



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

Executive Portfolio Holders: Cllr Peter Seib, Finance and Legal Services
Cllr Tony Lock, Protecting Core Services
Strategic Director: Kirsty Larkins, Director - Strategy and Commissioning
Lead Officer: Jo Nacey, Section 151 Officer
Kirsty Larkins, Director - Strategy and Commissioning
Contact Details: Jo.nacey@southsomerset.gov.uk or 01935 462243
Kirsty.larkins@southsomerset.gov.uk or 01935 462744

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 in the August 2020 Executive Forward Plan.

Public Interest

The report sets out the impact Covid-19 has had on Council finances, service performance and the demand for services we provide. It also covers the additional services and work the District has needed to develop to ensure we have an effective response to the pandemic.

Recommendations

That District Executive:-

- a. note the impact of Covid-19 on Council Services and Finances.
- b. note the additional services and work 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.



South Somerset District Council

3. The Council finances continue to be impacted, with loss of income and increased expenditure despite grants from the Government.
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.
6. 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

Update on service provision and working with partners

7. 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.
8. The Community Wellbeing Hub at Westlands was opened and delivering food parcels from 30th March 2020, closing its doors with final deliveries on Friday 28th August 2020. The Hub delivered a total of 1207 parcels to shielded, vulnerable and those facing financial hardship. Whilst providing more general food parcels the team also worked hard to source boxes for clinically extremely vulnerable residents with specific dietary or religious requirements.
9. To ensure vulnerable residents are still able to get support, a two gateway approach has been developed across the County.
 - a) For those that are able to pay, DEFRA can refer residents for priority delivery slots from Tesco and Iceland foodstores.
 - b) For those residents that are unable to pay, Village Agents will link residents to local solutions such as food banks, and pop up resident groups.
10. All residents that were temporarily accommodated during lock down have now been re-housed with the majority making positive moves into social housing, private lets, live in work, and Pathways Hostel.
11. The team have submitted bids to enable them to continue to make a positive difference to those that find themselves homeless. The grants that have been applied for, as part of the additional funding streams by Central Government, will support the redevelopment of the emergency beds at Pathways into self-contained bed units. These will also be able to deliver SWEP (Severe Weather Emergency Protocol) during the winter months to prevent rough sleeping during extreme cold.
12. An additional bid has been made to fund the lease and support at a new 8 bed house of multiple occupation. This will enable us to extend the pathway for residents who are ready to move on from more intensive support units and free up spaces to accommodate those with higher support needs.



South Somerset District Council

13. We have successfully paid out the total allocation of the discretionary grants to businesses. 205 businesses have benefitted from the grants at a value of £1,928,000. The application for mandatory grants ended on 31st August 2020. We have awarded grants to 3,122 businesses with a value of £36.7m. We will continue to process the application which are “in-flight” until the end of September.
14. We have provided funding to enable LED Leisure to reopen the leisure facilities they manage in South Somerset. On the 25th July the dry facilities opened and on 1st September the pools were re-opened. We have still not received any funding from Government to meet the costs, but we continue to lobby through the Local Government Association, Sport England and directly to Central Government.
15. 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 had/have closed parts of the town centres to traffic. Following feedback from businesses and the local community Holyrood Street in Chard reopen at the end of July.
16. Feedback on the partial street closures in Yeovil has been very positive and they will remain closed to vehicles whilst visitor numbers continues to grow. Our teams have worked together to provide additional signage in the high streets to encourage social distancing, and the flow of pedestrians safely through the spaces. Our Environmental Health Team has continued to work with local businesses to provide advice to enable them to re-open safely.
17. Of the bids put forward by the Local Enterprise Partnership (LEP) to Central Government, two of the projects have been selected within South Somerset to submit a full business case. These projects are the County led iAero and Bruton Enterprise hub, our Economic Development team have contributed to the iAero bid. We are now working to submit the Bunford Innovation Park as a reserve scheme should any of the selected projects prove unviable. This will also enable us to capitalise on any future funding streams.
18. Our Environmental Health team continue to meet with Public Health and the others districts in Somerset to monitor local infection data and review control measures that may be needed. The emphasis of the meetings is to identify risk areas and contain infection rates.
19. The new Business and Planning Act 2020 came into force on Monday 27th July 2020, Districts are now responsible for administering pavement licences. The number of applications have been low and there has been minimal impact on the Licensing Team.
20. The Communities of Practice continue to develop the action plans in response to Covid and this work is being linked to the Countywide recovery cell.
21. Apart from the partnerships mentioned above, we continue to engage with a number of other stakeholders at various levels to support our businesses and communities. These includes:



- Central Government
- Avon and Somerset Local Resilience Forum – the body which we are “primary responders” on which is charged with responding to emergencies and major incidents
- 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

22. **Appendix A** summarises performance in relation to Covid 19. Our Environmental Health team has seen an increase in services, especially around noise complaints where they have seen 100% increase.
23. Income still remains below target for the Octagon and Westlands, but the team are developing social distanced entertainment and have introduced film screenings, which have proved to be popular.

Impact on our financial position

24. Covid-19 has had a significant impact on the Council finances and it is important that we can quantify this and mitigate where possible to ensure we remain on a robust, sustainable financial footing. We are constantly monitoring the situation, to keep abreast of the requirements from Central Government, ensuring that we continue to provide our returns to MHCLG promptly and as accurately as possible.
25. As we have reported from the outset, 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.
26. Predicting the full year effect continues to be difficult as the economic environment changes. There are some positives and negatives with some businesses reopening, but others still heavily curtailed, such as our theatres.

MHCLG monthly financial return

27. We completed our fourth monthly return to MHCLG as of 4 September 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.

Central Government Covid-19 funding to date – A reminder

28. We have received 4 tranches of money from MHCLG so far. We completed a further monthly return for August but it is our understanding that MHCLG are now



South Somerset District Council

focusing on the formula to reimburse some of our lost income. This is discussed later in this report.

Ring-fenced monies – Council Tax Support

29. 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

30. 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.
31. 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.
32. Tranche 4) – Covid Response 3 (New Burdens) – We were allocated £266,968, taking our total un-ringfenced funding to £2,004,321. Our Aug return totaled £8.9m in cost and income pressures (see section 35).

Other measures

33. In response to potential cash flow problems that many councils were facing due to increased expenditure and decreased income, the Government allowed councils to defer their Business Rates payment to Central Government for three months. This was a delay rather than a payment “holiday”. This equated to £2.3m per month for 3 months that we were not paying to Government which supported our cash flow in the short term. These payments have now resumed and by the year end, all payments will be up to date and there will be no residual deferral of funds.
34. We have continued to pay across the precept payments to the other preceptors, SCC, Police, Fire and parishes, as required by law.

Latest position

35. **Summary of Financial impact.** The table below shows the summary of our predicted cost and income impact for the full year as reported in our August return to MHCLG.

Affected area	£k	£k
Income Losses		
Core funding – Business Rates – Impacts 21/22	560	
Core funding – Council Tax - Impacts 21/22	168	
		728
Fees and Charges - Parking	1,000	
Fees and Charges - Cultural	2,937	
Fees and Charges – Planning and Development	470	
Fees and Charges – Garden Waste	100	
Leisure	150	
Commercial Income	710	
Treasury Income	360	
Other income including Yeovil Innovation Centre	413	
		6,140
Expenditure		
Housing and Homelessness	324	
Bereavement Services	250	
Waste Management	715	
Hub/Shielding	200	
Other	631	
		2,120
Total Estimated Impact	8,988	
Government Support Grants	(2,004)	
Homelessness Grant – From SCC allocation	(136)	
Residual Pressure to be funded	6,848	

NB. These are current assumptions and will be reviewed continuously.

Central Government Income Compensation Scheme

36. MHCLG are currently requesting information (before the end of Sept) from all councils regarding their level of income loss from sales, fees and charges (excludes Council Tax and Business Rates).
37. We have now had further clarification of the formula for the scheme and as anticipated, councils will be expected to cover the first 5% of the income loss, based on budget and then the Government will reimburse 75p in the pound thereafter. Hence, councils will need to subsume another 25p in the pound.
38. We are currently collating the information required which is fairly complex as the return works on a net basis after mitigating actions, such as furloughing, not simply on the gross budget. This will be quite a bureaucratic challenge for MHCLG. It is important to note that these figures will need to be signed off by the S151 Officer and we are likely to be required to provide evidence of the loss at year end with a “reconciliation” required which will see any surplus monies paid back to MHCLG or recovered should there be a further loss.
39. It is notable, but not surprising, that the following income losses are not covered:



- Rental income – our commercial income
- Investment income – our losses from our Treasury investments
- Compensation paid to third parties for loss of revenue – the grant we made to our leisure provider.
- Any income that was not budgeted for – so if we were expecting a “windfall” or other income which was not in our budget, we will not be compensated.
- Income that can be recovered later – so if it’s just delayed.
- Income losses which can be mitigated by reductions in expenditure, or have been compensated for by other Government funding.

NB. Further guidance is given in the link in the Background Papers section at the end of this report.

40. Hopefully when we complete the form with its “ready reckoner”, we will have some indication of the level of compensation we will receive.

Further Actions

41. We will continue to lobby the Government for clarity and confirmation on the intended approach to reimbursing for costs connected with external Leisure providers. Clearly this is not an issue particular to South Somerset and our level of compensation to date has been much lower than others have incurred. It is therefore an urgent issue which needs to be addressed. A letter is currently being collated by the LGA to be signed by Chief Executives across the South West, with specific examples of impacts which include the support of leisure providers.
42. As with any, unpredicted in-year impact to our finances, we continue to look for mitigating actions including cost reductions where possible. We have robust finances and mitigating reserves. It is our aim to restrict the need to call on these reserves as much as possible.

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



South Somerset District Council

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 – 4 June 2020 District Executive

Recovery Plan – 2 July 2020 District Executive

Update Report on the Impact of Covid-19 on the Council – 6 August 2020 District Executive

Guidance on the Income Compensation Scheme - https://www.gov.uk/guidance/local-government-income-compensation-scheme-for-lost-sales-fees-and-charges?gator_td=brIM0%2fYTdNID%2frmXsMd390IspL44s1FGpkbtKtdN7DES%2fh4dPpDUD%2bjTEcPjaYRWWvHIUXnrACBocMyadDfQPCoza1xOx%2by2hzFMLkuuqscgq5BHd83YZbQNuMbTZbCtcSnIJZaY639DXoApCYHB%2fNVcnWrUUqg7nJOHiUhGYMHXsW64VrqRYVLPAbsq1yNnxUbEYAHKvsfky6on%2fjce3GkVa4iBy6bJfigPD4%2bmmPg%3d
