

<b>DOCUMENT:</b>	<b>FSC IMPLICATIONS OF COVID-19 FOR FUNDING</b>
<b>DATE:</b>	<b>THURSDAY SEPTEMBER 10 2020</b>

**Introduction:**

The Covid-19 coronavirus pandemic has had an enormous impact on the economy and the finances for local government. Officers in Watford have prepared helpful and informative documentation for Financial Scrutiny Committee, Cabinet and Council regarding the impact of Covid-19 on the council's finances.

The latest report, considered by the committee at today's meeting, poses some questions that are worth consideration and this brief paper proposes to the committee that officers report back on them at the next FSC on 23<sup>rd</sup> November 2020.

<b><u>Area</u></b>	<b><u>Query</u></b>
Financial resilience	<p>Loss of income and the need to partially meet expenditure impacted by or related to Covid-19 from reserves can only be a short term measure.</p> <p>What is the plan for replenishing reserves, if national government grants do not meet all the costs of Covid-19 at WBC or finances are further complicated by the operation of the collection fund?</p>
	<p>The Council has received grant funding of £1.526M to meet the costs of Covid-19 in 2020/21 which is coupled with the Government's income guarantee of 75% of any loss in fees and charges and non-commercial income. The overall financial impact of Covid-19 is currently forecast to be £194k in the Period 8 Finance Digest.</p> <p>For 2021/22 the Government has provided additional funding of £471k in relation to covid-19 and confirmed that it will extend the income guarantee scheme into the first quarter of 2021/22.</p> <p>There are a number of mitigating measures in place to guarantee 75% of taxation losses due to the pandemic and to spread any deficit on the collection fund over three years. Additional s.31 grant has also been provided for 2021/22 to offset the increase in council tax support worth £188k to WBC.</p> <p>The MTFs as set out in the FSC report shows reserves being maintained at a prudent level and contributions to reserves in future years.</p>

Impact on our residents	Do we understand the impact on our residents and what costs have been incurred by WBC in supporting those residents, as a result of the Covid-19 pandemic?
	<p>There have been four main strands to Watford’s response to support residents:</p> <ul style="list-style-type: none"> <li>• Watford Helps has supported the most vulnerable in our community ensuring that those residents who have received support from the council and its partners at Watford and Three Rivers Trust continued to be supported after lockdown. This included specific focus on the mental health and wellbeing of those having experienced bereavement, isolation or financial hardship as a result of the crisis and work to address the issue of digital isolation.</li> <li>• Watford Together –providing a real focus for the community by introducing a range of online and digital activities, events and resources.</li> <li>• One Watford –this project sought to harness the positive partnership working established in the community-wide response to the Covid-19 crisis. It seeks to ensure that key partners have a clear and shared purpose to maintain community safety and social cohesion.</li> <li>• Rough Sleepers and Homelessness</li> </ul> <p>The costs of these initiatives have been included within the regular Finance digests.</p> <p>For residents of working age in receipt of Council Tax Relief we have paid out an additional £150 relief to their council tax bills, for many removing the requirement to pay council tax in 2020/21. We have also been making payments of £500 to those in receipt of income support related benefits whilst required to self isolate.</p> <p>In terms of business:</p> <p>Back in March 2020 we had the Small Business, Retail, Hospitality &amp; Leisure grant. These grants were either £10,000 or £25,000 depending in the rateable value of the property. WBC paid out £16,520,000 to 1235 businesses.</p> <p>At this time there was also the Discretionary Scheme where WBC assisted businesses a further 285 businesses with grants totalling £826,000. These grants were for businesses who did not pay business rates but had fixed rental costs i.e. in shared offices</p> <p>To date under the LRSO Open and Closed schemes we have applied grants to 595 business. 499 of these businesses have</p>

	<p>applied for their grant and we have paid out a total of £1,821,739 so far. We are currently proactively chasing those businesses that have not made an application. These grant payments cover the period up to 5 January 2021.</p> <p>Last week we were advised by the Government that rather than making fortnightly grants payments to eligible businesses we can now make a 6 week LRSB payment to take us up the middle of February 2021. This week we will therefore pay each eligible business a 6 week grant for the period 5 January 2021 to 16 February 2021. This 6 week top up grant will total £1,299,286 bringing the total paid out under the LRSB to £3,121,025.</p> <p>The Government also announced a one-off lock-down grant of up to £9k to closed businesses. We are waiting for guidance to be made available before we pay these grants but expect to make them to all eligible businesses shortly after the guidance has been received. There will be no need for an application process as the grants will be paid to all those businesses we are currently paying under the LRSB Closed scheme.</p> <p>We opened up a 2 week application window which closed on 18 December 2020. 75 applications were received and of those 37 grant payments were made totalling £52,000.</p> <p>The direct grant payments to residents and businesses have been funded by the Government.</p> <p>Additionally to support businesses we reviewed earmarked reserves to create a £1.2M Renewal Fund to support Watford's Recovery from Covid.</p>
Population response	Do we understand the financial implications of how people and volunteers have responded to Covid-19 in the community and what that may mean for our finances?
	See above
Assurance and risk	What levels of assurance are there in terms of the impact of Covid-19 on the council's finances and what it means if grants are insufficient or ring-fenced in such a way that prevents the money from being used where it is needed?
	This has been reported throughout within the Finance Digest.

<p>Impact on income streams</p>	<p>Covid-19 must be having an impact on many of WBC's direct income streams; from parking income receipts and filming to risks from future income streams owing to collection rates or the economic security of business rates and rents.</p> <p>What does the modelling tell us about the future projections and the implications for council expenditure?</p>
	<p>Watford's income levels have been reported throughout the pandemic within the Finance Digest. Income levels are expected to recover as we emerge from Covid. Commercial income levels have held up far better than originally forecast.</p> <p>For 2021/22 we have forecast some falls in planning income beyond the pandemic which have been offset by continuing to hold posts vacant until such time as income levels should recover. We are aware that the variable element of the Intu rental may be at risk for the first part of 2021/22 but this is taken into account in the proposed MTFS.</p>