



Ministry of Housing,
Communities &
Local Government

Rt Hon Robert Jenrick MP

*Secretary of State for Housing, Communities
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**Ministry of Housing, Communities and Local
Government**

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To: All Council Leaders in England

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Local government is playing an essential role in the nation's response to covid-19. You have mobilised to help us protect the NHS, deliver social care, care for and shield the vulnerable, get rough sleepers off the street, and provide other vital public services for your communities.

On 18 April I announced a further £1.6 billion in funding to support local authorities during the covid-19 pandemic, and on 28 April I announced the allocations to individual local authorities for this funding. You can access the allocations online here:

<https://www.gov.uk/government/publications/covid-19-emergency-funding-for-local-government>.

In the past few weeks, I have spoken to many of you about the challenges your areas are facing. I want to thank everyone who has submitted financial monitoring returns to us in recent weeks – the data you have provided is crucial to building an accurate picture of what is happening on the front-line. I know you will keep engaging with us on this.

The allocations I announced on 28 April are based on our latest and best assessment of the distribution of additional covid-19 pressures. In the face of a national emergency, I have decided to allocate this funding across the country on a per capita basis, using the latest ONS population projections. This reflects our latest understanding of the distribution of additional covid-related pressures, which are likely to be distributed in a way that is different from pre-existing needs.

I have made a commitment to support all authorities with the additional cost pressures from the extra work and the specific tasks we have asked you to carry out as a result of the epidemic, in particular, in relation to social care – both adult and children's, public health services, shielding the most vulnerable, homelessness and rough sleeping, supporting the NHS and managing excess deaths. We expect you to prioritise spending in those areas, while also continuing to achieve value for money.

In particular, given the spread of the virus in care homes and the pressure which social care providers are currently under, and given councils' existing role in sustaining the local market for social care provision, it is vital that councils use funding where necessary to provide immediate support to providers who need help with covid-related costs. This could include funding for those providers with whom the council does not currently have contracts if their finances are under strain. I know that many councils have already worked speedily to take these actions, and I am grateful to them.

However, we are concerned that in some cases money is not flowing through to social care providers quickly enough and that some councils are taking too long to agree covid-related increases in funding for providers. This is putting significant pressure on providers. We need to ensure that funds are flowing through to providers freely. We would expect this to be done through: temporary additional funding of up to 10% where this is necessary, advance payments and support 'in kind', with the balance depending on the circumstances. It could also include streamlined administrative arrangements - for instance, taking immediate action to avoid the risk of a provider failing, with a more detailed reconciliation of costs to follow. In doing so, you will of course need to safeguard value for money, which the LGA/ADASS suggestion of an 'open book' approach between commissioners and providers would achieve. We expect local authorities to draw on the helpful guidance issued by the LGA and ADASS on how to support providers.

Care providers are already implementing measures on infection control, working closely with the CQC, NHS and PHE. The government is also working hard to ensure that social care staff have access to testing and PPE. As evidence is improving on how to prevent and address outbreaks in care homes, there will be further guidance.

We expect that every local authority should have a plan for the resilience of care homes, covering all of their local care market, and we will set out further detail on what plans should cover shortly. Local authorities also have a role in ensuring that - in particular - small providers are aware of the support and advice available to them and are acting on it.

Yesterday, the NHS wrote to every CCG setting out their continuing role in supporting care providers. This includes support from CCG infection control nurses on infection prevention and control training, and health professional returnees supporting care homes, as well as primary and community support.

At the same time, I am aware of the impact on some authorities' income, resulting from our communities doing the right thing at the moment and staying at home. I have provided cashflow support by delaying the payment of the central share of business rates and bringing forward grant social care payments, in part to mitigate the impact of temporary delays in tax payments. I also recognise there may be some longer-term impact on revenues. This may include a reduction in annual council tax and business rates receipts and includes a more immediate reduction in receipts of sales, fees and charges. These impacts are likely to particularly affect district councils. The 65:35 split in allocations between counties and districts in two-tier areas is designed to reflect this and provides significantly more funding to district councils than the first wave of funding. Across both waves of funding, almost 70% of district councils will receive £1 million or more in support.

We have now committed over £3.2 billion in covid-specific funding for local government, an unprecedented level of additional financial support. Across Government we have mobilised even further, from support to run bus services from the Department for Transport, to bringing forward grant payments to Fire authorities from the Home Office, to grants to help local businesses from BEIS. In total so far, we have committed to over £16 billion of support for local areas, as well as billions more in cashflow measures. If any local authority has serious concerns about its financial sustainability please do approach us.

This is both a local and a national challenge and it is vital that we work together to use available resources as wisely as possible. This might include redeploying staff or bringing in volunteers, or prudent use of financial reserves, recognising that there are many calls on these at this time. I recognise that all tiers of government have been working collaboratively to provide support where it is most needed and I encourage principal authorities to discuss this funding with parish councils where parishes are performing covid-related services.

Beyond the coming weeks, the covid-19 pandemic will have impacts on financial planning for this year and next. In response, yesterday the Government confirmed that the Review of Relative Needs and Resources and 75% business rates retention will no longer be implemented in 2021-22. Councils have told me they simply do not have the capacity to work on fundamental reforms of this nature at present. The Government will keep an open dialogue with the local authorities about the best approach to the next financial year, including how to treat accumulated business rates growth and the approach to the 2021-22 local government finance settlement. In the longer-term, the Government remains committed to reform and we want to take time to work with local authorities to make sure that our approach is right.

I hope you agree that this package of financial support demonstrates our strong commitment to local government. At the outset of the emergency I said I would give councils the resources they need to respond and I meant it. I am grateful for all your efforts thus far and look forward to working together in the days and weeks ahead.

A handwritten signature in black ink that reads "Robert Jenrick." The signature is written in a cursive style. Below the signature is a single horizontal line.

RT HON ROBERT JENRICK MP