

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 7
DATE OF MEETING:	26th NOVEMBER 2020	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 considered and noted.

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 2020.

3.2 Immediately following the national lockdown in March 2020, several funding streams were allocated to local authorities. Other funding has since become available and the report sets out the final or latest amounts allocated to local businesses and residents in South Derbyshire.

3.3 A summary is provided in the following table.

Funding Stream	Funding Provided	Spent/Allocated to-date
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 will pay no Business Rates in 2020/21 in addition to the small businesses above.
Cash Grants to Businesses	£15.1 million	Grants ranging from £2,500 to £25,000 have been paid to 1,322 businesses.

Reopening High Streets Safely Fund	£95,419	To-date, expenditure of around £3,000 has been incurred. Funding is available, if needed, until 31 March 2021.
Surge Enforcement Funding	£44,443	No significant expenditure has been incurred to-date, but this has been kept under review.
Hardship Fund	£606,000	To-date approximately £400,000 has been paid to further support 2,900 households claiming Council Tax Support. Many of these households will pay no Council Tax in 2020/21.
Test and Trace Support Payments	£59,236	To-date £10,000 has been paid to individuals on low incomes who have been forced to self-isolate by the NHS and are unable to work from home.
New Burdens Funding	£40,505	To-date, £23,000 has been spent on administering the various support schemes detailed above, via additional staff costs, system upgrades, etc.

SUPPORT FOR LOCAL BUSINESSES

Extended Retail Discount

- 3.4 The 50% discount that had been granted in previous years, was increased to 100% for 2020/21. This discount was also extended to include all businesses in the retail sector regardless of size, and brought in the leisure/hospitality sector, pubs with a RV of less than £100,000, estate/letting agents, together with non-local authority providers of childcare, i.e. nurseries.
- 3.5 In total, relief of approximately £7.2 million was granted to 457 businesses in the District who will pay no business rates in 2020/21
- 3.6 This was in addition to approximately £2.9 million relief granted to 1,074 small businesses prior to lockdown through the Government's Small Business Rate Relief Scheme.
- 3.7 The cost of these reliefs is fully funded by the Government.

Cash Grants for Businesses

- 3.8 The Council received £15.2 million for distribution to local businesses in South Derbyshire.
- 3.9 The eligibility criteria for the grants was:
- ✓ Businesses in receipt of Small Business or Rural Rates Relief received a grant of £10,000.

- ✓ Businesses in the retail, hospitality and leisure sectors received a grant of **£10,000** where their RV was less than £15,000 or a grant of **£25,000** where their RV was between £15,000 and £51,000.

3.10 Altogether, 1,221 businesses received a grant which totalled £14.3 million.

3.11 During May 2020, the Government extended the scheme to support other small businesses who were outside the original eligibility criteria (above).

3.12 The Government set a limit of 5% of the original allocation of £15.2 million to fund a discretionary scheme, firstly utilising any underspend from the original allocation and claiming any additional amount from the Government. This gave the Council £760,000 for the discretionary scheme.

3.13 The Government identified the following micro/small businesses as priority for the scheme.

- Those in shared spaces who are not the ratepayer.
- Regular market traders
- Small charities
- Bed and breakfast establishments that pay Council Tax (and not Business Rates)
- Any other business type based on local economic need.

3.14 The main criteria were that the business must employ less than 50 people and be able to demonstrate that they had a significant income drop due to Covid-19.

3.15 The scheme was subject to an application process and the Council paid out individual grants ranging from £2,500 to £10,000. Under the extended scheme, a further 101 small businesses were supported, totalling £711,500.

3.16 The deadline for grants under both schemes ended on 31 August 2020. In total, the Council paid out grants of just over £15 million.

3.17 A reconciliation process is currently being undertaken and the difference (approximately £150,000) between the total amount paid and the original allocation, will be paid back to the Government.

Reopening High Streets Safely Fund

3.18 This funding was made available to support the safe reopening of high streets and other commercial areas following the easing of the first national lockdown in June 2020. The money allowed local authorities to put in place additional measures to establish a safe trading environment.

3.19 The Council was awarded up to a maximum of £95,419, which is available to be drawn down until 31 March 2021.

- 3.20 The money is aimed at funding additional costs incurred by the Council for communications, information, signage and works associated with putting in place safe distancing measures, etc. The funding is not aimed at providing additional support for individual businesses.
- 3.21 To-date, a small amount of money (£3,000) has been expended on town centre signage and barriers, etc.

Surge Enforcement Funding

- 3.22 In October 2020, the Government provided funding to the Council of £44,443 for any activity which will support compliance and enforcement to control the spread of Covid-19.
- 3.23 This is aimed at enforcing social distancing measures, the provision of guidance and advice, together with the appointment of marshals or stewards to support Environmental Health Officers and the Police to educate, but where necessary, enforce compliance with Government measures.
- 3.24 No additional expenditure has been incurred to-date and it is being kept under review.

Second National Lockdown (5 November 2020)

- 3.25 In response to the second national lockdown, the Government have provided additional funding to councils to distribute to local businesses directly affected by the lockdown.
- 3.26 The Council received two tranches which is in the process of being distributed, as detailed below.

Local Restrictions Support Grant

- 3.27 An amount of approximately £1 million to compensate businesses in the retail, leisure and hospitality sector who have been forced to close due to the lockdown.
- 3.28 This is a mandatory grant and will be topped up if lockdown is extended or the Council is moved down to Tier 2 or Tier 3 restrictions.
- 3.29 Initially, depending on their rateable value, eligible businesses will receive between £1,300 to £3,000 per 28-day period that the national lockdown is in place. The £1 million above, is for the initial lockdown period covering 5 November to 2 December 2020.

Additional Restrictions Support Grant

- 3.30 An amount of approximately £2.1 million to compensate businesses who have been forced to curtail trading, but not shut, subject to loss of income. In addition, this grant is to support non rateable businesses, such as those highlighted in section 3.13 above.
- 3.31 The allocation of this grant is at the discretion of the Council and is subject to an application process. This grant is "one-off" and can be no greater than 70% of amounts awarded under the mandatory scheme above.

3.32 In addition, the Council received a sum of £49,000 to support any businesses who suffered financial hardship immediately before the national lockdown, when the District was placed in the Tier 2 High Alert level for 5 days.

3.33 No call on this funding as yet been made.

SUPPORT FOR LOCAL RESIDENTS

The Hardship Fund

3.34 The Council received £606,000 to support economically vulnerable people and households in its area.

3.35 The Government's expectation was this funding would be used to provide Council Tax relief, alongside existing Council Tax support schemes. The Government stipulated that councils provide a *minimum* (but no maximum) of £150 to further reduce the Council Tax bills of all working-age claimants who receive Local Council Tax Support (LCTS) in 2020/21.

3.36 As reported to the Committee in July, the Council has been able to award up to £300. To-date, this has supported approximately 2,900 households at a cost of just over £400,000. The extension of the scheme means that many of these households will pay no Council Tax in 2020/21.

3.37 The Committee approved a Discretionary Scheme in July which will allow new claimants of LCTS, between now and 31 March 2021, to benefit from the Hardship Fund. The Discretionary Scheme also allows other households to claim against the Hardship Fund where they experience significant financial hardship arising from Covid-19, determined on a case-by-case basis.

Test and Trace Support Payments

3.38 From 28 September 2020, the Government supplied local authorities with funding to support eligible individuals in their area who are forced to self-isolate. The funding is to support people on low incomes who are unable to work from home if they are told to self-isolate by the NHS Test and Trace and lose income as a result.

3.39 Eligibility for a £500 payment is restricted to people who:

- Have been told to stay at home and self-isolate either because they have tested positive for Covid-19 or have recently been in close contact with someone who has tested positive.
- Are employed or self-employed.
- Are unable to work from home and will lose income as a result.
- Are currently receiving Universal Credit and/or other major benefits such as Working Tax Credit or Housing Benefit, etc.

3.40 The Council also has discretion to award £500 to individuals who meet the first three criteria (above) but who are not in receipt of benefits. The discretion can be used to

support others on low incomes who face financial hardship as a result of not being able to work while they are self-isolating.

- 3.41 Similar to most authorities, the Council is using eligibility for the Council's Local Council Tax Support Scheme as an indicator of low income, to be consistent with the criteria used with allocating the Hardship Fund.

Funding

- 3.42 The Council has received separate funding allocations in connection with implementing test and trace support payments. Firstly, £37,000 to meet the cost of eligible claimants under the main scheme. If this is exceeded, the Government will provide the additional funding.

- 3.43 Secondly, an amount of £22,236 to fund payments under the discretionary scheme. No additional funding is available above this amount.

- 3.44 To-date the Council has received 108 applications under the main scheme for which 20 have been paid and a further 20 are currently being processed. 68 applications were rejected as they did not meet the test and trace criteria or had not lost any income.

New Burdens Funding

- 3.45 In addition, the Government also paid local authorities "*new burdens funding*" towards administration of the various funding streams detailed above. The Council received £40,505, of which £23,000 has been spent to-date.

The Council's Income and Expenditure

General Funding for Covid-19

- 3.46 The Council has received grant funding of approximately **£1.4 million** as part of a national funding package.

- 3.47 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

- 3.48 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,

- 3.49 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.

- 3.50 This was on the basis that an organisation could 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.

3.51 To-date, two organisations have received grants 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).

The Council's Services

3.52 Additional expenditure and loss of income, directly related to Covid-19, is detailed in the quarterly budget monitoring report, which is subject to a separate item elsewhere on this Agenda. To-date, actual, together with forecasted expenditure/loss of income totals approximately £3/4 million.

3.53 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.

5.0 Financial Implications

5.1 As detailed in the report.

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 is being 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