

Report to the Council

Committee: Cabinet

Date: 30 July 2020

Subject: Finance and Economic Development Portfolio

Portfolio Holder: Councillor John Philip

Recommending:

That the report of the Finance and Economic Development Portfolio Holder be noted

Finance

After much hard work and many hours spent with the Auditors the Financial Accounts for 2018/19 were finally signed-off on the 18th June 2020. It is recognised that this was a significant delay beyond the original deadline, but the processes and learnings taken from this exercise will be applied to closing the Accounts for 2019/20.

As with many things, the accounts closing process for 2019/20 has been severely impacted by the Covid19 pandemic. In recognition of the issue that all councils have had their resources focused elsewhere the Government has altered legislation to extend the Accounts completion deadline. Every council now has until the end of October 2020 to get their Accounts audited and signed.

The biggest financial issue facing the Council is also Covid19 related. The Council has experienced significant Financial impacts from lockdown, predominantly as a result of lost income from commercial rents, car parks, leisure centres, business rates and council tax, but also has incurred cost pressures from helping the District through this crisis.

The current forecast (which is also driving the numbers being supplied to Government) is that the total cost to Epping Forest District could be in the order of £6.7 million across the General Fund and Housing Revenue Account. There are currently many significant assumptions made in arriving at this number, not least of all, the speed at which the economy will recover. Given this uncertainty, the actual cost may vary widely from this central estimate.

To date the Government has provided £1.3 million in support to the Council and announced on 2nd July that more would follow. However, it is already clear that the Government will not cover the full cost of the event and councils will be expected to share the cost. The exact extent to which councils are expected to share the cost is yet to be announced.

The council has estimated working balances of £7 million at the start of 2020/21, (to be confirmed when the accounts are closed), and therefore is considered 'safe' in terms of its ability to balance its budget in the current year.

There are numerous new financial challenges beyond 2020/21, such as the on-going impact of Covid19, changes to the way in which Government funds local government and a reset of the Business Rates system. All of these may impact negatively on the council and financial planning will commence shortly in order to determine what actions may be required.

Economic Development

COVID19:

The initial focus of the Council's economic response was to award the government's small business grants out to eligible businesses as quickly as possible. Although this work was led by the non-domestic rates team, over 130 business enquiries were received by the Economic Development Team during the initial 'Stay at Home' lockdown phase. Over 120 key partner organisations including local businesses, town centre partnerships and the Federation of Small Businesses were additionally consulted on the local impact of the virus.

The following provides an overview of the other key areas of work:

- Virtual meetings have been held between the Portfolio Holder and senior leaders from different sectors of the business community
- In the 'Stay Alert' period since the end of May, the team has been dealing with business enquiries about the application process for the council's 'top up' discretionary grant scheme
- As part of the Council's response to COVID19 the team have been working with internal and external colleagues to explore the key actions and priorities for business recovery in the district. This work is ongoing and will include local delivery on the key elements outlined in the Chancellor's speech on the 8th of July.
- Officers from the team have been heavily involved in the programme for the safe re-opening of high streets across the district. The contents of this programme have already been shared with members.
- An economic briefing has been produced based on the latest data from central government which revealed the following;

The overall unemployment rate for the district has risen by 75% in May to 4,985 (1,455 in January), which is more than double the national rise of 34%. The biggest jump in percentage terms is amongst the 18 to 21 age group (303%), the biggest number of unemployed is in the 25 to 49 age group (2,795).

16,700 employees are furloughed in the Epping Forest District which is the fifth highest number in Essex. Further research has indicated concern around the percentage of these furloughed workers that may actually be released at the end of the furlough period. The Chancellor's 'mini-budget' speech on the 8th of July set out a range of new measures and incentives to encourage employers to retain these staff. In addition new funding packages and programmes to support training and apprenticeships and employment such as 'Kickstart' were also revealed. Officers have already begun working with colleagues in other government departments to ensure full implementation locally.

- 9,500 self-employed people in the Epping Forest District have claimed the Self-Employed Income Support Scheme (SEISS). Epping Forest District has the second highest claims value for SEISS in Essex (overall value at £23,600,000) and average individual claim (£3,400).

A report to Cabinet in July will set out a series of potential Economic recovery actions for the Council to consider.

Essex + Herts Digital Innovation Zone (DIZ):

- The DIZ, led by officers from Economic Development, has been recognised in the Digital Leaders 100 2020 list as one of the UK's Top 10 Cross-Sector Digital Collaborations. There is now an ongoing public vote to determine the Top 3 in each category, closing date 28th August, before final judging and winners are announced in October.
<https://digileaders100.com/cross-sector-digital-collaboration>

- In May, officers successfully secured £1.7m funding for installation of Local Full Fibre network to serve local GP surgeries across the Diz partnership. This will support future demand for fibre broadband from approximately 11,000 Epping Forest residential and business premises located in the areas around the fixed locations served
- On 19th June, the DIZ hosted an online webinar as part of the Digital Leaders Virtual event. The event was a panel discussion on 'Place-Based Digital Collaboration'. The discussion was led by Cllr Linda Haysey (Leader of East Herts District Council) and featured Dr. Rick Robinson of Jacobs, Paul Clarke CBE of Ocado, Dr Rachel Hazeldene GP of West Essex CCG and Clive Emmett of CVS Uttlesford. A global audience of over 400 delegates registered to attend and a recording of the event is available at:
<https://virtual.digileaders.com/talks/building-a-place-based-digital-collaboration/>
- The DIZ has been asked by UK Authority to speak at its upcoming Smart Places Conference from 22nd to 24th July. The conference will examine what progress the UK is making towards the development of Smart Places across our cities, rural areas and regions and the DIZ has been asked to share the story of its development to date and talk about some of the challenges and opportunities it has encountered.
<https://www.ukauthority.com/events/smart-places-2020/>
- The DIZ has recently held exploratory meetings with external parties including local and national tech companies working in smart technology and digital infrastructure delivery as well as pension funds, looking at the potential for investment opportunities in long-term digital infrastructure projects, and academics, looking at the potential of digital to address issues such as skills gaps or green infrastructure requirements.
- In response to new funding streams from MHCLG DIZ officers will be submitting a bid for funding focusing on Digital inclusion in response to the current economic situation.