

Initial Assessment

Impact of
COVID-19



Talking Points

IMPACT

GOVERNMENT

ACTION

FUTURE



STORMY WATERS



20%

**RISING
COSTS**

£8.017M

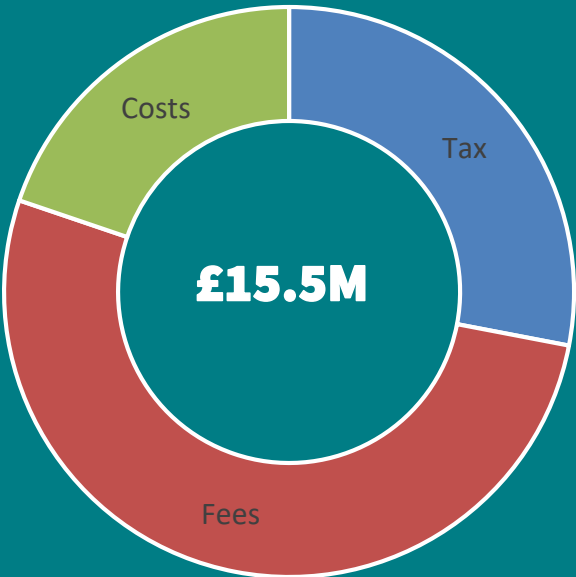
80%

**FALLING
REVENUE**

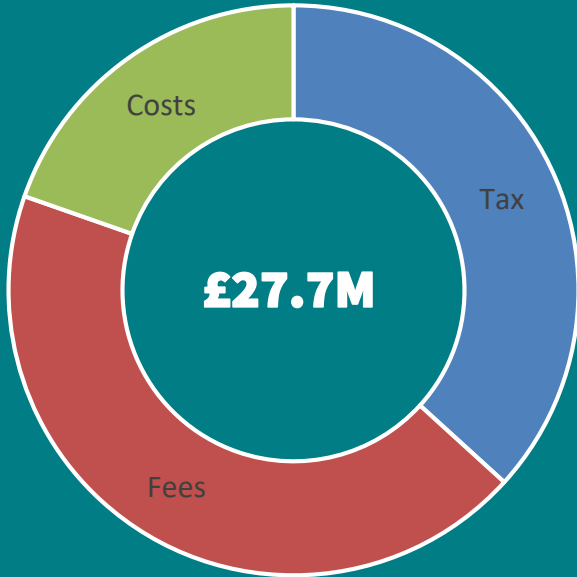
£32.796M

2020/21

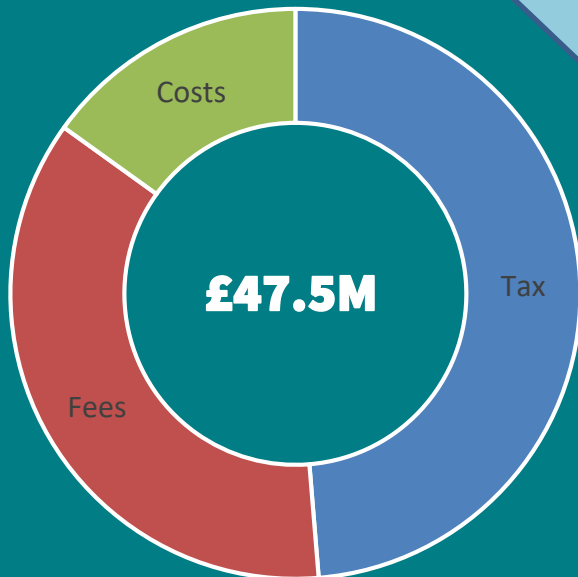
Mind the Gap....



Low



Medium



High

Key Service Issues



Adult Social Care

240 Care Homes Vacancies
+ PPE Costs + Lost Income
Excel Care Beds

Leisure Operators
Closure – no income

+

Fixed Costs covered by
MKC



Waste Services

Increased tonnages +
No RWTF zero gate fee



Homelessness

Travelodge for 50
Roughsleepers



Bus Operator

Commercial Income
+
MKC still funding reduced
services

Home to School Transport

Open Book / Savings

but

Risk of future cost increases
to ensure safety



MK

milton keynes council



Tax Revenue



7%



82



0.5%



3.9%



1570 ?



£1M ?

Government Support

MHCLG : Robert Jenrick - 4th May Select Committee

“Councils should not labour under the false impression that all COVID-19 related costs would be covered by central government. I think we have been very clear actually about the specific tasks we have asked of local councils “



**Alex Skinner MHCLG Director of Local Government Finance
– Letter to Chief Finance Officers on 28 May**

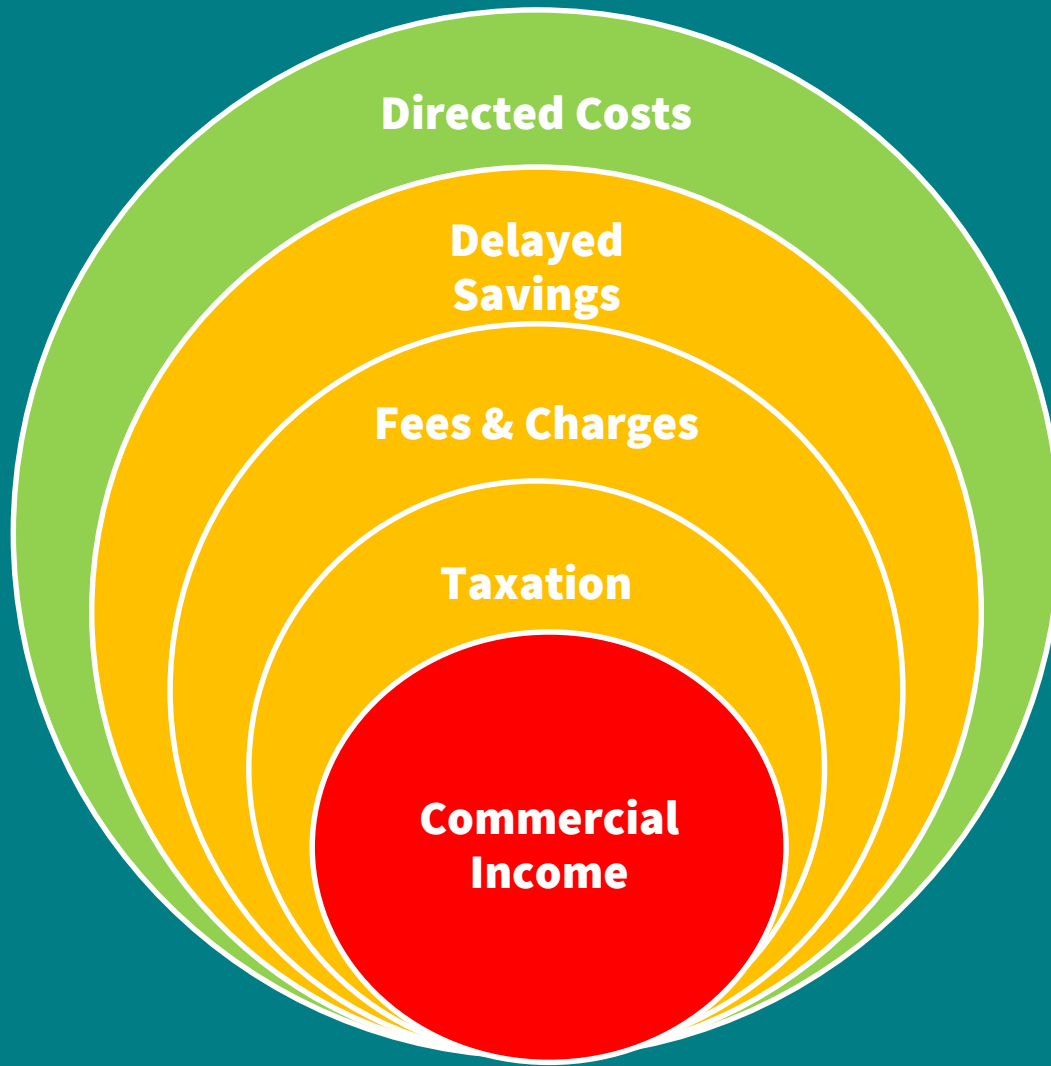
Sets out a comprehensive list of the areas Government has asked local government to prioritise during the COVID-19 crisis in relation to the £3.2billion of additional financial support.

Last week MHCLG announced further financial support package.....

MHCLG Plan

- **Additional £0.5bn unringfenced grant**
- **Sales, Fees and charges – 75% of actual losses above 5%.**
- **Phased repayment of collection fund deficits over the next 3 years.**
- **Commitment to determine what support is needed to help Council's meet irrecoverable tax income at the spending review.**

MHCLG 's 5 Lenses



**Consequential
Costs**

What's on the List



**Homelessness
Roughsleeping**



**Waste
Management**



**Children's
Services**



**Domestic
Abuse**



**Public
Health**



**Shielding
Vulnerable**



**Adults Social
Care**



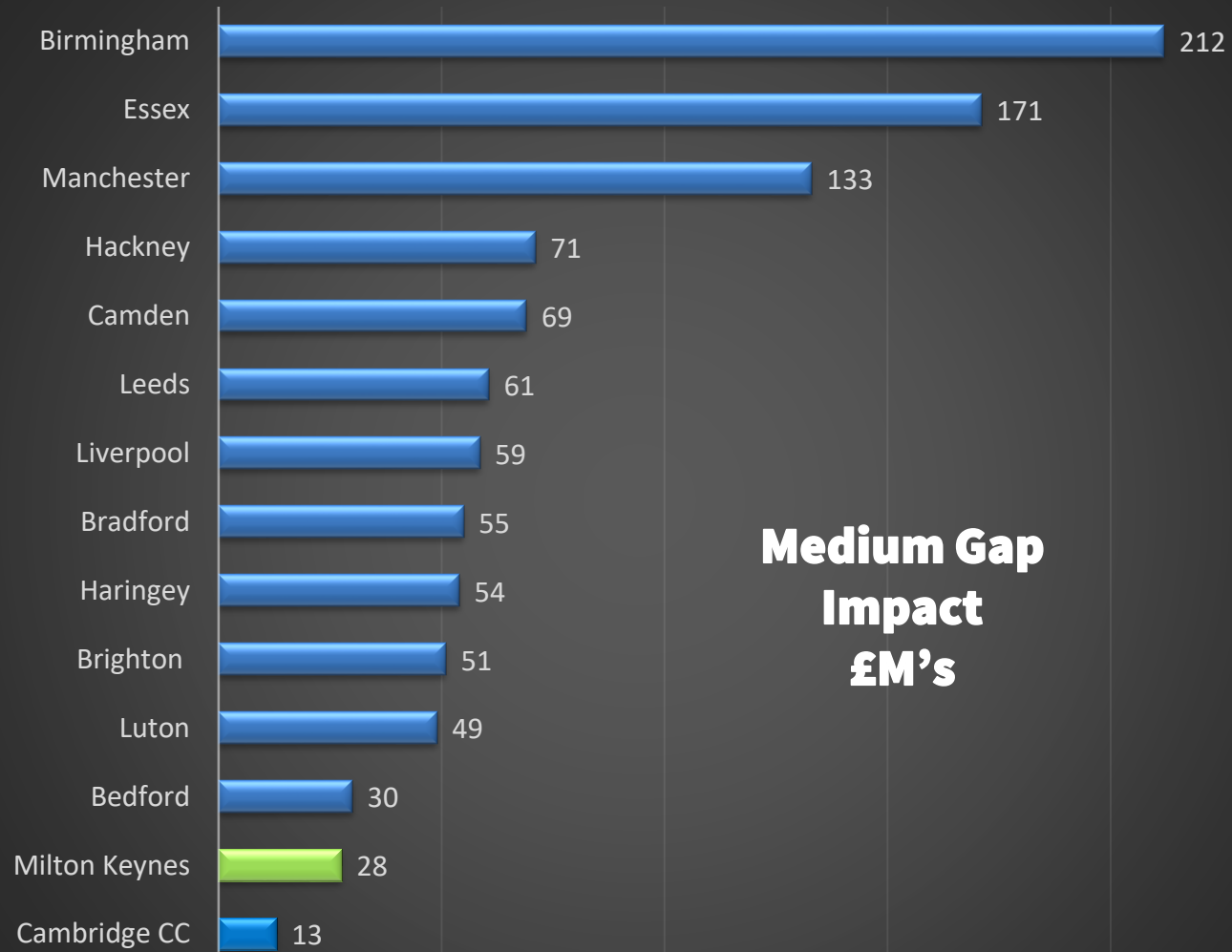
**Managing
Excess
Deaths**

LGA

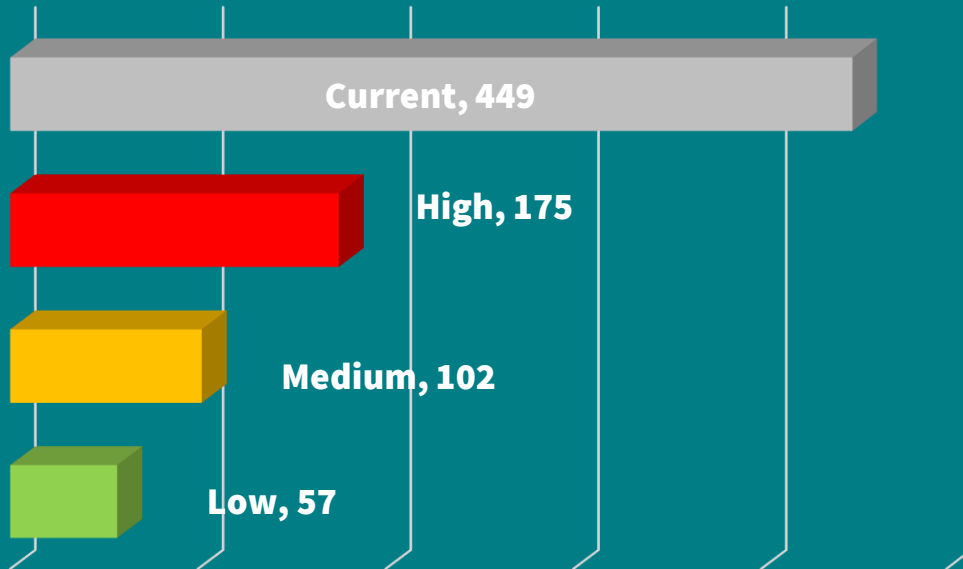
- **Last returns £9.2bn forecast impact in 2020/21.**
- **40% Cost / 30% Lost Fees and Charges / 30% Tax Revenue**
- **£3.2bn provided to date + £0.5bn to come.**

National Perspectives....

2020/21



Council Tax - Cost per Head



**Cost per Head
of Population**



**Band D Increase
12% - 38%**



When it goes wrong....

s151 Officer.....

issues if it appears to them that spending is likely to exceed resource levels

MHCLG.....

rules out any changes

**CIPFA new guidance
's151 to consult with MHCLG
before issuing'**





TIME FOR

ACTION

Steps Taken So Far...

Emergency Response

Financial Authorisation Board

- COVID Costs / Financial Decisions
- Recruitment Decisions
- S151 Direction Issued to Directors and HoS to stop Non-Essential Spend
- Director Action Plans

Restart

Corporate Portfolio Board

- Vacancies deleted / New Recruitment slowed down / internal redeployment
- Reserves reviewed and spending held back (non-essential).
- Non-Essential operational budgets to be removed 2020/21 only

Options for Closing the Gap in 2020/21

	Low Impact £m's	Medium Impact £m's	High Impact £m's
Projected Budget Deficit	15.468	27.723	47.491
One-Off Options for Closing the Gap in 2020/21			
Uncommitted Social Care Grant	(3.500)	(3.500)	(3.500)
Unallocated New Homes Bonus	(1.187)	(1.187)	(1.187)
Reductions from other Earmarked Reserves	(2.970)	(2.970)	(2.970)
In-Year Budget Savings (Non-Recurring) - TBC	0	0	0
Revised Gap	7.811	20.066	39.834
Impact of Deferring Collection Fund Impact until 2021/22:			
Collection Fund – Defer savings until 2021/22 Budget.	(8.000)	(15.000)	(29.500)
General Fund Working Balance	(0.189)	5.666	10.334

**One-Off savings, still need to address the gap in 2021/22*

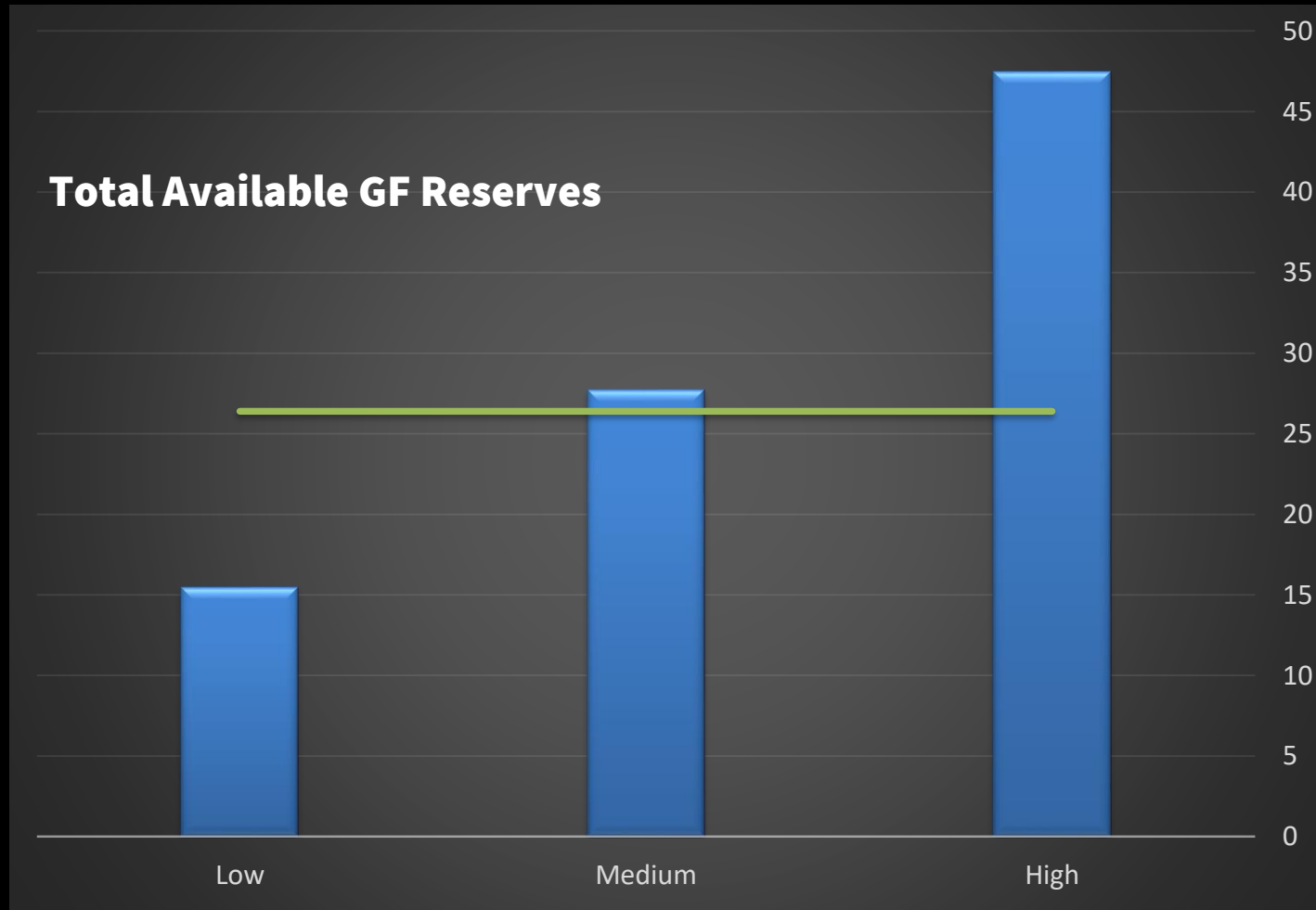
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Available GF Reserves...



Analyses of GF Earmarked Reserves	Balance £M's
Total GF Earmarked Reserves	120.830
Less:	
In Year Movements in 2020/21	15.958
Future commitments / not available	78.470
Balance	26.402
Reserves removed and retained Corporately (includes NHB)	4.157
General Fund Working Balance	22.925
Total Reserves Available to Support the Budget	26.402

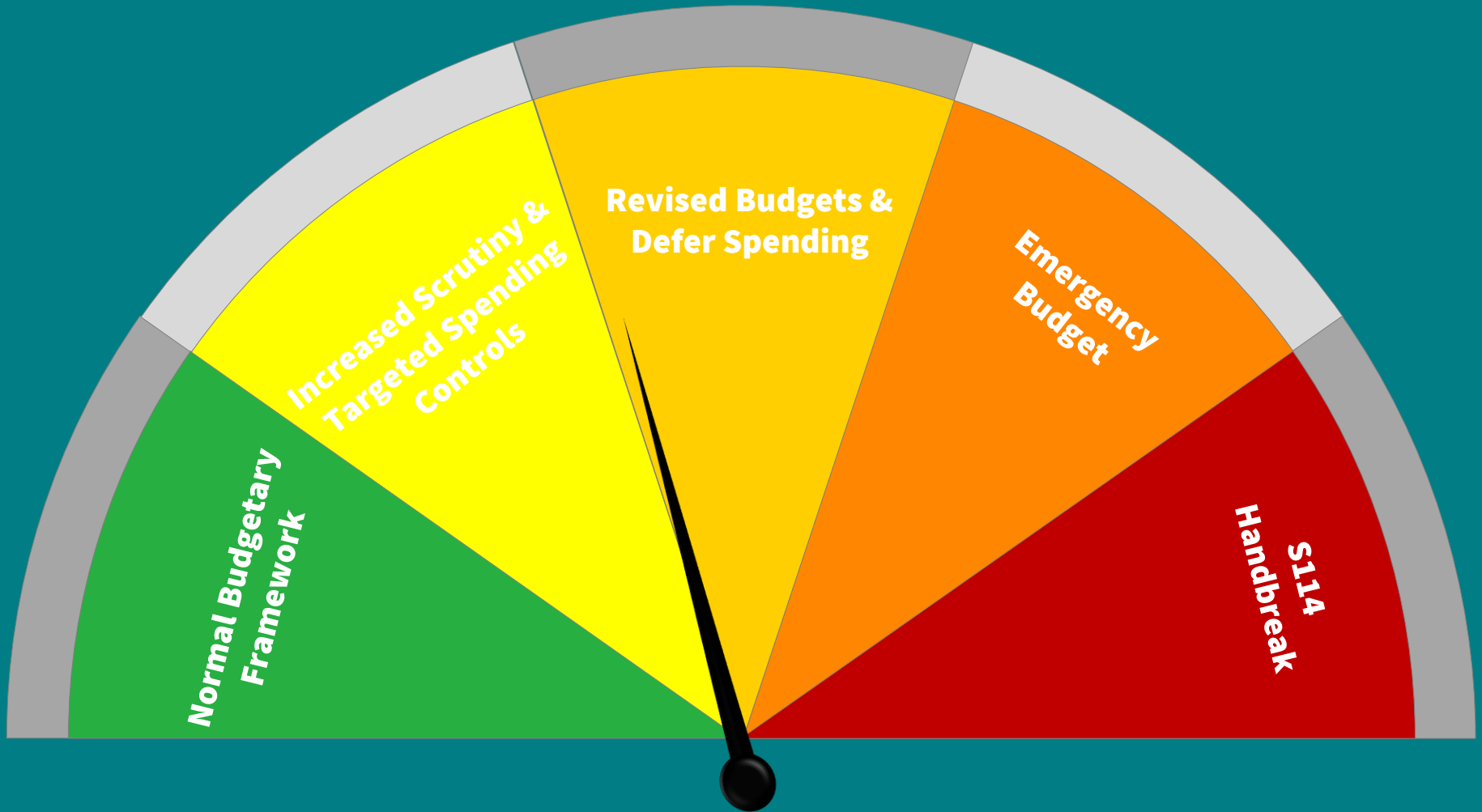
Running on empty....



£M's

COVID-19 Scenario

Where are we now?



Key Future Judgements?

- Government Funding?
- Preparing for different service scenarios.
- Understanding timelines for decision making, consultation and time and cost.
- Clarity on timelines, dependencies, e.g. contractual dates lead in times etc
- Capacity to manage will be critical
- More turbulence – no immediate end to uncertainty + BREXIT.



Future



Financial Modelling to be refined – publish monthly



Continuing to lobby government



Tighten grip over spending – July critical for determining next steps and pace



Budget Proposals based on future service options

**Thank you,
Any
Questions?**