

REPORT TO:	FINANCE and MANAGEMENT COMMITTEE (SPECIAL)	AGENDA ITEM: 9
DATE OF MEETING:	22nd JULY 2021	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
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SUBJECT:	CORONAVIRUS (COVID-19) FINANCIAL IMPACT UPDATE	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That the financial impact of Covid-19 and deployment of Government Funding as detailed in the report is approved.

2.0 Purpose of the Report

- 2.1 To provide an update on how Government funding has assisted local businesses and residents affected by the Covid-19 pandemic.

3.0 Detail

- 3.1 Details of financial measures implemented by the Government to support local businesses and residents, were reported to the Committee in July and November 2020. In addition, quarterly budget reports during 2020 and 2021 have provided updates on additional income and expenditure incurred by the Council in response to Covid-19.

- 3.2 Immediately following the national lockdown back in March 2020, several funding streams were allocated to local authorities to support businesses and local residents. Other funding was also made available during the various lockdowns and restriction measures put in place.

Effect in South Derbyshire

- 3.3 In total, Rate Relief of £10 million, together with cash grants of over £28 million, were distributed to local businesses between April 2020 and July 2021.

- 3.4 In addition, £683,000 has been paid out to low-income households to reduce their Council Tax liability and to support those individuals who lost earnings due to having to self-isolate as instructed by the NHS.

- 3.5 A summary is provided in the following table.

Funding Stream	Funding Provided	Purpose
Small Business Rate Retail	£2.9 million	Relief credited to 1,074 small businesses.
Extended Retail and Hospitality Sector Discount	£7.2 million	Discounts credited to 457 businesses in the District who paid no Business Rates in 2020/21 in addition to the small businesses above.
Local Restrictions Support Grant (Lockdown 1)	£15.1 million	Cash grants ranging from £2,500 to £25,000 paid to 1,323 rated businesses for the period March to July 2020.
Closed for Business Scheme	£10.1 million	Distributed to 551 closed rated businesses. The grants ranged from £230 up to £18,000 and have supported businesses that were required to close across the hospitality, leisure, non-essential retail and close personal services sectors during the various lockdowns. The grants have included payments to support closures, as well as payments to support the reopening of businesses as the restrictions have lifted nationwide.
Discretionary Closed for Business Scheme	£1.6 million	The Council also supported closed businesses that were not rated through a separate discretionary scheme. This included hairdressers and beauticians who rent space in a salon, or businesses in shared spaces. Grants ranged from £230 up to £6,000 and supported 131 small businesses.
Open for Business Scheme	£1.3 million	Businesses that were not required to close but were severely affected by closures elsewhere in the economy, were supported through this scheme. This included businesses in the supply chain for closed businesses, such as drinks manufacturers and cake producers, as well as a range of operators supporting events, weddings, as well as those affected by social distancing measures. Grants ranged from £230 up to £6,000 and supported 315 businesses.
Business Rescue Fund	£150,000	Home and mobile based businesses that were able to claim SEISS or furlough, but who still struggled to cover ongoing businesses costs due to the pandemic, were also supported through this discretionary scheme. Grants of £3,000 were distributed to 50 businesses.
Wet Led Pubs	£58,000	In December 2020, the Council distributed a one-off payment of £1,000 to 58 pubs across the District who could not open as they did not serve food. This

		was intended to compensate for lost revenue over the Christmas period.
Hardship Fund for Local Residents	£606,000 (Maximum Allocation)	During 2020/21, £507,000 was paid out to support 2,900 households on low incomes and claiming Council Tax Support. Up to £300 was credited to these households and as a consequence, many of these households did not have to pay any Council Tax in 2020/21. This Committee have previously approved that the balance of the funding (£99,000) is carried forward to 2021/22 as part of the Council's discretionary Council Tax Discount Scheme to continue to support households on low income.
Test and Trace Support Payments	£268,500 (Maximum Allocation)	To-date, £175,500 has been paid to 351 individuals who lost earnings, having been forced to self-isolate by the NHS, and were unable to work from home. Each person received a one-off payment of £500.

Other Funding Made Available

- 3.6 In addition to the financial support provided to local businesses and residents, the Council also received funding to implement and enforce Government restrictions in the District.

Covid Compliance and Enforcement Grant

- 3.7 In October 2020, the Council received an allocation of £52,000 aimed at enforcing social distancing measures, the provision of guidance and advice, together with the appointment of marshals to educate, but where necessary, enforce compliance with Government measures.
- 3.8 To-date, approximately 50% of the funding has been utilised, mainly to employ Covid marshals. The original brief for the marshals was to engage, explain and encourage best practice with businesses and shoppers in central Swadlincote.
- 3.9 Their role was subsequently expanded to provide compliance audits in local businesses, with over 500 audits completed. The Marshals have also patrolled local parks and open spaces, together with supporting compliance at polling stations and Committee meetings.
- 3.10 The current Contract, with an external agency who supply the marshals, is due to expire in September 2021, although this is being reviewed in accordance with additional funding being made available, which would enable the service to be extended until March 2022.

Covid Test and Trace/Outbreak Support

- 3.11 The Council received £50,000 from Derbyshire County Council to support local businesses to implement test and trace measures. Consequently, this has been paying for a temporary Business Compliance Officer to be employed until March 2022.

3.12 The Officer has also been involved in supporting agencies to implement interventions which limit local outbreaks of the Virus.

Reopening High Streets Safely and Welcome Back Fund

3.13 The Council has received a grant allocation of up to £191,000 to support the safe reopening of high streets and other local shopping areas as Covid restrictions are eased. However, the main aim of the funding is to regenerate local economies by supporting initiatives to attract visitors to town centres and public realm areas.

3.14 The funding is available to draw down until March 2022 and the Council has recently submitted proposals to the Government with its plans to spend the grant. This includes:

- A marketing campaign aimed at Swadlincote and Melbourne Town Centres.
- To stage an Arts Trail in the period up to and including Christmas 2021.
- To commission regular events and support local organisers and performers.
- To improve the appearance of access ways into the Towns.
- To support businesses to diversify.

Contain Outbreak Management Fund

3.15 The Council has also been awarded funding of £126,500 to support public health activities directly related to Covid-19 activities. This funding is available until March 2022, and it is proposed to utilise the funding as follows:

- To extend the use of Covid Marshals until March 2022.
- To provide additional resources for food inspections due to a backlog which has built up as Officers have focused on Covid investigations.
- To employ an additional Community Safety Enforcement Officer to focus on witness and suspect interviews and to support nuisance and licensing investigations
- To appoint a temporary Licensing Officer to deal with the backlog of inspections and increased volume of applications.

New Burdens Funding

3.16 In addition, the Government also paid local authorities "*new burdens funding*" towards administration of the various funding streams detailed above. The Council has received £355,300 in total and this was allocated in accordance with the "*relative needs formula*", which is used to distribute resources to local authorities in the annual Local Government Settlement and is one-off funding.

3.17 As detailed in the Budget Out-turn 2020/21, which is subject to a separate report elsewhere on the Agenda, only £6,000 has been directly charged against this funding with the remainder being carried forward to 2021/22. Generally, additional costs

associated with administration, such as overtime and software changes, has been charged against the general Covid funding, as detailed below.

- 3.18 Although not guaranteed, it is unlikely that the Government will clawback any unspent funding; under their New Burdens Doctrine, it is at the discretion of each local authority how the funding is deployed, assuming of course that the Government's schemes are delivered.

General Funding for Covid-19

- 3.19 As previously reported, the Council has received grant funding of approximately **£1.4 million** as part of a national funding package.
- 3.20 Although the Government indicated that it expected this funding to be directed to dealing with additional costs of social care and homelessness, it is not ring-fenced and is intended to help councils address pressures on their services relating to Covid-19, depending on local circumstances, at the Council's discretion.

Utilising the Funding

- 3.21 At its meeting in July, the Council agreed to set-aside £1/2 million of the funding as a contingency to cover additional costs and loss of service income,
- 3.22 In addition, a further £100,000 was set-aside to support small institutions, businesses and other local community-based organisations who were not eligible for other funding as detailed earlier in the report.
- 3.23 Allocation of this funding was delegated to the Chairman of this Committee, in consultation with the Chief Executive, guided by the Section 151 (Chief Finance) Officer
- 3.24 To be awarded funding, an organisation should clearly demonstrate that they had suffered a loss of income or incurred additional expenditure, directly related to Covid-19 and that the contribution would support the local community or protect the local economy.
- 3.25 To-date, four organisations have received grants totalling £17,700 from the £100,000 sum, as follows:
- ✓ Dame Catherine Harpur's School in Ticknall, which provides a key service to local families and children with special educational needs (£10,000).
 - ✓ The Parkside Community Café in Newhall (£5,000).
 - ✓ Melbourne Carnival and Fete (£700).
 - ✓ South Derbyshire Music Trust (£2,000).

The Council's Services

- 3.26 Additional expenditure and loss of income, directly related to Covid-19, is detailed in the Budget Out-turn for 2020/21 This highlights that actual and committed expenditure as at 31 March 2021, totalled £1.2m. The remaining amount of approximately £200,000 is being carried forward to 2021/22.

- 3.27 It is not clear whether the Government will clawback any unspent money, although they are asking all authorities to account for how the funding is being utilised on a monthly basis.

Leisure Management

- 3.28 In addition, the Council's Leisure Management Contractor (Active Nation) has received an allocation of £1/4 million from the National Leisure Recovery Fund. The application was supported by the Council.
- 3.29 This funding is in addition to that directly provided by the Council, of approximately £80,000 for 2021/22.

5.0 Financial Implications

- 5.1 As detailed in the report.
- 5.2 All funding received has been subject to regular monitoring by the Government through various returns.
- 5.3 The process for distributing the various Business Grants was subject to an Internal Audit review, which was reported to the Audit Sub Committee in March 2021. The process attracted a substantial assurance rating from the Audit, with only one recommendation which was duly implemented.
- 5.4 This process included robust fraud checks to ensure that grants were distributed to eligible businesses in accordance with Government guidelines.

6.0 Corporate Implications

Employment Implications

- 6.1 None

Legal Implications

- 6.2 None

Corporate Plan Implications

- 6.3 None directly, although maintaining the financial sustainability of the Council, its residents, and the local economy, will enable the Corporate Plan (2020 to 2024) to be delivered in the long-term.

Risk Impact

- 6.4 Conversely, if the financial position of the Council is adversely affected in the long-term, this could affect the Council's ability to deliver some elements of its Corporate Plan. The position continues to be kept under review.

7.0 Community Impact

Consultation

7.1 None required.

Equality and Diversity Impact

7.2 None

Social Value Impact

7.3 None

Environmental Sustainability

7.4 No direct implications

8.0 Background Papers

8.1 None