

FINANCE DEPARTMENT

1. Staffing

- 1.1 All Finance Department staff, except for six, are working full-time from home. All systems and processes are continuing to operate as normal under this arrangement, with a few changes being made to processes and procedures where considered necessary.

2. Business Rates

- 2.1 A number of business rate relief changes announced by the Chancellor for 2020/21 have been implemented and the relevant businesses have been re-billed. As a result, the total mandatory rate reliefs for Halton businesses now total £17.3m, which are fully funded by Government grant and now represents 29% of the total business rates due per annum.
- 2.2 To date we have agreed revised payment plans for 155 businesses, whereby they will pay monthly instalments from June to March rather than from April to January. The collection rate to 31st May 2020 is 2.9% down on the same point last year. Adjusting for the revised payment plans, the collection rate is down by 2.0% which appears similar to the other LCR councils.
- 2.3 The Government provided £20.1m of funding to enable Covid19 Business Support Grants to be paid to eligible businesses. In the main, eligible businesses are those who were trading on 11th March 2020 and are in receipt of small business rate relief or extended retail rate relief. In total grants have so far been paid to 1,419 businesses, totalling £16.5m and we have paid out 82% of the available Government grant funding to 96% of the businesses considered to be eligible for such grants.

3. Council Tax

- 3.1 The Government provided £1.6m from the Covid19 Hardship Fund, to enable a £150 reduction in council tax for all those taxpayers in receipt of Council Tax Reduction. The reduction has been implemented for 8,063 taxpayers to date and they have been re-billed to reflect the £150 reduction in their council tax. We are currently receiving significantly more new claims each week for Council Tax Reduction and these are also eligible for the £150 reduction in council tax. The significant increase in new claims is primarily due to the increased numbers of claimants for Universal Credit, who are in the main also entitled to Council Tax Reduction.
- 3.2 The increasing numbers of new claimants for Council Tax Reduction is a concern, as these taxpayers are only required to pay approximately 22% of their council tax and therefore the Council loses the remaining 78% of council tax income. If the increased level of weekly claimant numbers continues for the next few months, we may see an increase in total claimant numbers of up to 20% which would be a cost to the Council in terms of lost council tax of around £2m. This has therefore been included within our estimated Covid19 costs return to Government.
- 3.3 To date we have agreed revised payment plans for 2,918 council taxpayers. The collection rate to 31st May 2020 is 0.95% down on this point last year, however, adjusting for the revised payment plans results in the collection rate being 1.0% higher than last year.

4. Covid19 Related Costs and Income Losses

- 4.1 A monthly return is being submitted to MHCLG which details Covid19 related expenditure and estimated income losses to date, along with a full year estimate for 2020/21. Expenditure is therefore being separately coded as far as possible within the Agresso system, in order to identify it as Covid19 related. The June return shows estimated full year Covid19 related costs of £8.5m and income losses of £13.6m, so a total net cost for the Council of £22.1m. Government have thus far only provided £7.9m towards funding these costs. There are indications that a further funding allocation will be forthcoming, but this is still awaited.

5. Supplier Payments and Debt Recovery Procedures

- 5.1 During the Covid19 crisis all supplier payments have been made immediately, once invoices are authorised as correct for payment via the Agresso system. We are currently writing to all suppliers (excluding social care providers) to inform them that from 20 July 2020 the Council will revert to paying their invoices in accordance with their normal terms of business.
- 5.2 Debt recovery procedures for general debtors, council tax and business rates have been suspended during the Covid19 crisis. Arrangements are being made for normal debt recovery procedures to be re-introduced from 1st July 2020, however, support and payment arrangements will continue to be provided where individuals or businesses can demonstrate they are still having difficulties paying.

6 Budget and Medium Term Financial Forecast

- 6.1 Once confirmation is received regarding whether the Government will provide further grant funding towards meeting the cost of Covid19, a review will be undertaken of the 2020/21 budget to establish the implications of Covid19 and any shortfall in Government grant funding. On the basis of this review a revised/emergency budget for 2020/21 will be reported to Council. Similarly, the Medium Term Financial Forecast will be updated to establish the ongoing impact upon the Council's financial position over the next three years, as a result of Covid19.