

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

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## Purpose of the Report

1. 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

2. This report appeared on the Executive Forward Plan with an anticipated presentation date of December 2020.

## Public Interest

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

## Recommendations

4. That District Executive:-
  - a. note the impact on Covid-19 on Council Services and Finances.
  - b. note the additional services and work the Council is providing in response to the pandemic

## Background

5. Initial lockdown measures were introduced by Government on 23<sup>rd</sup> March 2020, and as a result the way in which we functioned as a Council radically changed. We have now entered into a second phase of national lockdown, which brings with it some additional demands on Council services, which are outlined below.



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6. Our continued aim through the crisis and during the recovery process is to ensure we are there to support our communities and businesses.
7. The Council finances continue to be impacted, with loss of income and increased expenditure despite grants from the Government.
8. The measures developed in light of Covid-19 will provide assurance on progress of recovery and help inform decision moving forward.
9. During the initial response phase 91 members of staff were re-deployed, all of whom had move back to their substantive posts.
10. 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

11. 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. We have now entered into another period of national lockdown, with new restrictions in place, there is a need to administer additional grants to support the local community and businesses.
12. **Payments to individuals required to self-isolate** - the scheme was opened on our website on the 12<sup>th</sup> October 2020 we are running a discretionary scheme alongside the national scheme. We have received 89 applications in total, 47 have been discretionary.
13. The eligibility criteria for applicants for the national scheme is as follows: -
  - You have been asked to self-isolate by NHS Test and Trace (after 28th September) either because you have tested positive for coronavirus or have recently been in close contact with someone who has
  - You are employed or self-employed
  - You are unable to work from home and will lose income as a result
  - You are currently receiving Universal Credit, Working Tax Credit, income-based Employment and Support Allowance, income-based Jobseeker's Allowance, Income Support, Housing Benefit and or Pension Credit
14. **Business Grants** during the first lockdown, businesses were able to apply for grants from the beginning of April 2020. When the mandatory scheme ended at the end of September 2020 we had paid out £36.795m to 3,130 businesses. We also developed a discretionary scheme aimed at supporting those businesses who were forced to close or reduce turnover and who fell outside the criteria of the mandatory scheme. For this discretionary scheme we were allowed by Central Government to use £1.928m of their original allocation. The discretionary scheme ran between 26 May 2020 and 30 June 2020 and distributed the full allocation of £1.928m to 205 businesses.

15. The new Business Grants scheme has been launched in response to the second national lockdown and went live in South Somerset on Wednesday 11<sup>th</sup> November 2020. The mandatory grants are dependent on the Rateable Value of the business. The amounts available are set out in the table below

Rateable Value	Business Support Grant Total per 28 day qualifying restriction period
£15,000 or under	£1,334
£15,001-£50,999	£2,000
£51,000 or above	£3,000

16. We have been awarded some additional funding in the form of a one-off lump sum the funding formula used by Government works out at around £20 per head. In South Somerset this equates to approximately £3.36m. We have been advised there will be no further funding should we enter into another lockdown scenario.
17. Using the funding we are developing a scheme for discretionary grants in consultation with the other Districts in Somerset, which will look to support businesses who may not have had to close due to the lockdown but have been severely impacted by the supply chain of other businesses closing.
18. **Kickstart Scheme** is a new Government initiative to create 6-month job placements for 16-24 year olds who are currently on Universal Credit and at risk of long-term unemployment. Central Government will cover 100% of the [National Minimum Wage](#) (or the [National Living Wage](#) as appropriate) for 25 hours per week for a total of 6 months.
19. SSDC has committed to host 30 Kickstart placements within the council before the scheme closes in December 2021. An interim role for a Kickstart coordinator has been identified who will be responsible for developing and promoting the programme supported by relevant specialists from the Policy, Performance and Change Team and the People team
20. **Hardship Grants**- The Lead Specialist for Communities is currently developing a further round of hardship grants to support those groups which may be experiencing hardship and not able to access other support schemes or payments. One area in particular that has been identified is young people in employment or who have lost their employment and those living in private rental accommodation. This group have been impacted by the Covid-19 pandemic, and there is little other support available to them currently.
21. Somerset County Council (SCC) will receive funding as part of the national £170m Covid Winter Grant Scheme to support children, families and the most vulnerable over winter. We believe SCC will receive in excess of £5m from this scheme for



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Somerset. We are hoping to access some of these funds to support the work we are doing, and are developing, to help those in hardship at this time.

22. The Community Wellbeing Hub at Westlands was stood down at the end of August 2020. Should the service be required again stand up plans have been developed.
23. 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.
  - 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.
24. **Homelessness** - All residents that were temporarily accommodated during the first lockdown have been re-housed with the majority making positive moves into social housing, private lets, live in work, and Pathways Hostel.
25. The team were successful in obtaining a grant as part of the additional funding streams by Central Government to support the redevelopment of the emergency beds at Pathways into self-contained bed units which will also support the delivery of SWEP (Severe Weather Emergency Protocol) during the winter months to prevent rough sleeping during extreme cold.
26. We are awaiting the outcome of the bid to lease and support a new 8 bed house of multiple occupation. Two further funding streams have been announced in early November to support our work with rough sleepers during the second lockdown and over winter, both of which are being progressed with bids.
27. **Octagon and Westlands** - due to the restrictions of the second lockdown Westlands and the Octagon had to close their doors from Thursday 5<sup>th</sup> November 2020. All performances have been cancelled or postponed. The box office remains open on reduced hours (1000 until 1400 Monday to Friday) to deal with any enquiries. The closure will see a decrease in income over the coming months. The venues are in a position to re-open on Friday 4<sup>th</sup> December if restrictions are lifted.
28. **Leisure** - Goldenstones, Wincanton and Westlands have all had to shut from 5<sup>th</sup> November 2020. This will impact on income. Our provider is working hard to reduce costs whilst the centres remain closed. There will still be costs associated with maintaining the facilities during lockdown.
29. Yeovil Recreation Centre has had to close and all organised activities have ceased, however the Rec will remain open for individuals to take exercise.
30. The high streets have now partially closed to take into the account the new measures set out in the second lockdown. We will be working closely with businesses to allow safe opening once the restrictions are lifted.



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31. The Heart of the South West Local Enterprise Partnership is currently reviewing the two projects located in South Somerset that were invited to submit a full business case as part of the national Get Building Fund. These included iAero and Bruton Enterprise Hub. As part of the process, the LEP also invited a number of reserve projects to submit applications should other projects prove unviable. South Somerset District Council worked with Abbey Manor Group to submit an application for the development of Bunford Innovation Park. This was submitted in September 2020 and is in the process of being assessed.
32. Our Environmental Health (EH) 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. As infection rates are rising EH Team are having more requests to follow up test and trace work where there are cases in businesses.
33. **Covid Compliance and Enforcement** - as part of national funding, SSDC have been allocated £75,640 to support our work in this area. In addition, we have been forwarded £25k from SCC for Covid-19 test and trace and enforcement support. The additional funding will be used to recruit two Covid Compliance Wardens who will provide a visible presence to remind the community and business of the ongoing requirements for complying with restrictions. The money will also support the recruitment of an Enforcement Support Officer to pick up non-compliance complaints and follow them through. Should formal enforcement be required it would be escalated to EH Team or the police.
34. The new Business and Planning Act 2020 came into force on Monday 27<sup>th</sup> July 2020, Districts are now responsible for administering pavement licences. Since the start of the scheme we have received and processed 4 applications.
35. The Communities of Practice continue develop the action plans in response to Covid and this work is being linked to the Countywide recovery cell.
36. Apart from the partnerships mentioned above, 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

37. **Appendix A** summarises performance in relation to Covid-19.

## Impact on our financial position

38. 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.

### The 2020-21 effect

39. Our previous updates have now been superseded by in-year budget monitoring which captures the effect of the pandemic on our costs and income streams in much greater detail than the high-level summaries we have been providing in these Covid-19 updates.
40. We are mindful that in the returns we have made to Central Government we have been required to give a “gross” position, without management mitigations such as redeployment; cost reduction; use of reserves etc. It is important therefore to ensure that Members are aware of the projected effect on our “bottom line” rather than the high level Government return position.
41. We are currently forecasting an overspend of £4.206m pending distribution of the grants received from Central Government. When the grant to date has been allocated we anticipate a residual overspend of £2.695m
42. The following table is an extract from the Quarter 2 Budget Monitoring Report to District Executive on 5 November 2020 and shows the main variances and associated explanations.

**Table 1: Main Variances**

Directorate	Service	Forecast Variance £'000	Explanation of variance
Commercial Services and Income Generation	Arts and Entertainment	300	Ongoing restrictions have meant that a reduced schedule is in place - this has resulted in large variances in income for Westlands and Octagon but these are mitigated where possible by significant savings in expenditure budgets. In order to reduce the variance against budget a number of staff have either been furloughed or redeployed to other services in the first six months of the year. Applications for cultural grant funding have been submitted and if successful the variance on income budgets will reduce accordingly and the overall position against budget will improve.
	Waste / Recycling	706	SSDC's share of Somerset Waste Partnership's budget variance in relation to costs of, kerbside collections, recycling sites and recycle more. This figure also relates to a delay in the roll-out of the Recycle More programme.





Directorate	Service	Forecast Variance £'000	Explanation of variance
	Income / Opportunity Development (YIC)	95	Anticipated that there will be a shortfall of income against budget due to tenants vacating, income from room hire is also less than anticipated due to restrictions in place. These variances are partially offset by expected underspends on utilities and maintenance budgets
	Commercial Investments	732	Currently forecasting a gross deficit for the year, as a result of COVID-19 and possible non collection of rent for the year. Any shortfall in income for the year that does crystallise will be covered by a movement from the Commercial Risk Reserve which was established to smooth fluctuations in the market and economy and mitigate risk.
	Car Parking	1,114	Forecast loss based on average income taken from April – September 2020.
Service Delivery	Building Control	250	The forecast year end variance is based on the service having to run with agency staffing due to difficulties in recruitment. Income affected by COVID-19 lockdown with continued uncertainty along with material supply issues on site.
	Revenues and Benefits	150	No court cost income due to suspension of recovery action.
Strategy & Commissioning	Contracted Sports Facilities	395	Forecast operator subsidy and reduced income from closure period.
Support Services	Finance Corporate Costs	225	The Council has substantial investments in pooled funds, it is anticipated that the return on these investments will reduce temporarily. The advice received indicates that the return on pooled fund investments will be between 25% and 50% less than 2019/20.  The pooled fund investments have started to show signs of recovery which will have a positive impact on the investment returns for the remaining part of the financial year.

## Central Government Income Compensation Scheme

43. Members will be aware that the Government has implemented an income compensation scheme which covers some income stream losses with various reductions.
44. During Quarter 2, the first Income Compensation Scheme return was submitted to Ministry for Housing, Communities and Local Government (MHCLG). As previously reported, the Scheme requires councils to cover the first 5% of the income loss, based on budget and then the Government will reimburse 75p in the



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pound thereafter of the net loss (after underspends in expenditure is deducted). Hence, the Council will need to subsume another 25p in the pound of the net loss. The return for 1st April to 31st July showed a claim of £471k made to Central Government. This claim does not include the loss on all of our income streams as areas such as Treasury income and Commercial Investment Income are excluded.

### Central Government Covid-19 funding to date

45. The table below is a reminder of the funding we have received to date. This does not include the anticipated Income Compensation. Tranche 1 of the funding was ringfenced grant and has been utilised to provide Council Tax reductions for those in receipt of Council Tax Support and is therefore excluded from the revenue budget figures.

*Table 2 – COVID Funding*

	£	£
<b>Central Government COVID Funding</b>		
Tranche 2 - Covid Response 1 (New Burdens)	64,586	
Tranche 3 - Covid Response 2 (New Burdens)	1,672,767	
Tranche 4 - Covid Response 3 (New Burdens)	266,968	
<b>Total Unringfenced Grant</b>		<b>2,004,321</b>

### Reserves

46. Our reserves position remains strong with mitigating reserves available to cover our forecast overspend. We must however ensure that our General Reserves position is maintained and that the minimum balance we deemed necessary is achieved to provide a “buffer” for unforeseen pressures. This need to hold contingency reserves such as the General Reserve has become even more relevant due to the effect of the pandemic. Our use of the Commercial Risk Reserve; the MTFP Reserve and other more specific reserves will help us through the in-year position and reiterate our resilient position.

### Going forward

47. We are now turning our attentions to the coming year 2021/22 to ensure we have updated the Medium Term Financial Plan (MTFP) with our latest estimates. Despite, the challenges our finances have faced this year and those which will continue into the new year, our financial position remains solid. This does not, however, mean we can be complacent. We are still reliant on budgetholders mitigating costs wherever possible and providing robust forecasts to keep us apprised of the position. We are also mindful that one of our mitigations to these new pressures has been our commercial income and it will continue to be important for the commercial team to maintain a healthy percentage of rental recovery.
48. We will continue to lobby Central Government through the Local Government Association (LGA) and other representative bodies. It is now apparent that with a further lockdown and the ongoing effect on our finances and income streams, that





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a continuation of the support that has been provided to date from Central Government will be important. In particular, we would like the Government to continue the Income Compensation Scheme into 2021/22 as the effects on our income streams will continue to be felt well into next year.

49. Finally, 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  
Impact of Covid-19 on the Council-October 2020 District Executive  
Recovery Plan - June 2020 District Executive  
Quarter 2 Budget Monitoring Report – Nov 2020 District Executive.