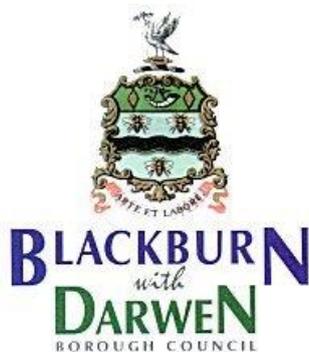


EXECUTIVE BOARD DECISION



REPORT OF:	Executive Member for Finance and Governance
LEAD OFFICERS:	Director of Finance
DATE:	8 April 2021

PORTFOLIO/S AFFECTED:	Finance and Governance
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WARD/S AFFECTED:	ALL
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KEY DECISION:	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
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SUBJECT: Covid-19 Funding

1. EXECUTIVE SUMMARY

This report details the Covid-19 funding received by the Council to date including direct financial support for businesses, partners, community organisations and residents as well as funding in respect of the Council's ongoing response to and impact of the pandemic.

2. RECOMMENDATIONS

It is recommended that the Executive Board notes the contents of the report.

3. BACKGROUND AND KEY ISSUES

Blackburn with Darwen is one of the areas that has suffered most during the Covid-19 pandemic, with the highest cumulative cases per 100,000 nationally and with the borough, our residents and businesses, in some form of local or national restrictions for almost the whole time since late March 2020. This has impacted significantly on individuals, families, communities, businesses and the broader economy and the Council prioritised the vast majority of its resources and staff towards supporting the ongoing response to the pandemic as has been reported to Council regularly throughout the year.

During the first 6 months of the pandemic, from March 2020, government funding to cover the significant additional costs being incurred by the council, along with the substantial income losses sustained due to lockdown and ongoing various local and national restrictions put in place through most of the last year, came through on an adhoc basis. In the absence of any assurances that our additional Covid related cost pressures would be met, it became increasingly possible that the council would have to consider issuing a Section 114 notice at some point during the course of the last financial year; a Section 114 notice being a report made by the Chief Finance Officer if it appears that the expenditure incurred by the authority (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) it has available to meet this.

Should this have materialised, this would have meant that no new expenditure would be permitted, with the exception of that required to fund statutory services, including safeguarding vulnerable people, albeit that existing commitments and contracts would continue to be honoured.

Over the course of the summer, when the first local restrictions were introduced, it appeared that the ongoing and emerging cost pressures would easily outstrip the funding provided at that time and, without any assurance of further financial support, it looked increasingly possible that the council would have insufficient resources to continue operating to the end of the financial year, given the low level of reserves which have been depleted to enable the Council to manage its budgets over the last 10 years of austerity.

Since then, over the course of the last 12 months, various departments within central government have subsequently provided funding to support local government's response to the Covid-19 pandemic. This has been primarily through the Ministry for Housing, Communities and Local Government (MHCLG), the Department for Health and Social Care (DHSC) and the Department for Business, Energy & Industrial Strategy (BEIS), who have provided a number of funding streams in relation to both specific and general costs, as well as to cover some losses of income incurred by councils across the country during the crisis.

As the year progressed, and further to intense lobbying from councils and their representative bodies, central government departments continued to announce further packages of financial assistance and the risk subsided. Whilst this was welcome relief in alleviating the financial pressures in year, it nonetheless placed significant pressures on officers within finance and revenues and benefit teams across the country in ensuring the funding was allocated, managed and monitored, as authorities sought to urgently respond to the crisis; this work continues today and is expected to continue well into 2021/22.

Since the first national lockdown was imposed on 23rd March 2020, councils have been allocated funding to spend on their Covid-19 response from over 30 different funding pots, totalling over £10 billion. On top of this, they have also been responsible for distributing more than £16 billion in grants to businesses from six separate funds, with each of these funding streams having their own specific terms, conditions and qualifying criteria.

The administrative cost for councils in administering ring-fenced funds, in applying specific terms and conditions to individual 'pots' of funding, and in completing a myriad of monitoring returns to account for expenditure has been resource intensive, especially whilst balancing the day to day work required to manage the finances of the organisation with a workforce based at home.

One example of this would be the Infection Control Fund provided by the DHSC for care providers; this was paid in two tranches nationally of £600 million and £546 million respectively, each with slightly different terms and conditions. Additional resource has been required to support the administration of this funding, and in the work undertaken with social care providers to collect information and report on exactly what the funding has been utilised for, to confirm and evidence that it is within the criteria set out by the DHSC.

Most of the funding provided in 2020/21 from MHCLG has been in the form of the £4.6 billion Covid Emergency Funding grant. This has been paid out in four tranches and is un-ringfenced. A fifth tranche of funding has been announced for 2021/22 to assist in meeting the ongoing additional costs and continuing income losses as we continue to respond and start to recover from the initial sustained phases of the pandemic.

BEIS has issued more than £16 billion of funding to councils, the vast majority of which has been provided by them for councils to administer on behalf of government and pass funding straight on to Business Rate paying businesses who meet a stringent set of eligibility criteria, with pre and post payment checks and assurance systems required to minimise the risk of fraud.

A much smaller element of the funding has been provided to all councils for distribution through their own individual Discretionary Grant Schemes, established for this purpose, which enables payments to

be made to businesses who do not meet the eligibility criteria set by government for the Business Rates Grant scheme. Discretionary grants are included in spending information for payments over £500 to external suppliers on the datashare website. The administration of the Business Rate Grant, Local and Additional Restrictions Grant schemes and the various Discretionary Grant schemes has been a very resource intensive exercise which will continue into the new financial year and will now cover the government's more recently announced Restart Grant scheme that will go live in April.

Other smaller elements of funding have included local government's 50% share of the £60m compliance and enforcement funding from MHCLG and the Home Office, which has been provided to assist with the deployment of Covid marshals and other measures to ensure ongoing support for and compliance with Covid restrictions.

The complexity of the multitude of funding pots provided, and the variety of sources from which they come, have been further frustrated by the fact that on occasion funding has been distributed by government to individual local authorities without any description of what it is for, and for other funding streams, the terms and conditions attached to them have been hard to locate, and/or the guidance provided for their administration has changed over a short space of time, resulting in additional time and resource required for reconciliation.

We have now reached the 2020/21 financial year end, although the cost pressures of our continuing response to Covid and moving more into recovery will continue in the medium to longer term, therefore some funding received to date will be carried forward into 2021/22 in line with the grant conditions to meet the ongoing costs of Covid-19, and associated loss of income through fees and charges, which is likely to take longer to recover from the impacts of the pandemic.

As we emerge from the 3rd wave in the North West and more locally, and with a programme to vaccinate the whole adult population progressing at pace, we are hopeful that we will not have to revert to the same emergency measures, and incur the same level of costs, that we did in 2020/21; nonetheless the financial impact will be felt for some time to come, be that in meeting emerging and rising demand in adult and children's social care, particularly for mental health services; in restarting and regenerating our economy and town centres, particularly in retail, and in opening up our leisure and culture services over time to pre-pandemic customer numbers. The funding carried forward will undoubtedly be called upon to address this in the coming year ahead, and potentially beyond this. Further to setting a balanced budget for 2021/22 at Finance Council in early March, the Council's financial position beyond the current year is far from clear.

To provide an overview of the funding received by the council to support businesses and individuals and our continuing response to the Covid-19 crisis, Appendix A to the report sets out the funding received by the council and briefly what the funding is provided for.

6. POLICY IMPLICATIONS

The information contained within the report supports the approach taken to delivering a balanced budget for the Council.

7. FINANCIAL IMPLICATIONS

Appendix A outlines the £124.77m funding that the Council has received, the majority of which is to be administered on behalf of government to support businesses, and other funding applied to support the ongoing response to Covid-19 in the borough, supporting the Council in its response, the social care sector, individuals and community groups.

Support for businesses administered by the Council through business rate relief, specific restrictions and other grants	£91.85M
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Support for social care providers	£3.53M
Support for individuals/CEV*/partners etc	£4.17M
Support for the Council	
Additional costs	£15.55M
Test, Trace & Isolate	£6.08M
Partial support for loss of income	£3.59M
*Clinically Extremely Vulnerable / shielding	

8. LEGAL IMPLICATIONS

The Council has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified. The report outlines the funding received to meet the costs and income losses due to the pandemic and summarises the application of this to ensure delivery of a balanced budget.

9. RESOURCE IMPLICATIONS

None as a direct consequence of this report.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision.

10. CONSULTATIONS

Not applicable.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

VERSION:	1.0
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CONTACT OFFICER:	Louise Mattinson - Director of Finance
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DATE:	April 2021
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BACKGROUND PAPER:	None
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