

**Report for:** Cabinet 16 June 2020

**Title:** Financial Impact of COVID-19 – Update Report

**Report**

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**Ward(s) Affected:** N/A

**Report for Key/  
Non Key Decision** Key

**1. Introduction**

- 1.1 This report provides Members with an update on the current estimated financial impact of Covid-19, building on the 6 April 2020 report. It sets out further Government announcements, confirms agreed allocations of the Government funding and recommends further allocations to be made now.
- 1.2 It will set out the forecast impact of Covid-19 on each Priority area both in terms of additional expenditure, loss of income or impact on delivery of planned savings. The estimated impact on the HRA and the agreed capital programme will also be set out.
- 1.3 Finally, it will consider the impact on the planning work to build the 2021/22 Budget and 2021-2026 MTFS.

**2. Cabinet Member Introduction**

- 2.1 Support from the Government to date has totalled just under £15.4m million, with recent comments from the Secretary of State for Housing, Communities and Local Government giving rise to concern about government funding meeting all Covid-19 costs.
- 2.2 For instance, there has been an increasing use of “specific duties / tasks” being built into the Government announcements. The authority, along with London Councils, the LGA and other councils continues to press the case for full funding.
- 2.3 Should this not be forthcoming even after 10 years of financial austerity further difficult service decisions must be expected, despite the Council’s sound financial management. This inevitably means that we must be very cautious and careful in our further Covid-19 response decisions.

### 3. **Recommendations**

Cabinet are recommended to:

- 3.1. Note the updated financial implications of the Covid-19 crisis.
- 3.2. Note the receipt of the second tranche of Covid-19 Government emergency response grant totalling £7.37m.
- 3.3. Approve that this grant funding be added to the Emergency Response Contingency in the Council's General Fund (GF) budget, and that the authorisation process for its application be subject to approval by the Council's Finance Director (Section 151 Officer) unless above delegated limits (Section 7.2)
- 3.4. Note the extent of the estimated Covid-19 related financial pressure and the on-going assumption that further grant support will be provided by Government to meet this overspend.
- 3.5. Note that the Quarter 1 Budget report will provide an update on the impact of Covid-19 on the Council's currently approved 2020/21 budgets and implications for the longer term MTFs.
- 3.6. Approve an allocation of a further £2m from the Emergency Response Contingency (GF) to cover the on-going Homelessness demand pending the identification of longer-term solutions as set out in Section 9.4.
- 3.7. Approve allocation of £0.355m from the Emergency Response Contingency (GF) to cover the 5% uplift to the Care Sector for the period 1 April – 31 May 2020 as set out in Section 9.4.
- 3.8. Approve expenditure on emergency PPE this financial year of up to a maximum of £1m, to be funded from the Emergency Response Contingency (GF) as set out in Section 9.4.
- 3.9. Approve an allocation of £0.393m from the Emergency Response Contingency (GF) for the direct purchase of emergency food supplies by the Council for the period to mid-July 2020, with a further allocation of £100k to fund longer term support as set out in Section 9.4.
- 3.10. Approve £0.5m of additional revenue grant funding from the Emergency Response Contingency (GF) to APPCT in this year and also to note the deferral of all loan repayments by the APPCT totalling £0.414m due for 2020/21 as set out in Section 9.4.
- 3.11. Note that the Council is investing £0.030m from the Emergency Response Contingency (GF) in making an extra 82 lamp posts suitable for use as locations to place banners in high-footfall locations to help the dissemination of messaging about Covid-19 related actions.

- 3.12. Approve the continuation of the general approach to income collection, where appropriate, as approved in the 6 April 2020 report and approve that this be re-considered as part of the Quarter 1 report to Cabinet on 15 Sept 2020 (Section 9.3)

#### **4. Reason for Decision**

4.1 The coronavirus (COVID-19) is having a significant adverse effect on the economy and public finances, reducing demand and supply in the short and medium term, presenting individuals, businesses and organisations with unprecedented challenges. The long-term impact is unknown and will be dependent on factors including the extent of lasting damage to the economy's supply capacity.

4.2 COVID-19 affects everything local authorities do – as community leaders, public health authorities, education authorities, employers, partners and service deliverers. The Leader, Cabinet and its officers continue to need to focus on responding to the crisis while ensuring normal critical services are provided. The Council has in place a number of key officer groups that meet frequently to evaluate and respond to the latest COVID-19 developments. The proposals within this report address their implications.

#### **5. Alternative Options Considered**

5.1 This is a national emergency and the Council must ensure that it is in the best possible place to continue to provide services, particularly in relation to support to the vulnerable, address public health issues, and act as an agent for the Government to ensure that funding and support gets to individuals and businesses in the most expedient fashion.

#### **6. 6 April 2020 – Leader Signing of COVID-19 Financial Intervention and Measures report**

6.1 The key decisions made in this report are summarised below:

- Provided a clear framework for decision making.
- Set out Haringey's financial intervention and measures policy in relation to Procurement & supply chain (PPN01/02) to help the sustainability of our suppliers.
- Put in place an income collection approach which as far as possible took account of people and organisations circumstances, including a Council Tax Hardship Fund to provide greater relief on bills.
- Agreed to the creation of an Emergency Response Contingency (GF) – using the first tranche of un-ringfenced grant received from Government totalling £8.094m

- Agreed to the creation of a £5m Covid-19 Capital Contingency (GF) by the repurposing of agreed capital budgets and in readiness in case we needed to act fast on investment.
- Provided assurance to members that the Council didn't expect to have cash flow issues
- Approved partial initial usage of the new Emergency Response Contingency (GF) on some specific schemes.
- Noted that the Council was relying on the statement by Robert Jenrick "the government stands ready to do whatever is necessary to support councils in their response to coronavirus"

## **7. Government Announcements Since 6 April 2020 Report**

### **Corporate / Council-Wide Measures**

- 7.1 On 18 April 2020 the Government announced an additional (second tranche) £1.6bn of funding for local authorities. The apportionment methodology for this second allocation is different and has been allocated on a per capita basis, and in two tier areas will be split 65% to counties and 35% to districts; where there is a separate fire authority, they receive 3%. In London, separate arrangements have been made, with the GLA receiving 4% and the boroughs and City of London receiving 96%.
- 7.2 The total allocated to Haringey in the second tranche is £7,370,731. This brings the total un-ringfenced emergency funding received to date to £15,464,711. It is recommended that this £7,370,731m additional sum is transferred to the General Fund Emergency Response Contingency and its application will be subject to approval from the Council's Finance Director (Section 151 Officer) unless above delegated limits.
- 7.3 On 28 April 2020, the Government announced that the Review of Relative Needs and Resources (Fair Funding Review) and the move to 75% business rates retention will no longer be implemented in 2021/22. The announcement also explained that the government will continue to work with councils on the best approach to the next financial year, including how to treat accumulated business rates growth and the approach to the 2021/22 local government finance settlement.
- 7.4 The Council's current MTFS 2020-2025 which was agreed in February this year had assumed that both of these would conclude, although due to the lack of clear information nothing specific had been modelled. A multi-year National spending review was also expected to take place during 2020/21. Although no announcements have been made, this also looks unlikely to proceed, creating further financial uncertainty across the MTFS period.

### **Business Support Measures**

- 7.5 On 30 April £617m (5% on top of the £12bn already committed to business support grants) additional funding for local authorities was announced. This is to provide top-up grants to businesses in their areas not covered by the Small Business Grant Fund (SBGF) or Retail, Hospitality & Leisure Grant (RHLG) scheme. Authorities will have discretion, but are expected to use funds in their area, subject to local economic need, focusing on small businesses (under 50 employees) with ongoing fixed property costs (e.g. those in shared spaces, markets, small charity properties, and B&Bs subject to council tax).
- 7.6 Where an authority has already used their grant fund allocation for the SBGF and RHLGF, local authorities will receive an additional payment of 5% of their funding allocation. Local authorities that, having taken all reasonable steps to provide grants to eligible businesses for the SBGF and/or the RHLGF, still have unspent initial grants funds allocation, will fund the grants from this unspent residual. Regular reporting of developing and delivering this new discretionary grant will be mandatory. The Haringey scheme will be subject to a separate report.
- 7.7 On 1 May, it was announced that Business Improvement Districts (BIDs) will receive a total of £6.1m of additional funding to support core costs for a three month period. Local authorities will receive funding via a s31 grant to be passed to local BIDs. The actual allocations have yet to be announced.

#### **Social Care Support Measures**

- 7.8 On 2 May, a £76m package of support for the most vulnerable in society, and a change to housing priority rules meaning that those facing homelessness as a result of fleeing domestic abuse will be considered priority cases. The announcement does not provide information on how much funding will go to charities and how much will go direct to local authorities.
- 7.9 On 13 May, an additional £600m fund to help 'lockdown' care homes was announced. Funds will be provided to councils for distribution to providers in their area, including any with whom they do not currently contract. Councils must submit to government and publish on their website a plan of how they are supporting the market, and individual homes, including details of fee uplifts and other financial support, as well as personal protective equipment. Haringey was allocated £717,123 of which 75% needs to be passported directly to care homes within the borough.
- 7.10 On 22 May, an additional £300m to support the rollout of new Test, Track and Trace services across England. The funding is intended to help each local authority develop tailored outbreak control plans, working with local NHS and other stakeholders. Allocations have yet to be published.

#### **Public Realm / Planning Support Measures**

- 7.11 On 14 May, £1.7bn for repairs to 'local roads' was announced. The announcement states that this will target 11m potholes, road safety enhancements, bus lanes, and air quality improvements. However, no information on the distribution of funds has yet been published.

- 7.12 On 13 May extended permitted development rights for local authorities and health bodies for development in response to an emergency were announced. Government also announced that it intended to temporarily change the Community Infrastructure Levy (CIL) regulations to extend local authorities' discretion around payments and interest etc. particularly directed at developers with turnover under £45m.
- 7.13 On Sunday 24 May the government announced a **Reopening High Streets Safely Fund** of £50m. This funding is intended to support a range of practical safety measures including new signs, street markings and temporary barriers. Local authorities will also be able to use this money to develop local marketing campaigns to explain the changes to the public and reassure them that their high streets and other commercial areas are safe. The allocation for Haringey is **£0.230m**.

## 8. **General Fund (GF) Revenue Forecast Impact of Covid-19**

- 8.1 The financial impact of Covid-19 has been closely tracked since the crisis began. The intelligence gathered has been used to inform the two returns (mid April and mid May) that we have been required to make to the Ministry for Housing, Communities and Local Government (MHCLG). The key financial impacts are described below. Members must be clear that these figures represent best estimates mid-May and these will change. There was a relatively low financial impact in 2019/20, and this was reported to MHCLG.
- 8.2 The impact duration assumed is consistent with guidance from London Councils which was reflecting the steer from the MHCLG. This has the benefit of allowing comparisons. Broadly this equates to an assumed full impact between April and October 2020 (which equates to a tailing off over a longer period). A more prolonged impact will increase the scale of the budget impacts forecast here, and this is acknowledged by the MHCLG.
- 8.3 The returns to Government have been requested on a cash basis. For the majority of our forecast expenditure and service income this aligns to the impact being felt against budgets in 2020/21. However, for our forecasts on Council Tax and Business Rates income (The Collection Fund), the actual budgetary impact will not be felt in 2020/21 but will manifest in 2021/22.
- 8.4 The challenges to accurately modelling the eventual impact on Council Tax collection must be stressed, particularly given that we have been provided with £3.664m Hardship Funding which will mitigate some of the impact. The scale of job losses and therefore individuals' ability to pay is also dependent on how the wider economy performs and this is likely to have a long tail.
- 8.5 Business rates impact is more complex still as we cannot only consider it on a Haringey basis but need to look at how our participation in the London Pool will manifest.
- 8.6 The table below summarises the current forecast impact on budgets for 2020/21 and 2021/22.

| <b>General Fund</b>                | <b>Adjusted Full<br/>year 2020/21<br/>(£m)</b> | <b>2021/22<br/>(£m)</b> |
|------------------------------------|--|-------------------------|
| New expenditure pressure           | 18.43  | TBD                     |
| Income pressure - Collection Fund* |  | 16.51                   |
| Income pressure - Services         | 18.93  | TBD                     |
|                                    | <b>37.36</b>                                   |                         |
| Impact on MTFS planned savings     | 7.63   | TBD                     |
| <b>Total</b>                       | <b>45.00</b>                                   | TBD                     |
|                                    |  |                         |
| <b>Grant Received</b>              | <b>15.47</b>                                   | TBD                     |
| <b>Government Funding Assumed</b>  | <b>29.53</b>                                   | TBD                     |

- 8.7 As set out clearly in the 6 April 2020 report, the on-going assumption is that the full financial impact due to Covid-19 will be met from Government funding. Should this not prove to be the case, it will have very significant implications for the Council both financial but also on the aspirations set out in the agreed Borough Plan.
- 8.8 Analysis undertaken of the latest monthly (May) returns to MHCLG by the Local Government Association (LGA) show that the extra costs and losses of income incurred by local government, as a whole, over the past three months amounted to £3.2 billion, which, at a national level, has been met in full by the two tranches of vital emergency funding provided so far. This is positive and a testament to councils' campaigning efforts.
- 8.9 However, given that councils need to know they can balance their budgets this year if they are to avoid the need for in year savings and cuts to services, the LGA continue to seek assurance that all additional costs and losses incurred as a direct result of COVID-19 will be funded by the Treasury. According to their analysis of the returns to MHCLG, councils could need as much as £6 billion more to cover the costs of coping with the pandemic during this financial year.
- 8.10 This assessment is in line with the figures produced by Haringey on a local level and as set out clearly in the 6 April 2020 report, the on-going assumption is that the full financial impact due to Covid-19 will be met from Government funding. Should this not prove to be the case, it will have very significant implications for the Council both financial but also on the aspirations set out in the agreed Borough Plan.
- 8.11 Given that the speed and impact of the lifting of full lockdown is not fully known at this point and could lead to further financial implications, it is proposed that no budget adjustments are made to agreed 2020/21 budgets at this point. This will be re-visited in the Quarter 1 budget report presented to Cabinet in September.

## **9. Allocation of Grant Funding Received & New Proposals**

9.1 The table below confirms the allocations that have specifically been agreed to date.

| <b>Funding Specifically Agreed</b>  | <b>£'000</b> |
|---|--------------|
| Support to Haringey schools to meet Free School Vouchers cost above Govt funding from closure to end of Easter holidays | 260          |
| Additional capacity for Mortality Planning  | 681          |
| Community support and food aid  | 100          |
| 3 month rent holiday for V&CS in Council buildings  | 100          |
| Leader C19 communication to all residents   | 53           |
| PPE - Contingency supplies April - June   | 350          |
| Homelessness April - June   | 2,000        |
| Online connectivity for vulnerable (tablets)  | 50           |
| <b>Total</b>  | <b>3,594</b> |

9.2 The current forecast financial impact on the authority's 2020/21 General Fund budget, as set out in section 8.0, is estimated at £45m. The sums included within the table above form part of this figure and it is therefore very clear that the total grant funding will be utilised in full with an expectation that further sums will be received from Government to meet the balance.

#### **Collection of Income – Business Rates, Council Tax and Other Debtors**

9.3 The 6 April 2020 report (Section 6.6 to 6.9.37) approved a general approach to income collection covering the period April – June 2020. That report also recognised that, even in the challenging circumstances created by Covid-19, the Council must still look to bill and collect the income that it is due to receive, in order to fulfil its statutory obligations and, most importantly, provide the funding for the crucial services that it delivers, both during this crisis and normal times. It is recognised that such flexibilities may be appropriate for a further period of time due to the on-going impact on individuals, families and businesses and therefore it is proposed that, where appropriate, they can continue and this be re-considered as part of the Quarter 1 report to Cabinet on 15 Sept 2020.

#### **Further Funding allocations now Proposed for Approval**

9.4 New applications of grant funding are set out below and estimates of which are largely included in the £45m forecast financial impact figure.

#### **Homelessness**

9.4.1 Since March 23<sup>rd</sup>, and the guidance received from Luke Hall, the Parliamentary Under-Secretary at MHCLG on 27<sup>th</sup> March 2020, to accommodate all those sleeping rough or at risk of homelessness in light of the Covid-19 pandemic, the Council has secured over 13,000 nights of emergency accommodation for over 406 single homeless adults. The Council has taken a number of steps in partnership to secure both accommodation and the wider support and subsistence services required to enable people to be safe off the streets, some of which are directly provided in-house including the temporary opening of Red House and the expansion of the Cranwood Night Shelter. There has already been seen a marked improvement to people's health, wellbeing and lives through the £1.6m that has been spent to date on this group of residents. The Council is also already working collaboratively with Homes for Haringey on move-on options



for those we are supporting in emergency accommodation, and 110 people have been successfully moved on to date.

- 9.4.2 Whilst demand has been high in Haringey, it is recognised this is a result of a number of factors including our profile of hidden homelessness, the availability of studio and 1 bed properties for letting and our levels of overcrowding in normal times. The rate of demand has slowed over the last days but is still increasing by about 30 people a week. Officers are now working on number of important options to ensure a sustainable model going forward for this cohort and to enable us to operate within the In for Good principle which we have embraced to date.
- 9.4.3 Whilst financial provision of an additional £2m has already been made for this cohort, we anticipate a continued call on our resources with the need for a further provision of £2m. This will ensure that we can continue to meet our immediate demand whilst developing a model to develop longer term solutions.

#### **Uplift to the Care Sector**

- 9.4.4 In order to ensure business continuity within the care sector and to safeguard ongoing care for Haringey residents, we have agreed to provide an uplift to the fees paid to care homes for the period of April and May, in line with an agreed position across North Central London boroughs (ourselves plus Barnet, Camden, Enfield and Islington) and in addition to the extra central government funding for care homes which is being routed through local authorities. MHCLG has been clear that the local allocation of the £600m they have made available should not be used to fund already agreed uplifts and should be seen as additional funding to the sector.
- 9.4.5 Secondly, in order to ensure the sustainability of the home care sector in Haringey, we have agreed to provide an uplift by 5% our payments to home care providers in Haringey again for a two month period across April and May.
- 9.4.6 It would seem that these elements of additional funding sit firmly in line with the MHCLG's expectations of local government as set out within the two wider financial settlements made to date and will be submitting returns on this basis. In addition, we are required to publish on our websites, in line with Department of Health and Social Care guidance, the additional financial support we have made to the care sector over the period of the pandemic. The summary of the financial positions for Adult Social Care on that basis are as set out below:

#### **Care homes**

- To provide grants equivalent to a 5% increase in commissioned rates for all spot care home placements in NCL – the costs for the period will be £256,609.
- For these grants to cover the period 1 April – 31 May.

#### **Home care**

- To provide a 5% increase on all home care packages for 8 weeks – regardless of the current rates for home care – the costs for the period will be £98,525. The funding will be by grant directly to the care providers on receipt of an invoice.

### **PPE Contingency**

- 9.4.7 The council has committed to ensuring the local care sector (care homes, home care and other providers) has adequate supplies of personal protective equipment (PPE). This is in order to safeguard and protect staff and cared for residents.
- 9.4.8 The council acts as an emergency supplier of personal protective equipment to the care sector, where providers are unable to source items from their normal supply routes. The council has worked with other councils in London to procure supplies of PPE that are of high quality and good value.
- 9.4.9 We will continue to act to support our care sector in the provision of PPE throughout the duration of the outbreak. We also use our PPE stocks to ensure council front line staff have appropriate PPE to keep themselves and their service users safe.
- 9.4.10 In April, the Leader approved £300,000 spend on emergency PPE for the period April to June 2020. This report proposes that the provision is increased to £1m this financial year as the use of PPE will continue even as government restrictions lift.

### **Food Supplies**

- 9.4.11 Haringey is the 4th most deprived borough in London and in 2017 15% of local residents were living in food poverty (approximately 4,000 people) with 34% of residents and 40% of children living below the poverty line. Food insecurity is a major issue – a significant issue pre-Covid and one which has been exacerbated by the pandemic and its aftermath. The sudden lockdown restrictions put in place to protect health and the NHS severely affected local residents and for some people had an immediate impact on food supplies and their access to reliable and affordable food.
- 9.4.12 In response, the Council with partners initiated at pace and at scale a significant humanitarian assistance programme through Haringey Together to build strength and resilience in communities, to reduce inequalities and to meet the needs of Haringey residents and communities in the face of the Covid-19 pandemic and beyond. Food insecurity presents a visible and tangible need – one which can be a gateway to meeting other needs and to unlocking individual strengths, although it can seem far from a strengths-based approach if considered in isolation. As at the end of May 2020 12,520 food deliveries have been made, to 3,098 unique households, 400 of which at least included a shielded individual.
- 9.4.13 Initial approval for spend on food was agreed in the 6 April 2020 report but the situation has required a longer and more extensive response as outlined above. As we believe the humanitarian assistance phase is coming to an end, we are planning the transition to a more sustainable model, which builds on our collaborative approaches with the voluntary and community sector and which we hope really addresses strategically the issues of food poverty in Haringey. We propose a tapered approach to stepping towards the new model and away from the current one, which would see continued but decreasing spend on food supplies directly by the Council from the period from mid-June until mid-July by which time capacity in the local system will be enhanced. This funding is estimated at £0.493m. There is a longer term role for the Council in supporting and embedding this new system which will include a Food Network Co-ordinator, the continuation of a physical base for a food hub and funding for a contingency supply of food. This is estimated to require a further £0.1m for one year

initially. The outcomes will be closely monitored, and the funding position reassessed at a future point.

#### **Support to Alexandra Place and Park Charitable Trust (APPCT)**

- 9.4.14 The Leader's Signing report of 6<sup>th</sup> April recognised that Alexandra Palace has been closed to the public as a consequence of the Covid-19 crisis and this is having a huge effect on the finances of both the Alexandra Place and Park Charitable Trust (APPCT) and the Alexandra Park Trading Limited (APTL). Consequently, the Trust has sought financial support from the Council.
- 9.4.15 The council, as corporate trustee, has statutory obligations to Alexandra Palace & Park, and it discharges these obligations through the APPCT. The APPCT has two main streams of revenue funding. An annual grant from the council, currently set at £1.755m, and gift aid (which varies year to year) of c£1.2m from APTL, a wholly owned subsidiary of the APPCT that runs most of the events within the palace.
- 9.4.16 APTL currently estimate a significant trading loss 2020/21 and is currently looking to address it's cashflow position. It is not expected to make any gift aid to the Trust for 2020/21 which will reduce the APTL loss and help its cashflow. Given that their ability to make a gift aid donation in 2021/22 is based on their trading position in 2020/21, there will also be concerns about their contribution to APPCT for next year.
- 9.4.17 The trust has instituted a range of budget reductions and is looking to generate income where it can, but still faces certain fixed costs that cannot be reduced in the short term and some additional costs to deal with anti-social behaviour. The trust also estimate that they will have a significant loss and not have sufficient cash to pay their running expenses mid way through this financial year. They are seeking financial support from a wide number of organisations including the Council. In light of this, it is proposed that at this time the Council commits to £0.5m of additional revenue grant in this year and also notes that the Director of Finance, under the delegations agreed in the 6 April 2020 report, will defer all loan repayments by the APPCT totalling £414,000 due for 2020/21.

#### **Voluntary & Community Sector (VCS) support**

- 9.4.18 This is the subject of separate report on the same agenda as this paper which will recommend total expenditure of £0.6m to be funded from the Emergency Response Contingency (GF).

### **10. General Fund (GF) Revenue Forecast Impact by Priority**

- 10.1 The table below applies the forecast additional expenditure and lost income of £39.010m for 2020/21 due to Covid-19 to the Borough Plan Priorities. The key drivers of the estimated full year estimated budgetary impact are described in the paragraphs below.

Priority - Net Expenditure Analysis

|                                    | 2020/21           |                    | 2021/22          |
|------------------------------------|-------------------|--------------------|------------------|
|                                    | Net Budget Figure | Full Year Estimate | Estimated Impact |
| Housing                            | 16,382            | 2,553              | tbd              |
| People - Adults                    | 83,785            | 8,911              | tbd              |
| People - Children and Young People | 55,189            | 3,508              | tbd              |
| Place                              | 26,670            | 12,514             | tbd              |
| Economy                            | 1,006             | 4,980              | tbd              |
| Your Council                       | 59,261            | 4,892              | tbd              |
| <b>Total</b>                       | <b>242,292</b>    | <b>37,359</b>      | tbd              |
| <b>External Finance</b>            | <b>(242,292)</b>  | -                  | <b>16,515</b>    |
| <b>Net Impact</b>                  | -                 | <b>37,359</b>      | <b>16,515</b>    |

### Housing

- 10.2 The two main forecast pressures within this priority are:
- 10.3 Increased numbers of homeless individuals presenting themselves during these periods and the on-going implications for the Council
- 10.4 Projected net income loss from council hostels and lodges due to changes in shared facilities and the need to maintain social distancing.

### People – Children

- 10.5 The Children and Young People Service is anticipating an impact of around £3.5M as a result of COVID-19 on the revenue budget for 2020/21. This is based on a 12-month scenario where social distancing continues to be in place. These additional costs relate in the main to placements:
- face-to-face work to step children down from residential placements and also the work to prevent them from entering care will not be possible;
  - placement sufficiency is a potential issue as demand outstrips supply and costs rise;
  - delays in court sentencing which mean children remain in remand at our cost for longer,
  - additional care leaver costs where care leavers who were due to move from supported or semi-independent placements to their own accommodation are unable to move due to lockdown and government guidance
- 10.6 There is also significant loss of income predicted in relation to Pendarren, the Music Service and Children's Centres.

### People – Adults & Health

- 10.7 The Adult Social Care Service is anticipating an impact of around £8.9M as a result of COVID-19 on the revenue budget for 2020/21. This is based on a 12-month scenario where social distancing continues to be in place. These additional costs relate the following main areas:

- Increased demand through additional clients, care complexity & increased hours and carer breakdown;
- 5% care provider uplift to cover additional costs of PPE, transport, deep cleaning and staff absence cover;
- Food welfare packages for vulnerable adults, families and shielded households;
- Protective Personal Equipment (PPE) for council staff and emergency supplies for care providers;
- Home care worker bonus uplift of £2 per hour;
- Potential Care Provision pressures;
- Additional demand due to domestic violence

10.8 In addition to the above additional expenditure it is anticipated that there will be a loss of income due to the Governments easing of charging regulations and the subsequent income lost from client contribution to care packages.

### **Place**

10.9 The Place priority is anticipating a £12.5m impact on agreed 2020/21 budgets from Covid-19 with over 90% due to lost income. The key drivers are outlined below:

- Parking enforcement was suspended mid-March therefore there has been a dramatic drop in income, currently a small amount of CCTV enforcement is still operational approximately 10% of the normal amount.
- Parks events income will not be achieved in Finsbury Park this year as the events planned in July have had to be cancelled.
- Other Parks have had to invest in additional enforcement to ensure social distancing is being observed, furthermore 5 miles of fencing has been erected around the parks to provide additional security and closing off some of the entrances.
- Waste collections, particularly bulky waste were temporarily suspended leading to a drop in income. New more efficient rounds for green waste could not be implemented and the resultant savings from these could not be made. Commercial collections reduced significantly and collections and bin hire for schools were reduced, both resulting in a loss of income. Furthermore, whilst collections services (with the exception of temporary suspension of bulky waste services) were maintained, this involved the use of a number of agency staff for which Veolia are claiming back the costs. Cumulatively all these issues have resulted in an estimated impact of £361,000 at P1.
- The progression of the new Litter Enforcement team operations has been delayed due to difficulties in setting up and recruitment of staff during the lock down. We would expect future projected incomes from fines to be affected by the gradual return to the High Street, and individuals less likely to pay once fines are issued – effecting collection rates.

### **Economy**

10.10 The Economy Priority is forecasting an impact of £4.980m on the revenue budget for 2020/21 as a result of COVID-19. The main drivers are:

- Loss of the Planning Service income, mainly Development control due to lack of applications.
- Loss of income due to delays in delivery of capital and grant funded Tottenham and Woodgreen projects. The staff are currently redeployed to cover COVID19 duties.
- Loss of rental income on commercial property and impact of rent-free waiver given to Voluntary and community organisations.
- Additional Security cost for all sites as a result of increased security measures.

### Your Council

10.11 The extra, Covid-related costs for Your Council services fall into five broad categories:

- **Increased workforce costs (£0.6m)** from adding staff and/or paying overtime to cope with extra demand on existing services, primarily benefits processing and corporate debt staff who have been redeployed to process small business grants.
- **Lost income (£1.0m)**. This is as a result of the enforced restrictions on activities and mostly comprises court cost income (£0.8m) but also includes Registrars, Commercial Legal services and staff parking income.
- **Increased economic hardship in the borough (£0.6m)**, which is expected to lead to an increased call for Discretionary Housing Payments. Our estimates for increased DHP take into account the need to rehouse rough sleepers in accommodation that could breach the benefit cap.
- **Other losses (£2.4m)**.

10.12 Appendix 1 provides further detail, by Priority, of the key drivers of the summary of the corporate exercise done for the Period 1 and May MHCLG and therefore some of the numbers in the report have moved on from these. The figures in the appendix also estimate what might be the total cost for the year while the approvals being requested now in section 9 are not always covering this full period.

10.13 It is anticipated that a further positional update on the impact on the delivery of the agreed MTFS savings will be provided as part of the 2020/21 Quarter 1 report however, the current estimate of £7.634m analysed by Priority is shown in the table below.

Savings Put forward for Impact on MTFS Savings % Impact

|                                    | Savings Put forward | Impact on MTFS Savings | % Impact   |
|------------------------------------|---------------------|------------------------|------------|
| Housing                            | 1176                | 526                    | 45%        |
| People - Adults                    | 5073                | 2,787                  | 55%        |
| People - Children and Young People | 2261                | 991                    | 44%        |
| Place                              | 3368                | 1,522                  | 45%        |
| Economy                            | 830                 | 598                    | 54%        |
| Your Council                       | 2934                | 1,210                  | 41%        |
| <b>Total</b>                       | <b>15,642</b>       | <b>7,634</b>           | <b>48%</b> |

## 11. Housing Revenue Account (HRA) Forecast Impact of Covid-19

11.1 The initial return to Government in April did not explicitly recognise that the HRA would be impacted negatively by the Covid-19 emergency. The May return was amended to allow Council's to provide data on forecast impact on both expenditure and income.

11.2 For Haringey, the impact has all been assumed to be on income streams, predominately rental and service charge loss, as is reflected in the table below.

| <b>HRA</b>                        | <b>Adjusted Full year 2020/21 (£m)</b> | <b>2021/22 (£m)</b> |
|-----------------------------------|--|---------------------|
| New expenditure pressure          | -                                      | TBD                 |
| Income Pressure                   | 8.21                                   | TBD                 |
| Impact on MTFS planned savings    | -                                      | TBD                 |
| <b>Total</b>                      | <b>8.21</b>                            | TBD                 |
|                                   |  |                     |
| <b>Government Funding Assumed</b> | <b>8.21</b>                            | TBD                 |

## 12. Capital Implications

12.1. A review of the capital programme has been undertaken to assess the immediate Covid-19 implications for the programme and to report that to Members and to the MHCLG where it has a cost implication. This review work will also inform further reports to members in due course on wider delivery of the capital programme.

12.2 A high-level estimate has been compiled of the potential cost of ensuring schools are able to maintain social distancing when they reopen. Works required are things such as additional washing facilities or making new entrances or exits from schools. This is estimated at c£2m. It is intended that this cost will be met from the existing school's estate maintenance capital programme.

12.3 At the time of writing an exercise was underway to assess what needs to be done to all council buildings to facilitate social distancing but was not yet concluded.

12.4 Additional cost of £0.3m has been identified in the delivery of highways works due to the need to make sites safe to work in. This will also be met from within the existing capital allocation.

12.5 Elsewhere on Highways, TfL have indicated that they are likely to stop the Local Implementation Plan (LIP) funding and this is estimated at £1.5m for 2020/21.

12.6 There are also general delays across the programme because of Covid-19. These delays arise through two main reasons. Firstly, the inability to undertake stakeholder engagement or other statutory consultation processes in the timescale originally envisaged. Secondly, the general difficulties in procuring consultants/contractors and their ability to conclude works due to labour or materials shortages. These may affect project costs and service outputs may be delayed.

- 12.7 To date there has been no utilisation of the previously established £5m Covid-19 Capital Contingency budget.

### **13. Financial Planning 2021/22 Budget & MTFS 2021-2026**

- 13.1 It was clearly recognised in the April report that Covid-19 must be expected to have a significant net financial impact on the Council in the short, medium and long term and the Council would need to start to address this. The crisis is impacting some key income streams and will also severely hinder the delivery of the 2020/21 savings programme as originally planned.
- 13.2 The ability for the Council to focus on developing the 2021/22 budget and MTFS refresh has been subject to delay. However, this work is underway to enable the Council to undertake its statutory requirement to set a balanced budget for the forthcoming year.
- 13.3 The current MTFS agreed by Full Council in February 2020 is being reviewed in detail to assess which of the assumptions made for 2021 and beyond will need to be amended in the light of Covid-19 and the associated Government announcements about the postponement of the expected Spending Review and reform to the Business Rates system.
- 13.4 Should the assumed Covid-19 grant support from Government fall short of the financial impact being forecast, this will lead to a greater level of financial pressure to be addressed in the preparation of a balanced 2021/22 Budget and 2021-2026 MTFS.

### **14. Contributions to Strategic Outcomes**

- 14.1 The interventions proposed in this paper will help preserve the safety and well-being of our communities and help maintain a sustainable local economy.

### **15. Statutory Officers Comments**

#### **Finance**

- 15.1 This is a report of the Director of Finance and therefore the financial implications have been highlighted in the body of the report. Further comment is necessary, however.
- 15.2 This report and the 6 April report before it both make clear the extent of further emergency funding government grant that will be needed over more than one year in order to avoid further significant budget and therefore service reductions. Clarity on further grants from government becomes increasingly important if decision making on such reductions is to be avoided.
- 15.3 As well as its operating position, an important part of every local authority's ongoing assessment of its sustainability is an understanding of its balance sheet. The Council's provisional 2019/20 outturn position is that its General Fund unearmarked balance will be maintained at its previously estimated level of £15.8m for the start of 2020/21. The authority also expects, subject to the completion of the outturn process,



that it's level of earmarked reserves will be maintained at or above previous levels. In the return to MHCLG for May, the Council advised that none of these should be assumed to be available to part meet the costs associated with the Covid-19 crisis. This is because holding a reasonable un-earmarked balance is vital for "going concern" risk management and earmarked reserves are demarcated for a range of in year and future year purposes.

- 15.4 As underlined in Section 13, the Council must focus on work to re-assess the current MTFS and agree what actions need to be made to facilitate the statutory duty to set a realistic and balanced budget for 2021 & refreshed MTFS. This is a significant activity, but it is vital to ensure that as a full an understanding of the immediate and on-going implications of Covid-19 are understood and that Members are briefed on options. If Government pull back from previous announcements about the provision of the required financial support these could have serious ramifications on this financial planning process.

### **Procurement**

- 15.5 Strategic Procurement note the contents of this report and will work with the services to enable cost reductions.

### **Legal**

- 15.6 The Council is able to rely on a number of powers as to the bases for taking the proposed decisions. These include, in particular, the 'general power of competence' conferred by Section 1 of the Localism Act 2011. This is a very broad based power which allows local authorities to do anything that an individual generally may do. The power is subject to exceptions and limitations but officers do not consider that they impact on what is proposed.

- 15.7 The Council is required to comply with its 'public sector equality duty' under section 149 Equality Act 2010. This requires it to have due regard to the need to: (a) eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act; (b) advance equality of opportunity between people who share protected characteristics and people who do not; and (c) foster good relations between people who share protected characteristics and people who do not. The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

### **Equalities**

- 15.8 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
  - Advance equality of opportunity between people who share those protected characteristics and people who do not
  - Foster good relations between people who share those characteristics and people who do not.

- 15.9 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex, and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 15.10 This report provides an update on the financial impact of Covid in Haringey. It confirms agreed allocations of the Emergency Response Contingency fund and makes recommendations for additions to be made to this fund from the governments emergency response grant.
- 15.11 The report also proposes further allocation of funds, with this aiming to mitigate against the impact of Covid-19 on Haringey's services and communities.
- 15.12 This report demonstrates that the Council will use available resources to protect the most vulnerable members of the community, recognising that Covid has had a disproportionate impact of some groups more than others, these being BAME communities, women, older and disabled people<sup>1</sup>. Utilising available funding to respond to the needs presented and exacerbated by Covid, demonstrates the councils steps to safeguard the health and wellbeing of residents and mitigate against the unequal impact of the virus.
- 15.13 The report sets out specific interventions and workstreams that will mitigate the various effects of the Covid-19 crisis. These have equality implications, as follows:
- On-going homelessness support (longer-term solutions)
    - People sleeping rough in Haringey are known to be disproportionately from BAME communities, and most notably Eastern European communities, and are known to disproportionately experience health conditions. This measure therefore represents a measure to prevent an inequality that would disproportionately affect people who share protected characteristics.
  - Procurement and allocation of Personal Protective Equipment (PPE)
    - The council is committed to ensuring the local care sector has adequate supplies of PPE. This represents an action to safeguard and protect both staff and vulnerable residents with serious health conditions more at-risk from the virus.
  - Uplift to the Care Sector
    - This represents a step to mitigate the disproportionate impact that the Covid-19 virus is likely to have on older people and people with serious health conditions
  - Food Supplies
    - We know that BAME communities, children, people with disabilities and health conditions, and people from minority faith communities are overrepresented among the 34% of Haringey residents living below the poverty line. Allocation of funding for food aid will help to meet the needs of all households living below the poverty line and the needs of these groups

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<sup>1</sup> Disparities in the risk and outcomes of COVID-19. Public Health England. 2020.  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/890258/disparities\\_review.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/890258/disparities_review.pdf)

in particular. The Council will take care to provide appropriate food for the needs of households.

- Voluntary Community Sector (VCS)
  - In Haringey, the VCS play a role in reaching out and supporting local residents from across the borough, inclusive of BAME and LGBT communities, whom we understand to be disproportionately impacted upon by Covid. The measure put forward to support the sector therefore represents and action to support organisations who actively challenge inequality and support residents from across the borough.
- Alexandra Palace and Park Charitable Trust (APPCT)
  - This measure will work to support safe access to valuable green space in the borough. It is understood that outdoor space is valuable to supporting mental and physical wellbeing, with access to private outdoor space variable across different groups and neighbourhoods in the borough.<sup>2</sup>
- Public Communication/Banners
  - Access to information, including key public health and government messages is key to supporting and safeguarding the health and wellbeing of residents during this time. Additional space for banners and flyers, recognises the need for diverse media and communication outlets. These messages should be culturally and linguistically appropriate, as to be in line with the Public Sector Equality Duty.

15.14 The Council will remain mindful of its Public Sector Equality Duty as the Covid continues and will bring forward additional measures as may be necessary or desirable in order to address identified inequalities or impacts on groups who share the protected characteristics.

## 16. Use of Appendices

**Appendix 1** – Forecast Expenditure Financial Impact by Priority

**Appendix 2** – Forecast Income Financial Impact by Priority

## 17. Local Government (Access to Information) Act 1985

17.1 For access to the background papers or any further information, please contact Frances Palopoli – Head of Corporate Financial Strategy & Monitoring extn 3896

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<sup>2</sup> Covid-19: Green space should be a priority in local plans. The Planner.