

Report for:
ACTION

Item Number:

Contains Confidential or Exempt Information	No confidential or exempt information Urgent, pursuant to the following procedures: Rule 4 © of the Access to Information Procedure Rules (meeting called at less than five clear working days' notice) Rule 16 of the Access to Information Procedure Rules (impractical to comply with Forward Plan requirements) Rule 16 Rule 5 of appendix to the Access to Information Procedure Rules (urgent ICMD) Rule 16 of the Scrutiny Procedure Rules (special urgency and exemption from call-in)
Title	COVID-19 FINANCIAL INTERVENTION AND MEASURES
Responsible Officer(s)	Ross Brown, Chief Finance Officer (Section 151)
Author(s)	Ross Brown, Chief Finance Officer (Section 151)
Portfolio(s)	Councillor Bassam Mahfouz, Cabinet Member for Finance & Leisure Services
For Consideration By	Councillor Bassam Mahfouz, Cabinet Member for Finance & Leisure Services
Date to be Considered	23 March 2020
Implementation Date if Not Called In	24 March 2020
Affected Wards	All
Keywords/Index	COVID-19, March 2020 Budget, Emergency Fund, Support

Purpose of Report:

This report sets out the first of a number of measures as to how Ealing Council will initially support the borough with investments and interventions including

- the creation of a £1.5m Covid-19 Emergency Fund to facilitate essential community services
- changes to cash flow options to ensure current providers have funds in place to deliver key services
- and introducing payment flexibility to individuals and business during these difficult times.

It sets out the vital service areas that the remaining £8.068m will be used to support ranging from social care services to homelessness.

In most cases, the council will aim to pay existing providers of essential services and will aim to ensure these suppliers and providers receive payment for the services they usually provide to Ealing Council.

This report is in addition to the new Council Tax Support scheme which comes into force from 1st April 2020 and will allow those faced with financial hardship to more easily receive immediate relief on their council tax.

It also provides an update on the reliefs and grants available to businesses and sets out when these will be delivered.

1. Recommendations

It is recommended that the Cabinet Member for Finance and Leisure services:

- 1.1 Approves the creation of an COVID-19 Emergency Investment Fund to the value of £1.5m to be funded from the new COVID-19 Emergency Funding grant, to be utilised to support essential service providers as set in 4.6.1
- 1.2 Delegates authority to the Chief Finance Officer (Section 151 officer) to determine the allocation of the Emergency Investment Fund in line with criteria to be established.
- 1.3 Approves the inception of a new £8.068m COVID-19 Service Fund from the remainder of the £9.563m new COVID-19 Emergency Funding grant to address the following priorities:
 - 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.
- 1.4 Delegate authority to the Chief Finance Officer (Section 151 officer) to allocate the new COVID-19 Service Fund to the council service areas as required in order to meet the priorities set out in 1.3 above.
- 1.5 Endorses the principle that in most cases , and subject to the approval of the Chief Finance Officer as below, current providers of essential services to Ealing Council will continue to be paid on the basis of them providing the contracted service regardless of their temporary ability to fulfil their contractual obligations and delegates the authority to determine the providers to who this applies to the Chief Finance Officer (Section 151 officer).

- 1.6 Endorses the introduction of fully flexible payment terms to most providers and suppliers to support their cash flow requirements (section 4.5).
- 1.7 Endorses and notes that the Chief Finance Officer (Section 151 officer) will enact both the general and specific measures (section 4.7);
- a) the 4-point plan (general measures) to be introduced to assist all Business Rate, Council Tax and other customers including flexible payment plans (including payment breaks) and the suspension of recovery action where appropriate; and
 - b) Specific measures in section 4.7 including the ability for self-employed people residing in the borough of Ealing to defer payment of their Council Tax for a period of up to six months.
- 1.8 Authorises the Chief Finance Officer, following consultation with the Cabinet Member for Finance & Leisure Services and the Director of Legal and Democratic Services, to amend or refine the criteria for allocation of the Emergency Investment Fund and of the COVID-19 Service Fund, as set out respectively in sections 4.6.1 and 1.3 of this report

2. Reason for Decision and Options Considered

- 2.1 The coronavirus (COVID-19) is already having a significant adverse effect on the economy and public finances, reducing demand and supply in the short term, presenting individuals, businesses and organisations with unprecedented challenges. The medium- to long-term impact is unknown and will depend on the outbreak causing lasting damage to the economy's supply capacity and the consumption of goods and services changes markedly as a result of the restricted movement of people and the broader economic impacts this brings.
- 2.2 COVID-19 affects everything local authorities do – as community leaders, public health authorities, education authorities, employers, partners and service deliverers. The Leader and the Cabinet are on a daily basis responding to the crisis, the Council have in place a number key officer groups that meet frequently (some groups are daily) to evaluate and respond to the latest COVID-19 developments, the investment and options in this report are felt to be a sound use of the funds currently available.

3. March Budget 2020 and Subsequent Government Announcements

- 3.1 The Government's March Budget announced several measures and support packages to be put in place to support the COVID-19 response, they are:
- a) COVID-19 - £12bn will be provided to help alleviate the crisis, including a £5bn emergency response fund for the NHS and Local Authorities and a £500m hardship fund related to existing Council Tax Support schemes. In relation to the £5 bn nationwide fund, of which Local

Authorities are receiving £1.6bn, Ealing Council will receive £9.568m, the allocation for hardship fund is not yet known.

b) Business Rates Relief - to support businesses affected by COVID-19 the following retail relief will be available in 2020/21 which will be funded by S31 grant, with billing costs subject to new burdens:

- those with a rateable value (RV) under £51k in the retail, leisure, and hospitality sectors being given 100% relief;
- those eligible for Small Business Rates Relief (SBBR – where the RV is under £15k) or Rural Rate Relief will receive a grant of £3k; and
- the discount extended to £5k for pubs with an RV under £100k.

3.2 Ealing Council's share of the national allocation of the of £9.568m COVID-19 Emergency Funding grant will be split across a number of areas:

- The creation of a £1.5m Ealing Emergency Fund targeted at supporting organisations, providers and individuals in the borough where financial support is needed ranging from provision of Food, to Nursery provides to voluntary organisations
- The creation of a new £8.068m ringfenced service budget to fund costs ranging from social care through to rough sleeping.

3.3 On 17 March, the Chancellor announced a broad range of financial support across the whole economy and a number of these measures included grant and funding arrangements, with implications for local government. These included:

- a) a £10k grant to recipients of Small Business Rate Relief (with RV's less than £15K) replacing the £3k set above; and
- b) a £25k grant to businesses in receipt of Retail Relief (those business set out above with a RV under £51k). The speech did not confirm whether small businesses in retail, hospitality and leisure would receive both the £25k and £10k grants or be limited to only one.

3.4 The Chancellor also announced the introduction of a twelve month business rates 'holiday' for all shops, pubs, theatres, music venues, restaurants and any other hospitality or leisure business regardless of RV. Qualifying properties will pay no business rates in 2020/21. The separate pub relief will now be deleted as pubs will qualify for relief under the enhanced retail relief, which will mean that they will also pay no business rates.

3.5 The Education minister also announced on 18 March that to support registered nurseries at this time, they will now be eligible for a business rates holiday for one year and receive 100% relief. That means non-local authority providers of childcare will pay no business rates in 2020/21, from 1 April.

3.6 In relation to Business Rates Relief, the government estimates that the temporary measures, taken with existing SBBR, mean that around 900,000

properties, or 45% of all properties in England, will receive 100% business rates relief in 2020/21.

3.7 Further measures directly supporting individuals and businesses announced were:

- Further support was announced for individuals, with a three month mortgage payment holiday for those who need it, and new forms of employment support to be developed.
- £330bn of guarantees have been made available from the government, to allow any business to borrow on favourable terms.
- Government to fund 80% of wages up to £2,500 per month for employees of companies or organisations.

4. Ealing's COVID-19 Financial Intervention and Measures Policy

4.1 The Council recognises the unprecedented social and economic impact of COVID-19 on its residents and local businesses. In doing so, it has decided to implement a set of financial measures and specific interventions that the Council will take to support the borough through the challenges it currently faces.

4.2 The specific interventions and measures will be delivered through the following strands:

1. A commitment to ensure that in most cases essential service providers will continue to receive payment for services provided despite the challenges faced in delivery.
2. Cash flow support for essential service providers
3. Direct contribution to vital borough providers through the £1.5m Emergency Investment Fund
4. A range of supports covering Council Tax, Business Rates, Social Care and Other Debtors

4.3 As the situation and government advice evolves the policy will be reviewed and updated to reflect any necessary changes.

4.4 Providers contracted by the Council

4.4.1 The Council commits to, in most cases, continuing to pay existing essential service providers regardless of their ability to provide the full range of services that they would under normal operating circumstances.

4.4.2 This commitment will ensure those vital providers and suppliers will have income flowing to them to deal with the current challenges faced and will support them in their medium-term ability to continue as going concerns.

4.5 Council Cash flow support

- 4.5.1 At times of financial stress, the key determinant of the ability of an organisation or company to continue as a going concern, is the availability or access to cash to keep operations in place and ensure that staff are paid and payments to suppliers can be met. It is reasonable to expect that many of the Council's providers and suppliers, be they small local organisations or larger businesses, will face a number of challenges during these uncertain times, placing unprecedented pressure on the financial standing and operational ability of many.
- 4.5.2 The Council has both the capacity and the ability to access and provide cash to ensure its own obligations are met and can, at times such as these, consider making available sufficient cash supply to ensure the obligations of its most important and vulnerable providers are supported.
- 4.5.3 Where this stress is being felt by existing providers of the Council's essential services, the Council will put in place flexible payment terms to support their cashflow.
- 4.5.4 In practice, the measures will look to vary existing payment terms by bringing these forward and may include but is not limited to the following:
- a) Changing payment terms to specified providers from the Council's standard duration to;
 - shorter payment period, e.g. from 28 days to 10 days; or
 - immediate period, e.g. from 28 days to 0 days; or
 - b) Changing from payment in arrears to payment in advance, e.g. payment of one month's supply of goods/service in advance/arrears to up a maximum of to three months in advance.
- 4.5.5 The existing delegation rules included within the Financial Regulations, provide the Chief Finance Officer (CFO) authority to change payment terms.

Non-Contracted Providers

- 4.5.6 Where no contractual obligations exist between a provider and the Council, the Council is limited in the type of financial support it can provide (paragraph 4.5). As such, the Council will continue to monitor government announcements and at a future date may be required to review its policy with regards to providing cashflow support to organisations and companies it has no contractual commitment with.
- 4.5.7 However, the c£330 bn loan and guarantee facility announced by the Chancellor should provide the cash-flow support necessary for non-contracted businesses as is required as set out below:
- £330bn of guarantees have been made available from the government, to allow any business to borrow on favourable terms. The Bank of England will provide commercial paper to large businesses, published by the Bank of England on the 18 March. The British Business Bank scheme announced in last week's budget would be extended to offer

guarantees on loans of up to £5m (including an initial six months interest-free) for small and medium businesses. This scheme is still being developed with lenders, and, in the first instance, businesses are advised to apply for finance in the usual way from a bank (40+ lenders are included in the scheme, with a full list available on the British Business Bank website).

4.6 **Direct Contribution & Investment (£1.5m Emergency Investment Fund)**

4.6.1 The £1.5m COVID-19 Emergency Investment Fund is intended to support select providers and organisations in the borough of Ealing. The fund allows the Council to have in place a targeted approach for non-contracted providers, in specific areas and sectors as set out below:

- **Food assistance** – Grant funding will be available for use by the Council or for the voluntary or charity sector that is involved with food provision to vulnerable people as a result of COVID-19.
- **Childcare Provider** – Grant funding will be available to non-Local Authority providers of childcare (Nursery school providers).
- **Providers of vital services in the community** – Grant funding is available for the providers of services to the Elderly/Vulnerable/Young. For example, transport providers such as Ealing Community Transport
- **Voluntary sector organisations** – Grant funding will be available for voluntary sector organisations working to address the challenges caused by COVID-19 not captured by the above group such as Stepchange and Ealing Community and Voluntary Service.
- **Exceptional Hardship** – Grant funding for exceptional hardship being caused by COVID-19. This fund can be used to support a range of areas including enhanced Local Welfare Assistance provision.

4.6.2 The Emergency Investment Fund will be funded by the Council's allocation from central government.

4.6.3 A specific set of criteria will govern how each fund operates and will come with cash limits for each provider type so that sensible gateways are put in place which are easily understood by users.

4.7 **Income - Business Rates, Council Tax, Social Care and Other Debtors**

General Measures (4-point Plan)

4.7.1 The Council currently operates a 4-point plan for any customers who contact the Council with financial hardship / problems requiring immediate payment, detail of which are set out in the table below.

Table 1: General Measures (4-point Plan)

Steps	Summary of steps
1. Debt Advice	<p>For individual debtors Local Taxation and Accounts Receivable Team (LT&AR) signpost all cases to council's debt advice partner Stepchange – who are the Council's partner charity that provides this advice free of charge.</p> <p>Many of the customers who will be experiencing financial hardship with Ealing Council due to the impacts of COVID-19 will also have similar issues with utilities, rent / mortgage payments, credit card debts etc and Stepchange will provide an overall debt advice service.</p>
2. Review Instalment Arrangements	<p>This could either reduce immediate payments due or move these to later in the financial year.</p> <p>Most of the Council's customers (Council Tax and Business Rates) are on a 10 monthly instalment scheme. The Council can offer to extend the instalment profile from 10 to 12 monthly instalments.</p> <p>Revised plans can also be agreed which cover reduced instalments for a short period or for specific cases place a hold on instalment plans for a short period (payment break)</p>
3. Recovery Actions	<p>The Council can hold or suspend recovery action for cases for as long as it is deemed necessary. This would be assessed on a case by case basis.</p> <p>In cases of financial hardship the Council will not be looking to use external enforcement agents to pursue any debt. The Council would instead look to securing the debt with a Liability Order, as for Council Tax, or apply for a Charging Order to secure the debt against a property, as they have no immediate impact on the taxpayers' finances.</p>
4. Hardships	<p>Where customers are experiencing hardship, an immediate action will be taken to ensure the customer is in receipt of all benefits and/or reliefs that may be applicable to them.</p> <p>For Business Rates this will be to review of all reliefs given to them. For Council Tax it would be to ensure that they are aware of the Council Tax Reduction scheme and signpost them to the application process.</p> <p>In severe cases there are legislative hardship schemes which effectively write off debt but this is to be a last resort option as the cost of doing so impacts the Councils long term financial viability.</p>

4.7.2 The 4-point plan will be introduced to assist all Business Rate, Council Tax and other customers including flexible payment plans and where

appropriate the suspension of recovery action.

Business Rates

4.7.3 The March Budget announced significant additional support for local businesses through a number of enhanced or new reliefs which are shown below in Table 3. Most of the reliefs are targeted at low value RV and properties in the retail, leisure and hospitality sector.

4.7.4 However, the Council will target those other businesses who do not qualify for reliefs and who may have RV's of less than £51K for support and guidance. Most of Ealing's properties fall into this lower bracket.

Table 2: Analysis of Business Rate Properties

Tier	RV Range	Number of Properties	Total RV Payable
0	Nil	279	Nil
1	£1 to £50,999	9,097	£121,642,664
2	£51,000 to £99,999	734	£49,437,250
3	£100,000 plus	677	£204,518,000

4.7.5 Upon suitable evidence of hardship, the Council will provide businesses (where necessary) who do not qualify for rate relief in tier 1 and tier 2 the following:

- Option of a payment break (e.g. deferral in payment plans) up to a maximum of three months.
- Suspension of recovery action for a similar period after the Council has obtained a Liability Order to secure the debt where this is deemed necessary - customers will have the process explained to them.

Table 3: Summary of known Business Rates Measures Announced by Government

Measure	Details	Ealing Approx. Financial Value	Current Situation	Likely payment / receipt date
Retail Relief	Relief of 100% for all qualifying retail, leisure and hospitality properties including public house.	£12.2m for current Retail Relief cases	Awaiting legislation from government.	Likely to re-bill during April
Small Business Grant	Businesses who qualify for Small Business Rate Relief (many of whom already have no rates liability) will now get a grant of £10k per property	£33.3m cash grant in addition to reductions to NNDR bills (worth £10m) Ealing has 2,892 business paying no rates and a further 434 paying reduced rates.	Awaiting confirmation of qualifying criteria from government. Payments will then be arranged as close as possible to 1st April	1 April 2020
Retail Property Grant	The properties already identified as being in receipt of Retail Relief will receive a grant payment of £25k.	Amount will be dependent on scheme rules and guidance	Awaiting confirmation of qualifying criteria from government. Payments will then be arranged as possible.	Awaiting MHCLG Updates
Nursery Relief	Relief of 100% for all registered nurseries.	£900k	Awaiting legislation from government	Likely to re-bill during April

Council Tax

- 4.7.6 In addition to the general measures set out above, LT&AR team to signpost all cases to the Council Tax Reduction and Benefits Team so to provide individuals with appropriate support and guidance.
- 4.7.7 The use of any further hardship funds will be maximised alongside existing hardship funds covered within the Council's 'Council Tax Reduction' scheme. The Council has a very supportive Council Tax Support scheme available for all residents who meet the criteria to access this benefit. Residents should contact the Council to ensure they are receiving the support they are entitled to. Many residents will not have had to contact the Council before on such matters but the Council is ready and waiting to assist.
- 4.7.8 In addition to the above, upon suitable evidence of hardship, the Council will provide residents liable for Council Tax (where necessary) who do not qualify Council Tax support:
- Option of a payment break (e.g. deferral in payment plans) up to a maximum of three months.
- 4.7.9 Specifically, for self employed people who live and pay Council Tax in the London Borough of Ealing, the Council will make available
- the ability to defer to payment of Council Tax liabilities for a duration of up to 6 months. Self employed people will need to provide all necessary information as requested to ensure this entitlement can be provided.

Adult Social Care (ASC) Income

- 4.7.10 The function is currently working closely with council officers in Adult services around the impact of care provision and self-isolation. It is expected there will be an impact on the charging and assessment policy within ASC and hardship and/or payment delays will be considered in cases where this is appropriate.

Corporate Collections (Other Debtors)

- 4.7.11 This service collects wide range of debts for many different council services. It is not proposed at this time to change any practices or processes currently in place.

5. Legal

- 5.1 The Council has the power under section 2 of the Local Government Act 2000 to do anything which it considers is likely to promote or achieve the economic, social or environmental well-being of the area. In exercising this power, the Council must take account of its community strategy and consider how the use of the power will contribute to the Council's economic,

- social or environmental objectives.
- 5.2 The council also has the power, under section 1 of the Localism Act 2011, to do anything that individuals generally may do.
 - 5.3 The council must comply with the principles set out under section 149 of the Equality Act 2010 and the Human Rights Act 1988, including the need to protect from discrimination anyone with protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation).
 - 5.4 Where proposals will have equalities implications, an equalities analysis assessment (EAA) is required.
 - 5.5 When making decisions, the council must act reasonably and rationally. It must take into account all relevant information and disregard all irrelevant information.
 - 5.6 Consultation would normally be required in relation to the package of proposals within this report. However, given the unexpected and extreme urgency of the situation, it is unlikely in practice that there will be time for consultation to be carried out before implementation is required.

6. Value for Money

- 6.1 Whilst delivering these measures the Council will continue to operate as it does currently to ensure effective and efficient use of public monies. In doing so, it will ensure robust financial framework and processes are in place which allow the Council to stand up to any financial scrutiny at later date.
- 6.2 The Chief Finance Officer (section 151 officer) will ensure that accurate records are kept of the expenditure undertaken as a result of the COVID-19 pandemic and will submit requests to Government for funding to cover all costs incurred where necessary. The Council is ready and prepared to act immediately, but also recognises the requirement to be in as strong a financial position as it can be after these events and must ensure Government covers all the costs incurred.

7. Sustainability Impact Appraisal

- 7.1 This report sets out measures that are focused on the business, providers, suppliers and residents in the borough that will support them to find a way through this pandemic.

8. Risk Management

- 8.1 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 suite of financial measures which look to minimise the risk and provide financial support to residents, local business and providers the Council directly contracts with.

9. Community Safety

9.1 Not applicable.

10. Links to the 3 Key Priorities of the Borough

10.1 Not applicable.

11. Equalities, Human Rights and Community Cohesion

11.1 Financial assistance and relief is being proposed to be provided to business and individuals on the basis of urgent need following government announcements. There is no requirement for an Equality Impact Assessment as part of this report as the decision being sought are to protect all residents and business, especially the most vulnerable.

12. In Regard to the Council's Public Law Duties

12.1 When making decisions the Council must act reasonably and rationally. It must take into account all relevant information and disregard all irrelevant information and consult those affected, taking into account their views before final decisions are made. It must also comply with its legal duties, including those relating to equalities as referred to above.

13. Staffing/Workforce and Accommodation Implications

13.1 Not applicable.

14. Property and Assets

14.1 Not applicable.

15. Any Other Implications

15.1 Not applicable.

16. Consultation

16.1 The proposals and recommendation set out in the main body of the report have been formed following feedback from all key stakeholders. Engagement and discussions were undertaken through the following key groups:

- Budget Steering Group – formed of the Leader of the Council, Finance Portfolio Holder, Chief Executive, Chief Finance Officer and Director of Strategy and Engagement. The Director of Legal and Democratic Services was also in attendance by way of invitation.
- Strategic Leadership Team
- Finance Department Management Team – formed of CFO, Director of

Customer and Transaction Services, Head of Local Taxation and Accounts Receivable, Head of Internal Audit, Head of Commercial Hub, Head of Strategic Finance and Head of Technical Finance.

17. Background Information

- March Budget 2020 announcements by the Chancellor
- Guidance: Support for those affected by Covid-19
- Coronavirus (COVID-19): residential care, supported living and home care guidance

Consultation

Name of consultee	Post Held	Date sent to consultee	Date response received from consultee	Comments appear in report para:
Internal				
Helen Harris	Director of Legal and Democratic Services	Continuous	Continuous	Legal section
Councillor Bassam Mahfouz	Cabinet Member for Finance and Leisure	Continuous	Continuous	Throughout
Councillor Julian Bell	Leader of the Council	Continuous	Continuous	Throughout
Shabana Kauser	Head of Strategic Finance	Continuous	Continuous	Throughout
Nick Rowe	Head of Local Tax and Accounts Receivable	Continuous	Continuous	Throughout

Report History

Decision type: Key decision	Urgency item? Yes
Report No.:	Report authors and contacts for queries: Ross Brown, Chief Finance Officer. Tel: 02088256110