

# P&R Select Committee Covid-19 Financial Impact

Page 1

Rob Carr

## **Initial Response Costs**

- The response to Covid-19 has been fast moving and ever changing
- Financial information can therefore only ever be a 'snapshot' at a point in time
- Initial information was collected on response costs and consequential losses up to the end of June
- This excluded the costs of recovery and potential future demand pressures in areas such as social care
- A summary of the initial financial impact was presented to Cabinet on 15 May

# Financial Impact – Reported to Cabinet

Category	£'000
Response Costs	24,739
Market Underwriting	13,806
Increased Demand	1,300
Funding and Income Losses	23,540
Other Issues	2,023
Impact on T19 and T21 Delivery	30,827
<b>Total Costs</b>	<b>96,235</b>
Specific Funding (CCG's and Government)	3,709
Covid-19 Grant Allocations	53,968
Forecast Savings (3 months)	3,087
Market Underwriting (budgeted)	13,806
<b>Total Savings and Funding</b>	<b>74,570</b>
<b>Net Unfunded Cost</b>	<b>21,665</b>

## MHCLG Return - May

- We are undertaking regular reporting to MHCLG
- Their request for information for May contained new guidance on what to include
- In light of this, Hampshire's latest return was based on :
  - Extending the figures reported to Cabinet for an extra month to July in line with the MHCLG guidance.
  - Add a further month of costs and losses to allow for a phased recovery period of a further two months
  - Add high level guesses for recovery and demand costs for major service areas
  - Assume a percentage loss of business rates and council tax yield for the current year only
  - Include the impact of delays in the T19 and T21 savings programme for the current year only

## MHCLG Return - May

	£'000
Response and recovery costs	68,024
Lost savings – 2020/21 only	9,996
Business Rate / Council Tax losses – 2020/21 only	34,600
Lost Income / Investments	16,016
Commercial / Trading losses	23,122
<b>Return Submitted to MHCLG</b>	<b>151,758</b>
Add back further two years of lost savings	20,831
Add back market underwriting costs	22,960
<b>Total Estimated Costs and Losses</b>	<b>195,549</b>

## Overall 'Snapshot' Summary

Item	£'000
<b>Total Costs and Losses</b>	<b>195,549</b>
Specific Funding (CCG's and Government)	3,779
Covid-19 Grant Allocations	53,968
Forecast Savings (5 months)	5,145
Market Underwriting (budgeted)	22,960
<b>Total Savings and Funding</b>	<b>85,852</b>
<b>Net Unfunded Costs and Losses</b>	<b>109,697</b>

NB : This is based on the scenario as outlined. The future 'operating picture' is constantly developing and will inevitably impact this position e.g. a potential second peak / lockdown

This is NOT a worst case scenario

It also does not take account of future years costs and losses



## Next Steps

- Position prior to Covid-19 was positive – We must maintain that strong financial grip even during the crisis
- We cannot rely on the Government to bail us out and need to plan for the worst - we are in as good a financial position as any County to tackle this
- We need to re-start work on T19 and T21 delivery as soon as we are able
- We are preparing an update of the MTFS to go to Cabinet in July

# Questions?