

## Cabinet – 9 December 2020

### Corporate Financial Performance 2020/21 and Covid-19 update

**Portfolio:** Councillor M Bird – Leader of the Council (Lead Portfolio)

**Related Portfolios:** All

**Service:** Finance – council wide

**Wards:** All

**Key decision:** No

**Forward plan:** Yes

#### 1. Aim

- 1.1 To provide the budget monitoring position for 2020/21 including: an updated assessment of the impact of Covid-19 on the council's financial performance; Covid-19 Government funding to address cost pressures and income losses; and actions which may be required to address this position to ensure the council remains on a sound financial footing.

#### 2. Summary

- 2.1 The Council continues to play an active role in the overall national response to Covid-19. Government has to date allocated £47.35m of funding (plus £88.77m of business grants, discounts and local restriction funding) to help support those costs in Walsall, as detailed in **Appendix 1**. As well as the initial costs of funding the council's response, the impact of Covid-19 includes significant loss of income following closure of services and facilities, a significant impact on the council's collection fund and delays to the delivery of approved budget savings as the council has refocused its resources on its response to Covid-19.
- 2.2 This report provides a summary position on the financial impact of known pressures, including Covid-19, on the revenue position for 2020/21, based on best available data, including:
  - (i) Covid-19 - the financial impact of continued income losses and additional general Covid-19 costs, based on a prudent set of assumptions, is a 'reasonable' case impact in the region of c£21.4m and a 'reasonable worse case' of c£27.5m, net of income loss grant. The Covid-19 unringfenced response fund of £27.06m is therefore considered at this point to be sufficient to fund the impact of Covid-19 based on our current assumptions. Further to this, there is further expected spend/collection fund income losses of £15.4m and £88.77m of support packages for businesses, which are

currently expected to be fully covered by specific grants as set out set out in Appendix 1.

- (ii) Covid-19 funding requires careful management to ensure the council is not put under any financial strain, leading to uncertainty about future financial stability.
- (iii) A non Covid-19 revenue underspend forecast of £195k based on the October position, after use of reserves and assuming successful delivery of corrective action plans identified to date.

- 2.3 In relation to the capital programme, the forecast for the council funded capital programme is currently expected to be a marginal overspend of £80k after rephasing of £16.44m into 2021/22, representing no change to the position previously reported to Cabinet on 28 October 2020. Cabinet are also requested to approve amendments to the Capital programme as summarised at 4.17.
- 2.4 This reports sets out a number of actions taking place to ensure the Council outturns in line with budget in 2020/21 and to protect, as far as is possible, its general and earmarked reserves funds, which may be required to support the 2021/22 once the extent of any ongoing financial impact is known.
- 2.5 In summary, the council is able to manage the financial impact in the short term and for 2020/21 providing Covid-19 cost pressures and income losses remain within the 'reasonable worse' case forecasting scenario as set out in this report, however should cost pressures and income losses substantially exceed this, then additional actions will need to be taken.
- 2.6 Regular updates are being provided to Cabinet on the financial implications for Walsall council, including any recommendations for additional actions to be taken to manage the evolving situation.

### 3. Recommendations

That Cabinet:

- 3.1 Note the additional funding allocated to Walsall as set out in sections 4.4 and **Appendix 1** of this report, and that this will be sufficient to cover the additional costs of supporting the council's Covid-19 response in the short term, assuming the current position does not continue beyond current levels and into 2021/22.
- 3.2 Note the forecast impact of Covid-19 to October 2020 as set out in section 4.6 to 4.14 and approve c£2.49m of additional costs in relation to looked after children placements.
- 3.3 Note the forecast non Covid-19 position is an underspend of £195k.
- 3.4 Approve the amendments to the 2020/21 capital programme as set out in section 4.17.
- 3.5 Note financial health indicator performance as set out in **Appendix 3**.

#### **4. Know – Context**

- 4.1 Councils have been operating in an emergency response situation which is unprecedented. The lockdowns and associated measures continue to have a significant impact on the services that the council provides to its residents and services users and how it provides them, and has required implementation of a number of new support measures. Following the two periods of lockdown, there remains uncertainty as to the potential for a further spike in the 'R' Rate and therefore a reintroduction of some lockdown measures.
- 4.2 A national Covid-19 Response Fund, and further support package announced on 2 July 2020 in relation to grant support for lost income, has been made available, however there are still potentially substantial unknown / unconfirmed costs. Regular conversations are being held between Local Authority representative bodies and MHCLG officials to identify the issues facing council's and seeking continued Government support to fund the full cost of the current and any future response required.
- 4.3 In the meantime, the council is still legally required to operate within a balanced budget, to operate within financial controls and to deliver approved budget savings. Inevitably, in order to do this and if Government funding is not provided to fully cover Covid-19 shortfalls, then council's will need to consider other actions short of, and in some cases, including issuing of S114 notices. Whilst Walsall is not considered to be in S114 territory, it will need to take action to address funding shortfalls if further funding or other easements from Government are not forthcoming.

#### **Revenue Forecast 2020/21 - Summary**

##### ***Impact of Covid-19 on the Revenue Forecast 2020/21***

- 4.4 At Budget March 2020 the Chancellor announced a Covid-19 response grant to fund local authority actions to support social care services and vulnerable people; alongside the need for the NHS to treat Coronavirus patients including maintaining staffing levels; and funding to ensure other public services are prepared and protected. The budget report to Cabinet on 28 October 2020 referred to unringfenced grant of £20.42m. The government announced a further £6.64m on 22 October 2020, therefore the adjusted unringfenced allocation for Walsall is £27.06m. The full list of funding sources is provided at **Appendix 1** (total £47.35m, plus business grant support of £88.77m).
- 4.5 Council on 27 February 2020 approved a balanced budget. This is predicated on a number of assumptions that Covid-19 has put at significant risk, including;
- Collection of £127.5m of council tax income, with a council tax base of 71,550 households, and collection of business rates income of £74.6m.
  - Receipt of £41.89m of fees and charges to directly offset the gross cost of services and reduce the cost of services to the council tax payer.
  - Delivery of £8.77m of savings through the Proud Programme.
  - A minimum level of reserves required of £13.55m.

- 4.6 Of the £47.35m specific grant identified at **Appendix 1**, a number are ringfenced grants to specific activity, with £27.06m of this figure being unringfenced Covid response fund / support package. **Table 1** summarises the financial impact of continued income losses and additional Covid-19 costs for the rest of the financial year 2020/21 against the *unringfenced grant*, based on a number of assumptions, with a 'reasonable' case impact being in the region of c£21.4m and a 'reasonable worse' case being c£27.5m, after netting off the expected receipt of £4.88m of income loss grant.

| <b>Table 1: Covid-19 pressures</b>  | <b>Reasonable Case<br/>£</b> | <b>Reasonable Worse Case<br/>£</b> |
|---|------------------------------|------------------------------------|
| Loss of income due to service closures / changes - services covered by income grant         | 4,666,599                    | 6,519,237                          |
| Loss of income - other service closures / changes   | 283,721                      | 283,721                            |
| Loss of income - bad debt provision   | 1,532,000                    | 1,532,000                          |
| Loss of income - dividends and investment returns   | 1,179,600                    | 1,179,600                          |
| Cabinet, Gold and Silver approvals for additional cost pressures – <b>see Appendix 2</b>    | 4,503,509                    | 4,503,509                          |
| Forecast additional costs - subject to Gold / Cabinet approval                              | 4,640,994                    | 10,648,075                         |
| Additional costs arising from Covid-19 delay in the achievement of 2020/21 approved savings | 7,733,298                    | 7,733,299                          |
| <b>Total pressures to date</b>  | <b>24,539,722</b>            | <b>32,399,441</b>                  |
| Government grant expected for loss of income  | -3,117,639                   | -4,877,684                         |
| <b>Total pressures to date net of expected grant for loss of income</b>                     | <b>21,422,084</b>            | <b>27,521,757</b>                  |

- 4.7 The Covid-19 response fund and other known ringfenced grant allocations are expected to be sufficient to fund the impact of Covid-19 based on the 'reasonable worse case' scenario above, based on current and known assumptions. Covid-19 funding requires careful management to ensure the council is not put under any financial strain, leading to uncertainty about future financial stability.

- 4.8 The assumptions in relation to each scenario is set out below.

*Reasonable Case Assumptions:*

Continued loss of fees and charges income on the basis that most fee based services resume fully from August to October, and then from December, but that usage will not return back to normal pre Covid demand levels for some time (assumes up to 50% continued reduction). Further likely costs include the following:-

- Social Care – additional PPE costs above those funded from grant;
- Home to school transport;
- Children's – increased number of looked after children and support costs;
- Continued increase in disposal costs for co-mingled waste;
- ICT costs to support home and agile working arrangements;

- Increased pressure on the Hardship Fund;
- £7.7m of approved savings delayed, resulting in savings being implemented and cashed in 2021/22 rather than 2020/21.

*Reasonable Worse Case – based on the scenario above plus the following assumptions:*

Further costs for the following -

- Further loss of income / income base (additional 25%);
- Further support to the social care market – further social worker resources to clear backlog of assessments / review of clients shielded; domiciliary care costs; hospital discharge costs; care home closures;
- Children's - Increased looked after children costs; translation and legal costs;
- Money Home Job – further loss of court income, overpayment income and discretionary housing payment income;
- Economy, Environment & Communities – further loss of investment income and planning application income.

#### Loss Of income

- 4.9 As reported previously to Cabinet, the council is facing significant reductions in sources of income, for example from currently closed services such as leisure and car parking and traded services income from schools. Given councils' reliance on this income, the ability to balance the budget beyond the short term will be extremely challenging, as whilst Government has made a commitment to funding some of the income losses, it is not covering all of them.
- 4.10 The government announced a new scheme on 2 July 2020 to reimburse lost income during the pandemic and boost cash flow. Where losses are more than 5% of a council's planned income from sales, fees and charges, the government will cover 75p in every pound lost. The first return was submitted to MHCLG on 29 September 2020 for the period April to July 2020 and we received confirmation of receipt on 19 November 2020 of £1.27m. The expectation is for 2 further claims to be submitted for the remainder of the year. Based on current assumptions, we anticipate between c£3.1m and c£4.88m will be recovered for the year. This grant has been netted off the costs/income loss pressures to show the net pressure to be funded from the unringfenced Covid-19 response fund grant.

#### Additional Cost Pressures

- 4.11 On the expenditure side, most costs will remain. For example, the Government's Coronavirus Job Retention Scheme enabling employees to be furloughed, does apply to Walsall as we receive "public funds" which are expected to be used to continue to pay staff. Indeed, there are significant additional costs associated with our Covid-19, including staffing, support to residents and council tax payers and businesses and support to the elderly and vulnerable particularly in relation to adult social care and children's.
- 4.12 Total approvals to date of unbudgeted costs expected to be incurred are £4.7m of which £4.5m have been committed as set out in **Appendix 2**. Of the £4.5m committed, £3.39m has been spent as at September 2020. A further £4.64m of

anticipated costs are currently expected, pending approval under the 'reasonable case' scenario. The 'reasonable worse case' scenario additionally includes a further £6m of pressures in line with the assumptions set out within 4.8 above. The Covid-19 register includes c£2.49m of additional costs for 2020/21 in relation to looked after children placements and Cabinet is recommended to note and approve these additional costs, which are contained within the scenario figures within this report.

#### Walsall Proud Programme (WPP) Savings

- 4.13 The 2020/21 budget is predicated on delivery of £8.77m from the Proud Programme to be delivered from adopting new ways of working across the council, significantly enhancing our enabling technology capabilities, and improving our service efficiency and performance. Planned activities within the Walsall Proud Programme (WPP) have been reviewed in order to determine those activities which can continue and those which are likely to be delayed as the council responds to the Covid-19 situation.
- 4.14 As part of this review, an assessment of the financial impact has also been undertaken in relation to those work streams due to deliver savings in 2020/21. As reported in September, the current assumption is that up to £7.73m of savings will now be delivered in 2021/22 as a direct result of Covid-19, however action is currently in hand to prioritise those savings which may be able to be delivered earlier. The impact arises in the main from: a refocus of programme resource into managing the council's Covid-19 response: inability to generate fee and charge increases due to facility closures, and an inability to commence consultation on a number of organisational redesigns.

#### **Revenue Forecast 2020/21 - Service Pressures**

- 4.15 Walsall Council has a track record of managing financial pressures and action has been taken to mitigate current and future cost pressures, however demand pressures in an authority of this size will always arise. The current council wide forecast of non –Covid-19 pressures shows a forecast underspend of £195k to budget (as at end October 2020). Any on-going pressures identified and not addressed in year will need to be considered as part of the 2021/22 budget process. Work continues to address these areas of pressure by year-end. The forecast is summarised by directorate in **table 2** below:

| <b>Table 2: forecast revenue analysis 2020/21 by directorate – non covid-19</b> |                          |                                     |  |
|---|--------------------------|-------------------------------------|--|
| <b>Directorate</b>  | <b>Net Budget<br/>£m</b> | <b>Year end<br/>forecast<br/>£m</b> | <b>Oct<br/>Forecast<br/>Variance to<br/>Budget<br/>(Under) /<br/>Over<br/>£m</b> |
| Adult Social Care   | 63.63                    | 63.33                               | (0.30)   |
| Children's Services   | 66.37                    | 66.52                               | 0.15   |

|                                      |               |               |               |
|--------------------------------------|---------------|---------------|---------------|
| Economy, Environment & Communities   | 36.35         | 36.49         | 0.14          |
| Resources & Transformation           | 27.08         | 26.90         | (0.18)        |
| <b>Services Position</b>             | <b>193.43</b> | <b>193.24</b> | <b>(0.19)</b> |
| Capital Financing                    | 17.70         | 17.70         | 0.00          |
| Central budgets                      | (83.58)       | (83.58)       | 0.00          |
| <b>Total council tax requirement</b> | <b>127.55</b> | <b>127.36</b> | <b>(0.19)</b> |

- 4.16 A number of significant risks and pressures have emerged during 2020/21 that have required action to be taken to limit the Council's exposure. These are being managed via a combination of one-off actions (use of earmarked reserves, use of one-off grant) and ongoing actions (review of existing budgets and realignments where feasible). The main pressures within services have been reported previously and an update of the main variances in each Directorate is detailed below. Work continues to mitigate these areas of pressure by year-end.

#### Adult Social Care - (£0.30m)

- £1.29m – total Procure to Pay saving carried forward from 2019/20 of £1.294m identified as undeliverable. Work to identify mitigating actions including a review of existing provider payments underway and is being managed via ASC Finance and Performance Committee. This is currently offset by one-off funding as a result of COVID. For future years the saving is expected to be achieved through the payment audit process.
- £624k – Late delivery of the Walsall Proud Programme saving relating to benefits maximisation (Income generation) from a total of £0.99m - the remaining £0.37m is offset via Covid-19 reserve due to an initial delay in the project due to Covid-19. The saving is expected to be delivered in full in 2021/22.
- (£1.93m) – Care package underspend as a result of one off income to support Covid related hospital discharges and a net decrease in total projected costs for care packages,
- (£250k) – Additional Walsall CCG income due to revised Section 117 charges
- £146k – Shortfall of Goscotec centre income and the impact of discharge to assess costs partially offset by an under spend on staffing costs due to vacant posts and reduced travel allowances.
- (£114k) - Release of rapid response mainstream budget as a result of decreased demand within the service.

#### Children's Services – £0.15m

- £943k - home to school transport pressure, primarily resulting from an estimated increase in out of borough demand;
- £56k Increased demand for taxis for children in care;
- £204k - due to an increase in the number/mix of young people placed in care;
- £50k - within the Regional Adoption Agency (RAA), due to a historic interagency fee invoice and an increase in contributions payable to the RAA;

- (£152k) Underspend within Children's Social Care, primarily relating to staffing following successful recruitment drives resulting in less agency staff being used;
- (£602k) Use of central action plan to mitigate overspends detailed above;
- £20k Benefits overspend arising from increased bad debt of £250k, computer expenditure £115k, surplus income (£387k) HB overpayments, salaries £69k and under on general supplies (£27k);
- (£106k) First Stop Shop and revenues underspend on salaries and supplies;
- (£275k) Supported Housing underspend on supplies, surplus income due to additional rent received and salary underspends.

#### *Economy, Environment and Communities - £0.14m*

- (£269k) - Clean & Green - The major reason is a (£292k) underspend in staffing costs due to vacancies, partially offset by a pressure of £70k relating to the Head of Service post (shown below), in addition there is (£45k) underspend in employee allowances. Vehicle related expenditure is forecast to be under spent by (£88k) mainly tyres and fuel due to reduced vehicle usage and lower fuel prices. Management fees at the HWRC are forecast to be (£40k) under spent due to reduce fees covering extended opening hours.
- £315k – Ongoing pressure due to non-achievement of planning income (non Covid-19 related).
- (£150k) - use of external funding to offset programmes highways maintenance spend
- £430k –the impact on the current Head of Service budgets being used to support the senior management redesign, the costs of the 2 interim directors and the interim Head of Planning
- (£207k) – overachievement of income in Bereavement Services, offset in part by unachievable saving £4k
- £196k - under achievement of active living income due to previous year's ongoing pressure £82k and the additional £100k identified maintenance costs and other small overspends £14k.
- (£140k) - Ongoing pressure from part non achievement of prior years' libraries saving - £28k, offset by vacant posts being held in service (£108k) and the underspend from the book fund (£60k)
- (£96k) – vacancies being held in Communities and Partnerships

#### *Resources and Transformation – (£0.18m)*

- £136k Soft IFM – Additional costs on Cleaning, Caretaking and Catering as well as under recovery of income until 31st March 2020. Partially offset by holding vacancies within wider Soft IFM, reduced supplies and services costs within Catering.
- (£60k) Asset Management – Over recovery of income (£0.060m) and over on
- (£166k) ICT – Salary underspends identified and vacant posts not expected to be recruited to in 2020/21.
- (£70k) HR – Vacancies not expected to be recruited into 2020/21.

#### ***Capital Programme 2020/21***



- 4.17 The capital programme for 2020/21, as reported to Cabinet on 28 October 2020 was £187.82m. **Table 3** overleaf summarises amendments made to date, resulting in a revised programme of £208.64m. Cabinet are requested to approve these amendments.

| <b>Table 3: Amendments to Capital Programme 2020/21</b>                                       |               |
|---|---------------|
| <b>Project</b>  | <b>£m</b>     |
| <b>Capital programme 2020/21 per Cabinet 28 October 2020</b>                                  | <b>187.82</b> |
| <b>Council Funded</b>   |               |
| Strategic acquisition of property at Middlemore Lane to support the waste management strategy | 8.55          |
| Workshop breakdown van.   | 0.07          |
| Security arrangements for corporate buildings   | 0.13          |
| <b>Externally Funded</b>  |               |
| Getting Britain Building Fund   | 9.78          |
| Towns Fund Accelerated Funding  | 1.50          |
| BCLEP Reinvestment Digital Fund   | 0.39          |
| Better Streets Fund   | 0.04          |
| Bentley Greenway Footpath Improvements  | 0.15          |
| Emergency Active Travel Tranche One   | 0.21          |
| <b>Revised capital programme 2020/21</b>  | <b>208.64</b> |

- 4.18 There have been no further amendments to the programme, and we continue to forecast a marginal overspend of £80k (after the rephasing of £16.44m into 2021/22) within Economy, Environment and Communities on the Oak Park scheme, who have been requested to contain within existing resources.

### ***Financial Health Indicators***

- 4.19 **Appendix 3** contains financial health indicator performance as at quarter 2 as at 30 September 2020. Management of Resources for Revenue and Capital have both been updated to show the position as at 31 October 2020. The primary purpose of these is to advise Cabinet of the current financial health of the authority in order to provide assurance to them in their role. The indicators cover a number of areas as follows:

#### ***Treasury Management***

- 4.20 The indicators show the actual borrowing and investment rates for 2019/20 and the forecast for 2020/21 against set targets. Proactive and robust management of the council's debt and investment portfolios is forecast to result in positive variances against the financial health indicator targets for 2020/21.

#### ***Balance Sheet***

- 4.21 This details ratios for the last 4 financial years 2015/16, 2016/17, 2017/18, 2018/19 and post-audit figures for 2019/20 which show the liquidity of the authority.

#### *Revenue performance*

- 4.22 This section shows collection rates for council tax and business rates, the average number of days to collect sundry debt and the number of days to process creditor payments for 2019/20 and the performance against profile for 2020/21. Sundry debt collection is better than the target by 4 days with performance in relation to the processing of creditor payments below target by 1 day. Council tax collection is just short of the target with business rates showing a small over achievement against target.

#### *Management of Resources*

- 4.23 This section details the outturn position for 2019/20 (post audit) and 2020/21 year-end forecast for revenue and capital, which is based on the financial position as at 31 October 2020. The revenue forecast for 2020/21 is an underspend of £195k after successful delivery of corrective action plans.
- 4.24 Mainstream capital (funded from the council's own resources) as at 30 September 2020 is forecast to be on budget after rephasing of £16.44m into 2021/22. Capital receipts are currently forecast to achieve the target as set out, but this is dependent on timing and market conditions.

#### ***Prudential Indicators***

- 4.25 Prudential indicators are referred to in the 'Treasury Management Mid-year position' report on the agenda for this meeting.

#### **Council Corporate Plan Priorities**

- 4.26 The councils financial strategy and annual budget process is designed to ensure that resources follow council priorities as set out in the Corporate Plan. Covid-19 creates risk, in that resources may need to be redirected to support the council's response, if Government funding is insufficient to fully cover both the direct (additional costs pressures, loss of income) and indirect costs (cost of reset and costs arising from delays in savings delivery due to the need to refocus on our Covid-19 response. Regular dialogue is being held with MHCLG officials to seek full recovery of costs.

#### **Risk Management**

- 4.27 Managers are required to deliver service and improvement targets on time, to standard and within budget. The resource allocation process is governed by the overarching Medium Term Financial Strategy. Risk management is an integral part of this activity and is embedded in budget preparation, monitoring and forecasting to enable potential variances and risks to be identified early and addressed.

- 4.28 The council is, however, having to make decisions that have a significant financial impact without a guarantee that the costs will be fully compensated for by the Government. The most obvious financial risk is therefore that the council will, if it is not fully reimbursed for all of its direct and indirect costs, overspend its 2020/21 budget, and deplete its general reserves.
- 4.29 The short term risk of this is being managed through close management and reporting of costs, loss of income, and indirect impacts such as the delay in delivery of approved budget savings through Cabinet/Gold/Silver Control meetings as appropriate.
- 4.30 The 2020/21 budget and level of operating reserves were set following a robust financial risk assessment. The level of reserves can only be set based on a set of realistically foreseeable or predicted parameters, and was judged to be sufficient for all but the most unusual of events. Due regard is made to the strategic and operational risks facing the council. Some of these relate to the current economic condition, others to potential regulatory or national issues, which may have a local impact. A global pandemic was clearly not part of that assessment and therefore our reserves, should Government not fully recompense the council for all the direct and indirect costs of Covid-19, would be only just sufficient to provide a cushion to avoid an overspend situation in the 'reasonable worse case' scenario, however general reserves in this scenario would essentially be wiped out and would require replenishment during the 2021/22 budget setting process – putting additional significant pressure on an already challenging position.
- 4.31 As well as financial risk, the council maintains a register that highlights key themes of organisational risk (this is not risks to the community from Covid-19 or Reset) which is reported to Audit Committee as part of their annual work programme. The Strategic Risk Register (SRR) has been reviewed and amended to reflect the impact of Covid-19. The SRR has been reported to CMT and Audit Committee. Risks to the organisation and forecast were set out in previous Cabinet reports.

### **Financial Implications**

- 4.32 The financial implications are as set out in the main body of this report. The total final cost of Covid-19 is unknown at this stage, although a range has been identified and is contained within this report. It is currently estimated that the majority of costs for 2020/21 may be accommodated within the initial Covid-19 Response Funds in the 'reasonable worse' scenario, although there remains considerable uncertainty about future impact. Monthly returns are being provided to MHCLG of cost projections.
- 4.33 In addition to the implications for the 2020/21 budget, Covid-19 may significantly impact on the council's reserve levels, with knock-on implications on the council's ability to set budgets for 2021/22 and future years. This remains under review. A specific assurance on the Government's plans to compensate for such losses would be welcomed by council's to ease this burden.

- 4.34 The council has a statutory responsibility to set a balanced budget and to ensure it has an adequate level of reserves. The council will take a medium term policy led approach to all decisions on resource allocation.

### **Legal implications**

- 4.35 The council is required to set and operate within a balanced budget. Section 114 of the Local Government Finance Act 1988 requires the chief finance officer (CFO), in consultation with the council's monitoring officer, to make a report under this section if it appears to him or her that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure. In practice, this is most likely to be required in a situation in which reserves have become depleted and it is forecast that the council will not have the resources to meet its expenditure in a particular financial year.
- 4.36 This mechanism, however is impractical and should be avoided, as issuing a S114 notice requires all non statutory spend to cease immediately, a situation which would just exacerbate the current situation. Assurance from Government that it will cover all direct and indirect costs of Covid-19 is therefore essential to allow council's to manage their legal obligations and maintain financial stability going forwards.
- 4.37 CIPFA's guidance to CFO's has been modified to allow councils under budgetary pressure due to Covid-19 the time and space to explore alternatives to freezing spending via a S114 notice. The temporary modifications to guidance proposed by CIPFA would mean that it should not normally be necessary for S.114 notices to be issued while informal discussions with government are in progress. The institute has proposed two specific modifications:
- At the earliest possible stage a CFO should make informal confidential contact with MHCLG to advise of financial concerns and a possible forthcoming S114 requirement.
  - The CFO should communicate the potential unbalanced budget position due to Covid-19 to MHCLG at the same time as providing a potential S114 scenario report to the Council's Executive (Cabinet) and the External Auditor.
- 4.38 The council will have due regard to its statutory responsibilities in proposing any changes to service provision and its statutory responsibilities in relation to setting a balanced budget.

### **Procurement Implications / Social Value**

- 4.39 A number of goods and services, such as PPE, are currently being procured and procurement colleagues are working closely with services to ensure this is done in an agile, but compliant manner.

### **Property implications**

- 4.40 Many council premises are currently either closed or open with restricted access to essential workers.

## **Health and wellbeing implications**

- 4.41 This report is prepared with consideration of health and wellbeing implications.

## **Staffing Implications**

- 4.42 There have been significant implications for staff and how they support delivery of services. Many are having to adapt to new ways of working, particularly home working. There are opportunities to review our future ways of working as part of 'reset'.

## **Reducing Inequalities**

- 4.43 The 2010 Equality Act lays a requirement to have due regard to the equality impact when exercising its function. As a public body, the council is required to comply with the Public Sector Equality Duty (PSED), as set out in the Equality Act, 2010. The PSED requires the council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. Failure to meet these requirements may result in the council being exposed to costly, time-consuming and reputation-damaging legal challenges.

## **Consultation**

- 4.44 The report is prepared in consultation with the s151 Officer, relevant managers and directors. Comprehensive consultation will be undertaken during the budget process and feedback used to inform final decisions.

## **5. Decide**

- 5.1 To approve the recommendations as set out in this report.

## **6. Respond**

- 6.1 Following Cabinet's consideration and approval, the S151 Officer will ensure implementation of the recommendations.

## **7. Review**

- 7.1 Regular monitoring reports will be presented to Cabinet to inform them of the impact of Covid-19 and the forecast for 2020/21, including an update on risks and impact on the budget for 2021/22 and beyond.
- 7.2 Budget proposals will be presented to Cabinet, and implemented following approval of the budget by Full Council in February 2021.

**Background papers:** Various financial working papers.

**Author:**

Vicky Buckley – Interim Director of Finance, Corporate Performance Management and Corporate Landlord, ☎ 07983 604698, ✉ [Vicky.Buckley@walsall.gov.uk](mailto:Vicky.Buckley@walsall.gov.uk)

Signed:



**Deborah Hindson**  
**Interim Executive Director of Resources**  
**and Transformation (S151 Officer)**

09 December 2020

Signed:



**Councillor M Bird**  
**Leader of the Council**

09 December 2020

**Appendices: -**

- 1** Covid-19 Funding.
- 2** Cabinet, Gold and Silver control approvals.
- 3** Financial Health Indicators – Qtr 2

## Appendix 1: Covid-19 funding

| Unringfenced grant   | National share<br>£bn | Walsall share<br>£ |
|--|-----------------------|--------------------|
| COVID-19 Response Fund tranche 1 – LA element (announced 19 March) <b>confirmed and unringfenced</b> | 1.600                 | 9,609,338          |
| COVID-19 Response Fund tranche 2 – LA element (announced 18 April) <b>confirmed and unringfenced</b> | 1.600                 | 7,871,766          |
| COVID-19 Support Package tranche 3 (announced 2 July) <b>confirmed and unringfenced</b>              | 0.494                 | 2,940,149          |
| COVID-19 Support Package tranche 4 (announced 12 October) <b>confirmed and unringfenced</b>          | 0.919                 | 6,643,519          |
| <b>Total Unringfenced Grant</b>  |                       | <b>27,064,772</b>  |

| Loss of income Grant  | National share<br>£bn | Walsall share<br>£     |
|---|-----------------------|------------------------|
| Scheme to cover council's lost income (announced 2 July) <b>unconfirmed and unringfenced</b><br><i>First claim (April – July) submitted Sept 2020, confirmed 19 Nov</i><br><i>Forecast recoverable income for the remainder of the year - estimated</i> |                       | 1,273,050<br>3,605,012 |
| <b>Total loss of income Grant</b>   |                       | <b>4,878,062</b>       |

| Ringfenced grant  | National share<br>£bn | Walsall share<br>£ |
|---|-----------------------|--------------------|
| COVID-19 Support Package (announced 2 July) for Asylum seeking children <b>unconfirmed and unringfenced</b>   | 0.006                 | TBC                |
| Hardship Fund   | 0.500                 | 3,879,239          |
| Test and Trace support payments (announced 30 September) <b>confirmed and ringfenced</b>  |                       |                    |
| National payments - cost of payments to applicants  | 0.025                 | 153,500            |
| Discretionary payments  | 0.015                 | 92,107             |
| Grant for admin of scheme   | 0.010                 | 42,841             |
| Local Authority Emergency Assistance for food & essential supplies (announced 10 June) <b>confirmed and ringfenced</b>  | 0.063                 | 420,523            |
| Emergency fund for rough sleepers to self isolate (£3.2m)   | 0.003                 | 4,501              |
| Infection Control Fund – care home support (announced 15 May) <b>confirmed and ringfenced</b>   | 0.600                 | 2,288,564          |
| Infection Control Fund 2 – care home support (announced 23 September) <b>confirmed and ringfenced</b>   | 0.546                 | 2,342,514          |
| Test and trace services (announced 22 May) <b>confirmed and ringfenced</b>  | 0.300                 | 1,650,559          |
| Reopening High Streets Safely Fund (announced 24 May) <b>confirmed and ringfenced</b>   | 0.050                 | 253,601            |
| New Burdens Funding (announced 29 May) <b>confirmed and ringfenced</b> (£0.45m)   | 0.000                 | 2,152              |
| Business Rates admin new burden funding   |                       | 170,000            |
| Emergency Action Travel Fund (announced 29 May) <b>confirmed and ringfenced</b>   | 0.200                 | 255,000            |
| Next Steps Accommodation Programme (interim accommodation & support) - Rough sleepers (announced 24 June) <b>confirmed and ringfenced - Walsall not submitted any bids due to additional homelessness funding</b> | 0.100                 | 0                  |
| Next Steps Accommodation Programme (long term accommodation) - Rough sleepers (announced 20 May) <b>unconfirmed and ringfenced</b>  | 0.161                 | 157,794            |
| Home to school and other transport funding (announced 8 August) <b>unconfirmed and ringfenced</b>   | 0.040                 | TBC                |
| Wellbeing for Education funding (announced 12 August) <b>confirmed and unringfenced</b>   | 0.008                 | 40,416             |
| Local authority compliance and enforcement grant (announced 8 October) <b>confirmed and ringfenced</b>  | 0.030                 | 184,093            |
| Contain Outbreak Management Fund  |                       |                    |
| Local restriction tier 2 £3/head - <b>confirmed and ringfenced</b> *  |                       | 856,434            |
| Local restriction tier 3 £5/head - <b>unconfirmed and ringfenced</b> *  |                       | 1,427,390          |
| Council Leisure Centre Support (announced 22 October) - <b>unconfirmed and ringfenced</b>   | 0.100                 | TBC                |
| Domestic Abuse Capacity Building Fund (announced 5 October) <b>unconfirmed and ringfenced</b>   |                       | 50,000             |
| Winter support package (announced 8 November) <b>unconfirmed and ringfenced</b>   | 0.170                 | 1,134,746          |
| Administration of fixed penalty notices (announced 10 November) <b>unconfirmed and ringfenced</b>   |                       | TBC                |
| <b>Total Ringfenced Grant</b>   |                       | <b>15,405,973</b>  |

|   |  |                   |
|---|--|-------------------|
| <b>Total unringfenced and ringfenced grants for Walsall (excluding support to businesses)</b> |  | <b>47,348,807</b> |
|---|--|-------------------|

| Support for Businesses  | National share<br>£bn | Walsall share<br>£ |
|---|-----------------------|--------------------|
| Grants to Businesses  |                       | 53,554,000         |
| Expanded retail discount  |                       | 24,950,669         |
| Nursery discount  |                       | 109,168            |
| Local Restrictions Support Grants (Closed) (announced 5 November) <b>confirmed and ringfenced</b> for businesses forced to close during lockdown 5 Nov - 2 Dec 2020 |                       | 3,952,404          |
| Additional Restrictions Support Grants (Open) (announced 5 November) <b>confirmed and ringfenced</b> for businesses open but impacted on national restrictions      |                       | 499,968            |
| Additional Restrictions Support Grant (announced 5 November) <b>confirmed and ringfenced</b> for discretionary grants to businesses                                 |                       | 5,709,560          |
| <b>Total Support for Businesses</b>   |                       | <b>88,775,769</b>  |
| <b>Walsall Council Funds (including support to businesses)</b>  |                       | <b>136,124,576</b> |

- Covid-19 Response Fund / Support Package** (£27.06m) - The Prime Minister on 12 October announced that the government would provide local authorities across England with around £1bn of new financial support. Of this, a package of £919 million was announced on 22 October 2020 by the Secretary of State as further un-ringfenced funding to respond to spending pressures. Walsall's allocation is £6,643,519, which includes a retrospective adjustment to previous allocations, bringing the cumulative allocation in line with the formula used in the 3<sup>rd</sup> tranche based on relative needs. Total allocation for Walsall over 4 tranches is £27,064,772.
- Grant for reimbursement of lost income** (£4.88m) - a new scheme announced on 2 July 2020 to reimburse lost income during the pandemic and boost cash flow. Where losses are more than 5% of a council's planned income from sales, fees and charges, the government will cover 75p in every pound lost. Further guidance was published on 24 August 2020 alongside the return. The first return was submitted to MHCLG on 29 September 2020 for the period April to July 2020 – confirmed reimbursement of £1.27m. The expectation is for 2 further claims to be submitted for the remainder of the year – estimated at £3.61m.
- Hardship Fund** (£3.88m) - £500m Hardship Fund for local authorities to support hardship in their local area. Although it is for each authority to make its own determination in respect of any hardship relief scheme the guidelines state that the government expects each local authority to reduce the council tax liability of each working age council tax claimant by £150, or to zero if the total liability is less than £150. Walsall has allocated £3.38m of this funding to reduce council tax liability for working age claimants as at September 2020.
- Test and Trace Support payments** (£0.29m) – On 30 September 2020, the government announced that people will be required by law to self-isolate from 28 September 2020, supported by a payment of £500 for those on low incomes who cannot work from home and have lost income as a result, and who meet the criteria of the scheme. These payments are administered by unitary authorities and district councils, which are on top of any benefits and statutory sick pay (SSP) that they currently received.



- **Local Authority Emergency Assistance for food and essential supplies** (£0.42m) - Funding for councils in England of £63m was announced on 10 June. This is to help those who are struggling to afford food and other essentials due to Covid-19. The funding is a one-off contribution for the 2020/21 financial year. This funding has been used to fund food parcels, essential supplies, shielding and help to those with no recourse to public funds.
- **Emergency fund for rough sleepers to self isolate** (£0.004m) - Rough sleepers, or those at risk of rough sleeping will be supported by £3.2m of initial emergency funding if they need to self-isolate to prevent the spread of coronavirus (COVID-19). The funding will be available to all local authorities in England and will reimburse them for the cost of providing accommodation and services to those sleeping on the streets to help them successfully self-isolate.
- **Infection Control Fund** (£4.63m) – Funding announced by Department of Health and Social Care. 75% of initial funding has been passed directly to care homes for use on infection control, the remaining 25% is also be used for infection control but LA's can allocate based on need. Local authorities should also publish on their websites their rate uplifts and other extra funding they are making available to care providers e.g. cash flow support etc.

The Health Secretary announced an extension to the infection control fund on 17 September. A further £500m of funding will be made available but no individual authority allocations have been received. The funding will be paid in 2 tranches. The first will be paid to local authorities on 1 October 2020 and remainder in December 2020. The funding was estimated at £1,907,137 in the report to Cabinet on 28 October, so an additional £435,377 is included above.

It is to be spent based on 'per bed' and 'per user' basis as registered with Care Quality Commission Sept '20. 80% (£1,874,011) is required to be passported to care homes within the LA area on a 'per bed' basis, and to CQC regulated community care providers within the LA area on a 'per user' basis, including to social care providers with whom the LA does not have existing contracts. 20%, £468,503 must be spent by the LA on the funding of support to the care sector on other COVID-19 infection control measures.

ICF 1 allocation was £2,288,564 – 75% (£1,715,930) to residential and nursing providers, and 25% (£572,634) to share across domiciliary care providers based on their number of packages at a given point, in accordance with the relevant Grant conditions.

- **Test and trace services** (£1.65m) - On 22 May the Government announced £300m additional funding for local authorities to support them to develop and action their plans to reduce the spread of the virus in their area as part of the launch of the wider NHS Test and Trace Service. This funding is to enable local authorities to develop and implement tailored local Covid-19 outbreak plans through for example funding the recruitment of additional staff where

required. Cabinet on 17 June delegated authority to the Director of Public Health to manage this as part of the Walsall Outbreak Plan.

- **Reopening High Streets Safely Fund (£0.25m)** - On 24 May the government announced a Reopening High Streets Safely Fund. This will provide £50m of funding for English local authorities to prepare for the reopening of non-essential retail. This funding is intended to support a range of practical safety measures including new signs, street markings and temporary barriers. Local authorities will also be able to use this money to develop local marketing campaigns to explain the changes to the public and reassure them that their high streets and other commercial areas are safe.
- **New Burdens funding (£0.17m)** - MHCLG recognises that implementing new business rates measures will place some additional burden on billing authorities and confirms that it will provide New Burdens funding to cover matters such as IT costs, additional staff costs and rebilling.
- **Emergency Action Travel Fund (£0.26m)** - On Friday 29 May the government issued allocations for local authorities of the Emergency Active Travel Fund across England - £17.23m to be allocated to West Midlands Combined Authority (£3.45m in tranche 1 and £13.79m in tranche 2). TfWM announced on 26 June that the West Midlands were successful in their application for Tranche 1, with an allocation of £3.85m being granted from DfT for our ambitious emergency active travel programme. The funding is being used on a wide range of rapid schemes, including pop-up cycle lanes and pavement widening, as well as on activation and communication activities. Walsall's element was confirmed in a funding offer letter on 7 July 2020.
- **Next Steps Accommodation (£0.16m)** – in May, the Secretary of State announced £161 million for 2020/21 (as part of an overall £433 million for the lifetime of this parliament) to deliver 3,300 units of longer-term, move-on accommodation. The fund was open to bids from local authorities and on 20 October 2020 we received notification from MHCLG that following the assessment and moderation of our submission that the bid of £157,794 revenue (and £91,698) capital is minded to be supported by MHCLG to progress to a further stage of due diligence.
- **Home to school and other transport funding (TBC)** - On 8 August, the Department for Education and the Department for Transport announced £40m funding for transport authorities (West Midlands Combined Authority for Walsall) to provide new dedicated school and college transport in the Autumn term. This will provide an alternative to public transport, supporting the government's policy for children and young people to return to full time education in September whilst allowing for social distancing measures. Detailed guidance will follow to authorities, along with allocations made on the basis of numbers of children and young people in the area and how far they have to travel. Local authorities will also be asked to work with providers to support 16-19 year olds.

- **Wellbeing for Education funding** (£0.04m) - On 12 August, the Department for Education announced £8m of grant to support the Wellbeing for Education Return project which seeks to better equip education settings to support pupils and students' wellbeing and psychosocial recovery as they return to full-time education this autumn. Walsall's allocation is £0.04m, based on the number of state-funded education settings in their local authority area.
  - The Department's anticipate that local authorities use the funding provided to:
  - Adapt the Wellbeing for Education Return training package, which will be shared with local authorities in September, to include local context and information about local services.
  - Make accessible, and deliver, the adapted Wellbeing for Education Return training package to all state-funded education settings in their area in the first half of autumn term 2020.
  - Provide ongoing support to all state-funded settings in their area, on promoting and supporting mental health and wellbeing over the next 6 months.
- **Local authority compliance and enforcement** (£0.18m) - On 25 September, as part of the Winter Economy Plan, the Chancellor announced £60m funding for enforcement and compliance including Covid marshals. This followed the latest regulations which require councils to enforce the requirements for businesses in respect of Test and Trace.
- On 8 October, the equal split of this funding between police and local authorities, £30m each, was announced. The funding is ringfenced for the purpose of compliance and enforcement of measures to control the spread of COVID-19. Activities include support to encourage and aid compliance for the public and businesses, to aid awareness and understanding of the regulations, and other activities associated with enforcement (e.g. issuing prohibition notices, fixed penalty notices, or bringing legal proceedings).
- **Contain Outbreak Management Fund** (£2.28m) - Upper tier Local Authorities in England will receive a one-off payment of £8 per head, worth £465 million overall (including a £20 million supplementary fund), to support local test, trace and contain activities as well as wider measures to protect public health and local economies. Where councils have already received some funding from the Contain Outbreak Management Fund (COMF) this will be increased to the maximum of £8 per head of population.
- Councils which are already in local Covid alert level: "very high" have already received their one off £8 per head payment and will not receive additional Contain Outbreak Management Funding to that already agreed.
- Prior to the new national lockdown, Walsall was at alert level high and was expecting payment of £3 per person – **payment of £856,434 received on 5 November**, which is based on ONS UK mid-year estimate population figures 2019 of 285,478. Due to the new national lockdown, Walsall's will now receive a further £5 per head, resulting in a revised allocation of **c£2,283,824** subject to confirmation.

- **Council Leisure Centre Support** (TBC) - Department for Digital, Culture, Media and Sport confirmed on 22 October 2020 that £100m will be used to introduce a new fund which will support Council leisure centres most in need. We await further details of the scheme and any impact for Walsall.
- **Domestic Abuse Capacity building Fund** (£0.05m) - Announced by MHCLG on 5 October, the Domestic Abuse Bill includes a new duty on Tier 1 local authorities to assess the need for and commission support to victims and their children in domestic abuse safe accommodation in England. Subject to the successful passage of the bill, the new duty will come into force in April 2021.

The £6 million Domestic Abuse Capacity Building Fund aims to help ensure local authorities can undertake early planning and preparation work ahead of implementation of the new duty. This fund will be allocated equally across Tier 1 local authorities in England, at £50,000 each. Tier 1 authorities are encouraged to start conversations with local experts to consider how the expected new duty will be delivered locally. Local experts and specialists include local domestic abuse sector partners, organisations supporting child victims, safe accommodation service providers, local Police and Crime Commissioners and key statutory agencies, such as health commissioners and adult and children's social care.

- **Winter Support Package** (£1.13m) - *New winter package to provide further support for children and families* – announced on 8 November by the Department for Work and Pensions.

£170m Covid Winter Grant Scheme to support children, families and the most vulnerable over winter. The indicative allocation is **£1,134,745.58** for Walsall, subject to Treasury approval. The funding will be ring-fenced, with at least 80% earmarked to support with food and bills, based on population, weighted for deprivation, and will cover the period to the end of March 2021. Local Authorities will receive the funding at the beginning of December 2020. It will allow councils to directly help the hardest-hit families and individuals, as well as provide food for children who need it over the holidays. Local councils understand which groups need support, and are best placed to ensure appropriate holiday support is provided – which is why they will distribute the funds, rather than schools, who will continue providing meals for disadvantaged children during term-time.

Holiday Activities and Food programme to be expanded, covering Easter, Summer and Christmas in 2021. This has provided healthy food and enriching activities to disadvantaged children since 2018, and will be expanded across England next year, at a cost up to £220m. It will be available to children in every local authority in England, building on previous programmes – including this summers, which supported around 50,000 children across 17 local authorities.

Healthy Start payments set to rise from £3.10 to £4.25 a week from April 2021. This scheme supports pregnant women or those with children under four who

have a low income and are in receipt of benefits to buy fresh fruit and vegetables. This will help people boost the long-term health of their children.

Suite of measures represents long-term plan to help tackle poor health, hunger and education. The Government has also pledged additional funding of £16m for food distribution charities, with conversations with FareShare and others ongoing as to how this is allocated.

- **Administration of fixed penalty notices** (TBC) - (announced 10 November) - The ACRO Criminal Records Office have been designated by the Government to administer fixed penalty notices issued by police officers to members of the public under the stay-at-home measures intended to minimise the spread of infection. In line with the Regulations, ACRO will transfer the payments they receive to the respective, appropriate local authority where each fine is issued. Due to the way the Regulations have been drafted this will be to 'tier one' authorities – unitary authorities, metropolitan districts, London boroughs and county councils.
- **Business rates grants** (£53.55m) - A cash injection of £10k to businesses that are currently eligible for small business rates relief and grants of up to £25k to retail and leisure business operating in premises with a rateable value between £15k to £51k. The Council has received a grant of £53.55m. The Government has also stated that it recognises that implementing this new measure will place some additional burden on billing authorities and confirms that it will provide New Burdens funding for this, however the mechanism for this has not yet been published. Walsall has currently allocated £46.45m in business rates grants. Any remaining balance will need to be repaid back to MHCLG.
- **Expanded retail / nursery discount** (£25.06m) additional reliefs announced January and March 2020 as part of the COVID-19 support package to businesses.
  - Expanded retail discount - provides a 100 per cent business rates discount for hereditaments occupied by all businesses that are classified as in retail, leisure and hospitality sectors, regardless of rateable value and which are subject to business rates in the year 2020-21.
  - Nursery discount - a 100% business rates discount for hereditaments occupied by providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage and which are subject to business rates in the year 2020-21. There will be no rateable value limit on the relief.
- **Local Restrictions Support Grants** (£10.16m) - Guidance was announced on 5 November 2020 by the Department of Business, Energy and Industrial Strategy for local authorities on paying grants to support businesses during the November to December 2020 national lockdown and periods of local restrictions.

- **Local Restrictions Support Grants (Closed) Addendum.** These schemes are to support local businesses during the 5 November to 2 December 2020 national lockdown and during periods of local restrictions. Walsall allocation of **£3,952,404**, to be paid on 13 November. For 5 November – 2 December, a 28-day payment cycle will be applied. Grant funding will be issued to Local Authorities at the beginning of the 28-day payment cycle, which is the first day widespread restrictions come into force nationwide. This funding will be provided on a rolling 28-day basis for as long as national restrictions apply. If the allocation proves insufficient for all eligible businesses, top-up funding will be provided. Local Authorities who triggered the Local Restrictions Support Grant (Open) between 1 August and 4 November will still receive their payments for that period. Local Authorities are only eligible to receive funding once in the 2020/21 Financial Year, but the funding can be used in Financial Years 2020/21 and 2021/22. Allocations will be confirmed through a Grant Offer Letter and Grant Determination by the end of this week, with full details of the scheme.

This funding allocations is 90% of the estimated grant funding requirement, that was calculated using Valuation Office Agency (VOA) data, based on the categories of business relevant to the closures imposed by Government. Businesses that are eligible are those that have been mandated to close by Government and include non-essential retail, leisure, personal care, sports facilities and hospitality businesses.

**Thresholds -**

- a) Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £15,000 or under on the date of the commencement of the widespread national restrictions will receive a payment of £1,334 per 28-day qualifying restriction period.
- b) Businesses occupying hereditaments appearing on the local rating list with a rateable value over £15,000 and less than £51,000 on the date of the commencement of the widespread national restrictions will receive a payment of £2,000 per 28-day qualifying restriction period.
- c) Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £51,000 or above on the commencement date of the widespread national restrictions, will receive £3,000 per 28-day qualifying restriction period.

**Backdated cash grants for businesses in Local Alert Level 2 (High) and 3 (Very High) areas.**

Businesses in hospitality, leisure and accommodation sectors that have been suffering from reduced demand for a while will receive backdated grants at 70% of the value of closed grants up to a maximum of £2,100 per month for this period. The funding will run from 1 August, to the start of the new national restrictions on 5 November.

This will allow councils to make grants to hospitality, leisure and accommodation businesses worth the following amounts:

- a) For properties with a rateable value of £15k or under, grants to be £934 per four weeks
- b) For properties with a rateable value of over £15k and below £51k, grants to be £1,400 per four weeks
- c) For properties with a rateable value of £51k or over grants to be £2,100 per four weeks.

**Additional Restrictions Support Grant.** On 31 October 2020, the Government announced the introduction of additional support for Local Authorities under national and Local Covid Alert Level 3 restrictions. This is funding for local authorities to support businesses in their local economies. This support will take the form of a funding scheme in Financial Year 2020-2021 and can be used across Financial Years 20/21 and 21/22. The scheme is called the Additional Restrictions Grant (ARG) and is administered by business rate billing authorities in England.

Under the Additional Restrictions Grant, Local Authorities will receive a one-off lump sum payment amounting to £20 per head in each eligible Local Authority when LCAL 3 or widespread national restrictions are imposed. Walsall allocation of **£5,709,560**, to be paid on 13 November. Local authorities can use this funding for business support activities. We envisage this will primarily take the form of discretionary grants, but LAs could also use this funding for wider business support activities. This amount has been calculated using the Office National Statistics midyear populations estimates published in March 2020. This is strictly a one off payment. Full details to follow.

## Appendix 2: Cabinet, Gold and Silver Control Approvals

| Date                                   | Approval   | Costs Approved<br>£ | Spend to Sept<br>£ | Forecast spend<br>£ |
|--|--|---------------------|--------------------|---------------------|
| <b>Cabinet approvals</b>               |  |                     |                    |                     |
| 19/05/2020                             | Shielding and support to voluntary sector hubs to support vulnerable people and families at risk of harm of Covid-19. Total £1.033m approved, but £11k spent in 2019/20. Approved by Gold 11/05/20. <b>£242k additional spend expected to be funded from the £420k grant for Emergency Assistance for food and essential supplies.</b>   | 1,022,000           | 610,655            | 696,679             |
| 19/05/2020                             | Adult Social Care provider payments, and additional supplier relief for contracted and non-contracted providers. <b>Note further approval required for additional spending</b>   | 318,900             | 1,105,566          | 1,207,744           |
| 04/06/2020                             | Infection Control Fund – Urgent decision taken by Leader to delegate authority to the Interim Director of Adult Social Care for allocation of the full £2,288,564 – 75% (£1,715,930) to residential and nursing providers, and 25% (£572,634) to share across domiciliary care providers based on their number of packages at a given point, both in accordance with the relevant Grant conditions.  | 0                   | 0                  | 0                   |
| 17/06/2020                             | Emergency Personal Protective Equipment. There are currently 164 different Care Providers that the local Hub at Goscote is supporting - 58 of those are Residential/Nursing homes in Walsall, and 107 are providers delivering a selection of extra care, supported living and domiciliary care provision. In addition to this the hub supports volunteers requiring PPE, internal workforce delivering a range of personal care and front facing work with vulnerable people, direct payment recipients and carers who may require PPE to support people at home. Following approved by Gold 22/04/20, and Cabinet report approved by the Leader 23/4/20, a rolling monthly sum of no more than £660k over 3 months (£1.98m) was agreed – <i>permission has been given by NHS England to charge PPE costs to Walsall CCG - this is assumed to be net nil cost to the councils as at despatch date.</i> Cabinet approved for the continuous ordering of urgent local supplies of PPE via the Council's Adult Social Care Provider Hub, continuing to work with the Corporate Procurement team. | 0                   | 0                  | 0                   |
| 17/06/2020                             | Walsall Local Outbreak Plan – Governance and Delivery Arrangements, established to provide political ownership and public-facing engagement and communications for outbreak response. It is proposed that the Health and Wellbeing Board (or subcommittee) act as the "Local Outbreak Engagement Board" and revised Health protection Forum act as the local operational oversight and is responsible for the production of the Outbreak Plan. Funding by £1,650,559 ringfenced Test and Trace allocation with delegated authority to the Director of Public Health  | 0                   | 0                  | 0                   |
| 15/07/2020                             | ICT to enable business continuity - total cost £550,764 less £154,374 funded 2019/20, £184,975 approved by Gold on 22 April, £39,600 funded from track and trace grant, and £171,815 approved by Gold 3 July.  | 356,790             | 151,655            | 356,790             |
| 15/07/2020                             | Extension to community response by 3 months initiative to support shielded vulnerable residents who do not meet the criteria for support.  | 64,939              | 0                  | 64,939              |
| 12/08/2020                             | Adult Social Care provider payments, and additional supplier relief for contracted and non-contracted providers – further allocation to that approved by Cabinet on 19 May 2020.   | 500,000             | 325,571            | 500,000             |
| 28/10/2020                             | Adult Social Care Infection Control fund ring-fenced Grant – Round 2 - £2,342,515 based on 'per bed' and 'per user' basis as registered with Care Quality Commission Sept '20. 80% (£1,874,011) is required to be passported to care homes within the LA area on a 'per bed' basis, and to CQC regulated community care providers within the LA area on a 'per user' basis, including to social care providers with whom the LA does not have existing contracts. 20%, £468,503 must be spent by the LA on the funding of support to the care sector on other COVID-19 infection control measures.   | 0                   | 0                  | 0                   |
| <b>Total Cabinet approvals to date</b> |  | <b>2,262,629</b>    | <b>2,193,446</b>   | <b>2,826,151</b>    |
| <b>Gold Control approvals &gt;£50k</b> |  |                     |                    |                     |
| 06/04/2020                             | Use of Computerised Tomography (CT) equipment for digital autopsies – to be reviewed after initial 6 month period (April– Sept)  | 95,200              | 48,076             | 95,200              |
| 17/04/2020                             | Provision of a temporary site to accommodate people from Gypsy, Roma and Travelling communities (20 April–17 May)  | 30,000              | 30,000             | 30,000              |
| 24/04/2020                             | Temporary mortuary at Birmingham Airport.  | 1,200,000           | 442,607            | 566,838             |



| 04/05/2020                               | Support for rough sleepers, victims of domestic abuse and complex young people requiring rehousing (13 weeks)  | 136,485             | 69,648             | 136,485             |
|--|--|---------------------|--------------------|---------------------|
| Date                                     | Approval   | Costs Approved<br>£ | Spend to Sept<br>£ | Forecast spend<br>£ |
| 22/05/2020                               | Extension of Family Safeguarding delay in implementation of the Social Care locality model to 31 August (further to Silver approval on 20/04/20 below)   | 61,619              | 61,619             | 61,619              |
| 29/05/2020                               | Delay in FDAC programme grant – funding of 6 months of contract April – September 2020.  | 77,119              | 77,119             | 77,119              |
| 23/06/2020                               | Co-mingled waste – additional costs to landfill following restrictions on number of caseloads that can be delivered from May 2020 – May only (further requests may be required from June onwards)  | 87,073              | 34,190             | 87,073              |
| 17/07/2020                               | Delayed closure of Birchills Children's Centre by 4 months (Sept – Dec 2020). Further to the approval by Silver on 15/05/20. Cabinet on 15 July approved the closure by end of December 2020.  | 12,000              | 0                  | 12,000              |
| 24/07/2020                               | Co-mingled waste – additional costs to landfill following restrictions on number of caseloads that can be delivered from May 2020 – Revised allocation of £293,486 - £87,073 approved by Gold on 23/06/20 above.   | 206,413             | 206,413            | 206,413             |
| 16/10/2020                               | Local authority compliance and enforcement grant – specific ringfenced grant allocation of £184,093 – for appointment of Covid marshals, lead officer to deliver community champion initiative incl. 4 co-ordinators and admin, plus awareness project funding   | 0                   | 0                  | 0                   |
| 16/10/2020                               | Environmental Health food safety resources – 3 additional officers to manage the councils statutory obligations as a result of high complaint and proactive interventions due to Covid-19.   | 99,000              | 0                  | 99,000              |
| 02/11/2020                               | Social distancing measures, signage etc.   | 77,910              | 0                  | TBC                 |
| <b>Total Gold approvals to date</b>      |  | <b>2,082,819</b>    | <b>969,672</b>     | <b>1,371,747</b>    |
| <b>Silver Control approvals &lt;£50k</b> |  |                     |                    |                     |
| 15/04/2020                               | Cemeteries – increase in burial standby payments, additional diggers and call out payments – April to June 2020 (13 weeks)   | 27,143              | 14,861             | 14,861              |
| 20/04/2020                               | Family Safeguarding – delay in the implementation of the Social Care locality model over 2 months (04/05/20 – 01/07/20)  | 30,150              | 30,150             | 30,150              |
| 15/05/2020                               | Delayed closure of Birchills Children's Centre by 4 months (Sept – Dec 2020). Further £53k funded within Children's.   | 42,667              | 10,667             | 42,668              |
| 20/05/2020                               | Garden waste – resources required for first 2 weeks of resuming collections (15-26 June)   | 12,283              | 12,283             | 12,283              |
| 22/05/2020                               | Increased take up of free school meals as more meet low income eligibility criteria. Based on 100 eligible children (10 wks 18/05 – 21/07)   | 15,000              | 7,500              | 15,000              |
| 22/05/2020                               | One Source Programme Management Support to support implementation as a result of home working – Sept-Dec '20   | 36,900              | 0                  | 36,900              |
| 29/05/2020                               | Foster care – one off £200 to 189 fostering households for additional expenses for the period April – September 2020.  | 37,800              | 37,800             | 37,800              |
| 03/06/2020                               | Mental Health first aid training and support to 130 schools and 10 providers for the period 15 June – 31 August 2020   | 21,000              | 21,000             | 21,000              |
| 19/06/2020                               | Interpreter costs in Children's Services to engage with vulnerable families – April to September 2020.   | 20,000              | 20,000             | 20,000              |
| 24/06/2020                               | Legal - One off costs for the provision of external legal support (specifically on safe reopening of schools including health and safety, risk assessments, liability – both civil and criminal, PPE requirements, business closure regulations and advice generally on the Covid Act 2020) March-June '20 | 8,875               | 8,875              | 8,875               |
| 10/07/2020                               | Environmental Depot – reset and service continuity in order to continue to provide key front line services, staff safety and welfare – April 2020 to March 2021.   | 30,400              | 30,400             | 30,400              |
| 10/07/2020                               | Opening of Walsall play areas and outdoor gyms – 2 agency staff for each of three sites operating 10am-6pm Monday to Sunday for 6 weeks of summer holiday.   | 26,500              | 0                  | 0                   |
| 07/08/2020                               | One off costs for the elongation of the implementation period for the council's early payment scheme for council suppliers (entered into in January 2020) due to Cabinet Office PPN02/20 & PPN04/20 requirements.  | 12,000              | 9,000              | 12,000              |
| 07/08/2020                               | Support to Shop Happy Programme for Walsall Town (£12,000), and staff details and costs associated with supporting the Business Rates Grant Programme in assessing and processing the individual payments associated with applications (£11,673) – April / May 2020.                                       | 23,673              | 23,674             | 23,674              |
| 26/08/2020                               | Reopening of recycling centres – introduction of traffic management system until 21 June and live feed web cam   | 38,300              | 0                  | TBC                 |

|  |           |           |           |
|--|-----------|-----------|-----------|
| Total Silver approvals to date                                       | 382,691   | 226,210   | 305,611   |
| Total Cabinet / Gold / Silver approval for additional cost pressures | 4,728,139 | 3,389,328 | 4,503,509 |

### Appendix 3: Financial Health Indicators – Quarter 2

| <b>Treasury Management</b>  | <b>2019/20 Actual</b> | <b>2020/21 Target</b> | <b>2020/21 Actual</b> |
|---|-----------------------|-----------------------|-----------------------|
| Average Interest Rate (Borrowing)                                   | 3.74%                 | 3.35%                 | 3.40%                 |
| - Excluding OLA   | 3.86%                 | 3.53%                 | 3.49%                 |
| - Including OLA   |                       |                       |                       |
| Gearing Effect on Capital Financing Estimates                       | 3.92%                 | 5.00%                 | 3.53%                 |
| Net Borrowing Costs / Council Tax Requirement and NNDR contribution | 3.78%                 | 12.50%                | 4.54%                 |
| Capital Financing Requirement (£m)                                  | 381.564               | 380.886               | 380.886               |
| Authorised limit for external Debt (£m)                             | 458.391               | 472.173               | 472.173               |
| Investment Rate Average (excl Property fund)                        | 1.20%                 | 1.11%                 | 0.69%                 |

| <b>Balance Sheet Ratios</b>   | <b>2015/16</b> | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20 (draft)</b> |
|---|----------------|----------------|----------------|----------------|------------------------|
| Current Assets : Current Liabilities  | 1.77           | 1.86           | 1.03           | 1.68           | 2.24                   |
| Useable Reserves : General Revenue Expenditure                                      | 0.57           | 0.63           | 0.65           | 0.72           | 0.73                   |
| Long Term Borrowing : Tax Revenue (Using both council tax and NNDR for tax revenue) | 1.45           | 1.41           | 1.20           | 1.36           | 1.57                   |
| Long Term Assets : Long Term Borrowing  | 2.29           | 2.29           | 2.34           | 2.05           | 1.70                   |
| Total School Reserves : Dedicated School Grant                                      | 0.07           | 0.05           | 0.05           | 0.06           | 0.05                   |

| <b>Revenues Performance</b><br>% collected for financial year | <b>2018/19 Actual Collected in total @ 30.09.20</b> | <b>2019/20 Actual Collected in total @ 30.09.20</b> | <b>2020/21</b>          |                       |
|---|---|---|-------------------------|-----------------------|
|   |   |   | <b>Profiled 2020/21</b> | <b>Actual 2020/21</b> |
| Council tax %   | 96.8%   | 94.7%   | 26.5%                   | 25.4%                 |
| Total Council Tax collected (£m)                              | £127,313,302  | £132,092,364  | £37,450,000             | £35,935,625           |
| National Non Domestic Rate %                                  | 98.6%   | 97.4%   | 29.2%                   | 25.5%                 |
| Total NNDR collected (£m)                                     | £71,816,411   | £72,637,175   | £14,870,367             | £13,007,706           |

| <b>Debtors and Creditors Performance</b>                           | <b>2019/20 Actual</b> | <b>2020/21</b> |               |
|--|-----------------------|----------------|---------------|
|  |                       | <b>Target</b>  | <b>Actual</b> |
| Sundry Debtors Collection – Average number of days to collect debt | 25 days               | 30 days        | 26 days       |
| Average number of days to process creditor payments*               | 10 days               | 14 days        | 15 days       |

| <b>Management of Resources</b>       | <b>2020/21</b>                          |                    |                     |
|--------------------------------------|---|--------------------|---------------------|
| <b>Service Analysis</b>              | <b>Target</b>                           | <b>Actual</b>      | <b>Variance</b>     |
| Children's Services                  | 66,374,464                              | 66,525,445         | 150,981             |
| Economy and Environment              | 36,352,490                              | 36,492,411         | 139,921             |
| Adult Social Care                    | 63,633,991                              | 63,337,095         | (296,896)           |
| Resources and Transformation         | 27,084,767                              | 26,895,858         | (188,909)           |
| Council Wide                         | 26,325,376                              | 26,325,376         | 0                   |
| NNDR/Top Up                          | (92,168,077)                            | (92,168,077)       | 0                   |
| <b>Total Net Revenue Expenditure</b> | <b>127,603,011</b>                      | <b>127,408,108</b> | <b>(194,903)</b>    |
| General Reserves                     | <b>Minimum £6.2m<br/>Maximum £15.5m</b> | <b>N/A</b>         | <b>N/A</b>          |
| Council Funded Capital Expenditure   | 51,009,076                              | 34,650,426         | (16,358,650)        |
| External Funded Capital Expenditure  | 136,550,039                             | 85,607,019         | (50,943,020)        |
| <b>Total Capital Expenditure</b>     | <b>187,559,115</b>                      | <b>120,257,445</b> | <b>(67,301,670)</b> |

|                  |           |         |             |
|------------------|-----------|---------|-------------|
| Capital Receipts | 3,262,622 | 869,000 | (2,393,622) |
|------------------|-----------|---------|-------------|

| <b>Management of Resources</b>       | <b>2019/20</b>                              |                     |                     |
|--------------------------------------|---|---------------------|---------------------|
| <b>Service Analysis</b>              | <b>Target</b>                               | <b>Actual</b>       | <b>Variance</b>     |
| Children's Services                  | 74,413,853                                  | 75,564,514          | 1,150,661           |
| Economy and Environment              | 59,391,898                                  | 59,513,597          | 121,699             |
| Adult Social Care                    | 63,323,488                                  | 63,500,820          | 177,332             |
| Resources and Transformation         | 20,325,485                                  | 19,813,516          | (511,969)           |
| Council Wide                         | (6,188,857)                                 | (7,417,927)         | (1,229,070)         |
| NNDR/Top Up                          | (89,892,422)                                | -89,892,422         | 0                   |
| <b>Total Net Revenue Expenditure</b> | <b>121,373,443</b>                          | <b>121,082,098</b>  | <b>(291,347)</b>    |
| General Reserves                     | <b>Minimum £6.2m<br/>Maximum<br/>£15.5m</b> | <b>(14,410,205)</b> | <b>N/A</b>          |
| Council Funded Capital Expenditure   | 36,143,094                                  | 14,739,594          | (21,403,500)        |
| External Funded Capital Expenditure  | 96,525,661                                  | 53,174,730          | (43,350,931)        |
| <b>Total Capital Expenditure</b>     | <b>132,668,755</b>                          | <b>67,914,324</b>   | <b>(64,754,431)</b> |
| Capital Receipts                     | 1,869,868                                   | 107,246             | (1,762,622)         |

### ***Notes to Management of Resources***

The figures for 2019/20 represent the actual budget and spend for each area within the authority. This will include all internal recharges such as office accommodation, central support services, and accounting adjustments for pension liability in line with FRS17 and capital charges. Capital charges and pension liability year end transactions can change substantially at year end as this is when revaluations of assets and figures from the actuary are received and budgets updated to reflect any changes.

## What this tells us

| Treasury Management                           |   |
|---|---|
| Average Interest Rate (Borrowing)             | The average interest rate we are paying on the money we have borrowed compared to our target.     |
| Gearing Effect on Capital Financing Estimates | Shows how a 1% increase in interest rates would affect the total interest cost to the council.    |
| Net Borrowing Costs / Tax Requirement         | Borrowing not financed by a grant from government, as a proportion of our Net Revenue Expenditure |
| Capital Financing Requirement (£m)            | How much money we currently borrow to finance our capital programme.                              |
| Authorised limit for external Debt (£m)       | The maximum amount of debt we should have at any one time   |
| Investment Rate Average                       | The average interest rate we are receiving on the money we have invested.                         |

| Balance Sheet Ratios   |   |
|--|---|
| Current Assets : Current Liabilities   | Our ability to meet our liabilities                               |
| Useable Reserves : General Revenue Expenditure   | If our reserves are adequate to meet potential future variations. |
| Long Term Borrowing : Tax Revenue<br><br>Using only council tax for tax revenue<br>Using both council tax and NNDR for tax revenue | The effect of long term borrowing on our budget.                  |
|  | This allows us to understand the relationship                     |

|  |   |
|--|---|
| Long Term Borrowing : Long Term Assets         | between the money we borrow and the assets we have as they both change over time. |
| Total School Reserves : Dedicated School Grant | If schools reserves are at an appropriate level.                                  |

| Revenues Performance                                 |   |
|--|---|
| <b>% Collected for Financial Year</b>                | As a percentage the amount of council tax we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that its related to, but this won't be included in this figure  |
| Council Tax (%)                                      |   |
| National Non Domestic Rate (%)                       | As a percentage the amount of Business rates we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it related to.  |
| Total Council Tax Collected (£m)                     | This tells us the amount of council tax we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it relates to, but this won't be included in this figure.    |
| Total NNDR Collected (£m)                            | This tells us the amount of Business Rates we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it relates to, but this won't be included in this figure. |
| Sundry Debtors Collection                            | How long on average it takes us to collect money owed to us.  |
| Average number of days to collect debt               |   |
| Average number of days to process creditors payments | How long on average it takes to pay our bills.  |

| Management of Resources   |   |
|---|---|
| Service Analysis  |   |
| Children's Services<br>Economy and Environment<br>Adult Social Care<br>Resources and Transformation<br>Council Wide | Shows our forecast for how much we will spend on these services compared to what we planned and compared to how much we spent in the previous year. |
| General Reserves  | Our forecast year end position on reserves against our opening balance.   |

|                     |  |
|---------------------|--|
| Contingency         | How much we have set aside and for unplanned expenditure, and how much we have left to spend.        |
| Capital Expenditure | Forecast of our spend on capital programmes against our target                                       |
| Capital Receipts    | Forecast of how much money we expect to receive from selling some of our assets, against our target. |