

## CABINET

11 SEPTEMBER 2020

### REFERENCE REPORT FROM THE RESOURCES AND SERVICES OVERVIEW & SCRUTINY COMMITTEE

#### A.2 FINANCIAL PERFORMANCE REPORT: IMPACT OF COVID-19 (Report prepared by Keith Durran and Ian Ford)

##### **BACKGROUND**

At the meeting of the Resources and Services Overview and Scrutiny Committee held on 22 June 2020 (Minute 62 refers) 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.](#)**

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.

2. **[IMPACT ON THE LOCAL COUNCIL TAX SUPPORT SCHEME \(LCTSS\) AND COUNCIL TAX AND BUSINESS RATE COLLECTION PERFORMANCE.](#)**

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.

3. **[THE DIRECT FINANCIAL IMPACT, INCLUDING EXPENDITURE AND INCOME, AS AT THE END OF APRIL, WITH ESTIMATES FOR MAY AND JUNE.](#)**

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 of that report. Further details were set in the report and it was important as it highlighted that the figures for May and June were based on very early estimates of the likely position.

#### 4. 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.

#### **COMMITTEE RECOMMENDATIONS AND COMMENTS TO CABINET**

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

#### **PORTFOLIO HOLDER'S COMMENTS AND RECOMMENDATIONS TO CABINET**

##### **Portfolio Holder Comments**

*"The Committee's work is appreciated and I welcome their comments, especially those set out in point (a). It is at times like this that the strength of the Council and our local communities really shines through and I am happy echo and amplify the words of the Committee.*

*In respect of point (b), a lot of work is undertaken within the framework of the long term forecast in terms of keeping an eye on potential cost pressures that the Council faces, such as cliff stabilisation that the Committee refers to. Such considerations will continue to be an important element of the long term forecast in 2020/21 and beyond. In addition, the Council continues to support the approach of keeping work in-house wherever possible, which has already proved a success with the management of previous cliff stabilisation work that has been completed on time and within budget.*

*In respect of point (c), I will be requesting the latest update from officers following which I will make the necessary arrangements to review this information with the Chairman of the Committee.*

*Although 2020/21 will be a very challenging year for various reasons, from a financial perspective the Government have already provided significant funding to the Council along with committing to underwrite the risk of losses in income over the remainder of the year (up to 75% after the first 5%). A further financial update is due to be presented to Cabinet in October which will provide the latest in-year position, which is set against an improved position compared to earlier in the year given this on-going support from the Government. And finally, I will be looking to maximise the flexibility that the long term approach to the forecast was designed to do by exploring the option of relaxing the savings target for 2021/22 given the unprecedented position we face in 2020/21.”*

**Recommendations to Cabinet**

- (a) That the RSOS Committee is thanked for the work they have undertaken; and
- (b) That Cabinet notes the comments raised, which will be considered as part of associated activities going forward.