

Update to Scrutiny Committee on 3 December 2018 from the Cabinet Member for Finance

Since my last briefing to this Committee in November 2017 the Finance Team has maintained its status as one of the fastest to close its Statutory Accounts. In addition the Council delivered all of its services within budget during 2017/18 (and within national prescribed performance indicators) and managed to increase a number of essential earmarked reserves. CTax, Business Rates and HRA rent collection continued to remain in the highest national quartile which reflects the effort of these teams. Our external auditors once again commented on our good delivery of value for money in terms of service provision.

Moving forward to 2018/19 we have again managed to set balanced budgets (apart from a very small use of NHB), maintained service provision and kept CTax to an acceptable level.

To remind Members this is set against a backdrop of Govt. reductions in Revenue Support Grant funding of circa £4.2m since 2010/11.

To give Members an overview funding context, our GF services cost a net £8.9m based on the 2018/19, but our overall gross expenditure is circa £40m. As far as how we fund this service provision our CTax receipts now amount to 5.6m – so account for around 63% of our net costs.

There are 3 very important committee reports that went to Cabinet in October that Members will be interested to read – an overview of the first 6 months of performance vs budget in 2018/19; followed by an updated MTFP, predicting a £1.4m budget gap by 2021/22 and finally; a draft 2019/20 budget paper with an estimated funding gap of £662k.

At this juncture I would like to remind Members of some of the highlights over the last 12 months since my previous attendance at Scrutiny, focusing on some of the initiatives/changes/achievements that have been introduced in order to reduce the operational costs of running MDDC and/or enhance the area:

- Benefitted from the DCC waste saving sharing agreement - £250k for 2018/19
- 1st year of Waste Transfer Station completed – successful cost avoidance
- Currently procuring Fleet Supply and Maintenance contract in association with Exeter CC
- Grounds maintenance relocated to Carlu Close
- Seen our Garden Waste customer base tip the 10,000 figure

- We bid for two tranches of Homes England (HIF) money and were successful in principle for both (£10m and £8.2m). We await their final decision.
- Nearly finished adding 30 HRA units to our stock at Palmerston Park and Bircham Lane. We will soon be delivering units at Burlescombe commissioned through our SPV
- Enhanced our green credentials with 2 electric charging points at each of our Leisure Centres receiving on average £1k per annum per unit
- Premier Inn have begun works on the new hotel and part of the Multi-Storey carpark has been demolished to enable this
- Continued to work with Town & Parish Councils to discuss ongoing service provision of: toilets, play parks, grass cutting, etc.
- Secured more capital receipts from the sale of surplus assets (circa £1.6m in 2017/18) - now utilising these funds for commercial acquisitions to help
- Frozen pricing strategy for P&D car parking charges for the second successive year
- Introduced cashless payments from 1 Dec to save money and provide a better service to customers
- SPV now in operation and bringing on line 6 units at Burlescombe. Contractor now on site at rear of Tiverton Town Hall bringing forward 39 marked houses.
- Continue to invest staffing to facilitate step change in economic and tourism areas to meet Corp objectives
- Continue to financially support key bodies in the District (Grand Western Canal, Museum, CAB, etc.)
- Our CCLA investment of £5m – last yr return of 4.48% = £224k
- Continued a shared Building Control service with North Devon
- Continued working on an economic and spatial planning strategy with Exeter, East Devon and Teignbridge
- 1st full year of the DAP audit arrangement
- Were successful in the 100% BR Pilot bid for 2018/19. Have applied again for 2019/20, this time 75% is on offer
- Changes to Housing legislation – homeless reduction act and return to rent of CPI+1% increases.

- Welfare reforms – Universal Credit now fully rolled in two tranches, July and Sept 2018
- Slight relaxing in CT capping levels – i.e. £5 or 3% for District Councils in 2018/19
- Continued work to enable/promote new housing and commercial developments based on current funding criteria for both NHB and business rates
- £1m invested in Exe Valley Leisure Centre improvements/extension which went live in Jan 2018. We also entered into a partnership for Gym Equipment with Matrix Leisure to fit out the new extension and dance studio
- £185k for refurbishment of the fitness suite at Lords Meadow Leisure Centre.
- For the first time in more than 10 years all the units in Market Walk are full.

Key note - Most of the above mentioned work has been completed within existing budgets and some will help deliver future savings and therefore help us deliver balanced budgets in the future. (in the knowledge that the RSG will be reduced to nil in the 2019/20 budget).

The future

The £1.4m Budget Gap challenge – by 2021/22!

Uncertainty – the new “norm”

Bid for 75% BR retention (new Pilot potential) and Fairer Funding

Removal of the HRA borrowing cap

Impact of Universal Credit and the Homeless Reduction Act

Delivery/growth agenda – and how much is in the Council’s control?

As we explore more commercial/new opportunities the Council must accept an increased portfolio of risk – which may be more subject to market/demand volatility – and hence need review current/future reserve levels. But must always undertake careful due diligence when entering in to these decisions.

We were offered a fixed 4yr grant settlement – which we accepted to give us a level of certainty in funding. 2019/20 is the last year of this settlement which leaves us with significant uncertainties around: Business Rates, Council Tax increases, changes to NHB, other new legislation on housing, homelessness and the impact of Universal Credit.

On this basis we are exploring more innovative ways of working, looking to increase income, share resources, prioritise budgets and take on new ways of delivering services.

This will all help move towards bridging our estimated funding gap. The finance team and service managers are currently working on scenarios to reduce the costs of their services by around 14% by 2021/22 in order to give our new Leadership Team options that can be discussed and explored by members to ensure the Council can continue to deliver excellent service provision at an affordable level.

Cllr P Hare-Scott