

SUMMARY REPORT – FINANCIAL MONITORING REPORT PERIOD 1 2020/21 & COVID-19 FINANCIAL IMPACT REPORT

SECTION 1: SUMMARY REVENUE BUDGET

- 1.1 The financial environment within which the Council operates already presented significant financial challenges, prior to the outbreak of the coronavirus pandemic (COVID-19).

The Council's 2020/21 budget was approved by Council on 4 March 2020, and in setting the budget, a number of baseline budgets were 'reset' recognising the increased demand led pressures (particularly in relation to social care) and specific pressures in some income generating areas. Savings of £5m were approved by members and a £5m contribution from reserves was agreed in arriving at a balanced budget position.

Current Forecast Outturn

- 1.2 The Current Estimates and Forecast Outturn position for 2020/21, prepared on an initial basis that largely excludes the impact of COVID-19 are summarised in Table 1 below.

Table 1 – Revenue Budget 2020/21	Original Budget £000	Current Budget £000	Forecast Outturn £000	Variance + / - £000
Developing Young People	12,217	12,260	12,260	-
Protecting Young People	44,624	44,733	44,903	+170
Adult Social Care and Health	51,303	51,316	51,902	+586
Public Health, Leisure, Libraries, Arts and Heritage	5,466	5,457	5,364	(93)
Finance	3,267	3,267	3,267	-
Corporate Services, Estates and Communication	3,587	3,938	3,909	(29)
Environmental Services	21,008	21,103	21,201	+98
Economic Regeneration and Housing	3,903	4,220	4,198	(22)
Community Safety	7,968	8,033	7,927	(106)
TOTAL PORTFOLIO BUDGETS	153,343	154,327	154,931	+604
Council-Wide budgets	(153,343)	(153,960)	(153,960)	-
NET POSITION 2020/21	-	367	+971	+604

- 1.3 The original approved budget has been revised to include adjustments arising from the outturn position for 2019/20 (subject to audit) as contained in the separate report elsewhere on the Council agenda.
- 1.4 An in-year overspend of £604k is currently projected based on the respective forecast portfolio outturn positions, as shown in the Table 1.

- 1.5 It is important to note that the original and current 2020/21 budgets already incorporate the use of £5m of funding from earmarked reserves that are being applied in relation to recurrent items of expenditure.
- 1.6 Members will recall that when setting the budget for 2020/21, additional recurrent budgetary provision of £9m was agreed in relation to costs associated with Children Looked After. Although no variations have been projected at this early stage of the financial year, it should be noted that expenditure in respect of Children Looked After has increased substantially in recent years and the potential for cost and/or volume volatility continues to present a significant financial risk e.g. increased demand could arise as and when pupils return to school settings.
- 1.7 The forecast position for Adult Social Care and Health reflects known existing pressures and anticipated levels of activity taking into account, as far as possible at this stage, the potential lasting effects on the market of the COVID-19 pandemic.
- COVID-19 infection rates have resulted in lower occupancy levels in care home settings and therefore additional funding received to support the response to COVID-19 is currently being utilised to support care providers with cash flow and to maintain a robust and effective provider market. This is reported as part of the COVID-19 financial response report. However, even after the end of the immediate COVID-19 period, it is likely that the effects of under occupancy may still be felt and the market may be in need of on-going support, therefore offsetting the financial effects of under occupancy now. This could be seen for both pooled and non-pooled commissioned services budgets.
- 1.8 There are anticipated pressures within services for people with Learning Disabilities in both Direct Payments and Supported Living - in particular in relation to a number of support packages that have been put in place very recently - along with an anticipated pressure in in-house services due to the level of staffing cover required. Similarly, the pressure shown in Mental Health services relates to a significant residential care package that has been arranged very recently.
- 1.9 In relation to Public Health services, there were a small number of areas where activity was higher than anticipated in 2019/20 and will need further management in 2020/21 to remain within the grant envelope, the most significant of these being Sexual Health services.

A balance of £670k Public Health Grant has been carried forward into 2020/21 which is partly committed, with further one-off costs to be considered for funding during the year.

SECTION 2: CAPITAL PROGRAMME 2020/21 to 2022/23

- 2.1 Table 2 represents a summary of the Council's current 3-year capital programme. The detailed programme is provided at Annex 1.

Table 2 - Capital Programme 2020/21 to 2022/23	2020/21 £000	2021/22 £000	2022/23 £000
Developing Young People	13,377	3,182	2,300
Protecting Young People	50	-	-
Adult Social Care and Health	57	-	-
Public Health, Leisure, Libraries, Arts and Heritage	560	-	-
Corporate Services, Estates and Communication	3,391	500	500
Environmental Services *	41,963	15,015	3,769
Economic Regeneration and Housing	1,621	20	20
Community Safety	3,508	3,182	2,774
Total	64,527	21,899	9,363
FINANCED BY			
Grants and Other Contributions	44,520	19,695	7,287
Capital Receipts	4,083	737	876
Revenue Contribution	2,212	500	500
Borrowing	13,712	967	700
Total	64,527	21,899	9,363

*includes £38.9m in relation to Parkside where spend was profiled prior to 'call-in' see section 5.1 (£27.3m in 2020/21 and £11.6m in 2021/22). The profile of spend will be updated in future Financial Monitoring Reports.

SECTION 3: RESERVES AND BALANCES

3.1 General Balances

The general balances position at 31 March 2021 is provided in Table 3, having regard to the net current forecast outturn position as detailed in Table 1, and on the basis that the Council's financial exposure from COVID-19 shall be fully funded by the Government.

Table 3 – General Balances	Original Budget £000	Current Budget £000	Forecast Outturn £000
General Balances as at 1 April 2020	8,000	9,327	9,327
Net Position 2020/21	-	(367)	(971)
General Balances as at 31 March 2021	8,000	8,960	8,356

The approved Revenue and Capital Budget 2020/21 detailed that an underlying level of general balances of £8m was appropriate for 2020/21 after having regard to the risks and uncertainties presented to the Council. This was before the COVID-19 pandemic.

3.2 Earmarked Balances

The position in relation to Earmarked Balances at 31 March 2021 is highlighted in Table 4. It should be noted there are commitments from earmarked balances beyond March 2021.

Table 4 – Earmarked Balances	Balance at 1 April 2020 £000	To be set aside 2020/21 £000	To be utilised 2020/21 £000	Balance at 31 March 2021 £000
Transformation Reserve	10,750	800	(1,450)	10,100
Growth Reserve	4,418	-	(1,610)	2,808
Children's Services Reserve	4,256	-	(2,924)	1,332
Essential Equipment Fund	424	1,000	(374)	1,050
Councillor Improvement Fund	677	-	(250)	427
Insurance & Contingent Liability Fund	6,918	-	(1,000)	5,918
Waste Management Development Fund	1,641	-	(1,611)	30
Inflation Reserve	4,000	1,000	(1,000)	4,000
Equal Pay Reserve	425	-	-	425
Community Improvement Reserve	1,292	-	(529)	763
Strategic Priorities Fund	567	-	(67)	500
Service Investment Reserve	1,753	-	(100)	1,653
COVID-19 Funding Reserve	6,177	-	(6,177)	-
Restructuring Reserve	465	-	-	465
TOTAL	43,763	2,800	(17,092)	29,471

3.3 Schools Balances

The projected position reflects schools' current spending plans for the financial year, as approved by the individual governing bodies.

Table 5 – School Balances	£000
School Balances as at 1 April 2020	7,107
Forecast Net Position 2020/21	(607)
Forecast School Balances as at 31 March 2021	6,500

3.4 Usable Capital Receipts

Table 6 – Usable Capital Receipts	£000
Available Capital Receipts brought forward at 1 April 2020	28,031
Receipts generated in year to date	0
Receipts from the repayment of Council and equity release loans ring-fenced for future years' Housing Programme	(112)
Required to fund Capital Programme 2020/21 to 2022/23 *	(5,696)
Available Balance (after taking commitments into account)	22,223

* Excludes building demolition costs at Redbank School site as detailed in the Cabinet Report of 8 January 2019.

SECTION 4: FINANCIAL IMPLICATIONS COVID-19

Sections 4.1 to 4.10 of this report summarise the content of the COVID-19 Financial Impact report considered by Cabinet at its meeting on 24 June 2020. Section 4.11 provides an update on developments since the production of the report for Cabinet.

4.1 Introduction

Local Government is at the forefront of the national effort to respond to coronavirus and protect vital services for communities and has taken significant action, including delivering essential services for local people, providing care for vulnerable people and supporting the local economy, at the same time as ensuring front-line services are retained wherever possible.

COVID-19 is the biggest challenge the UK, and local authorities, have faced for many generations and it is clear that the pandemic provides an even greater risk to St Helens and the Liverpool City Region (LCR) than it does to the rest of the country.

The Council was encouraged by the Government's promise to support the nation through the crisis and its stated commitment to work with Local Authorities in doing so. The Council is extremely proud of how it – alongside partners and communities - has mobilised in response to the pandemic and continues to do what is necessary to provide support.

St Helens Council identified a set of principles to guide the COVID-19 response:

- It will seek out those made most vulnerable by the current situation and actively support them;
- Its services will guide people to the support they need;
- Its services will ensure all residents receive the essentials they need;
- It will support the organisations, groups and businesses within our communities and maximise their impact; and
- It will prepare for the long-term now, beginning to think and plan for the organisation we must become.

Providing additional support during the current pandemic has had a significant financial impact upon Local Authorities, with the impact forecast to be felt over a sustained period, impacting upon both the current financial year's budget, as well as

future years' budgets. The financial impact for the Council has been reported to Government via two data returns.

Financial modelling currently indicates that the estimated costs of a lockdown until July this financial year could cost the Council as much as £29.5 million. But it is likely that, however long the national emergency lasts, the financial implications will stretch beyond 2020/21 and beyond this sum, recognising that the impact upon the local economy and the demand placed upon local government services is likely to be significant.

Government have recognised that Local Authorities face financial pressures in dealing with a response to COVID-19 and have provided some financial support, in the first instance to alleviate the immediate pressures and assist with cashflow in the initial stages of the lockdown period. However, the quantum of additional funding provided to date does not come close to covering the forecast financial pressures that the Council faces as a result of its response to the current situation.

The timeline of Government funding announcements and deadlines for data collection are summarised in the following table:

Table 7 – Timetable of Government announcements for Local Authority funding & data collection deadlines:

Date	
20 March	Funding announcement – Emergency Funding Tranche 1
25 March	Tranche 1 allocation confirmed
6 April	Government data collection request
15 April	Government data collection deadline 1
18 April	Funding announcement – Emergency Funding Tranche 2
29 April	Tranche 2 allocation confirmed
14 May	Funding announcement - Infection Control Fund
15 May	Government data collection deadline 2
22 May	Funding announcement - Test & Trace Service Funding
19 June	Government data collection deadline 3

The detail in this report demonstrates how the Government funding allocated to Local Authorities to date is wholly insufficient to meet the existing and growing demands on our services.

Prior to the national emergency being declared, the Council had received a Budget Report which indicated that there remained significant financial challenge in the short to medium term, which, without the necessary support from national Government, will be substantially dwarfed by the potential impact of COVID-19.

4.2 Emergency Funding Announcements

On 20 March, Government announced a national £1.6 billion of Emergency funding, recognising the vital role that Local Authorities are playing in supporting communities and local economies during the COVID-19 pandemic, which was intended to help address the pressures Councils are facing in response to the pandemic across all the services delivered.

Allocations to individual Local Authorities were calculated on the basis of relative need (as used in the Local Government Finance Settlement process) and the Council received payment of £6.39 million on 27 March.

In allocating the funding Government stated that this would enable Councils to do the following:

- Meet the increased demand for adult social care and enable councils to provide additional support to social care providers.
- Meet the cost of extra demand and higher business-as-usual costs of providing children's social care, including as a result of school closures and the need for increased accommodation to address the need for isolation.
- Provide additional support for the homeless and rough sleepers, including where self-isolation is needed.
- Support those at higher risk of severe illness from COVID-19, who may soon be asked to self-isolate in their homes for the duration of the pandemic, including supporting those within the most clinically high-risk cohort who also have no reliable social network (i.e. who are both at high risk clinically and socially).
- Meet pressures across other services, as a result of reduced income, rising costs or increased demand in order to continue to keep normal services, such as refuse collection, running.

On 18 April the Government announced that a further £1.6 billion of funding would be provided to Local Authorities to meet additional pressures arising from the pandemic and help continue to deliver frontline services. In doing so, they referred to:

- getting rough sleepers off the streets.
- supporting survivors of domestic abuse into safe accommodation.
- supporting the shielding programme for clinically vulnerable people.
- assistance for the public health workforce and fire and rescue services.
- aspects of the death management process, such as body storage, public funerals and crematoria.
- Councils continuing to provide vital services including adult social care and children's services.

It was announced that these funds would again be un-ringfenced, recognising that Local Authorities are best placed to decide how to meet these pressures in their local areas.

On 29 April, the Government confirmed how this second allocation would be allocated to Local Authorities and published individual Council allocations. Unlike the initial tranche of funding, distribution was on the basis of an amount per head of population.

This new allocation basis saw some large changes from the first allocations across Local Authorities. Over £260 million was added to the funds of 260 (mainly) district Councils, with this being reduced from other (metropolitan, unitary, London & counties) authorities' allocations. The allocation for St Helens was confirmed as £4.97 million, which is £1.42 million (22.2%) less than the initial allocation.

£214,000 of the Emergency grant funding has been applied to fund COVID-19 related losses and/or additional expenditure in 2019/20.

4.3 Government Data Returns

Government have undertaken two data collection exercises in order to help them better understand the impact that COVID-19 is having on Local Authorities' finances. They initially wrote to all Local Authorities on 6 April asking for information, advising that the Government was committed to supporting Local Authorities to play their part in the national effort. Government stated the importance in them receiving up-to-date data on how existing funding was being used, any changes in income and expenditure and, looking ahead, they advised they would also like to understand emerging pressures.

To do this, MHCLG issued a data collection form to complete by 15 April. They advised they will then ask for updates on a monthly basis. The initial submission was to cover a three-month timeframe to the end of June 2020.

The second data collection exercise was announced at the end of April, with a deadline of 15 May for completion. Data requested was similar to that included within the first data collection form. However, the timeframe that the return was asked to cover was extended, with Government requesting that full financial year estimates were estimated assuming that current restrictions remain in place until the end of July 2020 - a four-month timeframe.

A new component of the second data collection exercise was the inclusion of a section on "Reserves and Balances", asking specific questions regarding how much the current reserves and balances could be deployed to meet COVID-19 pressures throughout 2020/21 and what the impact of doing this would be on the Council's wider financial strategy.

General Balances are reviewed as part of the budget setting process and act as a safety net to take account of the wide range of local financial risks facing the Council and are not in place or available to cope with the impact of national emergencies or global pandemics – it is considered that this is the role of the national Government. Earmarked Reserves are established to fund specific projects and programmes. These commitments and projects are essential parts of the Council's activity, and the regeneration programmes will be essential in contributing towards the recovery from COVID-19.

Future submissions will be provided to Government as part of the monthly data collection exercise. Government issued the third data collection return on 12 June, for completion by 19 June.

The Council have also been providing data to the LCR, so that the financial impact across the region as a whole can be assessed, with the basis for this data being a considered six-month timeframe.

4.4 St Helens Position

The latest data return to Government highlights the significant pressures that the Council faces, forecast on a four-month timeframe, and is summarised in the Table 8, alongside the latest forecast provided to LCR, based upon a six-month timeframe.

Table 8 - Expenditure and Income Pressures for St Helens:

Emergency Funding Allocations		
	£m	
Emergency Funding Tranche 1 <i>announced 20 March 2020</i>	6.391	
Emergency Funding Tranche 2 <i>announced 18 April 2020</i>	4.973	
Total Funding	11.364	
	Government Return 15 May 2020 £m	LCR Return 18 May 2020 £m
Additional Expenditure Pressures	9.813	12.562
Pressures on Planned 2020/21 Savings	1.286	1.438
<u>Loss of Income</u>		
Sales, Fees & Charges	8.726	10.473
Commercial Income	2.142	3.000
Other Income (including loss of interest)	1.167	1.527
Business Rates/ Council Tax	6.318	7.000
Forecast Loss of Income	18.353	22.000
TOTAL ADDITIONAL COST PRESSURES & LOSS OF INCOME	29.452	36.000
UNFUNDED PRESSURES	18.088	24.636

4.5 **Expenditure Pressures**

The significant majority of the additional expenditure costs are relating to social care, ensuring there is sufficient support available for individuals in the community, capacity in residential and nursing settings, the purchase of PPE (£2.2 million for

Adult Social Care and £1.3 million for other services) and supporting hospital discharges.

Additional costs have also been incurred providing accommodation for homeless / rough sleepers, shielding and costs to support local charities and community food banks. In addition, there are additional staffing costs in a small number of service areas e.g. to support weekly refuse collections and to cover essential staff who may be self-isolating.

The Council has no recourse to any of the extended Business Rate reliefs nor to the Coronavirus Job Retention Scheme.

4.6 Pressures on Planned 2020/21 Savings

The Council has had a significant number of long-term cost pressures which it has been addressing as part of budget setting, but these pressures are being magnified by the current situation.

The approved Budget for 2020/21 included savings proposals of £5 million, that were required to be delivered in 2020/21 to balance the budget. However, a number of these savings can no longer be delivered, or will be delayed in implementation, due to the impact of COVID-19 and the lockdown situation. The financial pressure from savings not being achieved is estimated at £1.438 million.

4.7 Income Pressures

The income loss arises from significant reductions in sums received from sales, fees and charges, commercial and other income (circa £15m) including:

- Leisure Services (£2.2m)
- Car Parking & Highways (£1.5m)
- Waste Collection and Recycling (£1.6m)
- Trading services (£2.3m) including charges for the provision of school meals
- Commercial income (£3.0m)
- Investment / Dividend Returns (£1.5m)
- Other (£3m)

Future anticipated losses in income will arise in the event of business failure and loss in Business Rates income as the economy shrinks, whilst the impact on residents' ability to pay council tax will be considerable. This a very difficult area to forecast until there is greater future certainty; a sum of £7m has been included in the most recent forecasts and will be refined as evidence becomes more available to support the actual level of losses experienced.

4.8 Liverpool City Region (LCR)

As mentioned in section 4.3, LCR has been conducting its own data collection exercises to assess the position across the City Region and to lobby Government to ensure the necessary funding is provided to all Councils.

The forecast funding gap for each of the City Region authorities is shown in Table 9.

Table 9 - Funding Gap for Liverpool City Region authorities:

Local Authority	Expected Financial Costs	Government Support to Date	Funding Gap
	£m	£m	£m
Halton	25.8	7.8	18.0
Knowsley	38.5	10.1	28.4
Liverpool	127.7	34.0	93.7
St Helens	36.0	11.3	24.6
Sefton	50.4	17.5	32.9
Wirral	62.8	20.7	42.1
TOTAL	341.2	101.4	239.8

The funding gaps in the table above highlight the fact that the current support allocations received from Government will only cover 26-35% of the estimated financial costs. This situation is similar across the country, with the chairman of the Local Government Association's Resources Board stating at the time of the second data collection exercise that Local Authorities "will need up to four times the funding they have been allocated by Government so far" to meet cost and demand pressures, as well as the huge drop in income.

4.9 Other Government Funding Announcements

Government made announcements about support for businesses as part of the Budget on 11 March, including cash grants of up to £3,000 for businesses who are eligible for Small Business Rates Relief. This scheme was revised on 17 March to provide grants of £10,000 for eligible small businesses and grants of up to £25,000 for businesses in the retail, hospitality and leisure sectors with a rateable value of less than £51,000 and total rateable values under State Aid limits. These schemes are to be administered by Local Authorities, with Local Authorities being fully compensated for the cost of this measure. St Helens Council received an allocation of £31.668 million for the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLCGF).

At the Budget, Government also announced that businesses in the retail, hospitality and leisure sector with rateable value below £51,000 would pay no Business Rates for 2020/21. This relief scheme was expanded on 17 March to any business in the retail, hospitality and leisure sector, irrespective of rateable value and with no impact from State Aid limitations. Further revisions have led to the inclusion nurseries, local newspapers and other retail sectors. The impact of this measure for St Helens was a reduction in Business Rates collectible of £19.498 million, with a compensatory Grant payment from Government being received on a monthly basis to cover the reduction.

As part of the Budget speech, the Chancellor of the Exchequer announced the creation of a £500 million Hardship Fund to provide council tax relief for economically vulnerable households, with St Helens' allocation being £1.906 million. The funding has been provided to Local Authorities for the purpose of reducing the annual Council Tax bill for 2020/21 of all recipients of working age local council tax support by a further £150.

On 17 March, Government announced the creation of the Coronavirus (COVID-19) Rough Sleeping Contingency Fund, to assist Local Authorities to provide accommodation and support to people who are unable to self-isolate, with St Helens allocation being £8,250

Government announced the creation of the Local Authority Discretionary Grants Fund on 1 May. This fund is aimed at small and micro businesses who were not eligible for either the SBGF or the RHLGF. The cost of this scheme will be funded by either:

- Where the Authority has spent all of the allocation of the SBGF and RHLGF, they will receive an extra 5% of their funding allocation; or
- The scheme will be funded by any underspend against the allocation for the SBGF and RHLGF, subject to a limit of a 5% underspend.

For St Helens, 5% of the original funding allocation equates to £1.583 million.

Government have acknowledged some of the cashflow pressures that Local Authorities face in the current situation and have advanced certain funding streams ahead of the usual profile, including Section 31 Grants for Business Rates, which led to the Council receiving £7.054 million as one receipt at the start of the year; previously Section 31 Grants been received monthly.

On 14 May, the Prime Minister announced a national allocation of £600 million for “infection control in care homes”, with the intention that funding would be allocated to Local Authorities to passport to care homes. St Helens’ allocation, based upon the number of care home beds within the authority, multiplied by an Area Cost Adjustment, totalled £1.794 million.

The primary purpose of the fund is to support adult social care providers, including those with whom the local authority does not have a contract, to reduce the rate of COVID-19 transmission in and between care homes and support wider workforce resilience, to be administered within a strict time frame and criteria.

The funding is subject to the submission of a Care Home Support Plan by the Council to the Department of Health and Social Care, to be jointly signed off between the Council and the CCG and for publication on the Council website. The care providers who receive the funding will be required to provide evidence that the grant has been spent for the purposes as set out, with any underspends subject to a clawback provision.

The Government has also announced funding for Health to meet the costs of the response to COVID-19. Of particular relevance to the Council, in the guidance COVID-19 Hospital Discharge Service Requirements, the NHS is committed to fund any services required to enable hospital discharges or avoid hospitalisation from the 19 March 2020 until the end of the COVID-19 period.

The Council will access this funding to fund the capacity for hospital discharge that was created within the community via the block booking of beds, particularly in the first few weeks of the COVID-19 period, but which will also continue throughout the period. Similarly, any new or increased packages of care arising in this period as a result of COVID-19 and in relation to hospital discharge will be funded via Health. Council officers within the People’s Services Department are liaising with CCG

colleagues to feed into their monthly return regime to identify relevant costs, after which funding will follow.

On 22 May, Government announced £300 million would be provided to Local Authorities to develop and action plans, with local NHS and other stakeholders, to support Test and Trace Services in the local community. Government announced allocations for the Test and Trace Service Support Grant on 11 June, with St Helens being allocated £1.328 million. Once the responsibilities of Local Authorities under the Test and Trace scheme are clear, consideration will be made regarding the adequacy of the level of funding provided.

On 24 May, Government announced £50 million would be allocated to Local Authorities to support their local high streets get safely back to business. The Reopening High Streets Safely Fund is intended to support practical measures so that businesses are able to reopen quickly when allowed to. The allocation for St Helens is £160,220.

4.10 Future Impact & Uncertainty

The current level of uncertainty about COVID-19 and future Government guidance makes the task of producing financial estimates very difficult. As demonstrated in Table 8 in Section 4.4, the time frame used has a significant impact on figures for financial pressures and, the longer the time frame used, the greater the level of uncertainty.

The future impact upon the local economy is very uncertain; however, the fact remains that the longer the pandemic goes on for, the greater the impact will be, and the greater the intervention by Local Authorities will need to be to assist businesses and individuals to return to normality.

The funding gap highlighted in the report only relates to revenue items. The Council has an extensive capital programme and the current pandemic may have implications for capital schemes in terms of costs, timeliness and delivery.

Current projections by the Liverpool City Region Combined Authority are that St Helens will face the second largest economic slowdown out of all LCR authorities, with an anticipated 39% decline in output and over 25% of jobs at risk.

These future interventions will carry costs to the Council that cannot be estimated with any certainty at the current time, and for which there is no guarantee of funding from Government.

Following original announcements, expectations were that the emergency funding provided by Government was to alleviate all Local Authority financial pressures in relation to COVID-19, be they by way of additional expenditure or income losses. However, in a letter received from the Director of Local Government Finance on 28 May, the scope of costs that the funding was intended to cover was set out explicitly. The letter states that the £3.2 billion of emergency funding that Government has provided to Local Authorities is to support Local Authorities in meeting the costs of the activities they have been asked to deliver and sets out what these are in an annex. The list of functions is as follows:

- Adult social care;
- Children's services;
- Public health;
- Fire and rescue services;
- Waste management services;
- Shielding the clinically extremely vulnerable people;
- Homelessness and rough sleeping;
- Domestic abuse; and
- Managing excess deaths.

The letter goes on to state that the additional cost pressures reported by Local Authorities under the second data collection exercise totalled £1.25 billion, which fell within the £3.2 billion of un-ringfenced grant the Government has provided as at that date.

Local authorities have a statutory obligation to deliver a balanced budget year on year and if they are unable to do so they must issue a Section 114 notice. The loss of income from fees and charges and other streams as a result of the pandemic, as well as the prospect of reduced income from Business Rates and the non-payment of Council tax will place Local Authority finances in a perilous position without significant Government intervention. The financial challenge the Council faces not only puts the response and other service delivery at risk, but also damages the prospects of a swift recovery.

The Council approved a 2020/21 Budget in March 2020, which presented several challenges in achieving a balanced budget position. It is proposed that the Cabinet approves the requirement for an Emergency Budget during 2020/21, aligned with the Reset and Recovery phase of the Council's COVID response, with all services included for review.

The Government have been considering major overhaul of the Local Government Funding mechanism for a number of years and it was confirmed, as part of the Spending Round 2019, that the major funding reform would be implemented in 2021/22. However, the Government announced on 29 April, that the planned review of Relative Needs and Resources (Fair Funding Review) and the review / reform of the business rates retention scheme will no longer be implemented during 2021/22. This delay results in significant uncertainty for the Council in considering future years budget requirements.

The Council remains committed to the overriding principles that nothing is more important than making sure the Council does all it can to keep residents safe and supported during these truly difficult times. Without the necessary levels of Government funding being secured, the size of the funding gap emerging means that the Council will need to make some really difficult decisions around service provision at a time when residents and communities are looking at it to lead the local recovery.

4.11 Further Developments (since preparation of the report to 24 June Cabinet)

Following production of the report for Cabinet, the third data collection return was completed for Government by the deadline of 19 June. The financial estimates produced were in line with the data from the previous return, included within Table 8 in Section 4.4.

On 2 July, the Communities Secretary announced an additional £500m of funding to support Local Authorities in meeting the financial pressures arising from COVID-19, with a new distribution formula being developed for the allocations. The Communities Secretary stated that the formula will reflect the factors which the data returns correlate most closely with expenditure, and will take account of population, deprivation and the way that service costs vary across the country. Details on allocations will be announced in due course and at the time of writing this report, individual allocations were awaited.

Separately, recognising the unprecedented impact on Council's income from sales, fees and charges the Government announced it would be introducing a co-payment scheme to compensate local authorities for some of the irrecoverable income losses in 2020/21. Under the scheme, Councils will bear the first 5% of losses compared to budgeted income, with Government covering 75p in every pound of losses beyond this. Detail around the basis for calculation of the 5% and the reimbursement calculation were awaited at the time of writing this report.

Government also advised that they were considering how to support local authorities in managing losses of irrecoverable Council Tax and Business Rates. Details of the measures that will be introduced will be announced as part of the Spending Review later in the year, as losses on the collection fund would materialise as part of budgets for 2020/21. In conjunction with this review, Government announced that repayment of collection fund deficits arising in 2020/21 will be spread over the next three financial years, rather than the usual one.

On 19 June, the Government announced support for a catch-up plan for schools to tackle the impact of lost teaching time on primary and secondary pupils. The total funding of £1 billion will be split, with £650 million shared across state primary and secondary schools, with an expectation that this will be spent on small group tuition. The remaining £350 million will form a National Tutoring Programme to increase access to high-quality tuition for the most disadvantaged young people. At the time of writing the report, individual allocations and detailed guidance for use of the funds was awaited.

An announcement was made by Government on 11 June about additional funding of £63 million for Councils in England to help the most vulnerable in the community who are struggling to afford food and other essentials due to the impact of coronavirus. On 10 July, the Department for Environment Food & Rural Affairs wrote to the Council to confirm it would receive an allocation of £265,460.70.

On 24 June the Education and Skills Funding Agency (ESFA) published details of a scheme whereby schools can claim exceptional costs related to COVID-19. Schools are required to complete an online form by 21 July to claim for eligible exceptional costs incurred to the time of submission. ESFA aim to pay against claims, within funding limits and for identified cost categories at the end of August.

On 24 June, additional funding of £105 million to keep rough sleepers safe and off the streets during the COVID-19 pandemic was announced by Government. The £105 million is made up of £85 million new funding and £20 million from refocusing existing homelessness and rough sleeping budgets. At the time of writing this report, the Council was waiting for the bidding prospectus and will consider submission of a bid in due course.

On 25 June the Department for Education announced the creation of the COVID Summer Food Fund to provide vouchers to support pupils eligible for free school meals over the summer holiday period. Schools are required to order vouchers for eligible children and provide them to parents / carers, who will be able to redeem the vouchers at selected retailers.

On 30 June, as part of the response to the economic downturn resulting from the current pandemic, the Prime Minister announced the acceleration of a number of infrastructure projects, including £96 million from the Towns Fund. St Helens, as one of the locations with a town deal, has been offered £1 million to fund capital projects that can be delivered this financial year, in line with previous guidance, for projects such as improvements to parks, high streets and transport.

On 8 July the Chancellor presented a 'Plan for Jobs' to Parliament. In doing so, he announced that the Government's plan was for a Budget and Spending Review in the Autumn that would deal with the challenges facing public finances to put them on a sustainable footing over the medium term.

SECTION 5: OTHER FINANCIAL MONITORING MATTERS

5.1 Parkside Regeneration

Planning applications for the Parkside Link Road and for the first phase of works at the former Parkside Colliery site have been called-in by the Secretary of State for determination. An Inquiry of this nature will inevitably result in significant additional costs to the Council, which will be reported within future Financial Monitoring Reports, alongside the impact on the capital programme.

5.2 Schools Insurance – Risk Protection Arrangement

The Financial Monitoring Report that was scheduled to be presented to Cabinet on 25 March 2020 outlined the alternative insurance arrangements available for schools from 1 April 2020. As at the time of drafting this report 4 schools have confirmed they had opted to join the Risk Protection Arrangement (RPA) provided by the Department for Education from 2020/21. A further 37 schools have elected to continue with the insurance arrangements managed by the Council, although they can at any time elect to join the RPA scheme. The remaining schools have, at this juncture, not confirmed their intended arrangements, and further discussion is being undertaken with regard to their intentions from July 2020 when the Councils general insurances are due for renewal.

SECTION 6: TREASURY MANAGEMENT POSITION

6.1 A summary of the Council's Treasury position as at the end of the reporting period is included in Table 10 below.

Table 10 – Treasury Management Position	As at 1 April 2020	As at Current Period
Investments Outstanding	£118.5m	£146.6m
Investment Returns (average for the year to date)	-	0.85%
Benchmark Returns	-	0.44%
Borrowing	£124.7m	£124.7m

Portfolio	2020/21			2021/22			2022/23		
	Outturn	Period 1	Variance	Outturn	Period 1	Variance	Outturn	Period 1	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Developing Young People	13,377	13,377	0	3,182	3,182	0	2,300	2,300	0
Protecting Young People	50	50	0	0	0	0	0	0	0
Adult Social Care and Health	57	57	0	0	0	0	0	0	0
Public Health, Leisure, Libraries, Arts and Heritage	560	560	0	0	0	0	0	0	0
Finance	0	0	0	0	0	0	0	0	0
Corporate Services, Estates and Communication	3,391	3,391	0	500	500	0	500	500	0
Environmental Services	41,963	41,963	0	15,015	15,015	0	3,769	3,769	0
Economic Regeneration and Housing	1,621	1,621	0	20	20	0	20	20	0
Community Safety	3,508	3,508	0	3,182	3,182	0	2,774	2,774	0
TOTAL	64,527	64,527	0	21,899	21,899	0	9,363	9,363	0

63 Source of Funding	2020/21			2021/22			2022/23		
	Outturn	Period 1	Variance	Outturn	Period 1	Variance	Outturn	Period 1	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Grants & Other Contributions	44,520	44,520	0	19,695	19,695	0	7,287	7,287	0
Capital Receipts	4,083	4,083	0	737	737	0	876	876	0
Revenue Contribution	2,212	2,212	0	500	500	0	500	500	0
Borrowing	13,712	13,712	0	967	967	0	700	700	0
TOTAL	64,527	64,527	0	21,899	21,899	0	9,363	9,363	0

DEVELOPING YOUNG PEOPLE PORTFOLIO	2020/21			2021/22			2022/23		
	Outturn	Period 1	Variance	Outturn	Period 1	Variance	Outturn	Period 1	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Primary Schools									
Allanson Street Primary Internal Decoration	1	1	0	0	0	0	0	0	0
Ashurst Primary Roof Repairs	2	2	0	0	0	0	0	0	0
Ashurst Primary Rebuild	5,230	5,230	0	639	639	0	0	0	0
Bleak Hill Primary Expansion	1,710	1,710	0	43	43	0	0	0	0
Broad Oak Primary Playing Field Drainage	57	57	0	0	0	0	0	0	0
Broad Oak Primary Roof Replacement	43	43	0	0	0	0	0	0	0
Broad Oak Primary Veranda Refurbishment and Nursery Remodel	2	2	0	0	0	0	0	0	0
Eaves Primary Roof Repairs	1	1	0	0	0	0	0	0	0
Legh Vale Primary Roofing Repairs	6	6	0	0	0	0	0	0	0
Longton Lane Primary Condition and Risk Assessment Works	6	6	0	0	0	0	0	0	0
Merton Bank Primary Platform Lift	1	1	0	0	0	0	0	0	0
Newton Le Willows Primary School Remodelling	11	11	0	0	0	0	0	0	0
Newton Le Willows Primary School Brickwork Repairs	2	2	0	0	0	0	0	0	0
Oakdene Primary Heating	2	2	0	0	0	0	0	0	0
Queens Park Primary Refurbishment & Roofing Works	1	1	0	0	0	0	0	0	0
Rainford CE Primary School DDA	4	4	0	0	0	0	0	0	0
Rectory CE Primary ASD Unit Roof	3	3	0	0	0	0	0	0	0
Robins Lane Primary Heating	12	12	0	0	0	0	0	0	0
Sutton Oak CE Primary School Window Replacement	1	1	0	0	0	0	0	0	0
Thato Heath Primary - Flooring	20	20	0	0	0	0	0	0	0
Thatto Heath Primary Fire Compartmentation Works	1	1	0	0	0	0	0	0	0
The District CE Primary Safeguarding/DDA Works	7	7	0	0	0	0	0	0	0
The District CE Primary Heating	20	20	0	0	0	0	0	0	0
Wargrave Primary WC's	3	3	0	0	0	0	0	0	0
Wargrave CE Primary External Facia	4	4	0	0	0	0	0	0	0
Secondary Schools									
Cowley High Boiler Replacement	26	26	0	0	0	0	0	0	0
Cowley High Ventilation	1	1	0	0	0	0	0	0	0
Haydock High Lift / DDA	18	18	0	0	0	0	0	0	0
Special & Other Schools									
Lansbury Bridge Retile Pool	50	50	0	0	0	0	0	0	0
Lansbury Bridge Roof Repairs	23	23	0	0	0	0	0	0	0
Mill Green Key Stage 5 Base	11	11	0	0	0	0	0	0	0
Mil Green Boiler Replacement	30	30	0	0	0	0	0	0	0
Launchpad Roof Renewal	100	100	0	0	0	0	0	0	0
Penkford Refurbishment	903	903	0	0	0	0	0	0	0

DEVELOPING YOUNG PEOPLE PORTFOLIO	2020/21			2021/22			2022/23		
	Outturn	Period 1	Variance	Outturn	Period 1	Variance	Outturn	Period 1	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Other Schemes									
Early Education for 2 year Olds	75	75	0	0	0	0	0	0	0
Harnessing Technology	15	15	0	0	0	0	0	0	0
Healthy Pupils Capital Funding	125	125	0	0	0	0	0	0	0
Various Schools Roller Shutters	40	40	0	0	0	0	0	0	0
Various Schools Fire Risks	9	9	0	0	0	0	0	0	0
Committed Grant Funding									
School Devolved Formula Capital	875	875	0	300	300	0	300	300	0
Uncommitted Grant Funding									
Basic Need Uncommitted	1,254	1,254	0	1,000	1,000	0	1,000	1,000	0
School Condition Funding Uncommitted	2,672	2,672	0	1,200	1,200	0	1,000	1,000	0
TOTAL	13,377	13,377	0	3,182	3,182	0	2,300	2,300	0

PROTECTING YOUNG PEOPLE PORTFOLIO	2020/21			2021/22			2022/23		
	Outturn	Period 1	Variance	Outturn	Period 1	Variance	Outturn	Period 1	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children & Families Accommodation	49	49	0	0	0	0	0	0	0
Free Early Educational Entitlement - Rainhill Nursery	1	1	0	0	0	0	0	0	0
TOTAL	50	50	0	0	0	0	0	0	0

ADULT SOCIAL CARE AND HEALTH PORTFOLIO	2020/21			2021/22			2022/23		
	Outturn	Period 1	Variance	Outturn	Period 1	Variance	Outturn	Period 1	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Integrated Activity	57	57	0	0	0	0	0	0	0
TOTAL	57	57	0	0	0	0	0	0	0

PUBLIC HEALTH, LESIURE, LIBRARIES, ARTS AND HERITAGE PORTFOLIO	2020/21			2021/22			2022/23		
	Outturn	Period 1	Variance	Outturn	Period 1	Variance	Outturn	Period 1	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Libraries ICT Refresh	53	53	0	0	0	0	0	0	0
Refurbishment of Newton Le Willows Health and Fitness Centre	192	192	0	0	0	0	0	0	0
St Helens Arts and Cultural Centre	315	315	0	0	0	0	0	0	0
TOTAL	560	560	0	0	0	0	0	0	0

ECONOMIC REGENERATION AND HOUSING PORTFOLIO			
Ground Conditions Survey	41	41	0
Town Centre - Car Park Lighting	78	78	0
Town Centre Strategic Acquisition	1,310	1,310	0
Urban Skatepark	192	192	0
TOTAL	1,621	1,621	0

2020/21		
Outturn	Period 1	Variance
£000	£000	£000
41	41	0
78	78	0
1,310	1,310	0
192	192	0
1,621	1,621	0

2021/22		
Outturn	Period 1	Variance
£000	£000	£000
20	20	0
0	0	0
0	0	0
0	0	0
20	20	0

2022/23		
Outturn	Period 1	Variance
£000	£000	£000
20	20	0
0	0	0
0	0	0
0	0	0
20	20	0

COMMUNITY SAFETY PORTFOLIO			
Community Safety Schemes			
Alley Gates - Extended Scheme	14	14	0
Extension of CCTV	21	21	0
Housing Schemes			
Disabled Facilities Grants and Adaptations	2,834	2,834	0
General Fund Housing (Housing Assistance)	66	66	0
Gypsy and Traveller Site	130	130	0
Housing Clearance and Enforcement	97	97	0
Insulation Measures and Fuel Poverty	346	346	0
TOTAL	3,508	3,508	0

2020/21		
Outturn	Period 1	Variance
£000	£000	£000
14	14	0
21	21	0
2,834	2,834	0
66	66	0
130	130	0
97	97	0
346	346	0
3,508	3,508	0

2021/22		
Outturn	Period 1	Variance
£000	£000	£000
0	0	0
0	0	0
2,814	2,814	0
40	40	0
0	0	0
50	50	0
278	278	0
3,182	3,182	0

2022/23		
Outturn	Period 1	Variance
£000	£000	£000
0	0	0
0	0	0
2,774	2,774	0
0	0	0
0	0	0
0	0	0
0	0	0
2,774	2,774	0

The above programme includes £38.9m in relation to Parkside where spend was profiled prior to 'call-in' see section 5.1 (£27.3m in 2020/21 and £11.6m in 2021/22). The profile of spend will be updated in future Financial Monitoring Reports.

This page is intentionally left blank