



**REPORT of
INTERIM DIRECTOR OF RESOURCES**

**to
STRATEGY AND RESOURCES SERVICES COMMITTEE
2 APRIL 2020**

**POTENTIAL FINANCIAL IMPLICATIONS FOR THE COUNCIL ARISING FROM
THE IMPACT OF THE CORONAVIRUS**

1. PURPOSE OF THE REPORT

- 1.1 To inform the Committee of potential financial implications for the Council arising from the impact of the Coronavirus.

2. RECOMMENDATIONS

- (i) That the Committee note the contents of the report;
- (ii) That the Committee note the virements agreed under delegated powers.

3. SUMMARY OF KEY ISSUES

3.1 National picture

- 3.1.1 The Coronavirus (COVID-19) outbreak, which began in December 2019 in China, presents a significant challenge for the entire world. The World Health Organisation has declared it a pandemic. This is an unprecedented situation.
- 3.1.2 At the time of writing this report (12 March 2020) there had been confirmed cases in 131 countries and the UK had the 15th highest number of confirmed cases. With all the measures around the world to contain and delay the virus there is a huge impact on the world economy.
- 3.1.3 The Government are managing the outbreak at a national level and providing guidance to Local Resilience Forums (LFRs) who have the primary responsibility for planning for and responding to any major emergency, including a pandemic.
- 3.1.4 The consensus is that the outbreak of the virus will not reach its peak until the end of May / beginning of June.

3.2 Local picture

- 3.2.1 Local Resilience Forums (LFRs) have the primary responsibility for planning for and responding to any major emergency, including a pandemic. As a key member of the Essex LRF, the Council is working alongside other public sector organisations in

responding to the pandemic at a local level. Many of the measures that are being taken and will need to be taken to try and mitigate the spread of the virus will have a financial impact for the Council.

3.3 Potential Financial Impact - Expenditure

3.3.1 Some necessary additional expenditure has already been incurred. This has been on items such as extra supplies of hand sanitiser and cleaning materials, additional mobile IT and technology equipment to enable Skype meetings to take place around the Council. There will be a need to purchase further consumables, materials, supplies, and equipment as time progresses e.g. Personal Protective Equipment packs. It is anticipated that these will be relatively small amounts of expenditure and will be contained within budgets wherever possible.

3.3.2 In working through potential scenarios, it has been identified that there could be a need to dig more graves. To do this safely a piece of equipment is needed to shore up the sides of the grave whilst digging. This will cost approximately £8,000. A budget has been identified within the same Directorate that can be vired to cover the cost of this.

3.3.3 Whilst not directly connected to the Coronavirus there will be a change to the Cemeteries service. The contract for grave-digging comes to an end at the end of March 2020 and the service is being brought back in-house as this will mean a full-time member of staff can be employed for grave-digging and to work across other services to provide more resilience in service delivery in several areas. To bring the service back in-house there will be a need to purchase a mini-digger at a cost of approximately £15,000. A saving of £18,000 within the capital programme has already been made when purchasing three vehicles during the year. It is proposed that this will be vired to cover the cost of the mini-digger. Overall this change to the service will be cost neutral but enhance service delivery at a time when this is needed.

3.3.4 There will, in all likelihood, be more unforeseen expenditure required over the coming months, but it is not possible to anticipate what this may be. It will be monitored and reported to Members on a timely regular basis.

3.4 Potential Financial Impact - Income

3.4.1 Whilst there will be an impact on expenditure it is not thought to be as significant as the impact that the spread of the virus will have on income. All national reports are concluding that it will be several months before we see any real slowdown in the spread of it and a decline in numbers contracting it.

3.4.2 Some of the areas where there is a high risk of income falling short of the budget are:

- Car parking income as residents, visitors and tourists stay away and don't move about the country as they usually do.
- Events income as the decision will need to be taken to cancel or postpone events that had been planned for the summer e.g. food festival.
- If the visitor attractions, e.g. the splash park, cannot open for the full season, then income levels will be below that expected.

- Licensing income may fall short if events, establishments and taxis do not apply for licences.
- Business rates and council tax collection rates may dip if businesses have cashflow issues due to lack of trade and individuals are not receiving their regular salary whilst isolated or caring for dependents.

3.4.3 The above is not an exhaustive list and there will be many areas of income that will be affected by the pandemic over the coming months. Also, we have no idea how long the pandemic will last and when things will return to normal. Therefore, it is not possible to determine the extent of impact nor quantify it at this stage.

3.5 General Fund Balance

3.5.1 The Council has been prudent and has always ensured that a minimum level of General Fund Balance has been maintained (the policy is that the minimum must be maintained at £2.6m). The actual balance at 31 March 2019 was £4.7m.

3.5.2 The government announced as part of its budget on Wednesday 11 March 2020 that there would be funding made available to local authorities to assist them with the additional costs being incurred in dealing with the coronavirus containment, although there were no further details given. It has also been announced that there would be assistance for small businesses in the extension of reliefs for small businesses and a £3,000 grant that they could apply for from their billing authority. Any changes in business rates and the grant should be recoverable from the government.

3.5.3 The government has also commented though, that Councils maintain a General Fund Balance for just such an event. Therefore, there may be an expectation from central government that some of costs will be borne by local authorities.

4. CONCLUSION

4.1 The Coronavirus pandemic will have financial implications for the Council. Some costs have already been identified and budget savings found to cover them. However, there will be further costs and a high risk that income targets will not be achieved for 2020 / 21. The government has announced that there will be some funding to assist councils but have not given any details on this yet. Any residual shortfall will have to be met from the use of the General Fund Balance if it cannot be found from existing budget savings.

4.2 Members are asked to note the report.

5. IMPACT ON CORPORATE GOAL

5.1 In diverting resources to dealing with the impact of the coronavirus pandemic there may be an adverse impact on the corporate goal of ‘Delivering good quality, cost effective and valuable services.’

6. IMPLICATIONS

- (i) **Impact on Customers** – Some interruption in service delivery may be experienced if resources are diverted away from them.
- (ii) **Impact on Equalities** – None identified.
- (iii) **Impact on Risk** – Some risks may increase.
- (iv) **Impact on Resources (financial)** – As detailed in the body of the report.
- (v) **Impact on Resources (human)** – Staff may be diverted from their usual tasks to assist in dealing with the pandemic.
- (vi) **Impact on the Environment** – None identified.

Background Papers: None.

Enquiries to: Tina Stankley, Interim Director of Resources, (Tel: 01621 875789).