

Urgent Update – Covid-19 Pandemic

1. The Covid-19 pandemic is affecting all aspects of the Council's services to our residents. We do not know how long the current situation is going to last, however we have undertaken an initial cost estimate based on the premise that the current lockdown period will remain until the end of June 2020; with a return to 'normality' after this date. The initial estimate suggests that the cost of Covid-19 to the Council in 2020-21 could be in the region of £85m; with a likelihood of further financial implications into future years.
2. When calculating this estimate, we looked at five different categories and the expenditure or loss of income in each:
 - **Direct costs from Covid-19 activities** – Increased Adults Social Care costs including; accelerated hospital discharge, increased demand for residential care, supporting the domiciliary care markets, 20% and 10% payment in advance to domiciliary care providers and residential homes, staff working additional hours supporting the 8am-8pm service now being provided, cost of personal protective equipment, and additional cost of updating the IT infrastructure to enable the workforce to work from home.
 - **Cost associated from being in lockdown** – Pressure on services including Children's Social Care as the number of vulnerable children increases, a reduction of fees and charges and commercial income.
 - **Impact of the Council's planned activities** – Savings plans will be impacted in 2020-21 as efforts have been refocused on Covid-19 measures. Also, the capital programme delivery and cost avoidance projects will be impacted as the construction industry has paused during this time.
 - **Cost of recovery** – Looking at how we will emerge will bring additional costs including; increasing opening hours for libraries and household waste recycling sites, backlog of legal requirements on Child Protection Orders and reassessments on Adults Social Care services.
 - **Cost related to the local economy** – There will be a reduction in the business rates we had expected to receive in 2020-21; although we will have some protection from the government's 'safety net' formula, the fall could be quite substantial. We are also assuming a loss of Council Tax income due to more residents applying for Council Tax relief.
3. However long the national emergency lasts, it is likely to have a significant impact on the Council's finances and resources. To date, the Authority has received £20.5m of government funding from the initial £1.6bn Covid-19 Emergency allocation announced on the 19th March 2020. The Government subsequently announced a further £1.6bn on the 18th April, with West Sussex being allocated a further £15.9m. The combined funding remains below the initial estimated impact across 2020-21, therefore there remains a significant risk that any costs over and above the £36.4m funding provided to date will need to be met by the County Council. If this was the case, subsequent decisions may need to consider reducing or stopping some services in the future to enable these costs to be met.

4. Prior to the pandemic, we were outlining a budget shortfall in 2021-22 – 2023-24 of £45m. We are working on revised estimates, however at this time it is very difficult to create an accurate calculation given that so much is unknown and the national situation is changing every day. We will continue to review these areas and provide updates in future reports.