



RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE

DATE:	Monday, 22 June 2020
TIME:	7.30 pm
VENUE:	Meeting will be held in accordance with SI 2020/392. Link to live stream is found here: https://www.tendringdc.gov.uk/livemeetings

MEMBERSHIP:

Councillor M Stephenson (Chairman)
Councillor Scott (Vice-Chairman)
Councillor Allen
Councillor Barry
Councillor Bray

Councillor Codling
Councillor Griffiths
Councillor Morrison
Councillor Turner

This Meeting is being held in accordance with the provisions of The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

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Agendas and Minutes are published on the Council's website www.tendringdc.gov.uk. Agendas are available to view five working days prior to the meeting date and the Council aims to publish Minutes within five working days of the meeting.

Meeting papers can be provided, on request, in large print, in Braille, or on disc, tape, or in other languages.

For further details and general enquiries about this meeting, contact Keith Simmons on 01255 686580 or Email: democraticservices@tendringdc.gov.uk

DATE OF PUBLICATION: Thursday, 11 June 2020

AGENDA

1 Apologies for Absence and Substitutions

The Committee is asked to note any apologies for absence and substitutions received from Members.

2 Minutes of the Last Meeting (Pages 1 - 10)

To confirm as a correct record, the minutes of the last meeting of the Committee, held on 17 February 2020.

3 Declarations of Interest

Councillors are invited to declare any Disclosable Pecuniary Interests or Personal Interest, and the nature of it, in relation to any item on the agenda.

4 Questions on Notice pursuant to Council Procedure Rule 38

Subject to providing two working days' notice, a Member of the Committee may ask the Chairman of the Committee a question on any matter in relation to which the Council has powers or duties which affect the Tendring District and which falls within the terms of reference of the Committee.

5 Scrutiny of decisions of the Leader of the Council during the peak of the COVID-19 pandemic in so far as they relate to the pandemic and the response to it

The Committee will review the decisions taken by the Leader of the Council during the peak of the COVID-19 pandemic in so far as they relate to the pandemic and the response to it.

The following is a list of those decisions and the supporting papers are available through the links created by the list:

[Discretionary Business Support Scheme ref: 4989](#)

[Write-Off of Leisure Centre Membership Fees Income for May 2020 ref: 4848](#)

[Business Rates Covid-19 Grants Scheme ref: 4733](#)

[Council Tax Hardship Scheme ref: 4732](#)

[Write-Off of Leisure Facilities Income ref: 4731](#)

[Tendring Community Fund - Allocation of £1,000 to Members ref: 4730](#)

[CAROS Scheme - Waiver of Rents ref: 4728](#)

6 Report of Assistant Director (Finance and IT) & Section 151 Officer - A.1 - Financial Performance Report: Impact of Covid-19 (Pages 11 - 28)

To provide an early update on the financial impact of COVID 19 on the Council's in-year financial position and to look ahead to 2021/22 as part of the long term forecast.

7 Scrutiny of Proposed Decisions

Pursuant to the provisions of Overview and Scrutiny Procedure Rule 13, the Committee will review any new and/or amended published forthcoming decisions relevant to its terms of reference and decide whether it wishes to enquire into any such decision before it is taken.

Matters may only be raised on those forthcoming decisions at Committee meetings where the Member has notified the Committee Services Manager in writing (or by personal email) of the question they wish to ask, no later than Midday, two working days before the day of the meeting.

The Agenda for the Cabinet Meeting on 26 June 2020 will have been published prior to the Resources and Services Committee Meeting and as such supporting papers relating to a number of the proposed decisions will be available to Members of the Committee to aid the discussion of those proposed decisions. A list of forthcoming decisions taken from the Notice of such decisions on the Council's website is below (with the intended date for the relevant decision):

<u>NEGC Ltd - Budget & Business Plans Etc.</u>	24/07/2020
<u>Corporate Priorities & Projects and new Performance Report 2020/21</u>	24/07/2020
<u>Housing Development and Acquisitions Strategy</u>	24/07/2020
<u>IDOX Corporate Application Support Contract Renewal</u>	26/06/2020
<u>FINANCIAL OUTTURN 2019/20 AND PROPOSED ALLOCATION OF THE GENERAL FUND VARIANCE FOR THE YEAR</u>	24/07/2020
<u>Treasury Outturn 2019/20</u>	24/07/2020

The Chairman and Members of the Committee will also identify matters that they would wish to be subject to enquiry by the Committee at meetings to be scheduled in July and August 2020.

Subject to the Committee's agreement the proposed dates for those meetings are:

Thursday 16 July 2020; and

Thursday 13 August 2020.

These dates are relatively close to the preceding meetings of Cabinet.

**MINUTES OF THE MEETING OF THE RESOURCES AND SERVICES OVERVIEW
AND SCRUTINY COMMITTEE, HELD ON MONDAY 17 FEBRUARY 2020 AT 7.35 PM
IN THE COUNCIL CHAMBER, COUNCIL OFFICES, THORPE ROAD, WEELEY**

Present:	Councillors M Stephenson (Chairman), Scott (Vice-Chairman), Barry, Bray, Griffiths, Morrison and Turner
Also Present:	Councillors P Honeywood (except Minutes 52 - 56), Talbot and Wiggins
In Attendance:	Keith Simmons (Head of Democratic Services and Elections), Richard Barrett (Head of Finance, Revenues and Benefits Services & Section 151 Officer) (except Minutes 54 - 56), Tim Clarke (Head of Housing and Environmental Health) (except Minutes 53 - 56), Katie Wilkins (Human Resources and Business Manager) (except Minutes 53 - 56), Jonathan Hamlet (Street Scene Officer), William Lodge (Communications Manager) and Katie Sullivan (Committee Services Officer)

46. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were received from Councillors Allen and Codling (with no substitutes).

47. MINUTES OF THE LAST MEETING

The Minutes of the meetings of the Committee held on Monday 16 December 2019, Monday 6 January 2020 and Wednesday 8 January 2020 were approved as a correct record and were then signed by the Chairman.

The Chairman expressed his thanks to Members and Officers who had attended the meetings that were held on 6 and 8 January 2020 and for all their hard work and participation at those meetings; in what was a very narrow timeframe.

48. DECLARATIONS OF INTEREST

Councillors Bray and Turner declared for the public record in regards to agenda item 7 (A.2 - Future use of Spendells House, Walton-on-the-Naze) that this matter had been considered by Frinton and Walton Town Council and that they and other Town Councillors had considered the matter at meetings of that Town Council.

49. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

On this occasion no Councillor had submitted notice of a question.

50. RECOMMENDATIONS MONITORING REPORT

The Committee had before it the current Recommendations Monitoring Report. The Committee were aware that this report outlined any recommendations it had made to the Cabinet, the Cabinet's response and any relevant updates.

The Council's Head of Democratic Services and Elections (Keith Simmons) informed the Committee that the report outlined one update to the item considered previously at the last meeting of the Committee on 8 January 2020 (minute 45 refers) with regards to the General Fund Budget and the HRA Budget.

In response to a question from a Member, the Council's Head of Finance, Revenues & Benefits Services (Richard Barrett) advised that in the coming weeks consideration would be given to a range of matters to support the delivery of the corporate plan and these scheme may overlap with some of the suggestions made at the 6-8 January 2020 meetings of this Committee. As such, there would be an opportunity for the Committee to consider the extent to which items it had identified were recommended for approval or whether other schemes were to be pursued.

After some deliberation it was **RESOLVED** that the Committee notes the contents of the report and the response provided. The issue was now marked as completed within the Recommendations Monitoring Report.

51. REPORT OF CORPORATE DIRECTOR (OPERATIONAL SERVICES) - A.2 - FUTURE USE OF SPENDELLS HOUSE, WALTON-ON-THE-NAZE

Further to the decision of the Committee on 16 December 2019 (Minute 39 refers), the Committee was scheduled to undertake an enquiry into a forthcoming decision of the Cabinet in relation to the future use of the Spendells House, Walton-on-the-Naze. This was in accordance with the Overview and Scrutiny Procedure Rule 13.

A briefing note prepared by the Council's Head of Housing and Environmental Health (Tim Clarke) was circulated at the meeting (having been emailed to Members earlier that day). The Head of Housing and Environmental Health introduced the report.

Councillor P Honeywood, Portfolio Holder for Housing, was welcomed to the meeting for this item.

The Committee was informed that the closure of Spendells House as a Sheltered Housing Scheme in March 2018 had been an inevitable but unfortunate consequence of low demand and occupancy for this type of accommodation outside of town centres. Whilst it had remained empty only basic maintenance and security provision had been in place. Overall the building remained in good condition and provided a good basis for development of the site for use as temporary accommodation for those who were homeless. The Committee was further informed that the options that had been explored for the future use of the site had focused on either outright disposal or re-purposing to provide alternative housing provision such as the temporary accommodation scheme now proposed.

With homelessness levels showing no signs of reducing (both nationally and locally) temporary accommodation costs could be reduced by taking action to generate additional supply of temporary accommodation either via the private sector or by the Council directly.

Given the projected demand for accommodation, it was inevitable that there would be a need for Bed and Breakfast accommodation unless the supply of less costly options

became available. Therefore Officers were now exploring the cost of bringing Spendells House back into use as temporary accommodation for those who were homeless.

Members were informed that the Homelessness Reduction Act (HRA18) came into force in April 2018 with the aim of reducing homelessness. The act increased duties on local authorities to assess an applicant's needs and to prevent and relieve homelessness by:

- Improving advice and information about homelessness and the prevention of homelessness;
- Extending the period of threatened with homelessness from 28 days to 56 days. An applicant is now assessed as threatened with homelessness if they are likely to become homeless within 56 days.
- Introducing new duties to prevent and relieve homelessness for all eligible people, regardless of priority need and intentionality.
- Introducing assessments and personalised housing plans, setting out the actions housing authorities and individuals will take to secure accommodation.
- Encouraging public bodies to work together to prevent and relieve homelessness through a duty to refer.

Despite the extra advice and duties brought in by the Homelessness Reduction Act, the lack of affordable housing and private rented properties had meant that the use of temporary accommodation had increased.

In 2013/14 temporary accommodation placements had cost the Council £22,368 whereas by 2018/19 the cost had increased to £459,265. Unless the Council used its own housing stock the cost of temporary accommodation over that covered by Housing Benefit subsidy had to be covered by the General Fund.

Following the verbal update Members were given the opportunity to ask questions.

In considering the expectations of Overview and Scrutiny Procedure Rule 13 for the Committee to fully enquire into a proposed decision of the Cabinet, the extent of the information now provided, the intended date for the Cabinet to determine this matter (20 March) and the date of this Committee's next meeting (23 March), the Chairman informed the Committee of the options available to it as he saw them:

- 1) Request that Cabinet delay their decision in order for the Resources and Services Overview and Scrutiny Committee to conduct a pre decision scrutiny; or
- 2) Conduct a post Cabinet decision scrutiny.

Following discussion, it was **RESOLVED** that the Committee would authorise the Chairman of the Committee to liaise with Officers and the Portfolio Holder for Housing to arrange for plans, information on costs and the arrangement of a site visit in order to undertake the pre-decision enquiry of the future use of the Spendells House, Walton-on-the-Naze. If such an enquiry was not possible in the available time-frame envisaged in the notice of forthcoming decisions, the Committee would agree not to undertake the

enquiry envisaged under Overview and Scrutiny Procedure Rule 13 and, instead, undertake a post scrutiny decision of the item.

**52. REPORT OF THE HEAD OF PEOPLE, PERFORMANCE & PROJECTS - A.3 -
PERFORMANCE REPORT QUARTER 3 2019/20**

The Committee had before it a report of the Head of People, Performance & Projects which presented the Performance Report for Quarter Three (October to December 2019) including the Corporate Plan 2020/2024 and Priorities and Projects 2019/2020.

The Committee was aware that the purpose of the report now before it was to submit the relevant performance data so that it could undertake scrutiny of it in so far as:

“(a) Is the performance monitoring system capturing the right level of data to support delivery of the Corporate Plan and its priorities and projects – and to make recommendations thereon?”

“(b) Is there performance as identified in the monitoring data that warrants scrutiny of an activity – and to determine whether and how that scrutiny should take place; including it as appropriate in the work programme?”

It was reported that the Quarter 3 position demonstrated that of the 22 indicators and projects where performance was measured, 21 (95%) were on, or above, their expected target, 1 (5%) was not currently in line with expected performance.

Members were informed that any feedback from this Committee would be presented to a future meeting of the Cabinet as a separate reference report.

The Council’s HR and Business Manager (Katie Wilkins) provided the Committee with a verbal update in respect of the indicators and projects with particular focus on those indicators where there had been movement in the proposed delivery timetable.

Officers responded to questions raised by Members on various topics within the report and appendices and where an answer was not immediately available, the Human Resources and Business Manager undertook to respond to Members as soon as possible after the meeting.

After some deliberation by the Committee, it was moved by Councillor Stephenson, seconded by Councillor Scott and **RECOMMENDED TO CABINET** that:

- a) the Committee notes the contents of the Performance Report Quarter 3 October – December 2019; and
- b) the Manningtree Underpass project Performance Target Indicator should be submitted to the Council’s Community Leadership Overview and Scrutiny Committee; in addition to this Committee.

In view of a number of revisions to timescales for a range of items identified in the Performance Report, the Committee also **RESOLVED** to add to its Work Programme for 2020/21 an item to review how the Council was performing on major projects (from initiation, finalisation, approval, delivery, completion and evaluation).

53. REPORT OF THE HEAD OF FINANCE, REVENUES & BENEFITS SERVICES - A.4 - ANNUAL CAPITAL AND TREASURY STRATEGY SCRUTINY FOR 2020/21 (INCLUDING PRUDENTIAL AND TREASURY INDICATORS)

The Committee's comments were sought on the Annual Treasury Strategy for 2020/21 (including the Prudential and Treasury indicators).

It was reported that on 7 February 2020, the Corporate Finance and Governance Portfolio Holder had agreed the Annual Treasury Strategy for 2020/21 (including the Prudential and Treasury Indicators) for consultation with the Resources and Services Overview and Scrutiny Committee.

Members were aware that the Local Government Act 2003 and supporting regulations required the Council to set out its treasury strategy for borrowing, and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act) that set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments, "having regard" to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice. Revised editions of both those documents had been issued in December 2017.

The Committee was informed that the revised guidance issued in 2017 also required the Council to update its Capital Strategy annually. Rather than produce two separate documents and as they were closely linked the Capital Strategy had been combined with the Treasury Strategy in one document.

It was reported that the Capital Strategy element of the combined document covered the various elements surrounding capital investment decisions and the key criteria that investment decisions should be considered against.

Similarly, the Treasury Strategy element of the combined document covered the various elements that satisfied the requirements of the various codes that governed the borrowing and investment activities of the Council and had been prepared in the light of advice received from the Council's Treasury advisors and reflected the latest codes and guidance.

Members were advised that under the Prudential Code the Council had freedom over capital expenditure as long as it was prudent, affordable and sustainable. The Prudential Indicators either measured the expected activity or introduced limits upon the activity, and reflected the underlying capital appraisal systems and enabled the Council to demonstrate that it was complying with the requirements of the Prudential Code.

The Committee was reminded that the Council's investments would be undertaken in accordance with its Treasury Management Practices. Those had been expanded to include use of non-specified investment in property to yield both rental income and capital gains from 2016/17. If credit ratings remained at their current low levels it was likely that a significant proportion of the Council's investments would continue to be in Government securities such as Treasury Bills or with other Local Authorities. The Council was also exploring the use of property investment funds as part of its wider investment portfolio from 2020/21, but due to risks, such as the potential impact on

revenue resources from the accounting treatment that may be required, any associated decision would be subject to advice from the Council's external advisors and a separate Member decision. Other 'quality' investment opportunities would also be explored in consultation with the Council's external advisors in order to maximise returns on investments within a continuing and overall risk-averse approach.

A copy of the report submitted to the Portfolio Holder together with the proposed Annual Capital and Treasury Strategy for 2020/21 (including the Prudential and Treasury Indicators) was attached as an appendix to item A.4 of the Report of the Finance, Revenues & Benefits Services.

Members were given the opportunity to ask any questions, which in turn were responded to by the Council's Head of Finance, Revenues & Benefits Services.

Following discussion, it was moved by Councillor Turner, seconded by Councillor Griffiths and **RESOLVED** that the Committee both notes the contents of the Annual Capital and Treasury Strategy for 2020/21 and agrees that it does not need to submit any comments for the Cabinet's consideration.

**54. REPORT OF CORPORATE DIRECTOR (OPERATIONAL SERVICES) - A.1 -
SCRUTINY OF THE IMPLEMENTATION OF THE NEW WASTE AND RECYCLING
COLLECTION SERVICE**

The Council's Street Scene Manager (Jonathan Hamlet) was in attendance and provided the Committee with an overview of the roll out and service implementation of the Council's new waste and recycling service.

Veolia's Contract Manager (Michael Riches) and Regional Manager (Chris Smiles) were also in attendance for this item.

Councillor Talbot, Portfolio Holder for Environment and Public Space, was welcomed to the meeting.

Members were aware that in June 2019 the Council implemented a new waste collection service, changing from a weekly black sack collection (with no restriction on the number of black sacks collected from a property) to a fortnightly 180L wheeled bin service and as such represented a significant service change.

The Committee had before it a Report of the Corporate Director (Operational Services) which provided information on the following areas:

Planning

- Communications;
- Procurement;
- Property audit and route planning; and
- Service roll out.

Implementation

- Bin delivery;
- Waste and Recycling Collections Veolia;
- Customer support;

- Waste Team; and
- Communication.

Results

- Residual waste;
- Food waste;
- Paper/cardboard;
- Plastic/cans;
- Glass (banks); and
- Recycling rate.

Overview

- Failure to complete collection rounds;
- Difficulty in contacting the Council / Officers; and
- Missed assisted collections / Remote properties.

Learning Points

- Commence the process of evaluating the contract options at an earlier stage;
- Recruitment of the temporary posts to start at an earlier stage, combined with the fixed term contracts being of a longer duration;
- Quicker at feeding operational issues up to the communications and support teams; and
- Reduce the reliance upon the local knowledge held by individual operatives for the collection rounds.

Members were given the opportunity to ask questions which were responded to by the Portfolio Holder, the Council's Street Scene Manager and Veolia's Contract Manager and Regional Manager.

Veolia's representatives advised that it needed to implement revised collection route rounds at the same time as the roll out of the wheeled bin change as the previous collection route rounds would not work under the new arrangements. They reported that under the black sacks scheme a team could collect from 2,000 properties a day and with wheeled bins that reduced to 1,300 properties a day.

Members considered the current recycling of plastics through the waste collection service and the impact of contamination of those plastic types with other plastic products or other items. It was reported to the Committee that it was intended to arrange for Members to visit recycling facilities nearby in order to develop the knowledge of Members about the processes involved and thereby enable them to address enquiries from Members of the public and to encourage policy development.

The extent of the increase in recycling rates within 2019/20 was commented upon. In April 2019, prior to the roll out commencing, recycling rates were at 28% and in October (after the roll out) they were at 41%. Figures for November 2019 onwards were not available to the Committee. The Committee asked about the appropriate targets for 2020/21. Notwithstanding that, it was reported that the budget for 2020/21 included an addition £60K of recycling credits for the Council.

Separate figures on recycling rates among those still on the black sack service, for instance those in flats, were not kept by the service. However, the incentive to recycle by limiting waste collection to a fortnightly 180L amount was not there for those households. Some flats had red and green wheelie bins in their communal bin areas following a request to recycle from one or more residents there. In addition, green canvass carry bags were available for residents in those flats to carry recyclables to the communal bin areas.

Veolia's representatives responded to a question to indicate that if a plastic bottle deposit and return scheme were to be introduced it would have a significant impact on its services. The likely impact would though need to be assessed for each separate contract it had with local authorities.

Glass recycling had increased locally and a question was asked about the provision of further recycling points in response to that increase. The whole range of recycling bring sites in the District was to be looked at including whether options to provide more opportunities on existing or new sites was to be considered; the Committee was advised.

In respect of the Council's green waste collection service, the Committee was advised that the amount of waste collected had risen since 2017/18 from 297 tonnes to 3000 tonnes per year and was continuing to grow. Veolia was now introducing a third collection round due to the expansion of the scheme. The charge levied locally appeared to be about right when considering the charges levied elsewhere in Essex and the known movement in those charges in the coming period.

In respect of Clinical Waste, the Committee was advised that the service had been in operation for about one year, although by GBH and not by Veolia. Those self-medicating and who needed to dispose of sharps and dressings with bodily fluid that would be dangerous to add to the general waste would be able to use the clinical waste service provided. Nappies and incontinence pads would normally be able to be disposed of in general waste.

Following discussion, the Committee **RECOMMENDED TO CABINET:**

a) To note, based on experience locally from the previous major change in waste collection arrangements, this Committee appreciated that the 2019 roll out of the wheelie bins/new waste service was always going to have some pain. However, that pain was more than it should otherwise have been. What contributed to this included:

- Insufficient/overloaded communication channels in to the Council to report problems and timely responses to those enquiries.
- Problems with staffing in the team and particularly recruitment to temporary contract posts.
- The consequences of the route changes implemented by Veolia (the Council's contractor) to accommodate the changed waste collection service.

However, the Committee acknowledges the hard work of Officers to address and overcome those issues and to achieve the current position, which is one the Committee

wishes to record as moving positively to the good standard expected. Cabinet is recommended to seek to capture learning from this roll out for the delivery of future major change in service delivery.

b) To request the Portfolio Holder for Environment to write to Essex County Council in an effort to address the continuing issue of the littering from waste being moved from the waste transfer stations by or on behalf of the Waste Disposal Authority and the related cleansing of that litter on the A120 around that waste transfer station.

c) To consider this Committee's disappointment at the limited statements provided to it as to the Portfolio Holder's future ambition for the service; including improving recycling levels further over the remainder of the contract and to request that a report on this ambition/vision be submitted to this Committee in September 2020.

d) To arrange for the submission of proposals for revised targets for recycling rates in the District for 2020/21, as part of the Council's Performance Monitoring System, to this Committee's meeting on 23 March 2020 (and that comparable recycling rates be reported to the Committee from the other Districts in Essex and any appropriate commentary on the prospect of such rates being achieved in Tendring where the rates are higher than locally).

e) To pursue the stated intention of arranging a site visit for all Councillors to waste and recycling centres as part of developing understanding by Councillors of these activities and this site visit should be organised prior to September 2020.

f) That the clear information should be provided to residents on the recycling processes of material collected from homes in the District, further information be provided on practical waste minimisation measures for residents and that, in time, a summary of the Council's Climate Reduction measures be provided to all households (perhaps with the annual Council Tax Notification).

[Note: In accordance with the decision of Council of 10 September 2019, Minute 59 refers, the outcome of this scrutiny review is also to be reported to the next following meeting of the Council.]

55. SCRUTINY OF PROPOSED DECISIONS

Pursuant to the provisions of Overview and Scrutiny Procedure Rule 13, the Committee reviewed any new and/or amended published forthcoming decisions relevant to its terms of reference with a view to deciding whether it wished to enquire into any such decision before it was taken. The relevant forthcoming decisions were before the Committee.

The Committee noted the submitted list of published forthcoming decisions.

56. REVIEW OF THE WORK PROGRAMME

The Committee had before it the latest Work Programme 2019/20 that outlined the scrutiny to be undertaken by the Committee in the remainder of the municipal year. In presenting this work programme to the Committee, it was invited to determine whether the programme needed to be adjusted, including items covered, the scope of the programmed reviews and whether Portfolio Holders or others were to be invited to

present to them. Specific information requirements of Councillors to undertake the programed reviews should also be identified as should any 'Councillor Development' requirements.

The Committee **RESOLVED** that the following be added to its Work Programme accordingly:

- 1) Review how the Council was performing on major projects (from initiation, finalisation, approval, delivery, completion and evaluation) – to be determined;
- 2) Proposals for revised targets for recycling rates in the District for 2020/21, as part of the Council's Performance Monitoring System, (and comparable recycling rates from the other Districts in Essex and any appropriate commentary on the prospect of such rates being achieved in Tendring where the rates are higher than locally) - 23 March 2020 meeting;
- 3) The Portfolio Holder for the Environment's future ambition for the waste collection service; including improving recycling levels further over the remainder of the contract – September 2020 meeting; and
- 4) The review of the proposed cemetery extension should be expanded to include the Crematorium site provision of resting arrangements and memorials (including vaults and mausoleums).

The meeting was declared closed at 10.36 pm

Chairman

RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE

22 JUNE 2020

REPORT OF THE ASSISTANT DIRECTOR (FINANCE AND IT) & SECTION 151 OFFICER

A.1 FINANCIAL PERFORMANCE REPORT – IMPACT OF COVID-19

(Report prepared by Ian Ford)

PURPOSE OF THE REPORT

To provide an early update on the financial impact of COVID 19 on the Council's in-year financial position and to look ahead to 2021/22 as part of the long term forecast.

BACKGROUND / CURRENT POSITION

On 29 May 2020 Cabinet considered a Financial Performance Report and Appendices which are attached as **Appendices A, B, C and D**.

At that Meeting:-

- The Cabinet was made aware that a number of income streams had been significantly affected by the COVID 19 crisis with the main areas of impact being in sports and leisure facilities and car parks. Although other income streams were also currently running behind profile, they were likely to be areas that would recover over the rest of the year, so at this stage it was considered to be 'deferred' income rather than 'lost' income.
- It was reported that the collection performance for council tax and business rates had remained broadly in line with the position as at the end of April 2019 but this would need to be closely monitored over the coming months as it was recognised that there could be a time lag in terms of when the financial consequences facing households and local businesses started to potentially have an impact on their ability to pay.
- Appendix C to the Portfolio Holder's report brought together the estimated additional costs as well as the 'lost' income for the period to the end of June 2020. The overall estimated net impact on the Council's budget was £1,427,500.
- Members were informed that, in recognising the financial pressures faced by Local Authorities, the Government had provided additional funding, which for Tendring District Council totalled £1,557,527. This currently more than offset the net additional costs highlighted above, but a cautious approach would be required going into the second quarter of the financial year as the scale and pace of the how the economy would recover was unknown at the present time.
- Members were further informed that, as part of providing the aforementioned additional funding of £1,557,527, the Government had asked District Councils to consider exploring opportunities to use some of this funding to support Town and Parish Councils who might also be responding directly to COVID 19 issues in their own areas.

- The Cabinet was advised that, during April and May 2020, the Council had established a team to administer the Government's business rates support grant scheme with over 80% of eligible businesses in the District now having received such support.
- It was reported that the Government had recently announced an extension to the current business rate grant scheme and that Officers were working in collaboration with other Essex Authorities to design a scheme that balanced the need to be as simple to administer as possible with getting the money out to businesses as quickly as possible. Payments to businesses were hoped to be made as early as possible in June.
- The Cabinet was made aware that, at the present time it was difficult to estimate the impact of the COVID 19 crisis on the Council's long term forecast. However, high level commentary had been provided on the significant elements of the long term plan within the Portfolio Holder's report.
- Although dependent on the scale and speed of the economic recovery nationally as well as locally, it was currently the hope of the Portfolio Holder that any financial impact could be accommodated within the existing long term plan, as it was designed to offer flexibility to changes required over time. The savings target within the long term forecast remained as the 'safety valve' that might need to be revised as a clearer picture of the impact from COVID 19 emerged.
- However, overall it was the view of the Portfolio Holder that the Council was in a strong financial position to respond to the challenges ahead, supported by the forecast risk fund, business rates resilience reserve and uncommitted reserves.

The Cabinet **resolved** that –

- the current estimated in-year position to the end of June 2020 and the potential impact on the long term forecast be noted; and*
- opportunities of using some of the £1.5m funding that the Council has received from the Government, to support Town and Parish Council to directly respond to COVID 19 issues within their respective areas be explored, and that the determination of the necessary arrangements be delegated to the Portfolio Holder for Finance and Corporate Governance, in consultation with the Chief Executive.*

RECOMMENDATION

That the Committee:

- considers the estimated in-year financial position as at the end of June 2020 and determines whether it has any comments or recommendations it wishes to make or put forward to the Portfolio Holder for Corporate Finance and Governance; and**
- considers the updated long term financial forecast update and determines whether it has any comments or recommendations it wishes to make to Cabinet as part of the financial strategy consultation process.**

Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

29 MAY 2020

REPORT OF CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER

A.2 FINANCIAL PERFORMANCE REPORT – IMPACT OF COVID 19

(ESTIMATED IN-YEAR PERFORMANCE AGAINST THE BUDGET AS AT END OF JUNE 2020/21 AND POTENTIAL IMPACT ON THE LONG TERM FINANCIAL FORECAST)

(Report prepared by Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide an early update on the financial impact of COVID 19 on the Council's in-year financial position and looking ahead to 2021/22 as part of the long term forecast.

EXECUTIVE SUMMARY

- This reports sets out the estimated impact of the current COVID 19 crisis on the Council's in-year budget position and the long term forecast and the report is split in to these two sections respectively.
- A number of income streams have been significantly affected by the COVID 19 crisis with the main areas of impact being in sports and leisure facilities and car parks. Although other income streams are also currently running behind profile, they are likely to be areas that recover back over the rest of the year, so at this stage it is deferred income rather than 'lost' income.
- The collection performance for council tax and business rates was broadly in line with the position at the end of April last year but this will need to be closely monitored over the coming months as it is recognised that there may be a time lag in terms of when the financial consequences facing households and local businesses starts to potentially have an impact on their ability to pay.
- **Appendix C** brings together the estimated additional costs as well as 'lost' income for the period to the end of June. The overall estimated net impact is **£1,427,500**.
- In recognising the financial pressures faced by Local Authorities, the Government have provided additional funding, which for Tendring District Council totals **£1,557,527**. This currently more than offsets the net additional costs highlighted above, but a cautious approach is required going into the second quarter of the year as the scale and pace of the how the economy is going to recover is unknown at the present time.
- As part of providing the additional funding of **£1,557,527** mentioned above, the Government have asked District Council's to consider exploring opportunities to use some of this funding to support Town and Parish Councils who may also be responding directly to COVID 19 issues in their own areas. A delegation is set out below to determine how this can be successfully facilitated.

- During April and May, the Council established a team to administer the Government's business rates support grant scheme with over 80% of eligible businesses now having received support.
- The Government has recently announced an extension to the current business rate grant scheme and Officers are working in collaboration with other Essex Authorities to design a scheme that balances the need to be as simple to administer as possible with getting the money out to businesses as quickly as possible. Payments to businesses are hoped to be made as early as possible in June.
- At the present time it is difficult to estimate the impact of the COVID 19 crisis on the Council's long term forecast. However high level commentary has been provided on the significant elements of the long term plan.
- Although dependent on the scale and speed of the economic recovery nationally as well as locally, it is currently hoped that any financial impact can be accommodated within the existing long term plan, as it was designed to offer flexibility to changes over time.
- As previously discussed in earlier financial reports, the savings target within the long term forecast remains as the 'safety valve' that may need to be revised as a clearer picture of the impact from COVID 19 emerges.
- However, overall the Council is in a strong financial position to respond to the challenges ahead, supported by the forecast risk fund, business rates resilience reserve and uncommitted reserves.

RECOMMENDATION(S)

That Cabinet:

- a) notes the current estimated in-year position to the end of June 2020 and the potential impact on the long term forecast; and**
- b) agrees to explore opportunities of using some of the £1.5m funding that the Council has received from the Government, to support Town and Parish Council to directly respond to COVID 19 issues within their respective areas, and delegates the determination of the necessary arrangements to the Portfolio Holder for Finance and Corporate Governance in consultation with the Chief Executive.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Effective budgetary control is an important tool in ensuring the financial stability of the authority by drawing attention to issues of concern at an early stage so that appropriate action can be taken. Financial stability and awareness plays a key role in delivering the Council's corporate and community aims and priorities.

The forecasting and budget setting process will have direct implications for the Council's ability to deliver on its objectives and priorities. At its heart, the long term approach being taken seeks to establish a sound and sustainable budget year on year through maximising income whilst limiting reductions in services provided to residents, business and visitors.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The financial implications are considered in the body of the report.

Risk

In respect of the Councils' current financial position, a number of emerging issues will be subject to change as the year progresses. The budget position will be monitored and reviewed as part of both the future budget monitoring arrangements and Financial Strategy Processes.

In respect of the long term forecast, there are significant risks associated with forecasting such as cost pressures, inflation and changes to other assumptions that form part of the financial planning process. There are a number of areas that could lead to additional expenditure being incurred, such as: -

- Economic environment / instability;
- Emergence of cost pressures;
- Changes to the local authority funding mechanisms such as the Government's fairer funding review;
- New legislation placing unfunded duties on the Council or reducing the level of the Council's funding;
- Local or national emergency;
- Income is less than that budgeted for, including business rate income retained locally.

However the forecast continues to be based on relatively conservative estimates with no optimistic bias.

Another potentially more important action to manage and mitigate risk is the Council's ability to financially underwrite the risks to the budget / forecast. As with any forecast, some elements of income and expenditure will be different to that forecasted. It is fair to say that many may offset each other over the longer term. However, there are two important aspects to how this will be managed.

- 1) To date it is estimated that **£3.253m** will have been set aside by the end of 2019/20 within the Forecast Risk Fund to support the budget in future years. This money is available to be drawn down if the timings within the forecast differ in reality and the net position is unfavourable compared to the forecast in any one year.
- 2) The forecast will remain 'live' and be responsive to changing circumstances and it will continue to be revised on an on-going basis. If unfavourable issues arise that cannot be mitigated via other changes within the forecast then the forecast will be adjusted and mitigating actions taken. Actions to respond will therefore need to be considered but can be taken over a longer time period where possible. In such circumstance the Council may need to consider 'topping' up the funding mentioned in 1) above over the life of the forecast if required. This may impact on the ability to invest money elsewhere but will need to demonstrate that its use is sustainable in the context of the ten year forecast.

It is important to deliver against the forecast in the early years to continue to build confidence in the longer term approach. This will, therefore, continue to need robust input from Members and officers where decisions may be required in the short term or on a cash flow basis.

Another aspect to this approach is the ability to 'flex' the delivery of services rather than cut services. As would be the case with our own personal finances, if we cannot afford something this year because of a change in our income, we can potentially put it off until next year. There is a

practical sense behind this approach as we could flex the delivery of a service one year but increase it again when the forecast allows.

In addition to the above it is important to note that the Council has already prudently set aside money for significant risks in the forecast such as **£1.758m** (Business Rates Resilience Reserve) and **£1.000m** (Benefits Reserve), which can be taken into account during the year and period of the forecast if necessary. The Council also holds **£4.000m** in uncommitted reserves which supports its core financial position.

LEGAL

The Local Government Act 2003 makes it a statutory duty that Local Authorities monitor income and expenditure against budget and take appropriate action if variances emerge.

Under Section 25 of the Local Government Act 2003, the Chief Finance Officer (S151 Officer) must report to Council as part of the budget process on the robustness of estimates and adequacy of reserves. The proposed approach set out in this report delivers against this requirement if actively managed and will be an issue that remains 'live' over the course of the forecast period and will be revisited in future reports to Members.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

There are no other implications that significantly impact on the financial forecast or in-year budget position. However, the ability of the Council to appropriately address these issues will be strongly linked to its ability to fund relevant schemes and projects and determination of the breadth and standard of service delivery to enable a balanced budget to be agreed.

An impact assessment will be undertaken as part of any separate budget decisions such as those that will be required to deliver savings.

PART 3 – SUPPORTING INFORMATION

SECTION 1 – IN YEAR FINANCIAL PERFORMANCE – ESTIMATED FINANCIAL IMPACT FROM COVID 19 IN THE FIRST QUARTER OF 2020/21

This section of the report broadly follows the same purpose and context as the usual quarterly financial performance reports but the format has been changed to only provide a focus on the direct impact that the current COVID 19 crisis is having on the Council's financial position.

Further updates will be provided over the coming months with the format taking on the more familiar look when the actual position for quarter one is presented to Members in August 2020.

There have been various strands of work that have been undertaken, locally and nationally, along with numerous updates and guidance from the Government since the country entered a period of 'lock down' from late March 2020. This report seeks to provide a high level view of the impact that the COVID 19 crisis is having on the Council's financial position so it does not attempt to summarise or pull together all of the information that has been available to date or provide commentary on wider service delivery / performance management issues, although they will be touched upon where relevant in the report.

In providing this high level narrative on the Council's financial position, information has been set out across the following headings:

- 1) A summary of the position at the end of April for significant income streams
- 2) Impact on the Local Council Tax Support Scheme (LCTSS) and Council Tax and Business Rate Collection performance
- 3) The direct financial impact, including expenditure and income, as at the end of April, with estimates for May and June.
- 4) Cash flow implications

The position at the end of April for significant income streams

Further details are set out in **Appendix A**.

As at the end of April 2020, the income collected is **£384,907** lower than for the same period last year, with the biggest impact being seen in car parks and sport and leisure facilities.

When reviewing the overall income position, there are 3 distinct headings that the various income strands fall within as follows:

- 1) Areas where there is a stronger link to the timing of the service being delivered and the point income is derived from fees and charges. The situation with parking and leisure facilities would fall within this heading. In such cases the income is deemed to be 'lost' and therefore unrecoverable over the rest of the year.
- 2) Areas where the income is deemed to be deferred as it is linked to an activity that has not happened yet but is still likely to happen so it will be collectable at some time in the future, possibly over the remainder of the financial year. Planning and Building Control would fall within this heading as would cemeteries and the crematorium, albeit for different reasons.
- 3) The third heading is really an extension of point 2) where the income is deemed to be deferred but is likely to span more than one financial year. A good example of this would be career track income where there have been delays to new starters on the career track programme. As the career track scheme follows a three year programme, income will still be receivable but it will have to be accounted for in different years to align with the course start and end dates.

For the purposes of this report only the income that falls within category 1) above has been taken into account within the additional analysis set out in **Appendix C**. Income derived from category 2) and 3) will remain under review and will be revisited within future quarterly financial performance reports.

Although it is worth taking a cautious stance at this stage, April has seen a significant increase in the number of customers signing up to the garden waste scheme. Recycling rates have also seen an upturn, both of which will hopefully continue and therefore contribute to the financial position over the rest of the financial year. No amounts from these two activities have been included in the financial analysis at this stage but will be revisited later in the year.

LCTSS, Council Tax and Business Rates

Further details are set out in **Appendix B**.

Given the scale of income the council raises from council tax and business rates, this area of the budget presents one of the greater risks associated with the economic downturn currently being experienced. However to date the position is relatively positive across both council tax and business rates.

In respect of council tax collection, as at the end of April, **11.29%** of the total annual budgeted amount has been collected. However it is recognised that future collection performance remains subject to economic conditions and there may be a time lag in the ability of people to pay their monthly instalments, if for example, they are adversely impacted by the COVID 19 crisis for an extended period of time.

The Government are directly supporting tax payers during these difficult times and have paid local authorities a share of a central hardship fund which enables reductions of up to £150 to be made to council tax bills for those in receipt of local council tax support. The Council has received **£1,374,442** as its share of the fund. The total cost of providing a reduction of £150 to council tax bills is estimated to be **£950,000** based on current caseload numbers. The balance of this funding therefore remains available to consider providing further support to council tax payers. However it is also recognised that if claims for local council tax support increase over the coming months, this funding will be required to fund the 'base' scheme of £150 for those taxpayers becoming eligible. This will need to be kept under review as the timing of how and when this funding is allocated needs to be balanced with the financial situation being faced by local taxpayers.

In respect of claims for local council tax support, **Appendix B**, highlights that the total cost of the scheme to date is lower than budgeted for, with only a marginal increase in claims made by working age claimants during April.

Appendix B also highlights (within the columns shaded grey) that the total debit collectable is higher than the figure budgeted to be collected. This is usually the case as the budget reflects a number of cautious assumptions but it does provide a positive background to the potential impact on collection performance as more money is actually collectable than originally estimated.

The picture for business rates is similar to that for council tax, although a little further behind the collection performance compared with the same period last year. As highlighted in **Appendix B**, at the end of April we had collected 10.39% of the total annual amount budgeted for of **£14,271,198** - at the same point last year, we had collected 11.44%. It is also worth drawing attention to the fact that the total amount collectible has now significantly reduced compared to last year given the level of business rate reliefs that the Government have put in place – a new scheme for this year relates to the hospitality, retail and leisure sectors to support them during the COVID 19 crisis. This will have a positive impact on collection performance as the cost of any reliefs awarded (currently estimated at over **£15m**) will be reimbursed by the Government rather than have to be collected from ratepayers.

As mentioned above, the figures shaded in grey within the Appendix set out the total collectible business rates debit rather than the budgeted amount. As is the case with council tax, this is higher so provides some headroom if collection performance is adversely affected in the coming months.

As previously mentioned, the position for both council tax and business rates is relatively positive but it is recognised that this could change over the remainder of the year as discussed further on in this report.

Although not expected to have a direct financial impact on the Council, a significant element of activity undertaken in April / May relates to the payment of business rate grants in accordance with the scheme set out by the Government, supported by a dedicated team established for this specific purpose.

At the time of finalising this report, the Council had paid out 82% of grants to eligible businesses. It is interesting to note that Tendring has a significant number of eligible businesses when compared with elsewhere in the country (in top 3rd nationally). Many of these are small

businesses which is fair to say are harder to reach in the current circumstances. However a number of activities remain in progress to ensure the money reaches all of those remaining 18% of eligible businesses and include:

- 1) Sending out letters to business premises
- 2) Using local newspaper adverts
- 3) Using trade press / publications
- 4) Dedicating resources to identify contact details wherever possible and making phone calls directly to ratepayers
- 5) Using social media
- 6) Utilising the Council's website
- 7) Using radio advertising
- 8) ECC led county wide advertising
- 9) Communication support from the Council's Business and Regeneration Team
- 10) Redeploying the Council's Fraud and Compliance Team to visit premises and make contact on the ground wherever possible.

The Government have set out their expectation in terms of the robust administration of the scheme including strong recovery action where it is identified from post payment checks that money has been paid out incorrectly. The Government have also stated that they will underwrite the financial risks associated with the scheme where Local Authorities can demonstrate they have done all that was reasonably possible to protect the funding that has been made available. Having said that there remains a small but probably unlikely risk that they will not reimburse the full cost of the scheme if they think the Council has not done enough, but it is not anticipated that they will take a disproportionately hard line on the overall reconciliation process.

Government guidance was received on 13 May 2020 setting out details of an extended business rates grants scheme. Although the Government have made it clear that it is a discretionary scheme, they have set out a number of high level principles which include:

- It is aimed at micro and small businesses
- Local Authorities are asked to prioritise the following types of businesses:
 - a) Small businesses in shared offices or other flexible workspaces.
 - b) Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment;
 - c) Bed & Breakfasts which pay Council Tax instead of business rates; and
 - d) Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.
- Grants to be £25k, £10k or any amount under £10k.
- Supported businesses need to be able to demonstrate high on-going fixed property related costs and that they have suffered significant reductions in income due to COVID19.

Based on the above, the scheme looks likely to be more complex than the original one but officers are working with colleagues across Essex to explore the opportunities for a county wide scheme whilst retaining some local discretion. It has also been made more complicated by the introduction of a funding cap, which has been set by the Government as 5% of the total cost of the original scheme. The design of the scheme therefore needs to meet all of the high level criteria whilst being accommodated with a set funding limit which is inherently challenging. However the complexity of the scheme needs to be balanced whilst maintaining the primary aim of getting the money out to eligible businesses as quickly as possible. The Government have made it clear that they expect this money to start to be paid out by early June.

At the present time the work set out above remains on-going and it is planned to provide an update to Members by the date of Cabinet's meeting. However given the time constraints involved, it is expected that an urgent decision will be sought from the Leader to agree the final scheme in advance of Cabinet's meeting.

Direct Financial Impact from COVID 19

Taking all the above onto account, the estimated impact of the COVID 19 crisis over April to June is summarised in **Appendix C**. Further details are set out below and it is important to highlight that the figures for May and June are based on very early estimates of the likely position.

Although the Council has suffered from a loss of income, expenditure is expected to be broadly in line with the budget given that much of it relates to relatively fixed costs such as property and salaries.

In terms of salary costs, the Government have announced a furlough scheme where 80% of employee costs can be reclaimed. However the Government have made it clear that they do not expect Local Authorities to access unless there are exceptional circumstances. To date the Council has not considered applying to this scheme as many officers are effectively re-deployable to support various strands of work in response to the current crisis along with it being recognised as potentially giving an adverse message to all those working for the Council during these difficult times.

It is estimated that the total additional expenditure that will be incurred in the first 3 months of the year in response to the COVID 19 crisis is **£189,000**. In addition to the above, there are additional areas of expenditure such as those responding to increased fly-tipping following the closure of ECC operated waste and recycling facilities. To date these costs are being managed within existing budgets.

As highlighted earlier, the biggest financial impact has come from the loss of income from facilities that have had to be closed. As set out in **Appendix A**, the most significant impact has been at sport and leisure facilities and car parks. The total loss of income is estimated to be **£1,238,500** for the period to the end of June. Although the Government have now implemented their 3 point recovery plan which could see income being generated again from car parks, **Appendix C** reflects a cautious view on this.

Although the Council holds insurance for business interruption cover, there remains significant doubt whether any losses incurred to date will be insurable given the unprecedented pandemic situation we are faced with.

As previously discussed above, income from planning, building control and at cemeteries and the crematorium may recover back over the course of the year so they have not been included at this stage.

Taking expenditure and income together, the net cost of responding to the COVID 19 crisis is estimated to be **£1,427,500** to the end of June.

The Government have recognised the issue being faced by Local Authorities and have provided two blocks of funding as set out in the table at the bottom of **Appendix C**. The total funding received to date is **£1,557,527** which more than offsets the net costs incurred above.

However it would be too optimistic to think that the budgetary position will revert back to normal from July onwards and it is likely that this balance of funding will be required heading into the

second quarter of the year as estimates change. The Government have also indicated that District Council's should explore opportunities to pass some of this funding onto Town and Parish Councils where they are directly responding to the COVID 19 crisis. A delegation is set out in the recommendations above to determine how this may be facilitated.

It is also recognised that returning to 'business as usual' will generate additional costs. Measures to reopen facilities as allowed for within the Government's 3 step plan will not only be complex but will also likely require modifications to be made to not only working practices but also to the buildings and facilities themselves. Although work remains in progress to plan for this eventuality, it is too early to estimate the full costs, especially as plans will need to react to Government guidance that is expected to emerge over the coming weeks. It is also recognised that facilities may not be able to operate at normal capacity for some time, which will have a knock on impact on the ability generate the income levels currently included in the budget.

Delays to projects such as those within the capital programme may also have an adverse financial impact. A good example is the office transformation programme where it is likely that there will be a delay in vacating the council offices in Weeley. Such events will either add cost to the budget and/or delay the delivery of savings.

These issue will be kept under on-going review with updates provided to Members over the course of the year and as part of future financial performance reports.

Although the Government may extend their financial support to Local Authorities, the Council does hold uncommitted reserves of **£4,000,000** which take into account the need to react to emergency situations such as the one currently being faced. Therefore there may be a requirement to draw money down from this reserve going into July and beyond or to review existing budgets to identify if money can be re-prioritised to meet any additional financial pressures. It is important to highlight that any money called down from reserves to respond to short term pressures will need to be repaid in the medium / longer term to meet future emergencies and unforeseen events which are based around a risk assessed position.

In terms of the economic outlook and the speed at which the Council's financial position starts to resemble the one set out in the budget and financial forecast, this will primary be dependent on the 'shape' of the wider economic recovery.

There are various economic views, with terms given such as 'V shaped' and 'U shaped' economic recoveries. As the names suggest, a 'V shaped' recovery is where economic activity recovers as quickly as it declined with a 'U shaped' recovery having a longer lead in time before there are signs of a recovery. Some views indicate the issue we are facing is only temporary and there is no underlying or systemic issue such as the one faced in the financial crash back in 2008, which would suggest a 'V shaped' recovery is more likely.

In terms of the Government's overall approach, it can be recognised as seeking to deliver a 'V shaped' recovery given the measures they have put in place to support businesses and household incomes and delivering support mechanisms to see businesses through difficult but temporary conditions.

If the country does see a 'V shaped' recovery then hopefully any recovery period will be shorter and perhaps remove any long lasting financial impact going into 2021/22 and beyond.

Cash Flow Implications

Another issue that many local authorities are facing is managing a positive cash flow position and having access to enough cash to be able to pay their bills etc.

The Government have taken a number of actions to support Councils where necessary, including deferring the payment of their share of business rate income, which is usually paid to them monthly.

However to date, through robust treasuring management practices, the Council has not experienced any major cash flow issues. Although subject to change over the rest of the year, at the present time no major issues are expected, especially if income collection performance from council tax and business rates does not deteriorate significantly over the coming months.

Other Issues Including the Housing Revenue Account (HRA)

In respect of the HRA, there are no major issues to highlight at the present time. Income collection remains positive and similarly to other income streams mentioned above, any rental payments not paid in the first part of the year should be recoverable over the course of the financial year, with payment arrangements made where necessary.

General landlord services are being provided as far as reasonably possible, although there may be delays to some non-urgent repair and maintenance work which will be undertaken as soon as possible later in the year.

Given the timing of this report, it is worth highlighting the two following NON-COVID 19 related issues, given their potential impact on the Council's financial position:

1) Potential Cremator Replacement – potential cost £1.5m+

Following the recent collapse of the company who supplied and maintained the Council's cremators, the risk of the cremators failing and therefore becoming un-operational have increased. Although the service can be delivered at the present time, the Service is exploring the options available to the Council as part of usual business continuity plans. A further update will be provided to Members in due course.

2) Cliff stabilisation works – potential cost £4.0m+

There have been two recent significant cliff failures along the Holland-on-Sea stretch of coastline. The relevant Service is currently undertaking investigations in terms of the potential remedial works required. Although the necessary health and safety actions have been undertaken, the options identified will be reported to Members as soon as possible.

SECTION 2 – UPDATED LONG TERM FORECAST

As stated when developing the new long term plan back in 2017, one of the key aims of moving to a ten year forecasting cycle was to give flexibility in responding to emerging issues over longer time periods rather than the more traditional short term outlook.

As already highlighted, there are different economic views of the longer term impact of the COVID 19 crisis. Although it is not clear what 'shape' the economic recovery will be, as previously mentioned, the actions of the Government to date can be recognised as attempting to deliver a more 'V shaped' approach.

If that view turns out to be correct, then it may be possible to largely contain the financial impact of the COVID 19 crisis to the 2020/21 financial year. However that may be a too optimistic view to take so at this stage of the financial cycle it would be prudent to assume that there is likely to be longer term financial consequences. Although it is too early to forecast the scale and timing of

such impacts, a brief commentary on potential consequences against significant elements of the forecast are as follows:

- **Growth in Income from Council Tax and Business Rates** – Opportunities to increase the income from property growth may be limited or delayed until later years of the forecast. Also there may be short term reductions in collectable income and collection fund surplus may be lower each year than currently anticipated.
- **Changes in the Use of Reserves** – as highlighted above, if money has to be drawn down from the uncommitted reserve of £4m, they will need to be paid back at some point in the future. The longer term approach to the budget does provide flexibility around the timing of such contributions but it would put additional pressure on the revenue forecast in the short term.
- **Cost Pressures** – There may be additional pressures emerging such as changes to working practices, buildings and facilities in the longer term. It is also recognised that there may be unexpected legacy costs associated with recent experiences.
- **Savings Targets** - The above items may place additional pressure on the next few years of the forecast and require additional savings to be identified to balance them out. However taking an optimistic viewpoint, there may also be positive legacy impacts that present savings opportunities such as working from home / working smarter.

In addition to the above, the Government have announced that the fair funding review scheduled for this year has now been delayed. This means that the move to a 75% business rate retention model will now not be implemented until 2021/22 at the earliest. This could provide a positive financial boost as the Government committed to maintain the revenue support grant in 2020/21, which could be something they honour again in 2021/22 due to the delay.

As discussed before, the long term forecast remains 'live' and will be updated over the remainder of the year to take account of issues that emerge or where additional certainty emerges around specific issues and challenges.

A further update is planned to be presented to Members in August when the actual financial position for the first quarter will be presented along with an updated forecast.

The long term financial forecast also relies upon savings totalling **£500,000** being identified in year and as part of the overall outturn position at the end of the year. At the end of the third quarter of 2019/20 there was a shortfall of **£165,000** in terms of the total contribution required. Although work remains in progress to identify the final outturn position for the year, early indications are that this shortfall will be met and the required contribution to the forecast risk fund can therefore be made.

In addition to the more operational cost pressures highlighted above, the Council recognises its position as being a community leader and has a major role to play in supporting economic activity in the district to recover once the country returns to 'business as usual'. Work will be progressed to identify how the Council can make a positive contribution to the approach, with one example being how the Council can ensure that as much of the money that it spends is spent with businesses and organisations within the Tendring District. There may be some financial consequences to this approach but it is essential that this is considered and reflected as necessary in the budget, long term forecast and governance arrangements going forward.

As mentioned in earlier reports, it is proposed to review the long term forecast in 2023 which would see 3 to 4 years to go until the end of the original 10 year plan. This will provide an opportune time

to review the Council's financial position going forward and reflect on any longer term impacts from the current COVID 19 crisis.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Summary of Significant Income Streams (from Fees and Charges) at the end of April 2020

Appendix B – LCTSS and Council Tax / Business Rates Collection Performance Appendix

Appendix C - Direct Financial Impacts – In year position for April 2020 (plus estimates for May and June)

SUMMARY OF SIGNIFICANT INCOME STREAMS (FROM FEES AND CHARGES) AT THE END OF APRIL 2020

Detailed Analysis (for significant income budgets only)	Actuals April 2019	Profiled Budget April 2020	Actuals April 2020	Variance (Apr 2020 v Apr 2019)	Comments
	£	£	£	£	
Parking	(92,623)	(59,455)	(24,382)	68,241	
Cemeteries and Crematorium	(144,792)	(135,339)	(125,723)	19,069	This is consistent with the volatility in the timing of income in prior years so it is expected to recover over a full year.
Careline	(66,459)	(50,797)	(69,221)	(2,762)	
Beach Huts	(940,209)	(910,662)	(972,744)	(32,535)	
Sport and Leisure	(390,584)	(290,191)	(81,016)	309,568	
Planning	(142,498)	(80,193)	(129,886)	12,612	As set out in then main body of the report, this is currently expected to be deferred income rather than 'lost' income so will hopefully be a position that recovers over the full year.
Building Control	(21,072)	(14,909)	(10,358)	10,714	Please see planning comment above.
Totals	(1,798,237)	(1,541,546)	(1,413,330)	384,907	

The table above excludes the theatre and bar income as there is also a saving on artist and performers fees which largely offsets the position - however the estimated net impact is included in Appendix C.

LCTSS and Council Tax / Business Rates Collection Performance

The cost / collection performance and analysis of the Local Council Tax Support Scheme along with Council Tax and Business Rates collection performance to date is set out as follows:

COUNCIL TAX AND LOCAL COUNCIL TAX SUPPORT SCHEME

COLLECTION FUND	Budget £	Actual £	VAR £	Comments
Cost of LCTS Discounts	11,987,000	11,925,001	(61,999)	As at the end of April the LCTS, the caseload for working age claimants was 6,390. This is only marginally higher than the caseload in March of 6,308. There may be a time lag in terms of the number of claims made along with the potential for claims to increase over the coming weeks and months. However at this stage the 'cost' of the LCTS scheme is running behind the budget which in itself provides some headroom for potential increases in claims going forward.

COUNCIL TAX COLLECTION PERFORMANCE

	Budgeted Collection £	Actual Collection £	Var £	TOTAL Actual Collection %	(for same period last year) TOTAL Actual Collection %	Debit Collectable £	Actual Collection £	TOTAL Actual Collection %	(for same period last year) TOTAL Actual Collection %
Apr	10,303,660	9,879,848	423,812	11.29%	11.90%	91,109,381	9,879,848	10.84%	11.36
May	18,530,954				21.39%				20.41
June	26,542,266				30.64%				29.20
July	34,731,017				40.10%				38.17
August	42,826,486				49.44%				47.03
September	50,896,432				58.76%				55.86
October	58,994,236				68.11%				64.72
November	67,023,661				77.38%				73.53
December	74,986,568				86.57%				82.25
January	82,916,723				95.73%				90.98
February	85,402,673				98.60%				93.72
March	87,519,000				101.04%				96.09
Comments	The actual debit collectable for the year at the end of April 2020 is £91,109,381 - this is £3,590,381 more than the budgeted amount of £87,519,000. This provides some 'headroom' in terms of collection performance as any longer term deterioration in the percentage amount collected may be offset over the course of the whole year.								

BUSINESS RATES RETENTION

NNDR COLLECTION PERFORMANCE

	Budgeted Collection (Excluding Govt. Grant for Reliefs) £	Actual Collection £	Var £	TOTAL Actual Collection %	(for same period last year) TOTAL Actual Collection %	Debit Collectable £	Actual Collection £	TOTAL Actual Collection %	(for same period last year) TOTAL Actual Collection %
Apr	1,598,777	1,483,479	115,298	10.39%	11.44%	15,134,587	1,483,479	9.80%	11.18
May	2,939,956				21.03%				20.44
June	4,222,498				30.21%				29.37
July	5,681,748				40.65%				38.93
August	6,849,515				49.00%				47.01
September	8,026,535				57.42%				55.03
October	9,344,327				66.85%				64.24
November	10,572,999				75.64%				72.65
December	11,838,953				84.70%				81.36
January	13,065,238				93.47%				89.81
February	13,815,903				98.84%				95.09
March	14,271,198				102.10%				98.19
Comments	Similarly to council tax above, the actual debit collectable is greater than the budgeted amount. The total income due for the year is £29,392,000, with the difference compared to the figures included in the above being the cost of providing the various rate reliefs offered by the Government in 20/21. The cost of providing reliefs (£15,120,801) will be reimbursed by the Government, which will therefore have a positive impact on the overall collection performance for the year.								

APPENDIX C

DIRECT FINANCIAL IMPACTS - In-year Position For April (Plus Estimates for May and June)

Overall Summary	Actuals* April	Est. May	Est. June	
	£	£	£	
Expenditure	97,000	48,500	43,500	
Income	412,900	412,800	412,800	
NET TOTAL	509,900	461,300	456,300	
Estimated Total April to June			1,427,500	
Detailed Analysis	Actuals April	Est. May	Est. June	Comments
Expenditure Details				
	£	£	£	
Additional / Deep Cleaning Activities	1,000	2,000	2,000	
Emergency Planning Decision Booklets	2,000	500	500	
Personal Protective Equipment	15,000	5,000	5,000	Primarily face masks, aprons, gloves and hand sanitiser for staff identified as requiring PPE as part of associated risk assessments.
Advertising, Postage etc.	5,000	1,000	1,000	This has primarily been associated with the Community Hub and business rate reliefs
Overtime / Temporary Staff	10,000	5,000	5,000	To provide additional capacity in essential service areas
Temporary Outsourcing of Services	14,000	5,000	0	As part of the business continuity plans for the provision of the Careline Service
Additional One-off Costs e.g. to enable working from home	20,000	0	0	Primarily essential IT hardware
Homelessness Costs	30,000	30,000	30,000	Due to self isolating in household groups, there has been an increase in those who have required temporary accommodation.
TOTAL EXPENDITURE	97,000	48,500	43,500	
Income Details				
'Lost' Income	£	£	£	
Sport and Leisure	310,000	310,000	310,000	These are estimated figures based on the position set out in Appendix A. The potential impact of the Government's 3 step 'back to business' plan is not reflected in these figures.
Parking	70,000	70,000	70,000	
Open Space / Recreation Grounds / Public Conveniences	4,000	4,000	4,000	
Princes Theatre (Net Variable Cost)	25,000	25,000	25,000	
Waived Caros Rental Income	3,900	3,800	3,800	A 3 month free rental period was agreed for all those tenants eligible for relief under the Council's CAROS scheme
TOTAL INCOME	412,900	412,800	412,800	

* Some figures are still based on estimated costs as it has not been possible to confirm / calculate the final actual cost at this time.

Government Grant Income - COVID 19 Support Funding				
Tranche 1	(89,097)	0	0	
Tranche 2	(1,468,430)	0	0	
TOTAL GOVERNMENT GRANT FUNDING	(1,557,527)	0	0	

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