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## Allocation of Additional Funding to Support Response to Covid-19

### Summary

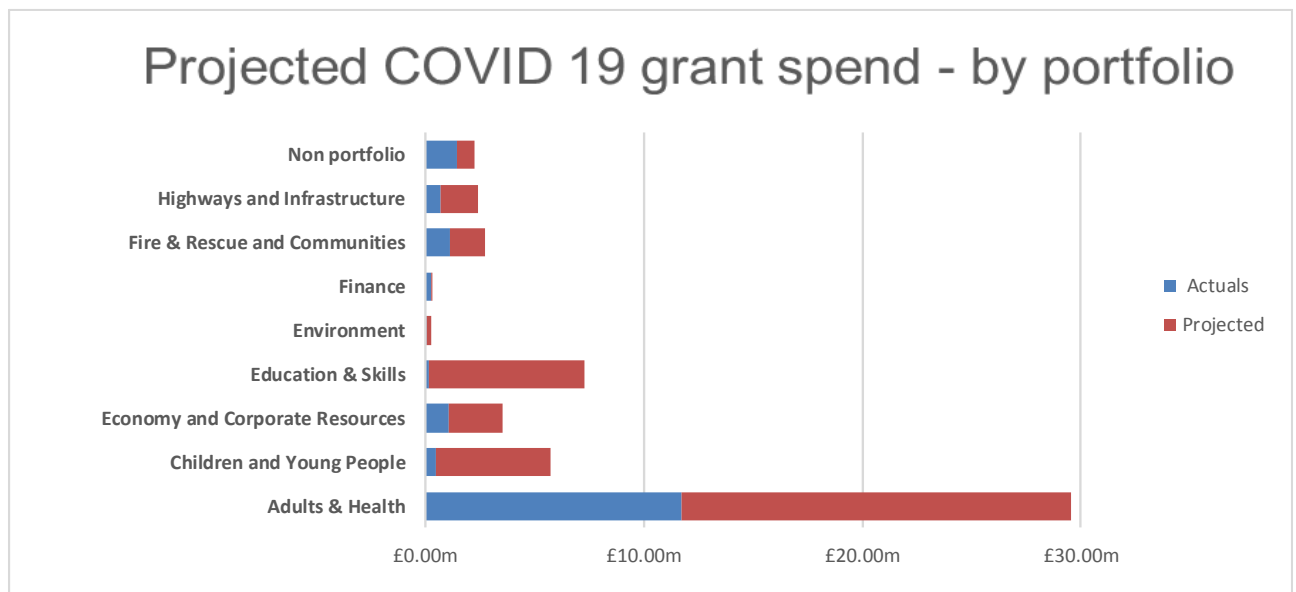
- 1 To date the Government has allocated an additional £41.4 million of funding in three tranches to support the additional costs incurred by the County Council as a consequence of responding to the Covid-19 pandemic. These funds are not ring-fenced giving the Council discretion to determine how best to use the resources.
- 2 The way the Council has responded is to allocate funds to budgets as spend is incurred. Urgent Action procedures have been used as the mechanism for taking and publishing these decisions. It is estimated that funding received to date will not be sufficient to meet all of the additional costs incurred during 2020/21 in response to the Covid-19 pandemic. The potential shortfall will be monitored and reported back to Members through the Total Performance Monitor (TPM).

### Proposal

#### Background and context

- 3 The costs of the pandemic and the subsequent receipt of government funding were not known when the Budget Report for 2020/21 was approved by Full Council in February. As a result, expenditure is exceeding our agreed budgets. This report sets out how the additional funding received for the pandemic will be reflected within the Council's budgets.
- 4 Graph 1 sets out the current 2020/21 outturn forecast of Covid-19 expenditure by portfolio, which reflects actual expenditure incurred and the forecast further commitments during the remainder of the year.

#### Graph 1 – Projected Covid-19 Grant Spend by Portfolio



## **Proposal details**

- 5** The Government has provided additional funding to local authorities to support the additional expenditure being incurred in order to respond to the local impact of the Covid-19 pandemic. This funding has been a mixture of ring-fenced and non-ringfenced funding. By definition the ring-fenced funding is allocated to the appropriate service area to meet the defined budget pressures. The non-ringfenced funding provides the County Council with some discretion as to how the funding is allocated between different services and the additional costs incurred as a consequence of Covid-19.
- 6** To date £41.4m non-ringfenced funding has been provided in three tranches. There remains significant uncertainty about the future levels of budget pressure as a direct consequence of the impact of Covid-19 and how it will develop during the remainder of the year. The impact across council services will vary.
- 7** As a consequence of this level of uncertainty, as well as the current anticipated shortfall of funding to meet the forecast budget pressures, it is proposed to allocate the funding pro rata to the level of the actual costs incurred.
- 8** This approach will mean that funding is applied in direct proportion to the changing circumstances and implications of the pandemic's impact, whilst continuing to allow the monitoring of overall costs and budget pressures in relation to services and portfolios.
- 9** The Total Performance Monitor (TPM) incorporates specific details about the costs incurred and the forecast outturn position arising from the impact of Covid-19 across all services.
- 10** The same approach of allocation against spend will be used for other non-ringfenced grants, including the hardship fund announced by Defra and the loss of income compensation scheme.
- 11** To date the Council has allocated grant funding using the approach set out above and officers have deployed the urgent action procedures, consulting relevant cabinet members and scrutiny chairmen as required and publishing the decisions as they arise. This report provides an opportunity to seek the Council's endorsement of the approach taken to managing the funds made available to assist the Council's response to the public health emergency.

## **Other options considered (and reasons for not proposing)**

- 12** Allocation of funding could have been undertaken pro rata to forecast full year commitments but this would be subject to change as circumstances develop, resulting over time in a weakening audit trail and rationale. The degree of uncertainty about how circumstances and the impact of the pandemic may develop means that this approach would be more speculative.

## **Recommendations**

- (1) Grant funding received in connection with the current pandemic and which is not ring fenced is allocated pro rata to the expenditure incurred in relation to each service area.
- (2) Ring fenced grant funding is allocated according to the purposes and in accordance with any rules specified.

- (3) That the Total Performance Monitor (TPM) report will report on the use and allocation of this funding during the course of 2020/21.

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**Appendices**

None

**Background papers**

None