

Subject:	Impact of Covid 19	Status:	Public
Report to:	Cabinet	Date:	27 th May 2020
Report of:	Chief Executive	Portfolio Holder:	Leader of the Council
Key Decision:	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	No	Attached: No
Biodiversity Impact Assessment	Required:	No	Attached: No
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1. RECOMMENDATIONS

- 1.1. That Cabinet notes the impact of Covid 19 on the council to date and the support the council has provided to local communities and businesses.
- 1.2. That the council continue to lobby the Ministry of Housing & Local Government for sufficient Government funding to replace lost revenue income, manage the cost of recovery and support the economic recovery of the borough.

2. PURPOSE OF THE REPORT

To update Cabinet on the impact of the Covid 19 outbreak on the council. The report explores how the coronavirus outbreak has affected council services and financial position. It also summarises the key support the council has provided to local communities and businesses, to date.

3. BACKGROUND

- 3.1. The first cases of the coronavirus were reported in the UK in early March 2020. On 23 March 2020 the Government announced a significant 'lockdown' in activity which saw most local businesses close, residents were requested to stay at home and all non-essential travel was limited.
- 3.2. The council had been making preparations to cope with the outbreak since early March and formally activated its business continuity plan on 17 March 2020 as the impact of the outbreak increased across Europe and the UK.

4. EMERGENCY RESPONSE PHASE

- 4.1. Throughout the whole outbreak the council has been keen to ensure that its vital services to residents operated as close to normal as possible. With effect from 19 March approximately one third of staff began to work from home on a regular basis (increasing to nearly all office-based staff over the coming days). This was aimed at ensuring continuity of service across the organisation for the public. Over the period since then this has worked effectively. At its peak the council had a relatively modest 12% of staff absent from work as employees or a household member self-isolated. A large proportion of services remained available via telephone and online and the council geared up the number of staff available to answer calls to deal with increased demand.

4.2. Throughout the lockdown period to date our most frontline services including the One Stop Shop and refuse collections have taken place as usual (albeit with no face to face service for the One Stop Shop). Staff have responded well and have rallied round in responding to the needs of communities. The following key changes took place to services over the last few weeks:

- **Waste collection, street cleansing and grounds maintenance** – these services continued to take place as normal throughout, with additional social distancing measures put in place for staff, cleansing of vehicles, a deep clean of the depot and some redeployment of staff within Operations. The County Council’s waste recycling centre at Haslingden was closed but discussions are underway to reopen
- **Licensing** – food premises and housing inspections were suspended, taxi license renewals took place (via email/phone) but no replacement plates were issued. Hearings on licensing issues continued. Inspections have taken place for some hospitality businesses such as takeaways from 18 May onwards
- **Cemeteries** – funeral services continued as planned, a number of additional burial plots were prepared and on 31 March the council took the decision to close cemeteries to the general public to maintain social distancing for staff working on-site
- **One Stop Shop** – DWP, CAB and Victim Support closed services at the One Stop Shop on 18 March, but the One Stop Shop remained open for a period of days and then closed to face to face enquiries
- **Benefits** - all benefits issues have been dealt with as normal and benefits were paid to the normal timescales
- **Housing** – a service for disabled facilities grant (DFG) and general housing enquiries remained open via email/phone. No new visits to vulnerable residents took place for DFG cases between mid March and 17 May. A small number of works already underway were completed by contractors in the early part of the lockdown period. From 18 May urgent DFG works are being undertaken where contractors and clients are both happy for works to progress
- **Planning** – site visits to residential and commercial premises were suspended from mid March until 17 May in relation to planning applications and building control. Site visits were resumed from 18 May
- **Parks and play areas** – parks have remained open throughout but the council is monitoring the volume of people visiting parks to decide if any action is needed to maintain social distancing for Grounds staff. Play areas have been closed since mid March
- **Communities** – the work of the Communities team was redirected to mobilising and supporting the Rossendale Connected Hub
- **Planning** – no site visits were undertaken, but planning application issues were dealt with via email/phone and the Development Committee resumed at the end of April

5. SUPPORT FOR BUSINESSES

- 5.1. Throughout the pandemic the council has been keen to support local businesses. From 18 March the council began actively contacting local businesses with advice on the Government's financial support, on business rates queries and enquiries from our own commercial tenants. Businesses were also able to contact a dedicated Officer with questions about the support available and receive practical help to access application forms and follow up grant applications. By 28 April, 186 businesses had made enquiries. All of these businesses have also been kept informed of new support as it has been announced by Government; and of local free support provided through the East Lancashire Chamber of Commerce and Boost Lancashire. Information was also provided for all businesses in the council's Business Relationship Programme.
- 5.2. A 12-month business rates holiday was announced by the Government for all retail, hospitality, leisure and nursery businesses and this was then extended to include companies like estate agents, letting agencies and bingo halls. The council identified 1,648 local businesses were eligible for this financial support. The scheme was announced in mid-March and funding was received by the council on 1 April. By 12 May 1,319 grants issued with a total value of £14.2m. On 2 May the Government announced plans to provide further discretionary grant funding to supplement that already provided. The council awaits details of any criteria for this grant funding and when the council will be able to make these payments.
- 5.3. The council has increased staffing capacity to pay the grants quickly but it has also been important that the council follows the Government's guidance on money laundering to ensure the funding is only paid to eligible businesses. Outstanding grants are being paid on a daily basis and the team continue to investigate a small number of cases. The council's rate of payment of grants has been in line with the national average for local authorities which is a significant achievement given the relatively small size of the local authority. To date, 77% of eligible businesses have received their grant. Nearly 300 businesses have yet to complete the form.
- 5.4. Outside the Government grant and loan schemes, the council has also offered a 50% rent reduction for a three-month period to the council's own commercial tenants. This has benefitted 33 local businesses.
- 5.5. The council website and the Invest in Rossendale website have been regularly updated with information for businesses on accessing grants, financial support and business mentoring. Social media has also been used to provide updates for businesses and to provide an additional method of contact with the council.

6. ROSSENDALE CONNECTED HUB

- 6.1. On 27 March the council working with partner agencies mobilised the Rossendale Connected Hub. The Hub focused on providing advice and support for vulnerable residents in the following areas:
- Food collection and delivery
 - Medicine collection and delivery
 - Loneliness and isolation support
 - Volunteer sourcing, allocation and signposting
 - General advice and information

- 6.2. The Hub has operated 7 days per week since 27 March. To date it has been in direct contact with over 1,900 local people. The NHS have sent out a list of local people identified as significantly vulnerable who should be ‘shielded’ from Covid 19 although this comes with strict data protection responsibilities. The council has used this and the its own databases of known vulnerable people to pro-actively contact vulnerable individuals across the borough to complement the work of the Hub. The LRF has also been submitting daily lists to the council on those residents identified as socially vulnerable in addition to the NHS shielded list and again council officers have been making contact to check on these residents and arrange assistance where needed. The Hub worked to support consistent with neighbouring local authority hubs and co-ordinated with the Lancashire Resilience Forum, for example, in the delivery of consignments of emergency food parcels when needed, although demand for this has been small. Information on the NHS shielded and incoming lists has been variable making getting in touch with residents who are genuinely vulnerable and in need of support difficult.
- 6.3. 92% of the people the Hub has helped has at least one underlying health issue. Approximately a fifth of people are seeking help in relation to food (acquiring, collection or delivery) and as the lockdown progressed the numbers of people contacting the Hub because they feel lonely began to slowly increase.
- 6.4. Feedback obtained during the lockdown indicated that a significant number of vulnerable people were receiving direct support from family, friends and local voluntary/community groups. This demonstrates the strength of local communities and is likely to have lessened the direct support people requested from the Hub. Residents have voiced their appreciation of the calls made and help given to them and have taken comfort knowing that the council is looking after their needs.

7. PLANNING FOR THE RECOVERY PHASE

- 7.1. The council is working alongside all the other Lancashire councils to plan for the longer-term recovery from Covid 19. This is likely to be significant for both local communities and businesses. A significant number of local people have lost their jobs and some local businesses will struggle to recover from the lockdown and restrictions on trading. Whilst the short term financial help for businesses in the form of grants or interest free loans has been helpful many businesses will need significant help in the medium term. The council is working with the other Lancashire councils and the LEP to lobby Government for further financial assistance for local businesses to support the recovery.
- 7.2. On 10 May the Government made an announcement easing some elements of the lockdown. Some services which involve more direct contact with the public – such as Planning and Licensing – resumed from 18 May. There will be a significant catch up period for some services when the restrictions are further lessened or removed. For example, Licensing will resume all food premises inspections and Planning catch up the backlog of site visits for planning applications and building control issues. A significant backlog has developed and additional capacity will be needed to reduce the backlog. The council has made additional provision for PPE and training to enable officers to engage with the public.
- 7.3. The work of the Hub is likely to need to continue for some time. The use of the Communities Team to support the work of the Hub will limit community development activities up in 2020. The team is keen to maximise the opportunities of a positive Covid 19 legacy, maintaining community involvement and engagement.

- 7.4. The council is keen to support businesses as they struggle to recover. Additional business support will be provided and the focus of this support is being currently developed to provide practical hands on support for businesses on issues like restructuring and making the transition to self-employment.
- 7.5. The Government approach to reducing lockdown restrictions is becoming clearer. This will have implications for council services. For example, if the Government decides to establish widespread 'contact and trace' to track down any future confirmed Covid 19 cases this may draw on the experience or support of councils' environmental health services who have experience of this kind. As guidance on the Government's approach becomes clearer the council will be able to plan accordingly.

8. RISK

- 8.1. The biggest strategic risk to the council is the large-scale financial impact on the council's revenue income. This is explored in detail later in the report and are significant. The council has very limited ability to mitigate this risk due to the scale of both the short term cash flow impact and the medium term income risk.
- 8.2. The council has managed the emergency response phase of the pandemic well. This has not been without challenges but the soundness of business continuity plans, early decision-making and regular communications with residents and staff have helped to mitigate the impact during recent weeks. However, the impact of the recovery phase is less clear. This is partly as guidance on the Government's plans for relaxing lockdown restrictions is still unclear but also due to the impact catching up in some service areas. However, it is likely to require the use of additional financial resources throughout 2020/21 to enable key council services to return to business as usual.
- 8.3. The council's corporate risk register has been updated to reflect the issues identified in this report.

9. COMMENTS FROM STATUTORY OFFICERS:

9.1. SECTION 151 OFFICER

9.1.1. Business Rates Income

The council currently estimates the Business Rates collected in April 2020 will be in the region of £948k less than we expected pre-Covid 19. Of this amount the council would have retained c£379k. Some of this is due to the extended retail discount relief scheme, however not all. It is currently not possible to predict the level of NNDR income the council are likely to receive over the next few months due to the fragility of the local business economy. This situation must be monitored closely. The council is also lobbying Government for funding to compensate for lost business rate income.

9.1.2. Expanded Retail Discount Relief

The Government extended the retail discount relief scheme. The council estimates the extension will reduce the NNDR the council collects in 2020/21 by £4.553m. The council would have retained c£1.82m. This has a direct impact on the council's cash flow. To assist the council's cash flow Government paid the Small Business Rate Reliefs of £1.18m that the council would normally receive throughout the year, on 27 March. In addition, the Government has re-profiled the payment of its 50% share, with the first payment now not being due until 20 July. However, at the moment Government is still intending to collect the full amount, just over a shorter period.

In April the Council was still required to pay the Lancashire County Council, OPCC and Fire NNDR precepts, which amounted to £127k.

9.1.3. **Council Tax Income**

The council estimate Council Tax collected in April will be c£812k less than expected. Of this amount the council would have retained c£115k. Historically the council receive more Council Tax in April than any other month. It is impossible to predict the overall level of Council Tax income the council are likely to receive over the next few months due to the fragility of residents household income. However as with NNDR, in April the council were still required to pay the precepts which amounted to £3.5m. This is not sustainable going forward. NNDR and Council Tax income levels are being closely monitored and the precept situation is being reviewed by the Lancashire Finance Officers group. If collection rates remain at the same level as April the council is likely to not be in a financial position to pay the May precept.

9.1.4. **Hardship Funding**

The council received £734k of Hardship Funding from the Government to provide additional support for all residents currently on the council tax support scheme (previously council tax benefit). The bulk of this funding is intended to cover some lost business rate and council tax income.

The funding has also been used to enable the council to award an extra £150 to all CTS claimants of working age, directly benefiting around 3,400 local people. Recovery has been temporarily suspended for both NNDR and council tax debt customers. For all other council tax payers, the council is offering to spread or rephrase their payments if they need it and we continue to monitor this position.

9.1.5. **Emergency Funding**

This Government funding is intended to help address financial pressures the council are facing in response to Covid 19. In March the council received £38,386 on 27 March. The funding has been allocated to support the Rossendale Connected Hub, rent relief for the council's commercial tenants and to provide a small buffer to support additional costs incurred by the council. The council has identified, to date, £116k of additional cost incurred in relation to tackling Covid 19, including expenditure on PPE, additional resources for the cemeteries, housing people reporting as homeless, additional IT equipment and officer time supporting the new arrangements.

On 28 April it was announced Rossendale is due to receive £710,257 in additional Government funding. Although this is welcome, this still leaves an overall shortfall estimated to be in the region of £200-300k based on previously projected income. This has an overall significant revenue budget implication for 2020/21 specifically as a result of Covid 19 is still anticipated.

9.2. **MONITORING OFFICER**

9.2.1. As mentioned in the body of the report there have been challenges around the data being received from external organisations and the data protection restrictions that have been imposed. The council has ensured that all requirements are being adhered to in line with the guidance and more generally the data protection legislation.

9.2.2. The introduction of the Coronavirus Act 2020 and the supporting regulations have assisted business continuity and given the council greater flexibility during the current

unprecedented situation. Officers and members have reacted well to the changes and arrangements around public council meetings have proven to be a success.

Day to day business continues to be compliant with legislation and the council's constitution. Contractual matters have continued with the obvious adjustments and negotiated terms.

10. CONCLUSIONS

- 10.1. The speed and scale of the Covid 19 outbreak and its impact on local communities has been unprecedented. The council has managed the emergency response phase of the pandemic well to date but needs to remain vigilant. The short term financial impact on cash flow is significant. There is a strategic risk to the council's medium term income, like many local authorities. The council has limited ability to mitigate this and will keenly monitor its cash flow.
- 10.2. Despite additional Government funding for 2020/21 the council will currently experience a significant revenue funding shortfall. The council needs to continue to lobby the Ministry of Housing & Local Government for sufficient Government funding to both replace lost revenue income (currently estimated in the region of £200-300k) and to manage the additional cost of recovery (currently estimated at £116k).
- 10.3. Until the Government's plans for relaxing lockdown restrictions become clear it will be difficult for the council to plan accurately for the recovery phase but preparations are being made. The longer the lockdown remains the more acute the financial implications for the council will be. The council, along with national organisations like the District Councils Network and the Local Government Association, continue to lobby Government for sufficient short and medium term funding for council to weather the disruption associated with Covid 19.