

CABINET

21 April 2020

Title: COVID-19 Financial Governance and Measures	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Accountable Director: Philip Gregory, Finance Director	
Accountable Strategic Leadership Director: Claire Symonds, Deputy Chief Executive and Chief Operating Officer	
Summary <p>This report provides a summary of the measures put in place so far in response to the COVID-19 pandemic by the London Borough of Barking and Dagenham. These include:</p> <ul style="list-style-type: none">• Emergency governance measures to coordinate the Council's response.• community co-ordination and support system.• Support provided to business rates and Council Tax payers.• Support provided to the Council's supply chain <p>The report also provides a summary of the support provided by Government in the form of reliefs and grants to businesses and wider support for the economy and seeks a series of delegations to the Chief Financial Officer (also known as Section 151 Officer) to implement appropriate arrangements.</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <p>(i) Delegate authority to the Chief Financial Officer to allocate the Emergency COVID-19 funding from Central Government (initial allocation: £6.3m) to meet the following priorities:</p> <ul style="list-style-type: none">• Meet the increased demand for adult social care and enable the Council to provide additional support to social care providers.• Support CCGs in discharging and keeping people out of hospital.• Meet the cost of extra demand and higher business-as-usual costs of providing children's social care.• Provide additional support for the homeless and rough sleepers.• Support those at higher risk of severe illness from COVID-19.	

- Meet pressures across other services, as a result of reduced income, rising costs or increased demand.

- (ii) Note that the Government has recommended that payment to providers of essential services to the London Borough of Barking and Dagenham continue to be made on the basis of them providing the contracted service regardless of their temporary ability to fulfil their contractual obligations, and delegate authority to determine the providers to who this applies to the Chief Financial Officer;
- (iii) Delegate authority to the Chief Financial Officer, following consultation with the Cabinet Member for Finance, Performance and Core Services and the Director of Law and Governance, to amend or refine the criteria for allocation of the Emergency COVID-19 funding; and
- (iv) Delegate authority to the Chief Financial Officer, following consultation with the Cabinet Member for Finance, Performance and Core Services and the Director of Law and Governance, to modify or extend contracts that may be required as a result of the impact of COVID-19.

Reason(s)

To contribute to the achievement of a Well Run Organisation and ensure that the Council response to the COVID-19 pandemic is focussed and flexible in a rapidly changing environment to support residents and business.

1. Introduction and Background

- 1.1. The COVID-19 pandemic is having a significant impact on the economy, reducing the ability for businesses to operate as normal and restricting the movement of the general population. Unprecedented measures have been taken by the Government in an attempt to reduce the ability of the COVID-19 virus to spread. These measures include the provision of financial support to businesses, individuals and the public sector in the short term. The longer term effects on individuals, communities and the economy is as yet unknown due to the global nature of the pandemic and the potential impact on supply chains, local as well as larger businesses, the movement of people and the global economy.
- 1.2. The impact of COVID-19 on the council's operations, and those of its subsidiary companies are significant. We are responsible for public health, education, social care, leading the community as an employer, partner and service provider. Fundamental to our response to COVID-19 must be that no-one is left behind.
- 1.3. The Leader and Cabinet are responding to the crisis on a daily basis. The Chief Executive and Strategic Leadership Team have instigated an emergency governance protocol to ensure that the council's response to the crisis is coordinated and timely.

2. **Budget 2020 and Subsequent Government Announcements**

- 2.1. The budget announced by the Government in March included several measures to support the COVID-19 response:
- 2.2. £12bn was allocated to alleviate the pandemic, including a £5bn emergency support fund for the NHS and local authorities and a £500m hardship fund to supplement existing Council Tax Support schemes.
- 2.3. Local authorities were allocated £1.6bn of the £5bn emergency support fund, of which LBBD's share is £6.3m. This a non-ringfenced grant to meet the following objectives:
 - i. Meet the increased demand for adult social care and enable councils to provide additional support to social care providers.
 - ii. Support CCGs in discharging and keeping people out of hospital.
 - iii. Meet the cost of extra demand and higher business-as-usual costs of providing children's social care.
 - iv. Provide additional support for the homeless and rough sleepers.
 - v. Support those at higher risk of severe illness from COVID-19.
 - vi. Meet pressures across other services, as a result of reduced income, rising costs or increased demand.
- 2.4. LBBD have been allocated £2.2m of the £500m hardship fund for local authorities. This is a non-ringfenced grant to provide additional support to working age Council Tax Support recipients. This will be distributed in the form of a £150 reduction in the Council Tax bill for new and existing CTS recipients. Criteria for a new hardship fund is being developed to help those affected by COVID-19, this will be refined over time as the impact on the community changes
- 2.5. A number of business rates reliefs have also been provided for 2020/21 in response to COVID-19. These will be funded by section 31 grants and the costs associated with implementation will be provided through new burdens funding, e.g. the cost of resending business rates bills. These are:
 - i. Retail, Hospitality and Leisure Grant Fund: occupied businesses with a rateable value (RV) below £15k will receive a £10k grant, those with a RV between £15k-£51k will receive a £25k grant. This is extended to all shops, pubs, theatres, music venues, restaurants and any other hospitality or leisure business.
 - ii. Small Business Grant Fund: occupied businesses claiming small business rates relief (SBRR) or Rural Rate Relief with a RV less than £15k will receive a £10k grant.
 - iii. Retail Rates Relief: occupied properties will receive 100% relief during 2020/21 meaning they will pay no business rates. This is extended to all shops, pubs, theatres, music venues, restaurants and any other hospitality or leisure business regardless of RV. The Government have announced that this does not represent state aid.
 - iv. Nursery discount: most occupied childcare providers will receive 100% rates relief during 2020/21. The government have announced that this does not represent state aid.

2.6. Further measures were announced to support individuals and businesses directly:

- i. UK workers of any employer who is placed on the Coronavirus Job Retention Scheme can keep their job, with the government paying up to 80% of a worker's wages, up to a total of £2,500 per worker each month. These will be backdated to 1st March and will be initially open for 3 months, to be extended if necessary.
- ii. Self-employed UK workers will be able to claim a cash grant of 80% of their profits, up to £2,500 per month subject to having a trading profit below £50k in 2018/19.
- iii. VAT payments due between now and the end of June will be deferred. No VAT registered business will have to make a VAT payment normally due with their VAT return to HMRC in that period. Income tax payments due in July 2020 under the Self Assessment system will be deferred to January 2021.
- iv. The standard rate in Universal credit and Tax Credits will be increased by £20 a week for one year from April 6th, meaning claimants will be up to £1040 better off.
- v. £330bn of guarantees have been made available from the government, to allow any business to borrow on favourable terms. Banks have been instructed to offer three-month payment holidays for those who need it.
- vi. Nearly £1bn of additional support for renters, through increases in the generosity of housing benefit and Universal Credit. From April, Local Housing Allowance rates will pay for at least 30% of market rents in each area.

3. **Government Emergency Funding**

3.1 The council will allocate funding provided to meet the aims set by the government, stated in paragraph 2.3. The initial funding of £6.3m in emergency support funding and £2.2m hardship funding will be used to support residents and businesses within the community in Barking and Dagenham.

4. **Community Co-ordination and Support System**

4.1. The council is working in partnership with the social sector and the local community through BDCAN, the Citizen's Alliance Network, to put in place support systems for the groups most at-risk from the impact of the pandemic.

4.2. Five tiers of support have been identified with increasing complexity, risk and oversight requirements. These are supported by different parts of the organisation:

- i. Tier 1: Universal on-going participation – people and communities who can help themselves.
- ii. Tier 2: BDCAN – People at risk of isolation, falling through gaps in service who may be unknown to us.
- iii. Tier 3: Community Solutions – People with specific concerns about issues including debt, welfare and benefits, housing and jobs.
- iv. Tier 4: Coronavirus Specialist Support Hub – Specific vulnerable cohorts of residents including those who have been identified by the NHS as being in need of 'shielding'.
- v. Tier 5: Statutory and safeguarding intervention – People with additional statutory support needs that are identified will use existing referral routes, e.g. MASH, Intake Team.

5. Support for Business Rates payers

- 5.1. Paragraph 2.5 sets out the reliefs and grants that government have made available to business rates payers. The reliefs are being applied to business rates accounts and revised bills will be issued. The grants are being paid as soon as practically possible, subject to government guidance and systems being in place to facilitate these payments. Businesses do not need to apply; these reliefs and grants will be processed automatically.
- 5.2. The business rates team has replaced recovery processes with a reminder-based system, which reminds businesses what they owe and asks them to contact the council if they cannot pay and need support.
- 5.3. Where businesses are not eligible for government support there are further local reliefs and support that can be provided. These will be assessed on a case-by-case basis.

6. Support for Council Tax payers

- 6.1. Paragraph 2.4 details the £2.2m in hardship funding provided by the government to enhance the Council Tax Support scheme. This funding will be used in conjunction with the existing Local Welfare Assistance Scheme for people in extreme hardship. An Individual Assistance Payment may be made where appropriate to alleviate hardship by providing support to residents who have been furloughed or lost their job as a result of COVID-19 and find themselves in financial difficulty.
- 6.2. Support for residents who need to claim benefits or access other support can be accessed through the Homes & Money Hub which is operating online or by phone.

7. Procurement and Supply Chain Support

- 7.1. The Cabinet Office issued a Procurement Policy Note to provide information and guidance for public bodies on payment of their suppliers to ensure continuity of service during and after the COVID-19 outbreak. The interpretation of this for the Council are to apply the following approaches:
 - i. Supporting cash flow issues by arranging for more frequent invoicing than usual; reviewing and removing any 'on hold' invoices to ensure payment for services already delivered; and forward ordering, payment in advance/on order (rather than receipt of goods/services).
 - ii. In exceptional cases involving priority suppliers, considering committing to continuity of payments until the end of June (even where service delivery is disrupted or temporarily suspended) – on a case-by-case basis, agreed in advance with the Chief Financial Officer.
- 7.2. The Cabinet Office has also issued a Procurement Policy Note providing guidance on the application of procurement regulations for urgent procurements and any amendments to existing contracts required due to COVID-19. This emphasises that the Public Contracts Regulations permit the following:
 - i. The procurement without prior publication of supply or services contracts in extreme urgency brought about by unforeseeable events providing the

urgency isn't attributed to the contracting authority. Any such contracts should be limited to works or services that are absolutely necessary to the urgent circumstances.

- ii. The extension or modification of a contract where the need has been brought about by circumstances the authority could not have foreseen.

7.3. In the current environment, the procurement and implementation of some contracts may not be advisable at this time for reasons including:

- i. The availability of front-line services to be able to engage with the procurement process and implementation of new contracts and therefore ensure these are fit for purpose.
- ii. The capacity of suppliers to meet critical timelines and deliver fit for purpose new contracts or services.
- iii. Where re-procurement is likely to result in price increases or unfavourable terms due to uncertainty around market supply, demand or cost and availability of materials.
- iv. General uncertainty regarding business resilience.
- v. In such circumstances the extension or modification of an existing contract may be recommended and will be considered on a case by case basis.

8. **Adult Social Care income**

8.1. The COVID-19 Bill has relaxed the need to complete care assessments or financial assessments at the point of entry to social care. Detailed financial assessments will be completed as soon as practicable to ensure that clients are aware of their contributions as soon as possible.

9. **Consultation**

9.1. The proposals in this report were considered and endorsed by the COVID-19 Gold Group and by the Cabinet Member for Finance, Performance and Core.

9.2. Furthermore, it has been appropriate to apply the "Special Urgency" provision as set out in Part 2, Chapter 17, paragraph 15 of the Constitution as the matter qualifies as a 'key decision' and had not been publicised in advance on the Council's Forward Plan in line with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

9.3. In accordance with the Special Urgency provision, the agreement of the Chair of the Overview and Scrutiny Committee was sought and received that the matter was very urgent and could not reasonably be deferred.

10. **Financial Implications**

Implications completed by: Philip Gregory, Finance Director

10.1. The financial ramifications of the COVID-19 pandemic are wide-ranging and far-reaching. The government have committed to provide full financial support to local authorities as they support their communities through the current uncertainty.

10.2. The council will continue to ensure that robust processes are in place to ensure the effective and efficient use of public monies. The Chief Financial Officer will ensure that accurate records are kept of additional expenditure and foregone income as a result of the COVID-19 pandemic. Requests will be submitted to government for funding to cover all costs associated with the response to the outbreak.

11. **Legal Implications**

Implications completed by Dr Paul Feild Senior Governance Lawyer

- 11.1. In this current emergency, the general laws still apply unless there are special legislative measures to take account of the factors which may or will have an effect on the Council and its duties, powers and obligations. The key provision at time of writing being the Coronavirus Act 2020 which addresses specific issues connected with the challenges that the pandemic presents rather than matters of finance and procurement.
- 11.2. Nevertheless, the unique situation presents the prospect of the need to purchase additional supplies and services with heavy competition. Value for money and best values duties still apply. There is also the issue of the Councils existing suppliers and service providers also facing issues of pressure on supply chains and staffing matters of availability. As a result, these pressures will inevitably create extra costs which will have to be paid to ensure statutory services and care standards for the vulnerable are maintained.
- 11.3 The Government has provided support as set out in the main body of this report. Such support will have its own conditions and guidance, the Cabinet Office has produced Procurement Policy Notes (PPN) to set the direction of how to manage its procurement and contracts. The Council as a contracting authority will need to ensure that it observes the guidance within the PPN in practice to ensure that the grant conditions are complied with.
- 11.4 The key requirement is that councils should need to ensure that their suppliers cashflow is maintained and the following steps are advised in that all councils shall:
- Urgently review their contract portfolio and inform suppliers who they believe are at risk that they will continue to be paid as normal (even if service delivery is disrupted or temporarily suspended) until at least the end of June.
 - Put in place the most appropriate payment measures to support supplier cash flow; this might include a range of approaches such as forward ordering, payment in advance/prepayment, interim payments and payment on order (not receipt).
 - If the contract involves payment by results then payment should be on the basis of previous invoices, for example the average monthly payment over the previous three months.
 - To qualify, suppliers should agree to act on an open book basis and make cost data available to the contracting authority during this period. They should continue to pay employees and flow down funding to their subcontractors.

- Ensure invoices submitted by suppliers are paid immediately on receipt (reconciliation can take place in slower time) in order to maintain cash flow in the supply chain and protect jobs.
- Pay all suppliers as quickly as possible to maintain cash flow and protect jobs. Contracting authorities should also take action to continue to pay suppliers at risk due to COVID-19 on a continuity and retention basis. Contracting authorities can consider making advance payments to suppliers if necessary.

PPN 20

- 11.6 It is important to note the PPN contains the advice that continuing to make payments to at risk suppliers will present risks including that, despite these exceptional actions, a supplier may still become insolvent. These risks will need to be managed by on a case by case basis. In such circumstance there may need to establish guarantees or direct payments be made by the Council to sub-suppliers or sub-contractors and in some cases seek some form of security.
- 11.7 As the situation is fast moving and the predictability of what effect the coronavirus will have, this report seeks the Cabinet's agreement to delegate to the Council's Chief Finance Officer (Section 151 Local Government Act 1972), following consultation with the Cabinet Member for Finance, Performance and Core Services and the Director of Law, Governance and Human Resources, the authority to manage, amend or refine the criteria for allocation of the Governments Emergency COVID-19 funding to the Council.

12. **Other Implications**

- 12.1. **Risk Management** - Whilst it is important for the Council to ensure spending for delivering this policy agenda is contained within budget and budget provision is available for this, the most immediate risk is the Council's inability to provide critical services both directly and indirectly as a commissioner of services. The proposals set out in this report look to put in place a suite of financial measures which look to minimise risk and provide financial support to residents, local business and providers the Council directly contracts with.
- 12.2. **Contractual Issues** – see paragraph 3.9 and 3.10.1
- 12.3. **Staffing Issues** – Council staff have been requested to work remotely, where possible, or change their approach to working patterns/routines in order to observe the governments guidance on social distancing thereby limiting the spread of the virus. Trade Unions have been consulted on the measures put in place.
- 12.4. **Corporate Policy and Equality Impact** – The response of the council to the COVID-19 pandemic is directed by the vision of the corporate plan – that no-one is left behind. This is an unprecedented situation which requires the whole community in Barking and Dagenham to work in partnership to achieve this vision collectively.
- 12.5. **Safeguarding Adults and Children** – These issues will be considered by the COVID-19 Gold Group and the Chief Financial Officer in the allocation of emergency funding and support to the supply chain.

- 12.6. **Health Issues** - These issues will be considered by the COVID-19 Gold Group and the Chief Financial Officer in the allocation of emergency funding and support to the supply chain.
- 12.7. **Crime and Disorder Issues** - These issues will be considered by the COVID-19 Gold Group and the Chief Financial Officer in the allocation of emergency funding and support to the supply chain.
- 12.8. **Property / Asset Issues** - These issues will be considered by the COVID-19 Gold Group and the Chief Financial Officer in the allocation of emergency funding and support to the supply chain.

Public Background Papers Used in the Preparation of the Report: None

List of appendices: None