

## **Update to Scrutiny Committee on 19 April 2021 from the Cabinet Member for Finance**

The past 12 months have probably been one of the most 'unprecedented' in the Council's history. However, we have definitely risen to the challenge.

Shielding Hubs were set up virtually overnight, to help look after and protect the most vulnerable in our society. Our Revenues Team (ably supported by colleagues from Economic Development and Leisure services) have provided circa £31.9M in grants / reliefs to local businesses and provided hardship support to a significant number of residents. That team heads the league table for the whole of the South West in getting money distributed to our communities and businesses. Staff have been redeployed across the organisation to help work on new or growing service demands and our Leisure Centres have assisted in the national programme of vaccination roll out and Test & Trace. Yet, despite all these new challenges, normal day-to-day work has, by and large, continued unaffected.

I would personally like to express my gratitude to all of our staff for their herculean efforts over the past year.

In addition to these extra tasks/responsibilities we also managed to maintain our national status as one of the fastest to close our Statutory Accounts. Once again, we received a positive statement on the Accounts from our external auditor Grant Thornton.

Regular financial information was provided to the Cabinet, PDGs and other Committees and I am pleased to confirm that we are forecasting to be virtually on budget for 2020/21, despite all the well documented challenges the Council has faced. Our Finance Team are now well underway with the annual closedown process.

Both Council Tax and Business Rates collection levels have understandably dipped during this year but have slightly recovered over the past couple of months (a Council Tax collection rate of circa 96% is expected based on the most recent data). Housing rents have also held up well, which reflects the hard work of our Housing officers.

Moving forward to 2021/22 we have again managed to set balanced budgets (apart from a small dip into New Homes Bonus), maintained service provision and kept Council Tax to an acceptable level. (Members are reminded that this is set against a backdrop of Government reductions in Revenue Support Grant funding of well over £4.0M since 2010/11).

At this juncture I would like to mention some of the highlights over the last 12 months, also focusing on some of the initiatives that have been introduced to reduce the operational costs of running MDDC and enhance the area:

- Ensured all qualifying recipients of Government business grants (nearly £32M) and hardship funding (circa £0.75M) gained access to necessary funds as soon as practical.
- Introduced a Covid emergency welfare officer post.
- Redeployed officers into areas of most significant short-term need (e.g. Shielding Hub and Business Grants).
- Continued to benefit from the DCC waste saving sharing agreement to the tune of over £275k for 2020/21.
- Continued to benefit from the joint procurement exercise completed with Exeter CC for Fleet Supply and Maintenance contract.
- Seen the Garden Waste customer base continue to grow.
- Continued to progress work on £18.2M of Homes England Housing Infrastructure Fund bids for Cullompton Relief road and Link Road junction off A361. Other bids have also been made for High Street improvement funds.
- Progressed plans advancing additional Social and Affordable Housing delivery.
- Recently appointed a Climate Change Co-ordinator role and budgeted for circa £1.4M carbon reduction work in 2021/22 to work towards our net zero carbon pledge.
- Completed the improvement contract to enhance the Tiverton multi-story car park (MSCP).
- Continued to work with Town & Parish Councils to discuss ongoing service provision of toilets, play parks, grass cutting, etc.
- Continued to dispose of surplus assets. Receipts will be applied to finance future capital projects.
- Introduced a new electronic customer self-service portal for all Council Tax, Business Rates and Housing Benefit transactions as part of our digital transformation agenda. There has been significant resident take-up of this service during 2020/21.
- Our Churches Charities and Local Authorities investment of £5M continued to pay healthy dividends.

- Our property portfolio at Market Walk and Fore St continued to have low void levels despite the nation-wide pressure on the retail sector.
- Secured over £1M for the Cullompton Heritage Action Zone project.
- Gained Government funding of over £300k for carbon reduction improvement works at our leisure centres.
- Maintained funding levels of key partner organisations (CAB, CHAT, TIC, Involve, etc.).
- Provided electric car charging plugs at all leisure centres and the Tiverton MSCP.
- Continued the cost-effective shared Building Control service with North Devon.
- Continued to be a member of the Business Rates Devon Pool in 2020/21. This has provided an end of year profit payment every year since joining.
- Continued work to enable/promote new housing and commercial developments based on current funding criteria for both New Homes Bonus and business rates.
- Continued to invest in our leisure centre sites – to improve/enhance the product offered to our customers.
- Minimised Council Tax, Business Rates and Housing Rent collection levels reductions to around 1-2% in 2020/21. This is likely to see us remain in the top performance quartile nationally.
- Set a balanced budget for 2021/22.
- Have very recently successfully lobbied to keep hold of Council House Right To Buy receipts for 5years.

## **Covid19**

Looking back over the past 12 months and how the Council as a whole has responded to this global pandemic is very encouraging. Clearly, we have had to ensure that some services have had to change or quickly react to a myriad of Government schemes and announcements.

We received 4 tranches of Covid emergency funding – totalling circa £1.2M. In addition to this we are likely to receive around £1.6M in compensation against reduced income from key services areas (e.g. car parking, leisure, planning, trade waste, etc.).

The final clarification on the precise compensation for unrecovered Council Tax and Business Rates is still awaited.

## **The Future**

Looking forward there are considerable uncertainties and potential opportunities, more than experienced in the past. This is perhaps becoming “the new normal” requiring proactive management. Headlines might be identified as:

- The ongoing MTFP Budget Gap, which on its own is a serious challenge amounting to another circa £2M by 2024/25.
- Recovery from Covid19 and associated legacy issues.
- Potential impacts from ongoing Government reviews (Fair Funding, New Homes Bonus and Business Rates).
- Removal of the Housing Revenue Account borrowing cap, our aspiration to build more Council Houses and the recent Housing white paper.
- Continued impact from and changes to Universal Credit.
- Reacting to and applying for various Government initiated grants and support schemes for example levelling-up, decarbonisation, regeneration, and so forth.
- Uncertainty in delivery / growth forecasts, often beyond the Council’s control.

Regarding core Council business, we will continue to explore more innovative ways of working, look 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 and respond to the uncertainties we face.

To meet its funding challenges the Council must also continue to explore more commercial new opportunities recognising the attendant increased portfolio of risk likely to be more subject to market / demand volatility (notably in the near term). This may require that reserve levels are once again reviewed. However, any such decisions will be the subject of rigorous due diligence.

As you are all aware we have already started to work on the 2021/22 budget (which includes planning 2/3 years thereafter) where these threads come together. This will undoubtedly result in some tough decisions. Of course, Members will need to be involved in that difficult process once some refined options are on the table.

Cllr A Moore