

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 3<sup>rd</sup> 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)