

## **Resources Board – report from Cllr Richard Watts (Chair)**

### **Local Government Finance**

#### *COVID-19 funding*

1. Hard work continues to build the case for sufficient and sustainable funding for local government in response to the challenges posed by COVID-19. On 2 July, in addition to previous announcements of £3.2 billion grant funding and cash flow measures, the Secretary of State for Housing, Communities and Local Government [announced a further package of support for councils](#), which included £500 million of additional funding toward cost pressures, a scheme to share part of the lost sales, fees and charges income and a facility to repay local tax deficits over three years, instead of one. While this is helpful, more is needed to fully address the severe financial challenges facing councils.
2. Together with the LGA Chairman and LGA officers, I briefed MPs on council funding issues, arising from COVID-19, on 6 July. We stressed our call to Government to meet all extra cost pressures and income losses from fees and charges and other sources, including commercial activity, in full if councils are to avoid having to make tough decisions on in-year cuts to services to meet their legal duty to set a balanced budget this year.
3. Attention also turns to wider local government finance issues, such as the 2020 Spending Review, the 2020/21 local government finance settlement and its components, as well as major reviews such as the business rates review. Resources Board and other member groups will continue to be closely involved in these.

#### *Financial sustainability*

4. The LGA's [response](#) to the [consultation](#) on future lending terms of the Public Works Loan Board (PWLB) was agreed by Resources Board and submitted in late May. In this response, we called for some immediate borrowing measures to help councils manage cash flow and costs through the current crisis as well as highlighting problems that the core proposals could cause for councils' ability to fund vital capital programmes, affecting recovery. The consultation has been extended to the end of July and HM Treasury are now running a series of workshops on the proposals.

#### *Business support*

5. As part of its COVID-19 business support package, the Department for Business, Energy and Industrial Strategy (BEIS) has provided £12.3 billion to local authorities in England to administer the Small Business Grants Fund (SBGF) and the Retail, Hospitality and Leisure Business Grants Fund (RHLGF). BEIS publishes [weekly data updates](#) on progress of delivery of the grants. At the time of writing, the latest update – published on 30 June – reported that £10.57 billion (85.7 per cent of the grant) has been paid out to more than 861,000 business properties (90 per cent of identified properties).

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6. In response to the representations by councils and the LGA for businesses out of the scope of current measures to receive further support, on 2 May BEIS announced an additional discretionary fund of up to £617 million. A number of council schemes have now passed their closing date and have paid out grants, although BEIS has not yet published any data on spend. We expect this in the next few weeks.
7. LGA and council officers have continued to engage extensively on all these schemes with Government officials, promoting the efforts of councils and raising issues relating to the schemes and interpretation of the Government guidance.
8. If all eligible businesses can be contacted and paid, and funding for the discretionary scheme is spent in full, LGA officers estimate there could be an underspend of £600 million. In response to a [report](#) by the Institute of Fiscal Studies, I [called](#) for the Government to redistribute any unspent resources from this scheme, including any clawed back, to councils to be spent on local efforts to help further support businesses and reboot local economies as we move into the next phase of this crisis.

## **Workforce**

### *Local Government Staff*

9. The [LGA's guidance on the Job Retention Scheme](#) has been updated to take into account HMRC's latest publication covering flexible furloughing from 1 July.
10. A ninth [joint circular](#) has been agreed with the Trade Unions covering return to work, test and trace and hospital admissions.
11. Meanwhile, the final pay offer of a headline 2.75 per cent has not been rejected out-of-hand by the trade unions and is out to consultation with their members.

### *COVID Workforce Survey*

12. Working with research colleagues the [LGA COVID-19 workforce survey summary report](#) is now in its third edition, monitoring key factors such as the number of staff absent with COVID-19 and the number on furlough. The survey continues to develop as we enter further phases of the COVID response. Councils are able to access their own and comparative data in **LG Inform**.

### *Recovery phase planning*

13. The LGA Workforce team are developing the improvement offer to support councils beyond recovery into renewal and are currently building a workforce programme to that effect. This work includes initial transition to the world of work when social distancing still dominates, but also starts to look toward the local government workplace of the future. We are capturing questions to consider, to assist employers in building their workforce response to renew post Covid-19. The work is highlighted in a [recent blog](#).

### *Fire*

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14. As we move out of the urgent response phase work has focussed on maintaining the positions reached on additional working. The Tripartite agreement has been extended from 26 May to 15 July, with the potential to further extend to 26 August. The 14 additional work areas therefore remain available to FRAs should there be another peak within that time and an FRA locally wishes to use one or more to support a local partner organisation e.g. local ambulance trust or care homes.

#### *Education*

15. The current situation is that most schools continue to be opened in line with the DfE guidance with further plans under development that are both complex and contentious. The LGA continues to [provide regular guidance](#) as well as working with all stakeholders through this complicated issue.
16. In June, in collaboration with ASCL and NAHT unions the LGA published [joint workforce guidance](#) for schools on how to best manage the Government's current quarantine rules and NHS requirement for self-isolation with regards planned hospital admission.
17. Also recently published is the NEOST (National Employer of School Teachers) [wellbeing guide for schools and trusts](#) which provides schools and trusts with information and guidance as well as signposting to other resources to best support the wellbeing of their staff, especially during the COVID-19 pandemic.

#### **Support for low income households, the economically vulnerable and those in financial hardship**

18. Government announced £63m funding for councils to support households with 'food and other essentials' on 11<sup>th</sup> June. Evidence submitted from councils on the LGA's 'reshaping financial support' programme made a significant contribution to the Government's decision to provide this funding, which is designed to support 'existing schemes' to deliver support during the immediate crisis. We also worked with councils, Defra and MHCLG to ensure that the guidance and funding remained as flexible as possible. Grant letters are due to go out to councils from Defra (who are administering the funding) week commencing 6 July. The LGA continues to highlight the need for more sustainable funding to enable councils to effectively support economically vulnerable households in the longer term.
19. LGA published guidance on [delivering financial hardship support schemes](#) on 2<sup>nd</sup> July.

#### **EU Funding**

20. The LGA sought intelligence from local and combined authorities on how current European Structural and Investment Fund activity has been impacted by COVID-19. This includes looking at ways to reduce the burdens on current project beneficiaries, so they can concentrate on COVID issues and be assured that their running costs will be continued to be met, as far as possible. We also sought ideas from member authorities on how current projects can be redirected and pivoted to COVID related activity, and

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what could be done with remaining funds to support those businesses and residents most in need within the ESIF framework.

21. We submitted a summary of the intelligence and ideas gathered to the Performance and Dispute Resolution National Sub-Committee. This has informed central government assurance that has been published.
22. £51 million of ERDF Reserve Fund monies has been secured to support councils implement social distancing measures for local high streets. The remaining parts of the ERDF Reserve Fund will be to support SMEs, including the Kickstart Tourism Package.
23. The LGA continues to raise concerns about DWP not fully utilising the ESF programme before we leave the ESIF programme. This includes the ESF Reserve Fund and the remaining funds that are stuck in the appraisal process. The LGA has called for the Government needs to urgently work with councils and combined authorities to ensure the remaining money is allocated quickly to support the national recovery from the pandemic, as well as the publication of the consultation of the UK Shared Prosperity Fund.

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