



28 May 2020

Dear Colleague,

#### **COVID-19 RESPONSE AND LOCAL GOVERNMENT FUNDING**

I would like to thank you and your colleagues for your continued work in supporting the country's response to the Covid-19 pandemic. Local government has been on the front line of this unprecedented national emergency. I am also grateful for the support that you have provided to the department.

On 14 May, the Secretary of State wrote to the Housing, Communities and Local Government Select Committee, outlining the measures the Government has put in place to support councils in responding to the pandemic.

The Government has made £3.2 billion available to support local authorities in meeting the costs of the activities that they have been asked to deliver, including: adult social care; children's services; public health services; fire and rescue services; waste collection services; shielding the clinically extremely vulnerable people; homelessness and rough sleeping; domestic abuse; supporting the NHS; and managing excess deaths. This funding is un-ringfenced on the basis that councils are best placed to determine the specific needs of their local communities. We have received a number of enquiries from councils about which services are specifically funded in the £3.2 billion. Annex A sets out the service areas which Ministers have signalled, in their communications, that councils should prioritise.

On top of the £3.2 billion, the Government has announced: £600 million for infection control in care homes, £300 million to support the new test and trace service, £50 million for the Reopening High Streets Safely Fund and plans to accelerate £433 million of funding announced for long-term, sustainable rough sleeping accommodation.

More broadly, the Government has committed over £27 billion to local areas to support councils and their communities. Annex B provides further detail on the additional support made available to local areas from across Government.

Alongside this funding, the Government has provided over £5 billion of cashflow support including: the deferral of local authority payments of the Central Share of retained business rates, valued at £2.6 billion and up-front payment of £1.8 billion of business rates reliefs and £850 million of social care grant.

I would like to thank you for your response to the May's COVID-19 local government finance monitoring exercise, the data provided as part of this exercise is crucial in helping to inform our understanding of both the expenditure and income pressures councils are facing. As Ministers have indicated, the latest returns suggest total COVID-19 related expenditure pressures for March to May equated to £1.25 billion, which falls within the £3.2 billion of un-ringfenced grant the Government has provided to date.

Finally, we have had very informative discussions with a number of councils who have been particularly affected by COVID-19 and I would encourage any local authority with concerns to contact us. Any discussions will be confidential.

I recognise this is a constantly evolving landscape so we will continue to work with you closely over the coming weeks to further understand the impact that the pandemic is having on your responsibilities and finances.

Alex Skinner  
Director, Local Government Finance

## **Annex A**

This annex provides a comprehensive list of the areas Government has asked local government to prioritise during the COVID-19 crisis in relation to the £3.2 billion of additional financial support.

**Adult social care** - Councils should use the funding provided to meet the increased costs for adult social care as a result of COVID-19 and to provide additional support to social care providers who need help with COVID-19 related costs. This could include those with whom councils do not have contracts if they are under financial strain. Councils have a role in ensuring that, in particular, small providers are aware of the support and advice available to them and are acting upon it.

As part of this local authorities have a central role in the critical national task of controlling the outbreak in care homes. The Government has announced an additional £600 million for infection control in care homes, this funding will support care homes to reduce the rate of transmission in, and between, care homes and support wider workforce resilience.

**Children's services** - The funding provided by Government should meet extra costs in children's services including: pressures on the workforce as a result of COVID-19 related absences and any increased case management activity or cost for children in need, home to school transport, special education needs and disability, care-leavers, foster care, residential provision and the need for increased accommodation to address the need for isolation, including unaccompanied asylum-seeking children.

**Public Health** - The response to COVID-19 has seen an increased pressure on public health services, in particular, drug and alcohol treatment services, sexual and reproductive health services and support for children and families. In line with NHS Community Health Services guidance, local authorities are operating a minimum level of service but social distancing measures and staff absence/redeployment has necessitated a change in service delivery model and increased pressure on the workforce.

**Fire and rescue services** - Ensuring our emergency services have the resources to continue to operate during the pandemic is essential. Therefore, Fire and Rescue authorities have been provided with a funding allocation to support them with the increased pressures on staffing due to self-isolation and caring responsibilities and to ensure they can support the work of Local Resilience Forums.

**Waste management services** - The Government recognises the pressures which have been placed on waste management services as a result of the pandemic. Part of this funding allocation is therefore to address the increase in volume of household waste being generated, as households are switching consumption away from restaurants and workplaces to the home.

**Shielding the clinically extremely vulnerable people** - Government has asked councils to provide support for the 2.2 million clinically vulnerable people who are shielding themselves from the virus by staying at home. This includes meeting the basic care needs of those shielding (for example through check in and chats), making contact with people where the national call centre has tried to be in contact with them but been unable to/the contact has been inconclusive, and coordinating food packages for those with special dietary requirements.

**Homelessness and rough sleeping** – Government has asked local leaders to help rough sleepers into alternative accommodation. This was to protect their health and stop wider transmission, particularly in hot spot areas, and included those in assessment centres and shelters that are unable to comply with social distancing advice.

**Domestic abuse** - The Government has also asked that councils ensure domestic abuse services are well supported and equipped to deal with what are already challenging situations, and even more so during these uncertain times. Councils should prioritise supporting survivors of domestic abuse into safe accommodation, providing support where councils deem it necessary in order to protect victims. Councils should work closely with domestic abuse safe accommodation providers to ensure that victims of domestic abuse and their families, including those out of area, can be provided with safe emergency accommodation with appropriate support to avoid further pressures on frontline homelessness services.

**Managing excess deaths** - Councils should use the funding for any costs relating to managing excess deaths, in response to an increased pressure to ordinary death management provision.

## **Annex B**

This annex provides further detail on the additional support made available to local areas from across Government, totalling around £24.3 billion. This funding is in addition to the £3.2 billion of un-ringfenced financial support that the Ministry of Housing, Communities and Local Government has made available to local authorities, bringing the total amount of additional support to over £27 billion.

**Care homes** - The Adult Social Care Infection Control Fund was announced in May and is worth £600 million. The primary purpose of this 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.

**Test and Trace service** - Local authorities will be central to supporting the new test and trace service across England. Recognising this, the Government announced that £300 million will be provided to all local authorities in England to develop and action their plans to reduce the spread of the virus in their area.

**Small businesses** - Several grants to support small businesses in local areas have been made available. In March, the Government announced a total of £12.3 billion of support through the Small Business Grants Fund and the Retail, Hospitality & Leisure Grants. In May, a further £617 million was made available to support small businesses through the Discretionary Local Authorities Grants.

**Business rates** - Businesses are also receiving discounts of almost £9.7 billion on their rates bills in response to COVID-19, with those hardest hit by the pandemic in the retail, hospitality and leisure sectors such as shops, cafes and pubs, paying no business rates whatsoever this financial year. This was initially announced in the Budget and series of further measures to extend the support have since been announced.

**Council tax** - The Government has provided billing authorities in England with a £500 million hardship fund to enable them to support economically vulnerable people and households in their local area by providing them with a further reduction in their council tax.

**Rough sleeping** - Rough sleepers, or those at risk of rough sleeping have been supported by £3.2 million of initial emergency funding if they need to self-isolate to prevent the spread of COVID-19. This funding was announced in March and has been made available to all local authorities in England and reimburses them for the cost of providing accommodation and services to those sleeping on the streets to help them successfully self-isolate.

**Lifeline transport links** - The Government has safeguarded vital transport links to the mainland for people living on the Isle of Wight and the Isles of Scilly during the COVID-19 pandemic, with an emergency package of up to £10.5 million. This fund will help ensure these communities continue to have access to vital medical services on the mainland while protecting the flow of supplies to these regions.

**Local bus networks** - The Government announced in April that funding of up to £167 million will be paid to bus operators and councils (up to £21.5 million will be paid directly to councils) over 12 weeks through the Covid-19 Bus Services Support Grant. This will help maintain bus services at a level which is sufficient to meet reduced demand and allow adequate space between passengers on board. This is in addition to existing bus grant payments. On 23 May, the Department for Transport announced further support for buses and will be publishing the terms of the package shortly.

**Trams and light rail** - The Government has announced a £27.4 million package of support for light rail systems in England. The funding will help services continue to run and enable key routes to remain open in Sheffield, Manchester, West Midlands, Nottingham, and Tyne and Wear for people travelling to hospitals, supermarkets or those who cannot work from home. On 23 May, Department for Transport announced further support for trams and light rail systems and will be publishing the terms of the package shortly.