

**CABINET MEETING: 11 JUNE 2020**

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**CARDIFF COUNCIL'S RESPONSE TO THE COVID-19 CRISIS  
FROM A FINANCIAL MANAGEMENT PERSPECTIVE**

**FINANCE, MODERNISATION & PERFORMANCE (COUNCILLOR  
CHRIS WEAVER)**

**AGENDA ITEM: 2**

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**Purpose of report**

1. The purpose of this report is to set out the Council's response to the COVID-19 crisis from a financial management perspective, enabling Cabinet to:
  - Note the urgent work undertaken across all Council services to address the issues faced;
  - Note the financial management arrangements in place to support decision making and mitigate the impact of the crisis;
  - Note the initial assessment of expenditure and income impacts of the crisis for the Council;
  - Note that further financial challenges are faced and the next steps now planned.

**Background / Context**

2. The Joint Cabinet Statement to Council on the 21<sup>st</sup> May 2020 set out the background to the COVID-19 crisis, the response actioned across services and a summary position on the financial impact.
3. The link to the full statement is included here: [Council Statement](#)
4. The day to day operation of services was dramatically changed under 'Lock Down' conditions established following the Prime Minister's public address on the 23<sup>rd</sup> March 2020. Services rapidly transitioned into an 'Essential Services' model delivering core services to the most vulnerable and those most affected by the threat of the virus. Services worked in partnership with other agencies and key communication channels both internally and externally were established.
5. The Council's response to the crisis was quickly established on an emergency management basis to ensure that decisions were taken quickly in response to a dynamic and critical situation. It was recognised that the need for urgent and positive decision making would prevent the spread of

the infection, ensure the health and safety of staff, service users and citizens and prioritise key frontline services and support for vulnerable people.

6. The latest ONS data available indicates that the number of confirmed deaths relating to COVID-19 in Cardiff stood at 341 (up to 22<sup>nd</sup> May 2020 which includes deaths registered to the 30<sup>th</sup> May 2020).
7. The remainder of this report focuses on the response by the Council to the crisis from a financial management perspective.

## **Issues**

### Financial Issues / Logging

8. The Covid-19 virus and associated lockdown measures have had significant financial implications for the Council, both in terms of additional costs and loss of income.
9. As part of the immediate financial management response to the crisis, issues were and continue to be, captured from both an action and monitoring basis via a log on a daily basis to ensure that all financial impacts and key decisions are appropriately documented. This information has also been cross referenced with the daily issues logs produced by the Emergency Management Team.
10. The Financial Log has been used as a key tool to ensure effective control and management during the crisis via the Council's Strategic Co-ordination Group.

### Estimated Expenditure and Income Impacts

11. The Council has estimated an expenditure impact of £18.4M for the crisis to the end of June 2020. This estimate was captured and fed into an all Wales data exercise undertaken to provide a national assessment of costs. The total cost implication across Wales for this period totalled in excess of £82M.
12. In respect of Cardiff Council specifically, the £18.4M is made up of the following summary elements:

	<b>£M</b>
Personal Protective Equipment	5.1
Adults' Social Services	2.9
Free Schools Meals	2.1
Support for Suppliers	2.1
Bereavement	1.8
Operational Changes to Waste	1.7
Homelessness	1.6
Other	1.1
<b>TOTAL</b>	<b>18.4</b>

13. Covering the same period, i.e. to the end of June 2020, the Council also estimates that it will lose income in excess of £11.4M as a direct result of Covid-19. Again this was part of a national assessment where the all Wales income loss totalled in excess of £90M.
14. In respect of Cardiff Council specifically, the £11.4M is made up of the following summary elements:

	<b>£M</b>
Parking, Parking Penalties, & MTOs	3.8
Venues & Events	2.3
Waste - Trade / Bulky /Recyclates	1.3
Leisure & Outdoor Sport	0.7
School Meals	0.7
Storey Arms & Music Service	0.6
Planning & Building Control	0.5
Highways and Transport	0.4
Licensing & Registration	0.3
Enforcement / Recovery	0.3
Other	0.5
<b>TOTAL</b>	<b>11.4</b>

15. It is important to note that expenditure and income impacts relating to COVID-19 are estimated at this stage. Further iterations of these estimates are being prepared and will again be captured nationally. It is also clear that some aspects do still require further analysis, for example any impact likely on council tax collection rates, increased demand for Council Tax Reduction Support (CTRS) and service re-configurations as part of the restart and recover phases for services.

#### Funding Arrangements Currently in Place

16. At a Central Government level, the financial implications of the crisis to date has resulted in spend of over £123 Billion, with the largest element of this, some £60 Billion attributable to the Employment Support arrangements put in place.
17. The announcements of various funding measures by Central Government have had consequential impacts for funding in Wales. To date, the total revenue funding available in Wales to support the crisis has totalled £2.232 Billion with public services accounting for £799M, Business Support £1365M and Individuals and charities £68M.
18. For local government specifically, £110M has so far been made available to claim back additional expenditure through a Welsh Government Covid-19 Hardship Fund. This fund, includes an initial tranche of £30M general support (which included £10M earmarked for Homelessness), £40M for Adult Social Care and £40M for Free School Meals Further tranches of funding may be required to cover all expenditure needs at an all Wales level and importantly these initial tranches are predominantly only in place

to cover claims to the end of June (Note that the £40M Adult Social Care funding is marked as available to the end of May, whilst the Free School Meals funding is available to the summer term). As such, dialogue with Welsh Government is continuing with the aim of securing further support, for the first quarter period and beyond as part of any restart of service provision.

19. Expenditure claims for reimbursement from the Covid-19 Hardship Fund are submitted to Welsh Government on a monthly basis, with a view to recovering cash payments made in the previous month.

20. The Council has so far submitted two claims for expenditure reimbursement to Welsh Government:

- March Claim made in April - £0.465M – *paid in full*, with the main claim element being Personal Protective Equipment (PPE) totalling over £0.412M.
- April Claim made in May - £5.201M – *awaiting payment*, with the main claim elements being:

	£M
Body Storage Costs	0.749
Free School Meal Costs	0.721
Homelessness	0.482
PPE	1.937
Domiciliary Care Providers	0.579
Waste	0.309
Other	0.424
<b>Total</b>	<b>5.201</b>

21. The claim for April is significantly greater than the March claim given the limited impact in March and the arrangements put in place in response to the crisis in April. It is anticipated that May and June claims will be higher again in terms of value.

22. In terms of Income, Welsh Government have recently announced that funding will be made available up to a maximum value of £78M but as yet the details of the fund i.e. the criteria for claims and the timeframe covered has not been announced. It is expected that this will follow a similar claims process as expenditure and again the lobbying will continue to ensure the sufficiency of funding for current losses and those anticipated given the delay in returning to normal (income recovery) service delivery.

### Budgetary and Decision Making Framework

23. The Council's emergency response to the COVID-19 crisis has been established from the outset on the basis of three key underlying principles:

- Preventing the spread of the infection
- Ensuring the health and safety of staff, service users and citizens

- Prioritising key frontline services and support for vulnerable people
24. As such, the decisions taken during the onset and early part of the crisis have needed to be taken quickly and effectively and in the absence of normal council functions i.e. Cabinet and Council meetings.
25. Some of the decisions made in respect of the matters listed in this report, were captured in separate officer decision reports. Those decisions being made in reliance on specific delegated authority under the Council's Scheme of Delegations, which Scheme records what part of the Authority or which individual has responsibility for particular types of decisions or decisions relating to particular areas or functions. Other decisions were taken under the 'General Delegation'. The Scheme of Delegations contains, subject to caveats, a General Delegation to the Chief Executive, Corporate Directors, Directors, Assistant Directors and Operational Managers to make any decisions relating to any matter within their area of responsibility ('General Delegation') and to take appropriate action, which is necessary, to ensure the efficient, equitable and effective delivery of services. Any decisions taken under the delegated power have been made on the basis that they are:
- within budget;
  - in accordance with the Council's policy framework;
  - in accordance with Council's Financial and Land Procedure Rules and Contracts Procedure Rules;
  - in accordance with their Service Area Business Plan; and
  - Not a matter specifically reserved for Full Council, a Committee of the Council, the Cabinet, a Statutory Officer, the Chief Executive, Corporate Director or a Director.
26. Specifically from a financial perspective, the actions taken in response to the crisis have been made on the basis of expenditure directly attributable to any interventions in response to the crisis being re-claimable back from the Welsh Government COVID-19 hardship fund. As such this would not have a budgetary impact on the Council and any other associated costs are considered deliverable within existing budgets. As previously stated, the estimated expenditure and income loss requirements are being constantly updated and are key in terms of the ongoing dialogue with Welsh Government over funding.
27. Specific Officer Decision Reports have been prepared for some specific interventions where these have been considered significant in terms of subject matter and / or cost implications. Other officer decisions are documented within this report with further detail available where appropriate within the appendices to ensure that it captures the detail of decisions taken. This report is an important element in the governance arrangements for all decision making during this period.

### Key Financial Issues

28. The key financial issues arising from the crisis since the start of lockdown

are summarised in the next section of the Report.

### *Corporate / Authority Wide Considerations*

29. The Council has been tracking a range of issues in respect of corporate / authority wide impacts. These have included:

- *Business Grants and National Domestic Rates Relief* – Grants and business rates relief have been administered to thousands of businesses across the city. To date, Business grants totalling over £60M to over 4600 businesses have been administered by the Council's Revenues Team supported by officers from Economic Development. Cash flow considerations given the degree of support provided has been closely monitored and officers have worked closely with Welsh Government to ensure any issues are mitigated, including facilitating the advance payments of monthly Revenue Support Grant allocations.
- *Council Tax Income* – collection rates for April and May are being reviewed to assess if there is an impact given the significance of this funding stream to Council Services. April collection rates achieved expected levels and further work is being done to consider any impact into May.
- *Council Tax Reduction Scheme (CTRS)* – the increase claimant numbers are currently being assessed and the financial impact is being modelled.
- *Capital* – any delays in schemes are being reviewed as well as any incidences of contractors now requesting contract provisions in relation to COVID-19 impacts. This will need to be reviewed as part of monitoring processes in year.
- *Specific Grants* – amendments to grant conditions have in some cases provided greater flexibility on their use, but a concern now being expressed is the possible reduction of some grant funding where budgets are realigned by supporting bodies in response to the crisis. Service implications of this where known are being worked through with Services.
- *Insurance* – implications on premiums and costs arising from service delivery decisions and current use of buildings are being assessed.
- *Furlough* – The use of Furlough arrangements is being used to mitigate loss of income in some areas e.g. within Education, Economic Development and Planning Transport and Environment. This work will not have a financial impact on individual employees nor Council costs, but it will help to mitigate income loss in these areas for as long as the scheme is in place.
- *Financial Control* - key during the crisis has been the need to avoid any fraudulent expenditure, in particular via the Business Grants process. Due diligence tools are being utilised to ensure that any risks are minimised.

### *Adult Social Care*

30. In respect of Adult Social Care, the following key issues have been tracked

from a financial perspective in response to the crisis:

- *Personal Protective Equipment (PPE)* – A key requirement identified early in the crisis was the need for a sufficient and reliable supply of PPE to support social care staff and providers across a range of settings including Domiciliary and Residential Care. The detail of the demand modelling undertaken to ensure current and ongoing resilience, orders to date and financial considerations have been collated and are included for information at Appendix 1. In summary, the anticipated spend this financial year is estimated to be in excess of £5M with £2.4M already claimed back via the Welsh Government COVID-19 fund (£0.400M in March and £2M in April).
- *Domiciliary Care Providers* – following extensive review and engagement with Care providers, funding was made available to mitigate lost care hours and compensate for additional COVID-19 costs. The April claim to Welsh Government included a sum of £0.579M in respect of Domiciliary Care. The support arrangements have been documented and are included for information at Appendix 2.
- *Residential and Nursing Providers* - following extensive review and engagement with providers, funding is now being made available to compensate for additional COVID-19 costs and any issues that arise through management of beds at Residential Homes e.g. management of voids and / or block blocking of provision as appropriate. The support arrangements have been documented and are included for information at Appendix 3.
- *Supported Living Service* – ongoing dialogue is underway with providers to assess any financial impacts arising from the current crisis in terms of staffing costs i.e. cover and overtime costs.
- *Third sector organisations & Day Care Providers* – costs previously budgeted for are being supported through the adoption of supplier relief requirements, where contracts are honoured for ongoing service (note: this does not cover additional service impacts arising from the crisis).

#### *Children's Social Care*

31. In respect of Children's Social Care, the following key issues have been tracked from a financial perspective in response to the crisis:

- *Block Booking Beds* – short term contracts entered into to ensure immediate cover is in place for any residential placements in the short term arising from COVID-19 and lock down requirements.
- *Additional Financial Assistance* – any additional requirements and payments are being monitored for families who are self-isolating

#### *Economic Development*

32. In respect of Economic Development, the following key issues have been tracked from a financial perspective in response to the crisis:

- *Lost income across services* – The Directorate has a heavy reliance on external income which has suffered significantly as a result of the crisis

and will continue to do so whilst lock down arrangements are in place and as part of any restart and recover phases. Key areas of lost income under review include:

- Culture / Venues / Events - total anticipated loss to the end of June is currently estimated to be £2.3M.
- *Parks / Leisure / Sport* – total lost income anticipated to the end of June is estimated to be £0.740M.
- Pest Control - total lost income anticipated to the end of June is estimated to be £0.030M.
- City Centre Management - total lost income anticipated to the end of June is estimated to be £0.090M.
- Commercial Activities - total lost income anticipated to the end of June is estimated to be £0.197M.
- Youth Foods / Cleansing Services / Building Services – these are areas being kept under review and an assessment is being completed on income implications.

Subject to agreeing a mechanism to claim for Welsh Government support to fund this loss of income (as referenced in paragraph 22), efforts are being made to mitigate the impact of losses, including the furloughing of staff in these areas.

- *Greenwich Leisure Limited (GLL) - Leisure Services* – Following extensive dialogue and review with the company, financial assistance has been provided to mitigate the lost income through to the end of June of not operating facilities during the lock down and to sustain operations locally so that they are available again on restart. These costs will be reclaimed through the Welsh Government COVID-19 Hardship Fund and the support arrangements in place have been documented as part of an Officer Decision Report published recently<sup>1</sup>.
- *Parkwood Leisure Limited - Cardiff International Pool* – Similar to GLL, the provider operating the Cardiff International Pool (Parkwood) also required financial assistance given lost income through closure of the facility. These costs will be reclaimed through the Welsh Government COVID-19 Hardship Fund and the support arrangements in place have been documented as part of an Officer Decision Report published recently<sup>2</sup>.
- *Rental Income* – Any delays in respect of receipt of income from the Council's investment estate is being closely monitored. This includes smaller rents due, for example, market stalls, up to larger receipts such as tenants of the Red Dragon Centre.
- *Facilities Management* – Costs are being monitored in this area and claimed as appropriate, for example in relation to cleaning materials where enhanced arrangements are needed, security costs for unoccupied facilities during lockdown and any costs associated with repurposing buildings as part of the Council's response to crisis. Any savings through operating buildings at significantly reduced capacity will also need to be captured.

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<sup>1</sup> [Hyperlink to published GLL Decision](#)

<sup>2</sup> [Hyperlink to published Parkwood Decision](#)



## Education

33. In respect of Education, the following key issues have been tracked from a financial perspective in response to the crisis:

- *School Based Childcare Hubs* – The financial impact on individual schools will have varied considerably between each school. For those schools that have been functioning as hub schools, there will have been some additional costs incurred e.g. relating to staffing, food provisions and cleaning. In the case of non-hub schools, additional staffing costs may also have been incurred in supporting their local hub school. However, it is anticipated that non-hub schools, in particular, may see some savings accrue through their buildings being shut and other variable costs reducing. It is acknowledged however that the potential for savings will have been somewhat diminished where schools have provided supplier support, even where services are not necessarily being received, and through income losses, i.e. particularly those schools with their own in-house catering operations and high lettings activity. As schools begin to reopen and move into the next phase of provision, it is possible that further additional costs will be incurred by virtue of having to ensure social distancing within the school and continuing to provide an alternative method of education to pupils. The position will continue to be monitored closely.
- *Free School Meals* – Significant service changes were actioned to ensure that Free School Meal provision could continue during the lock down period. Nationally this was prioritised with Welsh Government allocating £40M specifically to support this provision across Wales (as referenced in paragraph 18). Locally the cost estimate for the first quarter provision is £2.1M and this includes communications costs, additional staff time, food bags (where required), transport costs and assumes where delivered electronically (voucher and direct through 'Parent Pay') that all eligible pupils are provided for (in excess of 12,000 pupils). The costs will continue to be monitored closely and claimed via the Welsh Government COVID-19 Hardship Fund.
- *School Transport* - costs previously budgeted for are being supported through the adoption of supplier relief requirements, allowing for contractor mitigation actions possible through the various government schemes available. Nationally there has generally been a consistency of approach applied and monitoring information will help identify any cost savings in this area. Some savings are being offset by additional transport requirements for any pupils from key worker families attending schools / hubs during the lock down. Consideration is currently being given to the potential financial impact of schools returning from 29th June 2020. With the need to ensure social distancing, there is likely to be an impact on the nature of transport provision, with consequential financial impacts. This will be monitored closely over the coming weeks

- *Lost income across services* - The Directorate has a heavy reliance on external income which has suffered significantly as a result of the crisis and will continue to do so whilst lock down arrangements are in place. Key areas of lost income under review include Music Services, Storey Arms and School Catering Income. Subject to agreeing a mechanism to claim for Welsh Government support to fund this loss of income (as referenced in paragraph 22), efforts are being made to mitigate the impact of losses, including the furloughing of staff in these areas.
- *Continuity of learning* – Funding requirements are being monitored in relation to children that may not be able to access online material. Over 5000 individual laptops are estimated to be required along with 2500 broadband dongles. Funding for these purchases is able to be accommodated within the Ed Tech funding allocation and this primarily represents an acceleration of this requirement rather than any additional cost at this time, although the position will continue to be monitored closely.

### *Housing and Communities*

34. In respect of Housing and Communities, the following key issues have been tracked from a financial perspective in response to the crisis:

- *Emergency accommodation provision* – Significant action was required on the onset of lock down to provide emergency accommodation and support to homeless individuals and families across the City. Hotel and other accommodation space was procured along with the associated staffing, food, security and sundry costs. The importance of supporting the Homeless through the crisis was recognised by Welsh Government in that it allocated £10M of the COVID-19 Hardship Fund specifically for this purpose. These costs will therefore be reclaimed through the Welsh Government COVID-19 Hardship Fund and the support arrangements in place have been documented for information at Appendix 4.
- *Joint Equipment Store* - additional costs are being incurred to support the purchase of equipment (e.g. beds) to facilitate transfers of care and given the demand levels currently, delays in provision are being experienced. This position will continue to be monitored closely to assess if this represents additionality and therefore it is claimable as opposed to simply accelerated demand.
- *Adult Learning* – a loss of service income is being experienced by the service that is estimated to equate to £0.120M for the first quarter. This position will continue to be monitored closely.
- *Hubs / Foodbanks* – a key service established at the outset of the crisis to support vulnerable residents was the establishment of four Core Hubs / Foodbanks supplying food parcels to residents directly and hostels. This was supported by food donations from businesses and shops helping to supplement foodbank supplies, and private financial donations have helped mitigate the cost. The estimated cost for the first quarter is £0.231M which has been netted down

following £0.087M of private donations. Net costs will be claimed through the Welsh Government COVID-19 Hardship Fund.

### *Planning Transport and Environment*

35. In respect of Planning, Transport and Environment, the following key issues have been tracked from a financial perspective in response to the crisis:

- *Lost income across services* - The Directorate has a heavy reliance on external income which has suffered significantly as a result of the crisis and continues to do so whilst lock down arrangements are in place. Key areas of lost income under review include:
  - *Parking and Traffic Offences* - total anticipated loss to the end of June is currently estimated to be £3.8M. This is likely to have a significant impact on funding available for transport works in the city if this income is not reimbursed and / or continues to be below anticipated levels in the medium and longer term.
  - *Shared Regulatory Services* – this includes requests for refund of licence fees for example Taxi Operators and Houses in Multiple Occupation and the total anticipated loss to the end of June is currently estimated to be £0.144M.
  - *Highways income* – including fees for skips and scaffolding and the total anticipated loss to the end of June is currently estimated to be £0.324M.
  - *Transport Income* – including inspection fees and temporary road closures and the total anticipated loss to the end of June is currently estimated to be £0.130M.
  - *Planning / Building Control Income* – including delays in development and construction works and the total anticipated loss to the end of June is currently estimated to be £0.545M.
  - *Registration Services* - including fee income no longer receivable for weddings at Council venues and the total anticipated loss to the end of June is currently estimated to be £0.210M.
  - *Dogs Home* – the total anticipated loss to the end of June is currently estimated to be £0.035M.

Subject to agreeing a mechanism to claim for Welsh Government support to fund this loss of income (as referenced in paragraph 22), efforts are being made to mitigate the impact of losses, including the furloughing of staff in these areas.

- *Bereavement* – Locally increased demands on burial services has meant that additional costs have been incurred across council facilities e.g. additional staffing costs and cleaning requirements. On a regional basis, the Council also led on the procurement of additional body storage capacity on behalf of the Local Resilience Forum (LRF) grouping of seven local authorities. This arrangement was subject to an Officer Decision Report published recently<sup>3</sup> and funding is being

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<sup>3</sup> [Hyperlink to published Body Storage decision](#)

reclaimed on behalf on the LRF from the Welsh Government COVID-19 Hardship Fund.

- *Next bike* - Given the lock down position and the loss of income for the provider, a request was made to the Council for financial support. The Council is contractually committed to funding 50% of any calendar year end deficit up to £0.050M and following a detailed review exercise, a sum of £0.010M per month for three months to the end of June was agreed and will be subject to further review if required beyond this time.

### *Recycling and Neighbourhood Services*

36. In respect of Recycling and Neighbourhood Services, the following key issues have been tracked from a financial perspective in response to the crisis:

- *Waste services Domestic Property Operations* – changes to a single waste collection service in response to the crisis has resulted in a significant financial cost which is estimated to be £1.5M and includes the 3rd party processing of recycling materials given the closure of the Material Recycling Facility. This change as a direct result of the crisis will be claimed against the Welsh Government COVID-19 Hardship Fund.
- *Waste Services Income* – income recovery including trade waste, recycling and bulky collections has been significantly impacted upon during the crisis and the total anticipated loss to the end of June is currently estimated to be £1.3M.
- *Garden Waste* – the amended weekend service commenced Sat 2<sup>nd</sup> of May and will operate throughout May at an additional of £0.046M (mainly staffing costs).

### *Resources / Other Services*

37. In respect of Resources and Other Services, the following key issues have been tracked from a financial perspective in response to the crisis:

- *Meals on Wheels* – the service has experienced significant additional demand and staff redeployment (for example from Youth Foods) has supported service delivery. Additional costs have been incurred and will be claimed where appropriate.
- *Enforcement Income* – a reduction in the level of enforcement action for recovery of debt, recognising an increased caseload in respect of Financial Hardship requests, has resulted in a loss of income which is estimated to equate to £0.250M for the first quarter. This loss will continue to be monitored to assess if the loss is permanent or simply a delay in this financial year.
- *Rentsmart Wales* – this service is usually self-financing but a significant reduction in activity has impacted on income levels and this will continue to be closely monitored throughout the crisis.
- *Legal Services* – Income losses as a result of the crisis include Land Charges where demand for local property searches has fallen and also charges for other legal work such as drafting and completing Section

106 Agreements. The total estimated shortfall to the end of June equates to £0.150M

### Next Steps

38. The financial impacts arising from COVID-19 will continue to be logged and expenditure / income loss claimed as appropriate. Existing issues will continue to be monitored closely but it is also evident that further financial challenges will be faced in the coming months, e.g. the speed of implementation and shape of service restart requirements, the impact previously highlighted in respect of Council Tax and CTRS (as referenced in paragraph 15) and there are also emerging priorities such as the requirements to establish local Contact Tracing and Testing Services.
39. Effective financial management arrangements are in place to capture and monitor expenditure and income impacts of COVID-19. In terms of expenditure, whilst the outcome of the April claim is still awaited, work is already underway to quantify the May claim and submit during June. For income, further guidance is due shortly on the criteria for claims to be made and this will be a priority for the Council to ensure that income loss is fully mitigated.
40. As the Council moves to the next phase of the crisis and considers the requirement of restart and recover, there will be a requirement to consider the resultant financial management implications, including:
  - Revenue and Capital budget implications;
  - The re-prioritisation of existing Council Finances where appropriate; and
  - The financial implications of specific interventions / exit strategies for key service areas.
41. The COVID-19 crisis came into focus at the end of the 2019/20 financial year so had a relatively minor impact in financial terms last financial year. Nevertheless, the crisis will feature as part of the outturn assessment for 2019/20 and this position will be reported to Cabinet shortly.
42. More significantly from a COVID-19 financial impact analysis will be the position in 2020/21. A key requirement therefore in the coming weeks and months will be to closely monitor the budgetary position for the Council in 2020/21. This will seek to confirm the additional costs of COVID-19 but it will also establish non COVID-19 costs and savings where appropriate.
43. Finally what is clear in the short to medium term and certainly through the Restart / Recover / Renew phases is that many of the Council's services have changed permanently and the now traditional annual update report to Council in the summer on the Medium Term Financial Plan will be a crucial report from a financial strategy and sustainability perspective.

## **Financial Implications**

44. This report sets out the immediate response to the COVID-19 pandemic. Contained within the body of the report is the financial impact of the various actions undertaken over the last ten weeks. The report emphasises the dependence on Welsh Government funds in financing many of the actions undertaken as a response to the crisis. Whilst this report details the immediate response and the current position there is a need to ensure that the additional funding streams are available at the level required. There is also a need to review those services that have lost income and input in place mitigation strategies for both the short and medium term
45. The appendices include further detail on homelessness, PPE, Domiciliary Care and Residential Care and the level of financial resources required both to deal with the immediate crisis but also signals the need to review the spend in these areas as this Council progresses through the forthcoming months.

## **Legal Implications**

46. The Authority is required to monitor and review from time to time during the year its income and expenditure against its budget, using the same figure for financial reserves. If, having conducted the review, it appears to the authority that there has been a deterioration in its financial position, it must take such action, if any, as it considers necessary to deal with the situation, and be ready to take action if overspends or shortfalls in income emerge. To this end it is noted that the report provides for further reports to be submitted to Cabinet on the financial position.
47. The appendices note various actions taken to respond to the impact of Covid 19 in respect of homelessness, PPE, Domiciliary Care and Residential care. Given the confines of these legal implications it is not practical to set out detailed legal analysis of each of the actions taken. In summary :
  - a. Procurement law - Some of the actions taken amount to direct awards of contracts (for example the decisions taken re PPE) and other actions amount to modifications (temporary variations) to existing contracts in order to provide supplier relief (for example the decisions taken re Domiciliary Care). It is important to note that the legal requirements as regards procurement continue to apply during Covid 19. These requirements including, where applicable, the Public Contracts Regulations 2015 (PCR), which set out the criteria to be met in order to make direct awards and or to modify contracts. Procurement guidance notes were issued to support public bodies in their response to COVID-19. In this respect it is understood that officers had regard to the guidance issued. In particular, Procurement Policy Note 01/20: Responding to COVID-19 18 March 2020, (which provides guidance as to the PCR and direct awards and Procurement Policy Note 02/20: Supplier relief due to COVID-19 19 May 2020, which sets out information and guidance for public bodies on payment of their suppliers to ensure

service continuity during and after the current coronavirus, COVID-19, outbreak.

In considering any supplier relief, the authority must also be satisfied that a value for money case is made by virtue of securing continuity of supply of critical services.

Going forward the Authority should review its contract portfolio where it is providing any contractual relief due to COVID-19 to consider what further measures, if any, are required (subject to the constraints of any statutory requirements, including the PCR ) and to develop transition plans to exit from any relief as soon as reasonably possible.

- b. Social Services and Well Being (Wales) Act 2014 (“the 2014 Act”)  
In respect of Domiciliary Care and Residential care, the authority must have regard to the Council’s duties pursuant to the 2014 Act and associated regulations. The 2014 Act provides the statutory legal framework for social services in Wales. In brief, the 2014 Act places a responsibility on local authorities, and other public bodies, exercising functions under the 2014 Act to meet any eligible needs of people who need care and support, and carers who need support, and delivering outcomes.
- c. As regards Homeless provision then in terms of the those properties that have been let or licenced to the Council, the Council has general power under s.120 of the Local Government Act 1972 to acquire land for any of its functions; or for a purpose which benefits , improves or develops the area of the Council. The Council’s Disposal and Acquisition of Land Procedure Rules required the decision maker to have regard to advice from the Council’s valuer. A local housing authority has duties to the homeless under Part 2 of the Housing (Wales) Act 2014. A local housing authority must carry out a homelessness review for its area, and formulate and adopt a homelessness strategy based on the results of that review. They must carry out an assessment of a person’s case, if the person has applied to a local housing authority for accommodation or help in retaining or obtaining accommodation, and it appears to the authority that the person may be homeless or threatened with homelessness.

#### General Legal Advice

48. Equalities - The Council has to satisfy its public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties) – the Public Sector Equality Duties (PSED). These duties require the Council to have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of ‘protected characteristics’. The ‘Protected characteristics’ are: • Age • Gender reassignment • Sex • Race – including ethnic or national origin, colour or nationality • Disability • Pregnancy and maternity • Marriage and

civil partnership • Sexual orientation • Religion or belief – including lack of belief.

### Well Being of Future Generations (Wales) Act 2015

49. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible. In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The well being objectives are set out in Cardiff Council's Corporate Plan. When exercising its functions, the Council is required to take all reasonable steps to meet its well being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well being objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.
50. The well being duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
- look to the long term,
  - focus on prevention by understanding the root causes of problems,
  - deliver an integrated approach to achieving the 7 national well-being goals,
  - work in collaboration with others to find shared sustainable solutions and
  - involve people from all sections of the community in the decisions which affect them.
51. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below:  
<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

### HR Implications

52. There are no HR implications for this report.

### Property Implications

53. The Strategic Estates Department has provided support and assistance at an early stage towards all Covid-19 related property requirements. These



have included negotiation and agreement of leases and licences for temporary accommodation, as well as medical and testing facilities, within the Council estate. In the event of any further requirements in respect of the Covid-19 response, they should be done so in accordance with the Council's Asset Management process and in consultation with Strategic Estates and relevant service areas.

54. The Strategic Estates Department also continues to liaise closely with the Council's tenant base on delayed rental and service charge payments since March. Invoicing for directly affected tenants has been selectively paused and the team is working with the Finance Department to assess the on-going impact on the Council's rental income. All future policies or negotiations in respect of the outstanding rent and service charge should be aligned with the Council's Asset Management processes and in consultation with Strategic Estates and relevant service areas

### **Reasons for Recommendations**

55. To provide a comprehensive summary of the financial management arrangements in place to support the Council's response to the COVID-19 crisis and to set out next steps as the Council prepares to enter the restart, recover and renew phases in respect of service delivery.

### **Recommendations**

The Cabinet is recommended to:

1. Note the action taken by the Council to date in response to the COVID-19 crisis and the financial issues logged and decisions made during this period.
2. Note the assessment of expenditure and income impacts arising from COVID-19 during the first quarter of this financial year (to 30<sup>th</sup> June 2020).
3. Note that expenditure and income impacts arising from actions taken in response to COVID-19 are claimable from Welsh Government and as such any decisions are considered within the existing budgetary framework.
4. Note that a further report is being prepared setting out the budget outturn position of council services for 2019/20.
5. Agree to receive further updates on the budget monitoring position of council services for 2020/21 as appropriate.
6. Agree that a further report is prepared setting out an updated Medium Term Financial Plan that reflects any changes in service delivery as a result of COVID-19 as well as the usual updates of key financial assumptions.

<b>SENIOR RESPONSIBLE OFFICER</b>	<b>Chris Lee</b>
	Corporate Director Resources
	5 <sup>th</sup> June 2020

*The following appendices are attached:*

*Appendix 1 -Personal Protective Equipment (PPE)*

*Appendix 2 - Domiciliary Care*

*Appendix 3 - Residential Care*

*Appendix 4 - Homelessness*