

COVID-19 RECOVERY – FINANCE & RESOURCES

1. Recommendation

- 1.1 That Cabinet consider the recommendations from the Finance & Resources Recovery Task and Finish Group (FR T&FG) as laid out in section 5.

2. Purpose of the report

- 2.1 The purpose of the report is to set out the proposed recommended actions necessary now ahead of the re-drawing of the Council's Medium Term Financial Plan, including the Emergency Budget for 2020/21.

3. Background

- 3.1 The Council has a legal responsibility to set a fully funded balanced budget. In light of the financial implications that COVID-19 will have on the Council's budget for 2020/21 the production of an Emergency Budget is necessary.
- 3.2 At its meeting in June, the Cabinet established 4 Recovery Task and Groups. One of these Task and Finish groups has a focus on Finance & Resources. Members of the group have agreed on a set of recommendations now put forward to the Cabinet, ahead of the preparation of the detailed Emergency Budget. Section 4 of this report gives an overview of the considerations of the Finance & Resources Task and Finish Group meeting, held on 14 July 2020.

4. Finance and Resources Task and Finish Group Overview

The Task and Finish group were asked to consider and make recommendations to Cabinet on:

4.1 The Latest Government Support Packages

- Package 1 – £500m non-ringfenced support grant;
- Package 2 – Funding for 75% of irrecoverable income losses from Sales, Fees and Charges, where the losses are greater than 5% of the Council's planned income receivable;
- Package 3 – Ability for the Council to spread any collection fund deficits over 3 years;

- The announcement also commented on how lost revenues from council tax and business rates might be addressed in the next the spending review; and
- a further announcement was made in relation to furlough which would see an employer receive a £1,000 bonus for every employee (subject to minimum earnings) who returned to work from furlough and still be employed by January.

Members of the task and finish group were given information on each of the above, including some modelling of the income support scheme, although it was stressed that details of the scheme had not yet been announced.

4.2 Update on Previously Adopted Recommendations

- Vacancy Control
 - A new procedure had been implemented with effect from 7 July 20.
 - The value of withheld posts across the authority was reported to the group at £433k
- Budget Review
 - Asset Maintenance
 - An initial review of the AMR schedule had taken place and schemes totalling £212,000 had been identified as suitable for removal from the 2020/21 budget
 - Savings from 2019/20 outturn
 - The Service Accountancy Team had instigated work with the Service Managers across the Council to go through the budget savings from 2019/20 and identify any areas that could be considered as on-going, and so be removed from the budget
 - Review of Capital Programme Financing and reserve transfers
 - Members were informed of reserve transfers originally planned for 2020/21 that could be adjusted in order to assist in the rebalance of the 2020/21 budget
 - Review of service budgets directly impacted by COVID-19
 - The Service Accountancy Team had instigated work with the Service Managers across the Council
 - Utilisation of General Fund Reserve
 - The ultimate stopgap for any unfunded budget shortfall

Members of the Task & Finish Group were supportive of the actions as outlined.

4.3 Postponement of non-essential Capital Schemes

A review of the 2020/21 Capital Programme was underway.

The Programme includes the £5m Hardley Depot Scheme. Members of the task and finish group were informed of the preferred direction of travel as agreed by the Council's Investment Panel in terms of moving this scheme to Invitation To

Tender stage. This would then enable the full preparation of the business case and inform the ultimate decision as to whether to proceed with a contract award later in 2020.

Members of the Task & Finish Group were supportive of the actions as outlined.

4.4 Employee Support and Engagement

Members were given an update on the support measures in place for employees and managers, which take into account the change in working environment for the vast majority of the workforce. Measures included robust risk assessments for those remaining or returning to work with changes such as perspex screens, social distancing and cleansing routines.

A key area of support was targeted at mental health and wellbeing ensuring both employees and managers could access useful tools and training opportunities on line.

Members were also briefed on the second staff survey, which would be consistent to the survey carried out by Hampshire County Council on their workforce.

Members of the Task and Finish Group were supportive of the action, and particularly welcomed the second staff survey which would provide the Council with important data on how employees had adapted and responded to working from home or how they felt about being at work and the support measures in place.

5. **Finance and Resources Task and Finish Group Recommendations**

- 5.1 That NFDC maximise the support funding reimbursement available from the Income Support Scheme
- 5.2 That Cabinet continue to plan its Emergency Budget based on the worst-case scenario but keep the plan fluid based on latest and most to date announcements on funding support
- 5.3 That NFDC utilise the new allowances on Collection Fund deficits, and spread the financial burden out over the allowable period
- 5.4 That Cabinet approve the adjustments to Asset Maintenance Budgets, resulting in savings to the 2020/21 budget totalling £212,000
- 5.5 That Cabinet approve the adjustments to reserve transfers originally planned in 2020/21
- 5.6 That Portfolio Holders carry out Fees and Charges reviews to ensure all fees are set in line with Council Policy, and to have regard to specific COVID-19 income losses in need of recovering

5.7 Progress Hardley Depot scheme through the ITT stage, to enable the full business case evaluation to take place later in 2020

6. Crime & Disorder Implications

6.1 None.

7. Portfolio Holder Comments

7.1 With the additional financial support proposed by Central Government and the work of Officers and Members of the Task and Finish Group I am confident that we can now deliver a fully funded revised budget for 2020/21. This is a considerable achievement and I would thank everyone involved.

7.2 Our next challenge is to revise the Medium Term Financial Plan to take into account the longer term financial implications of COVID-19. Regrettably the financial ramifications of this pandemic will continue to impact on all Councils over the coming years but as stated in previous reports New Forest District Council is well placed to meet the challenge.

Alan Bethune
Chief Financial Officer (S151)
Tel: 023 8028 5588
Email: alan.bethune@nfdc.gov.uk

Background Papers
COVID-19 Update May 20
Recovery Update July 20
2020/21 Budget Feb 20