

## Report of the Deputy Chief Executive

**GENERAL FUND REVENUE BUDGET AMENDMENTS 2020/21**1. Purpose of report

To seek approval for a number of amendments to the General Fund revenue budget for 2020/21.

2. Background

Recent government announcements, particularly in response to the Covid-19 pandemic, along with detailed budget monitoring have identified a number of General Fund 2020/21 revenue budgets that need to be amended. There are also a number of other service priorities that will require amendments to the General Fund 2020/21 revenue budget. Details are set out in appendix 1.

The effect of the amendments set out in appendix 1 are summarised in appendix 2 and will be to increase the anticipated withdrawal in 2020/21 from the Council's General Fund balance by £44,700.

A further amendment to the General Fund revenue budget in 2020/21 will need to be made to the management fee payable to Liberty Leisure to reflect the loss of income incurred by the Council's trading company following the closure of the leisure centres. A report providing additional information on this will be present to Finance and Resources Committee on 11 February 2021.

Details of any further General Fund revenue budget amendments for 2020/21 that are required will be presented to the Finance and Resources Committee for approval in due course.

**Recommendation**

**The Committee is asked to RESOLVE that the amendments to the General Fund 2020/21 revenue budget as set out in appendices 1 and 2 be approved.**

Background papers

Nil

## APPENDIX 1

1. Business Support Grants – Expenditure and Income

The Chancellor of the Exchequer announced two business grant schemes, the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund, back in March 2020. The Council received funding of £17,914,000 for these and the Revenues and Benefits section in association with Finance Services processed the required payments accordingly.

The Local Authority Discretionary Grant Fund was announced on 1 May 2020, with particular emphasis on supporting small businesses that were not eligible for funding from the other two business support grant schemes and which had high fixed property related costs. The Council received funding of £634,250 for this scheme and this was distributed before the deadline of 30 September 2020.

Following the introduction of the Local Covid-19 Alert Level (LCAL) framework followed by a second national lockdown from 5 November 2020, the Government have made a further five separate grants available to local authorities to support businesses that have been impacted by these measures. They are as follows:

## (i) Grants Provision Prior to 5 November 2020

- Local Restrictions Support Grant (Open) – Local authorities in LCAL High (Tier 2) in any period from 1 August to 4 November 2020 will receive an allocation to pay LRSG (Open) for the period they spent in this tier. This allows each local authority to run a discretionary grant scheme to support those businesses impacted by the LCAL High restrictions. The scheme also applies when an area is in LCAL Very High (Tier 3).
- Local Restrictions Support Grant (Closed) – Local authorities in LCAL Very High (Tier 3) will receive an allocation to pay LRSG (Closed) for the time they have been in Tier 3. Local authorities must make grant payments of up to £3,000 to businesses that have to close.
- Local Restrictions Support Grant (Sector) – Businesses that were required to close in March 2020 and which have never been able to re-open (such as nightclubs) will be paid grants of up to £3,000 for every four-week period that they have had to remain closed. There is no backdating with this scheme and it is deemed to have commenced on 1 November 2020.

## (ii) Grants Provision Post 5 November 2020

- Local Restrictions Support Grant (Closed) – The LRSG (Closed) is a mandatory grant for businesses that have a rateable value. It is a single grant to cover each four-week period and depends upon the rateable value of the business. Where the funding received is insufficient to meet local needs, further “top up” funding will be made available.
- Additional Restrictions Grant – This is a single allocation based upon £20 per head of population for each local authority to use to run a

discretionary grant scheme. It can be used to support, for example businesses that do not have a rateable value and are forced to close or have costs that are significantly higher as a result of the pandemic. Discretionary grants can also be paid to businesses that are severely impacted rather than closed. The allocation can also be used for other direct business support at the discretion of the local authority.

The Council has received funding totalling £3,932,736 in respect of the above grants as follows:

- Additional Restrictions Grant (£2,280,660)
- Local Restrictions Support Grant (Closed) Addendum (£1,431,504)
- Local Restrictions Support Grant (Open) (£220,572)

This funding now needs to be incorporated within the 2020/21 budget. Further funding in respect of these grants is also anticipated along with new burdens funding to meet the costs of implementing these arrangements. Once the details have been announced they will be reported to a future meeting of the Finance and Resources Committee for inclusion within the 2020/21 budget.

## 2. Covid-19 Enforcement and Compliance – Expenditure and Income

On 8 October 2020 the Government announced that it was making £30m of funding available to local authorities to support compliance and enforcement measures, including social distancing, to control the spread of Covid-19 across individuals, businesses and in the community. Particular emphasis was to be given to supporting individuals who wish to use their local high streets and town centres in a Covid-19 secure way to allow them to feel safe and hence support the businesses that rely upon their custom.

The Council's allocation from this £30m of funding is £47,090. The funding is ring-fenced and has to be used in accordance with the objectives set out above. Among the initiatives that the Council are pursuing following receipt of this funding is the recruitment of two temporary Covid-19 marshals.

## 3. Test and Trace Support Payments

Test and trace support payments of £500 were introduced by the Government to help stop the transmission of Covid-19. They are intended to support people on low incomes who would lose income as a result of self-isolating and to encourage them to get tested if they have symptoms. The payments were made available from 28 September 2020 and the scheme will last until 31 January 2021.

Funding of £50m was allocated to local authorities for this with £25m for programme costs (the cost of the payments to applicants), £10m for administration costs and £15m for discretionary payments. The Council's share of this funding totalled £88,363 with £39,000 for programme costs, £25,803 for administration costs and £23,560 for discretionary payments.

The Council has used £8,250 of the £25,803 funding for administration costs to purchase a software solution from Civica to allow applications to be checked and verified against other systems and enable payments to be made promptly.

## 4. Liberty Leisure – Management Fee

The Covid-19 outbreak resulted in the closure of the Council's leisure centres for a number of months and although they re-opened in the summer before closing again in the latest lockdown, this has had a significant financial impact upon Liberty Leisure.

In order to seek to stabilise the finances of the company, requests for voluntary redundancy were sought from the company's workforce. A number of applications were received and these were carefully considered before the company agreed that a number of receptionist and cleaning staff be allowed to leave voluntarily. The redundancy costs amounted to £50,025 and although the accompanying pension strain costs have yet to be finalised, these are estimated to be approximately £66,968.

The Chief Executive (after discussions with the Leader and Deputy Leader of the Council) agreed that the Council would meet the redundancy and accompanying pension strain costs. This requires the management fee payable to Liberty Leisure for 2020/21 to increase by a further £117,000 from £979,400 to £1,096,400.

#### 5. Covid-19 MHCLG Support

The Ministry of Housing, Communities and Local Government (MHCLG) have so far made available four separate tranches of funding for local authorities to help address financial issues in terms of increased costs and reduced income arising from the coronavirus pandemic.

The Council received an initial £51,030 followed by further sums of £1,136,335 and £165,544 totalling £1,352,909. As agreed by the Finance and Resources Committee on 8 October 2020, these were then reflected in the 2020/21 budget.

On 21 October 2020 a fourth tranche of funding to local authorities was announced and the Council was informed that it was to receive £172,047. This now needs to be reflected in the 2020/21 budget.

#### 6. Sales, Fees and Charges Compensation

On 2 July 2020, the Government announced a co-payment scheme that would compensate local authorities for irrecoverable losses from sales, fees and charges in 2020/21. Compensation of 75p for each £1 of sales, fees and charges income lost as a result of the pandemic would be provided to local authorities subject to them meeting an initial 5% of the loss when compared to the budget.

The Council has completed the first of the three claims that will be submitted in 2020/21. This covered the period from 1 April 2020 to 31 July 2020 and the amount claimed amounted to £70,400 covering income lost from car parking, parks and recreation grounds, land charges and licensing. This will now need to be included in the 2020/21 budget.

#### 7. Homelessness - Miscellaneous

As reported to the Finance and Resources Committee on 8 October 2020, the coronavirus pandemic has resulted in additional costs being incurred to address the impact upon individuals that are either homeless or at risk of becoming homeless.

The meeting on 8 October 2020 agreed to increase the miscellaneous expenditure budget for 2020/21 by £78,450 from £117,400 to £195,850. As this is being met by various grants received in both 2019/20 (currently in a reserve) and in 2020/21, the budget for Government Grant income in 2020/21 also needs to be increased by £78,450 from £117,400 to £195,850 to reflect this.

#### **8. Car Parking – Pay and Display Income**

The original 2020/21 budget for pay and display income in respect of car parking was £258,500 whilst income received in 2019/20 was £208,700.

As an initial response to the closure of the Council's car parks as part of the Covid-19 restrictions imposed in March 2020, the Finance and Resources Committee on 8 October 2020 agreed to reduce the 2020/21 budget by £25,000 to £233,500.

It is now apparent that pay and display income in 2020/21 is going to be significantly below the revised budget of £233,500. The continuing impact of the Covid-19 restrictions along with shop closures and the move towards on-line trading mean that it is now anticipated that pay and display income in 2020/21 will be £95,000. The 2020/21 budget therefore needs to be amended accordingly.

Should this expected reduction in pay and display income materialise, some of this may be offset by income from the sales, fees and charges compensation scheme referred to in 6 above.

#### **9. Additional Covid-19 Costs - Environment**

Additional resources have been required within the Environment Department Collection team to enable activities such as refuse collections to be maintained in a safe and secure manner across the borough in response to Covid-19. This has primarily related to agency workers used to ensure service delivery has been maintained.

These costs amounted to £41,484 at 31 October 2020 for which there is presently no budget provision. It appears reasonable to assume that they will continue to be incurred at a similar rate during the remainder of 2020/21 and therefore the establishment of a budget of £70,000 for these costs is proposed.

#### **10. Additional Covid-19 Costs – Corporate Communications**

In order to deliver targeted messages and encourage behaviour change to comply with the relevant guidance, the Corporate Communications team have incurred additional costs in work such direct mailing to households. Further initiatives are planned that will, for example, see social media used to communicate key messages to certain groups.

The costs of this activity is estimated to be about £19,100 but a contribution of £10,000 is anticipated from Nottinghamshire County Council from the Contain Outbreak Management Fund allocation that they have received from the Government.

**11. “Green Investment” Bids**

In order to accelerate the delivery of the Council’s “Climate Change and Green Futures” programme as well as other initiatives, it is proposed that funding of £20,000 be allocated in 2020/21 only to procure external capacity to assist in the development of bids to various funding bodies.

The Council has had a number of recent successes in bidding for additional funds from bodies such as the D2N2 Local Enterprise Partnership and it is considered that utilising additional specialist expertise in this area could yield further positive results with a rapid payback on this £20,000 use of resources.

**12. Stapleford – Cllr Darby Memorial Bench**

Cllr Ray Darby sadly passed away in November 2020 It is proposed that £1,000 be allocated for a memorial bench in Stapleford town centre in commemoration of the life of Cllr Darby and his contribution to the local community.

## APPENDIX 2

Budget Heading	Current Budget (£)	Proposed Budget (£)	GF Budget Change (£)
Business Support Grants - Expenditure	18,548,250	22,481,000	3,932,750
Business Support Grants - Income	(18,548,250)	(22,481,000)	(3,932,750)
Enforcement and Compliance - Expenditure	0	47,100	47,100
Enforcement and Compliance - Income	0	(47,100)	(47,100)
Test and Trace Support – Expenditure	0	88,350	88,350
Test and Trace Support - Income	0	(88,350)	(88,350)
<b>COVID-19</b>			
Covid-19 MHCLG Support	(1,352,900)	(1,524,950)	(172,050)
Liberty Leisure – Management Fee	979,400	1,096,400	117,000
Sales, Fees & Charges Income Compensation	0	(70,400)	(70,400)
Homelessness - Miscellaneous	(117,400)	(198,850)	(78,450)
Car Parking – Pay and Display Income	(233,500)	(95,000)	138,500
Environment – Additional Costs	0	70,000	70,000
Corporate Comms- Additional Costs	0	19,100	19,100
<b>Other Changes</b>			
“Green Investment” Bids	0	20,000	20,000
Stapleford – Cllr Darby Memorial Bench	0	1,000	1,000
<b>Total</b>	<b>(724,400)</b>	<b>(682,700)</b>	<b>44,700</b>