

**Subject:** COVID-19 – Financial Position Statement  
**Date of Meeting:** 30 April 2020  
**Report of:** Acting Chief Finance Officer  
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**Ward(s) affected:** All

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**1 PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 In accordance with the report to the virtual Policy & Resources Urgency Sub-Committee meeting on 31 March, this report provides an interim Financial Position Statement to the Committee for information and noting.

**2 RECOMMENDATIONS:**

It is recommended that the Policy & Resources Committee:

- 2.1 Notes the contents of the report.
- 2.2 Notes the use of officer Urgency Powers detailed in Section 4 of the report and the records of urgency decisions at Appendix 2.
- 2.3 Notes the principles to be applied to Supplier Relief set out in paragraph 3.28.
- 2.4 Grants delegated authority to the Executive Director of Economy, Environment & Culture, in consultation with the Chief Finance Officer, to negotiate appropriate terms with concession contractors at risk, on a case-by-case basis, including appropriate emergency financial support.
- 2.5 Grants delegated authority to the Executive Director of Economy, Environment & Culture, in consultation with the Chief Finance Officer, to negotiate and conclude alternative payment arrangements, deferral or reduction, on a case-by-case basis, in relation to its commercial tenants.

**3 CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The report to 31 March Urgency Sub-Committee outlined the range of government financial support measures for local authorities, together with an indication of the potential direct and indirect financial impacts of the COVID-19 outbreak on the council's financial position. In summary, the government has provided the following COVID-19 financial support to date:

- Emergency Response Funding: £8.157m (share of £1.6bn nationally)
- Hardship Fund: £2.330m (share of £0.5bn nationally)

- There is also £0.066m that can be claimed in respect of Rough Sleeper additional costs.
  - A further £1.6bn Emergency Response funding announced on 18 April 2020. The indication from government is that the distribution methodology for this funding will be different from the first tranche but should provide approx. £8m.
- 3.2 These are intended to provide cover for additional emergency response costs as well as enabling councils to provide additional hardship support via their Council Tax Reduction Schemes. However, a fundamental issue for the council is that, excluding Schools, Public Health, Council Housing and Housing Benefits, its services are now largely reliant on local income and taxation rather than government funding which has been very substantially reduced since 2010. In 2020/21, the main sources of funding for the council's General Fund services are as follows:
- Council Tax: £150m
  - Fees & Charges for services: £110m
  - Business Rates (locally retained share): £59m
  - Government grant funding: £35m
- 3.3 This demonstrates that the council's finances are therefore very vulnerable in the current situation. Council Tax revenues may well be impacted if people's financial circumstances are impacted and more people claim Council Tax Reduction discounts (CTR). Similarly, Business Rate revenues, excluding government support for expanded reliefs, could be impacted by the effect on the local economy and the visitor-driven economy both in the short and medium term depending on recovery. Most concerning are fees & charges as these are now a very large source of funding for council services. The pandemic will see many fees & charges being severely impacted by closures (e.g. Royal Pavilion), or reduced business and visitor activity (e.g. parking charges and fines), and/or the general impact on the economy (e.g. commercial rents and planning fees).
- 3.4 The Ministry of Housing, Communities & Local Government (MHCLG) recently collected financial data from local authorities on 15 April to begin to understand the costs and income pressures facing local authorities. At this early stage these are difficult to estimate accurately, however, the current experience is that the council is estimating additional costs, including delayed savings programmes, of approximately £3m per month. In addition, it is suffering a much greater loss of incomes of approximately £8m per month. Therefore, looking at the short term, the financial impact on the council could be circa £30m if the crisis continues for 3 months to mid-June. There will be some offset to these costs from reduced purchases of non-essential supplies and services, however, this is not anticipated to be significant.
- 3.5 More concerning is that the financial impacts on taxation, business rates and fees & charges incomes could take a considerable amount of time to recover, giving rise to a significantly greater medium term financial impact. Excluding the Hardship Fund, which is allocated to additional Council Tax Reduction discounts in accordance with government instructions, the government funding identified above will provide circa £16m, which will not therefore be sufficient to address either the short-term financial challenges or ongoing medium term impacts facing the council.

- 3.6 These impacts, particularly the loss of income, explain why the council must continue to take a prudent and sensible approach to any support provided to individuals and businesses from council finances. At present, no other assurances have been provided by government regarding further funding support although representations to government have been and are being made in this respect, including through the MHCLG financial data return which will be collected monthly. In the meantime, the council must ensure that it remains financially sustainable and viable in order to provide critical services in the future, for example, Adult and Children's Social Care.
- 3.7 The key areas of COVID-19 financial support and impacts are updated below and incorporate the latest known position or estimates.

<b>Emergency Funding Source</b>	<b>Latest Estimates £m</b>
<b>Hardship Fund (Total Funding £2.330m)</b>	
£1.940m set aside to provide a £150 reduction in the council bills for those households in receipt of the working age Council Tax Reduction (CTR) discount in 2020/21	1.940
£0.390m set aside to enhance existing discretionary and local welfare funds	0.390
<b>Estimated Hardship Fund Spend to date</b>	<b>2.330</b>
<b>Emergency Response Fund (Total Funding £8.157m)</b>	
£8.157m funding is held as a Corporate Budget. Spending commitments and estimates are as follows:	
Early discharge from hospital (non-CCG funded)	3.160
Homeless & Rough Sleeper accommodation (up to 400 rooms) and associated security, food, transport and support staffing costs *	2.400
Additional Provider staffing capacity	0.050
Care Home capacity and continuity incentives	0.336
Additional IT (laptops) to support homeworking	0.093
Excess Death Management	0.046
Corporate PPE supplies	0.419
Support for the food Partnership	0.046
Other costs within services	0.146
<b>Estimated Emergency Response Spend to date</b>	<b>6.696</b>

\* *This is a high level estimate at present. Welfare benefit claims are being made for as many of those accommodated as possible which should reduce costs, however, other significant costs for deep cleaning and restoration of all rooms to their original state are not yet included. The estimate is therefore the overall net projected cost.*

*Note: A further £1.6bn tranche of Emergency Response funding was announced on 18 April. The amount for BHCC has not been confirmed but would normally be approximately £8m.*

- 3.8 The communities secretary also announced Emergency Funding for Rough Sleepers of £3.2m to enable rough sleepers to self-isolate. The provisional maximum amount the council is entitled to claim back is £0.066m.

### Business Rates Expanded Reliefs

- 3.9 On 11 March, the Budget announcement identified that businesses in the retail, hospitality and leisure sectors, with a rateable value of less than £51,000, would pay no business rates for the whole of 2020/21. On 17 March, the government announced it would go further by removing the £51,000 rateable value threshold. This relief was further widened to include estate and letting agents, and bingo halls. This additional relief was applied to ratepayer's accounts on 15 April and benefits 2,657 business properties at a value of £61.430m.
- 3.10 On the 18 March the chancellor announced that nurseries would be eligible for a business rates holiday for 2020/21. There are 47 eligible business premises receiving a total relief of £0.806m. This will also be funded by Section 31 grant.

COVID-19 Business Rate Reliefs and Discounts	No. Businesses	Value £m
Existing Retail Discount increased to 100%	1,547	7.375
Extended retail Relief (no previous entitlement)	1,110	54.056
Nurseries business rates holiday	47	0.806
<b>Total</b>	<b>2,704</b>	<b>62.237</b>

- 3.11 The expanded reliefs and discounts will be funded by government Section 31 grants although the council still awaits details of the timing for these grant payments. The council would be entitled to 49% through the grant to replace lost revenue.

### Business Grants

- 3.12 The Government announced there would be support for small businesses and businesses in the retail, hospitality and leisure sectors in the form of two grant funding schemes, the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLG). Detailed guidance issued on 24 March sets out the eligibility criteria that billing authorities must use to pay grants to eligible businesses and the expectation that these will be paid as soon as possible in early April. The government has provided the funding in advance of the grants being awarded and £82.884m was received on the 1 April 2020 based on the government's high-level estimate.
- 3.13 The initial estimate of eligible businesses for each of the 3 categories of Business Grant is as follows and is subject to change as eligibility is checked and verified:

COVID-19 BUSINESS GRANTS – ESTIMATED ELIGIBLE BUSINESSES							
Small Business Grant Fund (SBGF)		Retail, Hospitality and Leisure Grant (RHLG)		Retail, Hospitality and Leisure Grant (RHLG)		TOTALS	
(£10k per business)		(£10k per hereditament)		(£25k per hereditament)		Number	Value
3,726	£37.260m	598	£5.980m	1,212	£30.300m	5,536	£73.540m

- 3.14 The council made its first grants payments into businesses bank accounts on the 3 April 2020. As at 20 April just over 30% of eligible businesses (38% of eligible grant) have been processed to receive the grant by 24 April and payments are expected to rapidly increase over the next week. However there remains a large number of businesses yet to register for the grant through the portal and officers continue to contact them to encourage providing the information required to make payment. The government now requires the council to make a weekly return on the progress of these awards. The table below shows the grants processed to date:

<b>COVID-19 BUSINESS GRANTS – GRANTS PROCESSED AS AT 8 APRIL 2020</b>							
<b>Small Business Grant Fund (SBGF)</b>		<b>Retail, Hospitality and Leisure Grant (RHLG)</b>		<b>Retail, Hospitality and Leisure Grant (RHLG)</b>		<b>TOTALS</b>	
<b>(£10k per business)</b>		<b>(£10k per hereditament)</b>		<b>(£25k per hereditament)</b>		<b>Number</b>	<b>Value</b>
605	£6.050m	291	£2.740m	779	£19.475m	1,675	£28.435m

### **HMRC Support and Job Retention Scheme**

- 3.15 The Government has announced that all employers, including local authorities, which, due to the effect of the virus, would need to make their employees redundant or otherwise stand them down, can instead designate them as furloughed, subject to the terms of their contract or agreement with the employee. This will allow employers to apply to HMRC for the reimbursement of 80 per cent of their wages, subject to a limit of £2,500 per month. The employer may elect to top up the remaining 20 per cent.
- 3.16 However, the government guidance states that it expects that the scheme will not be used by many public sector organisations as the majority of public sector employees are continuing to provide essential public services or contribute to the response to the coronavirus outbreak. In addition, the government has provided some emergency funding to support local authorities. However, unlike government departments or other areas of the public sector, for example, the NHS, many local authorities services are funded by either fees and charges for services and/or local taxation. Both of these income sources are expected to be very severely impacted and are not yet covered by any additional funding announcements. Furlough for staff in services funded largely by local incomes, may therefore be considered if all other options have been exhausted.
- 3.17 In this respect, the council has developed a ‘Deployment and Volunteering’ approach and is currently working through this process across all services to match those who may not be able to work but are willing to work with available roles. Only where people cannot be deployed elsewhere will the council consider the option of furlough. Further updates will be provided when this process has been concluded.

### **Cashflow**

- 3.18 The report to Policy & Resources Urgency Sub-Committee on 31 March 2020 highlighted the impact that government support measures and the disruption of income streams could have on the council’s cashflow.

- 3.19 The council's treasury management team have modelled a number of scenarios for cashflow over the next 6 months. This is heavily influenced by the timing of government support, in particular the timing of the Section 31 grant to replace the loss of business rates, as well as the flow of income from local taxation.
- 3.20 On 16 April the government announced it will defer Business Rates payments to government and make early payments of certain social care grants to local authorities. Section 31 grants to cover the loss of retail relief will also commence in May. The impact of these measures will be to improve cashflow by approximately £20m over the next 5 months which will help offset the reduced cashflow arising from income losses. With these revised government measures in place, the council should avoid the need to borrow to support cashflow until the end of August at the earliest.

### **Fees Charges and Rents (non HRA)**

- 3.21 The council relies on substantial fees, charges and rental income and a significant proportion will be affected by the lockdown and closure of many businesses as well as the impact on footfall of social distancing and isolation measures. Fees and charges are a feature of most services and therefore virtually every service's income budget for 2020/21 (and to a lesser degree 2019/20) will be affected.
- 3.22 Key areas that are demand driven income include on and off street Parking income (£39.5m income budget), Leisure and venues (£6.5m) and life events (£4.0m). In addition, a further £4.5m of income would normally be generated by the Royal Pavilion and Museums (RP&M). As the transition period for the RP&M will be extended for 6 months, this income loss will fall to the council.
- 3.23 This is a major area of concern, particularly for unitary authorities, and further work is underway to establish the likely loss of income from these sources which will be substantial. Early estimates of losses were provided to MHCLG as part of the financial data capture exercise first collected on 15 April 2020 and due to be collected monthly. These estimates will be refined as the financial experience of lockdown and the impact of revenues becomes clearer.

### **Pausing New Capital Programme Schemes**

- 3.24 The Urgency Sub-Committee report on 31 March 2020 identified that one immediate measure that could be taken was to pause all new General Fund capital schemes until further review at the July Policy & Resources Committee. This would not include:
- The HRA funded capital programme which is self-financing;
  - Any capital schemes that are self-financing, for example, the Street Lighting programme is funded wholly from energy savings generated by erecting new street lighting;
  - Any capital schemes funded wholly from government Capital Grants or previously identified Capital Receipts.
- 3.25 A full list of new General Fund schemes that rely on borrowing, income generation, or a combination of these and new capital receipts has been reviewed by officers. The review has identified those schemes that officers recommend should continue and those that it is appropriate to pause. Where

schemes are recommended to be paused, this is due to their reliance on either new borrowing, additional income generation (to support financing costs), or uncertain capital receipts. The recommended action for each new capital scheme is provided at Appendix 1. Where schemes are recommended to 'pause', this will apply until further reviewed by the July Policy & Resources Committee, unless in the interim the committee receives a separate report on a capital scheme with alternative recommendations. In this respect, there is a separate report on this agenda regarding the pause of elements of the Local Transport Plan (LTP) capital programme.

### **Supplier Payments and Relief**

- 3.26 The Cabinet Office has issued guidance (Procurement Policy Note PPN 02/2020) to the public sector that it should act quickly and take immediate steps to identify all suppliers at risk as a matter of urgency to support their survival over the coming months alongside other government support. The PPN outlines a range of measures which councils could take to support suppliers at risk. The council has written to all of its suppliers and, for those identified to be at risk, has offered to alter our contractual terms and requirements, including: temporarily suspending some services, changing ways of working, or changing service delivery and performance requirements. The relief the council may offer will depend on the nature of the services, goods or works being provided, the challenges faced by the supplier and the contract terms.
- 3.27 This is a very challenging area as the government expects local authorities to ensure the continuity of supply and supply chains during the crisis to ensure that they can be brought back into service quickly once the emergency is over. However, as reported in paragraph 3.4 and 3.22 above the council is expecting to suffer very substantial losses of income together with falling tax revenues. There are currently no government funding announcements in respect of these losses. The council must therefore adopt the approach that all businesses, including those who are contractors of the authority, should first and foremost seek all available government support where they are not providing normal services including:
- Business Grants
  - Business Rate Reliefs
  - Furlough for salaried staff
  - Furlough for self-employed workers
  - VAT and Corporation Tax breaks and deferrals
  - Business interruption loans (if applicable)
- 3.28 These may not be applicable or eligible for some businesses and therefore, once the level of government support is understood in each case, the council will discuss with contractors any further Supplier Relief that is being requested and will need to consider these on a case-by-case basis, agreeing contract variations where necessary. In summary, the principles that the council is adopting in each case are as follows:
- a) To understand if there are any services continuing during the crisis that need to be paid for, including emergency provision.

- b) For services that cannot continue as normal, request that suppliers look to reduce their internal costs (e.g. by negotiating with their own suppliers) as far as practicable and reasonable.
- c) To then ensure that all available government support has been or will be pursued by the supplier in the first instance including grants, reliefs and, in particular, furlough of staff, etc. There may be exceptions to this, for example, where services are wholly government grant funded, however, this is unusual.
- d) Understand what additional supplier relief is being sought from the council.
- e) Assess, with the contractor, the extent of their financial and business continuity risks.
- f) If payment for a discontinued or reduced supply or service is considered appropriate, i.e. the supplier is at risk, the council will agree a contract variation and provide supplier relief that:
  - i. Recognises the change in supply, service and/or performance agreed under the varied contract;
  - ii. Determines any non-financial supplier relief to be provided (e.g. faster payment, payment on plan, etc);
  - iii. Determines the minimum additional financial support that will enable:
    - the supplier to avoid insolvency during the crisis; and
    - to 'stand up' the full service or supply within a short period of time when services recommence.

Neither government nor council emergency funding is intended to maintain normal business payments nor sustain profit margins for services that are not continuing in full. The measures and reliefs are designed to ensure solvency and business continuity resilience only. Decisions regarding variations to contracts and associated payments will follow normal governance procedures and will usually be taken under officer delegations as normal.

### **Concession Contracts & Franchise Agreements**

- 3.29 There are some cases where contractors of the council provide services under concession-type contracts. These contracts can often involve the contractor either paying over sums to the council or receiving substantially reduced contract payments because the concession is net of fees & charges generated by the service or franchise. Examples include sports & leisure concessions or cultural and event concession contracts. In these cases, the contractor will be losing most, if not all, of their income from fees & charges due to lockdown measures. These services will therefore be encouraged, as above, to apply for the full amount of government support available and to furlough workers wherever possible.
- 3.30 However, it is recognised, particularly where the contractor normally pays over sums to the council, that these organisations may be at high risk of insolvency even with government support and therefore the restoration of services may be at risk without additional financial support from the council. As with all support, these will need to be assessed on a case-by-case basis taking into account the full circumstances of the concession and the financial position of the contractor after taking into account available government support. The committee are requested to grant delegated authority to the Executive Director of Economy, Environment & Culture, in consultation with the Chief Finance Officer, to



negotiate appropriate terms with contractors at risk, including appropriate emergency financial support, to support the solvency of the contractor and ensure continuity of services.

### **Community & Voluntary Sector Support**

- 3.31 As previously reported, a new COVID-19 emergency grant fund has been set up to help community and voluntary organisations in Brighton & Hove who are supporting the city's most vulnerable residents. £150,000 is being made available by the council to support organisations facing unexpected financial problems and costs as a direct result of the impact of COVID-19, either on the organisation or on the residents they support. Funding is granted via an application process.
- 3.32 Other emergency CVS support is also being commissioned on a needs basis, for example, support for food supply and distribution to vulnerable people.

### **Commercial Tenants in Council-owned Properties:**

- 3.33 The approach to supporting tenants in council-owned properties is as follows:
- The council has already deferred March rent payments for those commercial tenants in financial difficulty who requested support;
  - The council will consider deferring June rent payments for commercial tenants in hardship who have suffered severe cash flow difficulties.
- 3.34 Officers are currently gathering intelligence to gain a better understanding of the needs and challenges facing commercial tenants. It appears unlikely that there will be any 'one size fits all' solution, and instead tenants in difficulty will need to be supported on a case-by-case basis. Where tenants are still solvent and in a reasonable financial position then it is incumbent on the council to collect rents to ensure income to pay for other costs from dealing with the pandemic.
- 3.35 The 31 March 2020 Policy & Resources Urgency-Sub Committee provided delegated authority to the Executive Director Economy, Environment & Culture, in consultation with the Chief Finance Officer, to enable him to determine the most appropriate course of action on a case-by-case basis and to use urgency powers or report to committee as necessary. However, it has become clear that each decision requires considerable analysis and negotiation and therefore it would not be practical to consult members for each and every case and this could unreasonably delay decisions and communication with businesses. The committee are therefore requested to delegate authority to the Executive Director of Economy, Environment & Culture, in consultation with the Chief Finance Officer, to negotiate and conclude alternative payment arrangements, deferral or reduction on a case-by-case basis. A report summarising the actions taken will be brought to Policy & Resources Committee as part of regular financial update reports.

### **Wider Business Support**

- 3.36 The Brighton & Hove business Economic Partnership (BHEP) conducted a short survey of its members to find out about the impact of the government's COVID-19 mitigation measures. Following the survey, we are now working with BHEP to set up a virtual business resilience group to gather business intelligence, target business support and begin planning for the post COVID-19 period.

- 3.37 The Business Hot House and Invest-4-business grants are being launched this month. The programme is targeted at businesses wishing to invest and adopt new business practices for sustainable business growth.
- 3.38 The Economy & Events 'cell' is also investigating the situation regarding the visitor and events sector where it is becoming clear that many organisations may struggle for survival even with available government support. If necessary, officer Urgency Powers may be used to agree any support measures in relation to this sector.

#### **4 USE OF OFFICER URGENCY POWERS**

##### **Gold Command Urgent Decisions - Part 6.2 A 7(1) of the Scheme of Officer Delegations**

- 4.1 Under the council's constitution and the Scheme of Delegation to Officers, the designated Gold Commander can authorise expenditure up to £1m, per incident, using Urgency Powers, where it is considered that there is not time to follow the normal governance and decision-making routes or undertake consultation as normal. Decisions taken under Gold Command require that the appropriate members are briefed as soon as practicable.
- 4.2 On 27 March 2020, the designated Gold Command authorised the immediate implementation and communication of support to social care providers to secure additional private and independent sector staffing capacity and to secure care home capacity to enable immediate discharge from hospitals and placement from community to ensure hospital capacity remained at the maximum available. The estimated cost of additional payments to providers will be approximately £0.386m for a period of up to 3 months. This includes measures to pay providers on plan and to pay in advance of financial assessment of clients as an emergency measure to ensure provider cash flows are secure in order for them to provide the necessary additional staffing cover.
- 4.3 On 9 April 2020, the designated Gold Command officer authorised the immediate purchase of additional equipment and facilities to provide for PAN Sussex excess death management on behalf of the Sussex Resilience Forum (SRF). Following updated Public Health modelling and in order to manage the projected risks, contingency plans for additional body storage were urgently required as the number of storage containers made available by the Ministry of Housing, Communities & Local Government (MHCLG) were insufficient to meet the required capacity. A supplier for refrigerated containers, shelters and storage became available at short notice and the Gold Command (and SRF lead) therefore considered that the use of urgency powers was necessary to secure the required facilities for Sussex given the very high national demand for storage facilities.
- 4.4 The cost is expected to be approximately £0.270m once all invoices are settled. However, it should be noted that the funding of supplies and equipment is to be shared across the three Sussex local authorities on the basis of population. Brighton & Hove City Council's share of this expense will be 17% or approximately £0.046m.
- 4.5 Similarly, on 27 March, 30 March, and 14 April 2020, the designated Gold Command officer authorised the immediate purchase of PPE equipment

following the sudden and unexpected availability of supplies from suppliers. Due to concerns about the timing and availability of PPE supplies from other sources, the Gold Command considered that an urgent and immediate decision was needed to secure the supply much needed PPE including gloves, aprons, masks, hand sanitizer, eye protection and other items as availability became apparent. The cost of the supplies, once all invoices are settled, is expected to be approximately £0.419m.

- 4.6 Decisions taken under Gold Command during the COVID-19 crisis, including the above instances, total £0.944m to date. This includes previously reported decisions of £0.093m in relation to the purchase of computer laptops. All expenditure is to be funded from the COVID-19 Emergency Response Fund.

#### **Other cases where Officer Urgency Powers have been used - Part 6.2 A 7(2) of the Scheme of Officer Delegations**

The Council's Constitution contains further provision following consultation with the Chair of the relevant Committee for the exercise of officer urgency powers where it is not reasonably practicable to obtain prior approval of a Committee or Sub-Committee. In such cases, a record of the Officer Urgency Decision is made, including the detail of the consultation undertaken, and reported to the next available Committee.

- 4.7 The full list of Emergency Response spending decisions to date, together with records of urgency decisions where required under council procedures, are provided at Appendix 2. These are for noting by the committee.

#### **Non-Urgency Decisions**

- 4.8 In responding to the emergency some costs are incurred by services in the normal course of service delivery, but the costs may be higher, or exceptional, compared to normal activity levels. In these cases, it is not practical to seek member approval for relatively small sums that are not separately purchased or incurred from normal business expenses, supplies or services. This can also include overtime payments for staff covering shortages due to sickness or isolation. Every attempt will be made to capture or 'split' these costs to ensure the full cost of COVID-19 can be ultimately be reported. Decisions on these items are made by Executive Directors and/or the Chief Finance Officer under normal delegations. Costs to date are shown in the table at paragraph 3.7 and in Appendix 2.
- 4.9 There are also additional costs arising from social care placements and community care packages driven by the emergency response to COVID-19. These costs are unavoidable as they result from the assessment of care needs which the authority must meet in accordance with statutory requirements. As for other costs, every attempt is being made to identify the 'excess' social care costs arising from the COVID-19 response to ensure that the cost of the crisis can be properly captured and reported. This is also important to ensure that COVID-19 hospital discharge costs are recovered from Clinical Commissioning Group COVID-19 emergency funds. Local authority costs to date are shown in the table at paragraph 3.7 and in Appendix 2.

## **5 MONITORING THE FINANCIAL POSITION**

- 5.1 The government (MHCLG) have already set up 3 different monitoring processes via their DELTA on-line portal. These capture Business Rate Reliefs, Business Grants and general financial implications. The information to be captured by the latter will be collected monthly and the first submission was provided on 15 April 2020. It captures all spend against the emergency funds, estimated losses or income and taxation, expected cash flow requirements and provides 'free text' fields for local authorities to raise other matters if required. The other returns are weekly and the first data returns were made on Friday 3 April.
- 5.2 Locally, financial updates will be provided to the Leaders' Group and to Policy & Resources Committees in accordance with the 31 March Urgency Sub-Committee report. Eventually, these updates will be incorporated in the council's standard Targeted Budget Management (TBM) information reports but with COVID-19 information being separately identifiable.

## **6 RECOVERING FROM THE CRISIS**

- 6.1 The council is acutely aware that the focus is currently on responding to the crisis and is mobilising its staff and resources to support this effort. However, it is also fully aware that after the crisis has subsided there are likely to be a wide range of long term impacts on individuals, the business and visitor economy, the third sector and public sector agencies. Ways of working and doing business will be top of the list of things that may change forever. The council will begin to develop its policy and approach to managing recovery and sustainability once the logistics of the immediate crisis have been put in place and are operating effectively. In the meantime, a Recovery 'cell' has been set up to begin scoping the potential areas of focus and a Policy & Resources (Recovery) Sub-Committee is proposed.

## **7 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 7.1 In the current crisis the council's response must be largely driven by government instruction and guidance. However, this does not always come with clear instructions and the financial mechanisms and funding are not certain for all aspects of the emergency response. The council must therefore balance longer term financial impacts and uncertainty with providing support to individuals and businesses to help them through the crisis and must also consider the long term implications for the sustainability and recovery of the city as an economy, visitor destination and place of residence.

## **8 COMMUNITY ENGAGEMENT & CONSULTATION**

- 8.1 No specific consultation has been undertaken in relation to this report, however, the council is working closely with all public sector partners in the city to ensure co-ordinated responses and action where appropriate.

## **9 CONCLUSION**

- 9.1 The report indicates the progress in distributing or utilising government emergency response funding to date. The report also highlights the challenging balancing act for the council in determining the financial support to provide now versus the current and longer term financial impacts of the pandemic on the council and the city.

## 10 FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 10.1 The financial implications are set out in the body of the report. The key point to note is that it is not possible quantify all of the costs, losses and exceptional expenses that the authority will experience during this crisis and beyond. It is therefore not currently possible to say whether or not the government emergency funding streams, including any future announcements, will be sufficient to defray these financial impacts. Should these funds be insufficient, members are advised that the council will need to call on its reserves which may include the working balance and other earmarked reserves.

*Finance Officer Consulted: James Hengeveld*

*Date: 14/04/20*

### Legal Implications:

- 10.2 There are no legal implications arising from the recommendations in this report, which is for information and noting. Decision making in relation to expenditure continues to be required to be undertaken in accordance with the delegations set out in the Council's constitution.

*Lawyer Consulted: Elizabeth Culbert*

*Date: 15/04/20*

### Equalities Implications:

- 10.3 There are no direct equalities implications arising from this report. The COVID-19 outbreak affects all areas of society. Government are making specific provisions to 'shield' those expected to be most affected. The council will monitor impacts on protected characteristic equality groups as the crisis develops and ensure evidence is fed into the relevant emergency response 'cells'.

### Sustainability Implications:

- 10.4 The impact on sustainability is not quantifiable at this stage.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. New Capital Schemes – Recommended Actions
2. Record of Emergency Response Spending Decisions

### **Background Documents**

None

