

Executive

29 July 2020

Draft Extract

EXE Covid 19 Financial Impacts (Agenda Item 4)

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Councillor Cartman presented the report giving details of the financial impacts, future pressures and risks affecting the council as a result of the Covid-19 pandemic. He stressed that government funding received thus far was insufficient to address the additional costs of £28.8m and outlined the impact of the potential shortfall in the council's budgetary position for 2020/21 and in future years. He referred to the remaining risks as set out in paragraph 3.8 of the report which had not been reflected in the current financial modelling but which would continue to be monitored and would be taken into account if the position changed. Any further pressures would increase the current financial gap of £8.599m as set out in the report. He also drew attention to the latest Medium Term Financial Plan (MTFP) forecasts set out in paragraph 3.9 and the difficult choices that were likely to be needed in later years across the MTFP period. He thanked the finance team for the detailed report and extended thanks to all staff for their work in supporting local communities throughout the pandemic.

The interim Director of Finance also drew members' attention to paragraph 3.9 of the report and the potential impact on future years and confirmed the council was continuing to lobby government for funding to deal with both current and future financial pressures. A further report would be presented to the Executive in September that would monitor progress and bring forward any further actions required for 2020/21 and for future years.

Councillor Davies expressed his gratitude on behalf of the Executive to teams across the council for their hard work and achievements over the period of the pandemic, and also to partners, contractors and volunteers. He referred to the uncertainties and massive challenges ahead and to the importance of lobbying the government to provide the necessary financial support to address the budget shortfall.

In discussing the detail of the report the following issues were raised: with reference to the potential for additional cost pressures to be passed on by contractors, it was noted that no formal claims had been received to date but that a report addressing inflationary and other cost pressures within the capital programme would be submitted in September. Once quantified these would be included within the financial modelling; it was noted that dependent on the risks and size of budget amendments, recommendations would be submitted to Council as appropriate including the two within this report; the particular pressures within Adult Social Care and the need for a national and sustainable

solution to enable improved medium and long term planning, and the need for additional government funding to address this; the importance of recovery and renewal and need for government funding to address the significant and detrimental impact of the pandemic on large parts of the local economy and to provide resources to kick start the excellent local projects that would drive recovery and renewal across the district; the impact on leisure and culture and the need to look towards radical solutions to reform and rebuild this sector; concerns that the government was rowing back on its earlier commitment to cover the cost of whatever measures were needed to protect communities during the crisis, and the need for adequate resources to cover the additional costs of the pandemic and support local residents and businesses.

Resolved:

- (1) that the total financial impact of the Covid-19 pandemic on the council's budgets, as described and modelled throughout the report, be noted, £8.826m of which are ring-fenced impacts, and £26.765m of which are non-ring-fenced financial impacts;
- (2) that the inclusion of £8.826m of earmarked funding into the council's budget, which has been provided by the Government in order to deliver specific policy issues created as a consequence of the Covid-19 pandemic, as outlined in paragraph 3.4 of the report, be approved and also the associated grossing up of the Directorate expenditure budgets;
- (3) that the inclusion of £11.853m of non-earmarked funding from the Government into the council's budget, which has been provided in response to the non-ring-fenced Covid-19 pandemic pressures as outlined in paragraph 3.4 of the report, be approved;
- (4) that the provisional residual **gap of £8.599m**, which could be at least partially closed by the recently announced third tranche of government funding and new income losses scheme be noted;
- (5) that the £3.527m of proposed savings plans and mitigations to address the immediate financial gap in 2020/21, as shown in Appendix B of the report, be approved;
- (6) that the potential Collection Fund gap of £8.313m and that this will likely lead to a significant pressure in the medium-term be noted;
- (7) that the underlying risks being held and monitored by the council as set out in paragraph 3.8 of the report, and that these could increase the financial gap beyond current forecasts should they materialise into core pressures be noted;
- (8) that further monitoring reports be brought to the Executive with any additional actions required; and
- (9) that it be noted that the medium-term financial impacts of Covid-19 are also significant and the Director of Finance and Property be requested to bring forward a report outlining the council's MTFP planning process for 2021/22 to the September Executive meeting.

It was further

Recommended to Council: that resolutions (2) and (3) above be approved in accordance with Financial Regulations 4.21.

Reasons for the decision:

As set out in the report and discussed above.

Alternative options considered and rejected:

As set out in the report and discussed above.