

PANDEMIC FUNDING UPDATE

REPORT OF THE COUNTY TREASURER

1. Recommendations

That Cabinet:

- 1.1. Notes the current levels of confirmed central government funding to respond to the COVID-19 pandemic and the current levels of financial commitment against this funding.

2. Background

- 2.1. In response to the COVID-19 outbreak, the government has been making a series of ongoing policy announcements, initially at Budget 2020, and then throughout March, April, May and June. This has meant local authorities have had to respond quickly to new announcements and understand their financial implications.
- 2.2. Central government has put in place a number of grant funding streams to help support Local Authorities. For the County Council the most significant of which is its share of the two main tranches of £1.6 billions that are known as the Local Authority Support Grant. This paper only considers the issues associated with this funding stream but for information the following table summarises the grants awarded to date.

Grant	Value £000
Local Authority Support Grant	£36,712
Adoption Support Grant	£213
Bus Services Support Grant	£986
Infection Control Grant	£10,519
Emergency Active Travel Fund	£338
Test and Trace Local Action Plan	£2,619

- 2.3. The government has also confirmed that part of the £1.3 billions of funding made available to the NHS is intended to support costs incurred by local authorities in the support of hospital discharge, and out of hospital activity. This has been made available on a claim basis via local Clinical Commissioning Groups (CCGs), so no direct allocation value for Devon can be confirmed.
- 2.4. There is increasing national focus on the application of funding and the anticipated impact of the pandemic on Local government finances. In particular returns are being requested by the Ministry of Housing, Communities and Local Government. The first round of returns resulted in some mixed outcomes in terms of data quality and assumptions being made, particularly in terms of impact timeframes. For the second and third rounds of submissions some efforts to improve consistency and comparability were made with clearer communication of required assumptions but with some additional focus on the reserves that Councils could release to support the Covid 19 response.

3. Incident Management

- 3.1. A local Pandemic Incident Management Team (PIMT) was established in mid-March. The group's role was to provide tactical oversight to Service led Covid-19 responses.
- 3.2. Soon after PIMT was established, leadership group agreed to implement an emergency Pandemic Funding Protocol (PFP) with delegated authority to incur expenditure during the emergency. The aim of the protocol was to ensure swift financial decision making for the duration of the pandemic emergency, utilising PIMT and individual Service Incident Management Teams (SIMT) and other Groups that reported to PIMT.
- 3.3. The PFP process introduced the following financial delegations. This was applicable to both one off and ongoing initiatives, and to for both revenue and capital expenditure. In order to minimise the potential financial exposure to the organisation, and to recognise the transition from Response to Recovery, these levels were reconsidered by Leadership Group on 21 May 2020 and agreed as follows:

Decision making group	Original 'Response' approval value	Revised 'Recovery' approval value
De-minimis – Local decision recorded via Forms	Under £20,000	Under £20,000
Service Incident Management Team	Up to £1 million	Up to £100,000
Pandemic Incident Management Team	Up to £3 million	Up to £300,000
Leadership Group (LG8)	Up to £5 million	Up to £1 million
Chief Exec, Leader of the Council, Resources and Portfolio holder	Over £5 million	Over £1 million

4. Current Commitments

- 4.1. As part of the financial commitment monitoring process, PIMT received weekly updates that detailed both the agreed interventions and also any pipeline proposals which were under development where PFPs were pending. These updates then featured within PIMTs weekly reporting to Leadership Group.
- 4.2. These updates have primarily focused on the commitments made to date via the Pandemic Funding Protocol (PFP) process. The current value of these initial commitments is £45.3millions. Due to local dynamics within service areas the commencement date, timeframes and scope will vary for each intervention. The value of the commitments is constantly evolving as additional interventions are confirmed, and previous estimates refined.
- 4.3. The current commitments range from one-off support or set up costs, time limited interventions, ongoing commitments to support particular service sectors, lost income and the impact of estimated budget savings plans, which are now unlikely to be achieved. Some of the interventions will have started in March 2020 and therefore cross financial years and expire at different points over the coming months, while others will make an impact throughout the 2020/21 financial year.

4.4. It is anticipated that many of these interventions are likely to continue beyond their current approved timeframe in some form, as response moves into recovery and the impact of standing down measures is further assessed. It is anticipated that further PFPs will be received which seek some form of extension to the current arrangements which will lead to increased expenditure. Work is under way within Service areas and SIMT's which consider these forecasts.

4.5. The following table summarises the value of expected interventions by service area.

	£000
Adult Care & Health	23,618
Children's Services	6,353
Communities, Public Health, Economy & Prosperity	1,437
Corporate Services	3,864
Highways, Infrastructure & Waste	3,753
Authority Wide/Cross Cutting	6,270
Total	45,295

4.6. As noted above this sum is evolving over time and the actual spend and lost income is being closely monitored and will be reported to Cabinet as part of the normal Budget Monitoring governance procedures.

5. Council Tax and Business Rates

5.1. Assessing the impact the Pandemic is having on Council Tax collection and the tax base is very difficult this early in the year. Estimates provided on the Government's returns indicate losses of up to 13%. It is however, unclear if these losses will be permanent or just a matter of cashflow with payments being made later in the year or even next year. There is an added complication relating to increased Universal Credit claimants and the impact this may have on the Tax Base for next year along with the impact of the furlough scheme ending later in the year and the ongoing economic situation.

5.2. Due to the level of Business Rates Relief the Government has introduced, the risk to lost Business Rates is much lower and estimates from the Districts are around £1 million.

6. Transition from response to recovery and the PFP process

6.1. As detailed above the interventions agreed to date exceed the confirmed level of funding received. Extending some of the key intervention would cause further significant financial pressures to the Authority, as would any new cost associated with work to support recovery.

7. Conclusion

7.1. Indications are that there may be further Pandemic funding for Local Government but it seems unlikely it will cover the full cost. Current approved and pipeline response plans already exceed the main grant of £36.7 millions by £8.5 millions, and this is without taking account of the significant loss in Council Tax our Districts are projecting. It is imperative that as we transition from Response to Recovery, that we do so in a measured and affordable way.

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Electoral Divisions: All

Local Government Act 2003

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Background Paper: Government Grant notifications

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Executive Member: Councillor Stuart Barker