

Council
23 JULY 2020

Present: Councillors: Kate Rowbottom, Karen Burgess (Chairman), Matthew Allen, Andrew Baldwin, Tony Bevis, John Blackall, Toni Bradnum, Alan Britten, Chris Brown, Peter Burgess, Jonathan Chowen (Deputy Leader), Philip Circus, Paul Clarke, Roy Cornell, Ray Dawe (Leader), Brian Donnelly, Ruth Fletcher, Billy Greening, Frances Haigh, Tony Hogben, Nigel Jupp, Liz Kitchen, Lynn Lambert, Richard Landeryou, Gordon Lindsay, Tim Lloyd, John Milne, Christian Mitchell, Mike Morgan, Godfrey Newman, Roger Noel, Bob Platt, Louise Potter, Josh Potts, Stuart Ritchie, Jack Saheid, Jim Sanson, David Skipp (Vice-Chairman), Ian Stannard, Diana van der Klugt, Claire Vickers, Belinda Walters and Tricia Youtan

Apologies: Councillors: Christine Costin, Michael Croker, Leonard Crosbie, Colin Minto and James Wright

CO/1 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

CO/2 **UPDATE ON THE COUNCIL'S FINANCIAL POSITION**

The Leader presented the report and said that the 2020/21 Budget had been approved in February 2020 and near balanced budgets were projected through to 2023/24 on the assumption that business transformation continued and the Council generated further income to mitigate against the cost pressures that continued to rise.

A global pandemic of the COVID-19 virus had been declared on 11 March 2020. The subsequent lockdown and associated recession was having a severe impact on the lives of residents, businesses and the Council itself. The immediate effect of reducing levels of income and increasing expenditure at the Council would result in a significant overspend in 2020/21, and much lower levels of income were anticipated in the future. The Council would have to fundamentally review, change or even close its services to ensure it had a balanced budget in the years to come. The report set out the projected scale of the impact in 2020/21 and how the medium term financial planning scenarios and assumptions had drastically changed. Without action, this would result in a likely budget gap of up to £3m in 2021/22 and significant budget gaps through to 2023/24.

The report was written in the context of unprecedented levels of uncertainty. The length and depth of the current recession was unknown. Factors of particular concern were the increase in unemployment as furlough ends in the hospitality and leisure sectors that dominated our local economy, the risk of another local or national lockdown, the nature and implications of the Brexit

agreement due at the end of the calendar year and the Government's plans for the reform of business rates. In these circumstances it was essential that the Council kept as much of its reserves as it could in the current year to give it time to make considered decisions about its future service. This report gives a snapshot of where finances were today. As the situation becomes clearer there would be further updates, detailing the latest information on the scale of the deficit, setting out a more developed response and containing plans to tackle the budget gaps, working towards setting a balanced 2021/22 budget in February 2021. To achieve a balanced budget in 2021/22 substantial action was required.

To achieve a £11.2m net expenditure in 2020/21, the Council budgeted generating £24.3m income. In stable economic times, the Council had historically been successful at generating high level of income. However, in a recession, it was a significant risk. Furthermore, income from parking, property and investment returns, and leisure services had been decimated in the first quarter under lockdown, and other income from planning and building control was also affected. Income was expected to slowly recover as the lockdown from Covid-19 lifts, but due to the induced recession and changing customer habits, it may never recover to former levels.

In addition to costs, fees and charges, the Council generates income through Council tax and receives income from central government. Council tax collection rates had fallen as customers adjust to their economic situation in the pandemic and lower recovery rates are anticipated, partly also due to the fact that more people are likely to be supported by the local council tax support scheme.

The Council has received an additional £1.47m from government in response to the pandemic. On 2 July 2020, Government announced a new £500m funding package for local authorities to help cover lost income from car parks, museums and other cultural assets. The new income loss scheme will involve a 5% deductible rate, whereby councils will pay the first 5% of all lost planned sales, fees and charges income, with the government compensating them for 75p in every pound of loss thereafter. Further details on the allocations of the funding will be made in due course, providing more certainty on how much this Council will receive and what period of time this funding covers. The Chancellor's summer statement on 8 July 2020 also announced a variety of measures designed to help a wider economic recovery.

The Leader went on to say that the leisure centres had been closed since March 2020. Places Leisure, the current leisure centres provider, had requested significant financial assistance from the Council of around £1m during the period of closure and a sum in excess of this for the period of re-opening until numbers return towards expected pre-Covid19 contract levels. This was in line with the market approach from leisure providers to other local authorities throughout the UK. If the Council did not provide financial assistance it was unlikely that the leisure centres would re-open and if the Council makes the decision that leisure centres remain closed, the Council could be in breach of contract and liable for substantial costs.

RESOLVED

That

- i) Changes in the Council's financial position in 2020/21 and the Medium Term be noted.
- ii) A reduced 2020/21 capital programme be approved.
- iii) Authority be delegated to the Director of Community Services in consultation with the Leader of the Council, the Deputy Leader and Cabinet Member for Leisure & Culture and the Cabinet Member for Local Economy and Parking to agree any waiving of the monthly management fee from Places Leisure for the required period of financial support until usage recovers towards pre-Covid-19 levels, or ending 31 March 2021.
- iv) Authority be delegated to the Director of Community Services in consultation with the Leader of the Council, the Deputy Leader and Cabinet Member for Leisure & Culture and the Cabinet Member for Local Economy and Parking to agree any financial support payments to Places leisure for the period of closure and for reopening until usage recovers towards pre-Covid-19 levels, or ending 31 March 2021.
- v) Authority be delegated to the Director of Community Services in consultation with the Leader of the Council, the Deputy Leader and Cabinet Member for Leisure & Culture and the Cabinet Member for Local Economy and Parking to enter into any contract variations in respect of any financial support during the period of closure and for re-opening on the terms recommended.

Reasons for Recommendations

The Council needs to acknowledge the severe financial realities it is experiencing and their medium-term implications to prepare for the future To prioritise capital projects that produce a financial return to the Council and postpone non-essential capital works to preserve reserves in 2020/21 allowing more scope for considering options for rebuilding the Council and our District next year.

CO/3 **URGENT BUSINESS**

There was no urgent business.

The meeting closed at 6.40 pm having commenced at 6.15 pm

CHAIRMAN