

Update Report on the Impact of Covid-19 on the Council

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Purpose of the Report

To give Members an update on the continued impact Covid-19 is having on the Council including finances, demand, and organisational performance across the Council. The report sets out the impact on council finances, and its services.

Forward Plan

This report appeared on the Executive Forward Plan for presentation in August 2020.

Public Interest

The report sets out the impact Covid-19 has had on Council finances, service performance, the demand for services we provide and additional services set up in response to the pandemic.

Recommendations

That District Executive:-

1. Members note the impact on Covid-19 on Council Services and Finances.
2. Members note the additional services the Council is having to provide in response to the pandemic.

Background

1. Lockdown measures were introduced by Government on 23rd March 2020, and as a result the way in which we functioned as a Council radically changed.
2. Our continued aim through the crisis and during the recovery process is to ensure we are there to support our communities and businesses. Whilst demand is still high for some service areas we have now been able to move the majority of staff back to their substantive posts.
3. The Council finances continue to be impacted, with loss of income and increased expenditure despite grants from the Government.



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4. The measures developed in light of Covid-19 will provide assurance on progress of recovery and help inform decision moving forward.
5. During the initial response phase a large number of staff were re-deployed the majority have now been able to move back to their substantive posts.

Update on service provision and working with partners

6. We have had to develop new services and processes in response to the outbreak and the needs of the community, these have continued to evolve.
7. The Community Wellbeing Hub at Westlands continues to provide support to those in need, but due to drop in demand has scaled back the resources needed to maintain the service. It has now delivered over 921 food parcels to shielded, vulnerable and those facing financial hardship. In addition, they have supported children who are entitled to free school meals.
8. As regards homelessness, the team have managed to find suitable move on accommodation for all but 8 households who remain in hotel accommodation. However, the team have plans in place for the remaining 8 and they will be moving onto alternative accommodation.
9. We have successfully rolled out the discretionary grants to businesses. 181 businesses have benefitted from the grants at a value of £1,712,789. The mandatory grants have been awarded to 2988 businesses with a value of £35,195,000.
10. We are working LED to support the re-opening of leisure centres. Whilst there has been suggestion of funding from Government as yet there has been no money to support the re-opening of centres that are externally operated on behalf of Councils. We will continue to lobby through the Local Government Association, Sport England and direct to central Government.
11. Working closely with Somerset County Council and local businesses the high streets have reopened. To allow the flow of pedestrians and the ability of maintaining social distancing Chard and Yeovil have seen closures to parts of the town centres to traffic. Following feedback from businesses and the local community Holyrood Street in Chard is likely to reopen at the end of July whilst parts of Yeovil town centre will remain closed to vehicles whilst visitor numbers continues to grow. Our teams have worked together to provide additional signage through the high streets to encourage social distancing, and the flow of pedestrian's safely through the spaces. We have also provided advice to businesses about being Covid ready when they re-opened.
12. Central Government has asked Councils to indicate local opportunities to support recovery and submit "shovel ready" projects. The first part of the process was to put forward the projects to the Local Enterprise Partnership (LEP) for consideration. SSDC put forward a number of projects including work hubs for Chard and Yeovil, bids to improve the high streets, and an Innovation Park at Bunford, Yeovil. The LEP then decided which projects would go forward to Government for consideration across the area. Two projects are being considered for South Somerset, the Bunford Innovation Park development and Somerset County Council led Enterprise Hubs for Bruton.
13. We have produced an Economic Recovery Plan for South Somerset, and worked closely with other districts and the County to produce a Somerset Economic Recovery Growth Plan which was submitted to Government for discussion. This is an ambitious plan that



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provides links to all the themes in our Economic Strategy and seeks to ensure clean and inclusive growth as a vital component of the economic recovery. We have also worked with the Heart of the South West LEP to produce the Route Map to Recovery. The three separate plans complement each other and reflect common themes.

14. We have worked with Somerset County Council to support the development of Local Outbreak Management Plans; governance is through two boards: -
 - o COVID19 Health Protection Board led by Trudi Grant, Director PH.
 - o COVID Local Engagement Board which is member lead.

We will form part of any response to local outbreaks, in particular through our Environmental Health Specialists and our Communications Team who are already working to reduce the risk of outbreaks in South Somerset.

15. The new Business and Planning Act 2020 comes into force from Monday 27th July 2020 meaning a number of changes for key team across the Council: -
 - a) District Councils have now become responsible for administering pavement licences. This function has previously been carried out by Somerset County Council. There are extremely tight timescales and the teams have worked quickly to set up an online application form for businesses to complete.
 - b) There are a number of changes to Planning legislation and the team are working through these to ensure we are compliant.
16. Our Recovery Plan was approved at District Executive in June 2020 and provides a sound basis for us to “build back better” and continue to improve our services, ensuring resources are used in the areas most needed. The themes in the plan are based around the Communities of Practice (CoP) who have individual action plans. Each CoP is reviewing their actions and looking to see whether there are areas of work which can be bought forward to aid recovery.
17. We are actively involved with the Countywide recovery cell, which takes a strategic overview of recovery. We are focussing on two main areas of work: Impact assessment and Horizon Scanning. Developing our SSDC impact assessment to feed into the wider County impact assessment, will help us assess common areas of concern across the County and discuss common resolutions where possible. We are also carrying out a horizon scanning exercise, where we map out a timeline of upcoming events e.g. school holidays and map any potential impacts on services and communities to help us plan for the future.
18. We continue to engage with a number of other partnerships at various levels to support our businesses and communities. These includes:
 - With Central Government
 - working through the Avon and Somerset Local Resilience Forum – the body which we are “primary responders” on which is charged with responding to emergencies and major incidents
 - with Somerset councils and other agencies such as the CCG
 - at a local level, with town and parish councils together with community and voluntary organisations

Performance



19. **Appendix A** summarises performance in relation to Covid 19. Arts and Entertainment have a reduction in income due to lockdown. We are now able to re-open some of our facilities whilst adhering to the guidelines set out by Government.

Impact on our financial position

20. Covid-19 has had a significant impact on the Council finances. District councils in particular are increasingly reliant on income generated through fees, charges and investments. SSDC derives 53% of what it spends on services from income that it generates and clearly this has been impacted significantly. In addition, in responding to the crisis we have taken on additional costs to support our communities and businesses.
21. At this stage it is still very difficult to project the full impact on our 2020/21 budget and beyond which was approved by Full Council in February 2020, due to the many uncertainties about the timescale of the lifting of Covid-19 restrictions; the ongoing impact on our businesses; the ongoing needs of our residents and; the continued uncertainty surrounding the level of Central Government support and funding.

MHCLG monthly financial return

22. We completed our third monthly return to MHCLG as of 19 June 2020. We are mindful that Full Year projections must be caveated due to uncertainty and some of the assumptions we have had to make, nevertheless, we need to progress work on minimising the potential impacts.
23. A summary of the potential costs that we have reported are provided at **Appendix B**. Members are asked to note that this is a live document.

Central Government Covid-19 funding to date

24. We have received 4 tranches of money from MHCLG so far. We have been asked to complete a further monthly return for July but it is our understanding that MHCLG are now focusing on a formula to reimburse some of our lost income. We do not, as yet, have confirmation of the exact methodology and which areas will be covered. We do know, however, that we will be expected to fund a proportion of the lost income and probably all of the lost Commercial income.

Ring-fenced monies – Council Tax Support

25. Tranche 1) – Hardship Fund – Received £1,155,628 – This grant has been utilised in full to provide Council Tax reductions for those in receipt of CTS. We were expecting to have residual funds to support the costs of our Hub (which provides food boxes for those households facing hardship) but we have in fact exceeded the grant provided in relation to CTS support. These monies have been paid directly against our council tax payers' accounts and as such have not helped to mitigate our Covid-19 costs.

Un-ringfenced monies – General – New Burdens

26. Tranche 2) – Covid Response (New Burdens) - We were allocated £64,586 out of the £1.6bn fund announced, the majority of which went to the Upper Tier and Unitary councils with district councils across the country only receiving £10 million of the £1.6bn. This money was used to fund services for the homeless.

27. Tranche 3) – Covid Response 2 (New Burdens) - We were allocated £1,672,767. This was set against the MHCLG April return totaling £10.943m in additional costs and lost income and our most recent return of £10.374m. Therefore, this is only a short term easing of the pressure, equating to just over 1 month of additional cost and lost income.
28. Tranche 4) – Covid Response 3 (New Burdens) – We were allocated £266,968, taking our total un-ringfenced funding to £2,004,321. Our June return totaled £9.4m in cost and income pressures (see section 34).

Other measures

29. In response to potential cash flow problems that many councils were facing due to increased expenditure and decreased income, the Government has allowed councils to defer their Business Rates payment to Central Government three months. This is a delay rather than a payment “holiday”, but it has meant that we have not yet had to borrow as anticipated. This equates to £2.3m per month for 3 months that we are not paying to Government which supports our cash flow in the short term. To be clear, the expectation of Government is that this will need to be paid by the council to them at some point in the future.
30. We have continued to pay across the precept payments to the other preceptors, SCC, Police, Fire and parishes, as required by law.

Latest position

31. **Summary of Financial impact.** The table below shows the summary of our predicted cost and income impact for the full year. Further detail is given in Appendix B.

Affected area	£k
Income Losses	
Core funding – Business Rates – Impacts 21/22	278
Core funding – Council Tax - Impacts 21/22	575
Fees and Charges	4,681
Commercial Income	962
Treasury Income	360
Other income including Yeovil Innovation Centre	427
Expenditure	
Housing and Homelessness	290
Bereavement Services	164
Waste Management	1,013
Hub/Shielding	200
Other	450
Total Estimated Impact	9,400
Government Support Grants	(2,004)
Residual Pressure to be funded	7,396

NB. These are current assumptions and will be affected by how quickly lockdown measures are lifted and how services are affected by this and how long we will need to support people impacted by the crisis.



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32. It is also important to note that the forecast above does not include any assumption of further support for lost income as alluded to in paragraph 19. We also have an emerging pressure in **Leisure** and we are currently considering the level of funding needed to support our leisure provider, LED, in order to reopen the leisure sites. The outcome of this will be included in the next MHCLG return and updated in the next Executive report.

Strategy for dealing with the Impact of the Crisis

33. Our strategy for dealing with the impact has not changed since the last update. We have worked hard to put ourselves into a strong financial position through Transformation and our Commercial Strategy and so we are able to deal with the pressures and are not a council that is contemplating a S114 notice.
34. We continue to lobby Central Government through the LGA and other representative bodies. This is an important factor and we will be highlighting the disparity of support that has been provided to South West councils, with districts faring much worse than their county equivalents and with Unitaries showing a mixed picture.
35. We have reviewed our Financial Strategy (see separate report on this agenda) and our approach to commercial investment and risk; we have recast our Medium Term Financial Plan (MTFP) based on our latest estimates; and we continue to work with services to explore scenarios for recovery.
36. Key to our approach is our Recovery Plan. This looks at both the challenges and the opportunities presented by the current crisis and will use these to reshape our Council Plan.

Risk Matrix

This report is for information only – no risk profile

Council Plan Implications

As recommended by the report we will need to review the Council plan taking into account the resources available to us and increased demand for services.

Carbon Emissions and Climate Change Implications

There are no carbon emissions or climate change implications, this report is for information only

Equality and Diversity Implications

There are no equality or diversity implications

Privacy Impact Assessment

There are no privacy impact implications

Background Papers

Impact of Covid-19 on the Council- May 2020 District Executive
Recovery Plan- June 2020 District Executive