

Part A

Report to: Cabinet

Date of meeting: Monday, 4 May 2020

Report author: Acting Shared Director of Finance

Title: Medium Term Financial Strategy - Impact of COVID-19

1.0 Summary

- 1.1 Covid-19 is having a widespread impact on local authority spending throughout the country and had been particularly significant for district council's with much of the funding to date going to Counties in two tier levels. The attached Finance Digest picks up the latest forecast of the impact of Covid 19 on the budget forecast for 2020/21. It does not pick up other emerging pressures such as the pay award or any potential reductions in approved expenditure through delays to projects and possible reduced activity.
- 1.2 The report attempts to take a prudent view of what the impact is likely to be, however, the full picture will only emerge in the next few months and the position will change. Whilst it is clear that, over the period of the current Medium Term Financial Strategy, the Council will need to take action to bring the longer term forecast back into line, Watford remains in a much stronger position than a number of district councils and has the ability to manage its financial response in a controlled way over the medium term.
- 1.3 That said, however, it is clear that it would be sensible to take some measures now to ensure that the budget challenge remains attainable. As a result officers are recommending a simple process to review any new commitments before they are made and delay any where they do not directly relate to recovery or key priorities. In addition it is recommended that carry forwards are not permitted from 2019/20 other than in exceptional circumstances.
- 1.4 The first quarter monitoring report will be key in setting out a more complete picture of the impact of Covid-19 and, more importantly, a strategy for bringing the budget back in line over the medium term. The purpose of this interim report is to ensure that the Council is clear on the need to exercise budgetary constraint and that in considering its response to recovery it looks first to how this can be managed from within existing resources by re-prioritising activity.

2.0 Risks

Nature of Risk	Consequence	Suggested Control Measures	Response (Treat, tolerate, terminate, transfer)	Risk Rating (combination of severity and likelihood)
Watford as a place and as a council does not recover from the impact of the incident	<p>Serious impact on the economy and vibrancy of the town.</p> <p>Reduction in the ability of the council to deliver the requirements of residents and businesses and fulfil its statutory obligations.</p> <p>Impact on long term financial sustainability of the Council</p>	<p>Recovery cell established led by the Group Head of Commercial to ensure that plans are put in place as early as possible with action taken as early as possible and to ensure the decision-making during the incident is cognisant of Recovery.</p> <p>The recovery cell includes the Shared Director of Finance and will have a focus on financial as well as economic recovery.</p> <p>An updated Financial Strategy to be brought alongside Q1 Budget Monitoring</p>	Treat	3 x 4 = 12

3.0 Recommendations

- 3.1 That Cabinet note the attached report and endorse the proposed immediate actions to be taken.

Further information:

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Report approved by:

Alison Scott Shared Director of Finance

4.0 Implications

4.1 Financial

4.1.1 These are covered within the report.

4.2 Legal Issues (Monitoring Officer)

4.2.1 The Group Head of Democracy and Governance comments that [there are no specific legal implications within this report.](#)

4.3 Equalities, Human Rights and Data Protection

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4.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.

4.3.2 Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report.

4.3.3 This report provides an over view of Budget proposals and equalities issues will need to be specifically considered before any changes to existing service levels are introduced.

4.4 Staffing

5.4.1 Where necessary some staff have been redeployed. To date no member of staff has been furloughed.

5.5 Accommodation

5.5.1 There are no accommodation implications arising from this report.

5.6 Community Safety/Crime and Disorder

5.6.1 There are no community safety/crime and disorder implications arising from this report.

5.7 Sustainability

5.7.1 There are no sustainability implications arising from this report.

Appendices

Annexe 1 – Finance Digest

Background papers

No papers were used in the preparation of this report.