

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.**