

# Finance Portfolio

Councillor Maureen Flood

22 July 2020

# Agenda

- **Overview of the Finance Portfolio Services:**
  - **Property & Asset Management**
  - **Revenues**
  - **Finance**
  - **Project Enterprise**
- **Key Issues and challenges for each service**
- **Impact of COVID-19 on the Council's budgets**
- **Impact on the Leisure contract**
- **Work done to support our Communities**
- **Government support and reserves position**
- **Further information**

# Property and Asset Management Functions

- The service manages around 230 assets, not including parks/open spaces, (plus Business Parks which count as one asset each).
- Asset Management:
  - Renewal of leases and achieving a competitive rent as revenue for the Council.
  - Purchasing of new assets to develop the Council's portfolio and increase the revenue the Service brings in.
  - Property maintenance (TVBC owned properties).
  - Car parks maintenance.
- Estate Management:
  - Oversees the management of the Walworth Business Park working alongside Kier to develop and rejuvenate the business park.
  - Manages the leases on Portway Business Park.
  - Manages the wider Estate including, offices, retail and industrial

# Revenues – Key Functions

The Council has the following statutory obligations:

- Council Tax – bill every household in the borough. Apply discounts, exemptions and premiums to eligible households. Council Tax is collected on behalf of TVBC, HCC, Hampshire PCC, the Fire Service and parish / town councils.
- To calculate and apply Council Tax Support to qualifying households in accordance with our local policy.
- To award Housing Benefit to eligible claimants in accordance with national regulations.
- Business rates – to bill every business in the borough, applying mandatory and discretionary reliefs where applicable.

# Finance – Key Functions

The activities of the Service are divided between three teams – Accountancy, Internal Audit and Financial Services - and cover areas including:

- the provision of financial support and advice to councillors and all other services within the Council;
- production of statutory final accounts;
- budget preparation;
- treasury management;
- VAT;
- internal audit, risk management and governance arrangements;
- debtors, creditors, insurance and car leasing;
- corporate procurement.

# Project Enterprise

- Splits across all three Services in the Portfolio
- Over £2M in income generated from PE investments in 2019/20 at an average return of more than 7%. This is £1.75M more than would have been earned from cash in reserves.
- 15 properties in Valley Housing Portfolio
- One additional property approved to be purchased this year.
- Report to Cabinet considering further opportunity was presented on 15<sup>th</sup> July.

# Hot Topics: Property & Asset Management

- **Asset Management**
  - Delivery of the 20/21 programme in challenging circumstances.
  - Continue to keep abreast of the most up to date legislation around property occupation.
- **Estate Management**
  - Continue to keep on top of the rental situation.
  - Work closely with Tenants to understand their needs
  - Work With Kier to continue to grow and develop the Walworth Business park

# Biggest Challenges and Changes for 2020

- With Covid-19 the world within Property has changed - from being able to secure supply chains, to the way we manage the lettings and management of our buildings.
- Continue to work with Tenants to make sure they continue to operate and trade.
- Continue to work with Kier to rejuvenate Walworth Business Park



# Hot Topics: Revenues

## **Responding to coronavirus impacts on residents and businesses**

- Small / Retail / Discretionary Grants
- CTS Hardship scheme
- Rearranging customer payment arrangements where affected by COVID

## **Ongoing billing and collection of local taxes**

- £87M collectable Council Tax debt raised for 2020/21
- £44M collectable business rates debt raised for 2020/21 (net amount after applying >£16M in retail reliefs)
- Sensitivity in collecting local taxes in current economic climate

# Revenues – Challenges (1)

## Delivering services remotely

- Learning from the recent lessons learned in working remotely
- Continuing to enhance the range of services available to customers to interact remotely through the Council's website
- Increasing back-office systems integration

## Business Rates

- Revaluation of business rates due in 2022 (postponed from planned implementation in 2021)
- Identification and billing of new properties resulting from recent grants exercise

# Revenues – Challenges (2)

## Council Tax / Council Tax Support

- Coping with the increased caseload arising from spike in Universal Credit applications
- Reviewing the way that CTS entitlement is calculated in light of the transition of households to Universal Credit

## Benefits

- Managing a reducing caseload as more customers transition to Universal Credit.

## Recovery

- Sensitively managing the recovery of Council Tax from households that have been affected by coronavirus. Utilising the CTS Hardship fund to help the most vulnerable households.

# Hot Topics: Finance

- Impact of COVID-19 on the Council's finances:
  - Monitoring and reporting monthly to MHCLG
  - Detailed report and discussion at the Budget Panel on 29<sup>th</sup> June
  - Preparing and implementing a financial recovery plan for 2020/21
  - Reviewing the impact on the Council's Medium Term Financial Strategy 2021–2024 and reserves position to be reported to the Budget Panel and Cabinet during October and November
- Continuation of Statutory Duties
  - Preparing Statement of Accounts 2019/20 for audit and approval in September
  - Revising and reducing the scope of Audit work for 2020/21 to be considered at the Audit Panel on 27<sup>th</sup> July

# Financial support to our communities

Revenues Service activity since March 2020:

- 1,617 small / rural business support grants paid – total £16.17M
- 545 retail, hospitality and leisure grants paid – total £10.535M
- 180 discretionary business grants paid with a value of £1.09M
- More than £16M applied in retail discount from business rates.
- Approximately 2,500 households helped with rearranged Council Tax payment schedules.

## Government support and reserves position

- Total gross financial forecast impact 2020/21 = £7.38M
- Total government support received = (£1.30M)
- Total net financial forecast impact 2020/21 = £6.08M
- Further government support announced 2<sup>nd</sup> July:
  - “a further, unringfenced £500 million to respond to spending pressures.”
  - “Where losses are more than 5% of a council’s planned income from sales, fees and charges, the government will cover them for 75p in every pound lost.”
  - Details of individual council allocations and how to claim losses are still awaited
- The draft Reserves position as at 31st March 2020 is set out below:

	£000s
General Fund Balances	2,604
Equalisation Reserves	4,787
New Homes Bonus Reserve	<u>6,400</u>
<b>TOTAL</b>	<b><u>13,791</u></b>

- In the short to medium term therefore there is no risk to the Council’s “going concern” assessment.

# Further Information

Further information is available as follows:

- Detailed confidential briefing to Budget Panel 29<sup>th</sup> June 2020
- Coronavirus (COVID-19): guidance for local government:
  - <https://www.gov.uk/guidance/coronavirus-covid-19-guidance-for-local-government>
- Local authority COVID-19 financial impact monitoring information – Provides summary of data collected from local authorities on the financial impact of COVID-19:
  - <https://www.gov.uk/government/publications/local-authority-covid-19-financial-impact-monitoring-information>