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9 June 2020

New regulations came into effect on 4 April 2020 to allow Councils to hold meetings remotely via electronic means. As such, Council and Committee meetings will occur with appropriate Councillors participating via a remote video link, and public access via a live stream video through the [Mid Sussex District Council's YouTube channel](#).

Dear Councillor,

A meeting of **SCRUTINY COMMITTEE FOR LEADER, FINANCE AND PERFORMANCE** will be held **VIA REMOTE VIDEO LINK** on **WEDNESDAY, 17TH JUNE, 2020 at 4.00 pm** when your attendance is requested.

Yours sincerely,  
KATHRYN HALL  
Chief Executive

#### **A G E N D A**

	<b>Pages</b>
1. Roll Call and Virtual Meetings Explanation.	
2. To note Substitutes in Accordance with Council Procedure Rule 4 - Substitutes at Meetings of Committees etc.	
3. To receive apologies for absence.	
4. To receive Declarations of Interests from Members in respect of any matter on the Agenda.	
5. To confirm the minutes of the meeting held on 15 January 2020.	<b>3 - 8</b>
6. To consider any items that the Chairman agrees to take as urgent business.	
7. Financial Impact of Coronavirus on the Council.	<b>9 - 24</b>
8. Scrutiny Committee for Leader, Finance and Performance Work Programme 2020-21.	<b>25 - 26</b>

9. Questions pursuant to Council Procedure Rule 10.2 due notice of which has been given.

To: **Members of Scrutiny Committee for Leader, Finance and Performance:** Councillors J Knight (Chair), M Pulfer (Vice-Chair), A Bennett, H Brunsdon, R Cartwright, P Coote, R Cromie, A Eves, S Hicks, R Jackson, Andrew Lea, C Phillips, L Stockwell, C Trumble and R Whittaker

**Minutes of a meeting of Scrutiny Committee for Leader, Finance  
and Performance  
held on Wednesday, 15th January, 2020  
from 7.00 - 8.58 pm**

**Present:** J Knight (Chair)  
M Pulfer (Vice-Chair)

G Allen	P Coote	Andrew Lea
A Bennett	R Cromie	C Trumble
P Budgen	A Eves	R Whittaker
R Cartwright	R Jackson	

**Absent:** Councillors H Brunsdon and L Stockwell

**Also Present:** Councillors

**1 TO NOTE SUBSTITUTES IN ACCORDANCE WITH COUNCIL PROCEDURE  
RULE 4 - SUBSTITUTES AT MEETINGS OF COMMITTEES ETC.**

None.

**2 TO RECEIVE APOLOGIES FOR ABSENCE.**

Apologies were received from Councillor Stockwell.

**3 TO RECEIVE DECLARATIONS OF INTERESTS FROM MEMBERS IN RESPECT  
OF ANY MATTER ON THE AGENDA.**

In relation to item 6 on the agenda, Councillor Lea declared that he is a West Sussex County Councillor.

**4 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 20 NOVEMBER 2019.**

The minutes of the meeting held on 20 November 2019 were agreed as a correct record and signed by the Chairman.

**5 TO CONSIDER ANY ITEMS THAT THE CHAIRMAN AGREES TO TAKE AS  
URGENT BUSINESS.**

None.

**6 DRAFT CORPORATE PLAN AND BUDGET FOR 2020/21.**

The Leader was invited to provide an overview of the budget. He advised the Committee Members that the meeting provided an opportunity to scrutinise the Corporate Plan and Budget for 2020/21. He noted that following the scrutiny of the draft Service Plans and Budget, the Cabinet would consider them and then Council

to would consider them at its meeting in early March. He commented on changes to the funding regime for local government.

The Chief Executive explained to the Committee how papers could be used to enable the Scrutiny Committee to consider all aspects of the draft budget and service plans 2020/1.

Members discussed Government Funding, the Full Fibre network for Burgess Hill, and staffing levels. The Chief Executive advised that when the report was written the provisional local government settlement was not known. However, since the General Election it had been announced and the draft budget did not require amendments in the light of it. The Head of Corporate resources noted that it was predicted that no revenue support would be received, which was correct but the system may change for 2021/22. The Head of Digital and Customer Service provided details on the Council's employees.

Information was sought on insurance, rental income, sale of assets, the future predicted deficit and The Orchards. The Head of Corporate Resources confirmed that due to collective procurement with other local authorities insurance costs had reduced. He advised that changes in rents were reported on an individual bases as no regular increments were built in. The Chief Executive commented that the budget predicted a deficit in year 2; however some factors may change and noted that the Fair Funding review would be material. Some Councils like Mid Sussex may not fair very well and money may be diverted to other local authorities with children and adult responsibilities. She noted that receipts from the sale of assets were not accounted for until they were received. The Leader confirmed that a study was underway to assess options to improve The Orchards to generate more income and reflect the changing needs of Mid Sussex residents. He noted the 8% increase in footfall at The Orchards in the last quarter.

Members discussed the long term investment strategy in playgrounds, the Full Fibre network and areas of Mid Sussex currently benefiting from projects. The Assistant Chief Executive noted that 6 key parks had been identified for investment and that Council has commissioned a study to develop a 5 to 10 year strategy, for investment in the future. She confirmed some improvements had already been completed. The Chief Executive advised that the scrutiny committees will receive reports on the priority projects progress and noted that most were long term projects. The Head of Digital and Customer Service confirmed the extensive works required on ROI and regulated matters by Government funded projects. The Leader advised that the current development in Burgess Hill is supported by central government and emphasised that there is no prioritisation of investments in settlements in the District, as they all have different needs.

The provision of Gypsy and Travellers (G&T) and the recent problems with Electric Charging Points were discussed. The Assistant Chief Executive advised that the Council is required to meet the housing needs of all sectors of the community. The District Plan provides a policy framework.

The Chief Executive advised that section two highlighted the main changes in the draft budget for 2020/1 compared to the current year.

Members discussed staffing, job evaluation and gender pay gaps. The Chief Executive advised that resourcing staff is always a challenge with the highly competitive jobs market and the ambitious programme of projects. She noted that six teams are being restructured and invested in to ensure they have the right roles in

place to deliver projects. The Head of Corporate Resources confirmed that job evaluation is a recurring cost and inflation of 2% on pay was a standard assumption used by other West Sussex authorities. The Head of Digital and Customer Service confirmed that the Annual Report on Equalities was being prepared.

West Sussex housing related support services, waste services and the audit were discussed. The Chief Executive outlined the impact of savings made by WSCC on recycling credits and supported housing, which had the impact of increasing this Council's costs directly. She advised that the Waste Collection Service is changing with a pilot food waste service starting shortly. The Head of Corporate Resources outlined the impact of changing requirements on the Council's external auditors.

Members discussed mitigation for climate change and tree planting schemes. The Leader highlighted the sustainability action plan. He noted the high maintenance costs of new trees and confirmed that any tree planting must be sustainable and compatible with the Council's landscape assessment. The Committee were advised that this district is a heavily wooded area, with 50,000 trees in the Council's ownership.

The Assistant Chief Executive introduced section three, a summary of the highlights of the past year and the anticipated focus for the coming year. She noted the continued demand for affordable housing and the provision of temporary accommodation. She noted that the Council had not owned any housing since 1990 until 2019.

The supply of affordable housing, cashless parking and sports provision for the Northern Arc development were discussed. The Assistant Chief Executive confirmed that the supply of affordable housing is linked to the housing market, and the Council can predict the supply as long as private housing is delivered by the market. Members were advised that cash and cashless parking payments were accepted in all Council car parks. The sports provision for the Northern Arc is a longer term priority project and the Council will work with consultants and Sports England.

The Head of Corporate Resources highlighted the new Council Tax Support Scheme, the new cloud based financial management system which was working well, and the project to install more vehicle charging points across the District. He advised that the Council should modernise to make more Council Services available online with smartphones.

The Head of Digital and Customer Service noted the continued efficiency savings and benefits of new software systems, new apprenticeship roles within the Council for those starting work and to reskill existing staff. The Solicitor highlighted the work of the Legal Team with planning applications and the work of the Democratic Services Team with the upcoming Referendum and Election in 2020. He noted that the digitisation of Land Charges was almost complete, and future increased work by Environmental Health in the private sector housing enforcement.

The Members considered each service commentary and summary budget tables in section 3 of the report.

Members asked a number of questions and they were answered by officers. The Solicitor confirmed that HMOs are now any property of at least 5 occupants, previously they were properties with a minimum of 3 storeys and 5 occupants. The Assistant Chief Executive confirmed the current situation with CIL and reminded

Members that the Council had commissioned an external assessment of recent changes to CIL. The report would advise the Council how to proceed.

In section four discussions were held on disabled grants, planned borrowing and the funding of projects from reserves.

Members commented on the use of consultants, the Burgess Hill Growth Project and Section 106 funding. The Chief Executive noted that the Council utilises consultants when particular expertise is required and is not available within the council structure or if extra capacity is required to deliver projects quickly, she added that the use of consultants is kept under review. The Committee were advised that progress of the Burgess Hill Growth project would be reported in a number of ways, reports to scrutiny committees, complimented by workshops.

The Chairman thanked the Members for the robust discussion and officers for their work.

The Chairman took Members to the recommendations contained in the report, which were agreed unanimously.

## **RESOLVED**

The Committee:

Considered the proposals for 2020/21 set out in the appended report and agreed any comments or recommendations that it wishes to make to Cabinet on:

- (a) The financial outlook facing the Council;
- (b) The proposed increase in Council Tax;
- (c) The proposed placements in the Specific Reserves;
- (d) The proposed Capital Programme; and
- (e) The service commentaries and supporting summary budget tables for each business unit.

## **7 SCRUTINY COMMITTEE FOR LEADER, FINANCE AND PERFORMANCE WORK PROGRAMME 2019/20.**

Tom Clark, Solicitor to the Council introduced the report, highlighting the two items which will appear on the next agenda. He noted that the next meeting would be held on 7 April 2020.

The Head of Corporate Resources noted that capital projects are monitored through the budget management report and this report is received by this committee bi-annually.

The Chairman took Members to the recommendation which was agreed unanimously.

## **RESOLVED**

The Committee:

- (i) Agreed the Committee's Work Programme as set out at paragraph 5 of the report, noting the date of the next meeting will be 7 April 2020.

**8 QUESTIONS PURSUANT TO COUNCIL PROCEDURE RULE 10, DUE NOTICE OF WHICH HAS BEEN GIVEN.**

None.

The meeting finished at 8.58 pm

Chairman

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## FINANCIAL IMPACT OF CORONAVIRUS ON THE COUNCIL

REPORT OF: CHIEF OFFICERS  
Wards Affected: All  
Key Decision: No  
Report to: Scrutiny Committee for Leader, Finance and Performance  
Wednesday 17<sup>th</sup> June 2020

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### Purpose of Report

1. This report provides an early opportunity for the Scrutiny Committee to consider the financial implications for the Council of the Covid crisis to date and the forecast implications for the 2021/22 year. The report considered by the Cabinet at its meeting on 1 June 2020 provides useful background (in addition to this report) and is appended.
2. The impact of the crisis is so significant that a revised Corporate Plan for the current year (2020/21) is currently being prepared. The Scrutiny Committee will consider this revised Plan later in the summer before it is considered by the Cabinet and Council in September.
3. In addition, the Council will need to begin work to prepare a budget and Corporate Plan for the 2021/22 financial year in the early autumn. Therefore, this report provides an early opportunity for Scrutiny Members to consider the underlying financial context that will be so important to both work streams.

### Recommendations

4. **That the Scrutiny Committee consider the contents of this report, particularly paragraphs 40 to 48; and whether it wishes to offer any advice to the Cabinet to help guide work on the revised 2020/21 Corporate Plan and (in due course) the 2021/22 Corporate Plan and Budget.**
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### Introduction

5. The appended Cabinet report (1 June 2020) provides useful background for the Scrutiny Committee. It provides an overview of the unprecedented demands that have been placed on the Council and the communities of Mid Sussex since lockdown was announced on 23<sup>rd</sup> March 2020. As many Members are still comparatively new to their role as District Councillors, or indeed to Local Government, it is important to emphasise the nature of the Council's role as a Category 1 responder under the Civil Contingencies Act.
6. Since lockdown began the Council has operated using emergency powers within the Civil Contingencies Act 2004, the Coronavirus Act 2020 and existing legislation. The threat to life represented by the crisis has engaged these provisions. As outlined in the appended report, the Council has been participating fully in the work of the Sussex Resilience Forum (SRF). This work has been far reaching and unparalleled.
7. The health pandemic has had a severe adverse financial effect (which is likely to be ongoing), on the Council. Primarily this is the result of increasing demand for services and a very substantial reduction in income. This report gives an overview of this financial impact to date and forecast implications for the 2021/22 year. Detail on this is provided in paragraphs 40 to 48.

## **Support to Business**

8. The report to the Cabinet outlines the support to business that has been provided by the Council. At the time of writing the Council has made grant payments to local businesses to the value of £24m. These payments were made under the Government's own scheme introduced in the Coronavirus Act 2020.
9. More recently the Government also allocated a much smaller amount of money to this Council for an additional scheme to support businesses that did not meet the criteria for the original scheme. An example would be that of a Bed and Breakfast accommodation which is not subject to Business Rates - which was a qualifying criteria under the first scheme. This second scheme, with a total fund of £1.4m, gives the Council a degree of discretion in making awards.
10. The Council led work across West Sussex to devise a scheme with a common framework in order to offer business a consistent approach within the economic sub region. This work was achieved within a very short timescale. The scheme will be available until 15<sup>th</sup> June 2020 and awards made shortly thereafter.

## **Hubs and Shielding the Vulnerable**

11. As reported to Cabinet on 1<sup>st</sup> June, the Government's shielding programme commenced on the 20<sup>th</sup> March. Again, it was introduced under the Coronavirus Act 2020. It shields approximately 1.5m people nationally; 5,194 of whom live in Mid Sussex and 2,300 of whom registered for some form of support with either deliveries of food or assistance with medicine or other types of support. As the pandemic has continued, the groups of people included in the shield has changed, both in terms of numbers and the categories of people shielded. As previously indicated, this is a challenging area of work, and the Council has worked closely with West Sussex County Council and Mid Sussex Voluntary Action, to ensure those people needing support have received it.
12. As the Government rolls out its Track and Trace Programme, it is likely that some individuals who are required to self-isolate as a result of the tracing programme, may be included in the shield. The risk is that this number is unknown and we are anticipating that the number in the shield is likely to increase. The length of time the shield will be in place is also unknown. Therefore, the impact of this work on the Council is difficult to predict but it seems unlikely that it will do anything other than increase service demands.

## **Housing and Homelessness**

13. Alongside most other District Councils in the Country, pressure on housing and, in particular, services to support those who are homeless or threatened with homelessness is challenging.
14. It is unsurprising that the demand for assistance with housing throughout the pandemic, particularly as a result of the lockdown has created greater challenges, with the Council seeing unprecedented numbers of households in temporary accommodation. Some of those consist of households to whom the Council has a statutory duty to assist and whose housing situation has been worsened as a result of the pandemic and lockdown. Others placed in temporary accommodation have been placed under the Coronavirus Act powers, which required Councils to place rough sleepers and those at risk of rough sleeping into temporary accommodation. District Councils would not ordinarily have responsibility for this group.

15. As at 8<sup>th</sup> June 2020, the Council have 97 households in temporary accommodation, 9 of which have been placed under Covid powers. This is an unprecedented number in temporary accommodation.
16. The Government is now requiring District Councils to identify move on strategies where possible for those placed under the Covid powers. This group have historically been extremely difficult to accommodate, mainly because they require high levels of intensive support.
17. Members will note that, in the financial year 2019/20, West Sussex County Council withdrew funding for this group, resulting in District Councils having to budget for an additional £25k in 2019/20 and a further £50k in 2020/21. In recognition of increasing demand for assistance from this group, prior to the pandemic, Cabinet on 16<sup>th</sup> March 2020 agreed to recommend that Council makes £4.2m capital funding available to provide 10 properties specifically for single people. There will also be revenue implications which are currently unknown.
18. The risk for the Council is that at a time of diminishing resources, we are experiencing a significant increase in the numbers of people in temporary accommodation at a cost to the tax payer. As indicated in the Cabinet report appended, we are anticipating a further increase in demand due to pent up need for assistance in housing. This is likely to have an ongoing impact on the Council's housing service, with significant increased pressure on the temporary accommodation budget. Therefore this is another service area where demands (both financially and in staff time) are increasing.

### **Council Tax Support / Hardship Support**

19. The lockdown has had a severe effect on the local economy, evidenced in part by the increase in the numbers of council tax support claims which have already risen from approximately 5,500 to just over 6,000. This has the effect of depressing the Council Tax Base and may give rise to a Council Tax deficit on the collection fund which then needs to be taken into account in 2021/22.
20. The combined effect of this is to put pressure on the ability to increase tax in 2021/22 and that a tax increase effectively funds a deficit rather than actually raising revenue for services and improve the Council's financial position in future years.
21. The Government is examining whether any deficit can be spread over perhaps two or more years to mitigate against this pressure on tax raising powers.

### **Leisure**

22. Members will be aware that on 20<sup>th</sup> March 2020, the Government instructed leisure facilities to close, once more under the provisions of the Coronavirus Act 2020. This triggered a change in law in relation to our leisure contract. On 23<sup>rd</sup> March, Places Leisure (our leisure contractor) informed the Council that they would be relying on the change in law and had furloughed all their staff except 2.

23. Under the terms of the contract, the change in law requires the Council to negotiate with the contractors a fair and reasonable sum to support the closure of the leisure centres in order to cover the contractor's fixed costs. This impacts on all leisure contracts nationally. The Local Government Association, in partnership with Sport England, have made funding available to assist Councils to procure expert advice to assist them in this unprecedented matter. This Council has availed itself of this support and has retained The Sports Consultants who are providing advice on our negotiations with our contractor, Places Leisure (PL) on the close down.
24. In accordance with our leisure contract and following challenging negotiations, the Council is likely to have to agree to pay the contractor something in the region of £156k per month from 21<sup>st</sup> March up to reopening of the Centres to cover the contractor's costs. In addition to this, Members will be aware that PL currently pay the Council a management fee of £117k per month (£1.4m per annum) and as part of this change in law, the Council is required to forego this income.
25. In addition to this, the Contract requires the Council to negotiate and agree a revised financial settlement in relation to reopening the facilities. The cost of reopening leisure centres is likely to be higher than maintaining a closure of them.
26. The latest Government guidance advises that leisure facilities should plan to reopen after 4th July. Although, at the time of writing, further guidance is awaited and this may change.
27. Officers are currently working with our consultants and PL to agree the timing and costs of reopening. Due to the need to comply with the Government's restrictions, it is highly likely that, if reopened, facilities will run at very reduced capacity, possibly as low as 30%. However the costs of running Centres will remain high; at best 60%. This means the costs to the taxpayers of reopening Centres could be as high as £160k per month.
28. It is likely that any agreed figure for reopening the leisure centres is likely to run until at least March 2021 and clearly given the nature of the Covid 19 pandemic, it is extremely difficult to predict when social distancing requirements will be lifted.
29. The impact of closure and reopening of our leisure centres is the most significant single issue to impact negatively on the Council's medium term financial plan.

### **Test and Trace**

30. The Test and Trace scheme is being developed this month nationally and will be operated locally by West Sussex Public Health England. Two staff from the Environmental Health team at Mid Sussex are likely to be seconded to provide specialist advice to the recently recruited track and trace staff given their experience in the community, tracking down food poisoning outbreaks. This is a long-term commitment because track and trace is the method to keep the virus under control ahead of an effective treatment or vaccination. Should a local outbreak of the virus occur additional lockdown measures may need to be implemented in that small area. At the present time all enforcement powers remain with the Police, but those powers may be delegated by Government Regulation.
31. Therefore, this additional demand on the Council's Environmental Health team is likely to continue into the medium term.

## Safe Parks and Open Spaces

32. On 24<sup>th</sup> March 2020 the Government ordered the closure of playgrounds, outdoor gyms, outdoor sports facilities and MUGAs. On 13<sup>th</sup> May 2020, the Government ordered the reopening of tennis courts, skate parks and lawn bowls facilities.
33. On 24<sup>th</sup> May 2020 the Government issued the Coronavirus (Covid 19) Safer Public Places: Urban Centres and Green Spaces Guidance. This guidance required Councils to work together on a very short timeframe to ensure the Government's requirements on social distancing measures were adhered to in our urban centres and green spaces. It set out the principles for safe urban centres and green spaces, which include high streets, urban parks and car parks.
34. The Council has carried out an audit of its urban parks, open spaces and car parks. The work has been risk assessed on the basis of those areas with the highest footfall and those with constrained areas for transport modes, pedestrian, cycle and vehicular access. In accordance with the guidelines, a number of measures are being put in place across seven parks and open spaces and 34 car parks. These measures consist of additional signage, hand sanitizers and enhanced cleaning regimes, advisory signage, path markings and one-way systems where appropriate. It is planned that these measures will be in place by 15<sup>th</sup> June. Members will appreciate that this work has been carried out on a very short timeframe and has been resource intensive in terms of officer time.

## Safe Urban Spaces

35. As indicated above, the guidance has also been applied to the Council's urban centres. On 25<sup>th</sup> May, the Government announced the 'Reopening of High Streets Safely' fund, a £50m fund to support local authorities nationally in restarting the local economy and creating safe, welcoming spaces for local shops and businesses. The fund provides a grant allocation of £134k for Mid Sussex. The Government also published guidance on the use of the fund along with links to other sources of support, such as checklists developed by a high street task force led by the Institute of Places Management and Revitalising High Streets and Town Centres developed by the People and Places Partnership.
36. In accordance with the guidance, the Council has also carried out a risk assessment of its urban spaces. On this basis, the Council is proposing a business and public facing communications campaign for all towns and the larger villages (Haywards Heath, Burgess Hill, East Grinstead and Hassocks, Cuckfield, Lindfield, Hurstpierpoint and Crawley Down) to encourage a safe return to urban areas. We will also commission a 'Mid Sussex Is Open' launch pack to disseminate free to local businesses in town and larger village centres. In addition, we will implement a range of temporary public realm changes which are aimed at reducing the risk of contagion in town centres through the presence of visible improvements which offer reassurance and confidence to residents to begin returning to using the town centres. These actions will include the management of pedestrian ways in locations such as alleyways from car parks to shops; installation of temporary bollards and other street furniture to create pedestrianised spaces; footway widening to accommodate distancing between pedestrians and the reduction of unnecessary obstacles, for example planters, and tape markings to maintain social distance.
37. This work will complement the work the Council is carrying out in order to ensure the safe use of green spaces, urban parks and car parks where they touch the high street.

38. It is intended that these measures will be in place by 15<sup>th</sup> June 2020 in line with the recent Government's guidance on reopening the high street on 15<sup>th</sup> June 2020.
39. With regard to the matters above, most of which have been necessitated by the emergency legislation, the Council has had to undertake work it has never been required to do before. This has had to happen on a very short timescale. Over the course of the crisis to the date, the Government has issued 116 items of guidance to Local Government and this has been revised over 180 times. This highly dynamic environment has put unprecedented pressure and workloads on Council staff.

### **Financial Impact on the Council 2020/21 and anticipated impact for 2021/22**

40. This Council, along with all District and Borough councils nationally, is experiencing increases in expenditure and increased service demand as a result of the crisis. However, the overwhelming financial impact is on income levels. Districts and Boroughs receive very little grant funding from Government and are therefore highly dependent on the income they can generate in order to fund services. Approximately two thirds of MSDC's net budget is derived from income sources other than Council Tax receipts and Government grants.
41. As a consequence, the impact of the Covid lockdown has been severe: the Council is currently losing between £600k and £700k per month in its income. The Cabinet will receive a Budget Management report at its meeting on 7th July which will provide an update on this position. The Council is forecasting that at the most pessimistic end of a range, it may lose £6.5m of its £14m net annual budget by the end of the financial year if significant intervention is not forthcoming from the Government.
42. The Council has to date received two tranches of funding from the Government, the first of just under £38k and the second £1.5m. This only covers income lost in April and May 2020. Significant further support is required if the Council is to deliver services as planned for 2020/21.
43. If further support from the Government is not forthcoming, it is likely the Council will have to significantly reduce the services it is able to provide, with the consequent impact on local people. This is particularly worrying given the impact of Covid 19 on business and vulnerable groups.
44. The main income losses relate to the areas of car parking, planning and building control, leisure centres, and commercial rents. The largest individual area is the Leisure Management contract where there are high fixed costs for the operator without any income during the last two months. (See paragraphs 22 to 29). The contractual position is that we must assist with those costs and then review our position on the reopening costs and income potential at the appropriate time. Paragraph 24 above outlines the position and that we may need to pay to reopen the leisure centres and this is likely to be even more expensive.
45. The position for commercial rents is less clear cut as income losses will only become real when the rent deferrals that have been agreed in liaison with individual tenants become defaults; i.e. when there is no realistic prospect of receiving the rent. Given that it is presently too early to tell, we are making an assumption over the level of default that we could realistically expect to see over the year.
46. Car parking charges have not been levied since 30<sup>th</sup> March 2020, representing lost income of approximately £300k. Whilst these were reinstated from 15<sup>th</sup> June, it is not expected that the car parks will be at their pre-Covid capacity for some time, and a prudent income reduction estimate has therefore been made for the rest of the year.

47. Based on current demand, we are anticipating a pressure of approximately £400k on the Temporary Accommodation budget by March 2021.
48. Finally, both building control and planning fee income is down by 40% or £200k in cash terms. This is unlikely to recover and it is quite probable that income levels remain very subdued for the rest of the year. We are seeing fewer small applications coming forward although the majors applications have continued, with only a short pause during the worst of the pandemic.

## **Conclusions**

49. The Covid 19 pandemic has seen unprecedented demands on the Council. The work has been intense, dynamic and extremely challenging. Officers have worked very hard to meet these requirements in a thorough, timely and effective way. Managers and staff have shown exceptional agility in adopting new ways of working while maintaining good service levels in key services and adopting new service requirements too.
50. Like all organisations nationally, the Council will need to adjust and recalibrate to a post-Covid world. This is likely to impact on all that we do.
51. Members and officers will need to work together to consider the implications. This will involve work in the short and longer term.
52. As outlined above, the Council is very unlikely to be able to undertake the work envisaged in the Corporate Plan agreed in February 2020. Therefore, a revised Plan is being developed for Members to consider in September. All the Council's workstreams and projects will need to be reviewed in the light of Covid. An assessment will need to be made about whether they should continue, and if so, in what way.
53. There is still enormous uncertainty about the overall impact of Covid on the Council and the communities of Mid Sussex, but what we do know is that the demand for certain services will increase and the finances of the Council have been very detrimentally affected. Therefore significant cuts and changes to services seem inevitable.
54. Reducing service provision is always very difficult and so challenging decisions undoubtably lie ahead. This report provides Scrutiny Committee members with an early opportunity to familiarise themselves with these challenges. In addition, the Committee may wish to offer early advice to the Cabinet as work progresses over the summer to draw up a revised Corporate Plan for the current year and the guidelines that will steer the 2021/22 Corporate Plan and Budget.

## **Risk Management Implications**

55. The Council's Strategic Risk Register is being updated to reflect the impact of the Covid 19 crisis on the Council's work.

## **Equalities Implications**

56. None. Equality impact assessments will be undertaken within individual services as required.

## **Financial Implications**

57. The financial implications of the crisis to date are outlined in this report. Further detailed work to analyse this is underway and will be brought forward for consideration as outlined in paragraphs 40 to 48 above.

## **Background papers**

None.

## IMPACT OF CORONAVIRUS ON THE COUNCIL

REPORT OF: CHIEF EXECUTIVE  
 Contact Officer: Marius Kynaston, Corporate Programmes Manager  
 Email: [marius.kynaston@midsussex.gov.uk](mailto:marius.kynaston@midsussex.gov.uk) Tel: 01444 477088  
 Wards Affected: All  
 Key Decision: No  
 Report to: Cabinet  
 1<sup>st</sup> June 2020

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### Purpose of Report

1. This report offers a summary of the impact of the coronavirus pandemic (C-19) on the Council to date. It provides an overview of the management response to the virus, the way the Council has met the challenges arising from national government direction and the shift in local demand for services and support. It highlights the financial challenges which have arisen as a result of C-19 and planned next steps.

### Recommendations

2. **Cabinet is recommended to note the impact of coronavirus on the Council and the response to date.**
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### Introduction

3. On 23<sup>rd</sup> March 2020 the Prime Minister announced the Government's response to Coronavirus and the start of 'lockdown'. Since that time, the nature of the response required by a range of public bodies has developed reflecting the spread of the virus. As a Category 1 responder under the Civil Contingencies Act, the Council and its staff has a role, along with other public bodies like the Police and NHS, to lead the local response to the pandemic. This report gives an overview of the Council's response and the impact of the pandemic to date.
4. In addition, the Covid-19 pandemic (C-19) has had a significant and continuing impact on the Council's financial position, resulting from increasing demand for services and a substantial reduction in income. This report gives an overview of this financial impact to date.

### Managing the response to the pandemic

5. The Council used its business continuity plans to manage the initial response to C-19 in the early weeks. This work focused particularly on maintaining critical services and enabling staff to work safely and in line with Government requirements. Comprehensive communication plans supported this work.
6. From 16<sup>th</sup> March, the Management Team began to meet daily to consider its actions to respond to C-19 and new government guidance as it was published. From 23<sup>rd</sup> March, the work included a series of workstreams to ensure a co-ordinated response in key areas including:
  - Support to business
  - Hubs and shielding the vulnerable

- Housing & Homelessness
  - Waste and recycling
  - Communications
  - Sussex Resilience Forum
  - Staff welfare, safe working practices (including remote working and digital support)
  - Business Continuity
7. A daily situation report was adopted by each business unit to escalate service issues and to monitor business continuity including staff sickness, wellbeing and work location. The Management Team has documented its actions and decisions in a log shared with all business unit leads to ensure cascade; between 16<sup>th</sup> March and 6<sup>th</sup> May, 138 items have been recorded.
  8. In this period, the Government has issued over 113 pieces of guidance to local government relating to the C-19 response. Some of this guidance has been revised several times; the guidance on key worker testing has been revised 14 times; guidance on employees, employers and businesses 18 times; and guidance on infection control 25 times. This indicates the highly dynamic nature of this crisis and the demands being placed on public bodies like the Council.
  9. The Council has received daily briefings from the Ministry for Housing, Communities & Local Government (MHCLG) as well as numerous other bodies such as the daily update from the Local Government Association. The West Sussex chief executives have met at least weekly and the Leader and Chief Executive have participated in many national, virtual meetings hosted by a range of bodies, including the Secretary of State for local government and other ministers.
  10. This demonstrates the sheer volume of advice, guidance and information to which the Council has needed to respond. At all times, the Council has focused on responding in a timely way to the Government's guidance, additional requirements and the needs of its workforce, local communities and businesses. Where possible, consistency with other partners has been sought and the Council has participated fully in the work of the Sussex Resilience Forum (SRF).
  11. The Sussex Resilience Forum (SRF) is a multi-agency partnership whose members have statutory responsibilities under the Civil Contingencies Act 2004, to work together to prepare, respond to and recover from emergencies and major incidents.
  12. Since the start of the crisis, gold command of the SRF has been meeting daily (7 days a week). The SRF has a lean but comprehensive structure and a range of sub groups. The Council is contributing fully, along with all its partners.

### **Changes to the workplace and working arrangements**

13. Government guidance on social distancing in the workplace has required a significant shift in the working arrangements for staff and the management of the workplace. Since the start of the pandemic, the Council has focused on reducing the number of staff in the office and enabling home working to ensure the safety of staff.

14. The digital and technology team accelerated the implementation of Office 365 in a few weeks to enable staff to access software and documents, and to collaborate from home. Remote Desktop Services have been developed for core/ line of business systems. This means staff can access these systems securely on their own devices. In addition, the team has deployed 174 mobile devices to staff since the start of the pandemic, covering 83% of the workforce. In April, 205 online meetings were held, 365 calls, and 17,000 messages all delivered through Microsoft Teams which had been deployed six weeks earlier to the staff team.
15. As a consequence, the average attendance at the office is now at a minimum.
16. Generally, productivity has been good in this period and levels of sickness have been below average.
17. Measures were also put in place in the Council offices to ensure social distancing, additional cleaning and access to sanitiser. Each business unit has adopted rotas to manage the number of staff in the building. There are protocols in place for response when staff report symptoms/test positive for C-19.
18. In order to maintain social distancing and comply with Government requirements the Council's reception restricted access from 24<sup>th</sup> March but has continued to support many vulnerable groups including homeless people and households. The telephone customer service has been fully maintained and significant additional information provided on the [website](#) to give specific updates on C-19. Like many organisations nationally, the Council has seen significant channel shift with increased use of the website and other virtual channels and very significantly reduced direct contact and some reduced telephone contact.
19. Public communications activity has focussed on sharing key messages about the COVID-19 response and service changes. Targeted campaigns concerning bonfires, business support grants and social distancing arrangements in parks and open spaces have reached over 200k people.
20. Council meetings were suspended from 20<sup>th</sup> March and the Council has been working on arrangements for virtual meetings using video conferencing technology. A training session with all Members took place on 29<sup>th</sup> April. Cabinet will be aware that virtual Council meetings nationally have been very mixed in terms of their success. Some have experienced security issues or legal challenges following the conduct of meetings. Consequently, this Council is working diligently to learn from these issues whilst also ensuring key services, like planning, are continuing.

#### **Service performance and adjustments to service offer**

21. The Council's performance when measured using the performance indicators in the corporate plan has remained reasonable but there are already clear signs of the impact of the crisis on the Council's activities. For example:
  - The number of households in nightly paid temporary accommodation rose sharply reflecting the impact of the crisis on homeless people / households (see paragraphs 29 to 32);
  - The number of visitors to leisure centres and civic halls ceased altogether reflecting Government requirements to close these facilities;

- The volume of waste sent to landfill was above target (39 kg per household against a target of 34) reflecting the impact of lockdown and families being at home permanently;
  - Health and wellbeing interventions were below target as face to face interventions were postponed and alternative ways of providing the service developed;
  - The speed of processing of new housing benefit claims was averaging 23 days in April when compared with the target of 20 days, reflecting increasing workloads, new claims levels and staffing levels affected by the crisis;
  - 8.7% of non-domestic rates collected against a target of 10.7%, reflecting the impact of the crisis on business.
22. As Cabinet will be aware, the Council has needed to pause some services in order to comply with Government guidance on social distancing, as well as to support local people during the pandemic:
- Car parking charges were suspended on 30<sup>th</sup> March.
  - Leisure centres closed on the evening of 20<sup>th</sup> March.
  - Playgrounds closed on 24<sup>th</sup> March.
  - Bulky waste collections paused on 27<sup>th</sup> March, though core waste and recycling collections have been maintained.
  - Green waste collections, a subscription service, paused on 13<sup>th</sup> April but restarted on 11<sup>th</sup> May.
23. The Council's contractors have, in general, been responsive and flexible in responding to C-19. For instance, SERCO has worked closely with the Council on its business continuity plan and adjustments required to minimise disruption; Places Leisure has enabled the use of part of the Dolphin Leisure Centre by the NHS.

### **Key areas of challenge**

24. In some of the Council's service areas, the level of demand has been exceptional. In addition, the Council has needed to respond to new service needs and direction from central government. Some of these are shown in more detail below.

### Local Support Networks – Protecting the Vulnerable

25. On 20<sup>th</sup> March the Government announced its intention to require approximately 1.5m people to be shielded from the pandemic for 12 weeks. This complemented its advice to over 70s to limit their exposure to situations where they may be exposed to the virus. Local government, the NHS and central Government have worked together to support these vulnerable groups. For those shielded, this means ensuring people have access to food, medicines and support. For those groups who are Covid vulnerable (but not shielded) the support needed varies enormously from shopping and errands to personal support and reassurance.
26. There are 5,194 Mid Sussex residents in the NHS shielded group and around 2,300 have registered for support.

27. This is a demanding area of work and it is unclear when the support being provided will reduce or cease. This will be a challenge for all the agencies involved and will impact on the Council's capacity. While some services have a statutory role to play, for instance on housing and benefits, the Council has focused on working with and through others to ensure the necessary support is provided by experienced and qualified providers.
28. To help authorities target and support vulnerable people, the Government has given certain freedoms in terms of how personal data is used. This has enabled many Councils, including this one, to target its work and help to ensure vulnerable people and families do not fall through the net. Following recent changes to those considered to be especially vulnerable (inclusion of cancer patients) and the partial relaxation of some aspects of 'lockdown', this Council is undertaking further work to check that vulnerable people are getting the help they need, not least because it is possible that, following eight weeks of lockdown, support networks for some may be weakening. This work will involve over 4,000 people in the District.

### Housing and homelessness

29. In response to the crisis on the 26<sup>th</sup> of March 2020, the Government brought forward a package of measures designed to protect vulnerable households from becoming homeless during the pandemic. This guidance directed all housing authorities to:

- House all rough sleepers;
- Extend the provision of temporary accommodation to all homeless households even where there is no longer a legal requirement to do so.

At the start of the lockdown the Council also experienced an increase in requests for housing from people who were living in insecure accommodation such as shared lodgings or with friends and families. In addition to this the Council has received requests for help from families unable to remain in their home during lockdown. Some Government funding has been made available but it is uncertain whether this will meet the full costs.

30. In addition to this, housing associations, due to the Government's restrictions, were initially unable to let properties which impacted on the Council's ability to move people out of temporary accommodation. This has created an unprecedented bulge in the numbers of households in temporary accommodation. In April 2019 there were 63 households in temporary accommodation, 34 of whom were in bed and breakfast. In April 2020 this had risen to 90, 51 of whom were in bed and breakfast.
31. This situation will be exacerbated by pent up demand created by further Government guidance to landlords which was also issued on the 26<sup>th</sup> of March. This guidance prevents new eviction proceedings for a three-month period for private and social housing tenants, it also suspended housing possession action in the courts for 90 days. This means that when these restrictions are lifted the Council will experience an increased demand for housing services.
32. Historically economic recession has resulted in increased demand for help with housing. We are therefore anticipating an increase in demand from households who are experiencing economic hardship, particularly from home owners and private sector tenants. This will create even more pressure on the Council's housing services.

Council Tax Support / Hardship Support

33. There has been a big increase in the number of local people requiring financial support as a result of C-19. The Council had a new Council Tax Support Scheme in place from 1st April. Comparing April 2020 with April 2019, there has been a 16% increase in the number of working age people applying and being entitled to support (from 3,223 to 3,723) and a 13% increase in the Council Tax support expenditure (from £6.4m to £7.1m).
34. The Department for Work and Pensions (DWP) reported in early May that nationally 'since the pandemic began, around 1.8 million claims have been made to Universal Credit and almost 700,000 advance payments made to people.' It is likely, though there is no confirmatory data as yet, that there has been an increase in those claiming universal credit in Mid Sussex; this will have an impact on the benefits service.
35. The Government has given the Council £695,753 as part of a £500m Exceptional Hardship Fund. This will automatically grant Council Taxpayers in receipt of Council Tax Support during this year an additional amount up to £200. This will leave a balance of the Government funding, which will be used to pay up to £200 to Council Taxpayers suffering from COVID19 not in receipt of Council Tax Support. An application will be needed for this.

Support for local economy

36. The Council has been in close liaison with the Coast to Capital Local Economic Partnership and the Greater Brighton Economic Board and has been in discussion with the three business associations in order to understand the regional and local implications of C19 on the economy. In addition, the Leader held a round table discussion with businesses from across the District to help inform the range of actions and interventions which the District Council can undertake in order to help support and stimulate the economy. The Economic Development Strategy and Action Plan is being reviewed to ensure the Council's support and resources are appropriately targeted.
37. The housing market and development industry play a key role in underpinning the economy and the Council, in closely following government guidance, has ensured that the planning system has responded to help this market continue. Pre-application meetings, site visits, the Design Review Panel and determination of planning applications all continue. In addition, the Council has led on a Protocol, now established and used across West Sussex, to help renegotiate triggers for payment of S106 financial contributions to provide support to developers who are experiencing cash flow issues.
38. As part of its national response to the crisis, the Government has developed a number of direct interventions to support business. Local government has been required to administer a new regime of business grants as part of this package.
39. As of 15<sup>th</sup> May, the Council has paid 1,740 business grants to local businesses based on the government's support schemes and paid grants to the value of over £22m. It is estimated that around 80% of eligible businesses have received grants. This is steadily increasing as more businesses apply. It is proving difficult to get all eligible businesses to apply and so the Council has undertaken a range of measures to trying to encourage qualifying businesses. It has written to eligible businesses, used social media, telephoned and emailed. The Council Leader has provided a video to help to promote the business grants and Members of contributed to virtual meetings with business associations.

40. In addition, the Council has awarded £21.3m Expanded Retail Discount for business rates relief to date in 2020/21, compared with £1.4m awarded for Retail Discount in the previous year. It has also approved £340k Nursery Discount. Rate relief is funded by the government.

### **Financial Impact on the Council**

41. The biggest impact on local government expenditure as a result of C-19 has been for councils with social care responsibility. District and Borough councils nationally are experiencing some increases in expenditure, but the overwhelming impact is on their income levels. Districts and Boroughs receive very little grant funding from government and are therefore highly dependent on the income they can generate in order to fund services. Approximately two thirds of MSDC's net budget is derived from income sources other than Council Tax receipts and government grants.
42. As a consequence, the impact of the C-19 lockdown has been severe: the Council is currently losing between £600k and £700k per month in its income. The Council is forecasting that it may lose £6.5m of its £14m net annual budget by the end of the financial year if significant intervention is not forthcoming from the government.
43. The Council has to date received two tranches of funding from the government, the first of just under £38k and the second £1.5m. This only covers income lost in April and May 2020. Significant further support is required if the Council is to deliver services as planned for 2020/21.
44. If further support from the government is not forthcoming, it is likely the Council will have to significantly reduce the services it is able to provide, with the consequent impact on local people. This is particularly worrying given the impact of Covid-19 on business and vulnerable groups.
45. Officers are currently reviewing this situation in detail and will be reporting to Members in July on the matter. Currently, the aim is to bring forward a revised corporate plan and budget for agreement in September. Clearly, the revised plans will not only have to address the impact of these significant shortfalls in income but also the increased demand for some services which have arisen as a result of C-19 (described above), particularly as they are likely to continue for some time.

### **Conclusions**

46. The C-19 pandemic has seen unprecedented demands on the Council. The work has been intense, dynamic and extremely challenging. Officers have worked very hard to meet these requirements in a thorough, timely and effective way. Managers and staff have shown exceptional agility in adopting new ways of working while maintaining good service levels in key services and adopting new service requirements too.
47. The Council's resilience to date has been good, but it will require constant attention as the weeks roll on. The demands on staff have been unprecedented and welfare and morale must be protected in order to manage organisational fatigue.
48. There are long term implications of the C-19 pandemic, in particular on the Council's financial position and therefore the span of services it can provide. This will be addressed initially in a revised corporate plan and budget for 2020/21. In the medium term though, it seems likely that there will be significant implications for the Council's work in 2021/22 and beyond. Work to prepare for this will begin now too.

**Risk Management Implications**

49. The Council's Strategic Risk Register is being updated to reflect the impact of the Covid-19 crisis on the council's work.

**Equalities Implications**

50. There are no direct equality implications contained within this report. Equality impact assessments will be undertaken within individual services as required.

**Financial Implications**

51. The financial implications of the crisis to date are outlined in this report. Further detailed work to analyse this is underway and will be brought forward for consideration as outlined in paragraph 45above.

**Background papers**

None.

## SCRUTINY COMMITTEE FOR LEADER, FINANCE AND PERFORMANCE WORK PROGRAMME 2020/21

REPORT OF: Head of Regulatory Services  
Contact Officer: Lucinda Joyce, Senior Democratic Services Officer  
Email: [lucinda.joyce@midsussex.gov.uk](mailto:lucinda.joyce@midsussex.gov.uk) 01444 477225  
Wards Affected: All  
Key Decision: No  
Report to: Scrutiny Committee for Leader, Finance and Performance  
17 June 2020

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### Purpose of Report

1. For the Scrutiny Committee for Leader, Finance and Performance to agree its work programme for 2020/21, in so doing the Committee will note that the current crisis means that this will likely change.

### Summary

2. Members are asked to note the attached work programme. The work programme will be reviewed as the final piece of business at each meeting, enabling additional business to be agreed as required. In light of the current crisis, the work programme should be considered indicative only.

### Recommendations

3. **The Committee is recommended to agree the indicative Work Programme as set out at paragraph 5 of this report.**
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### Background

4. It is usual for Committees to agree its work programme at the first meeting of a new Council year and review it at each subsequent meeting, to allow for the scrutiny of emerging issues during the year. The current crisis introduces very significant uncertainty into the work programme of all the Council's committees, as does the demands of virtual meetings.

### The Work Programme

5. The Committee's indicative Work Programme for 2020/21 is set out below:

<b>2 September 2020</b>	<b>Reason for Inclusion</b>
Council Performance for the First Quarter 2020/21	To report on the Council's performance in the first quarter.
<b>11 November 2020</b>	<b>Reason for Inclusion</b>
Capital Programme Monitoring	To update on the Council's Capital projects.
Arrangements for Corporate Plan and Budget for 2021/22	To discuss arrangements for the Council's 2021/22 Corporate Plan and Budget.
Council Performance for the Second Quarter 2020/21	To report on the Council's performance in the second quarter.

<b>13 January 2021</b>	<b>Reason for Inclusion</b>
Draft Corporate Plan and Budget for 2021/22.	To report on the Council's 2021/22 Corporate Plan and Budget.
<b>3 March 2020</b>	<b>Reason for Inclusion</b>
Council Performance for the Third Quarter 2020/21	To report on the Council's performance in the third quarter.

### **Policy Context**

6. The work programme should reflect the key priorities of the Council, as defined in the Corporate Plan and Budget. The current Corporate Plan is subject to revision in light of the current crisis.

### **Financial Implications**

7. None.

### **Risk Management Implications**

8. None.

### **Background Papers**

None.