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COVID-19 update

Purpose of report

For discussion.

Summary

This report provides an update on Covid-19 related work by the LGA which comes under the remit of the Resources Board.

Recommendations

That members of the Resources Board note the update and comment on the issues raised in the paper.

Actions

As directed by members

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Covid-19 update

Local Government Finance

Local government finance announcements to date

1. The LGA has already been successful in achieving a number of positive financial announcements to help councils deal with the impact of Covid-19, including £3.2 billion of un-ringfenced funding for local authorities, over £4 billion of upfront grant payments and £2.6 billion of deferred payments of business rates to central government. The Government also announced a three-month extension for production of annual financial accounts and statements as well as a delay to a number of data collection deadlines.
2. On 2 July, as part of his address to the virtual edition of the LGA annual conference, the Secretary of State for Communities and Local Government announced a new package of support to address spending pressures and lost income, which included:
 - 2.1. A further £500 million un-ringfenced grant to support local councils with spending pressures;
 - 2.2. A new scheme to reimburse councils for lost sales, fees and charges income - losses of more than 5 per cent of a council's planned income from sales, fees and charges will be covered at a rate of 75p in every pound; and
 - 2.3. Measures to allow council and business rates deficits to be repaid over three years instead of one. The Government will announce, at the 2020 Spending Review, how it plans to apportion irrecoverable tax losses between central and local government.
3. At the time of writing, neither the allocations of the £500 million grant nor further guidance regarding the sharing of losses of sales, fees and charges had been published.

Latest information on the financial challenge facing councils

4. The LGA has received access to data from all returns submitted to MHCLG as part of the June round of their financial survey exercise. The LGA [issued a press release](#) highlighting the £10.9 billion financial challenge arising from the impact of COVID-19 in 2020/21, 40 per cent (£4.4 billion) of which is due to cost pressures, 34 per cent (£3.7 billion) to uncollected council tax and business rates, and 26 per cent (£2.8 billion) to lost non-tax income such as sales, fees and charges. More detail from the survey can be found on the [LGA website](#) and has been shared with member authorities.
5. The figures do not include the impact of the Government's announcements summarised above, any contribution of CCGs to local authority spending on COVID-19 or business rates losses absorbed by central government through the business rates retention system.

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LGA commissioned work

6. As part of the work to better understand the issues that councils are facing as a result of COVID-19, and to develop proposals for the upcoming Spending Review, as well as the more immediate challenges, the LGA has commissioned two pieces of work:
 - 6.1. LG Futures was commissioned to develop and model some proposals on how non-collected tax revenue can be dealt with. A draft of this report has been received. The report will be used to inform further work and our asks of Government.
 - 6.2. In advance of the 2020 Spending Review due to take place this Autumn, the Institute for Fiscal Studies has been commissioned to analyse the longer-term impacts of COVID-19 on local government finance, including future costs and income losses. We will keep Resources Board up to date on this work.

Administration of support for businesses

7. The Department for Business, Energy and Industrial Strategy (BEIS) publishes [weekly data updates](#) on the delivery of the £12.3 billion business support grants. At the time of writing, the latest update, published on 7 July, reports that £10.65 billion has been paid out to businesses in relation to over 867,000 properties representing 86.3 per cent of the total allocation and 90.6 per cent of the total number of eligible properties identified by councils.
8. On the £617 million discretionary fund for those businesses which cannot receive support through the above grants (such as businesses which do not pay rates) a number of council schemes have now passed their closing date and have paid out grant. At the time of drafting this report BEIS has not yet published any data on spend of this grant although councils have been asked to supply data to BEIS. Councils have also been asked to provide information on the payment of grants at the constituency level.
9. 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, we have [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.
10. 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.

Reviews by HM Treasury affecting longer term economic recovery

11. In the March Budget, the Chancellor announced reviews of:

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- 11.1. Business rates – this was on the agenda of the previous two meetings of the Resources Board. Following the recommendation of the LGA’s Executive Advisory Board the Task and Finish Group on Business Rates Retention and the Fair Funding Review will be reformed to take forward this policy work;
- 11.2. The Public Works Loans Board (PWLB) future lending arrangements - The LGA’s [response](#) to the [PWLB consultation](#), cleared by Resources Board, was submitted in late May. In addition to raising concerns with the proposals we also called for measures to help councils manage cash flow and costs through the current pandemic. The consultation has been extended to the end of July and we have engaged in HM Treasury workshops on the proposals.
- 11.3. The [Green Book](#), the Government guidance on how to appraise and evaluate policies, projects and programmes. We are engaging with HMT and local authorities on this.

Workforce

12. The National Joint Council for local government services (NJC) has issued nine circulars between 12 February and 12 June which have provided joint employer-union guidance on several workforce-related issues including:
 - 12.1 self-isolation and pay
 - 12.2 working at home / redeployment / leave
 - 12.3 schools: closures / remaining open for vulnerable and critical workers’ children
 - 12.4 social distancing
 - 12.5 essential travel
 - 12.6 PPE
 - 12.7 recovery / return to work
 - 12.8 abuse of employees by the public
 - 12.9 working at home tax relief
 - 12.10 quarantine after foreign travel / prior to admission to hospital
 - 12.11 test & trace
13. We have worked hard throughout the crisis to ensure that joint guidance has been issued to councils as soon as practicable. We have managed successfully to rebut some suggestions from the unions that would not have proved popular with councils. Nonetheless we are pleased to have secured a one hundred per cent success rate in ensuring that all guidance issued to date has been on a joint basis, without the need for employer-only advice, which would have caused difficulties at local level.

COVID-19 Council Workforce Data Survey

14. Having the right workforce data during the pandemic has been an important issue for councils across the UK. Councils reported receiving increased demands for workforce data from government and their Local Resilience Forums (LRF). On that basis the regional employer organisations and individual councils raised the need to have an agreed COVID-19 workforce dataset with government. Working with MHCLG, DHSC and

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the Cabinet Office, the LGA agreed on the data set on the basis that this discourages any further workforce data demands on councils during the crisis. The first fortnightly 'snapshot' survey was sent to all councils across England, Wales and Northern Ireland on 7 May. Through the survey, councils have shared a consistent and uniform data set to highlight the workforce impact of COVID-19 across the local government sector. The data now forms part of the LRF dashboard reports to help inform local decision making on responding to crisis and is shared with MHCLG and relevant government departments.

15. The [latest headlines from the survey](#) show that service disruption remains an issue with two thirds reporting disruption to overall services. The number of staff furloughed has increased by 7,783 to 12,395 which relates to the deadline for first furloughing of 30 June. Since 1 March almost 10,000 additional staff have been recruited, however, local authorities continue to face pressure due to staff absence, despite the rate falling by 15 per cent over the last two weeks. 33,386 council staff were unavailable for work with nearly two-fifths (40 per cent) of staff being unavailable through 'self-isolation'. It is positive to report that 94 per cent of councils say they have sufficient PPE although 3 per cent, predominantly County Councils, do not. We continue to work with government and the relevant regional agencies to resolve issues for councils. The COVID-19 Workforce Data collection will continue throughout the summer.

Recovery phase

16. The LGA Workforce team are considering how best 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. This will include advice on managing the blended workforce (as we anticipate greater numbers of home-based workers) and staff well-being. The work is highlighted in a [recent blog](#).
17. We are also starting to ask what this means in terms of organisational design, recruitment and skills as well as practical questions about job design and workforce planning. Finally, we will consider some larger policy issues about how local government contributes more broadly to recovery, how the status, value and recognition of key workers might be impacted by all this, what it means for social care, and of course how you ensure any recovery is driven by equality, diversity and inclusivity.
18. Much of our existing support and offer remains viable through digital means and remains relevant as part of the solution to emerging workforce challenges, so we will be making that clear and linking parts of our offer in an explicit way to assist those looking for additional support during this time.

Supporting councils on workforce planning to aid COVID-19 recovery

19. The LGA Workforce Team are providing an improvement support project to help councils plan their workforce needs (right people, right skills, right time). Specifically, the offer is to

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provide councils with two days support to carry out workforce analytics to produce effective workforce plans. The offer launched in February this year (to start in April 2020) and aimed to provide help to up to 40 councils in England. Over 40 councils applied for the support, but many have deferred help to later in the year due to the pandemic.

20. As we move to the recovery stage councils have re-engaged with the project and we are now supporting those councils with online tools, an active [on-line community of practice](#) and fortnightly Practice Sharing sessions using MS Teams to aid progress and share learning. The project has worked with NHS Transformation Unit to develop the workforce planning tools and in 2020 the project will be working with skills for Care to specially support workforce planning in the adult social care workforce.
21. More information can be found [here](#). The LGA Workforce team as part of the workforce planning project is providing all councils with support in developing career pathways in service / specific occupational areas. This is to assist councils develop succession planning and wider employee progression into new roles. More information can be found [here](#).

Workforce Wellbeing

22. Since the last meeting, we have added to our suite of wellbeing resources with advice on supporting staff who have been furloughed and are considering the request from the unions as part of NJC Green Book negotiations to lead a National Review of Health and Wellbeing in the Workplace as part of our work in exploring support for long-term wellbeing issues for our workforce in response to the different stresses experienced while working through a national public health emergency (subject to a pay agreement being reached).
23. We are also working with LGA colleagues to re-shape our work on equalities, diversity and inclusion to encourage a more diverse and inclusive leadership and workforce at all levels of the organisation, that is more representative of the different elements of our communities.
24. We are also working on tools to promote organisational cultures that enable a diverse workforce to participate fully with the structures and processes of local government in designing and delivering our services in inclusive and meaningful ways, focussing particularly on employment policies and processes for recruitment, development and reward, actively adopting a 'diversity by design' approach.
25. We are also looking at ways to ensure that funding issues resulting in discussions of the reshaping of local government services includes consideration of the impact on the diversity of affected employees/workers to safeguard fairness and avoid a disproportionate impact on BAME staff in local government. Recent work includes gathering and publishing good practice examples of work that local authorities are doing to carrying out supplementary risk assessments and conversations with their BAME employees to find out what additional support can be put in place to manage the safety of these staff at work while work is done nationally to understand why people from BAME communities are disproportionately affected by COVID-19.

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26. On 16 June, the Government published *Covid-19-understanding the impact on BAME communities*. [A summary of stakeholder insights](#) into factors affecting the impact of coronavirus (COVID-19) on black, Asian and minority ethnic (BAME) communities.

Education

27. The Government recently announced that all pupils will return to school in September. As a result, councils and schools are now working at pace to start the planning process for a full reopening of schools to all pupils and staff (where the DfE /PHE guidance states it is safe to do so) from the start of the autumn term in September.
28. DfE published detailed guidance on 2 July (see links below) to support schools and colleges to fully reopen in September and early years and childcare providers from 20 July. Current restrictions on group sizes will be lifted to allow schools, colleges and nurseries to fully reopen to all children and young people. Covid-19 secure measures will remain in place to reduce the risk of transmission.
- [Guidance for full opening of schools](#)
 - [Guidance for full opening of special schools and other specialist institutions](#)
 - [Guidance for further education and skills providers](#)
 - [Guidance for early years and childcare providers](#)
29. Schools and councils are continuing to adapt for eligible children and year groups and reassuring pupils, parents and staff. Most schools have not closed since the start of pandemic of course and continued to be open in line with the DfE guidance. Schools opened from 1 June to reception, years 1 and 6 in primaries, and years 10 and 12 in secondary schools, as well as where possible offering additional places for all year groups to be able to return, depending on school circumstances.
30. As the infection rate fluctuates, councils and schools are making decisions based on the expert and Government advice. For example, in w/c 29 June several schools closed in the Leicester area as a result of local outbreaks.
31. On 19 June the [government announced a £1 billion Covid “catch up” package](#) to tackle the impact of lost teaching time. The LGA welcomed this funding, highlighting the fact that councils will work with schools and government to help children catch-up on any school work they may have missed, and ensure as many pupils as possible return to school in September. We await further details of what the funding will cover but early indications suggest that the majority of schools will close for all pupils across the summer holiday period apart from the usual clubs and activities. It is widely agreed within the education sector that teachers, leadership teams and support staff all need a proper break over the summer. Although the reality is with the DfE autumn term reopening guidance only being published on 2 July and the intended Government pay consultation due to take place over the summer holidays, a significant amount of work will need to be undertaken before the start of the autumn term.

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32. We are holding an [LGA webinar on schools focused employment law](#) issues in the afternoon of the 24 July.
33. The [NEOST guide](#) (National Employer of School Teachers) wellbeing guide for schools and trusts was published by the LGA in June and provides schools and trusts with information and guidance as well as signposting to other resources to best support the wellbeing of their staff. The guide has been very well received and has attracted positive attention from the DfE which has led to LGA Officers being invited to be members of DfE working groups on other related national policy work.

LGA Apprenticeships Programme

34. The LGA Apprenticeship programme is continuing to provide support to councils during the pandemic. Government has updated its Apprenticeships Guidance five times since the start of the COVID-19 disruption, and this now covers a range of topics, from online learning to remote end point assessments, functional skills flexibilities and returning to on-site delivery of training. The LGA has provided support directly to councils through the Apprenticeships online community of practice ([KHUB Group](#)) to update councils on the latest changes, including an FAQ document covering many of the main issues in the guidance.

Return to Social Work

35. The LGA's Return to Social Work Programme is underway and 200 participants are being trained and will shortly be commencing their placements in councils.
36. The Social Work Together programme has over 1000 expressions of interest for social workers who want to come back to work to help support councils to support their communities during these difficult times. Candidates receive free learning resources to help them refresh their skills and be ready for work, when needed either in the immediate future or during the anticipated future peaks.

Fire

37. 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 organization, for example a local ambulance trust or care homes.

Job Retention Scheme

38. We have continued to update the [LGA guidance](#) on the Coronavirus Job Retention Scheme as it is amended and Government policy develops. From July the focus has

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moved to partial furloughing as many workers are returning to work and the support from the scheme reduces. The LGA COVID survey indicates that around a third of councils have furloughed some staff.

Reshaping financial support

39. When the coronavirus crisis escalated in late March work on financial hardship and economic vulnerability rose rapidly up the agenda. We were able to quickly review and expand the Reshaping Financial Support programme to share emerging learning and policy development with a growing group of councils.
40. Councils in the programme have contributed directly to Government policy and funding decisions on food poverty and hardship funding, including the recent £63m fund for 'food and other essentials' that is being disbursed to councils from the Department for the Environment, Food and Rural Affairs (Defra) and have provided a regular sounding board for Government departments, key stakeholders and partners.
41. We have produced a range of guidance for the sector, drawing on the approach of councils in the programme. Publications include a [summary of coronavirus crisis support](#) and a [good practice guide on financial hardship schemes](#).
42. We have developed a 'demand dashboard' to enable councils to identify need, engage with partners and target support most effectively. We are currently piloting the dashboard with 24 councils, with a view to developing something that can be expanded across the sector and used to support local benchmarking. We are partnering with EY and Xantura on their work with councils to identify households at risk of debt and financial exclusion. This will also include work on data-sharing with partners including the VCS and DWP.
43. We have worked with partners including Citizens Advice and Money Advice Trust to develop a shared ask to MHCLG on reviewing council tax regulations to make it easier for councils to support vulnerable residents. We will be working with councils to develop good practice in debt recovery and liability, which will help to inform our response to the [Cabinet Office call for evidence on fairness in debt management](#).
44. We worked closely with MHCLG and councils on the implementation of the £500m 'hardship fund' to provide reductions in council tax liability. We have highlighted that the current funding is likely to be insufficient to enable councils to provide the support that low-income households need (MHCLG are collecting data as part of their monthly returns).

Welfare delivery and reform

45. We continue to work closely with the Department for Work and Pensions (DWP) and councils on the implementation of Universal Credit and wider welfare reform.

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46. We published a [report in February 2020](#) highlighting the cost impacts on councils' homelessness services from the continued freeze of the Local Housing Allowance (LHA) rate. We have also worked consistently and effectively with a range of partners including Crisis, Shelter and London Councils to highlight the need to ensure affordability in the private rented sector.
47. The LHA rate was lifted in March 2020 as part of the Government's coronavirus measures. Government has not ruled out the possibility of lowering the rate again in the forthcoming Spending Review. Our research provides a solid evidence-base for continuing to press Government on the need for the LHA rate to remain at least the 30th percentile of market rents.
48. Work on wider welfare reform has been largely suspended during the pandemic. However, we have worked closely with DWP on temporary changes to benefits administration, as well as key issues related to low-income households, including the sufficiency on Discretionary Housing Payment and local support for new Universal Credit claimants.
49. We are commissioning research to review the impact on households when financial support (e.g. the furlough scheme; mortgage holidays) and temporary measures (e.g. the removal of the minimum income floor) are stepped down, and liabilities (e.g. rent; council tax) are restored. This will inform future lobbying on funding for councils and the design on the benefits system.

European Structural and Investment Fund

50. 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 what could be done with remaining funds to support those businesses and residents most in need within the ESIF framework.
51. 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.
52. £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.
53. 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 to urgently work with councils and combined authorities to ensure the

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remaining money is allocated quickly to support the national recovery from the pandemic, as well as the publication of the consultation on the UK Shared Prosperity Fund.