COVID THIRD SURVEY – SUMMARY

1.0 Introduction

1.1 The Government continues to request data on how existing funding is being used by local government and any changes in income and expenditure as a result of the coronavirus crisis. It has also asked for a longer term forecast of the financial impact on local authorities. To date, this has taken the form of a request from the Ministry of Housing, Communities and Local Government (MHCLG) for data which we returned on Wednesday 15th April and a further return which we submitted on 15th May .

1.2 On 12th June, MHCLG issued a third survey. This Appendix summarises the additional cost and reduced income estimates that we submitted in this return. Attached at Appendix 2 is the actual survey we returned. In Appendix 3, indicative estimates of the proportions of the Emergency Fund Grant that will be spent on each relevant service are included but not shown in this summary. The proportions are based on estimates of what we will spend on each service.

1.3 One major change in this survey compared to the second survey is the definition of full year estimates. In the second survey, as well as reporting April and May estimates, we were asked to forecast our year end position on the assumption that life returns to normal from the end of July, and our spend and income return to pre-Covid-19 positions. As we noted at the time, this was naive at best and at worst could be used to provide a misleading picture of the extremely difficult position local authorities will find themselves in if the Government fails to act. In this survey, we are to assume an end to the lockdown in July but use our discretion for what happens to spend and income after this. This change is welcomed.

1.4 In the February OFP, in which we summarised the returns we made to the second survey, we also reported our own estimates of the full year impact without the MHCLG end of July constraint noted above. It follows that the full year estimates we report in the third survey will be more consistent with this, and the forecast from the first survey, as opposed to the formally requested MHCLG estimates we returned in the second survey.

2.0 The Third Survey Returns

2.1 in the tables below, we show the Full Year estimates for increased spending and reduced income in 2020/21 as estimated by services and returned in the third survey to MHCLG

2.2 A summary of the estimated additional spending pressures on the General Fund in 2020/21 arising from Covid-19 is shown in the first table (which includes the impact of delayed savings), which is followed by an analysis of the Housing Revenue Account (HRA) spending pressures.

COVID-19 Additional Expenditure Pressures

General Fund

Service area	Full Financial Year

	2020-21 £m
Adult Social Care – additional demand	1.413
Adult Social Care – supporting the market	2.400
Adult Social Care – workforce pressures	0.648
Adult Social Care - Personal protective equipment (PPE)	1.145
Adult social care sub total	***5.606***
Children’s Social Care – workforce pressures	0.640
Children's Social Care - residential care	0.690
Children's Social Care - care leavers	0.315
Children’s Services – other	0.090
Children's Social Care sub total	***1.735***
Education – SEND	0.030
Education – other	0.956
Education sub total	***0.986***
Public Health	0.795
Housing - homelessness services	0.550
Housing - rough sleeping - accommodating and supporting those brought into alternative accommodation	0.983
Housing sub-total excluding HRA	***1.533***
Cultural & related - Sports, leisure and community facilities	2.906
Cultural & related sub total	***2.906***
Environment & regulatory - waste management	1.200
Environment & regulatory – other	0.429
Environment & regulatory - sub total	***1.629***
Finance & corporate - ICT & remote working	0.242
Finance & corporate - Revenue & benefits expansion	0.806
Finance & corporate – other	0.696
Finance & corporate - sub total	***1.744***
Other – Shielding	0.621
Other PPE	1.848
Other - Unachieved savings	3.000
Other services	1.348
Other sub-total (includes Shielding)	***6.817***
TOTAL SPENDING PRESSURE (General fund)	**23.751**

HRA

Service area	Full Financial Year 2020-21 £m
HRA - supplies and materials including PPE	0.100
HRA other	1.300
TOTAL SPENDING PRESSURE (HRA)	**1.400**

2.3 So it is estimated that the additional spending pressure on the General Fund in 2020/21 as a result of Covid-19 is £24m, which is £1m less than the spending estimate reported in the second survey. On the HRA, the spending pressure is £1.4m which is £0.8m less than the second survey estimate.

2.4 The next two tables show the impact of Covid-19 on the Council's income streams. The first table shows the estimated reduction in General Fund income and the second the reduction in HRA income.

COVID-19 Reduced Income

General Fund

Income Source	**Full Financial Year 2020-21 £m**
Business Rates cash receipt losses	9.000
Council Tax receipt losses	9.126
Total Council Tax & Business Rates - Indicative Collection Fund Deficit	**18.126**
Highways and Transport Sales Fees & Charges (SFC) losses	7.004
Cultural & Related SFC losses	0.498
Planning & Development SFC losses	0.000
Other SFC income losses	7.390
Sales, Fees & Charges (SFC) income losses total	**14.892**
Commercial Income losses	2.435
Other income losses	1.831
Other Income Losses	**4.266**
TOTAL INCOME LOSS	**37.284**

Note: For the survey we have to show the loss in council tax suffered by the London Borough of Hackney (LBH) & the GLA whereas in our estimate we just show the impact on LBH. This is the same for business rates - in the survey we show the losses suffered by LBH, the GLA & Government but in our estimate, we just show LBH's losses. Also, for the survey we have to include business rates reliefs in the losses which is not shown here as it makes it difficult to disentangle the true losses from those covered by reliefs

HRA

Income Source	**Full Financial Year 2020-21 £m**
HRA – residential rent arrears	5.200
HRA – commercial rent arrears	0.600
HRA – losses from voids	0.167
HRA – other	0.290
TOTAL INCOME LOSS	**6.257**

2.5 The estimated reduction in General Fund income in 2020/21 arising from Covid-19 is £37.3m, which is little different from the income loss recorded in the second survey. The estimated reduction in HRA income is £6.3m which again is little different from the estimate recorded in the second survey.

2.6 So the overall financial pressure (GF and HRA) for the full year is 69m - £2m less than the pressure reported in the last survey.

2.7 As noted in previous reports, we have received £10m from the Emergency Fund Grant and a further £7.8m from the £1.6bn allocation announced in April to set against these pressures. All three of our submissions to date have indicated a significant gap in overall Council finances and without further financial commitments from the Government local authorities risk entering a period of great financial uncertainty which risks compounding the social and economic effects of Covid-19.

2.8 The actual level of additional spending and income loss depends on the length of time emergency Covid-19 measures remain in place and the extent to which society and the economy recovers in the coming months. Officers will continue to assess the expected spending increases and income losses as new information becomes available and report this back through the OFP.