



SCRUTINY COMMISSION – 22 JUNE 2020

CORONAVIRUS (COVID 19) IMPACT AND RESPONSE OF THE COUNTY COUNCIL – RECOVERY AND FINANCIAL IMPACT

MINUTE EXTRACT

The Commission considered a joint report of the Chief Executive and Director of Corporate Resources concerning the work being undertaken within the County Council and with partners:

- a) to address the on-going impact of the coronavirus (Covid-19) within the County;
- b) to plan the recovery and reinstatement of services linked to the gradual lifting of lockdown restrictions by the Government;
- c) the latest statistics which show the economic impact of the pandemic particularly on levels of unemployment;
- d) to outline the financial impact of the pandemic in the current financial year and the medium-term impact on the Council's finances

In introducing the report officers advised as follows:

- There continued to be significant senior officer involvement in the crisis management arrangements set up both by the LRF (Leicester, Leicestershire and Rutland Local Resilience Forum) and the Council to respond to the Covid 19 pandemic. The focus of activity remained on both response and recovery but with the latter becoming increasingly important.
- The cross member Working Party had now met and agreed the principles that would guide the recovery. Work had commenced on interim recovery plans and the outcome of these would be reported to the Working Party in July.
- The latest position regarding the impact of Covid 19 on the Council's finances suggested pressures up to £55.8million as shown in the table at paragraph 25 of the report. However, more recent assessments had increased this to £64m due to expected reductions in the Council's income from council tax and business rates and extra costs of home to school transport. The County Council was not in the position of some authorities who were considering issuing S114 notices, but the impact on the Council was nonetheless severe and it would require the use of reserves and drastically reducing the capital programme.

In response to questions members were advised as follows:

- (i) It was recognised that the recovery process would not be straight forward and that the recovery phase would be running alongside the Council's response to the pandemic. Furthermore, there was still much uncertainty about what the new normal might be which made planning difficult and so would require several iterations of recovery plans.
- (ii) Officers were aware that in promoting Digital Value there would be significant advantages and possible cost savings particularly in the way staff work. It was recognised that the Council would need to have regard to those service users who may have difficulties with the use of digital options. As plans for reintroducing services were prepared the specific needs of such groups would be considered.
- (iii) The Council needed to strike a balance between its interim recovery plan and the longer-term objectives for the Council and County. To that end it would need to ensure that the policies put in place did not deter or stifle economic activity and investment, but also ensured that where developments were planned this was accompanied by appropriate infrastructure to serve the communities affected.
- (iv) The Working Party on recovery was not a decision making body and as such, where decisions required member approval this would be done in the usual way of consulting scrutiny and seeking a final decision from the Cabinet. Members wishing to make comment on the recovery process should contact their Group representatives on the Working Party.
- (v) The planned recovery timetable was to focus on interim recovery – i.e. to the end of the year. Departments had started to plan on this basis and it was hoped that the outcome of this would be reported to the Working Party in July. Looking ahead, the aim would be to take stock in September and then begin planning for the following and subsequent years and to do this in the context of the review of the Council's Medium Term Financial Strategy.
- (vi) Recent comments from the MHCLG (Ministry of Housing, Communities and Local Government) and from ministers reported in the press seemed to indicate that there was recognition of the financial pressures being faced by local government and the need for financial sustainability. There also appeared to be recognition that investment in infrastructure projects would offer the best way to stimulate economic activity. It was hoped that this would result in the Government supporting councils by underwriting tax bases, business rate income and generally with additional revenue funding which would mean less would need to be taken out of the capital programme to support development.

RESOLVED

- a) That the contents of the report and the supplementary report be noted;
- b) That the principle and direction of the proposed recovery plan be supported;
- c) That the significant financial impact of Covid19 on the County Council be noted and that efforts continue to lobby Government to meet the full costs incurred in responding to the crisis and the resources required to support recovery.