Tax Support Schemes)	87,714	88,163	88,736	89,307	89,878
£1,658.15	Council Tax per Band D Property	£1,740.89	£1,827.76	£1,864.32	£1,901.61	£1,939.64
	General Percentage Council Tax Increase	2.99%	2.99%	2.00%	2.00%	2.00%
n/a	Additional precept for Adult Social Care	2.00%	2.00%	0.00%	0.00%	0.00%
n/a	Percentage Council Tax Increase	4.99%	4.99%	2.00%	2.00%	2.00%

The Council's net service expenditure budget for 2023/24 is £248m. This is the direct expenditure allocated to the Directorates. It does not include the inflation allocation for 2023/24 as this will be allocated during the financial year. The chart below summarises how this is allocated to services but it is recognised that in this first year further due diligence and more detailed analysis of the spend will be required and potential amendments to directorate budgets will be reported through the usual budget monitoring process.

Chart 2: Net Budget Expenditure for Westmorland and Furness Council's services



The Council is required to set a 'balanced budget' annually with financial resources identified to cover all expenditure. The Council considers future years' projections for its sources of finance and expenditure throughout the year.

In February 2023 a budget gap of £15.1m exists over the next four year period of the MTFP (2023/24-2027/28). The delivery of savings through Integration and Improvement and Transformation will be a priority to ensure a balanced budget can be presented in these financial years.

During the year the Council updates its assumptions regarding its sources of finance when new information becomes available, particularly following the Chancellor's Budget and Finance Settlement announcements. The Council's budget gap reflects spending commitments from the financial settlement. The following paragraphs outline the spending pressures and the savings required to balance the budget for 2023/24.

Existing Sovereign MTFP Pressures

There are existing pressures that were built into the sovereign councils MTFPs and that are included in the new MTFP. These are shown in Table 2. General inflation pressures have been included in the overall inflation budget and so are not shown below.

Table 2: Existing MTFP Pressures

	Directorate	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Demographic pressures	Adult Services	0.221	0.443	0.443	0.443	0.443
Cost and sufficiency pressure	Children Services	0.820	0.820	0.820	0.820	0.820
Total		1.041	1.263	1.263	1.263	1.263

New Pressures and Priorities

A key cornerstone of our financial strategy is ensuring that spending is allocated to our priorities as identified in the Council Plan. Our future spending plans therefore need to reflect our Council Priorities, but also need to reflect changes in demand levels, up to date performance information, demographic trends, changes in legislation and policy and/or political changes.

Local Government Reorganisation – Implementation and transitional pressures

Due to the Local Government Reorganisation in Cumbria and the pace in which it has been required to be delivered, in there are inevitable LGR cost pressures. Some of these will be permanent as services are disaggregated and delivered across two new Unitary Council areas whilst others are temporary for a number of years because of the complexity remaining to completely separate and integrate services. Some of this is due to the disaggregation of County Council services and the need for duplication of staff across a number of services alongside the complexity of the ICT systems resulting in a number of legacy systems needing to be maintained in the short term.

The Council is also investing in its senior management team for a three year period recognising the need to have capacity at a senior level to support the huge change programme and transformation programme required to deliver on the Council Plan priorities whilst ensuring that services are not disrupted and support for the most vulnerable continues. Supporting the workforce and embedding the values that will support the caring culture of the organisation is critical. These are shown in Table 3

Table 3: LGR Pressures

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
LGR Transitional costs					
Staffing Senior Structure	1.000	1.000	1.000	0.000	0.000
Staffing Resources and Enabling	0.250	0.250	0.000	0.000	0.000
Other	0.100	0.000	0.000	0.000	0.000
Transitional Sub Total	1.350	1.250	1.000	0.000	0.000
LGR Permanent costs					
ICT	2.446	2.461	2.866	2.866	2.866
Staffing Adults/Children	2.500	2.500	2.500	2.500	2.500
Staffing Resources and Enabling	0.500	0.500	0.500	0.500	0.500
Insurance premium	0.250	0.250	0.250	0.250	0.250
Permanent Sub Total	5.696	5.711	6.116	6.116	6.116
New Priorities	7.046	6.961	7.116	6.116	6.116

Additional Pressures following review of 2022/23 budget monitoring

A number of service pressures have also been identified for 2023/24-2027/28 following a review of 2022/23 budget monitoring positions across all sovereign councils and material recurring pressures are identified in Table 4.

Table 4: Additional Recurring 2022/23 Pressures

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Inclusive Learning Direct Payments and Staffing - Increased demand	0.621	0.621	0.621	0.621	0.621
Children Looked After - increased demand and increased costs due to lack of sufficiency of placements	1.920	1.920	1.920	1.920	1.920
Children's and Families - staffing pressures	0.150	0.150	0.150	0.150	0.150
SEND Transport - Increased demand linked to increased Education, Health Care Plans.	1.372	1.372	1.372	1.372	1.372
Sovereign Council savings not deliverable	1.258	1.258	1.258	1.258	1.258
Additional 2022/23 inflation included on a permanent basis	2.195	2.195	2.195	2.195	2.195
Barrow Waste services	1.300	1.300	1.300	1.300	1.300
Building Maintenance Compliance	0.328	0.328	0.328	0.328	0.328
Inflation/Contingency adjustment	0.382	1.092	1.869	1.181	9.745
Revenue costs for additional Government support	0.627	2.553	2.553	2.553	2.553
Revenue costs for Capital Programme additions	0.355	1.565	2.359	2.452	2.715
Additional capacity - Revenue and benefits team (Second homes and legislative changes)	0.000	0.500	0.500	0.500	0.500
Pressures continuing from 2022/23 Sovereign budgets	10.508	14.854	16.425	15.830	24.657

Investing in our future

Significantly the Council are including Investment funding for 2023/24 and 2024/25 to enable it to deliver Integration and Improvement following vesting day from 1 April 2023, it also sees the need for Transformation and Investment and is looking to invest £16.5m in these areas in 2023/24 and a net £5m in 2024/25 shown in Table 5.

Table 5: Investment Priorities

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Integration and Improvement	6.500	0.000	0.000	0.000	0.000
Transformation	5.000	5.000	0.000	0.000	0.000
Priority Investment schemes to deliver on the Council Plan	5.000	0.000	0.000	0.000	0.000
Investment in priorities and support for Communities (Second homes premium)	0.000	5.000	5.000	5.000	5.000
Total	16.500	10.000	5.000	5.000	5.000

Inflation

Over the last 12 months the UK has seen inflation rise to its highest level for 40 years. Using the Office of Budget Responsibility forecasts for inflation, the five year budgets include an increase for inflation to ensure that the future cost of existing service delivery is built into the budget. Further impact of volatility in these assumptions is considered as part of the budget risk assessment and assessment of the adequacy of reserves considered later in this report. Table 6 shows the assumptions for inflation that have been used in developing the 2023/24-2027/28 budgets.

Table 6: Inflation Assumptions 2023/24-2027/28

	2023/24 %	2024/25 %	2025/26 %	2026/27 %	2027/28 %
Pay Award (estimated)	5.0	2.0	2.0	2.0	2.0
CPI forecast (Office for Budget Responsibility Autumn 2022)	10.1	5.5	0.00	(1.0)	0.8
RPI forecast (Office for Budget Responsibility Autumn 2022)	13.0	8.3	0.5	(0.5)	1.6
Foster Carer Fees and Allowances – linked to CPI	10.1	5.5	0.00	(1.0)	0.8

Before the pandemic, general measures of inflation such as RPI and CPI have been increasing but were broadly consistent with meeting the target of 2% in the medium term. Towards the end of 2021 and during 2022 as nationally and internationally economies reopened after the Pandemic inflation has risen substantially. This has been compounded by the impact of the war in Ukraine and the surge in energy prices, Alongside the Autumn Statement 2022, the Office for Budget Responsibility issued its economic and inflation forecasts. At the time of publication, the September 2022 CPI was 10.1%, the OBR forecast the CPI 2023/24 is 5.5%, before reducing to 0.0% in 2024/25, and (1.0%) in 2025/26 and 0.8% in 2026/27. The September 2022 RPI was 12.4%. It forecasts that RPI would be 8.3% for 2023/24, then fall to 0.5% in 2024/25, and (0.5%) in 2025/26 and 1.6% in 2026/27.

Residential Care Independent Sector Rates

In 2018/19 commissioners at Cumbria County Council implemented a new set of contracting arrangements to reflect changes in the law and best practice and to support the provider market to develop the increasingly complex residential and nursing care services required to meet the changing needs of the Cumbrian population. The contracting arrangements operate as an Approved Provider list.

The social care market continues to face significant challenges due to the ongoing availability and resilience of their workforce. All providers have seen the cost of staffing increase as well as the impact of high energy prices and as well as inflationary increases to other operational costs. The Sovereign County Council recognised the need to support the market in the delivery of care awarding the 2023/24 provider uplift during 2022/23.

The following changes to the rates payable per week to independent residential care and nursing providers were implemented from the 3 October 2022.

Table 7: Independent Sector Residential Care Fee rates

New Care Bandings	2022/23 Fee rates (excluding nursing costs)	2023/24 Proposed new banding rate (Oct 22)	Increase	
			£	%
Residential	£625	£656.25	31.25	5
Physically Frail – Residential and nursing	£706	£741.30	35.30	5
Residential dementia	£746	£783.30	37.30	5
Nursing dementia	£773	£811.65	38.65	5

The following rates apply to placements delivered under the Open Framework Agreement for the provision of Older Adults Residential and Nursing Care Services. Only providers who are on the Framework will be eligible for the increased rates.

Where the Council does not contribute to the cost of care for people placed in the Independent Sector (i.e. full fee payers) they will be charged the cost as referred to in Table 7 or where a different need determines a separate individual cost then the full cost will be charged.

For Care Services – Westmorland and Furness residential costs it is proposed that an inflationary uplift consistent with the uplift for Independent Providers (5.0%) is included for 2023/24. This would result in the cost for the different bandings of care within Care Services – Westmorland and Furness as shown in Table 8. Unlike the Independent Sector Care Services – Westmorland and Furness do not provide nursing dementia care.

Table 8: Care Services – Westmorland and Furness Fee rates

Care Services – Westmorland and Furness Bandings	2022/23 Fee Rates (excluding nursing costs)	2023/24 Proposed new banding rate (Oct 22)	Increase	
			£	%
Residential Standard	£719	£754.95	35.95	5
Physically Frail	£763	£801.15	38.15	5
Residential Dementia	£835	£876.75	41.75	5

Contingency

The budget includes an annual revenue contingency to deal with (one off) in-year pressures if/when they arise. It is £1.1m for 2023/24 and £1m each year for 2024/25-2027/28.

Existing Sovereign Savings

All existing savings that were built into the sovereign councils MTFPs have been reviewed and either removed or included as part of the totals for the new savings proposed below.

New Savings

(£7.301m) of new savings have been identified for 2023/24 and are detailed in Table 9. (£2.750m) of the savings are one off for 2023/24 with permanent savings of (£4.551m) carrying into 2024/25 onwards.

Table 9: New Saving proposals

New Savings	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
a) Members allowances due to lower numbers of overall members for Westmorland and Furness	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
b) Capitalisation of Community Equipment	(1.551)	(1.551)	(1.551)	(1.551)	(1.551)
c) Treasury Management	(2.100)	0.000	0.000	0.000	0.000
d) English National Concessionary Transport Scheme (ENCTS)	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
e) Fees and charges income (Adults Social Care)	(1.800)	(1.800)	(1.800)	(1.800)	(1.800)
f) Fees and charges income (Non-Care services)	(0.350)	(0.350)	(0.350)	(0.350)	(0.350)
g) Reduction in Employers pension contribution rates	(0.350)	(0.350)	(0.350)	(0.350)	(0.350)
h) Vacancy management	(0.650)	0.000	0.000	0.000	0.000
Total	(7.301)	(4.551)	(4.551)	(4.551)	(4.551)

a) **Members Allowances** – Following LGR, the number of elected members has reduced from 158 to 65. As a result, the overall cost of basic member allowances will reduce.

b) **Capitalisation of Community Equipment** – provides equipment and adaptations to support people to remain independent within their own homes. Expenditure of a capital nature totals (£1.551m). The capital expenditure will be funded through prudential borrowing releasing the associated revenue budget.

c) **Treasury Management** – The sovereign Councils where possible use Cash balances to fund approved borrowing for capital borrowing. This temporary arrangement is subject to annual review. In conjunction to this interest rates on balances are higher (4% as at February 2023) and it is anticipated that this continues into 2023/24 and a one-off saving of (£2.100m) is included in 2023/24.

d) **The English National Concessionary Travel Scheme (ENCTS)** is approved annually by Cabinet. In return for operating the scheme transport operators are reimbursed for ENCTS passengers. The number of passengers travelling on buses has not fully returned to pre COVID-19 levels and consequently the number of ENCTS passengers continues to remain lower. The number of ENCTS passengers during 2022/23 are forecast to be 1/3 lower than they were in 2018/19. The budget proposal assumes that whilst the number of passengers will increase above the current forecast they will not fully return during the MTFP period.

- e) Fees and charges income (Care)** – Due to the increase in the number of full fee payers and the inflationary increase in cost of care, additional income of (£1.800m) is budgeted to be received.
- f) Fees and charges (Non Care)** – Due to the increase in the cost of delivering some services, an inflationary uplift on a number of fees and charges has been applied, additional income is budgeted to be received to meet the increased cost. This net position also reflects a reduction in income from car parking of £0.250m due to reduced footfall.
- g) Reduced Employers Pension Contribution** – Following the triennial actuarial review the Councils pension employer contribution has reduced from 18.9% to 18.4%.
- h) Vacancies** – At any given time services will have vacancies that are being recruited to but this can take a period of months. This may be more likely due to the disaggregation of services and the level of vacancies. A 3% vacancy rate has been applied to the disaggregated County budget, excluding frontline services such as Adults and Children’s social care and Highways. This proposal is therefore for 2023/24 only.

Precepts and Levies

The Council pays a number of precepts or levies to organisations. The estimated precepts for 2023/24 are set out in Table 10. These relate to flood defence levies and a levy towards the Inshore Fisheries Conservation Authority.

Table 10: Precepts Paid

Precepting Body	2023/24 £m
Environment Agency	0.161
North West Inshore Fisheries Conservation Authority	0.296
Total Precepts Paid	0.457

Gross Budget

The difference between the Council's Net Budget and its Gross Budget is that the Gross Budget includes spend financed from specific grants such as the Dedicated Schools Grant (DSG), spend financed from fees and charges and spend financed from other sources of external income including NHS contributions for the health support element of care packages.

The estimated Gross Budget position for Westmorland and Furness Council is £557m. This includes £125.216m for Dedicated Schools Grant (DSG).

Specific Grants

In respect of specific grants, they are often finalised by Government after the 1 April each year and budgets will be updated to reflect the specific grants received as part of the in year budget monitoring process.

The most significant specific grant is the Dedicated Schools Grant (DSG); this is used to fund Schools expenditure. The 2023/24 provisional Schools' Funding Settlement was announced on 19 December 2022, which gave a provisional figure for DSG of £198.022m for Westmorland and Furness for 2023/24. Of this £125.216m is estimated to be for Council Maintained schools with £72.807m for Academies, Free Schools and Further Education Colleges (based on school pupil numbers at October 2022). Shown in Table 11.

Table 11: Dedicated Schools Grant Settlement

	Schools Block	High Needs Block	Central Schools Services Block	Early Years Block	Total DSG 2023/24	Total DSG 2022/23
	£m	£m	£m	£m	£m	£m
Total DSG	155.509	1.698	27.640	13.176	198.022	187.108
Less Transfer to Academies/Other providers	71.111		1.696		72.807	66.098
DSG Allocation to Westmorland & Furness	84.398	1.698	25.944	13.176	125.216	121.010

As part of the Finance Settlement Government announced two new specific grants of note. £1.304m from the Adult Social Care Market Sustainability and Improvement Fund is to make tangible improvements to adult social care. These improvements will have a particular focus on addressing discharge delays; social care waiting times; low fee rates; workforce pressures; and to promote technological innovation in the sector. £2.565m is to be received from Adult Social Care Discharge Funding which forms part of Better Care Fund plans, which is aimed at reducing delayed transfers of care.

Fees and Charges

An important element of the overall funding of the Council's services is the ability to raise revenue from fees and charges.

The overall aim is to ensure that the proportion of income raised from users of discretionary services meets the full cost of these services, rather than the costs falling on Council Taxpayers in general.

Council agrees the fees and charges that will be levied for the next financial year. This is in the form of a Fees and Charges Policy.

In respect of fees and charges there is a presumption that the levels of fees and charges should rise in line with the rate of inflation where deemed necessary. The expected income has been calculated as a net increase of £2.150m and will be utilised to cover increased costs of service provision.

The Fees and Charges Schedule will be available on the Council's website on 1 April 2023. All statutory notices to implement these will be published.

Where fees and charges are set by statutory bodies the fee for 2023/24, where these have been confirmed, will be included in the schedule. In some cases, the statutory increases have yet to be confirmed, when they are, the published Fees and Charges schedule will be updated.

Other External Income

The Council receives additional external income to fund services it delivers.

The Better Care Fund (BCF) is the most significant external income that it receives, It is a programme spanning both the NHS and local government which seeks to join-up health and care services, so that people can manage their own health and wellbeing and live independently in their communities for as long as possible.

The BCF represents a unique collaboration between NHS England and NHS Improvement, the Department for Levelling Up, Housing and Communities (DLUHC), Department of Health and Social Care (DHSC) providing a mechanism for joint health and social care planning and commissioning, bringing together ring-fenced budgets from Integrated Care System (ICS) allocations, the Disabled Facilities Grant (DFG) and funding paid directly to local government for adult social care services and the Improved Better Care Fund (iBCF). £13.208m is received from the BCF and £9.304m from iBCF.

Other external income sources include £4.7m expected to be received in NHS contributions to commission social care packages of care for both Adults and Children.

Housing Revenue Account

The Housing Revenue Account is a separate ring-fenced account that holds the income and expenditure needed to manage the Council-owned social housing stock of some 2,500 properties. The Council has a duty to prevent a debit balance on the Housing Revenue Account; to determine the income for the year; and to determine the expenditure for the year in respect of repair, maintenance, management, and meeting the interest cost of monies borrowed to pay for investment in the housing stock.

The budget proposed for 2023-2024 is balanced, and consists of £12,061,360 income and £12,831,660 expenditure, with a contribution from the Housing Revenue Account earmarked reserve of £770,300

What are the Council's Capital Spending Plans?

The Capital Programme

As with revenue this is the first 5 year Capital Programme for the new Westmorland and Furness Council and reflects the aggregation of the existing three sovereign District Councils capital programmes and disaggregation of the County Council programme. It also includes some additional investment to support delivery of the Council's priorities in the short and medium term resulting in an overall capital investment over the five year period of £252.786m

The development of the Capital Programme is an incremental process throughout the year. This allows schemes to be approved on a quarterly basis as individual business cases are approved by Cabinet for recommendation to Council for inclusion in the programme. During 2023/24 the five-year capital programme will continue to be reviewed and future investment plans will be developed to enable the Council to achieve its vision and priorities.

Any scheme slippage from the sovereign councils Capital Programmes from 2022/23 will be included in the 2023/24 capital programme as part of Q1 monitoring and outturn reporting from the sovereign councils.

As is usual in the Medium Term Financial Plan the capital programme is extended to include the 2027/28 financial year and where three year capital plans were in place it has been extended to include 2026/27 as well. For planning purposes the assumption is that the existing grants will be continued for those later years and where schemes are funded from prudential borrowing the same level of investment has been assumed. The detail is presented in Table 12.

Table 12: Extensions to Capital Programme

Scheme	Scheme 2026/27 £m	Scheme 2027/28 £m	Summary of Scheme
Prioritise Capital Maintenance Projects/ Schools Maintenance		3.146	This reflects the estimated additional grants from Government that is used to deliver the priority 1 maintenance (safe, wind and watertight) work that is required.
Chronically Sick and Disabled Persons Adaptations		0.108	This budget enables individuals to live more independently and safely in their own homes and also facilitates discharge from acute and community hospitals.
Strategic Highways and Transport		11.607	This funding from DfT is expected to continue for 2026/27.
Land/Waste Statutory Standards		0.237	This funding is to cover projects on Council owned land at waste disposal sites to ensure statutory standards are being met.
Corporate Property Planned Maintenance and Improvement		1.440	This funding is required to address the increasing maintenance requirements on the corporate estate, which includes cares homes, highways depots, libraries and office buildings. The funding will cover priority 1 maintenance which is safe, wind and watertight work only for the whole estate and will ensure the continued delivery of vital services to the people of Cumbria.
Modernising the Estate		0.960	This funding is to support emerging and new schemes within the Corporate Estate that support the priorities of the Council including its financial sustainability.
ICT Investment		0.480	£0.480m for 2027/28 will continue to support some of the planned ongoing investment for existing ICT. This will be reviewed as the transformation programme develops.
Disability Facilities Grant	2.043	2.043	This funding is to pay for essential housing adaptations to help disabled people stay in their own homes.
Play areas	0.065	0.065	This funding is to pay for essential maintenance to play areas
Housing Authority Maintenance	2.161	2.161	This funding is to pay for essential maintenance on housing stock owned by Barrow Housing Authority
Total for additions to existing schemes	4.269	22.247	

New investment and amendments to the capital programme

There is a limited number of new schemes being proposed for the capital programme for 2023-2028 due to the need to focus on consolidating and integrating the existing capital programmes.

There are four new schemes that have been included and they are presented in the table below. The Community Equipment scheme is linked to the proposed annual revenue saving of £1.551m in recognition that the equipment is capital and can be funded through capital funding.

The second scheme relates to additional investment of £1.020m in 2023/24 to support LGR transition of ICT services including the delivery of an essential new data centre. In addition a further £5m of investment has been included for 2023/24 and 2024/25 in recognition of the need to invest in legacy ICT and Customer and Digital systems and support investment for Integration and Improvement as well as Transformation in the future.

Cumbria has been successful in its recent bid for the Levelling Up Fund 2. For Westmorland and Furness the total funding available is £3.494m.

Finally it is prudent to recognise the inflationary risks within the existing schemes in the capital programme. £3.823m of Additional Inflation Risk Allowance has been included within the capital programme for 2023/24 and will be allocated to schemes as required and approved by Cabinet. This is in addition to the existing Inflation risk allowance within the County Council capital programme that has been disaggregated between both new Unitary Councils. For grant funded schemes it is assumed that where there are cost pressures then additional funding would be requested for those schemes from Government or the scope of the scheme would be reviewed whilst still delivering the required outcomes. The detail is presented in Tables 13 and 14.

Table 13: New Capital Schemes 2023-2028

New Scheme	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Scheme Total £m
Community Equipment	1.551	1.551	1.551	1.551	1.551	7.755
Additional ICT Investment	2.520	3.500	0	0	0	6.020
Levelling Up – Fund 2	1.747	1.747	0	0	0	3.494
Additional Inflation Risk Allowance 2023/24	3.823	0	0	0	0	3.823
Total for New Schemes	9.641	6.798	1.551	1.551	1.551	21.092

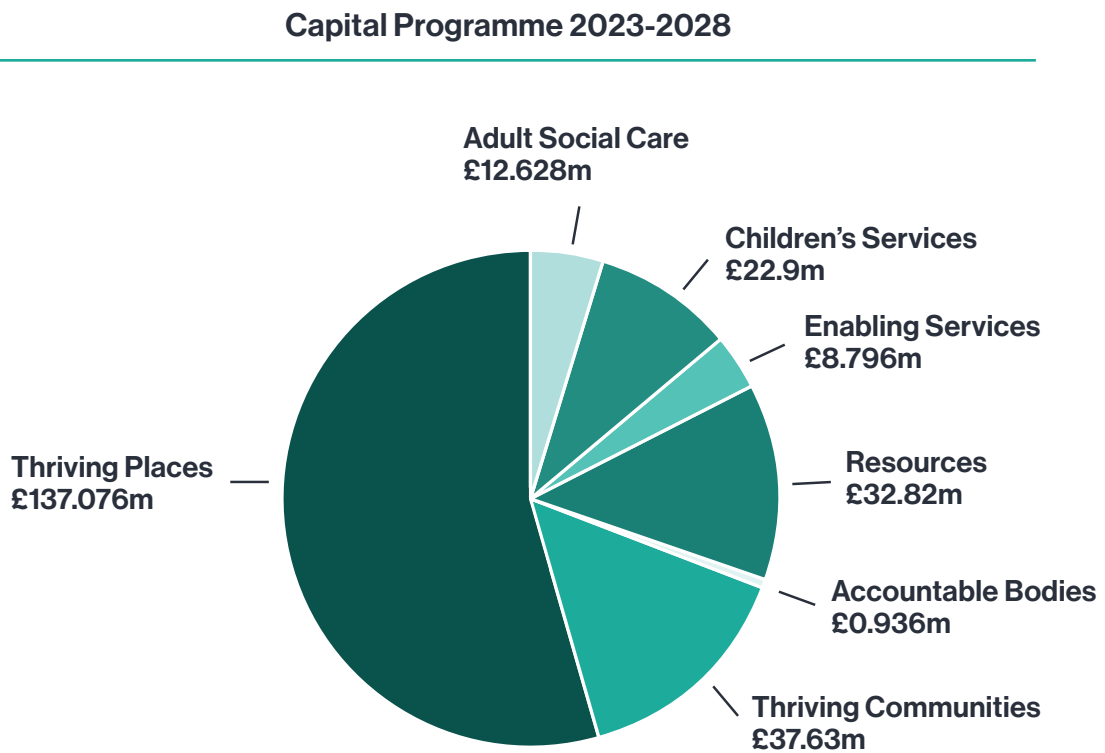
Table 14: Amendments to existing Schemes 2023-2028

Scheme	Scheme Total 2023-2028 £m	Summary of Scheme
Replacement Windermere Ferry	(4.500)	Following an extensive procurement process, Cumbria County Council made a decision not to progress to award the contract in 2022/23 for a replacement electric Windermere Car Ferry. Therefore the existing ferry, The Mallard, will need to remain in service for longer than originally planned.
Windermere Ferry and slipway -essential works	0.894	To ensure the Ferry can remain in service £0.894m has been included to undertake essential works to the ferry and slipway and to invest in the infrastructure required for the new electric ferry. There is still a commitment to replace the Mallard with a new, faster electric car ferry but for 2023/24 the planned spend of £4.5m is to be removed.
New Ulverston Leisure Centre – Phase 2 and 3	(5.370)	Phase 2 and 3 of this scheme will be removed from the capital programme whilst it is continuing to be developed and will be referred for approval by Cabinet once completed. This reflects the requirement that schemes should be included in the capital programme when business cases are approved.
Affordable Housing Investment Fund	(6.005)	This scheme will be removed from the capital programme whilst individual business cases are further developed and brought forward for approval by Cabinet. Funding will remain ringfenced in revenue reserves.
Total for amendments to existing schemes	(14.981)	

Appendix 1 details the £252.786m Capital Programme for the Council from 2023/24-2027/28

Chart 3 provides a summary view of investment by Directorate.

Chart 3: Overview of the Capital Programme 2023-2028



Future Capital Programme Projects

The development of the Capital Programme is an incremental process throughout the year and changes (including additional schemes) can be approved by Cabinet and Council throughout the year – ensuring the programme remains current and able to meet emerging needs. This provides greater certainty for financial and resource planning and this allows for a constant flow of completed and new projects entering the programme.

Below are some of the significant pending capital programme schemes that will require further review and business cases to be developed prior to being approved by Cabinet and recommended to Council for inclusion in the Capital Programme.

Such schemes include but are not limited to:

- Decarbonisation of the estate
- Solar farms
- Fleet Replacement including Waste
- Windermere Ferry Replacement
- Affordable Housing Investment Fund
- Ulverston Leisure Centre Phase 2 and 3
- Tarn House redevelopment
- SEND – Pupil Referral Unit's replacement programme

A Capital Strategy is being developed for 2023/24.

Capital Funding

The Capital Programme 2023-2028 is fully funded and is financed from external funding, Government grants, borrowing and capital receipts from sales of our assets. Target levels of borrowing are affordable and consistent with our revenue budget forecasts.

The Capital Programme can be funded, in part, on the funding generated from capital receipts. These receipts are realised from the disposal of Council land and buildings that are surplus to the Council's requirements. Whilst £3.7m of receipts have already been received, future receipts are dependent on Property Rationalisation that will form part of the overall Transformation Programme after which an estimate for Capital receipts will be calculated.

In many areas, particularly schools' capital grant funding and Strategic Highways and Transport, the future years' funding is provisional and subject to further potential changes before confirmation.

Table 15 provides a summary of the funding to support the Capital Programme 2023 - 2028.

Table 15: Capital Financing Summary

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total 2023-2028 £m
Grants	65.417	46.296	19.637	16.497	15.994	163.842
Contributions	2.756	0.500	0.000	0.000	0.000	3.256
Revenue Contributions to Capital	8.545	3.357	2.426	2.226	2.226	18.780
Capital Receipts	2.357	0.750	0.600	0.000	0.000	3.707
Prudential Borrowing	25.089	16.466	9.668	6.400	5.578	63.201
Total for Capital Programme	104.164	67.370	32.331	25.123	23.798	252.786

What are the Council's Prudential Indicators?

Prudential Code

The Local Government Act 2003 includes the requirement that Local Authorities have regard to the Prudential Code (the Code). The Code (as revised in 2021) requires the Council to assess its capital investment plans and ensure they are affordable, prudent and sustainable. This must be substantiated by the production of a range of prudential indicators, which cover capital investment and treasury management plans for the forthcoming five years.

The key objective of the Prudential Code is to provide a framework for local authority capital finance to ensure that:

- capital expenditure plans and investment plans are affordable and proportionate;
- all external borrowing and other long term liabilities are within prudent and sustainable levels;
- the risks associated with investments for commercial purposes are proportionate to their financial capability and;
- treasury management decisions are taken in accordance with professional good practice.

The Prudential Code specifies a range of indicators that must be used, and other factors that must be taken into account. They should be evaluated as a coherent entity, because changes in any one indicator often impact on others. They must also be considered in conjunction with other annual strategic financial plans, such as the annual revenue and capital budgets. The effects that any alternative options in these budgets might have on the indicators must also be considered before approval is given to the final financial strategic plan.

This system of capital finance allows the Council to have much greater flexibility and freedom over its borrowing. However, it does not provide additional central Government support for the cost of borrowing. Consequently, the cost of additional capital expenditure has to be met from revenue and has to be affordable and sustainable in the long term.

The Prudential Code indicators are set out in the Treasury Management Strategy and agreed by full Council. Full Council must also agree any future changes to these indicators.

Likewise the MRP policy is approved as part of the Treasury Management Strategy by full Council annually.

Reserves

The Council aims to establish reserves based on financial risk and limit the use of reserves to support on-going spending. General Fund reserves effectively exist to ensure that the risks do not destabilise the services that are being provided during the year. Reserves form an important part of the financial strategy, allowing the authority to manage uncertainty, change and risk without undue impact on the Council Tax.

Without adequate General Fund reserves Councils remain vulnerable to unpredictable costs such as those arising from natural disasters (flooding) or extra-ordinary variation in service demands. Reserves are a key element in strong financial standing.

The 2003 Local Government Act also provides potential intervention powers if the Government believes balances are at too low a level. In times of austerity such as these, there may be a temptation to “raid” current balances and reserves rather than reduce services through a programme of savings. However, this action must be seen in the light of the prevailing risks. When there is significant change there is a greater risk that financial difficulties may occur and thereby require recourse to balances.

An important factor to consider is that balances can only be spent once. There is a significant risk of financial instability if significant levels of balances are used to fund ongoing spending or reductions in Council Tax. The introduction of referendum thresholds through the Localism Act limits the ability of Councils to replenish reserves from Council Tax increases. The level of reserves held overall is a balance between the risks facing the County and the need to protect the County and Council Tax payer from the short and longer term potential impact of these risks and the opportunity costs of holding those balances.

General Fund Balance

The General Fund Balance is estimated at 1st April 2023 to be £19.8m.

This is a combination of the position estimated by the sovereign councils as at their Q3 (31 Dec 2022) budget monitoring outturn position. The final reserve balances will only be available once the annual accounts for 2022/23 for all relevant sovereign councils have been audited.

The Director of Finance considers that the General Fund Balance should be in the range £15m to £25m. This level recognises the uncertainty the Council faces in the first early years of the Council.

Table 16 sets out the main risks associated with the 2023/24 budget, and how the risk will be managed.

Table 16: Budget Risks

Risk	Management and Mitigations
Overspend on budget	The current year's budget has been impacted by high levels of inflation, the longer-term impacts of COVID-19 and ongoing demand pressures for many service areas. The 2023/24 has been adjusted for these based on latest estimates. A balanced budget has been set for 2023/24 which includes circa £7m of savings to be delivered. There does however remain a high risk of potential overspend given the impact of bringing 4 councils together and the current economic climate. Monitoring of the budget during year will be a key mitigation.
Social Care - Market Sustainability and sufficiency	<p>Sufficiency of Social Care provision is a significant risk nationally resulting in additional financial and non-financial support being required to sustain the provider market.</p> <p>Close working is continuing with our health partners to mitigate the risk as a health and social system. Agreement on the use of the ring fenced additional discharge funding and use of the market sustainability grant will partly mitigate the risk. National lobbying through Association of Directors of Adult Social Care (ADASS) Local Government Association (LGA) and the Care Provider Association is ongoing.</p>
Level of Reserves reduces to low levels	The level of General Reserves are estimated to be circa £20m. The level of earmarked reserves (excluding DSG) is estimated at £38m. Any overspend or non-delivery of savings will impact upon the level of general reserves. There will be a full review of reserves once the 2022/23 statement of accounts have been produced.
Unitary preparations and Transitional Costs	More detailed budget monitoring will be required in 2023/24 to manage costs as the stabilisation and harmonisation of services are delivered. Additional pressures resulting from the Local Government Reorganisation process have been included within the budget in the short and medium term.
Economic downturn impacts on income	This will continue to be reviewed as part of budget monitoring
Volatility of Business Rate Income and Council Tax	This will continue to be reviewed as part of budget monitoring
Capital projects – inflation pressure	<p>Capital spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework and reported to Cabinet quarterly. Contingency budgets are now incorporated into cost estimates allowing general management of cost increases to be managed within the scheme.</p> <p>Due to extraordinary inflation increases and uncertainty on when supply issues may return to normal a £10.7m inflationary risk allowance has been included in the Capital Programme.</p>

Accountable Bodies	Ensure when the Council takes on Accountable Body responsibilities it is fully aware of the conditions of funding received. Continual monitoring of all Accountable Body arrangements including Assurance Frameworks are ongoing to ensure that funding conditions are being met.
Unforeseen events / Emergency response	By their nature these events are unplanned but can be addressed by having adequate business continuity and emergency plans in place to cover these situations. Adequate general reserves are assumed to be available to meet any additional costs that may arise, not all costs are met by Belwin arrangements.
Changes to Government Policy that affects future funding (Social Care)	Further funding for social care was made available in the Settlement but funding still remains lower than demand and inflationary pressures within the service. Fair Cost of funding has now been delayed until 2025 and with the funding being given to local authorities for current pressures it remains to be seen how this will be funded in the longer term
Govt approval for additional financial support is not approved	Revenue spend for 2023/24 will need to be reprioritised to ensure a balanced budget position is maintained.

Earmarked Reserves

As at 1st April 2023 the estimated earmarked reserves is £37.974m.

Planned use of reserves is limited in recognition of the risks that the Council faces.

DSG funded reserves includes delegated school fund balances and centrally held DSG reserve and are explained in more detail below.

The Government have confirmed that they have extended the DSG statutory override for a further 3 years up to March 2026. DFE guidance states that “DSG is a ring-fenced specific grant separate from general funding of local authorities and that any deficit an authority may have on its DSG account is expected to be carried forward to the next years’ schools budget and does not require to be covered by the authority’s general reserves”.

School Balances

The individual school balances net surplus position is expected to stand at £3.587m as at 31 March 2023. This compares to a net surplus of £4.739m as at 31 March 2022.

Dedicated School Grant Reserve

The Central DSG Reserve is expected to have a net surplus of (£3.544m) at 31 March 2023. This compares to a net surplus of (£2.458m) as at 31 March 2022. The High Needs Block Reserve is expected to have a net deficit of £12.234m as at 31 March 2023. This compares to a net deficit of £8.585m at 31 March 2022. The deficit on the High Needs Block and the associated actions to manage this are being monitored by the Schools Forum and Cabinet through the High Needs Recovery Plan.

Like many other authorities, Westmorland and Furness continues to experience pressure on the High Needs Block of the DSG. The Westmorland and Furness deficit is largely as a result of increasing numbers of children and young people with Education Health Care Plans (EHCPs) following the changes in LAs' management of children and young people with SEND since the implementation of the Children and Families Act 2014. The rate of increase, which is in line with the national picture, does not appear to be slowing down. There is also pressure on independent day and residential placements. A number of invest to save initiatives have been developed in conjunction with Cumbria Schools Forum with the aim of developing more in-County provision.

The Council, along with other authorities, has been invited to take part in the Delivering Better Value in SEND programme which aims to help authorities with large High Needs Block deficits to put in place initiatives that will enable provision of SEND services to become more sustainable over time. Applications for both Cumberland and Westmorland & Furness have recently been submitted and are awaiting the outcome. If successful a grant of £1m is expected to be awarded for each authority.

Revenue Grants Reserves

The estimated balance of revenue grants reserves at 31 March 2023 is £3.360m. These balances relate to revenue grants that have been received but the expenditure that they relate to has not yet been incurred.

Other Earmarked Revenue Reserves

There are a number of other earmarked reserves, such as the Insurance reserve. An assessment of these reserves has been undertaken and they are assessed as adequate.

A summary of the Council's reserves is set out in table 17.

Summary of Reserves

Table 17: Summary of Reserves

Reserves Balances forecast at 31 March 2023	Barrow £m	Eden £m	South Lakeland £m	Disaggregated Cumbria £m	Total £m
Capital Reserves			(1.638)		(1.638)
Ringfenced Revenue Grants EMR				(3.360)	(3.360)
Earmarked Reserves including HRA	(3.414)	(3.499)	(6.102)	(19.963)	(32.977)
Total Earmarked Reserves	(3.414)	(3.499)	(7.739)	(23.322)	(37.974)
DSG - School Reserves				(3.587)	(3.587)
DSG - Central and High Needs				8.690	8.690
Total DSG Reserves				5.103	5.103
General Fund Balance	(2.300)	(2.087)	(4.976)	(10.483)	(19.846)
Overall Total	(5.714)	(5.586)	(12.715)	(33.802)	(57.817)

Glossary of Terms

Capital Expenditure - Spending on the acquisition of Property, Plant and Equipment or intangible assets, or which enhances the value of an existing asset. Other types of expenditure can be capitalised but only with the express permission of the Secretary of State.

Capital Receipts – These receipts are generated by the disposal of non-current assets.

Council Tax – The Local Government Finance Act 1992 introduced Council Tax with effect from 1st April 1993 which is based upon property values. There are eight valuation bands for chargeable dwellings ranging from band “A” (the lowest valued properties) to band “H” (the highest valued properties). The Council levies the tax based upon Band D properties; the actual charge will depend upon the banding of the individual dwelling – i.e. those properties in Bands A to C will pay less Council Tax whilst those in bands E to H will pay more.

Earmarked Reserves – Amounts set aside by the Council to meet future financial liabilities.

Medium Term Financial Plan (MTFP) – The process of identifying and aligning service pressure, corporate priorities and objectives as well as available resources over the medium term (5 years) and budgeting accordingly.

Minimum Revenue Provision (MRP) – The amount of money the Council must statutorily set aside in line with the MRP policy adopted by the Council as part of its Medium Term Financial Plan to support the repayment of debt.

Precept – In the calculation of the Council Tax for a particular year, precepts levied by appropriate bodies must be taken into account.

Reserves – Amounts set aside for purposes falling outside the definition of Provisions are considered as Reserves – expenditure is not charged direct to any Reserve.

Revenue Expenditure – Money spent on the day to day running costs of providing the various services. It is usually of a constantly recurring nature and produces no permanent asset.

Appendix 1

Council Capital Programme 2023/24 to 2027/28

Capital Scheme	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total 2023-2028 £000
Adult Social Care						
Chronically Sick and Disabled Persons Adaptations	323	108	108	108	108	755
Community Equipment	1,551	1,551	1,551	1,551	1,551	7,755
Cumbria Care Residential	865	865	865	0	0	2,595
Extra Care Housing / Accommodation with Care & Support- available for new schemes	773	750	0	0	0	1,523
Adult Social Care Total	3,512	3,274	2,524	1,659	1,659	12,628
Children's Services						
High Needs Provision	1,613	792	0	0	0	2,405
Inclusion Strategy	3,750	0	0	0	0	3,750
Prioritised Capital Maintenance Projects/ Schools Maintenance	3,146	3,146	3,146	3,146	3,146	15,730
Residential Provision for Children & Young People	150	0	0	0	0	150
Basic Need Schemes	865	0	0	0	0	865
Children's Services Total	9,524	3,938	3,146	3,146	3,146	22,900
Enabling Services						
ICT Investment/Additional ICT Investment	3,000	3,980	480	480	480	8,420
Mobile Working	0	0	120	0	0	120
IT Replacements	96	80	80	0	0	256

Enabling Services Total	3,096	4,060	680	480	480	8,796
Capital Scheme	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total 2023-2028 £000
Resources						
Highways Fleet Replacement	438	0	0	0	0	438
SEND Fleet Vehicles	220	0	0	0	0	220
Major Projects Match Funding	968	1,215	1,104	1,013	0	4,300
Corporate Property Planned Maintenance and improvement	1,440	1,440	1,440	1,440	1,440	7,200
Modernising the Estate	909	960	960	960	960	4,749
Additional Inflation Risk allowance	6,545	2,372	1,837	0	0	10,754
Carbon Reduction Scheme	125	0	0	0	0	125
Vehicle & Plant Programme (inc bins and boxes)	2,324	2,235	475	0	0	5,034
Resources Total	12,969	8,222	5,816	3,413	2,400	32,820
Thriving Communities						
Barrow Community Hubs	1,512	2,271	0	0	0	3,783
Funding - Heart of Cumbria Properties	700	290	0	0	0	990
Green Business Support Fund	100	100	0	0	0	200
Green Home Exemplar	450	0	0	0	0	450
Capital Grant - Frenchfield Stadium Improvements	100	0	0	0	0	100
Town Hall Redevelopment (Penrith)	125	0	600	0	0	725
Affordable & Empty Homes, Town Centre Properties.	341	0	0	0	0	341
S106 funded affordable homes purchase	56	0	0	0	0	56
Community Housing Fund	34	0	0	0	0	34
Extension and refurbishment to Rothay Park toilets (incl Changing Places toilet)	72	0	0	0	0	72
Disabled Facility Grants	2,150	2,043	2,043	2,043	2,043	10,322

Capital Scheme	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total 2023-2028 £000
Thriving Communities (continued)						
Ulverston Bank Clock Repairs	45	0	0	0	0	45
Play Areas (including community funded schemes and schemes arising from the Play Space Audit)	71	65	65	65	65	331
Grange Lido and Promenade	5,794	0	0	0	0	5,794
Rothay Park Retaining Wall Repairs	40	0	0	0	0	40
Repairs to Ferry Nab Jetty	25	0	0	0	0	25
Parkside Road Cemetery Roof Replacement	45	0	0	0	0	45
Design works, Stramongate, Kendal	221	0	0	0	0	221
HRA planned maintenance	2,161	2,161	2,161	2,161	2,161	10,805
North Central Renewal - Greengate Street	130	0	0	0	0	130
Private Sector Housing	0	94	0	0	0	94
Changing Spaces	95	0	0	0	0	95
Leisure Centre	225	567	0	0	0	792
Piel Island Facility Improvements	140	0	0	0	0	140
New Ulverston Leisure Centre - Phase 1	1,500	500	0	0	0	2,000
Thriving Communities Total	16,132	8,091	4,869	4,269	4,269	37,630
Thriving Places						
Strategic Highways and Transport	19,941	19,941	11,607	11,607	11,607	74,703
Penrith Junction Improvements	47	0	0	0	0	47
Active Travel Fund Barrow	4,752	0	0	0	0	4,752
Barrow Town Deal - Cycling and Walking	216	303	2,713	312	0	3,544
Barrow Levelling Up Fund (LUF)	20	0	0	0	0	20

Capital Scheme	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total 2023-2028 £000
Thriving Places (continued)						
DfT funded Flood Recovery Scheme	1,097	0	0	0	0	1,097
Live Labs Project	100	0	0	0	0	100
A592/A684 Road Safety Foundation Schemes	4,329	0	0	0	0	4,329
Storm Damage	275	0	0	0	0	275
Land/Waste Statutory Standards	936	936	237	237	237	2,583
Applethwaite Green Car Park, Windermere	250	0	0	0	0	250
EV Charging Points - Appleby	113	0	0	0	0	113
ERDF funded flood defence works	381	0	0	0	0	381
Coastal Communities Fund (includes £1.1 million for Grange Promenade)	683	0	0	0	0	683
Environment Agency lead Flood Relief Scheme Improvements	300	0	0	0	0	300
Kendal Car Parking improvements including potential purchase of site, machine upgrades and signage	400	0	0	0	0	400
Town Deal - Housing Market Renewal	2,717	1,500	76	0	0	4,293
Town Deal - Marina Village	710	187	0	0	0	897
Brownfield Land Release - Marina Village	1,469	0	0	0	0	1,469
Heritage Action Zone	108	0	0	0	0	108
Levelling Up Fund - Barrow Market & Public Realm	7,315	6,639	0	0	0	13,954
Levelling Up Fund - Accessibility	2,185	0	0	0	0	2,185
Town Deal - Learning Quarter	5,580	3,318	117	0	0	9,015

Capital Scheme	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total 2023-2028 £000
Thriving Places (continued)						
Town Deal - Hubs & Earnse Bay	1,365	1,902	0	0	0	3,267
Town Deal - Place Development	207	356	9	0	0	572
Town Deal - Cycling & Walking	283	2,531	537	0	0	3,351
Windermere Ferry - upgrade and slipway	894	0	0	0	0	894
LUF Energy Coast highways routes - upgrade	1,747	1,747	0	0	0	3,494
Thriving Places Total	58,420	39,360	15,296	12,156	11,844	137,076
Grand Total excluding Accountable Body Schemes	103,653	66,945	32,331	25,123	23,798	251,849
Accountable Body Schemes						
Cumbria Coastal Community Forest	511	425	0	0	0	936
Accountable Bodies Total	511	425	0	0	0	936
Grand Total including Accountable Body Schemes	104,164	67,370	32,331	25,123	23,798	252,786



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Funding our future: council tax consultation

Consultation findings summary report

February 2023

Overview

Westmorland and Furness Council is required to make decisions about council tax levels for 2023/24 onwards. As part of that process the council conducted a public consultation to gather feedback on three key proposals:

- A 4.99% increase in the council tax precept charged by the council (compared to predecessor authorities).
- Harmonising council tax rates across the Westmorland and Furness area.
- Introducing a 100% council tax premium on second homes in the area from April 2024.

The consultation ran between 13 January and 13 February. This report provides a summary of the feedback received. It does not provide any recommendations or draw any conclusions.

Methodology

A public consultation document was produced which explained the three proposals and their background context. This was made available in council locations like libraries and offices and via the council's website.

The document included a short questionnaire which people were encouraged to complete and return, either online or in hard copy. There was also the opportunity to email feedback to a dedicated inbox.

The consultation was promoted publicly via the local media, on social media (both the council's own and predecessor council's) and subscribers to council email updates. It was also promoted to staff in all seven predecessor councils and to the following stakeholder groups:

- Sovereign council and Shadow Authority Members
- Trade Unions
- Parish and Town Councils
- Third Sector organisations

- Businesses via Cumbria LEP

In addition, the consultation was considered at meeting of the council's Overview and Scrutiny Committee on 6 February attended by 16 non-executive Members. Their feedback is referenced at the end of this report.

Respondent profile

By deadline 1140 individuals and nine organisations had completed and returned the questionnaire.

In summary, respondents were:

- Resident in the Westmorland and Furness area (95%)
- White British (93%)
- Mostly over 45 years old (74%)
- 45% male, 54% female, 1% chose to self-define
- 14% disabled

The full respondent profile can be found in Appendix A.

It is important to note that respondents were self-selecting, and their feedback cannot be assumed to be representative of the wider Westmorland and Furness population.

Responses were received from the following organisations:

- Askham and Helton parish Council
- Murton Parish Council
- Dufton Parish Council
- ACTion with Communities in Cumbria
- Lakes Parish Council
- Melmerby Parish Council
- Cumbria Third Sector Network
- Waitby School

Individual responses from named organisations can be found in Appendix B.

Feedback on proposals

Proposal 1: 4.99% increase in council tax precept

Respondents were asked to indicate whether they agreed or disagreed with the proposal to increase the council tax precept by 4.99% from 2023/24.

1135 people answered this question:

- 41% said they agreed with the proposal
- 52% said they disagreed with the proposal
- 7% said they did not know

Respondents were asked if they had any comments on the proposal and these are summarised below. The number provided in brackets indicates the number of respondents whose comment covered this issue; this is a subjective judgement but is included as a guide.

Those in opposition to the proposal commonly made the following points:

- A 4.99% increase is too high given affordability and cost of living pressures. (163)
- Local Government Reorganisation in Cumbria should mean savings and greater efficiency, not council tax increases. (87)
- The quality of services needs to improve (and, for some, a council tax increase might be justified if this was the case). (92)
- Council tax-payers should not be paying for Appleby Horse Fair policing/clean-up costs. (18)
- Rural communities should pay less as they don't have access to or use of all services. (17)

Those in support of the proposal commonly made the following points:

- General support and recognition that costs are increasing, and that increasing council tax is necessary to protect services. (104)
- Opinion that central government should provide greater funding for the area. (17)
- A few suggested a great increase, or other ring-fenced increases, to support specific service areas. (5)

Proposal 2: Harmonisation of council tax rates across Westmorland and Furness

Respondents were asked to indicate whether they agreed or disagreed with the proposal to harmonise council tax rates across Westmorland and Furness.

1134 people answered this question:

- 59% said they agreed with the proposal
- 32% said they disagreed with the proposal
- 9% said they did not know

Respondents were asked if they had any comments on the proposal and these are summarised below. The number provided in brackets indicates the number of respondents whose comment covered this issue; this is a subjective judgement but is included as a guide.

Those in opposition to the proposal commonly made the following points:

- If council tax is to be harmonised then all areas should get the same level of services, which they currently do not. Otherwise, the proposal is unfair. (34)
- Council tax rates should vary depending on where you live, and the services provided in your area. This is highlighted as an issue for rural areas in particular. (47)
- Highlighting that Eden's increase would be higher and that this is unfair. (28)
- Complaints about paying for Appleby Horse Fair. (6)
- Opposition to any council tax increases in current financial climate. (27)
- All areas should have the same percentage increase. (48)

Those in support of the proposal commonly made the following points:

- Fair that everyone in the same council area should pay the same for the same services. (10)
- Support, but suggestion that the impact of harmonisation should be spread over longer period to mitigate size of increase in first year. (34)
- Recognition that harmonisation must happen and better to get it done as quickly as possible. (14)
- Recognition that harmonisation must happen, but it should spread over more years. (16)
- The rates should be harmonised at a lower level, or with zero increase in council tax. (16)

Some respondents made neutral comments relating to:

- Harmonisation in year one is simpler to administer and will be more efficient. (14)
- Need to harmonise services as well as council tax. (11)
- Need for services to improve. (2)

Proposal 3: Introduction of 100% council tax premium for second homes from 2024

Respondents were asked to indicate whether they agreed or disagreed with the proposal to introduce a 100% council tax premium for second homes from 2024.

1130 people answered this question:

- 77% said they agreed with the proposal
- 23% said they disagreed with the proposal

Respondents were asked if they had any comments on the proposal and these are summarised below. The number provided in brackets indicates the number of respondents whose comment covered this issue; this is a subjective judgement but is included as a guide.

Those in opposition to the proposal commonly made the following points:

- Second homes benefit tourism and investment: people who go on weekends spend more than locals do during the week. As such, they should not be penalised. (43)
- Second home owners should pay the same as everyone else. They don't require the use of community services nor facilities, leaving more to be spent locally. (20)
- Second homes do not actually affect housing availability or cost for local buyers. (6)
- Opportunistic and not justified. (44)
- Poorly thought-out policy. (38)
- Second home owners will rent their properties and get the business rate if this happens. (1)
- Not all second homes are fit/adequate for living in. (1)

Those in support of the proposal commonly made the following points:

- Second homes have negative impact local home ownership and local community infrastructure. (102)

- Need to tackle holiday rentals and Airbnb – second homes are businesses not homes, so small business rates need to be reviewed, too many loopholes. (91)
- Impose local occupancy / create a register. (8)
- Support proposal, but an even higher increase should be agreed. (125)
- Support proposal, but a lower increase should be agreed. (3)
- People with second homes can afford more tax. (34)
- There should be changes to limit number of properties you can own. (5)
- Money should be put back into providing housing for locals / go to those affected. (8)
- This should have been done years ago. (27)

Some respondents made neutral comments relating to:

- Need for a clearer definition of 'second home'. (17)
- Arguing that a blanket approach was not right and there should be scope for exemptions based on the specific circumstances. (14)
- Wanting more information about how the proposal would be implemented. (4)
- That local planning needs to change to allow more affordable housing projects. (4)

Any further comments

Finally, respondents were asked if they had any further comments they wished to make. These are summarised below.

- Opposition to paying for the costs of Appleby Horse Fair. (10)
- Increasing council tax during cost-of-living crisis will put more financial pressure on residents. (24)
- Local Government Reorganisation in Cumbria should mean savings and greater efficiency, not council tax increases. (39)
- Second homeowners/holiday lets/Air B&B should pay more council tax to support local economy and services. (19)
- Rural communities should pay less as they do not have access to or use of all services. (9)
- General expressions of support and hope for the new council. (8)
- Support for council tax increase if it protects services. (6)

- Supportive of increase to specifically fund adult social care. (5)

Feedback from Overview and Scrutiny Committee

The council's Overview and Scrutiny Committee considered the consultation and raised several issues for consideration:

- The need for reassurance that a programme would be put in place to drive cost savings as a priority.
- View that the level of service provided by the council was less in rural areas, and as such it was not justified to increase the council tax rate by as much.
- Querying what the purpose of the 100% second home precept was: raising income or dissuading people from buying second homes?

Appendix A: Frequency tables

Westmorland and Furness Council: Funding our future

Q1. In what capacity are you responding to this consultation?

Answer Choices	Responses	
As a private individual	99.21%	1127
As a representative of an organisation	0.79%	9
Please tell us your organisation's name?		18
	Answered	1136
	Skipped	4

Q2. Are you normally resident in Westmorland and Furness?

Answer Choices	Responses	
Yes	95.16%	1081
No	4.84%	55
	Answered	1136
	Skipped	4

Q3. Do you agree or disagree with our proposal to increase council tax by 4.99% to help pay for essential services that will be provided by Westmorland and Furness Council?

Answer Choices	Responses	
Agree	40.60%	462
Disagree	52.20%	594
Don't know	6.94%	79
Any further comments?		536
	Answered	1135
	Skipped	5

Q4. Do you agree or disagree with our proposed approach to harmonising council tax rates to ensure they are consistent across the Westmorland and Furness Council area?

Answer Choices	Responses	
Agree	58.88%	670
Disagree	31.90%	363
Don't know	8.88%	101
Any further comments?		370
	Answered	1134
	Skipped	6

Q5. Do you agree or disagree with our proposal to increase the council tax rate paid on second homes, as part of our plan effort to tackle the affordable housing crisis?

Answer Choices	Responses	
Agree	76.54%	871
Disagree	22.76%	259
Any further comments?		543
	Answered	1130
	Skipped	10

Q6. Do you have any further comments you would like to make?

Answered 265
Skipped 875

Q7. Are you...

Answer Choices	Responses	
Male	44.86%	476
Female	54.29%	576
Self-define	0.85%	9
	Answered	1061
	Skipped	79

Q8. What age are you?

Answer Choices	Responses	
Under 18	0.09%	1
18-24	1.89%	20
25-34	8.03%	85
35-44	16.45%	174
45-54	20.51%	217
55-64	25.71%	272
65+	27.32%	289
	Answered	1058
	Skipped	82

Q9. What is your ethnic group? Choose one option that best describes your ethnic group or background

Answer Choices	Responses	
White - English/Welsh/Scottish/Northern Irish/British	93.35%	969
White - Irish	0.29%	3
White - Gypsy or Irish Traveller	0.19%	2
Any other White background	2.50%	26
Mixed/Multiple ethnic - White and Black Caribbean	0.48%	5
Mixed/Multiple ethnic - White and Black African	0.39%	4
Mixed/Multiple ethnic - White and Asian	0.29%	3
Any other Mixed/Multiple ethnic background	0.48%	5
Asian/Asian British	0.10%	1
Asian/Asian British - Indian	0.00%	0
Asian/Asian British - Pakistani	0.10%	1
Asian/Asian British - Bangladeshi	0.00%	0
Asian/Asian British - Chinese	0.19%	2
Any other Asian background	0.10%	1
Black/ African/Caribbean/Black British	0.00%	0
Black/ African/Caribbean/Black British - African	0.10%	1
Black/ African/Caribbean/Black British - Caribbean	0.00%	0
Any other Black/African/Caribbean background	0.19%	2
Arab	0.00%	0

Any other ethnic group, please describe

1.25% 13

Answered 1038

Skipped 102

Q10. Do you consider yourself to have a disability?

Answer Choices

Responses

Yes

13.66% 143

No

86.34% 904

Answered 1047

Skipped 93

Appendix B: Responses from organisations

Organisation	Cumbria Third Sector Network
Question	Response
4.99% council tax increase	<p>The Executive group of Cumbria Third Sector Network is well aware of the budgetary pressures on local authorities as the result of large cuts in funding from national government. We are therefore, somewhat reluctantly, prepared to support the proposed 4.99% increase, as we understand the challenge of maintaining essential public sector services, and the importance of those services in supporting the most vulnerable people during a cost of living crisis.</p> <p>However, we are also acutely aware of the pressures on local residents during the cost of living crisis, and it is likely that many of the individual frontline voluntary and community sector organisations that make up Cumbria Third Sector Network will be opposed to increases in Council Tax, because they see the financial pressures people are under on a daily basis. Given the short time scale for consultation, we have not been able to consult with the full network membership, and are making no claim that the whole of Cumbria’s voluntary and community sector would be in favour of the council tax rise.</p> <p>The disproportionately high impact of rising prices on those on the lowest incomes mean that it is essential that Council Tax Relief schemes remain available and well-advertised in order to mitigate the increase in Council Tax. We feel that it would be useful to involve people with lived experience of give feedback around how easy this support is to access, and could support that process. We would like to emphasis that the cost-of-living crisis is also having significant impacts on local voluntary and community sector organisations – an increase in demand, and an increase in running costs (such as heating costs) – but that these organisations are often not seeing an increase in their funding (and so many are unable to increase staff wages to reflect inflation).</p> <p>Therefore, we would strongly urge that an increase in Council Tax is passed on, with a similar uplift in council funding (on existing grants and contracts) to the voluntary and community sector. Without such an increase, and the resulting ability to increase wages, the sustainability of the local voluntary and community sector will be undermined, staff will seek jobs in other sectors, and organisations will be unable to continue their work supporting the most vulnerable in our society.</p> <p>One small opportunity to implement such support might be through the harmonisation of the discretionary element of Charitable Business Rates Relief (https://www.gov.uk/apply-for-business-rate-relief/charitable-rate-relief); this final 20% of business rates relief is something that has been dropped by some District Councils over recent years, and ensuring harmonisation reinstates it in full across the whole Unitary area would be a practical and technically straightforward step, which would make a real difference to small voluntary and community sector organisations facing increasing financial pressures.</p>

	This squeeze on voluntary and community sector organisations has been raised as a concern in Professor Tony Chapman's Third Sector Trends Survey, and there are also examples of good practice from other funders on how to implement such an approach, with National Lottery approaching organisations in receipt of grants to discuss how those organisations have been affected by rising costs, and what level of uplift might be required to allow projects to be delivered as planned.
Council tax harmonisation	We agree that residents across the Unitary area should pay the same level of Council Tax
100% second homes premium	We agree that, given the pressures on the local housing market, it is appropriate to charge full council tax on second homes.
Additional comments	We look forward to working collaboratively with the new council, and would again emphasis the opportunities that developing a new Compact together gives in building understanding and trust between organisations.

Organisation	ACTion for Communities in Cumbria
Question	Response
4.99% council tax increase	With the current cost of living crisis the pressure of an increase in council tax is an unwelcome prospect for families in rural locations. Those in rural locations are already financially worse off than those in urban areas and have poorer access to council services. They also face higher increases to their council tax bill than those in urban areas. Any increase to council tax needs to be justified by a deliverable spending plan that outlines how the increase will benefit and improve the lives of those in Westmorland and Furness with particular regard to rural issues and concerns.
Council tax harmonisation	The principle of harmonising council tax rates would appear to be a fair one but only if services across the area follow suit.
100% second homes premium	Residents and businesses have been particularly aggrieved by the avoidance of fair council tax payment by second homes owners so to address this would be welcomed by communities. Communities would like to understand how this will in practice tackle the affordable housing crisis? The current market value of second homes is so high that those who can afford to buy in the honey pot areas of Westmorland and Furness can also probably afford the higher council tax. It isn't likely to increase affordable local housing stock to the local population. There is the risk that second homes become holiday cottages and whilst the wider visitor economy might benefit, the increased income to the authority may not be as high as expected.
Additional comments	Any increase in council tax bills will hit the poorest residents in the area who are already the hardest hit by the cost of living crisis. Whilst reduction packages will be available to these families their welfare and social needs are likely to require an increased input of authority resource. Volunteer support services, already reaching or at capacity, will also be further stretched. The opportunity to comment is always a welcome one. ACT would like to see that the new authority really understands the issues of rural communities and has tangible plans to address them, backed by a budget for delivery. That the local authority will continue to lobby government on the disparity between funding for rural and urban areas so that there is less pressure to increase revenue through council tax rises.

Organisation	Waitby School (Holiday Let business)
Question	Response
4.99% council tax increase	Agree
Council tax harmonisation	Agree
100% second homes premium	<p>The plan on second homes need to be refined, those second homes that are literally only occupied for a few weeks of the year and contribute little to the local economy should be penalised, those second homes where the homeowner works away during the week but occupies it at weekends should not.</p> <p>They are a valuable addition to small rural local economies, spending more than locals do during the week (better paid jobs), not using local health or education services etc and often bringing professional skillsets to rural economies (fibre had allowed greater working from second properties during the pandemic and they have created jobs locally supporting their professions).</p> <p>Then there are properties like Waitby School, grade 2 listed and at great expense (pretty well all spent locally) I renovated the dilapidated property transforming it into a five star holiday let which normally lets out for anything between 150and 200 days a year (including the winter months). We know from talking with our guests their spend is large (more so than coast to coast walkers and short stay tourists) and very predominantly it is spent locally boosting the economy of Kirkby Stephen to the tune of maybe £50k per annum. We were not allowed to pay business rates on the property when we bought it back on line and we had to pay council tax instead (even though we have to pay for waste services!).</p> <p>Waitby School does let out year round and does actively contribute to local economy employing staff and contractors to run and maintain it as well as encouraging tourist spend. Why penalise us when we are a positive and necessary addition to the area (you are aware of how essential tourism is economically to the area). Can I suggest the following:</p> <ol style="list-style-type: none"> 1. Survey the second homes, how many are purely second homes for a few weeks a year, how many are weekend accommodation for the majority of the year and how many are self catering lets contributing to the tourism economy. 2. Start a scheme to licence second homes, if they are self catering tourism businesses open year round (or a large proportion of) all well and good, if they are second homes with weekend occupiers, fine get them to sign a declaration every couple of years and monitor their occupation. 3. Support self catering tourism businesses by not penalising them and encourage longer visits to the area rather than day visits and one night stays.
Any further comments	Please, please look at the Welsh situation where the Welsh Government have heavily penalised second homes regardless of what

	they are used for and are in the process of killing off their self catering tourism industry, they have only just legislated this move, but literally pretty well every second home will be deemed unsustainable and in rural areas. It's tourism that's keeping the local pub, shop, bus service etc alive. The consequences of this move will be disastrous for rural tourism and the rural economy, don't make the same mistake!
--	---

Organisation	Murton Parish Council
Question	Response
4.99% council tax increase	Why is this question being asked as the council tax has already been set?
Council tax harmonisation	The rates should only be consistent if there is a consistent level of service provided. This parish does not have doorstep recycling collections, for example.
100% second homes premium	Many second home owners will object to the increase in council tax, but this is unlikely to be a deterrent.
Any further comments	This reorganisation was promoted as a money-saving and cost-cutting exercise, but we are not reassured that residents will be receiving even the same level of service.

Organisation	Askham and Helton parish Council
Question	Response
4.99% council tax increase	Agree
Council tax harmonisation	Agree
100% second homes premium	Agree
Any further comments	NA

Organisation	Dufton Parish Council
Question	Response
4.99% council tax increase	Agree
Council tax harmonisation	Disagree. The overall view is that this larger unified council is applying a 'one size fits all' approach, as opposed to with Eden District Council we could at least see policy applied based on local needs. This seems to be a disadvantage for us. The needs & services of a large town like Barrow will be completely different from the Eden Valley towns and villages, and 'unifying' the Council Tax bands across this massive new Council seems to hit our residents hard, and I doubt we will see improved services as a result. If they are determined to 'harmonize', then I would suggest that they have two 'rates' across the district – parishes below a certain population, or pop. Density and those above. So the small villages outside of Barrow get treated like us, and all the bigger places get treated the same too.
100% second homes premium	Agree

	Second homes should pay more than 100% council tax as they bring very little to a community if at all anything. Second homes should pay more than 100% of the council tax, 200% is steep, but why not. It isn't many houses in the whole scheme of things and if it isn't worth it to them, then that is probably because they don't use it very much, and therefore they should sell it to allow full time residents the opportunity to purchase.
Any further comments	NA

Organisation	Lakes Parish Council
Question	Response
4.99% council tax increase	Agree
Council tax harmonisation	We agree that harmonising the rate will stabilise the tax rates throughout W&F long term. It seems fair.
100% second homes premium	We strongly back this proposal. We do also request that Air B&B and holiday homes contribute to council tax as they rely on our services very heavily, and use our resources but make no contribution!
Any further comments	NA

Organisation	Melmerby Parish Council
Question	Response
4.99% council tax increase	Agree
Council tax harmonisation	Agree
100% second homes premium	Melmerby Parish Council strongly agree with this proposal.
Any further comments	NA

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Westmorland and Furness Council Fees and Charges Policy

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1.0 Introduction

- 1.1 An important element of the overall funding of the Council's services is the ability to raise revenue from fees and charges.
- 1.2 The overall aim is to ensure that the proportion of income raised from users of discretionary services meets the full cost of these services, rather than the costs falling on Council Taxpayers in general.
- 1.3 For some services, criteria may be set to apply concessions and other discretionary reductions in fees.
- 1.4 Due to the implementation of Local Government Reorganisation in Cumbria, this policy represents Westmorland and Furness Council's first Fees and Charges policy, effective from 1 April 2023, and will replace the Fees and Charges policies previously in place with the respective sovereign Councils.
- 1.5 Fees and charges play a key role in furthering service and strategic objectives and they should be considered and reviewed regularly. This should include the appropriateness and adequacy of the level of charges in force or being proposed.
- 1.6 This should be done within a general policy framework, which in turn should be carried out within the framework of the Council's service and budget planning process.
- 1.7 Services must provide a schedule of fees and charges for the forthcoming year as part of the annual budget process. For 2023/24 a fees and charges schedule will be published on the Council's website by 1 April 2023.

2.0 Purpose

- 2.1 The purpose of this policy is to establish a framework within which the fees and charges can be levied and regularly reviewed.
- 2.2 The aim of this policy is for Cabinet to agree a charging policy and confirm the principles that the Section 151 Officer in consultation with the relevant Directors will apply. The policy allows the Council to have a properly considered, consistent and informed approach to all the charges it sets. This will support the delivery of the Council Plan and annual budget decisions.
- 2.3 The setting and review of fees and charges is part of the Council's annual budget setting process. 2023/24 includes harmonisation principles applied across the former district services; for all subsequent years the changes applied to fees and charges for the forthcoming financial year will be presented for approval, as part of the budget report, to Full Council each year.
- 2.4 For clarification, the changes will include the relevant inflation factor applied to price increases and any changes or exceptions to this increase due to market conditions etc.

3.0 Scope

- 3.1 Councils cannot charge for all the services that it provides. They cannot charge for services that they have a statutory duty to provide.
- 3.2 This policy applies to the setting and review of all fees and charges for Council services where the Council has discretion to apply a charge and discretion over the level of charge applied.

4.0 Background - legislation

- 4.1 Section 3 of the Localism Act 2011 allows Councils to charge for discretionary services offered under their general power of competence and sits alongside the powers already available under Section 93 of the Local Government Act 2003.
- 4.2 Discretionary services are those which an authority has the power to but is not obliged to provide.
- 4.3 Additions or enhancements to mandatory services above the standard that a Council has a duty to provide may be provided as discretionary services.
- 4.4 The Act introduced the following key points:
- Councils are under a duty to ensure that, taking one year with another, the income from charges do not exceed the costs of provision
 - The recipient of the discretionary service must have agreed to its provision and agreed to pay for it
 - Charges may be set differentially, so that different people are charged different amounts.
- 4.5 When determining the charge for services, the legal basis for charging needs to be clear, as well as considering the wider equalities implications which may be involved affecting accessibility of all groups to council services.

5.0 Charging Models

- 5.1 Generally, services fall into six main categories for charging purposes. These categories are set out in the Table 1:

Table 1: Charging Models

Category	Objective
Full cost recovery	To maximise revenue with an overall objective of recovering the full cost of provision, including overheads and capital charges
Full cost recovery with concessionary discounts	As above, but with discounted concessions being given to enable disadvantaged groups to access the service
Subsidised	Widely accessible but users should make some contribution to the service
Nominal	The Council wishes the service to be fully available but sets a charge to discourage frivolous usage
Free	To make the service fully available at no charge
Statutory	Charges are set in line with legal obligation

6.0 General Principles

- 6.1 In general terms, it is the Council's policy that a charge should be levied for all discretionary services in accordance with this policy, unless there is a good reason why an exception should be made.
- 6.2 Primarily, responsibility rests with Directors to take appropriate action in relation to fees and charges levied for services.
- 6.3 In establishing new charges, the basis and extent of any discounts or concession, or considering changes to existing charges, the relevant Directors will have regard to advice and guidance set out in this policy.
- 6.4 For existing charges, there is to be a general policy presumption that the levels of fees and charges should rise, each year, in line with the rate of inflation, as determined as part of the budget planning process.
- 6.5 General changes to fees and charges in line with inflation, would be approved as part of the budget setting process. On an exception basis where, following review, changes are proposed other than in line with inflation then these would also be approved as part of the budget setting process.
- 6.6 Consideration should be given, and advice sought where required, in relation to the need for an Equality Impact Assessment for any significant changes to existing fees and charges or the introduction of new fees and charges.

7.0 Local Government Reorganisation (LGR)

- 7.1 Due to the implementation of LGR in Cumbria, fees and charges within the previous District Councils have been reviewed to establish where it is appropriate to adopt a harmonised rate, effective from 1 April 2023.
- 7.2 As part of the review, fees and charges were categorised and associated principles approved by Members at the Shadow Executive meeting on 11 November 2022,

as detailed in the Fees and Charges Harmonisation report presented at the meeting.

7.3 The relevant categories and approved principles/decisions, is presented in the following table:

Table 2: Fees and Charges Categorisation and Principle/Decision

Category	Description	Principle/Decision
1	Fee/charge set in line with legal obligations	Charges are set by statute so we will adopt the new charge set (Often not notified till March/ April)
2	Fee/charge presenting a mix of charging and no charge by sovereign councils	Charges have been reviewed and where possible harmonisation has been implemented. Where a wider review of harmonisation of service provision is required the decision to harmonise charges will be taken as part of that review and introduced in 2024/25.
3	Services dependant on their geographical location	No change – no harmonisation from Day 1 Review in 2024/25.
4a	Marginal differences in current rates	Where the average provides for less than a £30 and 30% shift Harmonise to the average fee for all
4b		Where the average provides for more than, both a £30 and 30% shift No change – keep separate fees with no harmonisation from 1 April 2023. Review in 2024/25

5	Wider range in current rates and/or different basis of charging	No Change – no harmonisation proposed in 2023/24
6	Different levels of service	Where a wider review of harmonisation of service provision is required the decision to harmonise charges will be taken as part of that review and introduced in 2024/25.
7	Concessions and discounts currently applied to services by some sovereign Councils	Concession continued for 2023/24.

7.5 A harmonised rate for those services identified within category 4 has been achieved by taking an average of the sovereign Council's rates, and then raised to reflect inflationary increases, at 10%. As significant changes will not be made to the delivery of services from 1 April 2023, the average fee will be in line with the aggregated cost of providing the services from Vesting Day, prior to any transformation.

7.6 Where fees and charges are not being harmonised from 1 April 2023, the Council is committed to harmonising fees and charges where it is appropriate to do so, as soon as is practicable. For those fees and charges which have not been harmonised from 1 April 2023, separate rates between the areas of Westmorland and Furness Council will be in place. These will be reviewed within 12 months, in conjunction with service planning and transformation strategies. Any proposals will form part of the annual budget setting process or be subject to the in-year changes process.

7.7 It is recommended that where service transformation is undertaken after 1 April 2023 that an Equality Impact Assessment is developed as part of this process, including the review of any changes to fees and charges.

7.8 As part of the harmonisation review for 1 April 2023 an Equality Impact Assessment – Screening has been carried out and is available as an appendix to the overall budget report at Appendix G.

8.0 New Fees and Charges Proposal

8.1 Proposals for new fees and charges must be considered within the service and budget planning process, which result in a change in policy, shall be submitted to Cabinet for approval as an in-year change.

8.2 Reasonable notice should be given to service users before any new charge is implemented, together with clear advice on discounts or concessions available.

- 8.3 The effects of any new charge on service usage and income generated will be monitored regularly over the first 12 months and reviewed within the next service and budget planning process.

9.0 Discounts and Concessions

- 9.1 There will be some circumstances where it may be appropriate to consider offering discounts or concessions in relation to particular activities or customer groups on a basis which is consistent with achieving the Council's overall objectives. Specific points to consider when establishing or reviewing the level of any discount or concession offered for a particular service include:

- Are we benefiting local residents?
- Can a discount policy contribute to wider policy objectives aimed at maximising access to services from among disadvantaged groups?
- Is the policy to target specific groups with discounts still valid?
- Are there other groups that should be considered for discounts?

- 9.2 In some circumstances discounts may not be appropriate, and in all cases, it will be necessary to carefully consider the impact on income before introducing discounts or concessions to service areas which do not currently offer them.

10.0 Reviewing of Fees and Charges

- 10.1 Service Managers must consider charging policies and current levels of fees/charges each year as part of the service and budget planning process. As indicated earlier, the assumption is that they will be maintained in real terms over time and increased in line with inflation annually.

- 10.2 Any source of income with an annual budget in excess of £250,000 per annum should be subject to detailed review annually within the service and budget planning process.

- 10.3 Sources of income with a budget of less than £250,000 per annum should be subject to a detailed review over a minimum three year period.

- 10.4 Where there are any significant changes during the course of a year, such as costs, market forces, service levels or delivery, which materially affect current charge and revenues, then that charge should be reviewed, and any proposed changes considered in line with the in-year changes approval process.

11.0 Collection of Fees and Charges

- 11.1 Wherever it is reasonable to do so, fees/charges should be collected in advance or at the point of service delivery.

11.2 Where fees/charges are to be collected after service delivery has commenced, invoices will be issued promptly, and as necessary appropriate recovery procedures should be followed.

12.0 Recording of Fees and Charges

12.1 Each service area should maintain a schedule of fees and charges levied. This schedule should include, but identify separately, those charges where there are national/external procedures or other specific procedures for determining and reviewing rates of charge. In all cases, however, the schedule should include:

- The basis of the charge
- Current rates of charge (indicating if Vat is included or excluded)
- Estimated revenue income in current year

12.2 When the charges are being reviewed as part of the service and budget planning process:

- Proposed increase
- Percentage increase
- Proposed rate of charge
- Effective date for increase
- Estimated revenue in full year

12.3 The Directorates should also maintain records of service users who receive a discount or concession.

12.4 This will assist with the proper consideration and approval of fees and charges and subsequent changes, through the service and budget planning process.

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ANNUAL TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24

(INCLUDING ANNUAL INVESTMENT STRATEGY 2023/24, PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION POLICY STATEMENT)

1. INTRODUCTION

1.1. Westmorland & Furness Council (“the Council”) is required by statute to operate a balanced revenue budget, which broadly means that cash raised during the year will meet cash expenditure. The primary function of the Treasury section within the Finance team, is to manage the cash flow planning (both in the short and longer term) to ensure that the Council can meet its revenue and capital spending obligations. In terms of capital spending, this may involve arranging long or short term loans (i.e. borrowing), or using longer term cash balances, in lieu of external borrowing. Finance must:

- ensure the Council’s short term cash reserves are securely held (i.e. security of principal);
- ensure appropriate levels of cash are available to manage day to day payments (i.e. liquidity); and
- after both the above have been considered to maximise investment returns (i.e. income generation).

1.2. The Council follows the requirements of the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice for Treasury Management in Public Services (the CIPFA TM Code) and the Prudential Code for the management of its Treasury functions. CIPFA defines treasury management as:

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.3. This Treasury Management Strategy Statement (“TMSS”) is the first such document for the Council with each preceding sovereign Council having previously approved a TMSS for their own organisation. This Treasury Management Strategy Statement includes historic data for comparative purposes to ensure compliance with regulatory reporting requirements, however this should be used for indicative purposes and noting that this is consolidated from the four sovereign Councils that preceded Westmorland & Furness Council.

1.4. During 2021/22 CIPFA consulted on revisions to the CIPFA TM Code and Prudential Code. The aim of the revisions is to strengthen the provisions

within the Codes relating to commercial investment, focusing on sustainability and affordability, and to ensure the TM Code remains fit for purpose. Subsequently, revised codes were issued by CIPFA in December 2021.

- 1.5. In accordance with the revised Code, this TMSS includes a new Treasury Management Prudential Indicator – the “Liability Benchmark”. Inclusion of this liability benchmark has only been mandated from 2023/24 and therefore sovereign Councils were not previously required to include this information.
- 1.6. In addition, the revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes – treasury management, service delivery, and commercial return. Risks on investments held for commercial return (primarily for financial return with no treasury management or direct service provision purpose) should be proportionate to an authority’s financial capacity – i.e. ‘plausible losses’ could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.
- 1.7. The CIPFA TM Code and Prudential Code require that local authorities determine their Treasury Strategy and Prudential Indicators on an annual basis in advance of the new financial year. To ensure compliance with this requirement, this paper sets out the draft Treasury Strategy for operations during 2022/23 for consideration by Council. The report is separated into four sections:-

Treasury Management Strategy (Section 2) – This details the estimated value and rates at which borrowing may be undertaken to finance current and future capital spend. The main objective is to manage risk effectively while minimising interest costs. The value of the Capital Programme and how it is financed i.e. long term borrowing; revenue financing; grants; etc. is therefore intrinsically linked. As such borrowing strategies are dependent on the decisions made about the revenue and capital budgets and the two should be considered together.

Annual Investment Strategy (Section 3) – The Annual Investment Strategy sets out the policies which govern the management of the Council’s investments. The Council’s investment strategy is risk averse with security and liquidity of cash assets taking precedence over returns. To do this the Council uses a prescriptive list of counterparties with whom new investments can be placed. Money is placed across a range of the highest rated counterparties possible to maximise security.

Capital Plans and Prudential Indicators (Section 4) – The Local Government Act 2003 includes the requirement that Local Authorities have regard to the Prudential Code (the Code). The Code requires the Council to assess its capital investment plans and ensure they are affordable, prudent and sustainable. This must be substantiated by the production of a range of prudential indicators, which cover capital investment and treasury management plans for the forthcoming three years.

Minimum Revenue Provision (MRP) Policy Statement (Section 5) – This sets out how the Council will pay for the financing of capital assets by way of an annual charge to the revenue budget, hence the reason that approval of

the annual budget must be considered in tandem to the Treasury Management Strategy and MRP Policy Statement.

- 1.8. In addition to the above, the Prudential Code requires that authorities have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. This is presented as a separate appendix to the Medium Term Financial Strategy report.

2 TREASURY MANAGEMENT STRATEGY FOR 2023/24

- 2.1 The Treasury Strategy for 2023/24 covers the current debt and investment portfolios, interest rates, the borrowing strategy/policy and rescheduling, training, use of specialist advisors, and reporting.

2.2 Current Debt and Investment Portfolio

- 2.2.1 The following table details the Council's allocation of current long term borrowing and investments novating from sovereign Council's as at 31 December 2022:

External borrowing and investments	Principal (as at 31 Dec '22) £m	Average Interest Rate %	Average Life Years
Total External Borrowing	193.3	3.84	25.5
Total Treasury Investments	158.6	3.09	< 1 year
Net Debt	34.7		

- 2.2.2 Council borrowing novated from sovereign Councils is primarily sourced from the Public Works Loan Board (PWLb) at fixed rates determined at the time the borrowing was undertaken, and £13m taken from the Money Market. Annex A provides a graphical analysis and full list of the Council's debt portfolio to be novated from sovereign Councils, including the maturity profile and rates of interest.

- 2.2.3 Treasury activity and planning over recent years within the sovereign Councils has provided a stable debt portfolio. This stability allows Westmorland & Furness Council to maintain an under-borrowed position, using temporary cash balances, instead of externalising borrowing. This policy will help reduce the interest cost of funding the capital programme whilst also reducing counterparty risk. An increased level of internal borrowing does however bring additional interest rate risk.

2.3 Prospects for Interest Rates

- 2.3.1 The Council has contracted with Link Treasury Services for the provision of treasury management advisory services. Link Treasury Services has provided

the following forecast of future Bank Rate and PWLB borrowing rates as at 6 February 2023.

Interest Rate Forecasts								
Bank Rate	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Link	4.25%	4.50%	4.50%	4.50%	4.00%	3.75%	3.50%	3.25%
Cap Econ	4.25%	4.50%	4.50%	4.50%	4.25%	4.00%	3.50%	3.00%
5Y PWLB RATE								
Link	4.20%	4.20%	4.10%	4.00%	3.90%	3.80%	3.60%	3.50%
Cap Econ	3.75%	3.65%	3.60%	3.50%	3.45%	3.35%	3.30%	3.25%
10Y PWLB RATE								
Link	4.40%	4.40%	4.30%	4.10%	4.00%	3.90%	3.80%	3.60%
Cap Econ	3.80%	3.70%	3.65%	3.55%	3.50%	3.40%	3.35%	3.30%
25Y PWLB RATE								
Link	4.60%	4.60%	4.50%	4.40%	4.20%	4.10%	4.00%	3.90%
Cap Econ	4.13%	4.00%	3.93%	3.80%	3.75%	3.65%	3.60%	3.55%
50Y PWLB RATE								
Link	4.30%	4.30%	4.20%	4.10%	3.90%	3.80%	3.70%	3.60%
Cap Econ	3.80%	3.80%	3.80%	3.80%	3.75%	3.65%	3.60%	3.55%

2.3.2 In December 2021, the Monetary Policy Committee (MPC) raised the Bank Rate from an all time low of 0.10% to 0.25%. The Bank Rate has then steadily increased to the current rate (as at 6 February 2023) of 4.00%. Link Treasury Services is forecasting that the Bank Rate will increase to 4.50% by June 2023 before falling back slightly in 2024/25.

2.3.3 The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- In an increasing interest rate environment, overall investment returns in 2023/24 are difficult to forecast, furthermore actual returns will be dependent upon the levels of cash available for investment;
- The policy of delaying new borrowing by running down available cash balances served some of the sovereign Councils well over the last few years. Whilst Westmorland & Furness Council will continue with this approach, this will be carefully monitored to avoid incurring higher borrowing costs in the future, when the Council will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt; and
- There is a 'cost of carry' to any new borrowing which causes an increase in the net interest budget, (i.e. incurring a short term revenue cost due to borrowing costs currently being higher than investment returns). As such the proposed strategy continues the measured approach to balancing this short term saving against forecast longer term increased costs, but with a continual review of the underlying interest rates.

2.4 Borrowing Strategy

2.4.1 The Prudential Code only permits the Council to borrow in the long term to finance capital spend. In accordance with this the borrowing strategy details the Council's approach to funding the expected need detailed in the Capital Programme. The Treasury Management function ensures that the Council's cash is managed in accordance with the relevant professional codes and to ensure that sufficient cash is available to fund those plans. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities.

- 2.4.2 The Capital Programme 2023/24, which will be approved by the Shadow Authority Council in March 2023 and reviewed quarterly by Cabinet, is set out in a separate appendix to the Medium Term Financial Strategy report.
- 2.4.3 The Council's prudent borrowing strategy over the past decade has been influenced by the relationship between long and short-term interest rates. Whilst long term borrowing rates are expected to rise very slowly, they are still significantly higher than investment rates. This variance creates a 'cost of carry' for any new borrowing, if the cash borrowed is then temporarily held as investments.
- 2.4.4 This 'cost of carry' has effectively driven the borrowing strategy over the past decade during which the Council has maintained an under-borrowed position (i.e. rather than borrowing externally, the Council borrowed internally using short term cash balances). It is projected that as at 31 March 2023 c. £56.5m of cash balances will be used in lieu of external borrowing.
- 2.4.5 Looking ahead, the Council has loans of £5.0m and £1.0m due to mature in November 2023 and March 2024 respectively. A further loan of £1.0m is due to mature during 2024/25. Consideration will be given as to the affordability of refinancing these loans at or before their maturity dates if interest rates are favourable and the most effective means by which to arrange this borrowing.
- 2.4.6 The Director of Resources (Section 151 Officer) has delegated responsibility within the Constitution for the execution and administration of treasury management decisions including all borrowing, investment or financing decisions, including the use of short-term borrowing as a management tool for cash flow purposes. In accordance with this, the Director of Resources (Section 151 Officer) will continue to monitor this position and may decide to further externalise some of this requirement if it is felt that there are increasing risks relative to budgetary exposure. Aside from rising interest rates another key factor will be the expected use of cash over this period, i.e. predominantly the use of reserves.
- 2.4.7 Holding prudent levels of internal borrowing as proposed above, but keeping this and the market rates of interest under review, will enable the Council to continue to take tactical borrowing decisions by entering into long term loans when rates are comparatively low rather than being forced to refinance the borrowing when interest rates are at a higher rate.
- 2.4.8 Under normal circumstances the main sensitivities of the interest rate forecast are likely to be the two scenarios noted below. Officers will continually monitor market conditions and forecast rates in conjunction with the Council's advisors and:
- *if it was felt that there was a significant risk of a sharp **FALL** in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*

- *if it was felt that there was a significant risk of a much sharper **RISE** in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate borrowing will be taken whilst interest rates were still relatively cheap.*

2.4.9 In view of these factors in 2023/24 the Council will implement a strategy of using cash balances for internal borrowing whilst possible, but to also take tactical decisions to take external borrowing where considered appropriate in order to protect against rising interest rates in the future and as required for cash flow purposes. Such decisions are delegated in the Constitution to the Director of Resources (Section 151 Officer) who will approve new borrowing in consultation with the Council’s external Treasury Management advisor. Any new long term borrowing will be reported through quarterly reporting to the Cabinet as per the Medium Term Financial Plan.

2.4.10 As noted above, the ability to defer borrowing in this way is also limited by the actual use of reserves and balances (i.e. available cash). During 2023/24, this will be monitored against forecast levels on a regular basis.

2.4.11 In November 2020, the Chancellor announced the current fixed margins for PWLB borrowing rates above the Government’s cost of borrowing, as measured by gilt yields. At the same time, a prohibition was introduced to deny access to borrowing from the PWLB for any local authority purchasing assets purely for yield (i.e. commercial projects, particularly property investment). This Strategy confirms that future borrowing will continue to be undertaken in accordance with the Prudential Code.

2.4.12 The table in para 2.3.1 above sets out the current forecast rates for borrowing from the PWLB, and these are summarised in the table below. Should economic conditions lead to an expectation that borrowing rates will rise, then the Council will consider the affordability of externalising borrowing at that time.

	2023/24 (Sep'23)	2024/25 (Sep'24)	2025/26 (Sep'25)
10 years	4.30%	3.70%	3.30%
25 years	4.50%	4.00%	3.50%
50 years	4.20%	3.70%	3.20%

2.5 Policy on Borrowing in Advance of Need

2.5.1 As is the requirement under the Code, the Council will not borrow in advance of need simply to benefit from earning more interest on investing the cash than is being paid on the loan. Any decision to borrow in advance will be within the approved Capital Finance Requirement estimates and then only if value for money can be demonstrated and the cash can be invested securely until it is required.

2.5.2 In determining whether borrowing will be taken in advance of need the Council will;

- ensure that there is a clear link between the capital programme and maturity profile of existing debt which supports taking financing in advance of need;
- ensure that the ongoing revenue implications of the borrowing, and the impact on future plans and budgets have been considered;
- evaluate the economic and market factors which might influence the manner and timing of any decision to borrow;
- consider the merits (or otherwise) of other forms of funding; and
- consider the impact borrowing could have on investment balances if it results in increased exposure to counterparty risk.

2.6 Debt Rescheduling

2.6.1 As it is anticipated that short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from existing long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

2.6.2 The reasons for any rescheduling of existing debt to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy; and
- to enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

2.6.3 The rescheduling options currently available are not considered viable within the current market conditions, but the situation will be kept under constant review.

2.7 Training

2.7.1 The Director of Resources (Section 151 Officer) ensures that any Officer involved in the operation of the Treasury Management function, receives appropriate training relevant to their needs to ensure they fully understand their roles and responsibilities. Treasury staff will continue to attend regular courses and seminars provided by its Treasury advisors and CIPFA, and other ad hoc events including treasury software supplier forums.

2.7.2 In addition the Director of Resources (Section 151 Officer) ensures that elected Members who have responsibility for scrutinising the Treasury Management Strategy Statement have access to training to give them the appropriate skills to undertake this task.

2.8 Treasury management advisors

2.8.1 The Council recognises that there is value in employing external providers of treasury management advisors in order to acquire access to specialist skills and has commissioned Link Treasury Services in that role. However, the Council recognises that responsibility for treasury management decisions remains with the Council at all times.

2.9 Reporting Arrangements

2.9.1 The Council follows the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management which lays down reporting requirements to ensure best practice. The minimum reporting requirements are for three main reports, which incorporate a variety of policies, estimates and actuals as follows:

- An annual Treasury Strategy in advance of the new financial year – (**this report**) which covers the annual Treasury and Investment Strategies, the Treasury and Capital Prudential Indicators and the Minimum Revenue Provision Policy Statement.
- A mid-year Strategy Review – This will update Members with the progress of the capital programme, amending prudential indicators as necessary, and will discuss whether the Treasury Strategy is still appropriate or requires revision.
- An annual review following the end of the year comparing actual activity to the strategy.

2.9.2 In addition to the minimum criteria set by CIPFA, the Cabinet will receive regular treasury management activity reports within the quarterly revenue monitoring reports.

3 ANNUAL INVESTMENT STRATEGY

3.1 The Investment Strategy for 2023/24 covers the investment policy, creditworthiness policy and counterparty selection/limits, interest rates, and reporting.

3.2 The Investment Policy

3.2.1 The Council acts with regard to the Department for Levelling up, Housing and Communities' ("DLUHC") Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

3.2.2 In accordance with guidance from the DLUHC and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.

3.2.3 In accordance with the Markets in Financial Instrument Directive II (MiFID II), all local authorities must be classified by financial institutions as a 'retail client' unless they are 'opted up' by firms to an 'elective professional client' status. Being a 'retail client' would result in the Council not being able to access the investment opportunities that it currently uses to implement the Treasury Management Strategy as approved annually by Council. To ensure the Council can continue to deliver on this strategy, the appropriate financial

institutions have opted up the Council to elective professional client status. This approach is consistent with other local authorities with similar Treasury Management strategies. It should be noted that this European Directive will remain in force following the UK's departure from the European Union.

3.3 Creditworthiness Policy and Counterparty Selection

- 3.3.1 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
 - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- 3.3.2 As with previous practice, credit ratings will not be the sole determinant of the quality of an institution and it is important to continually assess and monitor the financial sector in relation to the economic environments in which institutions operate. This total assessment will also take account of information that reflects the opinion of the markets. To this end the Council will continue to engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
- 3.3.3 Other information sources used will include, but not be limited to the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 3.3.4 As at December 2022, the access to and availability of information regarding environmental, social, and governance (ESG) aspects within organisations is a fast developing area. This is one of the additional sources of information that will be used as part of the robust scrutiny process on potential counterparties for new investments, as it is important to the Council to avoid the reputational risk and adverse publicity resulting from poor governance. Should two investment options satisfy the security, liquidity and return requirements, and score the same for current creditworthiness, then the option showing the better reputational and / or environmental, social and governance scoring (if available) will be chosen.
- 3.3.5 The end product is a series of credit bands (provided by the Council's independent external advisors) which indicate the relative creditworthiness of counterparties. These bands are used by the Council to determine the recommended counterparty list, which includes limits on both period of investment and maximum value of deposits. These are detailed at 3.8.
- 3.3.6 Rating changes, rating watches (notification of a likely change), and rating outlooks (notification of a possible longer term change) are provided by the advisors as they occur and this information is always considered before dealing.

- 3.3.7 If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use for new investments will be suspended immediately. A risk assessment of the portfolio will immediately be undertaken, to consider other investments placed with the counterparty, to determine the necessity to request their immediate repayment, if possible.
- 3.3.8 The primary focus of the Investment Policy is to provide security of investments and to minimise risk. Investment instruments identified for use in the financial year are listed in 3.7 under the 'specified' and 'non-specified' investments categories.
- 3.3.9 It should be recognised that the criteria outlined within this Investment Strategy apply as and when investments are originally placed. As at 1 April 2023, the Council will have a range of investments placed by sovereign Councils in accordance with the respective Investment Strategy of the relevant sovereign Council at that time. Some of these legacy investments may not be in accordance with the criteria for taking new investments as detailed within this Investment Strategy. These legacy investments will be reviewed in 2023/24 and may be held until maturity but any new investments taken after 1 April 2023 will be compliant with this Strategy.

3.4 Country, Group and Sector limits

- 3.4.1 Due care will be taken to consider the country, group and sector exposure of the Council's investments. In addition:
- Country limits:
 - where the country of registration of an institution has an average credit rating (i.e. an average sovereign credit rating) equal to, or better than that of the UK; it will enable the Council to consider the placement of investments on the same basis applied for UK-registered institutions (i.e. subject to the overarching counterparty criteria as set out at 3.7 and 3.8 below (Specified Investments, Non-Specified Investments and Counterparty Criteria); and
 - where an institution meets the approved counterparty status* but the country of registration has an average credit rating below that of the UK; limit such investments in total to such rated non-UK countries to be no more than 20% or £20m (whichever is the lesser) of the portfolio.
* i.e. it meets the overarching counterparty criteria as set out at 3.7 and 3.8 below (Specified Investments, Non-Specified Investments and Counterparty Criteria).
 - No more than 20% will be placed with any company or group of companies (subject to the overarching requirement with regards to credit ratings as set out at 3.7 and 3.8 below (Specified Investments, Non-Specified Investments and Counterparty Criteria)), and
 - Sector limits will be monitored regularly for appropriateness.

3.5 Investment Strategy

- 3.5.1 Investments will be made with reference to the core cash balance and cash flow requirements and the outlook for short-term interest rates.

3.5.2 **Interest rate outlook:** In December 2021, the Bank of England increased the Base Rate from an all time low of 0.10% to 0.25%. The Bank Rate has steadily increased since this date and is currently at 4.00%. Link Treasury Services, the Council's external Treasury Advisor, is forecasting the rate to increase further to 4.50% by June 2023 before reducing slightly during 2023/24. At March year-ends the interest rates (as at 6 February 2023) are forecast to be:-

- March 2023 4.25%
- March 2024 4.00%
- March 2025 3.00%

3.5.3 It should be noted that these are forecast rates and actual interest rates may differ from these projections. Should interest rates increase sooner than projected, the Council would receive better rates of return on its investments but the rate of new borrowing may also increase. Conversely, should interest rates fall or future forecast increases not materialise, the return on investments will reduce but the cost of borrowing may reduce (or remain low for longer).

3.5.4 The Council's average investment rate (as a combination of investments held by sovereign Council's) as at 30 December 2022 is 3.09%. The bank rate (base rate), currently 4.00%, is the key determinant as to the expected rate of return for the investment portfolio. It is expected that the bank rate will remain relatively low for at least the next 5 years, and is expected to **average** as follows;

- 2023/24 4.40%
- 2024/25 3.30%
- 2025/26 2.60%

3.5.5 In an economic period where bank rates are increasing, the average yield on investments received will increase over time as deals mature, assuming cash balances remain sufficiently high to ensure opportunities for longer term investments. If bank rates are expected to fall, the reverse is true, and investment returns may decrease.

3.5.6 To assess the performance of the investment portfolio in 2023/24, the Council will use the 7 day Sterling Overnight Index Average (SONIA) rate.

3.6 End of year Investment report

3.6.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

3.7 Investment instruments – Specified / Non-specified Investments

3.7.1 Specified investments: (All such investments will be sterling denominated, with maturities, meeting the minimum 'high' rating criteria where applicable).

	Minimum allowable Credit Criteria	Use
Debt Management Agency Deposit Facility – UK Government	N/A (Government Backed)	In-house. Max period 6 months.
UK Government Gilts	UK sovereign rating	In-house buy and hold. Max period 5 years.
UK Government Treasury Bills	UK sovereign rating	In-house buy and hold. Max period 5 years.
Gilt Funds	UK sovereign rating	In-house. Liquid.
Deposits - local authorities	High level of security	In-house. Max period of 5 years.
UK Part nationalised Banks (the 'ring-fenced' entity)	Advisor blue category	In house. Maturity per counterparty matrix.
Term deposits – banks and building societies	Advisor green category	In-house. Maturity per counterparty matrix.
Certificates of deposit issued by rated banks and building societies	Advisor green category	In-house. Maturity per counterparty matrix.
Bonds issued by multilateral development banks	AAA	In-house buy and hold. Max period 6 months.
Low Volatility Net Asset Value Money Market Funds (formerly called Money Market Funds)	AAA Credit score of 1	In-house – liquid
Ultra-Short-Dated Bond Funds (formerly called Enhanced Money Market Funds)	AAA Credit score of 1.5	In-house – liquid

3.7.2 In addition to investments as referenced above, the Investment Strategy will also permit any specified investments novated into Westmorland & Furness Council on 1 April 2023 from legacy Councils that were placed in accordance with the TMSS of the respective Council. Any new specified treasury investments taken after 1 April 2023 will be compliant with the Strategy as detailed above.

3.7.3 Non-specified investments: These are any investments which do not meet the specified requirements above.

Non-specified investments have a maximum of £20m in aggregate and include an approved property fund and other approved investment funds as listed below:

Investment Fund	Limit	Use
Approved Local Authority Property Fund (CCLA)	Maximum of 50% of total investments; No maximum maturity period	As determined by S151 Officer
Approved Diversified Income Fund (CCLA)		

Other non-specified investments may include:

1. All specified investments with maturity periods in excess of 1 year;
2. Maturities of ANY period, instruments below.

	Minimum allowable Credit Criteria	Use
Fixed term deposits with variable rate and variable maturities: Structured deposits	Advisor green category	In-house. Maturity per counterparty matrix.

3.7.4 In addition, consideration may be given to offering commercial loans to third parties where the purpose of the loan is to provide community benefit. Such loans would be considered in accordance with the concept of security, liquidity and return. Loans would be made at commercial rates to ensure that such loans would not breach State Aid regulations.

3.7.5 Recipients of this type of investment are unlikely to be a financial institution and therefore unlikely to be subject to a credit rating as outlined in the creditworthiness policy above. In order to ensure security of the Council's capital, financial due diligence must be completed prior to any loan or investment being agreed. The Council will use its external Treasury Management advisors to complete financial checks to ascertain the creditworthiness of the third party and associated risks to the Council. Where deemed necessary, additional guarantees will be sought. This may be via security against assets and/or through guarantees from a parent company.

	Maximum Term:	Maximum Loan:
Third Party Commercial Loans	364 days	£5,000,000 (Maximum of 5% of portfolio in total)

Non-Treasury Investments

3.7.6 The Council recognises that investment in other financial assets taken for non-treasury management purposes requires careful investment management. Such activity includes loans supporting service outcomes and investments in subsidiaries.

3.7.7 In accordance with the TM Code, any investments that are not taken or held for treasury management purposes will be clearly identified and reported in the Capital Strategy detailing their service or commercial purposes including, where relevant, the organisation's risk appetite and specific policies and

arrangements for non-treasury investments. It is recognised that the risk appetite for these activities may differ from that for treasury management.

Investment Properties

3.7.8 The Council has 23 Investment properties including retail units and industrial sites held primarily or partially to generate a profit. They are held on the balance sheet in accordance with appropriate accounting policies.

Service Loans

3.7.9 The Council holds loans for a number of reasons primarily economic development and investment objectives or to help meet other Council priorities. These are often outside of normal commercial terms and are accounted for as soft loans.

Other Financial Instruments / Longer-duration Investments

3.7.10 During 2023/24 the Council may explore other potential financial instruments with a longer duration to increase the return on the Council's cash holdings. Where it is considered that additional financial instruments may be appropriate for the Council, these would be recommended for inclusion in an updated Treasury Management Strategy Statement and Council approval would be sought.

3.8 Counterparty Criteria and Limits

3.8.1 The recommended counterparty criteria and limits are detailed below. These limits are applicable as at the time an investment commences.

Bank of England (Debt Management Deposit Account Facility DMADF) - No maximum limit or period.
Other Local Authorities – At the time the deposit is made, up to 20% of portfolio per counterparty, for period of up to 2 years.
Yellow – Low Volatility NAV Money Market Funds (LVMMF) with a matrix credit score of 1 or above. Subject to a maximum of £20m per MMF.
Pink – Ultra-Short-Dated Bond Funds (USDBF) with a matrix credit score of 1.5 or better (i.e. 1, 1.25, or 1.5). Subject to maximum of £20m principal per USDBF (and per counterparty in total with any other MMF held).
Purple – At the time the deposit is made, up to 20% of portfolio per counterparty, for period of up to 2 years. Subject to maximum of £20m principal per banking group.
Blue – Deposit maximum of £25m per banking group for period of up to 1 year. <i>Part-nationalised UK banks, must be the 'ring-fenced' entity.</i>
Orange – At the time the deposit is made, up to 20% of portfolio per counterparty, for period of up to 1 year. Subject to maximum of £20m principal per banking group.

Red – At the time the deposit is made, up to 15% per counterparty for period up to 6 months. Subject to maximum of £15m per banking group.

Green – At the time the deposit is made, up to 10% per counterparty for period up to 100 days. Subject to maximum of £10m per banking group.

4 CAPITAL PLANS AND PRUDENTIAL CODE INDICATORS

4.1 Introduction:

4.1.1 The key objective of the Prudential Code is to provide a framework for local authority capital finance to ensure that:

- capital expenditure plans are affordable and proportionate;
- all external borrowing and other long term liabilities are within prudent and sustainable levels;
- the risks associated with investments for commercial purposes are proportionate to their financial capacity, and;
- treasury management decisions are taken in accordance with professional good practice.

4.1.2 The Prudential Code specifies a range of indicators that must be used, and other factors that must be taken into account. They should be evaluated as a coherent entity, because changes in any one indicator often impact on others. They must also be considered in conjunction with other annual strategic financial plans, such as the annual revenue and capital budgets. The effects that any alternative options in these budgets might have on the indicators must also be considered before approval is given to the final financial strategic plan.

4.1.3 Proposals in the Capital Programme form the basis for the Prudential Indicators.

4.1.4 A schedule of all of the Prudential Indicators is attached at 4.3, a summary of which will be included in the Medium Term Financial Plan (MTFP).

4.2 Prudential Indicators – Affordability and Capital Programme

4.2.1 **Affordability** - These indicators are calculated to help Members assess the overall affordability of the proposed Capital Programme by providing an indication of the impact it will have on the Council's overall resources.

4.2.2 **Capital Programme** - The Council's capital expenditure plans are a key driver to treasury management activity. This prudential indicator is a summary of the Council's draft capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

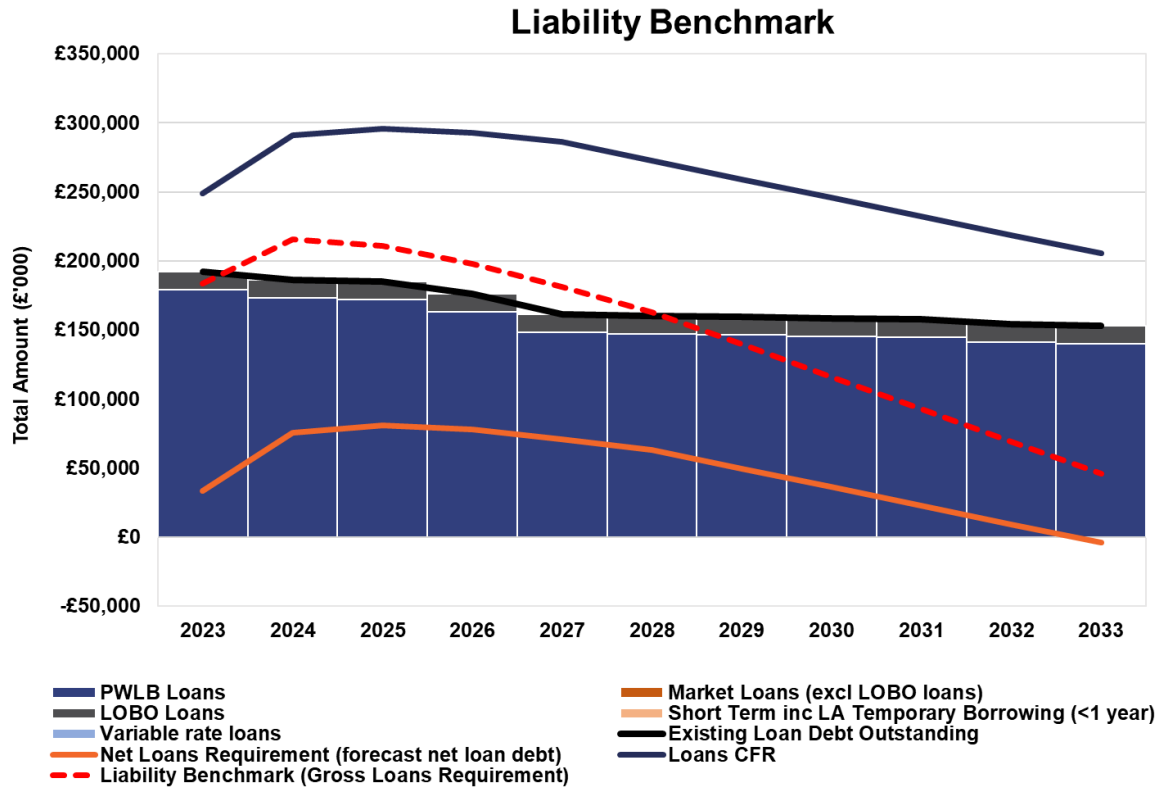
4.2.3 **The Council's Borrowing Need - Capital Financing Requirement** - The Council's Capital Financing Requirement (CFR) is the outstanding capital spend which has not yet been paid for from either revenue or capital resources, such as grants or property sales. It is essentially a measure of the Council's underlying need to borrow. Any capital spend which has not been paid for during the year, will increase the CFR. The CFR does not increase indefinitely,

as the Minimum Revenue Provision (MRP) (which is a statutory annual revenue charge) makes principal repayments in line with the life cycle of the assets financed from borrowing. The Council's gross debt over the next 3 years should not, except in the short term, exceed the estimated Capital Financing Requirement for the next 3 years. Although some flexibility is permitted for limited early borrowing, officers must ensure that long term borrowing is not undertaken for revenue purposes.

- 4.2.4 Following accounting changes in 2009/10 the CFR includes any other long term liabilities (e.g. Public Private Partnerships (PPP), Private Finance Initiatives (PFI), finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes within the CFR.
- 4.2.5 **Affordability – Ratio of Financing Costs to Net Revenue Stream** – This indicator shows the full revenue cost of projects in the draft capital programme financed by borrowing.
- 4.2.6 **Authorised Limit** – The Authorised Limit is the statutory limit determined under section 3(1) of the Local Government Act 2003, through which the Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised. It represents a control on the absolute maximum level of borrowing and is a key control over treasury activity which ensures that, over the medium term, net borrowing will only be undertaken to finance capital spend. It is set to ensure that external borrowing doesn't exceed the Council's estimated CFR for the 3 years covered by the Medium Term Financial Plan, allowing some flexibility for limited early borrowing for future years where appropriate.
- 4.2.7 The limit reflects the level of borrowing which, while not desired, could be afforded in the short term to allow borrowing to cover for any extraordinary treasury activities. This additional headroom to borrow would be used in exceptional circumstances only.
- 4.2.8 **Limits to Borrowing – Operational Boundary** – This indicator sets the expected maximum amount of borrowing that would under normal circumstances be undertaken at any time during the financial year.
- 4.2.9 **Treasury Management Limits on Activity** – There are three debt related treasury activity limits. Their purpose is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance.
- 4.2.10 **Liability Benchmark** – During 2021/22 CIPFA consulted on revisions to the CIPFA TM Code and Prudential Code. The aim of the revisions is to strengthen the provisions within the Codes relating to commercial investment, focusing on sustainability and affordability, and to ensure the TM Code remains fit for purpose. The guidance issued by CIPFA requires full implementation of the revised code to be incorporated by local authorities from 2023/24. This

encompasses the inclusion of a new Treasury Management Prudential Indicator – the “Liability Benchmark” in the TMSS for 2023/24.

4.2.11 The Liability Benchmark chart is shown below.



4.3 The Council's Prudential Indicators and Treasury Management Indicators 2023/24

Prudential Indicators are determined under Section 3(1) and (2) of the Local Government Act 2003 and produced in accordance with CIPFA's Prudential Code. The Prudential Indicators to 2027/28 are detailed below.

		2023/24	2024/25	2025/26	2026/27	2027/28
PRUDENTIAL INDICATORS - Affordability		Estimated				
		£m	£m	£m	£m	£m
1	Estimates of proposed capital expenditure (excludes capitalisation directive and HRA)	102.003	65.209	30.170	22.962	21.638
	Estimates of proposed HRA capital expenditure	2.161	2.161	2.161	2.161	2.161
	Total	104.164	67.370	32.331	25.123	23.799
	Estimates of proposed capital expenditure funded by prudential borrowing (includes capitalisation directive)	51.088	16.465	9.668	6.400	5.578
		The current estimates of capital expenditure for the five forward years to 2027/28.				
2	Capital Financing requirement (CFR) General Fund (includes capitalisation directive)	276.071	281.815	279.722	273.829	266.691
	Capital Financing requirement (CFR) for HRA	14.758	13.941	13.124	12.307	11.490
	Total - the borrowing need	290.829	295.756	292.846	286.136	278.181
			The Capital financing requirement indicator is a measure of the Council's underlying need to borrow for a capital purposes.			
3	Ratio of Finance costs to Net Revenue Stream	%	%	%	%	%
		4.71%	7.06%	7.34%	7.41%	7.35%
			This indicator shows the proportion of income received from grant and Council Tax that is spent on paying for the consequences of borrowing to fund capital borrowings.			

PRUDENTIAL INDICATORS - Prudence		2023/24	2024/25	2025/26	2026/27	2027/28
4	Authorised limit for external debt	Proposed				
		£m	£m	£m	£m	£m
	Borrowing	318	324	322	316	309
	Other Long Term Liabilities	135	135	135	135	135
	Total	453	459	457	451	444
		The Authorised Limit and Operational Boundary are the monitoring tools against which the actual external borrowing of the Council will be managed. They are based on a prudent but not worst case scenario and include an allowance for unusual or unexpected cash flow movements but not catastrophic events.				

5		2023/24	2024/25	2025/26	2026/27	2027/28
Operational boundary for external debt		Proposed				
		£m	£m	£m	£m	£m
	Borrowing	293	299	297	291	284
	Other Long Term Liabilities	125	125	125	125	125
	Total	418	424	422	416	409
		The Council is also requested to approve the Operational Boundaries for External Borrowing for the next five years as shown. This boundary is lower than the Authorised limit because it excludes the impact of unusual or unexpected cash flows.				

6		2023/24	2024/25	2025/26	2026/27	2027/28
Upper Limit on Net Sums Borrowed		Proposed				
		£m	£m	£m	£m	£m
	Fixed Interest Rates	293	299	297	291	284
	Variable Interest Rates	100	100	100	100	100

7	Upper Limit for total principal sums invested for over 1 year (per maturity dates)	Lower of £20m or 20% of the portfolio at any time during the financial year			
The purpose of this indicator is to ensure that the Council has protected itself against the risk of loss arising from the need to seek early redemption of principal sums invested. Only core cash will be invested for periods greater than 1 year.					
8	Maturity Structure of fixed interest rates borrowing	Upper	Lower	Opening 01/04/23	Forecast 31/03/24
Under 12 months		30%	0%	3.1%	0.5%
12 months to 2 years		40%	0%	0.5%	4.8%
2 years to 5 years		40%	0%	13.0%	9.1%
5 years to 10 years		40%	0%	3.8%	3.7%
10 years and above		100%	100%	79.6%	81.9%
The maturity of borrowing is determined by the earliest date on which the lender can require payment. The indicator is designed to exercise control over the Council having large concentrations of fixed rate debt needing to be replaced at any one time.					

5 MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

- 5.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement (CFR)) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).
- 5.2 Department for Levelling up, Housing and Communities (DLUHC) regulations the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.
- 5.3 The Minimum Revenue Provision (MRP) policy for 2023/24 is based on the legacy policies from sovereign Councils as detailed below.
- 5.4 The Council will undertake a review of its MRP policy during 2023/24 to develop a consolidated policy fit for purpose for the new Council. It is expected that any proposed amendments to the following policy would be approved by Council during 2023/24.
- 5.5 The Council is recommended to approve the following MRP Statement:
- 5.6 For Capital Spend incurred by Westmorland & Furness Council:
- **In the case of capital spend financed by “supported” borrowing** this will be charged on a 2% straight line basis, net of “Adjustment A”. This ensures that the debt will be repaid within 50 years.
 - **In the case of all capital spend financed by Prudential Borrowing;** this will be subject to MRP under *option 3: Asset life method – equal instalments charged over the estimated life of the asset*. MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Directive).

5.6.1 Estimated life periods will be determined under delegated powers in accordance with the Council's Accounting Policy on depreciation of assets. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

5.6.2 As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

5.7 For Capital Spend previously incurred by Cumbria County Council:

- **In the case of capital spend incurred before 1 April 2008 and spend financed by "supported" borrowing in all the following years;** from 1 April 2009 this will be charged on a 2% straight line basis, net of "Adjustment A". This ensures that the debt will be repaid within 50 years.
- **In the case of all capital spend financed by Prudential Borrowing;** this will be subject to MRP under option 3: Asset life method – equal instalments charged over the estimated life of the asset. MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Directive).
- Repayments included in annual **Public, Private Partnerships (PPP), Public Finance Initiative (PFI) or finance leases** are applied as MRP.

5.8 For Capital Spend previously incurred by Barrow Borough Council:

5.8.1 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- The MRP charge in relation to capital expenditure incurred prior to 1 April 2008 where the expenditure was funded by either supported or unsupported borrowing will be 1/50th of the balance remaining at the 31st March 2016.

5.8.2 From 1 April 2008 for all unsupported borrowing the MRP policy will be:

- Asset life method – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Directive) (option 3).

5.8.3 These options provide for a reduction in the borrowing need over approximately the asset's life.

5.8.4 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are Treasury Management Strategy Statement 2022-2023 transitional arrangements in place). The HRA Business Plan under self-financing includes a voluntary revenue provision to repay the debt on the account.

5.9 For Capital Spend previously incurred by Eden District Council:

5.9.1 Eden Council generally apply the asset life method to determine its minimum revenue provision. DHULC guidance suggests maximum asset lives of 40 or 50 years for property and land respectively. Any MRP will be calculated with this in mind, but the Council retains the option to use a shorter or longer period where there is evidence to support that this is reasonable and prudent.

5.9.2 Minimum revenue provision which arises as a result of capitalising leases or lease type arrangements will match the annual principal repayment for the associated liability.

5.9.3 When a loan is granted that results in capital expenditure, the Council will retain the option to treat repayments of principal as satisfying the requirement for making prudent provision, subject to assessment on a case-by-case basis.

5.9.4 Any MRP relating to expenditure capitalised under statute will be in line with the charge periods recommended by DHULC.

5.10 For Capital Spend previously incurred by South Lakeland District Council:

5.10.1 Within South Lakeland District Council capital expenditure incurred before 1 April 2008 or for any Supported Capital Expenditure, the MRP policy will be:

- Previous practice - MRP will follow the practice outlined in former CLG regulations (option 1); this option provides for an approximate 4% reduction in the borrowing need (CFR) each year on eligible debt.

5.10.2 For all unsupported borrowing after 1 April 2008 (including Private Finance Initiative and finance leases) the MRP policy will be:

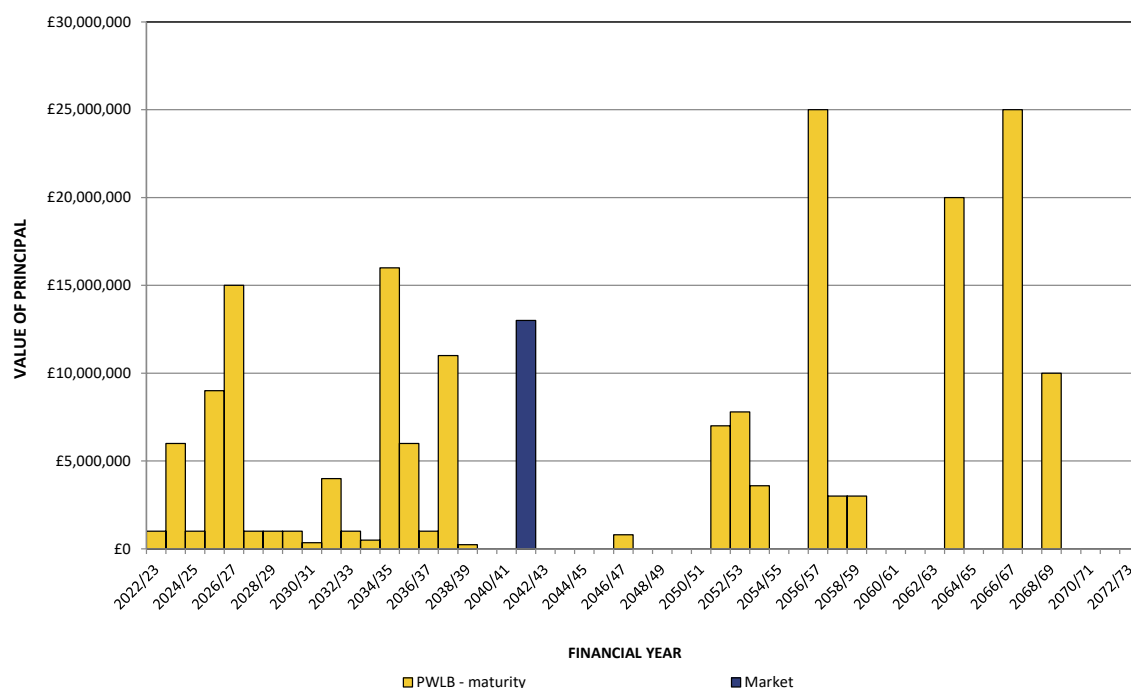
- Asset Life Method – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Directive). This option provides for a reduction in the borrowing need over approximately the asset's life. This method allows for annual payment to be calculated as equal instalments or set as an annuity (increasing payments) over the life of the asset. The exact repayment calculation will be determined on a case by case basis.
- For Finance leases, the MRP will be calculated to match the capital repayment identified within the annual lease payments.

5.10.3 For assets under constructions MRP will not be applied until the earlier of entering external borrowing or when the asset comes into use. However if

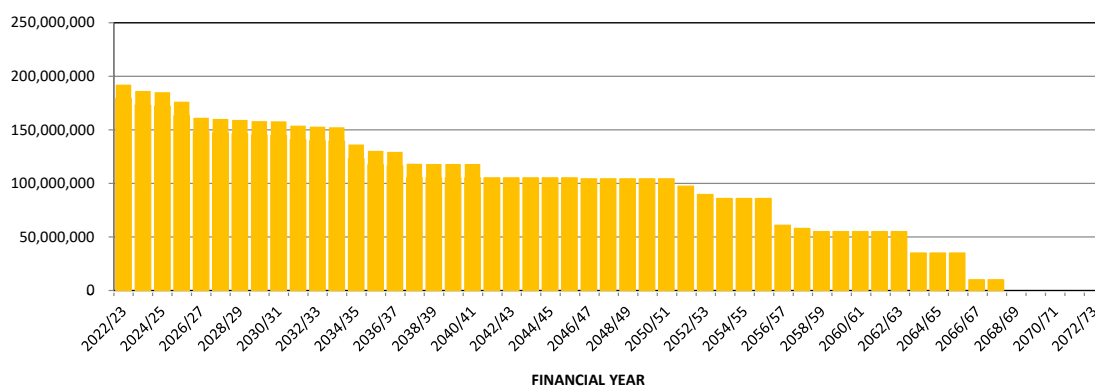
there is expected to be a significant delay between expenditure and the asset coming into use then we will consider, on a case by case basis, applying MRP sooner.

Long term borrowing (Debt Portfolio from Sovereign Councils) at 31 December 2022

Current Maturity Profile



Cumulative Debt Profile to Maturity



Note: Lender Option Borrower Options (LOBOs) are long term 'market loans' (i.e. a loan from a bank for a fixed period repaid at maturity). The interest rate in the initial periods of these loans is at a discount to the market rate. The lender has the option to change the terms, at which point the Council has the option to repay the loan early. Due to this, the loans are classed as 'variable' rate.

The LOBOs total £13m (6.7%) of the Council's total long term borrowing as at 31 December 2022.

Westmorland & Furness Council debt portfolio detail from Sovereign Councils
at 31 December 2022:

Sovereign Council	Lender	Original Loan Start Date	Maturity Date	Repayment Type (i.e. at Maturity, Annuity etc)	Debt attributable to Westmorland & Furness Council (£)	Interest Rate (%)
Barrow BC	PWLB	28/03/2012	28/03/2023	Maturity	£1,000,000	2.56
Cumbria CC	PWLB	04/05/1995	15/11/2023	Maturity	£5,000,000	8.50
Barrow BC	PWLB	28/03/2012	28/03/2024	Maturity	£1,000,000	2.70
Barrow BC	PWLB	28/03/2012	28/03/2025	Maturity	£1,000,000	2.82
Cumbria CC	PWLB	14/11/2001	14/11/2025	Maturity	£3,000,000	4.50
Cumbria CC	PWLB	29/05/2003	15/11/2025	Maturity	£5,000,000	4.45
Barrow BC	PWLB	28/03/2012	28/03/2026	Maturity	£1,000,000	2.92
Cumbria CC	PWLB	14/11/2001	13/11/2026	Maturity	£14,000,000	4.50
Barrow BC	PWLB	28/03/2012	28/03/2027	Maturity	£1,000,000	3.01
Barrow BC	PWLB	28/03/2012	28/03/2028	Maturity	£1,000,000	3.08
Barrow BC	PWLB	28/03/2012	28/03/2029	Maturity	£1,000,000	3.15
Barrow BC	PWLB	28/03/2012	28/03/2030	Maturity	£1,000,000	3.21
Barrow BC	PWLB	28/03/2012	28/03/2031	Maturity	£350,000	3.26
Barrow BC	PWLB	21/11/2005	01/10/2031	Maturity	£4,000,000	4.25
Barrow BC	PWLB	28/03/2012	28/03/2033	Maturity	£1,000,000	3.34
Barrow BC	PWLB	28/03/2012	28/03/2034	Maturity	£500,000	3.37
Cumbria CC	PWLB	20/12/2004	15/05/2034	Maturity	£16,000,000	4.50
Barrow BC	PWLB	24/10/2005	01/10/2035	Maturity	£6,000,000	4.45
Barrow BC	PWLB	28/03/2012	28/03/2037	Maturity	£1,000,000	3.44
Cumbria CC	PWLB	10/12/2007	15/11/2037	Maturity	£10,000,000	4.49
Barrow BC	PWLB	28/03/2012	28/03/2038	Maturity	£1,000,000	3.46
Barrow BC	PWLB	28/03/2012	28/03/2039	Maturity	£239,000	3.47
Cumbria CC	FMS Wertmanagement	25/01/2002	27/01/2042	Maturity	£13,000,000	4.73
South Lakeland DC	PWLB	25/08/2006	29/03/2047	Maturity	£800,000	4.25
Barrow BC	PWLB	07/08/2006	01/10/2051	Maturity	£4,000,000	4.35
South Lakeland DC	PWLB	04/01/2008	29/03/2052	Maturity	£3,000,000	4.42
Barrow BC	PWLB	10/10/2006	01/04/2052	Maturity	£4,794,734	4.10
South Lakeland DC	PWLB	02/08/2007	29/09/2052	Maturity	£3,000,000	4.55
Barrow BC	PWLB	12/06/2007	01/04/2053	Maturity	£3,595,000	4.75
Cumbria CC	PWLB	08/03/2007	15/05/2056	Maturity	£25,000,000	4.25
South Lakeland DC	PWLB	07/05/2008	29/03/2058	Maturity	£3,000,000	4.43
South Lakeland DC	PWLB	09/10/2008	29/09/2058	Maturity	£3,000,000	4.36
Cumbria CC	PWLB	10/06/2019	10/06/2063	Maturity	£20,000,000	2.16
Cumbria CC	PWLB	28/03/2018	28/03/2067	Maturity	£25,000,000	2.32
Cumbria CC	PWLB	31/05/2018	31/05/2068	Maturity	£10,000,000	2.25
Total:					£193,278,734	3.84

Note: The FMSWERTM borrowing above relates to market loans with FMS Wertmanagement Bank Germany. Initially taken from Depfa Bank Plc (Dublin) and subsequently transferred by the lender to FMS.

Westmorland & Furness Council Investment Portfolio - from Sovereign Councils as at 31 December 2022

The Council's investment portfolio (comprised of the investment portfolios from sovereign Councils) with the average deposit rate as at 31 December 2022 is shown below. There will be a final list confirmed from 1 April 2023.

The Council's investment strategy is to first provide security and adequate liquidity, before considering optimising investment return. The aim is for an appropriate balance of instant access, short-term investments and longer, three to twelve month deposits (earning higher rates). The Council is committed to this policy but it must be acknowledged that it lowers the potential interest rate available.

Sovereign Council	Counterparty	Deposit Type	Start Date	Maturity Date	Interest Rate at 31/12/22 (%)	Principal (£)	Investments attributable to Westmorland & Furness Council (£)*
Specified Treasury Investments Compliant with Westmorland & Furness Council Investment Strategy							
Cumbria CC	AUSTRALIA AND NEW ZEALAND BANK	Fixed Term Deposit	06/04/2022	06/01/2023	1.68	5,000,000	2,100,000
Cumbria CC	SANTANDER UK	Fixed Term Deposit	12/07/2022	12/01/2023	2.04	5,000,000	2,100,000
South Lakeland DC	Coventry BS	Fixed Term Deposit	25/07/2022	19/01/2023	1.85	1,000,000	1,000,000
Cumbria CC	NATIONAL BANK OF CANADA	Fixed Term Deposit	25/07/2022	25/01/2023	2.37	10,000,000	4,200,000
South Lakeland DC	Sumitomo Mitsui	Fixed Term Deposit	05/08/2022	27/01/2023	2.30	1,000,000	1,000,000
South Lakeland DC	Standard Chartered	Fixed Term Deposit	05/08/2022	27/01/2023	2.37	1,000,000	1,000,000
Cumbria CC	AUSTRALIA AND NEW ZEALAND BANK	Fixed Term Deposit	04/05/2022	03/02/2023	1.99	5,000,000	2,100,000
Cumbria CC	NATIONAL WESTMINSTER BANK	Fixed Term Deposit	09/02/2022	09/02/2023	1.33	5,000,000	2,100,000
Cumbria CC	LLOYDS BANK CORPORATE MARKETS	Fixed Term Deposit	11/11/2022	10/02/2023	3.58	5,000,000	2,100,000
South Lakeland DC	Goldman Sachs	Fixed Term Deposit	15/08/2022	15/02/2023	2.53	2,000,000	2,000,000
South Lakeland DC	Sumitomo Mitsui	Fixed Term Deposit	15/11/2022	15/02/2023	3.45	2,000,000	2,000,000
Cumbria CC	GOLDMAN SACHS INTERNAT'L BANK	Fixed Term Deposit	17/08/2022	16/02/2023	2.73	5,000,000	2,100,000
Cumbria CC	BAYERISCHE LANDESBANK	Fixed Term Deposit	22/08/2022	22/02/2023	2.82	5,000,000	2,100,000
Eden DC	DMADF	Fixed Term Deposit	28/11/2022	24/02/2023	3.12	860,000	860,000
South Lakeland DC	Suffolk County Council	Fixed Term Deposit	01/09/2022	24/02/2023	2.35	2,000,000	2,000,000
Cumbria CC	WEST DUNBARTONSHIRE COUNCIL	Fixed Term Deposit	26/08/2022	27/02/2023	2.45	5,000,000	2,100,000
Cumbria CC	GOLDMAN SACHS INTERNAT'L BANK	Fixed Term Deposit	30/08/2022	28/02/2023	3.09	5,000,000	2,100,000
Cumbria CC	AUSTRALIA AND NEW ZEALAND BANK	Fixed Term Deposit	04/08/2022	03/03/2023	2.52	10,000,000	4,200,000
Cumbria CC	LANDESBANK HESSEN-THUR LONDON	Fixed Term Deposit	06/10/2022	06/03/2023	3.92	5,000,000	2,100,000
South Lakeland DC	Yorkshire BS	Fixed Term Deposit	07/11/2022	06/03/2023	3.15	2,000,000	2,000,000
Cumbria CC	BAYERISCHE LANDESBANK	Fixed Term Deposit	12/09/2022	10/03/2023	3.28	5,000,000	2,100,000
South Lakeland DC	Coventry BS	Fixed Term Deposit	25/10/2022	24/03/2023	3.31	1,000,000	1,000,000
South Lakeland DC	Standard Chartered	Fixed Term Deposit	01/12/2022	24/03/2023	3.70	1,000,000	1,000,000
Cumbria CC	NATIONAL WESTMINSTER BANK	Fixed Term Deposit	26/09/2022	27/03/2023	4.35	10,000,000	4,200,000
Cumbria CC	NATIONAL WESTMINSTER BANK	Fixed Term Deposit	28/10/2022	27/03/2023	3.60	5,000,000	2,100,000
Cumbria CC	SANTANDER UK	Fixed Term Deposit	29/09/2022	29/03/2023	4.32	5,000,000	2,100,000
Cumbria CC	STANDARD CHARTERED BANK - SUST	Fixed Term Deposit	30/09/2022	30/03/2023	4.54	5,000,000	2,100,000
Eden DC	Barclays bank	Fixed Term Deposit	28/07/2022	31/03/2023	2.15	1,000,000	1,000,000
Eden DC	DMADF	Fixed Term Deposit	13/10/2022	31/03/2023	3.49	1,275,000	1,275,000
Cumbria CC	ABERDEEN CITY COUNCIL	Fixed Term Deposit	08/12/2022	09/05/2023	3.48	2,500,000	1,050,000
Cumbria CC	ABERDEEN CITY COUNCIL	Fixed Term Deposit	08/12/2022	09/05/2023	3.48	2,500,000	1,050,000
Cumbria CC	LANDESBANK HESSEN-THUR LONDON	Fixed Term Deposit	13/12/2022	13/06/2023	4.02	5,000,000	2,100,000
South Lakeland DC	Stockport MBC	Fixed Term Deposit	20/06/2022	19/06/2023	1.25	5,000,000	5,000,000
Barrow BC	Medway Council	Fixed Term Deposit	29/09/2022	29/06/2023	3.90	3,000,000	3,000,000
Barrow BC	West Dunbartonshire	Fixed Term Deposit	25/10/2022	25/07/2023	3.90	4,000,000	4,000,000
South Lakeland DC	Uttlesford District Council	Fixed Term Deposit	13/09/2022	12/09/2023	3.00	3,000,000	3,000,000
South Lakeland DC	Darlington BC	Fixed Term Deposit	27/09/2022	26/09/2023	3.00	2,000,000	2,000,000
Cumbria CC	LANDESBANK HESSEN-THUR LONDON	Fixed Term Deposit	20/12/2022	29/09/2023	4.23	5,000,000	2,100,000
Cumbria CC	ABERDEEN STANDARD MMF	Money Market Fund	N/A	N/A	3.28	8,500,000	3,570,000
Cumbria CC	BNP PARIBAS MMF INSTICASH	Money Market Fund	N/A	N/A	3.45	18,300,000	7,686,000
Cumbria CC	DEUTSCHE MMF MANAGED STERLING	Money Market Fund	N/A	N/A	3.19	15,500,000	6,510,000
Eden DC	Royal London Enhanced Cash Plus Fund	Enhanced Cash Plus Fund		Not Set	1.80	970,629	970,629
Eden DC	Payden & Rygel Sterling Reserve Fund	Sterling Reserve Fund		Not Set	2.24	971,219	971,219
South Lakeland DC	CCLA	Money Market Fund			3.31	7,000,000	7,000,000
South Lakeland DC	Blackrock	Money Market Fund			3.21	4,250,000	4,250,000
South Lakeland DC	Federated	Money Market Fund			3.26	9,150,000	9,150,000
							121,542,847

Sovereign Council	Counterparty	Deposit Type	Start Date	Maturity Date	Interest Rate at 31/12/22 (%)	Principal (£)	Investments attributable to Westmorland & Furness Council (£)*
Specified Treasury Investments Non-Compliant with Westmorland & Furness Council Investment Strategy							
Barrow BC	Cambridge Building Society	Fixed Term Deposit	24/06/2022	04/01/2023	1.85	2,000,000	2,000,000
South Lakeland DC	Newcastle BS	Fixed Term Deposit	05/07/2022	05/01/2023	1.78	2,000,000	2,000,000
Barrow BC	Monmouthshire Building Society	Fixed Term Deposit	26/01/2022	25/01/2023	0.65	2,000,000	2,000,000
Barrow BC	Monmouthshire Building Society	Fixed Term Deposit	07/02/2022	06/02/2023	0.98	2,000,000	2,000,000
Barrow BC	National Counties Building Society	Fixed Term Deposit	24/06/2022	24/03/2023	2.20	2,000,000	2,000,000
Barrow BC	Mansfield Building Society	Fixed Term Deposit	05/12/2022	30/03/2023	3.30	2,000,000	2,000,000
Barrow BC	Principality Building Society	Fixed Term Deposit	15/06/2022	14/06/2023	2.00	1,000,000	1,000,000
Barrow BC	Progressive Building Society	Fixed Term Deposit	20/09/2022	20/06/2023	3.15	3,000,000	3,000,000
Barrow BC	Mansfield Building Society	Fixed Term Deposit	21/12/2022	21/06/2023	3.90	2,000,000	2,000,000
Barrow BC	Cambridge Building Society	Fixed Term Deposit	23/09/2022	23/06/2023	3.30	2,000,000	2,000,000
Barrow BC	Newcastle Building Society	Fixed Term Deposit	23/09/2022	23/06/2023	3.30	2,000,000	2,000,000
Barrow BC	National Counties Building Society	Fixed Term Deposit	20/10/2022	20/07/2023	3.85	2,000,000	2,000,000
Barrow BC	Furness Building Society	Fixed Term Deposit	22/07/2022	21/07/2023	2.50	2,000,000	2,000,000
Barrow BC	Saffron Building Society	Fixed Term Deposit	13/09/2022	12/09/2023	3.35	1,000,000	1,000,000
Barrow BC	Newcastle Building Society	Fixed Term Deposit	12/10/2022	11/10/2023	4.45	2,000,000	2,000,000
Barrow BC	Saffron Building Society	Fixed Term Deposit	14/12/2022	13/12/2023	4.18	3,000,000	3,000,000
							32,000,000
Non Specified Investments							
Eden DC	CCLA Diversified Income Fund	Diversified Income fund		Not Set	2.48	917,792	917,792
Eden DC	CCLA LAMIT	LAMIT Fund		Not Set	5.50	4,173,965	4,173,965
							5,091,756
Total Treasury Investments at 31 December 2022					3.09		158,634,604
Non Treasury Investments							
Eden DC	AHIF Eden HA Lonsdale Ct	Reducing Balance	05/06/2017	02/06/2042	4.50	108,592	108,592
Eden DC	AHIF Eden HA Brent Rd	Reducing Balance	31/01/2018	31/01/2043	4.50	158,103	158,103
Eden DC	AHIF Eden HA Lonsdale Ct	Reducing Balance	29/03/2018	29/03/2043	4.50	275,520	275,520
Eden DC	Heart of Cumbria Ltd	Loans	Various	26/06/2049		2,567,000	2,567,000
Eden DC	Enterprise Answers	Loans	19/03/2015			250,000	250,000
Eden DC	Heart of Cumbria Ltd	Share capital				1,000,000	1,000,000
Total Non Treasury Investments:							4,359,215

* Cumbria County Council investments as at 31 December 2022 have been allocated as 43% to Westmorland & Furness Council; 52% to Cumberland Council; and 5% to Cumbria Commissioner Fire & Rescue Service.

Locality Boards Devolved Budgets

Budget 2023/24

Appendix E

	Barrow	Eden	South Lakeland	TOTAL Allocation
	£	£	£	£
General Provision Allocation				
2022/23 notional base budget - General Provision	53,068	42,750	83,430	179,248
Population change - General Provision	132	643	(775)	0
2023/24 General Provision allocation	53,200	43,393	82,655	179,248
0-19 Sevices Allocation				
2022/23 notional base budget - 0-19 Services	57,622	39,569	77,888	175,079
Population change - 0-19 Services	(26)	1,579	(1,553)	0
2023/24 0-19 Services Allocation	57,596	41,148	76,335	175,079
Additional 11-19 Universal Services Allocation	25,042	17,016	32,428	74,486
Total for Discretionary Budget	135,838	101,557	191,418	428,813
Money Advice	57,060	34,870	47,550	139,480
Non Highways Revenue Total	192,898	136,427	238,968	568,293
Highways Revenue				
2023/24 base budget - Highways Revenue	512,000	556,000	932,000	2,000,000
Highways Revenue Total	512,000	556,000	932,000	2,000,000
Total proposed Revenue Budget allocations 2023/24	704,898	692,427	1,170,968	2,568,293

CABINET GUIDANCE TO LOCALITY BOARDS

Highways Revenue

This budget exists to deliver Locality highways schemes. These schemes could include street lighting, drainage clearing, traffic calming, sign cleaning and white line painting. Locality Boards may set their own programme of maintenance provided it provides a safe and reliable highway network including lighting infrastructure. It is recommended that a programme of work is set at the start of the financial year.

Virement: This budget **may not** be vired to other Locality Board Areas but can be supplemented by other budgets.

General Budget

This can be used for any budget area including Community grants.

Applicants must be a constituted group.

Virement: This budget **may be** vired to other Locality Board budget areas or can be supplemented by other budgets.

0-19 Budget

The Locality Board 0-19 budget is available for Locality Boards to allocate within their areas in order to support positive activities, both targeted and mainstream, designed to improve outcomes for children and young people and reduce inequalities.

In allocating funds from this budget, councillors should satisfy themselves that projects address **at least one** of the following criteria:

- Providing access to play, recreational, leisure or outdoor activities.
- Providing access to care or educational activities.
- Providing access to safe and enjoyable places for children and young people to go.
- Providing access to holiday, weekend or out of school activities.
- Enabling children and young people's involvement and participation e.g. forum, youth council, engagement, empowerment, decision-making.
- Supporting children and young people to take part in volunteering or community action.

In addition, applicants for funding from this grant should evidence a commitment to Health, Safety and Risk Management; Equality and Diversity; Safeguarding; Financial Management; and sound Governance.

Applicants must be a constituted group.

Ineligibility

Funding from this budget may not be used to support loan repayments, finance redundancies or debts, or for retrospective applications.

Virement: This budget **may be** vired to other Locality Board budget areas and can be supplemented by other budgets.

Additional 11-19 Universal Services Allocation

The Locality Board additional 11-19 Universal Services budget is available to provide universal open access services for 11-19 year olds.

Applicants must be a constituted group.

Virement: This budget **may be** vired to other Locality Board budget areas and can be supplemented by other budgets.

Money Advice

To provide for the contract payments and services provided.

Virement: These budgets **may not** be vired to other Locality Board budget areas

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Westmorland & Furness Council
Senior Leadership Pay Policy Statement

Introduction and Purpose

Under section 112 of the Local Government Act 1972, local authorities have the power to appoint officers on such reasonable terms and conditions as the authority thinks fit. This Senior Leadership Pay Policy Statement (the "statement") sets out Westmorland & Furness Council pay policy in accordance with the requirements of the Localism Act 2011.

This is an interim Pay Policy Statement, including details relating to senior leadership posts. This statement will be updated following agreement of the pay and grading structure for new appointments to other grades in the Council.

The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of Senior Leaders (as listed in Tables 1 and 2) by identifying:

- The methods by which salaries are determined
- The detail and level of remuneration for Senior Leadership roles
- The responsibility of the Shadow Council to ensure that the provisions set out in this statement are applied consistently throughout the Council

Definitions

Chief Officer refers to the following roles in Westmorland & Furness Council.

Table 1

Definition under the Localism Act 2011	Post Held at Westmorland & Furness Council	Post Tier and Level
The Head of Paid Service	Chief Executive Officer	Chief Executive
The Monitoring Officer	Chief Legal and Monitoring Officer	Tier 3, Level 2
Section 151 Officer	Director Resources (s151 Officer) (Director Level)	Tier 2

Statutory Chief Officers	Director of Public Health	Tier 3, Level 1
	Director – Adult Social Care	Tier 2
	Director – Children’s Services	Tier 2
Non-Statutory Officers	Assistant Chief Executive	Tier 3, Level 1
	Director – Enabler Services	Tier 2
	Director – Thriving Places	Tier 2
	Director – Thriving Communities	Tier 2

Other senior leadership posts, refers to all senior leadership roles at Tiers 2 and 3 in the Council that are not Chief Officer posts. The following table lists these roles:

Table 2

Level	Westmorland and Furness Council
Tier 3, Level 2	Assistant Director – Customer and Digital Assistant Director – HR/OD Assistant Director - ICT Assistant Director – Finance Assistant Director – Commissioning and Procurement Assistant Director – Corporate Assets, Fleet and Capital Programme Assistant Director – Inclusion and Growth Assistant Director – Sustainable Transport and Highways Assistant Director – Housing Assistant Director – Operations (Adult Social Care) Assistant Director – Service Provision (Adult Social Care) Assistant Director – Education and Inclusion Assistant Director – Children and Families
Tier 3, Level 3	Assistant Director – Climate and Natural Environment Assistant Director – Waste and Environmental Services Assistant Director – Safe and Strong Communities Assistant Director – Community Infrastructure Assistant Director – Quality, Resources and Transformation (Adult Social Care) Assistant Director – Quality, Resources and Transformation (Children’s Services)

Tiers refer to the reporting line for the role and **Levels** refers to the different size and level of roles within Tier 3 for the senior leadership pay and grading structure.

Decisions on Pay

When recruiting to all posts the Council takes full and proper account of all provisions of relevant employment law.

National pay frameworks are not specified for Chief Officers, and so the Council as an organisation will make the final decisions in determining the remuneration levels in accordance with the Council's constitution. Such determination takes into account the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who can make the Council an effective and efficient organisation that delivers the best possible services for the people of Westmorland & Furness Council within its available resources.

The determination of the remuneration to be offered to any newly appointed Chief Executive, Section 151 Officer and Monitoring Officer is determined by the Full Shadow Council.

The Senior Appointments Committee is responsible for determining the terms and conditions for other Chief Officer posts

Responsibility for new appointments and remuneration packages for other Senior Leadership posts will be the responsibility of the Chief Executive (Head of Paid Service).

To meet specific operational requirements, it may be necessary for an employee to temporarily take on additional duties to their identified role. Where these duties form either part or the whole of the duties of another job a Responsibility Allowance or Acting Up Allowance is payable respectively, reflecting the job evaluated rate for those additional duties.

Grading and Pay Ranges

Grades and salary levels for the Chief Executive, Chief Officer and other Senior Leadership Posts are determined using the Korn Ferry Hay job evaluation methodology using external support from Korn Ferry (formerly Hay Group). Job evaluation is a consistent process used for determining the relative size of jobs. It is based on the systemic analysis of the different factors found within all jobs.

At the point of recruitment to the position, pay will be set individually, based on the following components:

- The size of the job as determined by Job Evaluation
- The benchmark data for the market and sector rate for the post
- The assessed quality of the applicant, including skills and experience balanced against candidate expectations
- Scarcity of the required skills

Remuneration Range for Senior Leadership Roles

NB: Please refer to Tables 1 and 2 to see which Tiers and Levels apply to individual roles

Table 3 - Senior Leadership Pay Range

	Minimum	Maximum
Chief Executive	£171,925	£171,925
Tier 2	£126,925	£146,925
Tier 3, Level 1	£106,925	£119,925
Tier 3, Level 2	£89,925	£99,925
Tier 3, Level 3	£74,925	£82,925

The Council will review market alignment every two years against the Korn Ferry national public sector market to support future pay decisions and minimise market supplements and pay drift.

Market Factor Supplements

There may be occasions when it is difficult to resource particular posts within the council and that it becomes necessary to take account of the external pay levels in the labour market. In these circumstances, and in order to attract and retain employees with particular experience, skills and capacity, the Council, where necessary, will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators. This will be done using data sources available from Korn Ferry and within the local government sector and outside, as appropriate. Subject to approval and in accordance with the Council's Market Supplement scheme, which is yet to be agreed, a market supplement to the salary scale for the grade may be considered.

Pay Increases

The council will participate in the national pay review process of the JNC to determine its annual increases.

Other Terms and Conditions Paid to Chief Executive (Head of Paid Service) and Tier 2 and Tier 3 Roles

Terms and Conditions	Cumberland Council/Westmorland & Furness Council
Annual Leave Entitlement	Minimum 30 days (In addition to statutory and other public holidays but inclusive of any long service leave, extra statutory and local holidays)
Pension	LGPS
Sick Pay Entitlements	Standard Local Government Terms: <ul style="list-style-type: none"> • During first four months service - One month full pay

	<ul style="list-style-type: none"> • After first four months' service, within the first year of service - One month full and two months' half pay • During the second year of service - Two months full pay and two months half pay • During third year of service - Four months' full pay and four months' half pay • During the fourth and fifth years of service - Five months' full pay and five months' half pay • After five years' service - Six months' full pay and six months' half pay
Notice Period	3 Months
Relocation	Where relocation would be of benefit to both employer and employee in the fulfilment of their duties, this will be provided in full accordance with HMRC guidelines and limited to the current £8,000 threshold. The entitlement to relocation payments will be decided at the discretion of the relevant member committee

Pension Contributions

Cumbria Local Government Pension Scheme is open to all employees, apart from teaching staff who have their own pension schemes.

Employees who are members of the Local Government Pension Scheme (LGPS) pay contributions from their salary dependent on earnings and the Council makes a contribution on their behalf in accordance with the LGPS Regulations.

A number of employees have transferred to the Council under a specific staff transfer arrangement which allowed them to continue membership of the NHS pension scheme. Employees and the Council both make contributions in accordance with the regulations of the NHS scheme.

Payments on Termination

The Council will comply with statutory guidance on exit payments and continues to monitor any proposed further reforms to exit payments. The Council will review, update and republish policies in line with any changes as they are implemented from Central Government.

Publication

The Pay Policy for the new Westmorland & Furness Council will be published in line with its legal obligations

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Equality Impact Assessment – Screening

Decision/Policy/Service/Function

Fees and Charges Policy 2023-24 – Westmorland and Furness Unitary Authority

Background and summary of Equality Advice

The Council's Fees and Charges Schedules are approved annually as part of the budget setting process.

Harmonisation

Westmorland and Furness Shadow Authority agreed, in November 2022, a principles paper setting out the harmonisation proposals for the three sovereign district councils.

Inflationary Uplift

Where fees and charges are discretionary then a proposed 10% inflationary uplift will be applied unless there is a clear reason or obligation to apply a different increase. This uplift will be to the fees that have been harmonised or to the 2022/23 sovereign fee where there has been no harmonisation.

Proposals to change the decision/policy/service/function

The proposals are outlined in the Fees and Charges Policy 2023-24 at Appendix C of the Cabinet Paper

Feedback from Members and Officers during the consultation stage has been considered. Where exceptions to the proposals have been identified due to service requirements or impact on customers, adjustments have been made to the fees and charges schedules, including the continuation of appropriate concessions and differences to inflationary uplifts.

Consultation

Who	What
Legal Services	Advice on the legal requirements in terms of what fees and charges must or may not be harmonised from Day 1.
<ul style="list-style-type: none"> • Interim Section 151 Officer • Interim Head of Paid Service • Interim Monitoring Officer • Shadow Cabinet Members 	Consultation on the Fees and Charges Principles paper (11 November 2022)
<ul style="list-style-type: none"> • Interim Section 151 Officer • Shadow Cabinet Members 	Consultation on categories requiring member decisions.

<ul style="list-style-type: none"> • Interim Section 151 Officer • Shadow Cabinet Members • LGR Work Package leads and disseminated to relevant officers across all authorities • LGR Project Managers • Lead Finance Officers from Barrow, Eden and South Lakes Councils 	<p>Consultation on the proposed harmonisation and inflationary uplift</p>
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Equality screening

Equality characteristic	Impact Y/N	Describe Impact (if Yes)	Measures to address impact (if Yes)	Full EqIA needed Y/N
General	Unknown	Due to changes in service delivery following vesting day and move to the new unitary authorities, impacts may be unknown at present.	<p>The Fees and Charges Policy includes the following measures:</p> <ul style="list-style-type: none"> • Section 6.6 – The Budget Report where the annual charges are agreed, will seek to delegate authority to approve any amendments (from the levels set within the Budget Report), up to a maximum of a 10% increase/decrease for any individual fee or a maximum of £50 increase/decrease, to the Section 151 Officer. Any proposed changes outside of these thresholds should be approved by Executive. In year revised charges should be reviewed in the next budget planning cycle. • Section 6.7 - Consideration should be given, and advice sought where required, in relation to the need for an Equality Impact Assessment for any significant changes to existing fees and charges or the introduction of new fees and charges. 	<p>Yes – It is recommended that a Full EqIA is carried out after 6 months to inform future budgets and the Mid-Term Financial Plan. This should review data on protected characteristic of service users, take up of concessions and complaints.</p> <p>Consideration should be given to how information on new fees and charges can be communicated to households and businesses in different formats. This should include how to access concessions or welfare support and</p>
	Yes – neutral	Impacts of harmonisation - Households may pay more or less than prior to 1 April 2023, depending on how fees and charges have been harmonised.		
	Yes – negative	General impact of 10% inflationary increase on fees and charges, increasing costs on households. The government is increasing benefits by 10.1% in line with inflation, measured by the September (CPI) Consumer Price Index ¹ , however specific groups are more likely to be affected by increases in the		

¹ [Autumn Statement 2022 HTML - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statements/autumn-statement-2022)

		<p>costs of living². These include:</p> <ul style="list-style-type: none"> • Adults on the lowest incomes, those renting their homes or those with no formal qualifications. • Parents of dependent children, adults who are divorced or separated, and disabled adults. • Additional group to be considered include care leavers and armed forces veterans (with regard to the Council's Armed Forces Duty). 	<ul style="list-style-type: none"> • Section 7.7 - It is recommended that where service transformation is undertaken following Day 1, that an Equality Impact Assessment is developed as part of this process, including the review of any changes to fees and charges. • Section 8.2 - Reasonable notice should be given to service users before any new charge is implemented, together with clear advice on discounts or concessions available. • Section 9.0 - Considerations for establishing or reviewing the level of discounts and concessions offered. • Section 12.0 - Recording of Fees and Charges supports the monitoring and evaluation of use to inform fees and charges reviews, and what measures can be introduced to address any impacts. 	<p>advice if negatively impacted.</p>
Age	See General			
Disability	See General			
Gender reassignment	See General			
Marriage or civil partnership	See General			
Pregnancy or maternity	See General			
Race	See General			
Religion or belief	See General			

² [Impact of increased cost of living on adults across Great Britain - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

Sex	See General			
Sexual orientation	See General			
Transgender	See General			
Care Expenience	See General			
Rurality	See General			
Socio- economic status	See General			
Armed-forces personnel/ veterans	See General			

Equality Impact Assessment – Screening

Decision/Policy/Service/Function

Council Tax Harmonisation and annual Council Tax increase

Background and summary of Equality Advice

As part of the annual budget setting process and in line with Government funding assumptions, Westmorland and Furness Council are proposing to harmonise the Council Tax across all sovereign councils and apply a 2.99% general increase in Council Tax and a 2% Adult Social Care precept for 2023/24.

This will ensure that the Council is able to continue to support the most vulnerable in our communities and provide the services everyone in the community uses.

Proposals to change the decision/policy/service/function

Not applicable

Consultation

A Public Consultation was launched on 13 January 2023 and closed on 13 February 2023.

Equality screening

Equality characteristic	Impact Y/N	Describe Impact (if Yes)	Measures to address impact (if Yes)	Full EqIA needed Y/N
General	Y	All Council Taxpayers will see an increase to their annual Council Tax bill. Possible impact if the individual is unable to pay the increased Council Tax or there is financial hardship	There is a Council Tax Reduction Scheme to support those with lower income. Should individuals not qualify for this support, Ways to Welfare (Household Support Fund) is available for all to access at least until 31 March 2024	N
Age	Y	There is a possible impact of the increase on younger persons and pensioners who could be on low incomes	There is a Council Tax Reduction Scheme to support those with lower income.	N

Equality characteristic	Impact Y/N	Describe Impact (if Yes)	Measures to address impact (if Yes)	Full EqIA needed Y/N
			<p>There is Single Person Discount available for those that a living alone</p> <p>Should individuals not qualify for this support, the Household Support Fund is available for all to access at least until 31 March 2024`</p>	
Disability	Y	There is the potential that those with disabilities are unable to pay the increased Council Tax or there is financial hardship.	<p>Council Tax Reduction Scheme Scheme to support those on lower income</p> <p>Council Tax information should be available in all formats including all electronic versions which should work with all electronic devices and screen readers.</p> <p>Ensure that the Council is ready to respond to requests for the information in different formats</p>	N
Gender reassignment	See General above			N
Marriage or civil partnership	See General above			N
Pregnancy or maternity	See General above			N
Race	Y	There is the potential for those of different ethnicities to be impacted and they are unable to pay the increased Council Tax or there is financial hardship.	<p>Council Tax Reduction Scheme Scheme to support those on lower income</p> <p>Council Tax and Council Tax Reduction Scheme information should be accessible in the key languages spoken in Westmorland and Furness area.</p>	N

Equality characteristic	Impact Y/N	Describe Impact (if Yes)	Measures to address impact (if Yes)	Full EqIA needed Y/N
			Ensure support is available to refugees who are moving away from state support. To ensure that they understand the legal requirements of Council Tax and that they understand their entitlements to support.	
Religion or belief	See General above			N
Sex	See General above			N
Sexual orientation	See General above			N
Care Experience	Y	There is the potential for those with care experience are unable to pay the increased Council Tax or there is financial hardship	<p>There is a Council Tax Reduction Scheme to support those with lower income.</p> <p>The Council has adopted the Cumbria-wide Care Leavers Policy which provides Care Leavers with discounts up to their 25th birthday: These are</p> <ul style="list-style-type: none"> • Care leavers who are solely liable to pay Council Tax in their own right have their bill reduced to nil; • Care leavers who are jointly liable to pay Council tax have the bill reduced in proportion 50% (if 2 adults), 33% (3 adults), 25% (4 adults); • There is no discount where the care leaver is not liable to pay Council Tax, except where the care leaver lives in a household where the liable person would be exempt if the care leaver 	N

Equality characteristic	Impact Y/N	Describe Impact (if Yes)	Measures to address impact (if Yes)	Full EqIA needed Y/N
			<p>did not reside with them. In this case full discretionary discount will be applied.</p> <p>Discounts are available for care leavers.</p> <p>Single Occupancy Discount is available for when a care leaver is living alone.</p>	
Rurality	See General above			N
Socio-economic status	Y	There is the potential due to the Cost of Living crisis that householders choose not to pay their Council Tax and prioritise other household expenditure	<p>Information should be made available in relation to legal requirement to pay Council Tax. It should clearly indicate that Council Tax is categorised as a priority debt.</p> <p>The Council also works with Citizens Advice and other agencies to help people struggling with priority and non-priority debt.</p>	N
Armed-forces personnel/ veterans	See General above		The Council has adopted the Armed Services Covenant	N

Westmorland and Furness Shadow Authority Cabinet

Date: 24 February 2023
Title: Section 24 Agreement - Extension of Apprenticeships Framework

Report from: Cabinet Member for Finance
Report Author: Lisa Studholme, Commissioning Manager
Wards: All Wards
Key Decision: Extension of Apprenticeships Framework

1.0 Purpose/Summary of report

- 1.1. To consider granting consent to the County Council to extend its Apprenticeships Framework ("The Framework") for a period of one year until 31 March 2024.
- 1.2. In compliance with the Direction issued under section 24 of the Local Government and Public Involvement in Health Act 2007, the extension of the Framework requires the consent of both Westmorland and Furness Shadow Authority and Cumberland Shadow Authority.

2.0 Recommendation

(1) It is recommended that that the Shadow Cabinet grants consent to Cumbria County Council to extend the Apprenticeships Framework for a period of one year from 01 April 2023 until 31 March 2024, with an indicative annual value of £4m.

3.0 Background and Proposals

- 3.1 All large employers with an annual pay bill of over £3 million are required by the Government to pay an 'apprenticeship levy' of 0.5% of their total annual pay bill. The Apprenticeships Framework enables the Council to spend this levy on apprenticeships and training and keeps these funds in Cumbria and to invest in its workforce and supports the wider aims of the Council Plan.
- 3.2 The Apprenticeship Framework commenced on 01 April 2018 for 4 years until 31 March 2022. There are 2 optional 12-month extensions available, one of which has already been utilised, to 31st March 2023. The last end date using both extensions is 31 March 2024. The Apprenticeship Framework is an 'open' Framework meaning that new

providers can join during the term of the Framework. There are currently 61 Providers on the Framework (Appendix A of Appendix 2). Each identified apprenticeship training requirement is commissioned via a mini competition and has a Call Off Agreement in place.

- 3.3 Consent is now sought from the Shadow Authority to use the **final one-year extension**, extending current arrangements to 31 March 2024. A contract modification form has been completed for each contract and duly authorised by Cumbria County Council and is included at Appendix 2.
- 3.4 The total contract value for the full 6-year term (if both optional 12 month extensions are utilised) is £20m. The actual, plus committed spend to date is currently circa £8.3m
- 3.5 This extension of the Framework is being sought to ensure that there are arrangements in place for both new unitary authorities and Cumbria Fire & Rescue from 01 April 2023. Extension would allow the operational teams sufficient time to 'settle' into new organisations and for decisions to be taken around the strategic approach around these services. The contract states that the Council must give providers 3 months' notice of contract extension, a notice of intention to extend has been sent to all Framework Providers.
- 3.6 Following a meeting with SROs it was proposed that Westmorland & Furness Council will host the contractual arrangements. Sign off of this approach is expected in the coming weeks. This will help to ensure that the Framework and service delivery remains workable until such a time that the services are reviewed.
- 3.7 District Councils currently spot purchase Apprenticeship Training via several contracts. These arrangements are not part of the proposal's details in this paper. Both New local authorities will need to review the Framework as soon as possible and consider their future apprenticeship training needs as this is the last extension that can be applied to this Framework.

Funding

- 3.8 The Apprenticeships Framework is funded by the Apprenticeship Levy with the total framework value, including any extension options, as described in the contracts OJEU notice 2017, is £20 million. The spend levels (both confirmed and indicative) are detailed in the table below. For the extension period the use of the Framework is expected to increase as it will include the levy value for the 6 district councils as well as Cumbria County Council (including Voluntary Controlled and Community Schools and Cumbria Fire and Rescue). The projected value by 31/03/23 is Cumbria County Council expected to be £8.3m,

leaving £11.7m of the original published contract value of £20m. This equates to £5.2m contract spend to date (since commencement) and £3.1m commitments.

- 3.9 Current levy amounts for the district councils are shown below, these are being used as a benchmark to understand the potential spend via the Framework post LGR, the inclusion of these amounts is within the remaining contract values noted above:

	Allerdale	Barrow	Carlisle	Copeland	Eden	South Lakeland
2022/23 Estimated Apprenticeship Levy (Including 10% top up)	£22,000	£19,512	£50,647	£29,691	£10,111	£47,000
TOTAL	£178,961					

- 3.10 As the arrangements are fully funded by the Apprenticeship Levy, there are no financial consequences for the Council or new organisations connected to the use of the Framework, other than what has already been committed. There is no requirement to use the Framework if it is extended. If the new organisations do not commission apprenticeship training by the Framework (or any other mechanism) there is a risk that the apprenticeship levy amount (0.5% of their total annual pay bill) will not be spent and this funding may expire e.g. returned to central government.

- 3.11 Officers are currently working with the Department of Education to establish the way in which digital accounts will be administrated moving forward.

Performance

- 3.12 The Framework is fit for purpose and will be suitable to meet the short-term needs of the two new local authorities and Cumbria Fire and Rescue Service. It recognised that it would be beneficial for the new local authorities to review the Framework as soon as possible and consider their future apprenticeship training needs, as there is some scope for improvement including update to ensure alignment with latest guidance.

- 3.13 There are currently circa 391 apprentices accessing training via the Framework.

- 3.14 The continued operation of the Framework provides a mechanism for the new local authorities to continue to maximise the apprenticeship levy so that no funds expire or require pay back to central government.
- 3.15 The Framework currently performs well supporting the Councils' workforce planning:
- 3.16 A progression rate into employment post apprenticeship of 92%
- 3.17 Enables the Council to foster a "grow your own" approach e.g., Solicitors, Civil Engineers, Social Workers, Project Managers (particularly beneficial in hard to fill roles)
- 3.18 The provision of work-based learning for leadership and management up to Senior Leaders.
- 3.19 Additionally, the Framework has supported Cumbria County Council to be nationally recognised around its work with Apprentices including:
- National Apprenticeship Service Awards 2019 (NW Regional) - Winner Macro Employer and Recruitment Excellence
 - Chartered Institute of Public Relations North-West Pride Awards 2019 – Winner Gold Integrated Campaign
 - Lancashire and South Cumbria Health & Care Partnership – 2022 Apprenticeship Awards – Finalist Employer of the Year.
- 3.20 The Framework also contributes to wider Council priorities via the delivery of apprenticeship training to young people around:
- Corporate Parent
 - Special Educational Needs and Disabilities/Inclusion
 - Numbers of Young People Not in Education, Employment or Training (NEET).

4.0 Consultation

- 4.1 Consultation on the extension of the Apprenticeships Framework matter was not required.

5.0 Alternative Options

- 5.1 Option 2 – Do not extend the Apprenticeship Framework. This option is not recommended as it means that it is likely that the new local authorities will not have arrangements in place to commission new apprenticeship training – though the call off arrangements in place would remain active.

- 5.2 Delivery of such services would not be possible via an “in house” approach at this stage as the Council and the new authorities do not have the resource and expertise to deliver the broad training that is required.
- 5.3 The option to consent to the extension of the Apprenticeship Framework for a period of one year from 01 April 2023 until 31 March 2024, with an indicative annual value of £4m, is recommended for the following reasons:
- 5.4 The approach ensures that there are known services in place from vesting day which have been commissioned in a legally compliant manner.
- 5.5 The recommendation to extend current arrangements is to ensure that the new organisations have sufficient time and resource to plan and execute the delivery of apprenticeship training. For each new organisation to achieve their new strategic goals it is highly likely that activity may need to include regulated procurement exercises and internal governance processes which are subjected to set timescales, the extension gives the time to achieve this.
- 5.6 The setup of the Framework means that new providers can join so that any additional training needs which may arise as a result of the inclusion of district councils can be commissioned following established processes.

6.0 Implications

Financial, Resources and Procurement

- 6.1 The terms of the contract allows the agreement to be extended for two 12 month periods, this report recommends the second extension for the period 1st April 2023 to 31st March 2024. The estimated value of the contract will be funded by the Apprenticeship Levy, so there will be no financial consequences for the Council of new Unitary Authorities

Human Resources

- 6.2 Human Resources will support the recruitment and appointment process for Apprenticeships in accordance with the Councils policies and procedures

Legal

- 6.3 In compliance with the Direction issued under section 24 of the Local Government and Public Involvement in Health Act 2007, the extension of the Apprenticeships Framework (the Framework) requires the consent of both Cumberland and Westmorland and Furness Shadow Authorities. Once consent is obtained the County Council's Assistant Director – Strategic Commissioning has the power to implement the extension under paragraph 11.3(b) of Part 3A of the County Council's Constitution.
- 6.4 In accordance with County Council's governance procedures, the request to modify the Framework was approved by its Senior Manager – Corporate and Contract Management on 18 January 2023 and is attached as Appendix 2 to this report.
- 6.5 As noted at paragraph 3.6 above it is proposed that the Framework transfers to Westmorland & Furness Council who will 'host' it. As a hosting arrangement has been agreed between the new councils the transfer of the Framework will occur automatically by operation of law on 01 April 2023 using the provisions in section 16 of the Local Government and Public Involvement in Health Act 2007. The new councils will enter into a section 16 agreement which sets out the contracts (including framework agreements) that are being transferred to each new council from the sovereign councils.
- 6.6 The specific arrangements for hosting the Framework will be detailed in an agreement between the two new councils.
- 6.7 Whilst the new councils can use framework agreements that transfer, they are under no obligation to do so.

Health and Sustainability Impact Assessment

- 6.8 Have you completed a Health and Sustainability Impact Assessment? No.
- 6.9 An Impact Assessment has not been completed because there would be no impact on Health and Sustainability if the Shadow Authority consents to the extension. An Impact Assessment would be needed if consent is not gained.

Equality and Diversity

Have you completed an Equality Impact Analysis? Yes (attached at Appendix 1)

Risk Management	Consequence	Controls required
A number of Providers do not accept the extension of current arrangements.	If Providers do not agree to the extension, then they are, in effect, removed from the Framework. The Framework continues with those providers who wish to remain.	As the Framework is 'open', providers can re-join as well as new providers joining. This risk is unlikely at this stage as there is no obligation for providers to bid on mini competitions, so it is expected that most providers will re-join so that they can as a minimum view the future opportunities
Westmorland and Furness Council does not wish to continue with the Framework from 01 April 2023 after extensions have been undertaken.	The Framework is not used by the new Authorities.	There is no requirement for the Framework to be used (other than already commenced training for existing apprentices).
If consent is not given, there will be no arrangements in place to support Westmorland and Furness Council to deliver new Apprenticeship training	If there are no arrangements in place, Westmorland and Furness Council will need to commission apprenticeship training packages individually, meaning increased time and resource from a staffing perspective. Individual commissioning of training also brings the risk of breaking procurement law should the aggregated amounts exceed the Public Contract Regulations 2015 thresholds	This risk could be mitigated by a clear proposal around alternative service provision, though at this stage in the LGR process this level or detail is not available

Risk Management	Consequence	Controls required
Increased amounts of Levy Funding being paid back to Central Government	There are no identified financial benefits of not extending the Framework. Without arrangements in place there is an increased risk of the Westmorland and Furness Council not being able to commission apprenticeship training and therefore not able to spend its Levy, subsequently this will need to be paid back to central government. The return of Levy funding means that money that could have been spent in Cumbria is lost which also brings political and media interest and would likely bring the two new local authorities into disrepute.	This risk could be mitigated by a clear proposal around alternative service provision, though at this stage in the LGR process this level or detail is not available

Contact Officers

Lisa Studholme, Commissioning Manager, 07966 111890
Lisa.Studholme@cumbria.gov.uk

Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Equality Impact Assessment
2	Authorised Contract Modification Form

Background Documents Available

None.

Appendix 1 - Equality Impact Assessment – Screening

Decision

Extensions of apprenticeships framework – Cumberland and Westmorland & Furness Executive Decision.

Background and summary of Equality Advice

The decision is to extend the current Apprenticeship Framework for 12 months from 1 April 2023.

A screening Equality Impact Assessment has been completed to assess the potential risks to people who share a protected characteristic if the recommendation were not to be agreed.

In the event of the recommendation not being agreed a full Equality Impact Assessment would be required as there would be significant risk in paying due regard to the Public Sector Equality Duty.

Proposals to change the decision/policy/service/function

State proposed change: to extend the current arrangements for an other year.

Consultation

List consultation and consultees (completed and pending): not required for the screening EIA of this decision, but would be required for a Full Equality Impact Assessment.

Equality screening

Equality characteristic	Impact Y/N	Describe Impact (if Yes)	Measures to address impact (if Yes)	Full EqIA needed Y/N
General	Y	If the contracts were not extended there would be a disproportionate impact on all protected characteristics	To agree the recommendation in the Cabinet Report	N
Age	Y	The majority of people affected by the decision are aged 16-25		
Disability	Y	An increasing number of		

Equality characteristic	Impact Y/N	Describe Impact (if Yes)	Measures to address impact (if Yes)	Full EqIA needed Y/N
		apprentices have a disability, including a number who are neurodiverse.		
Gender reassignment	Y	A number of transgender apprenticeships have been supported successfully through the current framework		
Marriage or civil partnership	N			
Pregnancy or maternity	Y	Any change in provider or lack of provision would impact specifically on any apprentice who is pregnancy/ or has recently given birth		
Race	Y	An increasing number of apprenticeships from people from ethnic minority groups have been supported successfully through the current framework		
Religion or belief	N	None known to the service		
Sex	Y	The apprenticeships have given males and females opportunities to work in areas where there is traditionally gender segregation and is helping longer term to create a more equal workforce.		
Sexual orientation	Y	A number of LGB people have been supported		

Equality characteristic	Impact Y/N	Describe Impact (if Yes)	Measures to address impact (if Yes)	Full EqIA needed Y/N
		successfully through the programme.		
Rurality	Y	Removing the programme would limit access to Local Authority work for people in rural areas.		
Socio-economic status	Y	Apprenticeships is one of the strongest ways of helping young people in poverty to progress into skilled employment, especially where someone has not been through a traditional academic route.		
Armed-forces personnel/veterans	Y	Apprenticeships offers an opportunity to enter local authority employment for veterans.		

Appendix 2: Authorised Contract Modification Form

REQUEST TO MODIFY A CONTRACT DURING ITS TERM

CUMBRIA COUNTY COUNCIL CONTRACT PROCEDURE RULES

Use this form from 15 January 2020 to seek approval to modify a contract during its term.

Modification is the term used in the Public Contracts Regulations 2015 and the CPRs for variations and extensions to contracts.

Please note that a contract that has terminated cannot be extended.

The Executive Director – Corporate, Customer and Community Services is responsible for approving requests to modify contracts following consultation with the Chief Legal Officer.

The Executive Director – Corporate, Customer and Community Services is not authorised to approve requests for modifications which would cause the Council to breach the Public Contracts Regulations 2015.

SUMMARY

MODIFICATION PROVIDED FOR IN CONTRACT	Yes
VALUE	There is no guaranteed spend on the Framework. £4,000,000 (indicative)
DATE DECISION REQUIRED	December 2022

DIRECTORATE INFORMATION

DIRECTORATE	People Directorate, Strategic Commissioning, (Children & Young People)
NAME OF OFFICER REQUESTING MODIFICATION	Lisa Studholme
POST TITLE	Commissioning Manager

CONTRACT DETAILS

PARTIES	62 framework providers (list attached at appendix A) and Cumbria County Council
DATE OF CONTRACT	All 62 framework contracts are dated 08 June 2018
TERM	Initial term: 1 April 2018 to 31st March 2022 (initial 4-year framework with up to two further options to extend the Term by up to two further periods of 12 months)

TOTAL CONTRACT VALUE (including value of any options to extend the contract)	£20,000,000 (value includes both optional extensions) Spend to date: £5,200,000
SUBJECT MATTER	Extension of Apprenticeships Framework contract for a period of 12 months to 31 st March 2024.

CLAUSE IN CONTRACT PERMITTING MODIFICATION

Insert details of the clause in the contract (if any) which permits modification

Clause 2.2 – The Council may extend this agreement beyond the Initial Term by up to two further periods of up to 12 months (Extension Period). If the Council wishes to extend this Agreement, it shall give the Provider at least 3 months written notice of such intention before the expiry of the Initial Term or Extension Period.

The first extension for a period of 12 months to 31st March 2023 has been utilised.

IMPACT OF MODIFICATION

Use this section to explain the impact of the modification, including: The monetary value of the modification and its impact on the contract; and The effect on the scope of the contract (include precise information on the effect of the modification on the existing specification, contract terms and subject matter of the contract).

The modification allows for the continued provision of the framework for a further period of up to 12 months.

The Apprenticeships Framework is funded by the Apprenticeship Levy with the total framework value, including any extension options, as described in the contracts OJEU notice 2017, is £20 million. The spend levels (both confirmed and indicative) are detailed in the table below. For the extension period the use of the Framework is expected to increase as it will include the levy value for the 6 district councils as well as Cumbria County Council (including Voluntary Controlled and Community Schools and Cumbria Fire and Rescue). The projected value by 31/03/23 is expected to be £8.3m, leaving £11.7m of the original published contract value of £20m. This equates to £5.2m contract spend to date (since commencement) and £3.1m commitments.

Levy amounts for both the district councils are shown below, these are being used as a benchmark to understand the potential spend via the Framework post LGR:

	Allerdale	Barrow	Carlisle	Copeland	Eden	South Lakeland
2022/23 Estimated Apprenticeship Levy (Including 10% top up)	£22,000	£19,512	£50,647	£29,691	£10,111	£47,000

This contract is a framework arrangement with no committed spend, meaning the new LAs can choose whether they utilise this Framework for the delivery of apprenticeship training.

The requirements of the existing terms and conditions and specification included in the framework shall remain the same.

It is expected that the County Council will enter into the extensions and on Vesting Day the contracts will transfer automatically by an operation of law to the new Councils. As this is a countywide service there is no clear way for this to be automatically novated to only one authority as it sits across both. Therefore, it is also expected that one of the new authorities will "host" the Framework to ensure that it is appropriately managed e.g. avoiding both new LAs going out for the same type of training and in effect being in competition for the same provider/services. This hosting has not yet been confirmed/decided.

BACKGROUND AND REASONS FOR REQUESTING A MODIFICATION

Explain the reasons why the modification is sought

All large employers with an annual pay bill of over £3 million is required by the Government to pay an 'apprenticeship levy' of 0.5% of their total annual pay bill. Whilst the Apprenticeships Framework does not support statutory service delivery in enables the Council to spend this levy on apprenticeships and training and keeps these funds in Cumbria and to invest in its workforce and supports the wider aims of the Council Plan.

The wide variety of roles and specialisms undertaken by all Local Authorities are complex and changeable, therefore a Framework Approach supports Local Authorities to deliver training for a variety of apprenticeships from a range of providers.

The contract extension from 1st April 2023 to 31st March 2024 is being sought for the following reasons:

- To ensure that there are arrangements in place for both new Council's to be able to access funding for apprenticeships training from day 1.
- There is currently not sufficient clarity to set out about what Workforce and Organisation should look like from 1st April 2023. The extension of this contract gives extra time for these to be worked up and finalised so that both new Councils can fully consider the options available to them around

Apprenticeships and ensure that these fit into their strategic direction and be able to be put through their new decision-making processes.

- There are a number of options around the delivery of Apprenticeship services, by extending the current Framework Arrangements the new Councils will be able to consider these options
- The current arrangements are working well, with Cumbria County Council being recognised nationally for its full use of the apprenticeship levy.

VIEWS OF THE ASSISTANT DIRECTOR (& CABINET MEMBER)

Use this section to provide confirmation that the Assistant Director supports the request and any other comments from the Assistant Director. Where the value of the contract exceeds the Key Decision threshold, confirmation should be provided that the Cabinet Member supports the proposal.

Supported by AD

LEGAL IMPLICATIONS

Comments from Legal Services

Due to the value, the framework agreement is regulated by the Public Contract Regulations 2015 (PCRs).

The decision to extend the framework agreement by a further period of up to 12 months is a lawful decision and is the final available extension permitted, as clause 2.2 of the agreement provides for this, provided at least 3 months written notice of the Council's intention is given to the Providers prior to the framework expiry.

The Assistant Director – Strategic Commissioning may approve the requested modification under paragraph 11.3(b) Part 3A of the Constitution in accordance with rules 7.11 and 7.12 of the Contract Procedure Rules at Part 5H of the Constitution.

The requesting officer will need to seek further authority to implement the proposed extension to extend the framework agreements and instruct legal accordingly.

Solicitor: S Barnes **Date:** 22 December 2022

Likelihood of claim against Council being successful	Impact of claim against Council being successful	Risk Score
1	2	2

FINANCE IMPLICATIONS

Comments from Finance		
The terms of the contract allow the agreement to be extended for two 12 month periods, this modification is in relation to the second extension for the period 1st April 2023 to 31st March 2024. The estimated value of the contract will be fully funded by the Apprenticeship Levy, so there will be no financial consequences for the Council or new Unitary Authorities.		
Finance Officer: Jamie Wright Date: 20/12/22		
Likelihood	Likelihood	Likelihood
1	5	5

REQUESTING OFFICER SIGNATURE AND DATE OF REQUEST

SIGNED	DATE
Lisa Studholme	04/01/2023

COMMENTS OF THE SENIOR MANAGER – COMMISSIONING, PROCUREMENT AND CONTRACT MANAGEMENT

As per the T&C's clause for the second years extension, I'd agree with this request at this stage.		
OVERALL RISK ASSESSMENT		
Likelihood	Impact	Risk Score
1	2	2
Name date Bev Kent 18/1/23		

DECISION OF THE EXECUTIVE DIRECTOR - CORPORATE, CUSTOMER AND COMMUNITY SERVICES

MODIFICATION APPROVED	Conway Stewart
MODIFICATION NOT APPROVED	
COMMENT	As per legal and Proc comments above.
DATE OF DECISION	18/1/23

PROCEDURE

The Executive Director – Corporate, Customer and Community Services will only consider requests for modification of contracts made on the Request for Exemption form.

Corporate Procurement and Contract Management can provide assistance in completing the form and this is advised to ensure that sufficient relevant information is included in the request.

The manager requesting the modification must:

1. complete all sections of the form;
2. circulate the form for comment to Legal Services and Finance;
3. e-mail the completed form to the Executive Director – Corporate, Customer and Community Services.

The Executive Director – Corporate, Customer and Community Services will log the request and consult with the Senior Manager – Commissioning, Procurement and Contract Management and the Chief Legal Officer (Monitoring Officer) before determining the request.

The Executive Director – Corporate, Customer and Community Services will return the signed decision to the requesting officer.

The Executive Director – Corporate, Customer and Community Services will retain a record of the request and the decision.

		Impact					
		1	2	3	4	5	
		Insignificant	Minor	Moderate	Major	Most severe	
Likelihood	V Likely	5	5	10	15	20	25
	Likely	4	4	8	12	16	20
	Possible	3	3	6	9	12	15
	Unlikely	2	2	4	6	8	10
	V Unlikely	1	1	2	3	4	5

APPENDIX A – LIST OF PROVIDERS ON FRAMEWORK (modification form appendix)

1	Acacia Training Limited	32	Trn (Train) Ltd
2	Activ First Limited	33	Train 2 Train Limited
3	Baltic Training Services Limited	34	University Of Central Lancashire
4	Bauer Radio Limited	35	University Of Cumbria
5	B-Skill Limited	36	Busy Bees Holdings Limited
6	Blackpool And The Fylde College	37	Derwentside College - Business Development
7	Burnley College	38	Intec Business Colleges Limited
8	Cilex Law School	39	Learning And Development Bureau Ltd
9	C.M.S. Vocational Training Limited	40	Middlesex University Higher Education Corporation
10	Kendal College	41	Northumbria University
11	Expanse Group Ltd	42	System People Limited
12	Gateshead College	43	University College Of Estate Management
13	GEN II Engineering & Technology Training Limited	44	University Centre Quayside Limited
14	GP Strategies Training Limited	45	Optimum Skills Limited
15	Realise Learning And Employment Limited	46	SERCO Limited
16	Lancaster University	47	Construction And Plant Assessments Ltd
17	Learning Curve Group Limited	48	Eliesha Training Limited
18	Lifetime Training Group Limited	49	Estio Training Limited
19	NACRO	50	JTL
20	North Lancs. Training Group Limited(The)	51	The IT Skills Management Company Limited
21	Paragon Education & Skills Limited	52	Babington Business College Limited
22	Premier People Solutions Limited	53	CSM Consulting Limited
23	Profound Services Limited	54	Runshaw College
24	QA Limited	55	The Education And Skills Partnership Ltd
25	Remit Group Limited	56	The Skills Network
26	RWP Training Limited	57	CIPs Corporate Services Limited
27	Sheffield Hallam University	58	IODA Limited
28	Skills Training Uk Limited	59	CIPFA
29	The Care Learning Centre (Isle Of Wight) Limited	60	Credit Services Association
30	The Skills Co	61	Impact Futures Training Limited
31	The Open University	62	Raise The Bar Ltd

At the time of writing the cabinet report there are only 61 providers on the Framework. RWP Training Limited is removed.

Westmorland and Furness Shadow Authority Cabinet

Date: 24 February 2023
Title: Section 24 Direction and General Consent - Award of Contract for Insurance Services

Report from: Andrew Jarvis - Finance Portfolio Holder
Report Author: Pam Duke, Director of Finance (S151 Officer)
Wards: All Wards
Key Decision: S24 Consent for the Award of Insurance Contracts

1.0 Purpose/Summary of report

- 1.1. To consider granting consent to the County Council to enter into a contractual arrangement for the provision of Insurance Services to Westmorland & Furness Council for a period of three years from 01 April 2023 with the option to extend for 2 separate periods of one year.
- 1.2. In compliance with the Direction issued under section 24 of the Local Government and Public Involvement in Health Act 2007, the award of these contracts requires the consent of Westmorland and Furness Shadow Authority.

2.0 Recommendation

2.1 It is recommended that the Shadow Authority Cabinet:-

(1) grant consent to Cumbria County Council to enter into contractual arrangements for the provision of main insurance services to Westmorland & Furness Council.

3.0 Background and Proposals

- 3.1 Westmorland and Furness Council will, post vesting date, provide a complex range of services and undertake a wide range of activities

and will therefore need to ensure appropriate insurance cover is in place from 1 April 2023 to demonstrate good financial and risk management.

- 3.2 All existing insurances for the County Council and District Councils terminate on 31 March 2023 and consequently new insurance policies are required to be in place for vesting date.
- 3.3 Due to the lead in time to ensure appropriate insurances are in place for 1 April 2023, a procurement process has been undertaken by Cumbria County Council on behalf of Westmorland & Furness Council.
- 3.4 To support this process, Shadow Authority Cabinet is recommended to grant consent to Cumbria County Council to enter into contractual arrangements for main insurance services.
- 3.5 Marsh Ltd have been appointed to provide insurance brokerage services to Westmorland & Furness Council (the Council) with this contract transferring from the County Council to the Council on 1 April 2023. Marsh Ltd have supported the procurement process for insurance provision utilising their access to the market and wide experience to ensure a cost effective insurance contract for the Council. The contracts are being procured using the Yorkshire Procurement Organisation (YPO) national Dynamic Purchasing System (DPS) agreement for Insurance Placement (000978).
- 3.6 To ensure the most cost effective contract for the Council, main insurance services have been split into three lots with the potential for different insurers for each lot:
 - Lot 1 – Liability & Fidelity Guarantee Insurance
 - Lot 2 – Property Insurance
 - Lot 3 – Motor Insurance
- 3.7 Additionally Engineering Inspections are being procured through the YPO DPS agreement.
- 3.8 A range of other services requiring specialist insurances are being procured for Westmorland & Furness Council outside of the DPS agreement. These include insurance for the Windermere ferry; fine arts; tenants' insurance etc. These other insurances fall below the threshold for seeking S24 consent.
- 3.9 The procured main insurance contract will also include a claims handling service to work closely with the respective Council's Insurance team and other teams across the Council to ensure claims are responded to and managed in a professional and timely manner.
- 3.10 Whilst Westmorland & Furness Council will be insuring against a wide range of risks, there are also a number of risks that will be self-insured.

- 3.11 The contracts will commence from 1 April 2023 for a three year period to 31 March 2026 with the option to extend for two further years (by two individual one year extensions) to 31 March 2028.
- 3.12 Based on provisional results from the procurement process, the estimated cost to Westmorland & Furness Council of the main insurance services listed in section 3.5 is £1.470m per annum (including Insurance Premium Tax) (and therefore £7.351m for the maximum five year term of each contract) as detailed in Appendix 1 (confidential and not for release).
- 3.13 Once S24 consent is granted, contracts will be awarded to the most economically viable insurance solution for Westmorland & Furness to ensure that insurances are in place for 1 April 2023. That solution may result in different insurers for the lots identified in section 3.5.

4.0 Consultation

- 4.1 Consultation on the award of contract for main insurance services has not been required.

5.0 Alternative Options

- 5.1 Westmorland & Furness Council will require insurances from 1 April 2023. However, the services that are insured, insurance excesses, aggregate limits and the extent of any self-insurance within the Council have been carefully considered.
- 5.2 Officers have worked closely with the appointed insurance broker, Marsh Ltd, to explore the insurance markets for appropriate cover and engaged initially with the interim S151 Officer and recently the Director of Finance (S151 Officer) regarding insurances to be procured.

6.0 Implications

Financial, Resources and Procurement

- 6.1 The contracts for the insurance premiums identified in paragraph 3.5 are provisionally estimated to be £1.470m per annum (including Insurance Premium Tax) and therefore £7.351m for the maximum five year term of the contracts as detailed in Appendix 1 (confidential and not for release). It is expected that other specialist insurances

still to be procured (e.g. Windermere Ferry) will cost an additional £0.100m per annum.

- 6.2 The Medium Term Financial Budget includes a pressure of £0.250m for insurance services and it is expected that the cost of insurance services will be funded from within the available budget including this pressure.

Human Resources

- 6.3 There are no Human Resources implications associated with the recommendations of this report.

Legal

- 6.4 In compliance with the Direction issued under section 24 of the Local Government and Public Involvement in Health Act 2007, the award of the contracts for the provision of insurance services to the Council with effect from 01 April 2023 requires the consent of Westmorland and Furness Shadow Authority.
- 6.5 Once consent is obtained the County Council's Director of Finance has the power to award the contracts under paragraphs 14.6 and 14.8 of Part 3A of the County Council's Constitution. Owing to the value of the contracts the decision to award will be a key decision and the key decision process must be followed.
- 6.6 The County Council's legal services reviewed the YPO DPS documentation prior to permission to procure being granted. It was deemed to be compliant with the Public Contracts Regulations 2015 and the call off terms and conditions acceptable.
- 6.7 Once concluded the contracts will by operation of law automatically transfer from the County Council to the Council on 01 April 2023 using the provisions in section 16 of the Local Government and Public Involvement in Health Act 2007. The new councils will enter into a section 16 agreement which sets out the contracts that are being transferred to each new council from the sovereign councils. (Emma Lawson 31.01.2023)

Health and Sustainability Impact Assessment

- 6.8 Have you completed a Health and Sustainability Impact Assessment?
No

6.9 The recommendations of this report are for the Shadow Cabinet to grant consent to the County Council to enter into a contract for insurance services for Westmorland & Furness Council. There are no associated health and sustainability implications arising from this recommendation.

Equality and Diversity

6.10 Have you completed an Equality Impact Analysis? Yes (attached at Appendix: No

6.11 The recommendations of this report are for the Shadow Cabinet to grant consent to the County Council to enter into a contract for insurance services for Westmorland & Furness Council. There are no associated equality and diversity implications arising from this recommendation.

Risk Management	Consequence	Controls required
If consent is not given, there will be no insurance arrangements in place for Westmorland and Furness Council	Westmorland and Furness Council requires appropriate insurance policies to ensure good financial and risk management. Without such arrangements in place, the Council is liable for all its insurable risks creating a potential significant financial risk to the Council.	This risk would be mitigated through approval of the recommendation of this report.
There is a risk that the Inter Authority Agreement between Westmorland & Furness Council and Cumberland Council may result in a lack of clarity associated with insurance	A lack of clarity as to insurance coverage within the Inter Authority Agreement may lead to contractual issues with the insurers and result in the liability claims against hosted	Work is currently underway to clarify how liability and insurance arrangements operate effectively with the Inter Authority Agreement.

Risk Management	Consequence	Controls required
coverage between the two parties	services being challenged.	

Contact Officers

Pete George, Group Finance Manager, Cumbria County Council
07905 316887

Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Outcome of Tender for Insurance Services (Confidential)

Background Documents Available

None

Westmorland and Furness Shadow Authority Cabinet

Date: 24 February 2023

Title: **Westmorland and Furness Schools Forum
and joint Standing Advisory Council on
Religious Education (SACRE)**

Report from: Sue Sanderson, Cabinet Member for Children's Services,
Education and Skills

Report Author: Daniel Barton, Assistant Director – Education and
Skills, Cumbria County Council

Wards: All

Key Decision: No

1.0 Purpose/Summary of report

- 1.1. To establish a Schools Forum for Westmorland and Furness in accordance with the constitution attached at Appendix 1.
- 1.2. To approve the constitution of a joint Standing Advisory Council on Religious Education ('SACRE').

2.0 Recommendation

2.1 It is recommended that the Shadow Cabinet

- (1) Establishes the Schools Forum for Westmorland and Furness; and**
- (2) Constitutes a joint SACRE in accordance with the constitution attached at Appendix 3 and appoint those listed at Appendix 4 as members of the SACRE.**

3.0 Background and Proposals

Schools Forum

- 3.1 Each Local Authority is required by law to establish a Schools Forum. The current Cumbria Schools Forum will cease to exist on 31 March 2023 and two new Forums will be established, one for each of the two new authorities.

- 3.2 The role of the Schools Forum is summarised in the Education Skills and Funding Agency ('ESFA') Guidance 'Schools forum powers and responsibilities'. Essentially the Schools Forum has a consultative, or decision-making role (depending of the specific decision being made) in respect of schools/education financing.
- 3.3 The Schools Forum is not a committee of the Local Authority. Its membership is largely made up of senior managers/governors from schools and academies. The Schools Forums (England) Regulations 2012 ('the Regulations') provide a framework for the appointment of members but allow a considerable degree of discretion in order to accommodate local priorities and practice.
- 3.4 The membership of the Westmorland and Furness Schools Forum needs to include – school members, academy members, special school member(s), early years member(s), post 16 member(s), pupil referral unit member(s). It is proposed that there will also be representatives from the local dioceses and teaching/non-teaching professional associations. The Regulations permit some attendees from the Local Authority, but their role is largely advisory. At least two thirds of the membership must be made up of school and academy members. The balance between primary, secondary and academy members should be broadly proportionate to the pupil numbers in each category.
- 3.5 It is proposed that the Shadow Cabinet establishes the Schools Forum. The Forum will operate using the constitution set out in Appendix 1. Once established and quorate the Schools Forum could make changes to its membership to respond to changes to the educational landscape in its area.
- 3.6 It is proposed that, initially, the Westmorland and Furness Schools Forum should be made up of 16 school members and 6 non-school members; a proposed membership breakdown is set out at Appendix 2.
- 3.7 The Local Authority has the power to directly appoint non-school members to the Schools Forum. It can also appoint schools/academy members if an election has not been held by a prescribed date.
- 3.8 Nominees are currently being sought to serve on the Westmorland and Furness Schools Forum. Current members of the Cumbria Schools Forum have kindly put themselves forward, but other expressions of interest are also being sought to ensure that there is representation from all education sectors.
- 3.9 If there are more nominees than members required for any group, then the Local Authority (as it stands Cumbria County Council) will support that group to hold an election (if required by the Regulations). Any elections will be held by 31/03/23. If no elections have been held by that

date, then the proposal is that Westmorland and Furness Local Authority will appoint members to the Schools Forum as required.

Standing Advisory Council for Religious Education (SACRE)

- 3.10 Section 390 of the Education Act 1996 requires a Local Authority to constitute a SACRE.
- 3.11 The role of the SACRE is to advise the Local Authority on religious worship in community schools and in foundation schools which do not have a religious character, and the religious education to be given in accordance with an agreed or other syllabus, along with other functions as set out in the Education Act 1996.
- 3.12 The membership of the SACRE is largely determined by section 390 of the Education Act 1996. There are four committees within the SACRE –
- A – Christian denominations (other than Church of England) and other faiths
 - B – Church of England
 - C – Teacher Associations
 - D – The Local Authority
- 3.13 There is currently a Cumbria wide SACRE and the proposal is that a joint SACRE will operate for Cumberland and Westmorland and Furness from 1 April 2023, initially using the constitution at Appendix 3 and with the initial membership as listed at Appendix 4.
- 3.14 The Local Authority is responsible for making appointments to SACRE in accordance with section 390 of the Education Act 1996. Members should be nominated by the groups they represent where appropriate/possible. Further members and support officers will need to be appointed/named as individuals are identified post vesting day. Currently there are no members listed in Committee D. As matters stand, the constitution (Appendix 3) asks Cumberland and Westmorland and Furness to appoint two members each. It is understood that such appointments will be made at the Councils' respective AGMs due to be held in April.
- 3.15 Constituting a joint SACRE will enable the new SACRE meetings to be regularly quorate and to have the membership required by statute.
- 3.16 Currently SACRE meetings are held as hybrid meetings, to facilitate attendance by all members. There is requirement that SACRE meetings are open to members of the public and appropriate arrangements can be made to facilitate this when required. Although the legislation doesn't specify the way/format in which a SACRE meeting should be held or voting conducted, the DFE advised (in the context of covid) that as long as the approach is accessible to all and

enables every member to fully contribute and to register their vote, remote meetings should be acceptable.

- 3.17 Once constituted a joint SACRE will be able to vote on changes to its constitution, therefore enabling the SACRE to develop to meet the needs of the Cumberland/Westmorland and Furness structure. Any changes to the constitution must be approved by the Local Authority. If the local authorities wish to disaggregate in the future, then separate SACRE could be constituted. Any separate SACRE would need to be constituted by the individual local authority's cabinet as per section 390 of the Education Act 1996.
- 3.18 Operating a joint SACRE will enable a seamless transition. This is particularly important, as the agreed syllabus review (which is legally required to take place every five years) is currently underway.
- 3.19 The SACRE is currently funded by the Central School Services Block, with funds allocated for expenses, administrative resources and supply teacher cover etc. It will therefore be a more efficient use of resources if a joint SACRE is established.

4.0 Consultation

- 4.1 The current Cumbria Schools Forum received reports in June and November 2022 setting out the requirement to establish a new Schools Forum in each of the two new councils from 1 April 2023.
- 4.2 The proposal to operate a joint SACRE has been discussed with the current SACRE members and is viewed as the pragmatic way forward.
- 4.3 The DfE has been informed of the proposal to operate a joint SACRE, as has the National Association of Standing Advisory Councils on Religious Education ('NASACRE'). Neither has objected to the joint SACRE.

5.0 Alternative Options

- 5.1 The Cabinet can:
- Approve the proposed approach to establish a Westmorland and Furness Schools Forum from 1 April 2023; or
 - Propose an alternative approach towards the establishment of a Westmorland and Furness Schools Forum from 1 April 2023.

There is no provision in law for two or more authorities to discharge their functions jointly, for example by establishing a single joint Schools Forum with Cumberland.

- 5.2 Separate SACREs could be established for each of the new Local Authorities. However, this raises concerns (with SACRE's current membership) about securing requisite representation for all four committees. Some religious/denominational representatives cover the whole of Cumbria and as such, operating two SACREs would increase the call on their time. Operating two SACREs would increase the expense to the public purse, as two sets of payments would be needed for administrative support and the religious education professional adviser etc. As explained at paragraph 3.17, the local authorities would be able to constitute separate SACREs in the future even if they operate jointly initially.
- 5.3 Establishing two SACREs would potentially hamper the work required this academic year by the Agreed Syllabus Conference to review and issue the agreed syllabus.

6.0 Implications

Financial, Resources and Procurement

- 6.1 The cost of support for School Forum including any expenses incurred by School Forum members is funded from the Central School Services Block (CSSB) of the Dedicated Schools Grant (DSG). In 2023/24 the proposed budget for the Westmorland & Furness School Forum is £4,967.

SACRE is also funded from the CSSB at a cost of £5,000 for all of Cumbria. The CSSB has been disaggregated on the basis of pupil numbers in maintained and academy schools resulting in a SACRE budget for Westmorland & Furness of £2,200. If the recommendation to constitute a joint SACRE is accepted each new unitary authority will be able to utilise their SACRE CSSB budget to support the joint SACRE.

Human Resources

- 6.2 The establishment of a Schools Forum for Westmorland & Furness is necessary to support Education provision across the Authority footprint. There are no employment issues directly for Cumbria County Council with the Forum and SACRE being representative bodies.

Should the recommendation to have a single joint SACRE not be supported, then additional administrative support would be required increasing employment liabilities. In due course should the decision be taken to merge and have a single SACRE for the county then it is

likely this would be a redundancy situation for the administrative support resource.

Legal

- 6.3 The functions of Westmorland and Furness Shadow Authority are set out in the Cumbria (Structural Changes) Order 2022 ('the 2022 Order') and in relevant consequential orders.

Article 7 of the Westmorland and Furness Council Constitution states that the role of the Shadow Cabinet is limited to functions contained in the 2022 Order.

The 2022 Order states that -

'13(1) Each shadow authority must take all such practicable steps as are necessary or expedient...

(b) to prepare the authorities for the assumption, as Cumberland Council or Westmorland and Furness Council, of local government functions and full local authority powers on 1 April 2023...'

The establishment of the Schools Forum and the SACRE are necessary preparations for the assumption of local government functions and powers from 1 April 2023.

Section 390 of the Education Act 1996 compels a Local Authority to constitute a SACRE. A SACRE shall consist of such groups of persons appointed by the local authority members.

Section 47A of the School Standards and Framework Act 1998 states that every Local Authority must...establish for their area a body to be known as a Schools Forum.

Health and Sustainability Impact Assessment

- 6.4 Have you completed a Health and Sustainability Impact Assessment?
No
- 6.5 If you have not completed an Impact Assessment, please explain your reasons: There are no direct implications associated with this report.

Equality and Diversity

6.6 Have you completed an Equality Impact Analysis? No

6.7 If you have not completed an Impact Analysis, please explain your reasons: There are no new implications associated with this report.

Risk Management	Consequence	Controls required
None		

Contact Officers

Nicola Shiels - Support Manager – Education & Skills - T: 07881264511
E: nicola.shiels@cumbria.gov.uk

Sarah Dodds - (Acting) Senior Lawyer Environment & Litigation Team
T: 07768507321
E: sarah.dodds@cumbria.gov.uk

Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Westmorland and Furness Schools Forum Draft Constitution
2	Westmorland and Furness Schools Forum Proposed Membership
3	SACRE Constitution
4	SACRE Initial Membership

Background Documents Available

Name of Background document	Where it is available
Schools Forum Operational & Good Practice Guide – March 2021	Schools forum operational and good practice guide amended March 2021.pdf
Schools Forum Powers & Responsibilities	Schools forums powers and responsibilities.pdf

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DRAFT Westmorland & Furness Schools Forum – Constitution

1. Membership

The Schools Forum will consist of the following members:

- 1.1 School Members (must include at least one governor and at least one headteacher/senior member of school staff)
- 5 maintained primary school headteachers/senior members of school staff or governors
 - 2 maintained secondary school headteachers/senior members of school staff or governors
 - 6 academy (primary, secondary and special) headteachers/senior members of school staff or governors
 - 1 maintained special school headteacher/senior member of school staff or governor
 - 1 maintained nursery school headteacher/senior member of school staff or governor
 - 1 PRU representative
- 1.2 Non School Members
- 1 teachers professional associations
 - 1 non-teaching staff associations
 - 1 CE Diocese
 - 1 RC Diocese
 - 1 representative 16 – 19 providers
 - 1 private voluntary and independent (PVI) early years provider
- 1.3 Observer Members
- Lead Member for Education, Skills and Training, Childrens’ Services or Finance and Assets
 - Education and Skills Funding Agency (ESFA)
- 1.4 Local Authority Representatives
- Officers of the Local Authority can attend Schools Forum meetings but this is restricted to:
- Director of Children Children’s Services or their representative
 - Director of Resources or their representative
 - Any person invited by Schools Forum to provide financial or technical advice
 - Any person presenting a paper to Schools Forum but their ability to speak is limited to the paper they are presenting
- 1.5 Clerking
- Clerking of the Schools Forum is often provided by a local authority employee or Schools Forum can consider the appointment of an independent clerk.

2. Working Groups

- 2.1 The Schools Forum may establish associated working groups. Each member of the Schools Forum will be expected to contribute to at least one of these groups but groups can also include wider representation to enable the group to give a considered view on the local authority's proposals to the School Forum.

3. Election of Members and Terms of Office

- 3.1 For any vacancy that arises, each group or constituency will determine its own procedures for nomination, which may include elections.
- 3.2 Each constituency or group is responsible for the method by which they elect and nominate their representatives.
- 3.3 Appropriate support to each group or sub-group to manage their election processes will be offered by the clerk of the Schools Forum. This may be the provision of advice, but may also consist of providing administrative support in running the elections themselves. Support will be provided in line with the Schools Forum Operational Good Practice Guide – March 2021.
- 3.4 In the event of a tie between two or more candidates, then the Local Authority must appoint the member instead.
- 3.5 There may be occasions where a constituency is unable to nominate a representative. The Local Authority can set a date by which the election/nomination should take place by and must appoint the member if the election has not taken place by that date. The person appointed should be a member of the relevant group.
- 3.6 The term of office is attached to the office and not the person. The usual term of office will be for a period of up to 2 years (to be reviewed).
- 3.7 A member's appointment will end before the expiry of his/her term of membership if that member resigns or no longer holds the office by which they became eligible for election, selection or appointment to the forum. If a member moves to a school within the same constituency, he/she will remain a member of the forum. However, if the member moves to a school in a different constituency, or no longer works in the Local Authority area, that member will cease to be a member of the forum. Vacancies will be filled in line with the nomination and election process for the relevant constituency.
- 3.8 The LA will appoint non-school members who will be nominated by the relevant body. The LA will inform all represented bodies of the details of any non-schools member appointed to the forum within one month of such an appointment. This should be done when initially constituting the forum, and after the appointment of any new or replacement member.
- 3.9 There will be no maximum number of consecutive periods of membership.

4. Appointment of Chair and Vice Chair

- 4.1 The Chair and Vice Chair of the Schools Forum will be elected from among the members by a majority vote, but may not be an elected member or officer of the Local Authority.
- 4.2 The Chair and Vice Chair will be elected annually at the first meeting of the financial year.
- 4.3 A Chair or Vice Chair may stand for re-election in successive years.

5. Quorum

- 5.1 The quorum shall be 40% of the current membership of the forum, excluding vacancies but including substitutes.
- 5.2 Being inquorate will not prevent a meeting from taking place however, the Schools Forum will not legally be able to take decisions. An inquorate meeting can respond to consultation and give views to the Local Authority.

6. Voting

- 6.1 Decisions will be taken after full discussion and by a simple majority by a show of hands unless any one member requires a secret ballot. Decisions of the Schools Forum may only be rescinded at a subsequent quorate meeting.
- 6.2 School members will vote, by sector, on the level of delegation to schools.
- 6.3 Maintained primary school members will vote on levels of delegation for primary schools which will then be binding on all maintained schools within that sector.
- 6.4 Maintained secondary schools will vote on levels of delegation for secondary schools which will then be binding on all maintained schools within that sector.
- 6.5 Academies and special schools are not able to de-delegate in this way.
- 6.6 In the event of a tied vote the Chair will have a second or casting vote except for when voting, by sector, on the level of delegation to schools. In the event of a tied vote on the level of delegation to schools – action will need to be decided.

7. Substitutes

- 7.1 If elected, members should, wherever possible, attend all meetings. If a member is unable to attend, he/she should seek to secure an appropriate substitute to attend the meeting on their behalf. Appropriate being a headteacher/senior member of school staff or a governor from the same constituency. Substitute members will count as part of the quorum. Substitutes attending in place of members should not become the norm.

8. Clerk

8.1 To be provided by the Local Authority, or appointed externally.

9. Frequency and Pattern of Meetings

9.1 There will be at least 4 meetings each year. The forum may wish to arrange additional meetings eg. to discuss budget issues in the autumn term; or it may wish to set up committees or sub-groups to consider specific issues.

9.2 Meetings can be held remotely; this includes telephone conferencing, video conferencing, live webcast and live interactive streaming.

9.3 Unscheduled or extraordinary meetings may be called to consider urgent business.

9.4 Alternatively, if it is not possible to schedule an additional meeting, a process such as clearance by email correspondence, allowing all Forum members to have an opportunity to participate, can be used.

9.5 The Chair cannot take a decision on behalf of the Schools Forum however, should an urgent issue arise which needs an immediate decision, the Chair will have the power to give the Local Authority an view on the issue.

9.6 There is a requirement that meetings of the Schools Forum will be public meetings.

10. Exclusion of Access by the Public to Meetings

10.1 Schools Forum meetings will be open to the public. Papers, agendas and minutes will be publicly available on the Local Authority website in advance of each meeting (add link to page here).

10.2 The public must be excluded from meetings whenever it is likely, in the view of the nature of the proceedings, that confidential or exempt information would be disclosed.

10.3 Confidential information means information given to the Local Authority by a government department on terms which forbid its public disclosure or information which cannot be publicly disclosed by court order.

10.4 Exempt information means information falling within (*number to be added in line with Westmorland & Furness Council constitution*) categories as set out in the Local Authority constitution.

11. Expenses

11.1 School members and non-school members will be entitled to claim reasonable travelling expenses.

- 11.2 Members of the Schools Forum will also be eligible to claim reasonable reimbursement for additional costs such as childcare costs, loss of earnings or costs incurred at school due to absence. Should the need arise, the definition of reasonable will be determined by the Chair on the advice of the Director of Children and Family Wellbeing.
- 11.3 Such costs will not be paid to LA Councillors who have a separate expenses system.

12. Declarations of Interest

- 12.1 Members of the Schools Forum will declare an interest in any individual proposal which directly affects a school at which they are employed, or at which they are a governor. In these circumstances members may participate fully in the discussion and any subsequent decision. However, where a member might have a pecuniary interest in any decision made they shall withdraw from the meeting, taking no part in the discussion and any subsequent decision.

13. Schools Forum Powers and Responsibilities

- 13.1 The Schools Forum powers and responsibilities are set out in a separate document, published by the Department for Education which is attached at Annex 1.

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Schools forum powers and responsibilities

A summary of the powers and responsibilities of schools forums.

Function	Local authority	Schools forum	DfE role
Formula change (including redistributions)	Proposes and decides	Must be consulted [voting restrictions apply - see schools forum structure document] and informs the governing bodies of all consultations	Checks for compliance with regulations
Movement of up to 0.5% from the schools block to other blocks	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal
Contracts (where the LA is entering a contract to be funded from the schools budget)	Proposes at least one month prior to invitation to tender, the terms of any proposed contract	Gives a view and informs the governing bodies of all consultations	None

Function	Local authority	Schools forum	DfE role
Financial issues relating to: <ul style="list-style-type: none"> • arrangements for pupils with special educational needs, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding • arrangements for use of pupil referral units and the education of children otherwise than at school, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding • arrangements for early years provision • administration arrangements for the allocation of central government grants 	Consults annually	Gives a view and informs the governing bodies of all consultations	None
Minimum funding guarantee (MFG)	Proposes any exclusions from MFG for application to DfE	Gives a view	Approval to application for exclusions

Function	Local authority	Schools forum	DfE role
De-delegation for mainstream maintained schools for: <ul style="list-style-type: none"> contingencies administration of free school meals insurance licences/subscriptions staff costs – supply cover support for minority ethnic pupils/underachieving groups behaviour support services library and museum services School improvement 	Proposes	Maintained primary and secondary school member representatives will decide for their phase. Middle schools are treated according to their deemed status	Will adjudicate where schools forum does not agree LA proposal
General Duties for maintained schools <ul style="list-style-type: none"> Contribution to responsibilities that local authorities hold for maintained schools (please see operational guide for more information) 	Proposes	Would be decided by the relevant maintained school members (primary, secondary, special and PRU).	Adjudicates where schools forum does not agree LA proposal
Central spend on and the criteria for allocating funding from: <ul style="list-style-type: none"> funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy 	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal

Function	Local authority	Schools forum	DfE role
<ul style="list-style-type: none"> • funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years 			
<p>Central spend on:</p> <ul style="list-style-type: none"> • early years block provision • funding to enable all schools to meet the infant class size requirement • back-pay for equal pay claims • remission of boarding fees at maintained schools and academies • places in independent schools for non-SEN pupils • admissions • servicing of schools forum • Contribution to responsibilities that local authorities hold for all schools 	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal
<p>Central spend on:</p> <ul style="list-style-type: none"> • capital expenditure funded from revenue – projects must have been planned and decided on prior to April 2013 so no new projects can be charged • contribution to combined budgets – this is where the schools forum agreed prior to April 2013 a 	Proposes up to the value committed in the previous financial year and where expenditure has already been committed.	Decides for each line	Adjudicates where schools forum does not agree LA proposal

Function	Local authority	Schools forum	DfE role
<p>contribution from the schools budget to services which would otherwise be funded from other sources</p> <ul style="list-style-type: none"> existing termination of employment costs (costs for specific individuals must have been approved prior to April 2013 so no new redundancy costs can be charged) prudential borrowing costs – the commitment must have been approved prior to April 2013 	<p>Read establishing local authority DSG baselines for more information.</p>		
<p>Central spend on:</p> <ul style="list-style-type: none"> high needs block provision central licences negotiated by the Secretary of State 	<p>Decides</p>	<p>None, but good practice to inform forum</p>	<p>None</p>
<p>Scheme of financial management changes</p>	<p>Proposes and consults the governing body and Head of every school</p>	<p>Approves (schools members only)</p>	<p>Adjudicates where schools forum does not agree LA proposal</p>
<p>Membership: length of office of members</p>	<p>Decides</p>	<p>None (but good practice would suggest that they gave a view)</p>	<p>None</p>
<p>Voting procedures</p>	<p>None</p>	<p>Determine voting procedures</p>	<p>None</p>

Function	Local authority	Schools forum	DfE role
Chair of schools forum	Facilitates	Elects (may not be an elected member of the Council or officer)	None

Proposed membership of Westmorland & Furness Shadow Schools Forums

Schools and Academy Members	Number of Members	Expression of Interest
Maintained Primary Schools	5	1. 2. 3. 4. 5.
Maintained Secondary Schools	2	1. 2.
Academy - Primary - Secondary	1 4	1. 1. 2. 3. 4.
- Special	1	1.
Maintained Nursery	1	1.
Special Schools	1	1.
PRUs	1	1.
Total	16	
Non-School Members	Number of Members	Expression of Interest
CE Diocese	1	1.
RC Diocese	1	1.
16-19 Providers	1	1.
EY/PVIs	1	1.
Teaching Associations	1	1.
Non-Teaching Associations	1	1.
Total	6	
Total Members	22	

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CUMBRIA STANDING ADVISORY COUNCIL ON RELIGIOUS EDUCATION (SACRE)

Constitution

Our aim is to enrich the quality of learning in religious education and collective worship for all Cumbrian pupils

February 2023

1. The Duties of the Local Authority:

Establishing a SACRE has been a legal requirement for every Local Authority (LA) since 1988. The LA is legally obliged to ensure:

- that there is a functioning SACRE with all four committees represented
- that there is professional and financial support in place for SACRE to carry out its duties
- that there is an Agreed Syllabus for RE which is reviewed at least once every five years
- that it consults with SACRE on any issues to do with RE and collective worship
- that it takes note of, and responds to, any advice it receives from SACRE

2. The Duties of Cumbria SACRE are to:

- Provide advice to the LA and schools on collective worship and RE in accordance with the agreed syllabus.
- Advise the LA on how to monitor the provision and quality of collective worship and RE in Cumbrian community schools and foundation schools without a religious character.
- Advise the LA on any complaints concerning RE or collective worship.
- Consider any requests from community schools or foundation schools without a religious character to lift the legal requirement to hold a daily act of collective worship of a broadly Christian character for some or all of the pupils at that school. Such applications are to be made by the headteacher after consultation with the governing body. If SACRE agrees, the school is granted a 'determination' for five years, after which the school can reapply and the determination must be reviewed.
- Require the LA to review the agreed syllabus by convening an Agreed Syllabus Conference in accordance with the provisions of Para 3, Schedule 31 to the Education Act 1996
- Publish an annual report about its work.

3. The Membership of Cumbria SACRE:

Legally the LA is the appointing body and members are appointed to one of four committees:

- Committee A: people to represent Christian denominations and other religions as, in the opinion of the LA, appropriately reflect the principal religious traditions in the area
- Committee B: people to represent the Church of England
- Committee C: people to represent teacher's professional associations
- Committee D: people to represent the LA

Cumbria SACRE aims to have:

Committee A: Representation from Catholicism, Methodism, Quakerism, United Reformed, non-conformists, Free Churches, Churches Together and other faiths including but not limited to Buddhism, Hinduism, Judaism, Islam, and Sikhism.

Committee B: Representatives nominated by the Diocesan Board of Education (Church of England)

Committee C: Representatives nominated by teacher unions and other professional bodies

Committee D: Elected Members - two members appointed by Cumberland and two by Westmorland and Furness.

4. The Appointment of Representatives to SACRE:

Term of Office of Representative Members:

The LA appoints members of SACRE following consultation with the appropriate body. Members continue to serve until they resign in writing or the LA, following consultation with the nominating body, suspends their membership at which time they will cease to be a member of SACRE. Members who fail to attend three consecutive meetings without good reason will have their membership reviewed by the LA through the Clerk and in consultation with the appointing body who may suspend their membership.

Co-opted members:

It is open to SACRE to co-opt people who may be able to contribute to its work. Co-optees are not members of any of the four committees and do not have voting rights. Such co-options will be reviewed annually at the first meeting of the academic year.

Substitutes:

A member who is unable to attend a SACRE meeting can be represented at that meeting by a substitute from the same nominating body. The member should inform the Clerk of the name of the substitute prior to the meeting. Substitutes do not have voting rights.

5. SACRE Working Practices:

Quorum: SACRE will be quorate when at least one member of EACH of the 4 committees are present.

Appointment of Chair and Vice Chair:

The Chair and Vice-Chair of SACRE are nominated by SACRE and appointed by the LA. The appointment is for 3 years.

Working Groups/sub-committees:

SACRE can appoint sub-committees to work on particular tasks on behalf of the full SACRE. They can elect a Chair who will report the results of the work of that committee to the full SACRE.

Voting Arrangements:

As far as is practical, items will be discussed fully and issues decided by consensus. If a formal vote is necessary each of the 4 SACRE committees has one vote. It may be necessary for the four committees to meet separately to determine how their collective vote will be cast. To facilitate such a vote each committee may elect a Chair. A committee's vote will represent the majority within that committee. In any vote, a majority of 3 carries the vote but if the vote is split (2-2) the status quo applies because the Chair of SACRE doesn't have a casting vote. Co-opted members do not have a vote.

Changes to the SACRE:

Currently the SACRE is jointly operated by Westmorland & Furness and Cumberland local authorities. If the local authorities wish to disaggregate in the future, then separate SACRE could be constituted. Any separate SACRE would need to be constituted by the individual local authority's cabinet as per section 390 of the Education Act 1996.

Agreed Syllabus Conference (ASC):

SACRE must convene an ASC every five years to review the agreed syllabus and where necessary produce a new agreed syllabus. The agreed syllabus is the statutory document for RE which community and foundation schools must follow. It is a long standing tradition in Cumbria that each body nominates, and the LA appoints, the same people as on SACRE.

Extraordinary Meetings:

The Clerk to SACRE, following consultation with the Chair, may convene an Extraordinary Meeting. The Clerk must always consult with the Chair if requested to do so by 5 SACRE members. At least seven days' notice must be given to members of any such meeting.

Appendix 1:**Meetings:**

Cumbria SACRE aims to meet on at least three occasions during the school year (normally one meeting per term). Non members are welcome to attend, to observe SACRE meetings.

Agenda:

Matters for the Agenda should be sent to the SACRE Clerk at least 21 days in advance of the meeting. The Agenda should be distributed at least seven working days in advance of meetings. The minutes of meetings are published on the Cumbria County Council website.

Annual report:

SACRE's annual report should be emailed to the LA, Cumbrian schools and academies, DfE and NASACRE.

Code of Conduct of members:

Cumbria SACRE encourages all of its members to:

- Attend all SACRE meetings and take a full and active part in its work and discussions.
- Appoint a substitute if unable to attend a meeting. (See Non-attendance above)
- Consult actively with the organisation you represent so that debate is fully informed.
- Listen with respect to the views of other members. Express views and opinions openly and sensitively, recognising others may have different views. Never denigrate or mock the views of others. Seek reasoned consensus where views diverge.
- Develop their understanding of the different faiths and beliefs represented in Cumbria and contribute to the

wider community cohesion agenda.

- Remember that SACRE's aim is to improve the quality of provision in RE and collective worship for Cumbrian pupils.

Initial SACRE Membership (Committee D appointments needed)

Committee A:

Other Faiths/ Denominations

Sheila Gewolb - Jewish
Rashmi Manemi - Hindu
Wendy Ridley - Buddhist
Mohammed Dhalech - Muslim
Karen O'Donoghue – Baha'i
Rev David Milner - Methodist
Michael Watmough – Quaker
Jane Yates - Humanist

Committee B:

Church of England (CE)

Laura Watson
Richard Cox
Vacancy

Committee C:

Teacher Associations

James Douglas - NEU
Brian Eaton - VOICE
Katherine France - NATRE
Irene Roberts-Green - NAHT
Bernadette Little – NASUWT

Co-opted:

Georgia Prescott
Carolyn Reade
Vicky Bunter - Secondary

Clerk to SACRE

Sue McGaw (Cumberland)

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Westmorland and Furness Shadow Authority Cabinet

Date 24th February 2023

Title LGR Programme Update Report

Report from: Kathryn Griffiths, Senior Manager – LGR Programme

Report Author: Kathryn Griffiths, Senior Manager – LGR Programme

Wards: All

Key Decision: No

1.0 Purpose/Summary of report

- 1.1. This report provides Members with an update on the Programme in place to support Local Government Reorganisation in Cumbria.
- 1.2. The report consists of the latest Programme Dashboard presented to the Programme Board (24 January 2023), and a summary of the Day One Board report presented to the Day One Programme Board (24 January 2023).

2.0 Recommendation

2.1 It is recommended that the Shadow Authority Cabinet:-

- (1) Notes the report details and key points included in section 3 of this report.

3.0 Background and Proposals

- 3.1 Members have previously agreed that the format of this report and associated appendices for providing a monthly update on the progress of the LGR Programme. It shares key progress summaries considered regularly by the Programme Board and the Day One Board.

Programme Dashboard Report 24/1/2023(Appendix 1)

- 3.2 The LGR Programme Board meets monthly and receives a programme dashboard report at every meeting. The Programme Board is chaired by the Programmes Senior Responsible officer and includes Chief Executives from all of the Councils and Programme Theme Leads. The dashboard provides:
- an executive summary of progress,
 - highlighted key programme milestones,
 - a position statement (updated monthly) on the LGR Implementation Reserve,
 - any items for escalation to the Programme Board,
 - key risks from across the programme,
 - a summary of all critical changes to the programme as the change control process is embedded.

Day One Board Report Summary 24/1/2023 (Appendix 2)

- 3.3 The Day One Board meets weekly and is chaired by the Programme's Senior Responsible Officer and includes all technical leads and programme managers representing delivery themes from across the programme. The board is focused on delivery against the programme's critical day one requirements, needed to ensure that the new councils and the operation of their services are safe and legal on day one. Sixty-one delivery plans are in place and aligned to those requirements, incorporating key milestones, progress on delivery and flags where progress is at risk.
- 3.4 The Day One Board receives a report on progress at every meeting. This is a detailed report and reviews progress against all delivery plans (including actions, milestones and day one requirements). It assists the Board in focusing on the most critical areas. Included in this report (at Appendix 2) is the summary page of the report that includes some key performance measures for the programme:
- progress in delivering against day one requirements
 - the number of day one requirements and milestones that have been flagged (e.g. due to a decision pending or a delay due to an interdependency) or have reached their due date but are still reporting as incomplete
 - a count of the number of day one requirements across each theme and the associated milestone (Level 1, 2, 3)
 - a summary of the status updates for each of the requirements by theme
 - a snapshot of the completeness of data held across the three thousand plus action lines within all deliver plans

3.5 Key Points to Highlight from the Programme Dashboard and Day One Report Summary (24 January 2023):

- 46.8% of the programmes 1,332 milestones have now been completed, with 29 of the 212 Day 1 Requirements fulfilled and a further 34 nearing completion. A strong focus on accountability for delivery is being maintained by the Day 1 Board with the ongoing provision of support and challenge across all themes.
- Appointment to Chief Officer structures (including Section 151 and Monitoring Officers) will be finalised by the end of January 2023. Assistant Director structures are now confirmed, and internal recruitment will commence early February with appointments finalised by 10th March. The staff allocation process will be complete by the end of January and TUPE letters will start to be issued from 17th February.
- The ICT Theme has been closely monitored throughout the programme and this continues. The Microsoft Licensing Agreement is now in place and contracts have been awarded for the Adults Social Care Case Management and Finance/Charging systems. The existing County Council contract for the Highways Information Management System has been modified for implementation with a view to awarding two new contracts before Vesting Day. The contract for the Asset Management system is due to be finalised before the end of January.
- The consultation regarding potential council tax increases and harmonisation is ongoing and will close on 13 February 2023. The draft revenue budget 2023/24 and MTFP 2023-2028 is due to be considered at the Shadow Cabinet meeting on 24 February 2023 and if supported proposed to the Shadow Authority Council meeting on 07 March 2023. Consultation on the proposed draft budget is taking place with Overview and Scrutiny Committee on 23rd February.
- Constitutions will be agreed by both Council's by the end of January and the Inter-authority agreements and service schedules for hosted services are in the process of being finalised.
- Planning for Services activity is underway and will be a focus for the next 2 months for the Cumberland and Westmorland & Furness Unitary Boards alongside the activity above.

- Both Cumberland and Westmorland & Furness Unitary Boards have been focusing on clarifying their priorities and are developing overarching delivery plans to encompass strategic activity up to and then past vesting day to support transition into the new councils.
- The Senior Responsible Officers (Chief Executive Designates and Cumbria County Council Chief Executive) are continuing to closely monitor and manage the LGR implementation reserve, challenging and prioritising the additional resource asks and it is expected that either through further challenge of the use of the reserve or additional financial support from sovereign authorities that the required resources to deliver day 1 safe and legal will be available.
- New websites are in place for each new unitary council and are in development alongside legacy websites to ensure a consistent customer journey. Telephony solutions are in place and implementation activity is underway.
- The programmes strategic risks have seen some reduction as the likelihood of some risks occurring has reduced.

4.0 Consultation

4.1 The contents of this report respond to a Statutory Instrument which was the subject of consultation by the Government.

5.0 Alternative Options

5.1 The contents of this report details reporting mechanisms relating to progress of the LGR Programme, whilst there is a choice about how this might take place, the approach described is considered the most effective, efficient, and fitting to local circumstances.

6.0 Implications

Financial, Resources and Procurement

6.1 There are no direct implications associated with this report. Note that the programme has a Financial and Commercial Theme Board, and an implementation reserve of £18.92m.

Human Resources

- 6.2 There are no direct implications associated with this report. Note that the programme has Human Resources & Organisational Development Workstream as part of the Corporate & Enabling Theme.

Legal

- 6.3 There are no direct implications associated with this report. Note that the programme has a Legal & Democratic Services Workstream as part of the Corporate & Enabling Theme.

Health and Sustainability Impact Assessment

- 6.4 Have you completed a Health and Sustainability Impact Assessment? No
- 6.5 If you have not completed an Impact Assessment, please explain your reasons: There are no direct implications associated with this report. Assessments are being considered across the programme as it develops.

Equality and Diversity

- 6.7 Have you completed an Equality Impact Analysis? No
- 6.8 If you have not completed an Impact Analysis, please explain your reasons: There are no direct implications associated with this report. Assessments are being considered across the programme as it develops.

Risk Management	Consequence	Controls required
There is a need for a co-ordinated approach to reporting LGR Programme delivery progress to ensure effective and efficient management of the programme.	Failure to deliver statutory and key services on vesting day.	The programme governance arrangements described in this report assist in mitigating this risk.

Contact Officers

Kathryn Griffiths, Senior Manager - LGR, kathryn.griffiths@cumbria.gov.uk, 07384241477.

Appendices Attached to this Report

Appendix No.	Name of Appendix
1	LGR Programme Dashboard
2	Day One Board Report

Background Documents Available

None

Programme Dashboard

Accountable Owner: John Metcalfe

Board Date:

Responsible Owner: Kathryn Griffiths

24-Jan-23

Executive Summary

- 48.6% (648) of the programmes 1,332 milestones have now been completed, with 29 of the 212 Day 1 Requirements fulfilled and a further 34 nearing completion.
- Appointment to Chief Officer structures (including Section 151 and Monitoring Officers) will be finalised by the end of January. Assistant Director structures are now confirmed and internal recruitment will commence early February with appointments finalised by 10th March. This a delay on the intended timeline. The staff allocation process will be complete by the end of January and TUPE letters will start to be issued from 17th February.
- The ICT Theme has been closely monitored throughout the programme and this continues. The Microsoft Licensing Agreement is now in place and contacts have been awarded for the Adults Social Care Case Management and Finance/Charging systems. The existing County Council contract for the Highways Information Management System has been modified for implementation with a view to awarding two new contracts before Vesting Day. The contract for the Asset Management system is due to be finalised before the end of January.
- The consultation regarding potential council tax increases and harmonisation in Westmorland and Furness is ongoing and will close on 13 February 2023; constitutions will be agreed by both Council's by the end of January; and Inter-authority agreements and service schedules for hosted services are in the process of being finalised.
- Planning for Services activity is underway and will be a focus for the next 2 months for the Cumberland and Westmorland & Furness Programme Boards alongside the activity above.
- Both Cumberland and Westmorland & Furness Programme Boards have been focusing on clarifying their priorities and are developing overarching delivery plans to encompass strategic activity upto and then past vesting day to support transition into the new council's.
- The Senior Responsible Officers (Chief Executive Designates and Cumbria County Council Chief Executive) are continuing to closely monitor and manager the LGR implementation reserve, challenging and prioritising the additional resource asks and it is expected that either through further challenge of the use of the reserve or additional financial support from sovereign authorities that the required resources to deliver day 1 safe and legal will be available.
- New websites are in place for each new unitary council, and are in development alongside legacy websites to ensure a consistent customer journey. Telephony solutions are in place and implementation activity is underway.
- The programmes strategic risks have seen some reduction as the likelihood of some risks occurring has reduced.

Progress this period

- 48.6% (648) of the programmes 1,332 milestones have now been completed, with 29 of the 212 Day 1 Requirements fulfilled and a further 34 nearing completion.
- Recruitment to the Director roles, including Section 151 and Monitoring Officers, will complete with the appointment of Directors of Adult Services and Childrens Services before the end of January. Tier 3 structures have been finalised and announced on 19th January. The staff allocation process is almost complete, with a small number (less than 300) of complex roles to be allocated by the end of January.
- The ICT Theme has been closely monitored throughout the programme and this continues. Microsoft Licensing Agreement is now in place and contacts have been awarded for the Adults Social Care Case Management and Finance/Charging systems. The existing County Council contract for the Highways Information Management System has been modified for implementation with a view to awarding two new contracts before Vesting Day. The contract for the Asset Management system is due to be finalised before the end of January.
- Inter Authority Agreements have been drafted for hosted services, with separate agreements for Waste and Coroners Services; these are all undergoing final reviews. All services confirmed as being hosted have produced service schedules and these are undergoing legal review.
- Both Cumberland and Westmorland & Furness Programme Boards have been focusing on clarifying their priorities and the associated resources and activities required to deliver them during the final days approaching vesting day. Each Board is developing an overarching delivery plan to encompass this and other strategic activity upto and then past vesting day to support transition into the new council's.
- Service planning for a small number of priority services is well underway and is commencing for all remaining service areas.
- Constitutions for each new council have been finalised through a range of working groups and shadow member engagement; and are to be agreed by each Council by the end of January. Both Council's are undergoing public consultation on their 2023/24 budgets.
- The Senior Responsible Officers (Chief Executive Designates and Cumbria County Council Chief Executive) are continuing to closely monitor and manager the LGR implementation reserve, challenging and prioritising the additional resource asks and it is expected that either through further challenge of the use of the reserve or additional financial support from sovereign authorities that the required resources to deliver day 1 safe and legal will be available.
- New websites are in place for each new unitary council, and are in development alongside legacy websites to ensure a consistent customer journey. Telephony solutions are in place and implementation activity is underway.
- The programmes strategic risks have seen some reduction as the likelihood of some risks occurring has reduced.

4-Week Look Ahead

- The internal appointments process for Chief Officer roles is to be finalised by end of January 2023, and the internal appointment to Assistant Director roles will be complete by 10th March.
- Staff allocation will be finalised by the end of January and TUPE letters will start to be issued from 17th February.
- Continued focus on ICT Theme, and contractual sign off of the final critical ICT systems; and targeting of resource on category 1 business applications.
- Finalisation of 2023/24 budgets and medium term financial plans.
- Planning for Services process to progress for all council services (at Assistant Director level).
- Inter Authority agreements and supporting service schedules to be finalised and presented to Unitary Councils for approval.
- Council constitutions for Cumberland and Westmorland & Furness to be approved by each Council.
- Unitary Programme Board Delivery Plans fully operational and incorporating key strategic activity through to and post vesting day.

Key Milestones

No.	Description	Planned Date	Forecast Date	Commentary
1	Customer & Digital: New Unitary Websites in place (Two Content Management Systems built and deployed ready for content).	07-Dec-22	07-Dec-22	Complete.
2	Customer & Digital: Rebranding of legacy websites to allow for consistent customer journey from new to legacy sites and vice versa.	31-Mar-23	31-Mar-23	Development of content for new sites ongoing.
3	Customer & Digital: Telephony Solution (Liberty Converse 'Netcall') in place to provide telephony for Customer Services on Day 1	31-Mar-23	31-Mar-23	Contractuals finalised. Implementation ongoing.
4	Strategic Commissioning: Contract Decision - Final Sign Off Complete	19-Dec-22	19-Dec-22	90% of contract decisions have now been taken. Revised end date subject to change control - forecast completion of 95% by 28/02/2023 and 100% by 31/03/2023.
5	Strategic Commissioning: Grant Decision - Final Sign Off Complete	31-Jan-23	20-Jan-23	Complete - communications issued to all grant recipients in early January 2023.
6	Human Resources / Organisational Development: TUPE Staff Allocation confirmed	30-Nov-22	31-Jan-23	The staff allocation process is nearing completion with less than 300 staff still to be allocated to one of the two unitaries or to the Fire Service. The remaining complex cases are being worked through with support from the County Council's Corporate Management Team. Change to milestone end date approved by Day 1 Board.
7	Human Resources / Organisational Development: Appointments confirmed for internally appointed Chief Officer and Statutory Roles	12-Dec-22	16-Jan-23	Internal recruitment process complete. External recruitment ongoing (see milestone below).
Page 230	Human Resources / Organisational Development: Appointments confirmed for externally appointed Chief Officer & Statutory Roles.	08-Feb-23	08-Feb-23	The open recruitment process for the following roles is ongoing with interviews due to commence week commencing 23/01/2023: Cumberland Council • Director of Adult Social Care and Housing. • Director of Children and Family Wellbeing. Westmorland and Furness Council • Director of Adult Social Care. • Director of Children's Services.
	Human Resources / Organisational Development: Outcome of Assistant Director structures and Managing Change Procedure consultation finalised and next steps for this process confirmed	31-Dec-22	31-Dec-22	Complete - communication issued to all staff impacted by Tier 3 recruitment process on 19 January 2023.
10	Policy and Performance: Council Plan adopted by Westmorland & Furness Shadow Authority	29-Dec-22	21-Dec-22	Complete. Council Plan approved by Shadow Authority on 19/12/22.
11	ICT: Concerto Asset Management System: Contractuals Finalised	30-Oct-22	30-Oct-22	Officer Decision Records for two new contracts with legal team for comments. Sign off due 27 January 2023.
12	ICT: Highways Information Asset Management System: Contractuals finalised	14-Nov-22	14-Nov-22	Existing County Council contract has been modified for implementation services. Two new contracts to be awarded via G-Cloud Framework 13 ahead of 1 April 2023. Date will be subject to change control.
13	ICT: Adult Social Care Finance / Charging System: Contractuals finalised	15-Nov-22	15-Nov-22	Complete - contract awarded 17/01/2023.
14	ICT: Microsoft Licensing Agreement in place	23-Dec-22	23-Dec-22	Complete. Agreements with Microsoft are in place. Implementation work is ongoing to utilise Eden and Copeland's contracts for Vesting Day.

Key Milestones (Continued)

15	Communication and Engagement: New corporate branding guidelines to be approved	31-Dec-22	31-Dec-22	Complete. Final guidelines approved and shared with all Themes.
16	Finance: Budget/Council Tax Consultations	31-Jan-23	31-Jan-23	Public consultation for 2023/24 budgets ongoing.
17	Finance: Budget 2023/24 agreed by Shadows and Council Tax set	27-Feb-23	10-Mar-23	To agree the Council Budgets for 2023/24 and the Medium Term Financial Plan, and recommend to Full Council for approval. Full Council dates now agreed.
18	Legal and Democratic: Westmorland and Furness Shadow Authority approval of Constitution	31-Jan-23	23-Jan-23	Constitution due to be considered by W&F Shadow Authority on 23/01/2023.
19	Legal and Democratic: Cumberland Shadow Authority approval of Constitution	10-Mar-23	26-Jan-23	Constitution due to be considered by Cumberland Shadow Authority on 26/01/2023.
20	Legal and Democratic: Complete Section 16 Agreement	20-Mar-23	20-Mar-23	Work is ongoing to identify the contracts that will be transferred under the Section 16 agreement.

Key Decisions / Issues for Escalation

No items for escalation.

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Finance - Implementation Reserve to 31/12/2022 (as at 19/01/2023 report)

Budget Line	Initial Allocation (£)	Virements approved by Programme Board (£)	Updated Allocation (£)	Approved / Committed Spend to 19/01/2023 (£)	Actual Spend to 31/12/2022 (£)
Programme Management	4,400,000	455,610	4,855,610	4,855,610	2,888,225
People	1,100,000	492,500	1,592,500	1,592,500	664,559
Place	600,000	-300,777	299,223	299,223	202,193
Corporate/Enabling Services	1,100,000	1,549,595	2,649,595	2,699,195	1,092,882
Finance & Commercial	750,000	-192,315	557,685	557,685	313,571
Customer & Digital	350,000	365	715,000	715,000	190,000
ICT	4,350,000	0	4,350,000	4,263,000	2,111,677
Branding	750,000	0	750,000	750,000	27,682
Shadow Chief Exec/Member	850,000	1,063,461	1,913,461	1,913,461	873,463
Election Costs	1,200,000	-110,000	1,090,000	1,090,000	1,089,851
Contingency	3,470,000	-3,323,074	146,926	0	0
Total	18,920,000	-364,635	18,920,000	18,735,674	9,454,103
Total Funding Available	(18,920,000)		(18,920,000)	(18,920,000)	(18,920,000)
Total Funding Remaining	0		0	(184,326)	(9,465,897)

Programme Dashboard

Accountable Owner: John Metcalfe

Board Date:

Responsible Owner: Kathryn Griffiths

24-Jan-23

Key Strategic Changes (Extract from Programme Change Register)

Change ID	Theme	Work Package/ Work Stream	Day 1 Requirement ID	Change Description	Impacted Areas / Comments	Change Type	Impact (1-5)	Change Status
CH - CEHROD - 11	Corporate and Enabling	HR/OD	HR-REQ-03-L1- M05	Level 1 Milestone end date change: 'TUPE Allocations Confirmed'. End date change: from: 30/11/2022 to: 31/01/2023	All services, particularly Comms & Engagement & ICT. All work packages advised of revised date.	Time	4	Change Approved
CH-CECE- 03	Corporate and Enabling	Communication s and Engagement	COMMS-REQ- 01	Day 1 Requirement end date change: 'New Council Corporate ID and branding guidelines approved (including organisational values and protocols for media, social media, events, sponsorship, signage etc)' From: 30/11/2022 To 31/12/2022	All work packages advised of revised date.	Time	5	Change Approved
Page 28 of 39	Corporate and Enabling	Legal and Democratic	LEGAL-REQ-36	Day 1 Requirement end date change: 'Member Democratic Services systems, templates and processes approved and in place' End date Change from 30/11/2022 to 31/1/2023	Reason- dependent upon constitution. Cumberland constitution due to be signed off 26/1/23, Westmorland and Furness 23/2/23 No impact on other areas identified, within work package only.	Time	5	Change Approved
CH - CELD - 27	Corporate and Enabling	Legal and Democratic	LEGAL-REQ-58	New level 1 milestone under Day 1 Requirement 'Legal Agreement in place between Cumberland and Westmorland and Furness for hosted arrangements' New milestone description: IAA sign off including schedules at Shadow Authority Executive/Cabinet End date: 24/02/2023	Reason - Committee dates are now formalised and forward plan submitted All work packages advised of revised date.	Scope	4	Change Approved
CH - CELD - 32	Corporate and Enabling	Legal and Democratic	LEGAL-REQ-47	Day 1 Requirement - Change to scope From: Members and Officers appointed to external bodies / partnerships / authorities To: Members appointed to outside bodies	Reason - Member appointments to outside bodies is the legal and dem. focus for day 1. All other areas will be picked up with individual service areas. Approach agreed with all impacted Themes (Place, People).	Scope	4	Change Approved
CH - PECH - 13	People	Children's - Education & Skills	CHIL-E&S-REQ- 54	Day 1 Requirement end date change: 'Establish a Schools Forum in each authority' End date chage from: 23/11/22 to: 28/02/23	Legal and Democratic Workstream.	Time	5	Change Approved


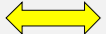

Key Strategic Risks

Risk ID	Risk Category	Description	Target Likelihood (1-5)	Target Impact (1-5)	Target Risk Score	Current Likelihood (1-5)	Current Impact (1-5)	Current Risk Score	Direction of Travel	Key Mitigations (Controls and Actions)
RSK - PROG - 01	Strategic	There is a risk that the programme fails to create three financially sustainable organisations (two unitary councils and PCC governed FRS) with effect from 1 April 2023	2	5	10	3	5	15	↔	Every organisation will have a Medium Term Financial Plan covering estimated revenue income and expenditure over at least the next three years. This will be informed by a clear articulation of budget disaggregation outputs and input to the development of the MTFP for all organisations. They will also have a similar plan for likely capital income and expenditure. The budget for the forthcoming year (year one of the MTFP post vesting day) will be considered in more detail, leading to the setting and approval of detailed income and expenditure budgets on a service-by-service basis. It is essential that the budget is set in accordance with the service plans and objectives for the forthcoming year and within the available financial envelope. This will be informed by the planning for services process which will take place over by the end of February providing a clear view on pressures and potential savings that will need to be made to ensure a balanced budget. There is also an ongoing dialogue with DLUHC about the potential for financial support with transitional and transformation costs in the short term
RSK - PROG - 02	Strategic	There is a risk that the financial challenges (in year and future pressures) impact on the financial assumptions on which the three organisations are developing their medium term financial plans	2	5	10	4	5	20	↔	All sovereign councils are committed to delivering a balanced budget at the end of FY22/23. This is being supported by tight financial management in current councils to remain within budget and minimise potential use of reserves to offset spending. No new spending will be initiated by existing councils without consultation with the new organisations. However, growth in demand for some services may add additional pressures on base budgets for future years and financial options will need to be developed to accommodate such growth without additional government support.
RSK - PROG - 03	Strategic	There is a risk that there are insufficient resources to deliver all of the required activities for a safe and legal Day 1 transfer and to prepare new organisations for transitional activities from Day 1.	3	4	12	4	4	16	↑	The Senior Responsible Officers (Chief Executive Designates and the Cumbria County Council Chief Executive) are reviewing current commitments for the LGR implementation reserve and it is expected that the required resources to deliver day 1 safe and legal will be available, either through further challenge of the use of the reserve or additional financial support from sovereign authorities, The above will be supported through a rigorous governance process to control spend as the programme continues to progress. This will include the completion of an Officer Decision Record requiring S151 sign-off, as well as review and approval by the 3 programme SROs. <i>Likelihood reduced from 5 to 4 in January review</i>
RSK - PROG - 04	Strategic	There is a risk that the programme fails to deliver all of the necessary activities for the safe and legal establishment of three organisations from April 1 2023 (Day 1).	2	5	10	3	5	15	↔	Day 1 activities are all mapped and set out in individual delivery plans, which are monitored weekly by the Day 1 board with support from individual theme groups. Any potential risks and issues to delivery are flagged at Day 1 board, where they are discussed and actions are agreed to remedy them. Further escalations are made to the Programme Board, where the intervention, support or steer from Sovereign Chief Execs is required. In addition there are change control mechanisms in place that allow for interdependences of activities to be considered before any planned activity is amended.
RSK - PROG - 05	Strategic	There is a risk that key service provider failures divert attention from the ability of the LGR programme to achieve delivery plans and maintain delivery of key services.	3	4	12	4	4	16	↔	Resources within the LGR team would need to be prioritised to those activities essential to reach safe and legal transition on Day 1 and away from those activities that are more about setting the organisations up to transform over the longer term. Where there is an urgent need to redirect resources, options for doing this will need to be discussed and agreed at Programme Board by sovereign chief execs.
RSK - PROG - 06	Strategic	There is a risk that current organisations need to respond to 'shocks' in their operating environment (emergency situations or industrial action) which divert attention from the ability of the LGR programme to achieve delivery plans and maintain delivery of key services.	2	5	10	3	5	15	↔	Resources within the LGR team would need to be prioritised to those activities essential to reach safe and legal transition on Day 1. Where there are emergency situations that require urgent focus, options on how to resource these (in line with current business continuity plans) and consider minimising impact to the delivery of the programme, will need to be drafted and agreed with sovereign chief execs and/or the Programme Board.

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Key Strategic Risks (Continued)

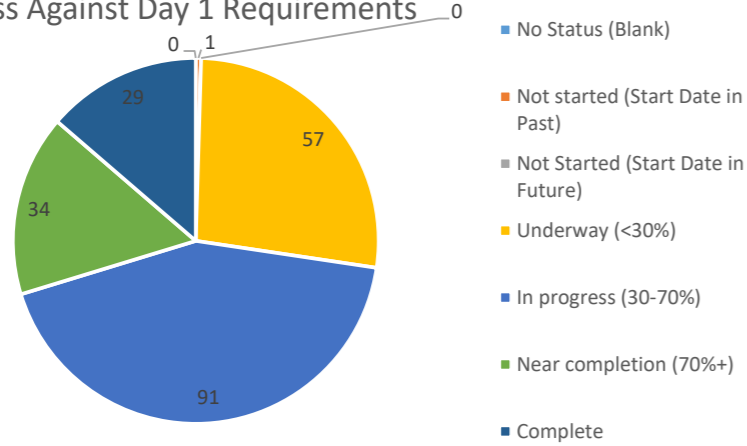
Risk ID	Risk Category	Description	Target Likelihood (1-5)	Target Impact (1-5)	Target Risk Score	Current Likelihood (1-5)	Current Impact (1-5)	Current Risk Score	Direction of Travel	Key Mitigations (Controls and Actions)
RSK - PROG - 07	Strategic	There is a risk of the loss of key personnel central to the delivery of the programme prior to its completion	3	4	12	3	4	12	↑	Theme Leads will need to make sure that there are no single points of failure in the programme. The programme is working to ensure staff are given certainty around their continued employment options post vesting day as soon as possible by reviewing fixed term arrangements and finalising the staff allocations process as soon as possible. <u>Likelihood reduced from 4 to 3 in January review</u>
RSK - PROG - 08	Strategic	There is a risk that the programme fails to recruit staff to senior (Chief Officer) posts in sufficient time to influence service and budget planning	2	4	8	4	4	16	↔	Undertake recruitment process drawing from internal resources first and then external advertisement as soon as vacant positions are clear. There are national challenges to recruiting to some key statutory posts and that there is perceived to be a challenge recruiting people to Cumbria which might require other incentives to attract the right candidates.
RSK - PROG - 09	Strategic	There is a risk that suppliers (particularly ICT) fail to agree appropriate and timely terms and conditions for the provision of goods and services necessary to affect the establishment of the three organisations from Day 1	2	5	10	4	5	20	↔	Extensive legal advice has been taken on the route to market for all essential goods and services. This is informing contract negotiations however they are still being challenges by suppliers seeking to use LGR as a commercial opportunity. These will need to be considered on a case by case basis, with consideration being given to the perceived risk and merit.
RSK - PROG - 10	Strategic	There is a risk that the scale of ambition for transformation in the three organisations exceeds the capacity of the programme to provide support or build into the transitional planning that should follow Day 1	2	4	8	3	4	12	↑	SROs to keep under review the balance between activities necessary for safe and legal arrangements to be delivered on Day 1 alongside the need to plan for the transformation of all organisations post vesting day and to set in place plans to deliver that transformation in readiness for when they become operational. <u>Likelihood reduced from 4 to 3 in January review</u>
RSK - PROG - 11	Strategic	There is a risk that the programme fails to allocate staff to each organisation in a fair and proportionate manner to support their ongoing success and to properly identify how specialist roles are to be shared between the organisations	2	3	6	2	3	6	↑	The staff allocation process allows for adequate time for consultation with staff and allocations take into consideration the needs of each organisation (including indentifying where specialist roles will need to be shared between organisations). Undertake recruitment process drawing from internal resources first and then external advertisement as soon as vacant positions are clear. There are national challenges to recruiting to some key statutory posts and that there is perceived to be a challenge recruiting people to Cumbria which might require other incentives to attract the right candidates. <u>Likelihood reduced from 3 to 2 in January review</u>
RSK - PROG - 12	Strategic	There is a risk that the programme fails to establish an Inter Authority Agreement between all organisations to support the basis on which many programme deliverables have been developed.	2	4	8	3	4	12	↔	Regular engagement with all stakeholders in the development of the overarching legal agreement and the associated schedules that govern each hosted service arrangement. Governance of the development of the agreements will be through the Members Implementation Board prior to final sign off by both unitary authorities. To support the development of the agreement and service schedules, additional legal resource has been procured to advise on the approach and support the drafting of the agreement and schedules, with an officer working group in place to drive the activity and support services accordingly.

Key: Direction of travel arrows
 = Risk score declining
 = No change
 = Risk score increasing

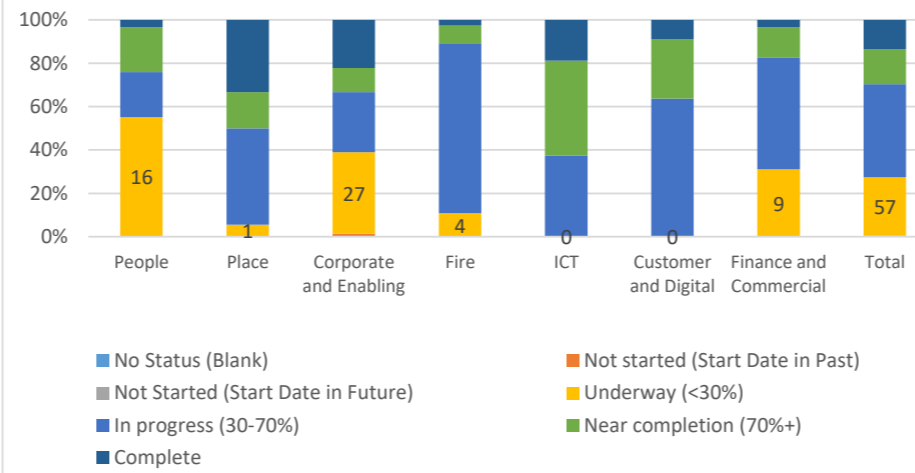
Day 1 Board report 24 January 2023

Data Date: 19/01/2023

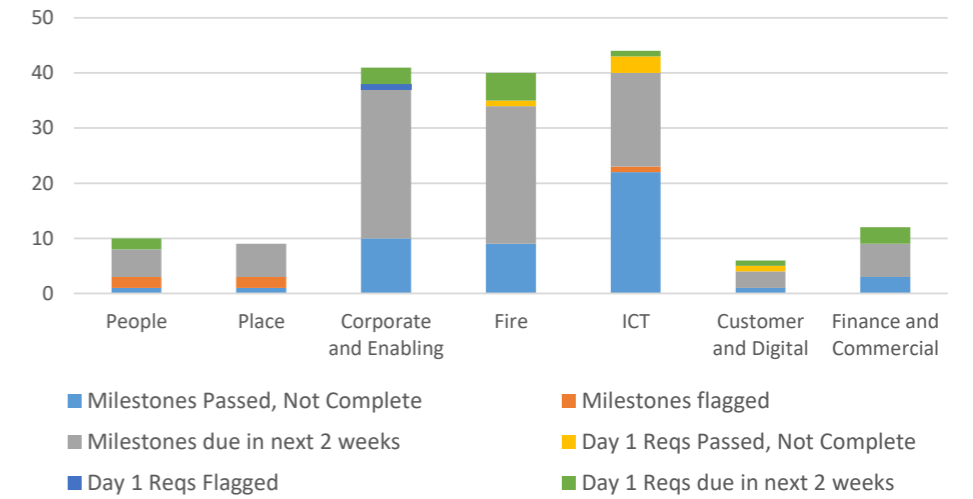
Progress Against Day 1 Requirements



Breakdown by Theme



Requirements and Milestones that are incomplete and due, flagged or upcoming



Day 1 requirements and milestone count

	People	Place	Corporate and Enabling	Fire	ICT	Customer and Digital	Finance and Commercial	Total
Day 1 requirements	29	18	72	37	16	11	29	212
L1 milestones	-	-	50	-	18	4	4	76
↳ Or Fire Board	-	-	-	51	-	-	-	51
L2 milestones	15	7	64	24	125	10	3	248
L3 milestones	83	69	226	31	443	33	72	957
	98	76	340	106	586	47	79	1332

Day 1 requirements status updates

	People	Place	Corporate and Enabling	Fire	ICT	Customer and Digital	Finance and Commercial	Total
No Status (Blank)	0	0	0	0	0	0	0	0
Not started (Start Date in Past)	0	0	1	0	0	0	0	1
Not Started (Start Date in Future)	0	0	0	0	0	0	0	0
Underway (<30%)	16	1	27	4	0	0	9	57
In progress (30-70%)	6	8	20	29	6	7	15	91
Near completion (70%+)	6	3	8	3	7	3	4	34
Complete	1	6	16	1	3	1	1	29
Post-Day 1 Requirements	0	0	0	0	0	0	0	0
	29	18	72	37	16	11	29	212

Milestone & Day 1 Requirements Summary

	People	Place	Corporate and Enabling	Fire	ICT	Customer and Digital	Finance and Commercial	Total
Milestones Complete	47	33	212	14	274	32	36	648
Milestones Complete (%)	48.0%	43.4%	62.4%	13.2%	46.8%	68.1%	45.6%	48.6%
Milestones Passed, Not Complete	1	1	10	9	22	1	3	47
Milestones flagged	2	2	0	0	1	0	0	5
Milestones due in next 2 weeks	5	6	27	25	17	3	6	89
Post-Day 1 Milestones	0	0	0	0	1	0	0	1
Day 1 Reqs Passed, Not Complete	0	0	0	1	3	1	0	5
Day 1 Reqs Flagged	0	0	1	0	0	0	0	1
Day 1 Reqs due in next 2 weeks	2	0	3	5	1	1	3	15

Actions snapshot

The Delivery plans include 4743 lines of data, of which:	Of data marked as a Day 1 Requirement or a Milestone:
93.8% have an owner	100.0% have an owner
90.3% have a start date	100.0% have a start date
91.5% have an end date	100.0% have an end date
94.7% have a status recorded	100.0% have a status recorded

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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