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Resources and Services Overview and
Scrutiny Committee

22 June 2020

**MINUTES OF THE MEETING OF THE RESOURCES AND SERVICES OVERVIEW
AND SCRUTINY COMMITTEE,
HELD ON MONDAY, 22ND JUNE, 2020 AT 7.30 PM
THE MEETING WAS HELD IN ACCORDANCE WITH SI 2020/392. LINK TO LIVE
STREAM IS FOUND HERE: [HTTPS://WWW.TENDRINGDC.GOV.UK/LIVEMEETINGS](https://www.tendringdc.gov.uk/livemeetings)**

Present:	Councillors M Stephenson (Chairman), Scott (Vice-Chairman), Allen, Barry, Bray, Codling, Griffiths, Morrison and Turner
Also Present:	Councillors Calver, Cawthron and C.Guglielmi (Deputy Leader of Council; Portfolio Holder for Corporate Finance & Governance)
In Attendance:	Richard Barrett (Assistant Director (Finance and IT) & Section 151 Officer), Keith Simmons (Head of Democratic Services and Elections), Keith Durran (Democratic Services Officer), Emma Haward (Leadership Support Assistant), Matt Cattermole (Communications Assistant) and Karen Harges (IT Training Officer)

57. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were no absences or substitutions.

58. MINUTES OF THE LAST MEETING

The Minutes of the last meeting of the Committee held on Monday 17 February 2020 were approved as a correct record and were then signed by the Chairman.

The Chairman drew the Committee's attention to Minute 54 from the 17 February meeting and that a response to the Committee's recommendations on the waste and recycling service had been published from the Portfolio Holder for Environment and Public Space. The Chairman expressed his concern about elements of the response. However, as the matter would be considered at the next Council meeting those concerns would anyway be raised there. In response to requests, the published response of the Portfolio Holder would be circulated to Members of this Committee.

59. DECLARATIONS OF INTEREST

Councillor Allen declared an interest for the public record in regards to agenda item number 5, Business rates COVID 19 Grants Scheme as he had received this grant.

Councillor C Guglielmi declared an interest for the public record in regards to agenda item 7, NEGC Ltd. Budget and Business plans as he was the alternate director to NEGC Ltd.

Councillor Turner declared an interest for the public record in regards to agenda item 7, NEGC Ltd budget and Business plans.

Councillor Scott declared an interest for the public record in regards to agenda item 5, Business rates COVID 19 Grants Scheme as he was the chairman of the Autumn Centre and they had received the aforementioned grant.

60. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

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

61. 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 reviewed the decisions taken by the Leader of the Council during the peak of the COVID-19 pandemic in so far as they related to the pandemic and the response to it.

The following was a list of those decisions and the supporting papers were 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](#)

Members were given the opportunity to ask any questions, which in turn were responded to by the Assistant Director of Finance, IT and Section 151 Officer

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

- a) That the swift decision to use of part of the Tendring Community Fund to provide for Ward Councillors to nominate organisations to receive grants to enable them to respond to the Covid19 pandemic locally, within an overall limit of £1,000 per Ward Councillor, be recognized as being a success.
- b) That the approval of the publicly announced intention to write-off the Leisure Centre Membership Fees for June etc be regularised.
- c) That the waiver of rents for those within the CAROS Scheme be extended to the end of August 2020 at least.

d) That a second allocation of £48,000 from the Tendring Community Fund to provide for Ward Councillors to nominate organisations to receive grants to enable them to respond to a second wave of the Covid19 pandemic locally (and related lockdown), should that situation occur, be committed to at this stage.

**62. REPORT OF ASSISTANT DIRECTOR (FINANCE AND IT) & SECTION 151 OFFICER
- A.1 - FINANCIAL PERFORMANCE REPORT: IMPACT OF COVID-19**

The Committee was provided with an early update on the financial impact of COVID 19 on the Council's in-year financial position and looked ahead to 2021/22 as part of the long term forecast.

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

In providing this high level narrative on the Council's financial position, information was presented 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

Members were informed that at the end of April 2020, the income collected was **£384,907** lower than for the same period last year, with the biggest impact being seen in car parks and sport and leisure facilities. Further details were set out in **Appendix A**. When reviewing the overall income position, there are 3 distinct headings that the various income strands fell within as follows:

- 1) Areas where there was a stronger link to the timing of the service being delivered and the point income was derived from fees and charges. The situation with parking and leisure facilities fell within this heading. In such cases the income was deemed to be 'lost' and therefore unrecoverable over the rest of the year.
- 2) Areas where the income was deemed to be deferred as it was linked to an activity that had not happened yet but was still likely to happen so it would be collectable at some time in the future, possibly over the remainder of the financial year. Planning and

Building Control fell within this heading as would cemeteries and the crematorium, albeit for different reasons.

3) The third heading was really an extension of point 2) where the income was deemed to be deferred but was likely to span more than one financial year. A good example of this would be career track income where there had been delays to new starters on the career track programme. As the career track scheme followed a three year programme, income would still be receivable but it will have to be accounted for in different years in order to align with the course start and end dates.

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

It was also explained that although it was worth taking a cautious stance at this stage, April had seen a significant increase in the number of customers signing up to the garden waste scheme. Recycling rates had also seen an upturn, both of which would hopefully continue and therefore contribute to the financial position over the rest of the financial year. No amounts from those two activities had been included in the financial analysis at this stage but would be revisited later in the year.

LCTSS, Council Tax and Business Rates

It was reported to the Committee that given the scale of income the Council Raises from council tax and business rates, this area of the budget presented one of the greater risks associated with the economic downturn currently being experienced. However to date the position remained relatively positive across both council tax and business rates. Further details were set out in **Appendix B**.

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

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

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

Appendix B also highlighted (within the columns shaded grey) that the total debit collectable was higher than the figure budgeted to be collected. This was usually the case as the budget reflected a number of cautious assumptions but it did 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 was 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 this Council had collected **10.39%** of the total annual amount budgeted for of **£14,271,198** - at the same point last year, this Council had collected **11.44%**. It was also worth drawing attention to the fact that the total amount collectible had significantly reduced compared to last year given the level of business rate reliefs that the Government had put in place – a new scheme for this year related to the hospitality, retail and leisure sectors to support them during the COVID 19 crisis. This would have a positive impact on collection performance as the cost of any reliefs awarded (currently estimated at over **£15m**) would 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 was the case with council tax, this was higher so provided some headroom if collection performance was adversely affected in the coming months.

Although not expected to have a direct financial impact on the Council, a significant element of activity undertaken in April / May related 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 the report had been finalised, the Council had paid out 82% of grants to eligible businesses. It was noted that Tendring had a significant number of eligible businesses when compared with elsewhere in the country (in top 3rd nationally). Many of those were small businesses which were harder to reach in the current circumstances. However a number of activities remain in progress to ensure the money reached all of those remaining 18% of eligible businesses and included:

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. Essex County Council 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 Committee was made aware that the Government had set out their expectation in terms of the robust administration of the scheme including strong recovery action where it was identified from post payment checks that money had been paid out incorrectly. The Government had also stated that they would underwrite the financial risks associated with the scheme where Local Authorities could demonstrate they had done all that was reasonably possible to protect the funding that had been made available. However there remained a small but probably unlikely risk that they would not reimburse the full cost of the scheme if they thought the Council had not done enough, but it was not anticipated that they would take a disproportionately hard line on the overall reconciliation process.

Members were informed that the Government guidance received on 13 May 2020 had set out details of an extended business rates grants scheme. Although the Government had made it clear that it was a discretionary scheme, they had set out a number of high level principles which included:

- It is aimed at micro and small businesses
- Local Authorities are asked to prioritise the following types of businesses:
 1. Small businesses in shared offices or other flexible workspaces.
 2. Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment;
 3. Bed & Breakfasts which pay Council Tax instead of business rates; and
 4. 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 looked 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 had also been made more complicated by the introduction of a funding cap, which had been set by the Government as 5% of the total cost of the original scheme. The design of the scheme therefore needed to meet all of the high level criteria whilst being accommodated within a set funding limit which was inherently challenging. However the complexity of the scheme needed to be balanced whilst maintaining the primary aim of getting the money out to eligible businesses as quickly as possible. The Government had made it clear that they expected this money to start to be paid out by early June.

Direct Financial Impact from COVID 19

It was explained to the Committee that taking all of the above into account, the estimated impact of the COVID 19 crisis over April to June had been summarised in **Appendix C**. Further details were set out below and it was important as it highlighted that the figures for May and June were based on very early estimates of the likely position.

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

In terms of salary costs, the Government had announced a furlough scheme where 80% of employee costs could be reclaimed. However the Government had made it clear that they did not expect Local Authorities to access the scheme unless there were exceptional circumstances. To date the Council had not considered applying to this scheme as many officers were re-deployed 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 such difficult times.

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

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

The Committee was advised that although the Council held insurance for business interruption cover, there remained significant doubt whether any losses incurred to date would be insurable given the unprecedented pandemic situation.

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

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

Members were informed that the Government had 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 was **£1,557,527** which more than offset the net costs incurred above.

The Committee was informed that it would be too optimistic to think that the budgetary position would revert back to normal from July onwards and it was likely that this balance of funding would be required heading into the second quarter of the year as estimates changed. The Government had also indicated that District Council's should explore opportunities to pass some of this funding onto Town and Parish Councils where they were directly responding to the COVID 19 crisis.

It was also recognised that returning to 'business as usual' would generate additional costs. Measures to reopen facilities as allowed for within the Government's 3 step plan would not only be complex but would also likely require modifications to be made to not

only working practices but also to the buildings and facilities themselves. Although work remained in progress to plan for this eventuality, it was too early to estimate the full costs,

especially as plans would need to react to Government guidance that was expected to emerge over the coming weeks. It was also recognised that facilities might not be able to operate at normal capacity for some time, which would have a knock on impact on the ability generated the income levels currently included in the budget.

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

Those issues 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 might extend their financial support to Local Authorities, the Council did hold uncommitted reserves of **£4,000,000** which took into account the need to react to emergency situations such as the one currently being faced. Therefore there might be a requirement to draw money down from this reserve going into July and beyond or to review existing budgets in order to identify if money could be re-prioritised to meet any additional financial pressures. It was 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 were based around a risk assessed position.

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

The Committee was informed that there were various economic views, with terms given such as 'V shaped' and 'U shaped' economic recoveries. As the names suggested, a 'V shaped' recovery is where economic activity recovered as quickly as it had declined with a 'U shaped' recovery having a longer lead in time before there were signs of a recovery. Some views indicated that the issue we were facing was only temporary and there was no underlying or systemic issue such as the one faced in the financial crash back in 2008, which suggested a 'V shaped' recovery was more likely.

Cash Flow Implications

It was reported to Members another issue that many local authorities faced was managing a positive cash flow position and having access to enough cash to be able to pay their bills etc.

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

However to date, through robust treasuring management practices, this Council had not experienced any major cash flow issues. Although subject to change over the rest of the year, at the present time no major issues were expected, especially if income collection

performance from council tax and business rates did not deteriorate significantly over the coming months.

Other Issues Including the Housing Revenue Account (HRA)

In respect of the HRA, Members were informed that there were no major issues to highlight at the present time. Income collection remained 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 were being provided as far as reasonably possible, although there might be delays to some non-urgent repair and maintenance work which would be undertaken as soon as possible later in the year.

Given the timing of this report, it was highlighted that the Committee was also made aware of 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 had supplied and maintained the Council's cremators, the risk of the cremators failing and therefore becoming un-operational had increased. Although the service could be delivered at the present time, the Service was exploring the options available to the Council as part of its usual business continuity plans.

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.

The Committee deliberated over the report for a short time and **RECOMMENDED** that:

- a) the hard work of Council staff, led by the Chief Executive, community groups, individual Members and individual members of the public locally to support the local communities across Tendring (and particularly those most in need) and sustain businesses with the available grants, be applauded and recognized; including the Council's Finance and IT teams who created the system to pay those much needed grants at a swift pace.
- b) within the allocation of £4,000,000 for cliff stabilisation work, a district wide survey is commissioned this year to identify the implications for the Council of works and thereby assist in the resource considerations of the Council over the long term.
- c) the offer of the Portfolio Holder for Corporate Finance and Governance to include the Chairman of this Committee in an examination of the subject of Council House voids be welcomed.

[Note: Councillor Bray also requested to be included in the review identified at recommendation (c) above.]

63. **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 agenda for the forthcoming meeting of the Cabinet on 26 June 2020 had been published prior to the Resources and Services Committee Meeting and as such supporting papers relating to a number of the proposed Cabinet decisions were made available to Members of the Committee and aided in the discussion of those proposed decisions. A list of the forthcoming decisions taken from the Notice of such decisions on the Council's website was as follows (with the intended date for the relevant decision):

[Negc Ltd - Budget & Business Plans Etc. 24/07/2020](#)

[Corporate Priorities & Projects And New Performance Report 2020/21 - 24/07/2020](#)

[Housing Development And Acquisitions Strategy - 24/07/2020](#)

[Idox Corporate Application Support Contract Renewal - 26/06/2020](#)

[Financial Outturn 2019/20 And Proposed Allocation Of The General Fund Variance For The Year - 24/07/2020](#)

[Treasury Out Turn 2019/20 - 24/07/2020](#)

The Chairman and Members of the Committee also identified matters that they would wish to be subject to inquiry by the Committee at its meetings to be scheduled in July and August 2020 (or subsequently).

Subject to the Committee's agreement the proposed dates for those meetings were: Thursday 16 July 2020 and Thursday 13 August 2020.

The proposal for a meeting of the Committee on 16 July would prove problematic for several members of the Committee as it was also a date for a number of Parish/Town Council meetings.

It was **RECOMMENDED** that no more funding from this Council shall be released to NEGC Ltd until the Budget and Business Plan identified in the forthcoming decisions referred to here has been subject to an enquiry through this Committee.

The Committee **RESOLVED:**

(a) that the following not be included in its Work Programme:

- a) [IDOX Corporate Application Support Contract Renewal 26/06/2020](#)

[Note: The Portfolio Holder for Corporate Finance and Governance indicated his agreement to the above recommendation concerning NEGC Ltd and funding of it.]

(b) that the proposed date for a meeting of the Committee on 13 August 2020 be approved and that the Chairman be authorized to determine the date for the July meeting of the Committee on the basis that the proposed date of 16 July was not suitable for several Members.

The meeting was declared closed at 9.20 pm

Chairman

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