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CABINET Agenda

Date Thursday 23 April 2020

Time 6.00 pm

Venue TEAMS Virtual Meeting
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Notes 1. DECLARATIONS OF INTEREST- If a Member requires any advice on any item involving a possible declaration of interest which could affect his/her ability to speak and/or vote he/she is advised to contact Paul Entwistle or Liz Droган in advance of the meeting.

2. CONTACT OFFICER for this Agenda is Liz Droган Tel. 0161 770 5151 or email elizabeth.drogan@oldham.gov.uk

Item No

- 6 Resources Received by the Council in Response to COVID-19 and the Creation of a Council Fund for Related Expenditure to Supplement the Government Announced Funding (Pages 1 - 36)
- 7 Hardship Funding 2020/21 (Pages 37 - 46)

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Report to Cabinet

Resources Received by the Council in Response to COVID-19 and the Creation of a Council Fund for Related Expenditure to Supplement the Government Announced Funding

Portfolio Holder: Councillor Abdul Jabbar MBE – Deputy Leader and Cabinet Member for Finance and Corporate Services

Officer Contact: Anne Ryans – Director of Finance
Ext. 4902

Report Author: Anne Ryans – Director of Finance

23 April 2020

Reason for Decision

This report requests that Cabinet approves the deployment of the additional grants received in the financial years 2019/20 and 2020/21 as recommended by the Director of Finance and approves the allocation of additional Council resources to supplement the unringfenced Government Funding already announced to meet costs associated with the COVID-19 pandemic.

It also requests approval for the Director of Finance to create appropriate reserves to support the Council's response to the COVID-19 pandemic.

Executive Summary

The World Health Organisation has classed the outbreak of COVID-19 across the world as a pandemic. In the United Kingdom there is a COVID-19 outbreak and cases are increasing placing further unprecedented pressure on services provided by both the Council and the NHS.

The Government has in response allocated a number of significant grants in 2019/20 and 2020/21 to provide support in relation to the COVID-19 pandemic. This in addition to a number of grants allocated towards the end of 2019/20 that due to their late notification could not be included in the month 9 financial monitoring report approved at Cabinet on 23 March 2020. The report presents all the additional funding received by the Council during March and April 2020 which has not previously been reported.

Section 2.2 of the report sets out a range of ringfenced and unringfenced grants received in late 2019/20 solely for use in 2019/20. These grants will therefore be included within the final outturn for 2019/20 and their allocation and use will be reported within the Council's 2019/20 Statement of Accounts.

On 27 March 2020 the Council received an unringfenced grant payment of £7,641,407, its share of a £1.6bn unringfenced grant allocation for Local Government. The Government indicated that this was to mainly meet the additional costs of Adult Social Care resulting from COVID-19, but also other pressures such as loss of income. On 18 April 2020, a second tranche of £1.6bn funding for Local Government was announced. The Councils' share has yet to be notified.

Also, on 27 March 2020, the Council received £11.233m of grants in lieu of business rates. This was received to support cash flow at the end of 2019/20 and will be carried forward into 2020/21 as a receipt in advance and will be used to support the 2020/21 budget as initially intended.

A grant allocation specifically to finance the Government's business grants initiative was received on 1 April 2020 in the sum of £54.738m. The Government has urged all Councils to pay the grants as quickly as possible and in response payments have begun. The grant payment system is being administered having due regard to Government guidance and a balanced approach has been adopted, managing the requirement to issue grants at speed but also to ensure appropriate administrative disciplines are followed to minimise potential instances of error, fraud and infringements of State Aid protocols.

A £3.015m Hardship Fund grant was received on 3 April 2020. This is to provide support in paying Council Tax for those primarily of working age in receipt of Council Tax Reduction. A separate report has been prepared to outline the proposed use of the grant. This will be treated as an unringfenced grant in 2020/21.

The final grant notified is an increase in notional Public Health grant funding in 2020/21 of £0.606m. This will increase the 2020/21 net revenue budget, but the additional resources will be ringfenced to the Public Health Service.

The Financial Monitoring reports presented to Cabinet during 2020/21 will provide information about the impact of COVID-19 on the financial position of the Council and the use of the grants detailed in this report.

This report also advises that a high-level review has been undertaken of the Balance Sheet and Reserves which indicates an amount of £2.359m can be set aside to supplement the costs associated with the COVID-19 pandemic. When this is added to the £7.641m of unringfenced Government resources, this would enable the Council as a priority, the flexibility to deploy a total of £10m to meet urgent and unforeseen costs and financial pressures that are impacting on the Council and the Oldham economy as a result

of the pandemic. As the grant was received in 2019/20, it is considered prudent financial management to transfer the balance remaining at the end of 2019/20 and the Council resources, to an Earmarked Reserve for use in 2020/21.

This review of the Balance Sheet is ongoing and may identify the potential to further supplement this emergency resource and any future Government funding if required.

Recommendations

It is recommended Cabinet approves the:

- a) Adjustments to the budget of the Council to reflect the additional grant funding received at the end of 2019/20 and in early 2020/21 as outlined in the report.
- b) Councils' approach to the administration of the Government business grants initiative, adopting a balance between speed of payment and appropriate administration arrangements to minimise the risk of loss through error or fraud.
- c) Supplementing of the unringfenced £7.641m of Government resources with £2.359m of reserves to enable the Council to deploy £10m immediately from both its own resources and the Government grant to respond to the COVID-19 pandemic and meet urgent and unforeseen costs and financial pressures impacting on the Council and the Oldham economy.
- d) Creation of other appropriate reserves by the Director of Finance to support the Council's response to the COVID-19 pandemic.

Resources Received by the Council in response to COVID-19 and the Creation of a Council Fund for Related Expenditure to supplement the Government Announced Funding

20 April 2020

1 Background

- 1.1 The World Health Organisation has classed the outbreak of COVID-19 across the world as a pandemic. In the United Kingdom there is a COVID-19 outbreak and cases are increasing placing further unprecedented pressure on services provided by both the Council and the NHS.
- 1.2 As well as the usual late distribution of resources at the end of the 2019/20 financial year, the Government has announced several measures to support both Councils and the economy during the pandemic. This includes the allocation of new resources and advancing the payment of grant to support Councils' cash flow. These grants are explained in the report.
- 1.3 Whilst the Government has declared it will do what is necessary financially to support organisations and more funding can be expected, it is considered prudent financial management for the Council to supplement this grant with extra resources. This will give the Council extra capacity to respond to the pandemic as it develops, as the full impact of support required and consequential impact on the Council finances cannot be assessed at this time.

2 Current Position

- 2.1 The Council has received a number of grants in 2019/20 that were not included within the 2019/20 Month 9 Financial Monitoring approved at Cabinet on 23 March 2020. The Government has also allocated a number of significant grants in 2019/20 and 2020/21 to provide support in relation to the COVID-19 pandemic. The following paragraphs set out the key issues in relation to these grants. The report therefore seeks approval to revise the budget of the Council accordingly.

Grants Received in 2019/20 for use in 2019/20

- 2.2 At the end of the financial year the Council received a number of grants which were solely for use in 2019/20 as follows:
- a) An additional allocation of £1.588m to support the Opportunity Area programme within Oldham was received from the Department for Education. This grant, although unringfenced, was passported to the service within year to fund activities relating to this scheme and therefore increased the Council's 2019/20 net revenue budget.
 - b) An allocation of £0.024m of unringfenced funding was received from the Department for Education for the Special Educational Needs and Disability (SEND) Regional Co-ordinator to support SEND reforms. As in previous years, this grant was passported to the SEND service within year. This increased the 2019/20 net revenue budget.
 - c) As announced in late 2019, Oldham was allocated £0.173m for the Towns Fund Prospectus which aims to regenerate town centres, boost businesses and improve infrastructure. This grant was passported to the Regeneration service in year and increased the Council's 2019/20 net revenue budget.

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- d) Funds of £0.061m were received from the Department for Business, Energy and Industrial Strategy (BEIS) and Ministry of Housing, Communities and Local Government (MHCLG) relating to ringfenced grants to support green agenda projects. These had no impact on the Council's 2019/20 net revenue budget as the increased grant income has been matched against anticipated budgetary provision.
 - e) A ringfenced grant of £0.040m was received from the MHCLG in relation to the Government's Communities and Business Recovery Scheme Funding initiated in 2015 in response to Storms Desmond and Eva. A final review of the 2015 flood relief payments has been undertaken and the Government has now made the final payments, reimbursing those Authorities that incurred flood recovery expenditure in 2018/19. This has had no impact on the Council's 2019/20 net revenue budget as the increased grant income was matched against anticipated budgetary provision.
 - f) An unringfenced new burdens grant of £0.015m was received from the MHCLG to provide support towards expenditure in relation to the requirement for Authorities to give development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area under the Self-build and Custom Housebuilding Act 2015. This grant had the impact of increasing the level of resources available to the Council and therefore has supported the overall financial position of the Council by increasing the net revenue budget for 2019/20.
 - g) Three small unringfenced grants totalling £0.025m were received in 2019/20 with regard to the Blue Badge Scheme (£0.007m), Council Tax Annexe Discount (£0.005m) and Transparency New Burdens (£0.013m). These grants have been made available to support the Council's financial position by increasing the net revenue budget for 2019/20.

2.3 These grants will therefore be included within the final outturn for 2019/20 and their allocation and use will be reported within the Council's 2019/20 Statement of Accounts.

Grants Received in 2019/20 to Support the Response to COVID-19

2.4 On 27 March 2020 the Council received a grant payment of £7,641,407, its share of an initial tranche of £1.6bn of unringfenced grant to support Local Government address pressures arising from COVID-19. In the letter to the Chief Executive of Oldham Council dated 20 March 2020, the Secretary of State for the Ministry of Housing, Communities and Local Government identified the items the extra funding is expected to support. This letter is attached to the report at Appendix 1. In the main this grant is expected to meet the additional costs of Adult Social Care, but the Secretary of State's letter also identified that it is to be used to support financial pressures such as:

- a) The increased costs of Children's Social Care.
- b) Increased costs from Homelessness.
- c) Preventative support to those residents deemed at high risk from COVID-19 - the 1.5m citizens that the Government has written to that are deemed to be particularly high risk if they catch the virus.
- d) Other areas within the Council where there is reduced income, rising costs or increased demand.

2.5 At the end of the financial year 2019/20, only limited use of this resource had been made to support COVID-19 related expenditure. It is therefore recommended that the balance

of this resource as determined when the outturn position for 2019/20 is finalised, is carried forward into the 2020/21 financial year as a newly created Earmarked Reserve.

- 2.6 A detailed recording system has been put into place by the Finance Service in order to ensure that all appropriate costs can be charged to the funds provided by the Government. The £7.641m is the first tranche of funding. A further funding allocation of £1.6bn for Local Government was announced on 18 April 2020. The Councils' share is yet to be notified but it will increase the net revenue budget of the Council. Therefore, the recording system will ensure that all costs associated with the COVID-19 pandemic deemed eligible for recompense by Government can be evidenced and supported.
- 2.7 In addition, it should be noted that Oldham Clinical Commissioning Group (CCG) has access to a £1.3bn national fund to support accelerated discharges from hospital as a result of COVID-19. Costs are claimed in arrears and this includes relevant costs borne by the Council. The Oldham CCG finance team are working closely with Council colleagues to ensure that all costs that should be funded by the NHS (for the duration of emergency) are captured accurately to enable them to be submitted to NHS England (NHSE) for payment. In line with National NHS Guidance, Oldham CCG will be reclaiming actual costs incurred from NHSE.

Grant Received in 2019/20 to Support Cash Flow

- 2.8 On 27 March 2020, the Council received £11,233,532 which is a cash advance of Government funding anticipated in 2020/21 and hence included in the 2020/21 budget report. As explained at section 6.17 of the report entitled Revenue Budget 2020/21 and Medium Term Financial Strategy 2020/21 to 2024/25 approved at the Budget Council meeting of 26 February 2020, the Council receives grant in lieu of business rates. This represents compensation for historic Government policy announcements and events that have an impact on reducing the amount of collectable business rates revenues. The grant is in effect a substitute for retained business rates income.
- 2.9 The £11.233m is funding that would normally be paid in instalments throughout 2020/21 but was received in 2019/20 primarily to support cash flow at a time of crisis and at the end of 2019/20 it was unspent. It will therefore be carried forward into 2020/21 as a receipt in advance and will be used to support the 2020/21 budget as initially intended.

New Grants Received in 2020/21 to Support the Governments Response to COVID-19

- 2.10 There are two important grants that the Council has received in 2020/21 as part of the Governments' response to COVID-19. These are set out below:

a) **Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund**

In response to COVID-19, the Government announced there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors in the form of two grant funding schemes in 2020/2021, the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund. The letter to the Leader of the Council from the Secretary of State for Business, Energy and Industrial Strategy, dated 23 March 2020 introduced the proposed scheme (see Appendix 2).

The Government has produced eligibility criteria set out in guidance (the latest version of which is set out at Appendix 3). Central Government will therefore fully reimburse Local Authorities, in line with the guidance and the grant offer

letter sent to Local Authorities, for the cost of the grant (using a grant issued under section 31 of the Local Government Act 2003).

The Council is responsible for delivering the funding to eligible businesses in Oldham and will also receive new burdens funding (a sum yet to be determined) to recompense for the cost of delivering the grants to businesses.

Under the Small Business Grant Fund (SBGF) all businesses in England in receipt of either Small Business Rates Relief (SBRR) or Rural Rates Relief (RRR) in the business rates system will be eligible for a payment of £10,000 in line with the eligibility criteria as set out in paragraphs 16-23 of the Government guidance.

Under the Retail, Hospitality and Leisure Grant (RHLG), businesses in England that would have been in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) on 11 March with a rateable value of less than £51,000 will be eligible for the following cash grants per property as follows:

- Eligible businesses in these sectors with a property that has a rateable value of up to and including £15,000 will receive a grant of £10,000, in line with the eligibility criteria as set out in paragraphs 24-31.
- Eligible businesses in these sectors with a property that has a rateable value of over £15,000 and less than £51,000 will receive a grant of £25,000, in line with the eligibility criteria as set out in paragraphs 24-31.

On 1 April 2020, the Council received £54,738,000 to support the payment of the grants. As a consequence, the Council has begun to issue these grants, having due regard to Government guidance. A balanced approach has been adopted, managing the requirement to issue grants at speed but also to ensure appropriate administrative disciplines are followed to minimise potential instances of error, fraud and infringements of State Aid protocols.

This is a ringfenced grant and must be used for the purpose intended. It will not therefore increase the net revenue budget of the Council in 2020/21. There will be close monitoring of the use of the resources and weekly reports of expenditure incurred are to be submitted to the MHCLG. Should the sum paid to the Council prove insufficient or excessive, there will be a reconciliation process to reflect actual costs.

b) **Hardship Funding**

As part of its response to COVID-19, the Government announced in the Budget on 11 March 2020 that it would provide Local Authorities in England with £500m of new grant funding to support economically vulnerable people and households in their local area. The Government recognised that COVID-19 may cause fluctuations in household incomes meaning some individuals may struggle to meet Council Tax payments. It also recognised that Council Tax Reduction (CTR) Schemes for 2020/21 could not be amended.

On 3 April 2020 the Council received a grant totalling £3,015,434 paid under Section 31 of the Local Government Act 2003. The grant was allocated based on the Council's share of the national caseload of working age Local Council Tax Reduction Scheme recipients using the most recently published data (2019/20 Q3) as advised in a letter from the MHCLG (see Appendix 4).

The Government expects that most of the Hardship Fund is to be used to provide help with Council Tax for working age residents and it will be awarded as discretionary support alongside existing local CTR schemes. The Government therefore expects that the Council will use the grant allocation to reduce the 2020/21 Council Tax liability of recipients of working age CTR by £150 (or a sum up to £150 if the Council Tax due is less than £150), using discretionary powers under S13A (1) (c) of the Local Government Finance Act 1992.

The Government also considers that Councils may wish to use some of this funding to deliver increased financial assistance through other local support mechanisms.

A separate report sets out the Council's proposals in this regard.

This funding will be treated as an unringfenced grant as the Government has only provided guidance as to its use without a reporting and monitoring regime. It will therefore increase the net revenue budget of the Council in 2020/21. There will, however, be close monitoring of the use of the resources.

Public Health Grant 2020/21

- 2.11 On 17 March 2020, the Council was advised of its notional Public Health grant allocation for 2020/21 at a value of £17,051,235. This announcement was significantly delayed. The Public Health grant has, prior to this year, been included in the Revenue Budget Report considered at Budget Council. In the absence of the grant information the 2020/21 budget was set based on the 2019/20 notional grant allocation of £16,445,000.
- 2.12 Although the Public Health Grant is a ringfenced grant and would not normally increase the net revenue budget of the Council, for Authorities within Greater Manchester due to devolution arrangements, it is treated as a general funding allocation and added to the net revenue budget. This will have the impact of increasing the 2020/21 budget by £606,235. As advised in the 2020/21 approved Revenue Budget report, this additional funding will be ringfenced to the Public Health Service.

Expanded Business Rates Discounts – Retail, Leisure, Hospitality and Nursery Properties

- 2.13 As advised at Appendix 1, as part of its response to COVID-19, the Government has introduced extended Business Rates discounts giving a 100% discount in respect of retail, leisure, hospitality and nursery properties. No Business Rates will therefore be paid by the ratepayers of such properties in 2020/21. The Council has used its discretionary rate relief powers under Section 47 of the Local Government Act 1988 (as amended) to grant these reliefs.
- 2.14 The Council will be fully recompensed for the lost Business Rates income as a result of granting these reliefs. This grant compensation will be paid to the Council under Section 31 of the Local Government Act 2003.
- 2.15 The impact on the budget of the Council will be to reduce the level of Retained Business Rates income included within the 2020/21 Revenue Budget as approved by Council at its meeting on 26 February 2020 and increase the approved level of Grants in Lieu of Business Rates by an equal amount. Although no formal notification has yet been received, the anticipated adjustment is £23.466m.

Additional Support from Council Resources

- 2.16 The Council agreed the budget for the financial years 2019/20 and 2020/21 prior to COVID-19 being declared a pandemic by the World Health Organisation. The overall level of funding available to the Council includes Earmarked Reserves which give the Council the flexibility to respond to unforeseen events. An emergency review of the Balance Sheet including Earmarked Reserves has taken place and this has identified funds of £2.359m. It is proposed that this is reallocated to supplement the unringfenced general Government grant of £7.641m in relation to the pandemic. This would make available a total unringfenced resource of £10m to support the Councils response to COVID-19. As such, this Council resource can be used to finance increased expenditure pressures but also, for example, offset reductions in parking charges and general fees and charges and introduce other measures to support the Oldham economy including businesses not eligible to take advantage of Government assistance schemes.
- 2.17 The review of existing budgets is ongoing. This will assess which other funds can be re-prioritised to meet the costs of COVID-19. It is proposed that this review and the allocation of grants and supplementary funding is overseen by the Director of Finance.

3 Options/Alternatives

- 3.1 There are two options presented for consideration:

Option 1 - Cabinet approves the adjustments to the budget of the Council to reflect the additional grant funding received at the end of 2019/20 and in early 2020/21 and agrees to the allocation of supplementary resources to fund pressures arising from COVID-19 as proposed in this report. This will give the Council the capacity to spend £10m in total in addition to the funding received for business grants and hardship funding.

Option 2 - Cabinet does not approve the adjustments to the budget of the Council to reflect the additional grant funding received at the end of 2019/20 and in early 2020/21 and does not approve the allocation of supplementary resources by the Council thus reducing the funding it has to support pressures arising from COVID-19.

4 Preferred Option

- 4.1 The preferred option is Option 1, that Cabinet approves the adjustments to the budget of the Council to reflect the additional grant funding received at the end of 2019/20 and in early 2020/21 and agrees to the allocation of supplementary resources to fund expenditure on COVID-19 in relation to Council services as proposed in this report.

5 Consultation

- 5.1 Due to the urgency of the matter it has not been possible to formally consult with all key officers or Cabinet Members on the detail of this report. However, there has been consultation with the Deputy Leader and Cabinet Member for Finance and Corporate Services.

6 Financial Implications

- 6.1 The exact financial implications for the Council on the COVID-19 pandemic are currently unclear. The allocation of an extra £2.359m of Council resources to the already allocated unringfenced Government grant of £7.641m would create extra financial capability totalling £10m to respond to the emergency. The extra £2.359m has been identified from a review of the Balance Sheet in advance of the formal closure of the Council's accounts

and therefore has no impact on the overall revenue budgets for 2019/20 and 2020/21. It is therefore affordable. As the £7.641m has been received in 2019/20, the balance at the end of 2019/20 will be carried forward into 2020/21 as an Earmarked Reserve and held with the identified Council resource to be used as additional costs are identified.

6.2 On 18 April 2020, the Secretary of State for Housing, Communities and Local Government announced a second tranche of £1.6bn unringfenced grant funding. The Councils' share has yet to be announced, however, when received it will increase the 2020/21 net revenue budget of the Council.

6.3 The other Government grants referred to in the report will be dealt with as follows:

a) The grants received at the end of 2019/20 as outlined at paragraph 2.2 will be included within the final outturn for 2019/20 and their allocation and use will be reported within the Councils 2019/20 Statement of Accounts.

b) The £11.233m of grants in lieu of business rates received to support cash flow at the end of 2019/20 will be carried forward into 2020/21 as a receipt in advance and will be used to support the 2020/21 budget as initially intended.

c) The £54.738m received on 1 April 2020 to support the payment of business grants will be treated as a ringfenced grant as it must be used for the purpose intended. It will not therefore increase the net revenue budget of the Council in 2020/21. There will be close monitoring of the use of the resources to ensure that the Council is fully reimbursed for all expenditure incurred in administering this Government initiative.

d) The £3.015m Hardship Fund grant received on 3 April 2020 will be treated as an unringfenced grant as the Government has only provided guidance as to its use without a reporting and monitoring regime. It will therefore increase the net revenue budget of the Council in 2020/21. There will however be close monitoring of the use of the resources.

e) The £17.051m of notional Public Health Grant will increase the 2020/21 net revenue budget by £0.606m and the additional resources will be ringfenced to the Public Health Service.

6.4 The Financial Monitoring reports presented to Cabinet during 2020/21 will provide information about the impact of COVID-19 on the financial position of the Council and the use of the grants discussed in this report. (Anne Ryans)

7 Legal Services Comments

7.1 Legal issues are addressed in the body of the report. The preferred option would regularise the adjustments to the Council's budget having regard to the funding received and immediate requirement to fund Covid-19 related expenditure. The Council has a power of general competence under the Localism Act 2011 to provide financial assistance. This power has to be exercised reasonably in exercise of discretion to those applying and the administration of the scheme of assistance. (Colin Brittain)

8 Co-operative Agenda

8.1 Addressing the emergency pandemic and providing the best support to all our residents is a key priority for the Council. The administration of Government funding in accordance with guidance and allocation of supplementary resources in this emergency is consistent with this principle.

9 Human Resources Comments

9.1 There are no direct Human Resource implications arising from this report.

10 Risk Assessments

10.1 The allocation of supplementary resources will increase the Council capability at this stage to better plan for the pandemic, reducing the risk of future challenge that certain matters could have been prevented. With the review of the Balance Sheet being brought forward from the year-end this allocation of extra resource does not destabilise the short term financial resilience of the Council. (Mark Stenson)

11 IT Implications

11.1 There are no IT implications arising from this report.

12 Property Implications

12.1 There are no property implications arising from this report.

13 Procurement Implications

13.1 There are no procurement implications arising from this report.

14 Environmental and Health & Safety Implications

14.1 There are no environmental and health and safety implications arising directly from this report.

15 Equality, community cohesion and crime implications

15.1 None.

16 Equality Impact Assessment Completed?

16.1 No.

17 Key Decision

17.1 The Chair of the Overview and Scrutiny Board has agreed that the decision cannot be reasonably deferred in order to support the Covid-19 response. The report is in line with the Council's Budget and Policy Framework. The decisions cannot wait until the end of the call-in period to meet the support. The decision is exempt from call-in.

18 Key Decision Reference

18.1 n/a

19 Background Papers

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background papers are contained within Appendices 1 to 4
Officer Name: Anne Ryans

Contact No: 0161 770 4902

20 Appendices

- 20.1 Appendix 1 Letter from the Secretary of State for Housing, Communities and Local Government – Emergency Funding for Local Government.
- Appendix 2 Letter from the Secretary of State for Business, Economy and Industrial Strategy - Grant support to small businesses and retail, hospitality and leisure businesses in England.
- Appendix 3 Small Business Grant Fund and Retail Guidance Version 4.
- Appendix 4 Letter from the MHCLG – COVID-19 Council Tax Hardship Fund.



Ministry of Housing,
Communities &
Local Government

Rt Hon Robert Jenrick MP

*Secretary of State for Housing, Communities and
Local Government*

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20 March 2020

Dear Colleague,

Local authorities are already playing a vital role in supporting our communities and local economies during the Covid-19 Pandemic. The Prime Minister, my Cabinet colleagues and I are extremely grateful for this. I am writing to you to set out further detail on the Covid-19 emergency local government funding package announced today, and to confirm that my Department has now published guidance to local authorities on the implementation of the Expanded Business Rates Retail Discount 2020-21.

COVID-19 EMERGENCY FUNDING FOR LOCAL GOVERNMENT

You will have seen the announcement of £1.6bn of additional funding to support local authorities in responding to the Covid-19 pandemic. This funding is intended to help you address the pressures you are facing in response to the Covid-19 pandemic across all the services you deliver.

In particular, this funding should enable you to do the following:

Meet the increased demand for adult social care and enable councils to provide additional support to social care providers. From what you have told us, we expect that the majority of this funding will need to be spent on providing the Adult Social Care services required to respond to the Coronavirus crisis.

CCGs will separately be funding additional costs of discharging and keeping people out of hospital, including social care costs - commissioned by the local authority unless existing local arrangements suggest otherwise. It is essential that 'boundary issues' do not cause delays. Therefore, we would expect the local authority to place an appropriate portion of the funding they choose to dedicate to adult social care from the £1.6bn into a pooled budget with the local CCG, to ensure that there is no risk of debates about which fund should pay.

Meet the cost of extra demand and higher business-as-usual costs of providing children's social care, including as a result of school closures and the need for increased accommodation to address the need for isolation, including for

unaccompanied asylum-seeking children. We recognise the existing funding pressures on children's social care, and the additional pressures Covid-19 will make, and are in close contact with the Association of Directors of Children's Services. Furthermore, the Government is continuing to pay funding to local authorities for the free early years entitlements during any periods of nursery, preschool or childminder closures, or where children cannot attend due to Covid-19.

Provide additional support for the homeless and rough sleepers, including where self-isolation is needed. This is on top of the £3.2m emergency fund announced on 17 March to help rough sleepers, or those at risk of rough sleeping, to self-isolate.

Support those at higher risk of severe illness from COVID-19, who may soon be asked to self-isolate in their homes for the duration of the pandemic. This funding is available to support initial costs incurred by LAs in their critical role in supporting those within the most clinically high-risk cohort who also have no reliable social network (i.e. who are both at high risk clinically and socially). The model for this support and the role local authorities will play in it has been discussed closely with the LGA and the 9 regional chief executives. We will keep costs closely under review.

Meet pressures across other services, as a result of reduced income, rising costs or increased demand.

We will pay the grant in full upfront, in line with the allocations set out in annex to this letter. I expect payments to be made on Friday 3 April. The grant will not be ringfenced. I will look to bring forward some other grant payments where possible to support cashflow.

I expect that this grant will cover all costs incurred in the first phase of the response, but we will keep this under review. To support this, we will be asking you to provide a high-level breakdown of how you intend to allocate this grant and we will send you further information on this in due course. This is purely for planning purposes, and to support our ongoing assessment of costs.

We will continue to monitor the costs of other schemes local government is being asked to deliver as part of the Covid-19 response. However, we must recognise that these are not normal times, and your support stepping up to deliver these vital services is both recognised and greatly appreciated.

THE EXPANDED BUSINESS RATES RETAIL DISCOUNT 2020-21

At the Budget the Chancellor announced that the business rates retail discount would be increased to 100% and expanded to cover the leisure and hospitality sectors, as part of the Government's response to the economic impact of the Covid-19 pandemic.

On the 17 March the Chancellor confirmed that the Government would also be removing the £51,000 rateable value threshold for the expanded retail discount. I am writing to confirm that my Department has now published guidance to local authorities on the implementation of the expanded relief. The guidance has been shared directly with your officials and can be found at: www.gov.uk/government/publications/business-rates-retail-discount-guidance

Given the importance of this additional support for local businesses, I would encourage you to do all you can to ensure that revised bills are issued as quickly as possible to qualifying ratepayers, to confirm that they will not need to pay any rates for this year.

Local authorities will be fully compensated for the loss of income associated with granting the expanded relief. My Department will be taking forward arrangements for payment of that

compensation, and for the provision of appropriate new burdens funding to cover the administrative costs of implementation.

State aid

I understand there have been questions from local authorities about the applicability of state aid limits to the provision of this relief. As set out in the guidance, the Government has notified the European Union of its intention to bring forward an immediate change to the UK's tax treatment of non-domestic property, in response to the ongoing Covid-19 emergency, and to seek clearance under Article 107(3)(b) of the Treaty on the Functioning of the European Union. Subject to this approval, the expanded retail discount scheme will become a notified state aid, which would allow authorities to award the discount ignoring de minimis state aid limits. My Department will communicate the outcome of the notification to local authorities as soon as it is known.

Nurseries

You may have separately seen that the Department for Education has also announced that to support nurseries, the Chancellor has decided that they will also now be eligible for a business rates holiday for one year. That means non-local authority providers of childcare will pay no business rates in 2020-21, from 1 April. Local authorities will also be fully compensated for the cost of this measure, and guidance for local authorities on the application of the holiday will be published by MHCLG shortly.

We will continue to monitor the impact of Covid-19 on local government, and would ask that any local authority contact MHCLG officials if faced with immediate unmanageable financial pressures.

Finally, I want to extend my personal thanks to you and all the staff working so tirelessly in local government during these difficult times. We must keep working together to protect and support the local communities we serve. We can get through this together.

A handwritten signature in black ink that reads "Robert Jenrick." The signature is written in a cursive style with a horizontal line underneath it.

RT HON ROBERT JENRICK MP



Department for
Business, Energy
& Industrial Strategy

Leaders of English Local Authorities

By email

The Rt Hon Alok Sharma MP
Secretary of State
Department for Business,
Energy & Industrial Strategy
1 Victoria Street
London
SW1H 0ET

T +44 (0) 20 7215 5000
E enquiries@beis.gov.uk
W www.gov.uk

Our ref:
Your ref:

23 March 2020

Dear Local Authority Leader,

Grant support to small businesses and retail, hospitality and leisure businesses in England

Following the Budget on 11 March and the Chancellor's statement on 17 March, I wanted to set out some detail on the two grant funding schemes that we are asking local authorities in England to administer in order to support recipients of the grants. These schemes are two important elements in our wider support to the economy as we collectively manage the impacts of Covid-19.

For both schemes, we have developed guidance, which is attached. This guidance has been produced with HM Treasury, MHCLG and a group of local government officers to be clear, simple and provide all Local Authorities with the confidence to administer the scheme.

State Aid rules will apply to these schemes.

We recognise that Local Authorities administering the schemes are eligible for New Burdens funding. We will carry out an assessment and provide this funding. The Government's priority is to issue you with clear scheme guidance and to calculate the funding allocations for each Local Authority in respect of both schemes.

Small Business Grants Fund

Originally announced at Budget, as a £3,000 grant per eligible business, this has subsequently been increased to a £10,000 grant per eligible business.

BEIS will provide the Local Authorities that will manage this scheme (business rates billing authorities) with a S.31 grant payment on or before 1 April 2020 to cover the costs of providing grants to eligible businesses.

Businesses in scope for grants will be those with a rateable value of £15,000 or less and thus eligible for relief under the Small Business Rates Relief scheme (full relief and tapered relief) or the Rural Rate Relief Scheme.

We estimate that this will apply to some 730,000 businesses across England.

Retail, Hospitality and Leisure Business Grants Fund

Announced on the 17 March, this Fund is intended to support businesses across England in sectors that we know are being profoundly impacted by Covid-19 and which are crucial to local economies.

Businesses in scope for grants will be those that are eligible for a discount under the Expanded Retail Discount scheme with a rateable value below £51,000. Our intention is that BEIS provides the Local Authorities that will manage the scheme locally (business rates billing authorities) with a S.31 grant payment on or before 1 April 2020 to cover the costs of providing grants to eligible businesses.

Grants will be provided in respect of each property (hereditament); therefore businesses with multiple outlets would receive more than one grant and may receive grants from separate Local Authorities.

There will be two levels of grants:

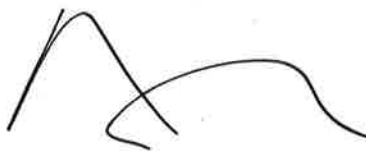
£10,000 for properties with a rateable value of £15,000 or less;
£25,000 for properties with a rateable value of more than £15,000 but less than £51,000.

We urgently need to support businesses and the detailed guidance being provided is intended to ensure that all Local Authorities can act immediately to support them – and by extension support local economies.

Local Authorities should contact eligible businesses this week in order to collect any outstanding details for payment and we expect grant payments to be made as soon after 1st April as possible.

I know that you are committed to making grant payments at pace and I very much welcome your support.

Yours sincerely,



THE RT HON ALOK SHARMA MP
Secretary of State for Business, Energy & Industrial Strategy



Department for
Business, Energy
& Industrial Strategy

APPENDIX 3

Grant Funding Schemes

Small Business Grant Fund and Retail, Hospitality and
Leisure Grant Fund Guidance

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This document/publication is also available on our website at <https://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy>

If you have any enquiries regarding this document/publication, complete the form at <https://www.gov.uk/contact-business-brexit-helpline> or write to us at: enquiries@beis.gov.uk

Department of Business, Energy and Industrial Strategy
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March 2020

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About this guidance

1. This guidance is intended to support Local Authorities in administering the business grant schemes announced at Budget on 11 March 2020, and the level of funding was increased in a statement from the Chancellor on 17 March. This guidance applies to England only.
2. This guidance sets out the criteria which central government considers for this purpose to be eligible for the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund. This does not replace existing guidance.
3. Local Authority enquiries on this measure should be addressed to businessgrantfunds@beis.gov.uk. Businesses seeking information should refer to the Government's business support website: <https://www.businesssupport.gov.uk/>

Introduction

4. In response to the Coronavirus, Covid – 19, the Government announced there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors.
5. This support will take the form of two grant funding schemes in Financial Year 2020-2021, the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund.
6. This document provides guidance to authorities about the operation and delivery of the policy.

How will the grants be provided?

7. The Government will, in line with the eligibility criteria set out in this guidance, reimburse Local Authorities that pay grants to eligible businesses. Central government will fully reimburse Local Authorities, in line with the following guidance and the grant offer letter sent to LAs, for the cost of the grant (using a grant under section 31 of the Local Government Act 2003). Local Authorities will be responsible for delivering the funding to eligible businesses.
8. We are committed to meeting the delivery costs to Local Authorities for this scheme, and will meet associated New Burdens costs. A New Burdens Assessment will be completed and funding then provided to authorities.
9. Local Authorities that will be responsible for making payments to businesses and which will receive funding from Government are business rate billing authorities in England.
10. This grant scheme will offer a lifeline to businesses who are struggling to survive due to the corona virus shutdown. Local Authorities should make payments as quickly as possible to support struggling businesses.

How much funding will be provided to businesses?

11. Under the Small Business Grant Fund (SBGF) all businesses in England in receipt of either Small Business Rates Relief (SBRR) or Rural Rates Relief (RRR) in the business rates system will be eligible for a payment of £10,000 in line with the eligibility criteria as set out in paragraphs 16-23.
12. Under the Retail, Hospitality and Leisure Grant (RHLG), businesses in England that would have been in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) on 11 March with a rateable value of less than £51,000 will be eligible for the following cash grants per property.
13. Eligible businesses in these sectors with a property that has a rateable value of up to and including £15,000 will receive a grant of £10,000, in line with the eligibility criteria as set out in paragraphs 24-31.
14. Eligible businesses in these sectors with a property that has a rateable value of over £15,000 and less than £51,000 will receive a grant of £25,000, in line with the eligibility criteria as set out in paragraphs 24-31.
15. Businesses with a rateable value of £51,000 or over are not eligible for this scheme. Businesses which are not ratepayers in the business rates system are not included in this scheme.

Who will benefit from these schemes?

Small Business Grant Fund

16. Hereditaments included in this scheme are those which on the 11 March 2020 were eligible for relief under the business rate Small Business Rate Relief Scheme (including those with a Rateable Value between £12,000 and £15,000 which receive tapered relief).
17. These are hereditaments to which:
 - a. Section 43 (4B)(a) of the Local Government Finance Act 1988 (small business rate relief) applied, and
 - b. The value of E (as defined in article 3 of the Non-Domestic Rating (Reliefs, thresholds and Amendment) (England) Order 2017, SI 2017/102) was greater than 1.
18. Hereditaments that were not eligible for percentage SBRR relief (including those eligible for the Small Business Rate Multiplier) are excluded.
19. Hereditaments which on 11 March 2020 were eligible for relief under the rural rate relief scheme are also eligible for this scheme. These are hereditaments to which Section 43 (6B) of the Local Government Finance Act 1988 (rural rate relief) applied.

20. Eligible recipients will be entitled to receive one grant per hereditament from the earlier of the date payment of the grant by the Local Authority or 1st April 2020.

Exclusions to Small Business Grant Fund

21. Hereditaments occupied for personal uses. Examples of where there may be personal use include private stables and loose boxes, beach huts and moorings.
22. Car parks and parking spaces.
23. For the avoidance of doubt, businesses which as of the 11 March were in liquidation or were dissolved will not be eligible.

Retail, Hospitality and Leisure Grant

24. Hereditaments which on the 11 March 2020 had a rateable value of less than £51,000 and would have been eligible for a discount under the business rates Expanded Retail Discount Scheme had that scheme been in force for that date are eligible for the grant. Charities which would otherwise meet this criteria but whose bill for 11 March had been reduced to nil by a local discretionary award should still be considered to be eligible for the RHL grant.
25. Eligible recipients will be entitled to receive one grant per hereditament from the earlier of the date of payment of the grant by the Local Authority or 1st April 2020.

Exclusions to RHLG

26. Recipients eligible for the Small Business Grant Fund will not be eligible for the Retail, Hospitality and Leisure Grant.
27. Hereditaments occupied for personal uses. Examples of where there may be personal use include private stables and loose boxes, beach huts and moorings.
28. Car parks and parking spaces.
29. For the avoidance of doubt, businesses which as of the 11 March were in liquidation or were dissolved will not be eligible.
30. Hereditaments with a rateable value of £51,000 or over.
31. Only one grant may be awarded per hereditament.

Who will receive this funding?

32. The person who according to the billing authority's records was the ratepayer in respect of the hereditament on the 11 March 2020.

33. Where the Local Authority has reason to believe that the information that they hold about the ratepayer on the 11 March 2020 is inaccurate they may withhold or recover the grant and take reasonable steps to identify the correct ratepayer. Local Authorities should make clear to recipients that the grant is for the ratepayer and may be liable for recovery if the recipient was not the ratepayer on the eligible day.
34. The Local Authority must call or write to the business, stating that by accepting the grant payment, the business confirms that they are eligible for the grant schemes. This includes where Local Authorities already have bank details for businesses, and are in a position to send out funding immediately, or where the Local Authority is sending a cheque to a business.
35. Landlords and management agents are urged to support local government in quickly identifying the correct ratepayer.

Managing the risk of fraud

36. The Government will not accept deliberate manipulation and fraud - and any business caught falsifying their records to gain additional grant money will face prosecution and any funding issued will be subject to claw back, as may any grants paid in error
37. The Government Grants Management Function and Counter Fraud Function will make their digital assurance tool, Spotlight, available to Local Authorities, and will offer support in using the tool and interpreting results. Alongside other checks conducted by local authorities, the tool can help with pre-payment and post payment assurance. We also want local authorities to work with us and each other in identifying and sharing good practice, including protecting eligible businesses which may be targeted by fraudsters pretending to be central or local government or acting on their behalf.

Rating List Changes

38. Any changes to the rating list (rateable value or to the hereditament) after the 11 March 2020 including changes which have been backdated to this date should be ignored for the purposes of eligibility.
39. Local Authorities are not required to adjust, pay or recover grants where the rating list is subsequently amended retrospectively to the 11 March 2020.

Rating List Changes Exceptions

40. In cases where it was factually clear to the Local Authority on the 11 March 2020 that the rating list was inaccurate on that date, Local Authorities may withhold the grant and/or award the grant based on their view of who would have been entitled to the grant had the list been accurate.
41. This is entirely at the discretion of the Local Authority and only intended to prevent manifest errors.

42. Where the Local Authority chooses to use this discretion then landlords and managing agents are urged to support the Local Authority in identifying quickly the correct ratepayers.

Post Event Assurance

43. Post payment, the Government Grants Management Function and Counter Fraud Function will support local authorities to carry out post-event assurance work to identify high risk payments.

Monitoring and Reporting Requirements

44. There will not be a mandatory application process for this scheme. However, Local Authorities must retain necessary data provided and BEIS will undertake regular data collection exercises. Further guidance will be forthcoming to support this process. The data will include:
- a) numbers of businesses eligible per scheme,
 - b) number of payments being processed per scheme, and
 - c) number of actual payments per scheme.
45. Annex B contains information on Post Payment Monitoring requirements.

State Aid

46. The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement the State aid rules continue to apply during a transition period, subject to regulation by the EU Commission. The Local Authority must be satisfied that all State aid requirements have been fully met and complied with when making grant payments, including, where required, compliance with all relevant conditions of the EU State aid De-Minimis Regulation, the EU Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, the approved Covid-19 Temporary Framework for UK Authorities, and any relevant reporting requirements to the EU Commission.
47. Payments made under SBGF can be provided under the existing De Minimis rules, provided doing so does not exceed the €200,000 threshold. Payments made under the RHLGF (or SBGF where the De Minimis threshold has been reached) should be paid under the Covid-19 Temporary Framework for UK Authorities.
48. Annex C of this guidance contains two sample declarations which local authorities may wish to use with either payments under the De Minimis rules or under the Covid-19 Temporary Framework for UK Authorities. Where Local Authorities have further questions about De Minimis or other aspects of State aid law, they should seek advice from their legal department in the first instance.

Annex A - Summary of Scheme Requirements

	SCHEME 1 (BUSINESS SUPPORT GRANTS FUND)	SCHEME 2 (RETAIL, HOSPITALITY AND LEISURE BUSINESS GRANTS FUND)	
		2A (RATEABLE VALUE up to and including £15,000)	2B (RATEABLE VALUE £15,000.01 – 50,999)
PER BUSINESS GRANT	£10,000	£10,000	£25,000
FUNDING GEOGRAPHY	ENGLAND ONLY BUSINESS RATE BILLING AUTHORITIES		
STATE AID	State aid applies SBGF can be paid as De Minimis aid €200,000 limit over 3 years (or under the Temporary Framework where De Minimis threshold exceeded). RHLGF can be paid under the UK Covid 19 Temporary Framework for UK Authorities subject to: a) €800,000 limit; and b) recipient confirming they were not an undertaking in difficulty (within the definition of Article 2(18) of the General Block Exemption Regulation) on 31 December 2019.		
PAYMENTS TO LOCAL AUTHORITIES	FUNDING TO LOCAL AUTHORITIES BY S.31 GRANT ON OR AROUND 1 ST APRIL 2020 GRANTS TO BE DETERMINED IN PROPORTION TO NUMBER OF ELIGIBLE HEREDITAMENTS		
ENTITLEMENT DATE OF ELIGIBLE RECEIPIENTS	Earlier of the date of payment of the grant by the Local Authority or 1 st April 2020		
ELIGIBILITY DATE OF SCHEME	11 March 2020		
ELIGIBILITY CRITERIA	Hereditaments which on the eligible date were eligible for relief under the business rate Small Business Rate Relief Scheme (including those in the £12k - £15k rateable value taper). These are hereditaments to which: Section 43 (4B)(a) of the Local government Finance Act 1988 (small business rate relief) applied, and The value of E (as defined in article 3 of the Non-Domestic Rating (Relies, thresholds and	Hereditaments which on the scheme eligibility date had a rateable value of less than £51,000 and would have been eligible for a discount under the Expanded Retail Discount scheme had that scheme been in force for that date.	

	<p>Amendment) (England) Order 2017, SI 2017 No 2) was greater than 1.</p> <p>This does not include hereditaments that were not eligible for percentage SBRR relief but were eligible for the Small Business rate Multiplier.</p> <p>Hereditaments which on the scheme eligibility date were eligible for relief under the rural rate relief scheme. These are hereditaments to which: Section 43 (6B) of the Local Government Finance Act 1988 (rural rate relief) applies.</p>	
EXCLUSIONS	<ol style="list-style-type: none"> 1. Hereditaments occupied for personal uses. Examples of where there may be personal use include private stables and loose boxes, beach huts and moorings. 2. Car parks and parking spaces. 3. Hereditaments with a rateable value of £51,000 or over. <p>In line with the restrictions in the Expanded Retail Discount, billing authorities may not award the grant to themselves, a precepting authority, or a functional body, within the meaning of the Greater London Authority Act 1999.</p> <p>Only one grant may be awarded per hereditament.</p>	
GRANT RECIPIENT	<p>The person who according to the billing authority's records was the ratepayer in respect of the hereditament on the scheme eligibility date. Where the local authority has reason to believe that the information that they hold about the ratepayer on the scheme eligibility date is inaccurate they may withhold or recover the grant and take reasonable steps to identify the correct ratepayer. Local authorities should make clear to recipients that the grant is for the ratepayer and may be liable for recovery if the recipient was not the ratepayer on the eligible day. Landlord and management agents are urged to support local government in quickly identifying the correct ratepayer</p>	
COUNTER FRAUD MEASURES	<p>Any business caught falsifying their records to gain additional grant money will face prosecution and any funding issued will be subject to claw back.</p>	
GRANTS PER BUSINESS	1 per hereditament	1 per unique hereditament
RATING LIST CHANGES	<p>Any changes to the rating list (rateable value or to the hereditament) after the scheme eligibility date including changes which have been backdated to this date should be ignored for the purposes of eligibility. Local authorities are not required to adjust, pay or recover grants where the rating list is subsequently amended retrospectively to the scheme eligibility date.</p>	

<p>RATING LIST CHANGES EXCEPTIONS</p>	<p>In cases where it was factually clear to the local authority on the scheme eligibility date that the rating list was inaccurate on that date, local authorities may withhold the grant and/or award the grant based on their view of who would have been entitled to the grant had the list been accurate.</p> <p>This is entirely at the discretion of the local authority and only intended to prevent manifest errors.</p> <p>Where the local authority chooses to use this discretion then landlords and managing agents are urged to support the local authority in identifying quickly the correct ratepayers.</p>
<p>POST EVENT ASSURANCE</p>	<p>Post payment, the Government Grants Management Function and Counter Fraud Function will support LAs to carry out post event assurance work to identify high risk payments.</p>
<p>MONITORING & REPORTING</p>	<p>Local authorities to retain records of individual payment, as part of their usual processes.</p> <p>Local authorities to provide weekly reports on a) numbers of businesses eligible per scheme, b) number of actual payments and value per scheme.</p>

Annex B – Post-Payment Reporting

Background

1. Local Authorities will be required to report weekly to the department on the following funds:
 - Small Business Grant Fund
 - Retail, Leisure & Hospitality Grant Scheme 2a
 - Retail, Leisure & Hospitality Grant Scheme 2b
2. Reports will cover:
 - Numbers of businesses eligible per scheme
 - Number of actual payments
 - A RAG rating for delivery confidence
 - Issues encountered in implementing the scheme to allow BEIS to support development of solutions with local authorities
3. The return will be completed using the DELTA Reporting system.

Process

4. Local Authorities are required to complete the weekly return by midday Monday, reporting on the previous Monday – Sunday period.
5. Each weekly report will only cover grants provided by Local Authorities to eligible business during the period of the previous week as per paragraph 4. The Cities and Local Growth Unit will consolidate the reports to create an accumulative total and monitor progress against the initial allocation of funding per Local Authority.

Definitions

Total number of eligible businesses	This reflects the number of eligible businesses identified by the Local Authorities to receive funding under each scheme. This figure will be used to determine whether the initial SBGF & RHLGF allocation to the Local Authorities is sufficient to meet the demands of the two schemes.
Total number of grants provided under each scheme	Number of grants paid (in that week) to the eligible businesses identified by the Local Authorities.
Delivery RAG	Local Authorities should rate their delivery confidence using the follow parameters:

	<p>RED Substantial issues in delivering grants to all businesses in a timely manner (50% or more grants at risk of non-delivery or late delivery)</p> <p>AMBER Significant issues in delivering grants to all businesses in a timely manner (25% or more grants at risk of non-delivery or late delivery)</p> <p>GREEN On track to provide all businesses with grants in a timely manner (grants at risks less than 1%)</p>
Expected Date of Completing all payments to Eligible Businesses	Date at which the Local Authorities believes it will have identified and provided grants to all eligible businesses.
Comments	Highlight in this box issues that Local Authorities are encountering while implementing the Schemes.

Annex C – State Aid: Sample Paragraphs that could be included in letters to grant recipients

Template to send to beneficiaries of aid awarded based on the UK COVID-19 Temporary Framework¹

Dear [Name of Aid Recipient]

Confirmation of State aid received under the Covid-19 Temporary Framework for UK Authorities scheme

Following the outbreak of the Coronavirus, the European Commission has approved schemes to aid businesses affected by the Coronavirus outbreak on the basis of their Temporary Framework, including the COVID-19 Temporary Framework scheme for the UK.

The maximum level of aid that a company may receive is €800 000 (€120 000 per undertaking active in the fishery and aquaculture sector or €100 000 per undertaking active in the primary production of agricultural products). This is across all UK schemes under the terms of the European Commission's Temporary Framework. The Euro equivalent of the Sterling aid amount is calculated using the Commission exchange rate² applicable on the date the aid is offered.

Any aid provided under this scheme will be relevant if you wish to apply, or have applied, for any other aid granted on the basis of the European Commission's Temporary Framework. You will need to declare this amount to any other aid awarding body who requests information from you on how much aid you have received. You must retain this letter for four years after the conclusion of the UK's transition from the EU and produce it on any request from the UK public authorities or the European Commission.

Aid may be granted to undertakings that were not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation³) on 31 December 2019, but that faced difficulties or entered in difficulty thereafter as a result of the COVID-19 outbreak.⁴

This aid is in addition any aid that you may have received under the De Minimis regulation allowing aid of up to €200,000 to any one organisation over a three fiscal year period (i.e. your current fiscal year and previous two fiscal years), and any other approved aid you have received under other State aid rules, such as aid granted under the General Block Exemption Regulation.

¹ Approval reference.

² https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710>

⁴ If you are an undertaking in difficulty within the meaning of Article 2(18) of the General Block Exemption Regulation you may still be entitled to de minimis aid if you have received less than €200,000 in de minimis aid in the last three years. You should contact us if you consider that you may qualify for de minimis aid on this basis.

Confirmation of State aid received under x Scheme, and Undertaking in Difficulty status

Please sign the attached statement confirming your eligibility, in principle, for aid.

I confirm that I have received the following aid under measures approved within the European Commission’s Temporary Framework between March 2020 and December 2020.

I confirm that my undertaking was not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation) on 31 December 2019.

Body providing the assistance/ aid	Value of assistance (in €)	Date of assistance

DECLARATION

Company	
Company Representative Name	
Signature	
Date	

Template to send to beneficiaries of aid awarded based on De Minimis Rules

Dear []

NON-DOMESTIC RATES ACCOUNT NUMBER: _____

The value of the grant payment to be provided to [name of undertaking] by [name of local authority] is £ [] (Euros []).

This award shall comply with the EU law on State aid on the basis that, including this award, [name of undertaking] shall not receive more than €200,000 in total of de minimis aid within the current financial year or the previous two financial years).

The de minimis Regulations 1407/2013 (as published in the Official Journal of the European Union L352 24.12.2013) can be found at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>

Amount of <i>de minimis</i> aid	Date of aid	Organisation providing aid	Nature of aid

I confirm that:

1) I am authorised to sign on behalf of _____[name of undertaking];
and

2) _____[name of undertaking] shall not exceed its De minimis
threshold by accepting this grant payment.

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

I confirm that I wish to accept the grant payment in relation to the above premises.

DATE:

Refusal of Grant form

Name and address of premises	Non-domestic rates account number	Amount of Grant Funding

I confirm that I wish to refuse grant in relation to the above premises.

I confirm that I am authorised to sign on behalf of _____ [name of undertaking].

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

DATE:

<u>Name and address of premises</u>	<u>Non-domestic rates account number</u>



Ministry of Housing,
Communities &
Local Government

**Ministry of Housing, Communities & Local
Government**

2 Marsham Street, London, SW1P 4DF

To all CFOs in England

Tel: 0303 444 0000

Email: council.tax@communities.gov.uk

www.gov.uk/mhclg

24 March 2020

I am writing to you to inform you that the Department has now published guidance, and allocations, to billing authorities on delivery of the £500m hardship fund, as announced at Budget. The guidance can be found at:

<https://www.gov.uk/government/publications/council-tax-covid-19-hardship-fund-2020-to-2021-guidance>

As set out, the Government expects billing authorities to use the majority of the funding to provide relief to individual council taxpayers, alongside existing working age local council tax support schemes. This will help to provide additional support to those households most likely to be economically vulnerable to the impacts of COVID-19. Authorities might also want to consider using some funding to deliver financial assistance through their own local support mechanisms.

Allocations for each billing authority are set out at Annex A of the guidance and will be paid to councils as soon as possible. These allocations have been based on the latest data on the number of working age LCTS claimants in each billing authority area. Given the importance of this assistance in these exceptional circumstances, I know that you will do all you can to expedite provision of support to those in need, and rebill taxpayers as quickly as practical.

I am extremely grateful to local authorities for their support in delivering this measure to assist vulnerable households in their area. In accordance with the New Burdens doctrine, billing authorities will be fully compensated for the additional costs of using the grant funding and the Department will be in contact in due course to take forward reimbursement.

Alex Skinner

DIRECTOR, LOCAL GOVERNMENT FINANCE

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Report to Cabinet

Hardship Funding 2020/21

Portfolio Holder: Councillor Abdul Jabbar MBE – Deputy Leader and Cabinet Member Finance and Corporate Services

Officer Contact: Anne Ryans – Director of Finance
Ext. 4902

Report Author: Caroline Lee – Head of Revenues, Benefits and Business Support

23 April 2020

Reason for Decision

To approve the use of Hardship Funding Grant awarded by Central Government in 2020/21 in response to the COVID-19 pandemic.

Executive Summary

As part of its response to COVID-19, the Government announced in the Budget on 11 March 2020 that it would provide Local Authorities in England with £500 million of new grant funding to support economically vulnerable people and households in their local area. The intention is that there will be up to £150 support for working age Council Tax Reduction recipients (anyone paying less than £150 will have the relevant amount credited to their accounts so there is no balance outstanding).

As the Government has awarded Oldham Council a grant of £3,015,434, this report details how the Council will award the Council Tax element of this grant funding using the discretionary powers under Section 13A (1) (c) of the Local Government Finance Act 1992 and sets out proposals for the use of the balance of funding.

It is proposed that the excess of the Hardship Fund grant award will be used firstly to ensure CTR claimants are not detrimentally affected by the change in Housing Benefit

earning disregard regulations introduced under the Social Security (Coronavirus) (Further Measures) Regulations 2020 (SI 2020/371). The new regulations increase the disregard from income that applies to the calculation of Housing Benefit (HB) where a person is entitled to Working Tax Credit (WTC), or works for a specified minimum number of hours per week (the additional earnings disregard). The relevant shortfall created by the increase in WTC will be funded through Section 13A (1) (c) payments via the Council's Exceptional Hardship Payment scheme.

The balance of any funding will then be used to support a temporary amendment to the Local Welfare Provision scheme so that applications can be considered in exceptional circumstances to meet immediate need from extremely vulnerable households who may not be in receipt of means tested benefits.

Recommendations

It is recommended that Cabinet approves the:

- 1) Crediting of the Council Tax accounts for all working age residents that are in receipt of Council Tax Reduction (CTR) with £150 or a sum up to that value that would bring respective Council Tax account balances to nil in accordance with Government guidance.
- 2) Delegation of responsibility to the Deputy Leader and Cabinet Member for Finance and Corporate Services and the Director of Finance to finalise the detailed administration of the award process.
- 3) Allocation of any balance of grant once the CTR awards have been made firstly to reflect recent Housing Benefit earnings disregard changes via the Exceptional Hardship Payment scheme, and then to support a temporary amendment to the Local Welfare Provision Scheme so that applications can be considered in exceptional circumstances to meet the immediate needs of extremely vulnerable households who may not be in receipt of means tested benefits.

Hardship Funding 2020/21**1 Background**

- 1.1 As part of its response to COVID-19, the Government announced in the Budget on 11 March 2020 that it would provide Local Authorities in England with £500 million of new grant funding to support economically vulnerable people and households in their local area.

2. Current Position**Grant Funding Awarded**

- 2.1 The Government has awarded Oldham Council Hardship Funding of £3,015,434. This allocation of grant was paid to the Council on 3 April 2020 and was based on the Councils share of the national caseload of working age Local Council Tax Reduction Scheme recipients using the most recent published data (2019/20 Quarter 3) as advised in a letter from the Ministry of Housing, Communities and Local Government (MHCLG). The funding awarded is expected to provide additional support to help with Council Tax for working age claimants of Council Tax Reduction (CTR) up to a maximum of £150. There should be no cost to the Council in granting these awards as long as costs remain within the Government's grant funding allocation.
- 2.2 Based on a recent review of the current CTR caseload, the cost of awarding eligible working age claimants with a credit of £150 to their Council Tax account would cost £2,109,750. However, there is an expectation that due to the economic position and the large number of pending Universal Credit claims that this could result in significant number of additional CTR claims. It is therefore prudent to assume a further 25% of claimants at an estimated cost of £527,438. This would bring the total estimated cost to deliver the Council Tax support to £2,637,188, leaving £378,246 to support other welfare priorities.
- 2.3 Appendix 1 presents an extract from the Government's guidance to Local Authorities received on 24 March 2020. This makes it clear that this grant funding should be used to pay £150 to the accounts of residents in receipt of CTR in the first instance (or an amount up to that sum that brings the outstanding balance to nil) and that any excess funding could be used to support other Council priorities such as existing Council Tax Hardship policies and Local Welfare Schemes.
- 2.4 As per the policy intention, the £150 award will be administered by the Council using its discretionary powers under Section 13A (1) (c) of the Local Government Finance Act 1992. This payment will be outside the Council's CTR scheme and therefore changes to this scheme will not be required.
- 2.5 It is proposed that the Council will award £150 as a one-off payment to the 2020/21 Council Tax account of all working age residents who are liable for Council Tax for this period **and** receive CTR (or a sum up to £150 that will bring the balance of the account to nil). It is intended that this money will be credited to the majority of these accounts during April 2020. However, as at the time of writing this report, the Council is waiting for details from the software supplier, Capita, about the additional functionality needed to administer the scheme. This will inform the detailed operational arrangements and practical administration of the scheme. It is important to note that all Local Authorities using the Capita system are also reliant on the release of technical functionality so cannot at this time progress the awards.

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- 2.6 It is proposed that the final working arrangements are agreed by the Director of Finance in conjunction with the Deputy Leader and Cabinet Member for Finance and Corporate Services. This will include consideration of full entitlement periods, partial awards, credits and other operational considerations.
- 2.7 The costs of the scheme to provide £150 to all CTR claimant with a 25% additional costs tolerance takes the estimated cost of the scheme to £2,637,188, leaving an estimated £378,246 to fund other support for residents facing financial hardship.
- 2.8 It is therefore proposed to use residual funding to provide financial assistance using two of the Council's already approved discretionary schemes, firstly the Exceptional Hardship Payments scheme with any balance applied to the Local Welfare Provision scheme as follows:

a) Exceptional Hardship Payments - Additional Earnings Disregard

The Social Security (Coronavirus) (Further Measures) Regulations 2020 (SI 2020/371) were agreed on 27 March 2020 and came into force on 30 March 2020. These regulations make amendments to the Housing Benefit Regulations 2006 (SI 2006/13) and the Housing Benefit (persons who have attained the qualifying age for state pension credit) Regulations 2006 (SI 2006/214). These new changes increase the disregard from income that applies to the calculation of Housing Benefit (HB) where a person is entitled to Working Tax Credit (WTC), or works for a specified minimum number of hours per week (the additional earnings disregard).

The rate of the additional earnings disregard of £17.10 has been increased to £37.10. The increase takes into account the temporary increase in the basic element of WTC and takes effect on 6 April 2020. The increase will cease to apply at the end of 4 April 2021.

The changes made to the Housing Benefit (HB) regulations ensure that there is no negative effect on the award of HB but will reduce entitlement to CTR. The Council's CTR scheme has already been set for 2020/21 and cannot be changed in year. In view of this, it is proposed that the excess of the Hardship Fund award from Government will be used to ensure CTR claimants are not detrimentally affected by this earnings disregard change and the relevant shortfall created by the increase in WTC will be funded through Section 13A (1) (c) payments via the Council's Exceptional Hardship Payment scheme. This will be calculated automatically, and claimants will not need to separately apply for this help. This is currently estimated to cost £300,000.

b) Local Welfare Provision

The Council's Local Welfare Provision Scheme would normally only help those families in receipt of a qualifying means tested benefit facing crisis or an emergency or if they are being supported to move home due to complex circumstances e.g. homelessness or leaving hospital.

The Council proposes to temporarily amend the scheme so that applications can be considered in exceptional circumstances to meet the immediate needs of extremely vulnerable households who may not be in receipt of means tested benefits. Examples could include an emergency cash grant or a fuel grant. Each case will be considered on the individual merits of the case, cognisant of the budget available.

3 **Options/Alternatives**

3.1 There are two options presented for consideration:

Option 1 - Cabinet approves the proposed use of the Hardship Fund grant awarded by Central Government as set out at Section 2 of the report

Option 2 - Cabinet does not approve the proposed use of the Hardship Fund grant awarded by Central Government as set out at Section 2 of the report and suggests alternative arrangements.

4 **Preferred Option**

4.1 The preferred option is Option 1, that Cabinet approves the proposed use of the Hardship Fund grant awarded by Central Government as set out at section 2 of the report.

5 **Consultation**

5.1 Consultation has taken place with the Cabinet Member for Finance and Corporate Services.

6 **Financial Implications**

6.1 The Government has provided £3,015,434 of grant to facilitate the award of support to those of working age in receipt of Council Tax Reduction. There will also be New Burdens Funding to support the administration of this award. The value of this funding is yet to be confirmed. There will therefore be no additional unfunded cost to the Council in making the awards and administering the process.

6.2 Based on a recent snapshot of the current CTR working age caseload of 14,065 as at 31 March 2020, the approach suggested which is to award each CTR claimant of working age a credit to their Council Tax account of £150, would cost a maximum of £2,109,750. However, there is an expectation that due to the economic position and the large number of pending Universal Credit claims that this could result in significant number of additional CTR claims. It is therefore prudent to assume a further 25% increase in CTR claimants. At the maximum of £150, this would cost a further £527,438. This would then take the estimated funding requirement to £2,637,188, leaving an estimated £378,246 to support other welfare priorities.

6.3 Clearly, the actual cost of the £150 award and balance of funding available for allocation elsewhere will be finalized as the awards are made. It is therefore proposed that the balance of funding is used firstly to ensure CTR claimants are not detrimentally affected by the change in Housing Benefit earning disregard regulations introduced under the Social Security (Coronavirus) (Further Measures) Regulations 2020 (SI 2020/371). The balance of any funding will then be used to support a temporary amendment to the Local Welfare Provision scheme so that applications can be considered in exceptional circumstances to meet immediate need from extremely vulnerable households who may not be in receipt of means tested benefits. (Anne Ryans)

7 **Legal Services Comments**

7.1 Legal issues and statutory provisions are captured within the main body of the report. Where a discretion is to be exercised such discretion needs to be in accordance with general public law principles. (Colin Brittain)

8 **Co-operative Agenda**

8.1 Addressing the emergency pandemic and providing the best support to all our residents is a key priority for the Council. The administration of Government funding in accordance with guidance in this emergency is consistent with the cooperative principles of the Council.

9 **Human Resources Comments**

9.1 There are no direct Human Resource implications arising from this report.

10 **Risk Assessments**

10.1 The calculation of the awards has been based on an existing caseload snapshot and there is a real risk that the caseload will rise significantly through the 2020/21 financial year. To support this cost assumptions have been based on current caseload plus 25% to try to avoid any financial risk to the Council and failure to deliver the support required as needed. (Mark Stenson)

11 **IT Implications**

11.1 There are no direct IT implications arising from this report.

12 **Property Implications**

12.1 There are no property implications arising from this report

13 **Procurement Implications**

13.1 There are no procurement implications arising from this report

14 **Environmental and Health & Safety Implications**

14.1 There are no environmental and health and safety implications arising directly from this report

15 **Equality, community cohesion and crime implications**

15.1 None

16 **Equality Impact Assessment Completed?**

16.1 No.

17 **Key Decision**

17.1 The Chair of the Overview and Scrutiny Board has agreed that the decision cannot be reasonably deferred in order to support the Covid-19 response. The report is in line with the Council's Budget and Policy Framework. The decision cannot wait until the end of the call-in period to meet the support. The decision is exempt from call-in.

18 **Key Decision Reference**

18.1 n/a

19 **Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background papers are contained within Appendices 1
Officer Name: Anne Ryans
Contact No: 0161 770 4902

20 Appendices

20.1 Appendix 1 Extract from Government Guidance – Council Tax Hardship Fund

Extract from Government Guidance – Council Tax Hardship Fund

Underpinning Principles

As part of its response to COVID-19, the Government announced in the Budget on 11 March 2020 that it would provide Local Authorities in England with £500m of new grant funding to support economically vulnerable people and households in their local area.

The expectation is that most of the hardship fund will be used to provide help with Council Tax for working age residents to be awarded as discretionary support alongside existing local CTR schemes. This funding is distinct from the £5bn COVID-19 response fund to support public services.

The Government recognises that COVID-19 is likely to cause fluctuations in household incomes and recognises that, as a result, some individuals may struggle to meet Council Tax payments. Each Council has already established their local CTR schemes for 2020-21 and this cannot now be amended.

The Government therefore expects that billing authorities will primarily use their grant allocation to reduce the Council Tax liability of individuals in their area, using their discretionary powers under s13A (1) (c) of the Local Government Finance Act 1992. Councils may also want to use some funding to deliver increased financial assistance through other local support mechanisms, having considered local circumstances.

Councils should expedite provision of support to individuals in their area, using existing policies and schemes to deliver assistance where practical. Where Council clearance processes are considered necessary, to avoid delays, they should be kept as light touch as possible within the governance arrangements of each authority.

Hardship payment should be applied as soon as possible from the beginning of the 2020-21 financial year and billing authorities should rebill council taxpayers as quickly as practical. Authorities will want to make the local population aware of how the grant support package will be delivered, e.g. through providing information on their websites.

The Government has confirmed that it will fund billing authorities in full for the new burdens cost for delivering the support.

Local authorities will wish to maintain a record of grant expenditure under this scheme, both through the Council Tax system and their own local support mechanisms.

It is the Government's intention that any assistance provided from the Council Tax hardship fund will not affect the eligibility of recipients for other benefits.

Minimum reduction in Council Tax liability for working age local Council Tax Reduction claimants

The Government's strong expectation is that billing authorities will provide all recipients of working age CTR during the financial year 2020-21 with a further reduction in their annual

Council Tax bill of £150, using their discretionary powers to reduce the liability of Council Tax payers outside of their formal CTR scheme design.

Where a taxpayer's liability for 2020-21 is, following the application of CT, less than £150, then their liability would be reduced to nil. Where a taxpayer's liability for 2020-21 is nil, no reduction to the Council Tax bill will be available.

There should be no need for any recipient of CTR to make a separate claim for a reduction under this scheme. The billing authority should assess who is eligible for support from the hardship fund and automatically rebill those Council Tax payers.

Whether or not a taxpayer has been affected by COVID-19, directly or indirectly, should not be taken into account in assessing eligibility for this reduction.

The Government is keen to ensure that support is provided as quickly as possible to individuals who are eligible. It therefore considers that there is a strong case for Councils to provide the support up front to enable the maximum benefit to be delivered promptly. However, the Government recognises that in some cases, authorities may consider that the most effective assistance could be profiled across the year.

Wider consideration – additional discretionary support

The Government recognises that existing support mechanisms vary locally, including CTR schemes, discretionary Council Tax discount/hardship schemes and Local Welfare schemes.

Having allocated grant to reduce the Council Tax bill of working age CTR recipients by a further £150, billing authorities should establish their own local approach to using any remaining grant to assist those in need. Billing authorities will want to revisit their broader approach at intervals during the financial year, in order to ensure expenditure for 2020-21 remains within their allocation.

In determining any broader approach to delivering support, authorities are best placed to reflect on the financial needs of their most vulnerable residents. In doing so, they may wish to consider using their remaining grant allocation as part of wider local support mechanisms. These may include, but are not restricted to: a) Council tax relief using existing discretionary discount/hardship policies (adapted where necessary in order to capture those most likely to be affected by COVID-19); and b) Additional support outside the Council Tax system through Local Welfare or similar schemes; c) A higher level of council tax reduction for those working age LCTS recipients whose annual liability exceeds £150.

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