

REPORT REFERENCE NO.	RC/20/10
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	2 JULY 2020
SUBJECT OF REPORT	COVID-19 FINANCIAL IMPLICATIONS
LEAD OFFICER	Treasurer
RECOMMENDATIONS	<i>That the report be noted</i>
EXECUTIVE SUMMARY	<p>The COVID pandemic has had a significant impact on the service, with business continuity processes being in place since March 2020.</p> <p>Whilst the impacts of the pandemic and subsequent lockdown are yet to be fully understood, work has been going on to understand the financial implications for the current 2020-21 financial year and beyond.</p> <p>This report summarises the work undertaken to date and the key risks going forward.</p>
RESOURCE IMPLICATIONS	As indicated within the report
EQUALITY IMPACT ASSESSMENT	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	None
LIST OF BACKGROUND PAPERS	None

1. COVID-19 FUNDING

- 1.1 The COVID pandemic has had a significant impact on the Service, with business continuity processes being in place since March 2020. Whilst the impacts of the pandemic and subsequent lockdown are yet to be fully understood, work has been going on to understand the financial implications for the current 2020-21 financial year and beyond.
- 1.2 This Authority has received emergency funding from central government as part of the £3.2bn measures introduced to support local authorities, this was paid in two tranches of £0.280m and £1.319m in March and May 2020 respectively.
- 1.3 Whilst some activity is using more resources during business continuity (such as providing cover for staff who are self-isolating and IT solutions) savings have also been made in some areas (e.g. travel, particularly as BP were offering free fuel to emergency services until early June).
- 1.4 Using current expenditure analysis, officers are confident that the COVID-19 grants made available will be sufficient to cover additional expenditure in the foreseeable future (pending a second wave), most likely for the duration of 2020-21. The grant is unringfenced and therefore will not need to be repaid if unspent within a certain timeframe.

2. ACTIVITY TO UNDERSTAND FINANCIAL RISKS

- 2.1 The impact on 2020-21 financial performance includes:
- There is a high level of confidence that costs can be controlled and plans adapted to fit within existing budgets;
 - Business continuity arrangements have effectively slowed down a considerable number of improvement/ investment activities within the financial year which will likely result in an underspend at year end;
 - It is anticipated that significant slippage will be reported against the capital programme, as Estates work has been paused during lockdown and will be subject to new onsite restrictions. Our vehicle suppliers have halted production during lockdown and also altered their working practices which is expected to cause delays of at least three months;
 - However, much of this work will still need to be done and therefore unspent funds in this financial year will either be reprioritised or subject to earmarked reserves at the year-end; and
 - More detailed analysis will be available as part of the Quarter 1 2020-21 financial performance reports
- 2.2 The impact on the Medium Term Financial Plan includes:
- Lockdown and the resulting recession will impact on households and businesses ability to pay their Council Tax and Business Rates, this will flow through to the Authority Collection fund in 2021-22;
 - National data suggests the impact will be 4.54% for Business Rates and 2.88% for Council Tax; and
 - The Medium Term Financial Plan will be reviewed in light of this information and brought back to members for consideration.

2.3 The impact on the Reserves Strategy includes:

- Officers have reviewed existing reserves in light of business continuity events and are confident that the current strategy supports a sustainable financial model going forward;
- Specific recommendations on use of reserves going forward will be brought back to the Committee for consideration; and
- If the Authority does not utilise all of its COVID-19 funding, a decision will be required on the best use of the remaining funds.

3. **SUMMARY**

3.1 This report provides assurance to the Resources Committee that the financial implications of COVID-19 in the short term are understood and provided for. Officers have plans in place to analyse the long-term risk and plans arising will be brought back to the Committee at a later date.

AMY WEBB
Authority Treasurer