

Cabinet Lead Reports – Full Council 23 September 2020

Councillor Mark Inkster: Cabinet Lead for Finance

Finance

Financial Performance

The Covid-19 pandemic continues to pose a significant challenge to local government finances across the country and we have not been immune to its effects.

The current forecast for 2020-21 includes a loss of income of £1.857M resulting from the Covid-19 pandemic. This includes an approximately 10% pressure on property income, although property collection rates for the first two periods covering the pandemic have been strong at 96% and 94%. There has also been a significant reduction in income from parking, although this is now starting to recover. This is partially offset by additional Covid-19 related grant of £1.5M.

The Council has identified additional service related savings of £465,000 which mitigate the impact of Covid-19, offset by £138,000 in additional Covid-19 related expenditure.

The latest forecast for the year shows a projected budget deficit for the net cost of services of £1.685M and an overall projected deficit once Business Rates, Council Tax and Grants are included of £0.127M (which is 0.9% of the budget net cost of services).

The Council has been providing regular returns to central Government on lost income and additional expenditure during the pandemic. The Government has announced that councils will receive compensation for 75p in the pound of loss of income on fees and charges above 5%. Guidance on the scheme has recently been released and the first set of data covering income losses in April, May, June and July will be submitted to central Government by end of September. Similar collection exercises on lost income will run for the remainder of the financial year. The exact amount Havant will receive will become clear once the first collection exercise is complete, but this will further reduce the projected deficit.

In addition, to the work on the pandemic the finance service was brought back in-house from Capita with minimal disruption at the start of April 2020. A provisional financial outturn for 2019/20 was produced for Cabinet meeting on 3 June 2020 and the draft accounts for 2019/20 have been published on the website ahead of the extended deadline of 31 August 2020. The draft accounts are currently being audited by our External Auditors.

Revenue and Benefits

The Business grant schemes have now closed. The final Phase 4 grants are being assessed and we hope to make payments by the middle of September.

This final phase was extended to businesses that work from home and the response has been good.

Although the final figures will be known later in September, the indications are that we will have distributed more than £17 million to over 1,500 local businesses, through the Small Business Grant fund, the Retail, Hospitality and Leisure Grant fund and the Local Authority Discretionary Grants fund.

Estates

The Estates team are managing an increased workload as a direct result of Covid related issues but seem to be coping well. They are managing a lot of complicated issues with a very small team. A couple of officers have been recommended for 'you're a star awards' for their hard work.

The team have worked more closely with other teams over recent months ie Planning, Regen, Communities by providing technical and commercial expertise which has delivered benefits to the Council.

They've also been heavily involved working with the LRF, NHS and HCC in respect of Covid related medical facilities and have received praise for their efforts.

Despite challenging times, the estates team continue to be report in weekly debt figures and have recovered over 97% of the rent during Q1 and Q2 (excluding the retail portfolio) which is very good and actually higher than pre covid debt !!

The retail sector has been badly hit as a result of Covid and the last few months have rapidly accelerated the decline of this sector.

That aside, the estates team (via Montagu Evans) have recovered approx 65% of the rent in respect of Q1 and Q2 at The Meridian Centre. Whilst this is lower than the rest of the portfolio, it is still higher than the recovery rate from other shopping centres especially given that enforcement options for non-payment are limited at present.

Footfall is down approx 45% on last year but feedback from the retailers is that turnover is only down 25-30%. There are signs that the footfall figures are slowly increasing as normality slowly returns.

The void rate is low ie less than 5% however parking income has fallen by 79% since lockdown.

The good news is that terms have been agreed with the Citizens Advice to occupy Unit MSU5 (subject to National Lottery confirming the funding) which is great for them, great for the local community and great for the vibrancy of the Meridian Centre.

Electoral Services

Following a period of relative quiet following the cancellation of the May elections, we are now fully occupied with the annual canvass, being run under the new Canvass Reform rules.

All properties were data matched with Department of Work and Pensions records. Those that matched (42,000) have received a notification letter which lists the information we have on the Electoral Register for that property and does not need a response, unless there is a change.

A smaller number that did not match (13,000) have received the usual enquiry form which does require a response. This process just started on 15 August and will end with the publication of a new register on 1 December 2020.

Insight

The team are currently analysing and writing the report of the first of four residents surveys exploring how residents have been affected by the coronavirus. Hoping to present report into Executive Board early in September. We have received 920 responses to this online survey. Interestingly, 42% of those that completed survey were 65+.

We are continuing our work with the business and economic recovery group, now refining a dashboard of data which is updated fortnightly to measure the economic impact of the pandemic on the Havant area.

We continue to report fortnightly to Executive Board the NHS pillar 2 testing data on the number of positive tests in our area of covid-19. This report has sensitive data which cannot be shared externally.