

Update to Scrutiny Committee on 10 October 2016 from the Cabinet Member for Finance

Since my last briefing to this Committee in March 2015 the Finance Team have closed the 2015/16 Accounts, which not only were the fastest produced in the SW we were one of the first to complete this exercise nationally. Importantly, most service areas closed the year on budget and continued to perform well against national performance indicators. Revenue collection was in the highest national quartile for Council Tax and Rent collection 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 2016/17 we have again managed to set balanced budgets, maintain service provision and keep CTax to an acceptable level (after 5 successive years of CTax freezes!).

To remind members this is set against a backdrop of Govt. reductions in Revenue Support Grant funding of £3.2m since 2010/11.

Here is a flavour of some of the highlights over the 18 months since my last briefing of initiatives/changes/achievements that have been introduced in order to reduce the operational costs of running MDDC:

- Co-location of Dept of Work & Pensions – save circa £45k
- Acquisition of Market Walk and Fore St properties – profit circa £200k
- Secured significant saving on the provision of public conveniences and working on a similar project for parks/playgrounds
- Move to new waste & recycling depot – with further service change opportunities
- Changes to waste collection and recycling collection strategy and introduction of paid for Garden Waste service
- New pricing strategy for P&D car parking charges – extra £141k
- Key property decisions that have happened or are being worked on: 15 year rent of new waste depot at Carlu Close, Premier Inn, Rear of Town Hall site, Exe Valley LC extension, Town Halls, major housing sites, extra Council House units, etc.
- Made further reductions to our staffing costs – circa £200k

- Increased staffing to facilitate step change in economic and tourism areas to meet Corp objectives
- Restructure of leisure management in order to significantly increase membership numbers, fees and charges at our 3 sites in order to reduce operating costs
- Continue to financially support key bodies in the District (Grand Western Canal, Museum, CAB, etc.)
- Increased our CCLA investment to £4m – last yr return of 4.8% = £190k per annum
- Finalising a shared Building Control service with North Devon
- Working on an economic and spatial planning strategy with Exeter, East Devon and Teignbridge
- Have just responded to the Business Rates consultation process and will update members with progress on this.
- Changes to Housing legislation – 1% rent reductions, Right To Buy discounts, Pay to Stay, etc.
- Continued welfare reforms – incl. delays to roll-out of Universal Credit
- Removal of CTax freeze grant and change to capping levels – i.e. £5 for District Councils
- Continued work to enable/promote new housing and commercial developments based on current funding criteria for both NHB and business rates

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 Govt's has "offered" us a fixed term funding settlement that will see a further £1m reduction to RSG).

The future

Uncertainty shows no signs of abating.....

Consultation on 2 of our major funding sources is ongoing – BRates and NHB

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.

We are being offered a fixed 4yr grant settlement – which will then confirm the complete removal of RSG by 2019/20 – an additional loss of just over £1m!

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 by 2019/20. The finance team and service managers are currently working on scenarios to reduce the costs of their services by between 10-20% by 2019/20 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