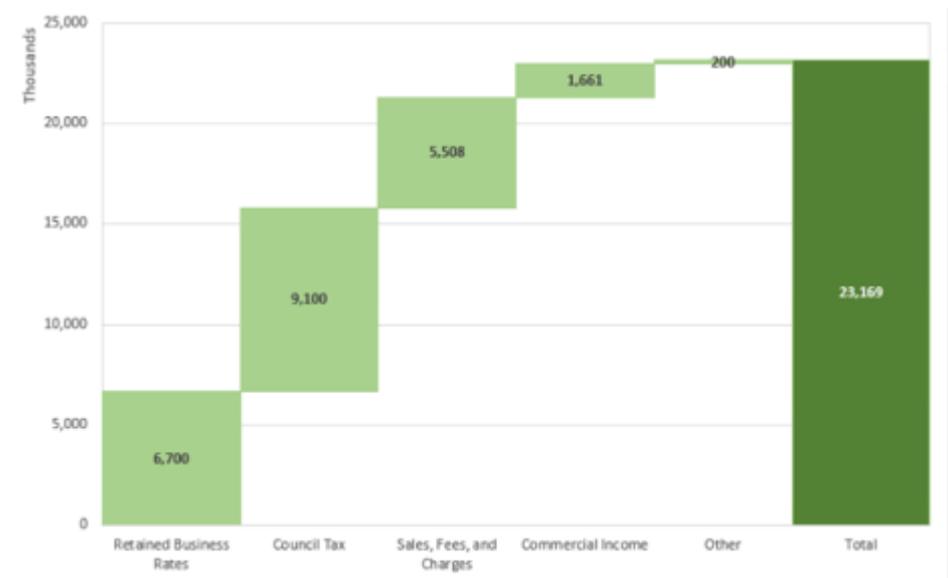


## Appendix E- COVID-19 Financial Position

- 1.1 The post pandemic financial resilience of the Council and Local Government in general, is anticipated to be significantly at risk. It is expected that some of the additional costs incurred throughout the response to the pandemic will be difficult to reverse and will increase the Council's expenditure base, at least in the medium term. The recovery of income levels will also prove challenging for the Council. The Council currently heavily relies on income generated from Council Tax and Business Rates, due to the steep reductions in Revenue Support Grant (RSG).
- 1.2 Council Tax income will be effected by a rise in Local Council Tax Support claims, collection rates are expected to be much lower than assumed within the Council Tax base, on top of general growth being much lower due to pause placed on most construction and house building activity. Business Rates income is expected to come under similar pressure, despite the reliefs and grants provided to date by the government. These grants and reliefs will not save all businesses and inevitably as the Chancellor states '*not all businesses can be protected*'. It is likely that there will be business closures and difficulties in collecting prior and future Business Rates income.
- 1.3 The Council is forecasting a devastating reduction in the level of income generated, not only from Business Rates and Council Tax, but other key streams such as parking charges, planning fees, commercial property rental income and other fees and charges across all service. The following chart outlines that the anticipated loss of income could reach £23.2m, dependant on how long the pandemic lasts.

**Chart 1: Summary of Expected Income Reductions**



*\*Note- Although the chart shows Council Tax and business Rates income reduction in 2020/21 this will impact on the Councils Budget in 2021/22, and the Councils cashflow in 2020/21*

- 1.4 The Council is also facing financial pressure due to meeting an additional £7m of estimated costs associated with COVID-19. Some of these costs include providing:
- Additional staffing and agency cover;
  - Protective Personal Equipment (PPE) for front line staff;
  - Enhanced technology to support agile working and communication, even in care facilities and highways roles;

- Accommodation for rough sleepers to ensure they can self-isolate safely;
- Set up costs for a temporary mortuary;
- Additional Childrens social care placements;
- The Coordination Hub, including the cost of supplying, storing and distributing food to those in the community that have been identified as vulnerable.
- The Council recently agreed to [10% uplift for organisations who provide Adult Social care](#), recognising the tremendous pressure they face because of COVID-19. This will cost an additional £0.450m per month and has initially been agreed until the end of June.

1.5 The Government have announced several initiatives and support to be delivered to and through Local Government. These include additional funding to the Council, Businesses and individuals, and have been outlined within Table 1. The Government has also provided Local Authorities with advance payments of the RSG and allowed the ability for Council to defer up to £2.6 billion (three months' worth of payments) in business rates payments to central government until July. This is in acknowledgement by the Government that Council's cashflow may be put under strain in the coming months as a result of providing additional vital services in response to the pandemic, combined with a sharp loss of resources.

1.6 The Ministry of Communities and Local Government (MHCLG) has requested regular financial reporting from local authorities, so they can assess the most up to date position across Local Government. The Department for Business, Energy & Industrial Strategy (BIES) are also requesting weekly reporting on the delivery of grant payments to businesses to ensure the support is reaching businesses efficiently. As Mentioned in section 1.4 the Council has implemented a new governance structure, with monitoring the Councils financial position being a priority within this. Therefore, the level of financial scrutiny and monitoring surrounding the COVID-19 pandemic has been enhanced, and regular reports will be taken to Cabinet, to ensure members are fully abreast of the situation.

**Table 1: Covid-19 Grant and Support measures administered by Local Government for Peterborough**

Government Department	Description	Value of funding £000
MHCLG	<a href="#">£1.6bn Coronavirus (COVID-19) response fund</a> to support for local authorities with financial pressures as a result of COVID-19.  This was paid to the Council on 27 March 2020 and has been put in to reserves, as shown in table 6 and appendix B)	5,337
MHCLG	<a href="#">£1.6bn additional Coronavirus (COVID-19) Local Government funding</a> on 18 April the Local Government Secretary announced £1.6bn of additional funding to support Councils respond and help them deal with the immediate impact of the pandemic. The funding will mean councils can continue to provide essential services and support to those who need it most.  <a href="#">Grant allocations</a> confirmed on 28 April 2020	5,634
MHCLG	<a href="#">£500m Hardship Fund-</a> for Local Government to provide support to economically vulnerable households. This funding to be used to provide more council tax relief, either through existing council tax support schemes or through complementary reliefs. It is expected that a sum of £150 will be allocated to every recipient of Council Tax Support based on the present information on the Council Tax system	1,669
MHCLG	<a href="#">Business Rates Nursery Discount 2020/21-</a> On 18 March 2020, the government announced that many childcare providers would pay no business rates in	338

Government Department	Description	Value of funding £000
	<p>202/21. In Peterborough there is 31, nursery settings which qualify for this relief, with a total value of £0.338m in relief. The Council share of this relief equates to 49% (£0.166m), which reflects the Councils share of the loss of business income generated. The Government are paying the full amount of relief to local authorities, to support with cashflow and there will be a reconciliation as part of the NNDR3 return for 2020/21.</p> <p>This will be paid to the Council via a section 31 grant.</p>	
MHCLG	<p><a href="#">Business Rates Expanded Retail Discount</a>- 100% Retail Discount Relief- On 11 March, the Budget announced that businesses in the retail, hospitality and leisure sectors, with a rateable value of less than £51,000, would pay no business rates in 2020/21, then on 17 March, the government announced it would go further by removing the £51,000 rateable value threshold. On 25 March, the Treasury announced that <a href="#">exclusions to the relief, including estate agents, letting agencies and bingo halls</a>, would be lifted and they also would not pay business rates this year. Local authorities will be fully compensated for their loss of Business Rates income as a result of these changes, The Councils share equates to 49%. The Government are paying the full amount of relief, which is expected to be £36.225m for Peterborough, to support local authorities with cashflow. As stated above there will be a reconciliation as part of the NNDR3 return for 2020/21.</p> <p>This will be paid to the Council via a section 31 grant.</p>	36,255
MHCLG	<p><a href="#">£3.2m homelessness funding</a> : to help reduce impact of COVID-19 on people facing homelessness, including accommodating those where it is difficult to self-isolate. This funding is to be reclaimed once the costs have been incurred.</p>	28
BIES	<p><a href="#">£13bn of Coronavirus (COVID-19): Small Business Grant Fund (SBGF)- including Retail, Hospitality and Leisure Grant Fund (RHLGF)</a>- This funding is to support those businesses effected by the COVID-19 shut down, to provide them with a lifeline to ensure struggling businesses can continue. It was originally announced by the chancellor on 11 March, but then on the 17 March the level of funding was increased. These grants are being paid to Local authorities to administer and deliver the grant scheme.</p> <p>As at 11 May the Council had issued 91% of grant payments to businesses in Peterborough. BEIS are publishing this data on a weekly basis the delivery of these grants to businesses. They are expecting that at least 90% of these grants will have been delivered by the 30th April.</p>	34,450
Indirectly funded by the Health	<p>The local Clinical Commissioning Group (CCG) have agreed to fund the temporary additional care capacity required in in order to free valuable space within hospitals</p>	<i>Plans to be finalised</i>
	<b>Total benefit to Peterborough (including residents, Businesses and the Council)</b>	<b>83,711</b>

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