

Report to the Council

Committee: Cabinet

Date: 2 November 2010

Subject: Finance and Economic Development Portfolio

Portfolio Holder: Councillor Chris Whitbread

Item: 6(d)

Recommending:

That the report of the Finance & Economic Development Portfolio

Holder be noted

Accountancy

The details of the Comprehensive Spending Review (CSR) were revealed on 20 October. The information provided at this stage is at a high level and the precise effects on individual Council's are unlikely to be known until early December. There appears to be some small differences between the Department for Communities and Local Government and the Treasury on some of the figures.

My comments are based on the Treasury figures and these show an average 28% reduction in real terms in grant over the next four years. The Medium Term Financial Strategy (MTFS) had allowed for a 25% reduction on a cash basis and so the announcement is broadly as we had anticipated. One clear difference between our assumptions and the CSR is in the timing of the reductions. The MTFS had spread the grant reduction evenly over the first three years of the period whereas the CSR has the greatest reduction in the first two years followed a by a minimal adjustment in the third year before another reduction in the fourth. Of course this is all subject to the changes in the revenue grant formula calculations as whatever the average reduction is there will be authorities that are considerably better off and some that are much worse off.

Capital funding from all departments to Councils will fall by 45% over the CSR. This will not have a significant effect on the Council as the largest area of capital spend that benefits from grant funding is Disabled Facilities Grants and they are a protected part of the review.

There is also a statement that "local authorities who freeze their council tax next year will have the resultant loss to their tax base funded at a rate of 2.5% in each year of the Spending Review period". This is consistent with the June budget announcement but there is still insufficient detail to calculate how this will translate into actual money.

The CSR also confirmed the earlier announcement that reform of the Housing Revenue Account subsidy system will go ahead. This should place the Council's Housing Revenue Account on an even better financial footing in the years ahead.

Benefits

The performance data for the second quarter will be reported to the Finance and Performance Management Scrutiny Panel on 9 December. However, I would like to take this opportunity to highlight the improvement in the processing times for new claims in the second quarter. The average time taken to process a new benefit claim in 2009/10 was 33.41 days. The first quarter of 2010/11 showed an improvement to 29.45 days and a further significant improvement was achieved in quarter two with the average new claim being processed in 19.74 days. The combined figure for the first half of the year is 24.95 days, which is just inside the challenging target of 25 days.

Revenues

Collecting local taxes is getting even more difficult. I have previously advised Members that, despite the difficult economic circumstances, collection statistics for 2010/11 had shown a slight improvement on 2009/10. This trend has now been reversed, the latest figures at the end of September show 52.43% of Council Tax has been collected, compared to 52.47% last year, and 56.30% of Non-Domestic Rates, compared to 56.41% last year. These differences are quite small and performance targets for the year can still be achieved.

Economic Development

At the Council meeting 28 September it was reported that a proposal had been submitted to Government for a Local Enterprise Partnership (LEP) covering Kent and Greater Essex. According to most recent press reports it is understood that 22 of the 56 bids submitted nationally are set to be given the green light. It is suggested that the Kent and Greater Essex bid is on the list to be given the go-ahead but official confirmation is still awaited. More is to be published on the powers to be granted to LEPs in a White Paper due to be published at the end of October and similarly more information is awaited on the funding available to these new structures.

On 14 October the Council and partners held a further event for local businesses that was well attended and received strong feedback. The evening event at North Weald addressed topics highlighted by business, including marketing/social networking and access to finance.

Recent research has identified that just 14.4% of residents spend on comparison (non-food) shopping expenditure is spent in the district. In response the Town Centres Officer is developing a loyalty card initiative for the district's town centres. It is intended that this will be launched late this year in the run-up to Christmas. The scheme will be free for businesses and residents alike and is a great opportunity to encourage people to spend in Epping Forest rather than further afield.

Other current projects include pop up shops whereby landlords are encouraged to rent out any vacant units for a short amount of time to new enterprises who want to pilot the idea of a retail unit. The first of these began in October in Ongar High Street. Also a number of activities are being planned in the district and neighbouring Harlow to celebrate Enterprise Week in mid November.

The Olympics offers challenges and opportunities for the economic future of the District and a variety of discussions are underway and initiatives under development

through vehicles such as the Town Centre Partnerships and the Chamber of Commerce.

When receipt of the final grant of £71,584 under the Local Authority Business Growth Incentive Scheme was announced to Cabinet on 19 July, it was agreed that these funds would be ring fenced for economic development purposes. I was given delegated authority, in consultation with Officers and business support organisations, to allocate the funding to appropriate schemes within the District to promote economic development. Having undertaken appropriate consultations I have decided that the money should be allocated for the following projects:-

- (a) £10,000 to increase the grant for the Tourist Information Centre in Waltham Abbey by £5,000 per annum for two years;
- (b) £2,500 to the Chamber of Commerce to assist the Chamber in its delivery of a programme of events and support to local businesses in conjunction with the Council;
- (c) £2,500 to help establish the loyalty card scheme described above;
- (d) £40,000 be used to keep parking charges frozen for another year and accordingly this amount be credited from the District Development Fund to the General Fund balance; and
- (e) the balance of £11,584 to be kept available for other appropriate economic development and regeneration projects.