

Audit & Governance Committee

Date of Meeting: 30 July 2020

Report Title: COVID-19 Financial Impact

Senior Officer: Alex Thompson, Director of Finance & Customer Services

1. Report Summary

- 1.1. This report provides:
 - 1.1.1. the context for the changes to the Council's normal financial arrangements as a result of the Covid-19 pandemic;
 - 1.1.2. a summary of the Council's methodology to date on projecting the full year's implications of the Covid-19 response;
 - 1.1.3. a summary of the main financial implications of Covid-19 to date, including the financial support received from government;
 - 1.1.4. a summary of the main sector level impacts, for example, publications from the Local Government Association (LGA) and the County Council's Network (CCN).

2. Recommendation/s

- 2.1. That Members note the financial implications of COVID-19 as detailed in Appendix A.

3. Reasons for Recommendation/s

- 3.1. This report provides Members with a summary of the main financial implications to date relating to the pandemic.

4. Other Options Considered

- 4.1. Not applicable.

5. Background

- 5.1. The Covid19 pandemic has created unprecedented pressures for Cheshire East Council and our partners, including financial pressures.
- 5.2. The Council have submitted regular returns to the Ministry of Housing, Communities and Local Government (MHCLG), this has required the Council to estimate the impacts of the pandemic for 2020/21. This is clearly a complex piece of work which requires regular updating.
- 5.3. It is influenced by a range of factors such as:
 - 5.3.1. the extent of the lockdown;
 - 5.3.2. legislative changes and government guidance (this is estimated to be several hundred different pieces of guidance);
 - 5.3.3. the rules regarding delivering services in a COVID-19 secure way;
 - 5.3.4. estimates of the speed that the economy may recover.

All these factors have changed and are expected to change again as the pandemic advances.
- 5.4. The LGA and CCN collate returns from all member councils, though the types of financial pressure vary from council to council depending on their circumstances. For example, whether they provide social care, have a strong tourist economy or the extent of deprivation. The overall impacts are similar across councils and Cheshire East Council is not an outlier.
- 5.5. This report presents the latest position on Government funding supplied to date. MHCLG and ministers have confirmed that greater clarity will be provided later in the year. The extraordinary impact of the pandemic creates significant uncertainty for the Council that must continue to be managed throughout the 2020/21 financial year.
- 5.6. The report identifies three main types of pressure:
 - 5.6.1. Additional spend as a result of increased demand, additional services or costs associated with delivering services in a socially distant way. At the time of writing the Council does not expect these costs to be fully covered by Government grants.
 - 5.6.2. Lost income, for example, from fees and charges. At the time of writing, the Council expects to receive less than 75% of lost income from Government but there is more analysis to be done to fully assess the impact.

- 5.6.3. Collection Fund potential losses. At the time of writing, the Council expects to have to bear this cost, but to be permitted to spread the impact over the next three years.
- 5.7. All councils are currently analysing the impacts of the latest financial allocations (received as at 16th July 2020) and their projections.
- 5.8. An update on the COVID-19 response was reported to Cabinet on 7th July 2020, a further report will be provided to Cabinet at the earliest opportunity.

6. Implications of the Recommendations

6.1. Legal Implications

6.1.1. The Coronavirus Act 2020 received Royal Assent on 25 March. The Act has extensive schedules setting out a wide framework to life under lockdown. The Act has been followed with copious and frequent guidance notes.

6.2. Finance Implications

6.2.1. The Council's Medium-Term Financial Strategy (approved by Council on 20th February 2020) is under unprecedented pressure due the response required to protect both the health and economic wellbeing of local people and businesses during the COVID-19 Pandemic. To date the Council has received funding related to an array of activities in response to the crisis which includes both ringfenced and non-ringfenced allocations.

6.2.2. The Appendix to this report provides further details on the financial impacts to date.

6.3. Policy Implications

6.3.1. COVID-19 is having a wide-ranging impact on many policies.

6.4. Equality Implications

6.4.1. Implications of the changes will continue to be reviewed.

6.5. Human Resources Implications

6.5.1. Throughout the pandemic, there has been regular communication with staff and good co-operation with the Trade Union.

6.6. Risk Management Implications

6.6.1. Risk registers have been maintained as part of the Council's response to date and the plans for recovery. Business Continuity Plans are being kept under review and plans have been tested against concurrent risks.

6.7. Rural Communities Implications

6.7.1. COVID-19 is having an impact across all communities, including rural communities. The support for small businesses will support rural business.

6.8. Implications for Children & Young People

6.8.1. There are implications for children and young people.

6.9. Public Health Implications

6.9.1. COVID-19 is a global pandemic and public health emergency. There are implications for Cheshire East which are summarised in the report.

6.10. Climate Change Implications

6.10.1. There are implications for climate change with positive benefits.

7. Ward Members Affected

7.1. Not applicable.

8. Consultation & Engagement

8.1. Formal consultation has been paused due to the lockdown restrictions. The Council is considering how and when they can be restarted.

9. Access to Information

9.1. The background papers relating to this report can be inspected by contacting the report writer.

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

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