

### APPENDIX 3 – Financial pressures/risks faced by Spelthorne

The COVID-19 pandemic presents a range of potentially significant financial risks to the Council including:

1. **Fees and charges income** - A significant drop in the Council's services' fees and charges income, particularly car parking. Whilst the Government's 71.25% sales, fees and charges scheme runs until the end of June 2021, it is unclear as to the full extent of longer-term behavioural changes, and when/if these income streams will recover to the levels they were before the pandemic.
2. **Homelessness** - There is a risk that there could be a surge in numbers presenting themselves as homeless once furlough fully ends and landlord evictions have recommenced. This will potentially put pressure on the Council's housing budget and reinforces the need for the Council to maintain the momentum of its affordable housing delivery programme.
3. **Business rates/council tax** - It is anticipated that it will be more challenging to collect business rates and council tax in the coming financial year. There is additional uncertainty in 2022-23 as to what will happen to collection rates if the Government ends the partial business rates relief for retail, leisure and hospitality businesses.

As a result of the economic impacts of the pandemic, more of the Borough's residents have moved onto Localised Council Tax Support, which means the Council will receive less council tax support and the council tax base will be reduced for 2021-22.

4. **Commercial rents** - The pandemic has created challenges for businesses as some tenants have struggled to pay their property landlords. The Council has, however, done very well so far in collecting rent from its commercial assets. By working pro-actively with our tenants, Spelthorne has collected more than 98% of the rent invoiced in the year from its investment assets. The Council has set aside £25m into sinking funds to protect taxpayers from any future dips in commercial rental income and undertakes regular 10-year worst case scenario projections.

Clearly the retail sector has been significantly impacted by the pandemic and the shape of high streets will never be the same again. The economic impacts of COVID-19 have been seen in the retail rental income from the Council's Elmsleigh Centre. Although the Council has again set aside funds to help smooth the drop in rental income from the centre, the change in shopping trends has reinforced the need for this authority to continue pursuing its regeneration plans for the centre, diversifying usage, developing additional affordable housing and bringing in a mix of leisure and community usage.

5. **Staff related costs** – Whilst the threat of COVID remains, there will be inherent corporate costs to ensuring that the Council continues to minimise the risk of our staff contracting and/or spreading the virus, including appropriate training, testing, self-isolation (where necessary), provision of PPE and social distancing provisions within Council buildings, as well as the need to equip staff with the necessary ICT equipment to continue remote working, where appropriate.

It is anticipated that it is going to take a number of years for the Council to recover from the above impacts.