

Committee Name and Date of Committee Meeting

Cabinet – 21 June 2021

Report Title

Finance Update

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

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Ward(s) Affected

Borough-Wide

Report Summary

This report provides an update to Cabinet on a number of financial matters, including those related to Covid-19. The report is provided as an interim update for Cabinet, following on from the approval of the Budget and Council Tax 2021/22 report at Council on 3 March 2021 and in advance of the Financial Outturn 2020/21 and Financial Monitoring 2021/22 reports to be submitted to Cabinet in July 2021.

Recommendations

1. That the update on the revenue budget financial outturn 2020/21 be noted.
2. That the Council's position on the delivery of the business support grants and Test and Trace support payments be noted.
3. That the Council's approach to the delivery of the Hardship Fund, in providing greater levels of Local Council Tax Support be noted.
4. That the government's main Covid-19 grant support streams as detailed in section 2.5 are noted, along with the continued approach for payment to suppliers as detailed in section 2.7.

5. That the approach taken with regards to Adult Social Care Contributions as detailed in section 2.6, be noted.

6. That the Local Self-Isolation Support scheme is brought to a close at the same time as the Government's Test and Trace Support Scheme.

List of Appendices Included

Appendix 1: Business Grants

Appendix 2: Carbon Impact Assessment

Appendix 3: Equality Screening

Background Papers

Budget and Council Tax Report 2020/21 to Council on 17 February 2020

December Financial Monitoring Report to Cabinet 15 February 2021

Budget and Council Tax Report 2021/22 to Council on 3 March 2021

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Finance Update Finance Update

1. Background

- 1.1 This report is provided to update Cabinet on a number of financial and budget matters following on from the approval of the Budget and Council Tax 2021/22 report at Cabinet on 15 February 2021 and at Council on 3 March 2021.
- 1.2 The report is an interim update to Cabinet in advance of the more detailed Financial Outturn 2020/21 and Financial Monitoring 2021/22 reports which will be submitted to Cabinet on 19 July 2021.

2. Key Issues

2.1 Revenue Budget Financial Outturn 2020/21

- 2.1.1 The Financial Outturn 2020/21 report to Cabinet in July 2021 will set out the full details of expenditure against budget for 2020/21, revenue and capital, along with an updated analysis of revenue reserves and an updated position of the Capital Programme.
- 2.1.2 The Outturn report to July Cabinet will also set out the use of the various Government grants which have been provided to offset the cost impact of Covid, together with an analysis of the grant funding available to continue to support the additional costs due to Covid which continue to be incurred in 2021/22. The reserving of any Covid grant balances is in accordance with the following approval at Council in March 2021 “The transfer of any 2020/21 un-ringfenced Covid funding balances into the Council’s reserves to meet Covid related pressures and costs in 2021/22.”
- 2.1.3 The Financial Monitoring Report 2020/21 submitted to Cabinet on 15 February 2021 was based on the financial monitoring position as at December 2020, which outlined that the Council anticipated a balanced budget position for 2020/21 or a slight underspend. This forecast position was also outlined in the Budget and Council Tax 2021/22 report which was submitted to the same Cabinet meeting and also to Council on 3 March 2021.
- 2.1.4 Both reports set out the inter-relationship between the impact of Covid-19 on the Council’s level of spend and loss of income and the Government grant funding compensation for Covid impact, as known or anticipated at that time.
- 2.1.5 The reports also noted that the impacts on the Council of the latest lockdown, taking effect on 5 January 2021, were still to be fully defined.
- 2.1.6 There are two main factors contributing to an underspend which is higher than anticipated within the financial monitoring to Cabinet in February 2021 and which are detailed below.

- 2.1.7 Firstly, the Council has continued to maintain dialogue with Government on the costs to the Council arising from Operation Stovewood; costs which the Council is having to manage within its overall budget. On 30 March 2021, Government confirmed that a grant of £2m would be paid in 2020/21 towards the Council's Stovewood costs. As yet there is no commitment from Government for any further or ongoing support for Stovewood costs.
- 2.1.8 The second main factor relates to funding from the Government's Contain Outbreak Management Fund (COMF). The Council had received funding of £5.1m by December 2020 from a number of grants linked to COMF, including test and trace support funding, payments per head of population linked to national lockdown and payments per head of population linked to tiered restrictions.
- 2.1.9 The total cost of the measures that the Council had in place to address outbreak management during 2020/21 was in excess of the £5.1m grant received as at December 2020 and also required a significant amount of funding to be reserved to allow measures to continue across 2021/22.
- 2.1.10 Within the management of the overall budget and the forecast outturn for 2020/21, the Council therefore took a prudent approach to not anticipate any further funding for COMF and within the overall revenue budget for 2020/21 planned for the additional cost impact of the measures deployed and for an amount of grant to carry forward to 2021/22 to meet existing commitments and also further measures as may be required.
- 2.1.11 In the event, the Council received further COMF funding for 2020/21 between February and April totalling £3.49m and on 6 April 2021, Government confirmed a COMF allocation for the Council for 2021/22 of £2.1m.
- 2.1.12 These additional funding confirmations allowed the Council to reassess its COMF costs and funding and around £4m of COMF costs that would otherwise have been a charge to the revenue budget in 2020/21 were able to be appropriately funded from the grant. In addition, the Council is still carrying forward an amount of grant into 2021/22, which alongside the 2021/22 COMF funding will ensure that COMF measures can continue to be deployed as required across the new financial year.
- 2.1.13 In summary, the headlines of the Revenue Budget Financial Outturn for 2020/21 confirm that the Council has been able to manage the overall cost impact of Covid when Government grant support is taken into account. However, noting that there is currently no further commitment from Government to fund future Stovewood costs, it is planned to reserve £2m of funding for CYPS costs in 2021/22. This would leave an underspend balance of £6.1m to go into the Budget Contingency Reserve. Consideration of emerging demands on this reserve will be given in due course. The Financial Outturn report to July Cabinet will set out the full details of the budget variances and Covid impact.

2.2 Business Support Grants

2.2.1 Support to local businesses affected by the pandemic continues. During the first national lockdown, 3,946 businesses were supported with grants through the Small Business Rates Grant Fund (SBRGF) and Retail, Hospitality and Leisure Grant Fund (RHLGF), with a total grant value of £44.6m. Through the Councils discretionary grant allocation, a further £2.5m of business grants were provided to an additional 274 businesses.

2.2.2 From the outset of the tiered restrictions government introduced the Local Restrictions Support Grant (LRSRG) and then from the 1st April the Restart Grant (RG) schemes, through which, over 1,700 businesses have received further support, with a total value of £30.3m. Further support has also been provided via Sheffield City Region, through the Additional Restrictions Grant (ARG), with over 1,600 businesses supported with a total grant value of £6.3m. These grants mainly provide support to businesses not registered for business rates so cannot access LRSRG, businesses in the supply chain of those forced to close, licensed taxis and a discretionary scheme for small businesses.

2.2.3 In total, £83.7m of business support grants have been delivered by the Council to over 5,000 businesses (many businesses have been able to access support through multiple schemes). Appendix 1 sets out a detailed breakdown of each of the business support schemes.

2.2.4 The Council continues to deliver business support grants through the remaining live schemes, the Government's Restart Grant and newly developed schemes funded through Additional Restrictions Grant (ARG). These ARG schemes will provide additional support to businesses through the following schemes;

- Outdoor Hospitality Grant, between £1k and £3k available to support costs associated with setting up outdoor hospitality facilities.
- Capital Investment Support, grants of up to £100k to support businesses with projects that will deliver demonstrable growth in the form of new jobs, increased turnover or productivity gains (within 6 months).
- Productivity grants to businesses to fund projects to boost their performance.
- Digital Innovation Grants to enable businesses to become more digitally efficient and robust.

2.3 Self-Isolation Payments

2.3.1 Since 28 September 2020 the Council has been administering the Test and Trace Support Payments scheme, providing a support payment of £500 to people meeting the following criteria;

- Told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently

been in close contact with someone who has tested positive. NHS unique ID is essential.

- Are employed or self-employed
- Are unable to work from home and will lose income as a result
- Are currently receiving or are the partner of someone living in the same house who is receiving at least one of the following benefits: Universal Credit, Working Tax Credit, income-based Employment and Support Allowance, income-based Jobseeker's Allowance, Income Support, Housing Benefit and/or Pension Credit.

To date the Council has awarded 915 payments to individuals, with a total value of £458k. The scheme is due to end on the 30th June 2021, based on the Government's current timeline. Ministers are due to review the continued effectiveness of the scheme, with a view to potentially extending the deadline, it is expected that a decision will be communicated in early June 2021.

2.3.2 In support of this scheme Government provided the Council with a discretionary fund to provide support to individuals who met all the base criteria, except for being on a benefit. In these cases the claimant would have to be considered to be in financial hardship, therefore, 'almost' qualifying for benefits. As approved at Cabinet on 25 January 2021, the Council's scheme would rely on the skill and experience of its housing benefits officers to assess financial hardship. Through this scheme a further 265 payments have been made, with a total value of £133k

2.3.3 To further support the Contain Strategy, to support and encourage self-isolation where required, Cabinet approved, on 25 January 2021, to introduce a local self-isolation support payment scheme. The scheme broadly follows the same principles of the Government's self-isolation support payment scheme, but it is not based on financial hardship. Applicants have to demonstrate a loss of income as a result of having to self-isolate but there is no requirement to demonstrate financial hardship. The aim of the scheme is to encourage and incentivise individuals to self-isolate if they are required to do so and have been unable to access the Government's self-isolation payments or the discretionary payments. The payments are £250 and will be funded from the Control Outbreak Management Fund (COMF). To date, 239 successful applications have been processed to the value of £60k.

2.3.4 The Council's Local Self-Isolation Support scheme, approved at Cabinet on 25th January 2021, was established to provide financial support to those people needing to self-isolate, that couldn't access the government schemes. Therefore, when the government scheme ends, the Council's Local Self-Isolation Support Scheme will also end. At present, this is expected to be the end of June 2021.

2.4 Hardship Fund

2.4.1 The provision of a Hardship Fund to local authorities to enable them to provide additional council tax relief during 2020/21 was first announced in

the Chancellor's Budget on 11 March 2020. The Council was subsequently advised of its Fund allocation of £2.864m for 2020/21.

- 2.4.2 A delegated officer decision on application of the Hardship Fund was taken on 2 April 2020 by the Strategic Director – Finance & Customer Services, in consultation with the Cabinet Member for Corporate Services & Finance and the Leader of the Council. The decision was to provide an additional award of £200 council tax support to working age claimants on the Council's local council tax support scheme. Where a claimant had a bill of less than £200, then the bill was reduced to zero. The application of the Fund was to be to all those becoming eligible up to and including 31st May 2020.
- 2.4.3 Following receipt of further Government guidance on use of the Hardship Fund, including clarification that the Fund was to be used to apply to all council tax support claimants throughout the financial year, a further delegated decision was taken on 29 May 2020, again in consultation, to operate the Council's scheme for the whole of the financial year 2020/21, whilst retaining the £200 level of award.
- 2.4.4 Use of the fund was kept under regular review, to ensure the fund could be maximised, to provide the greatest level of support to LCTS claimants. Consideration of the position on use of the Fund as at the end of November 2020 indicated that the Council would be able to top-up the amount of award from the £200 level, whilst still having enough funding to provide for new council tax support claimants for the rest of the financial year.
- 2.4.5 On that basis a third delegated decision was taken on 4 December 2021, in consultation, to continue to provide an award of £200 of support to new council tax support claimants and also that top-up payments to all claimants who still had some council tax to pay after the initial award, would be made before the end of the financial year at a level to be determined in February 2021. Following a review of the latest position on use of the Fund and modelling of various options of the value of top-up payments, the fourth and final delegated decision was taken on 17 February 2021, in consultation, which determined the top-up as £250. This meant that the maximum award from the Hardship Fund to a council tax support claimant was £450.
- 2.4.6 It was expected that this approach would lead to the grant being maximised but also a small overspend. With the exception of a handful of council tax support claims pending receipt of further information to validate the claims, the awards of the Hardship Fund are now completed and the (almost) final position is set out below :
- Hardship Grant funding - £2,864,446
 - Value of additional council tax support awarded - £2,917,717
 - Excess of support awarded over grant - £53,271
- 2.4.7 In total, 17,875 council tax accounts have received hardship funding. That's not quite the same as 17,875 households, as when people move house they receive a new council tax account. Therefore, the total number of households will be a slightly lower figure. Taking this into account, summary

numbers of support provided through the Hardship Fund are :

- Around 15,000 council tax support claimants had their council tax bills reduced to zero in 2020/21, either for the whole year for those claimants out of the 15,000 who were in receipt of LCTS for the whole year (around 13,000 claimants), or for those claimants becoming eligible for LCTS during the year (the other 2,000 claimants) they had their remaining 2020/21 council tax liability reduced to zero from the date that they became entitled to LCTS.
- Over 2,000 other council tax support claimants received the full £450 hardship award, but still had some council tax to pay after that award was taken into account and deducted from their liability.

2.5 Covid Grants 2021/22

2.5.1 Should the Government's roadmap out of lockdown continue as planned, it is not anticipated that the Council will see the same level of financial support, through grants, during 2021/22 that it has during 2020/21. However, there have been a number of significant grant funding streams confirmed for 2021/22, a list of the most significant are shown below;

- Tranche 5 of Emergency Funding support provided to local authorities, un-ringfenced grant, £8.3m.
- The extension of the Sales, Fees & Charges Scheme, into the first three months of 2021-22, is expected to generate £1.2m.
- Local Council Tax Support (LCTS) grant will be provided to help Councils manage the financial impact on their budgets from continued increased levels of LCTS claimants during 2021/22, £2.8m.
- Control Outbreak Management Fund (COMF), final allocation of £2.1m.
- Government will provide Section 31 grants to cover the financial impact of the expanded retail discount 2021 to 2022. The reliefs will see businesses in the Retail, Hospitality and Leisure sectors continue to benefit from 100% rates relief from April 2021 to June 2021, reducing to 66% relief for the remainder of the financial year.

2.6 Adult Social Care Client Contributions

2.6.1 As a result of the COVID19 pandemic, interim NHS funding was introduced in March 2020 to facilitate timely discharges from hospital. The new process for hospital discharge (and associated funding) created additional work as not everyone discharged on these schemes would have required a full reassessment under normal circumstances. Due to the additional workload there have been delays in completing the required assessments and updating the social care system. The Council's Charging Policy is that client contributions are backdated in line with the start date for care. In this case this would mean backdating to the date of transition (assessment date) when NHS funding ceases and local funding arrangements resume.

2.6.2 At the point the NHS discharge funding ends, client contributions become payable if determined by an assessment. This could result in backdated charges arising. The Council's charging policy was designed for "business as usual" circumstances and does not account for the impact of a pandemic. Therefore, an officer executive decision was taken by the Strategic Director of Adult Care, Housing & Public Health on the 12th April 2021 to not charge during the period of delay, to ensure that people are treated fairly in the exceptional circumstances that have occurred.

2.6.3 The recommendations of the officer executive decision were:

- Anyone eligible for the interim NHS hospital discharge funding scheme that commenced in March 2020 will not be expected to make client care contribution costs until 12 April 2021.
- Anyone who has been already assessed and who has moved off the interim NHS funding, and has been making a financial contribution towards their care costs will be reimbursed their full client care contribution costs from the date they became eligible for the NHS funding until 11 April 2021 – inclusive.
- No back dated client contribution charges will be applied for anyone whose care services were incorrectly recorded as interim NHS funding codes but who were not eligible for the scheme.
- Anyone eligible to make a client contribution, and who still on the NHS funding scheme will become liable for their client care contribution cost from 12 April 2021.

2.7 Payment to Suppliers

2.7.1 At the outbreak of the Covid pandemic, the Cabinet Office released guidance through a Procurement Policy Note in relation to measures to be adopted to provide supplier relief with the aim of avoiding supply chain collapse or significant financial implications for suppliers.

2.7.2 The Council introduced a range of measures which included immediate payment to suppliers on receipts of goods, ensuring that any disputed invoices are resolved as a matter of urgency and encouraging increased frequency of supplier invoicing where that was helpful to suppliers' cashflow.

2.7.3 Further Cabinet Office guidance released later in the year proposed that supplier payment arrangements should return to normal by October 2020. However, the Council has maintained its arrangements in place to continue to support suppliers whilst the impact of the pandemic continues. This position will be reviewed further before the end of June 2021.

3. **Options considered and recommended proposal**

- 3.1 These are set out within the main body of the report
4. **Consultation on proposal**
- 4.1 Consultation with residents, business and partners was undertaken as part of the development of the 2021/22 budget.
5. **Timetable and Accountability for Implementing this Decision**
- 5.1 The report is mainly an update on a range of financial matters.
6. **Financial and Procurement Advice and Implications**
- 6.1 The financial implications are contained within the main body of the report.
- 6.2 There are no direct procurement implications other than those set out in the main body of the report regarding the payment of suppliers.
7. **Legal Advice and Implications**
- 7.1 No direct implications.
8. **Human Resources Advice and Implications**
- 8.1 No direct implications.
9. **Implications for Children and Young People and Vulnerable Adults**
- 9.1 The report includes reference to the cost pressures on both Children's and Adult Social care budget.
10. **Equalities and Human Rights Advice and Implications**
- 10.1 No direct implications.
11. **Implications for CO2 Emissions and Climate Change**
- 11.1 No direct implications.
12. **Implications for Partners**
- 12.1 The Council is maintaining close liaison and joint working with Partners on Covid matters, with particular regard to Health and Social Care.
13. **Risks and Mitigation**
- 13.1. Budget management and spending controls remain as set out within the Council's Financial and Procurement Procedure Rules. Financial Monitoring reports to Cabinet will include information on Covid related spend and financial risk and also outline how this spend and risk is being managed and

mitigated.

14. Accountable Officers

Rob Mahon – Head of Corporate Finance

Graham Saxton - Assistant Director, Financial Services

Approvals obtained on behalf of Statutory Officers:-

	Named Officer	Date
Chief Executive	Sharon Kemp	07/06/21
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	02/06/21
Head of Legal Services (Monitoring Officer)	Stuart Fletcher	02/06/21

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