

Witness Name: Joanna Killian

Statement No.: 5

Exhibits: 169

Dated: 23 September 2025

UK COVID-19 INQUIRY – MODULE 9

**WITNESS STATEMENT OF JOANNA KILLIAN
ON BEHALF OF THE LOCAL GOVERNMENT ASSOCIATION**

Contents

Overview	9
Introduction	9
The basis of my evidence.....	9
Outline	10
General points about government intervention at the local level.....	11
Key points concerning financial support	12
Financial support for councils to deliver services	12
Financial support to businesses	13
Part A: Background and context	14
The structure and membership of the LGA.....	14
The role of the LGA in the economic response to the pandemic.....	15
Changes to the role and responsibilities of the LGA during Covid-19	16
Part B: The system of local government funding	17
Introduction	17
1. The pre-pandemic approach to local authority emergency funding	17
Introduction	17
The local authority budget context.....	17
General provision for emergency funding (the Bellwin scheme)	18
No pre-pandemic plans specifically designed for emergency funding in a pandemic... ..	18
2 - The new issues arising during, and in consequence of, the pandemic	18
The difficulties in financial planning during the pandemic	18
The scale of the financial impact of COVID	19
Central government's incremental response.....	19
The impact on core funding	19
Acute income shocks	20
1. Sales, fees and charges income losses.....	20
2. Commercial and other income losses	20
3. Tax losses.....	21
4. Loss of rental income	21
Spending demand	21
1. Costs of delivering Covid-19 responses.....	21
2. Increased costs of delivering and maintaining existing services.....	22
3. Increased demand for services.....	22
4. Undelivered savings	22
5. Housing costs.....	22
Issues concerned with regional variation	22
3 - How these new pandemic related financial issues were addressed	24

Introduction	24
Overview of pandemic-related funding	24
Overview - MHCLG estimates	24
1. Cashflow support.....	24
2. Un-ringfenced and general grants	25
3. Transfers from the NHS.....	25
4. Exceptional financial support	25
5. Other support	26
6. Specific / ringfenced grants	26
Ringfenced grants for specific purposes.....	27
1. Local welfare	27
2. Test and Trace Support Payment scheme	28
3. Public Health Grants - COMF	32
7. Housing and homelessness.....	35
8. Culture, Tourism and Sport.....	36
9. Children and Young People	38
10. Compliance and Enforcement Grant.....	39
11. Clinically Extremely Vulnerable Support Funding.....	41
12. Support for adult social care providers.....	44
13. European funding	45
The process of negotiation and agreement for additional funding.....	46
Changes during the pandemic	47
1. The tranches of un-ringfenced funding	47
2. Ring-fenced funding	48
3. A sales, fees and charges compensation scheme.....	48
4. A tax income guarantee	48
Discussion of alternative mechanisms of financial support	48
4 - How these new arrangements compared with the pre-pandemic situation	49
5 – The effectiveness of these arrangements	50
Introduction	50
General messaging issues	50
Household Support Fund.....	51
Test and Trace Support	51
Housing and homelessness.....	51
Culture, tourism and sport	53
Overview of effectiveness of government funding	54

Issues giving rise to less effective support from central government	55
1. Lack of a prepared strategic response.....	55
2. Lack of a mechanism to compensate councils.....	55
3. Mixed messaging in the early weeks of the pandemic	55
4. Uncertainty and incrementalism in the allocation of funding.....	55
5. Uncertainty on core funding.....	55
6. Lack of support for commercial income losses	Error! Bookmark not defined.
7. Council engagement with other departments.....	56
Some specific examples of what worked well.....	56
Next Steps Accommodation Programme	56
Test and Trace Support Fund	56
Public Health Grants.....	57
Culture, tourism and sport	57
Children and Young People	57
European funding	57
6 - Recommendations concerning funding in a future pandemic	58
General recommendations	58
1. Improving sector-wide financial resilience.....	58
2. Providing greater financial certainty for councils	58
3. Improving understanding of council finances across Government	59
4. Assurance on the use of capitalisations as a financial safety net	59
5. Incorporating council finances in future pandemic and crisis planning	59
Context specific recommendations.....	60
1. Household Support Fund.....	60
2. Test and Trace Support Fund.....	60
3. Public Health Grants.....	60
Part C: Communication and cooperation.....	62
LGA engagement with central government, structures and personnel	62
Ministry of Housing Communities and Local Government.....	62
Local Government Finance Directorate	62
Other directorates and structures	62
HM Treasury	63
Department of Business and Trade (“DBT”) / Department for Business, Energy and Industrial Strategy	63
Department of Work and Pensions.....	64
Department for Environment, Food and Rural Affairs	64
Department of Health and Social Care	64

Department for Education.....	64
Department for Culture, Media, and Sport	65
Sport England	65
Arts Council England	65
Visit England	65
The role of MHCLG/DLUCH in facilitating local government involvement in the economic response	66
Housing and homelessness	67
Children and Young People.....	67
Culture, tourism and sport	67
Public Health Grants	68
European Funding.....	68
Sharing information, data, and economic analysis between local and central government	68
Introduction	68
MHCLG – Information sharing.....	68
Culture, tourism and sport	70
Comparing information-sharing prior to and during the pandemic	70
A retrospective review of joint working between local and central government.....	71
Allegations central government departments negotiated informally and un-transparently with favoured local leaders / local authorities	Error! Bookmark not defined.
Introduction	72
General comment.....	72
Household Support Fund.....	73
Test and Trace Support Fund.....	73
Culture, tourism and sport	74
Concerns over leadership and decision-making across economic policy.....	74
Introduction	74
Further examples and their impact	74
Grants to business and business rates reliefs.....	74
Test and Trace support payments.....	75
Culture, tourism and sport	75
Children and Young People	76
European Funding	77
The tension between economic policies devised at the centre and on the ground.....	77
Introduction	77
Business grants and business rates reliefs.....	78
Children and Young People	78
Problems caused by minimal notice of government policy	80

Introduction	80
Further examples	80
Part D: Covid-19 Business Support Grants.....	82
Introduction to the Business Support Grants	82
Consultation and communication	86
The first cohort of grants	86
The consequences of government failure to consult the LGA on the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund	87
The schemes' design	87
The schemes' targeting	87
The schemes' administration	88
Later cohorts	88
Notification and clarification of eligibility criteria	88
Chronology of consultation, and public announcements of commencement, variation or cessation of the grants	88
Shaping the scheme(s) to local issues	88
Feedback	89
Scheme Design.....	89
The LGA's role in the design of the grants	89
The degree of connection between national policy and local implementation	90
Evolution in the approach to local implementation and operational considerations	90
Targeting of support	91
Identify targets for business grants	91
Data and targeting of support	91
Regional variation in scheme design and eligibility criteria	91
Successes and failures	92
Administrative capacity.....	93
Consultation on the first cohort of grants	93
Local Authorities' resources and capabilities to administer business grant schemes	93
Implementation and delivery.....	94
DBT guidance for schemes	94
Partnership working	94
Timeline for published details and variations of grants	94
Timeliness and updating	94
DBT communication of changes and clarifications	95
Feedback on the guidance	95
Effectiveness	95
Clarity issues	95

Flexibility	95
Problems with granular knowledge about small businesses	95
Sufficiency of knowledge	95
Policy making and the practical issues	96
A retrospective view of impacts.....	96
Payment of grants during the early cohort(s).....	96
Communication prior to implementation and delivery of grants	97
Concerns over the automatic payment of grants based on business rate data	97
Issues and errors	97
Data quality	98
Changes to data use	98
Lessons concerning automated systems for payments	98
Pre-payment checks	99
Information about pre-payment checks for grants	99
LGA and the use of pre-payment checks	99
Lessons learned concerning pre-payment checks and basic controls	99
Risk of fraud and error.....	99
LGA risk assessments concerning fraudulent or erroneous claims	99
Reviewing the approach to the risk of fraud and error and preventative measures ...	100
Unintended gaps.....	100
Concerns about the exclusion of specific groups	100
Self-employment income support scheme	101
Gaps in schemes	101
Small Business Grant Fund/Retail, Hospitality and Leisure Grant Fund.....	102
Local Authority Discretionary Grant Fund	102
Local Restrictions Support Grant.....	102
Christmas Support Payment for Wet-Led pubs.....	102
Additional Restrictions Grant	103
Restart Grant.....	103
Omicron Hospitality and Leisure Grant	103
Targeting issues	104
Rates of payment of grants	104
Issues with the speed of delivery of grants	104
Underspend	105
Other aspects of implementation and delivery.....	106
What worked well and what did not work well	106
Lessons learned by the LGA concerning implementation and delivery of the grant	

schemes by local government	108
Retrospective review of compensation	109
Part E: Business Rates	110
LGA involvement concerning business rate data as an eligibility criteria	110
The benefits and the limitations to using business rates as a criterion	110
Part F: Business Rates Relief	112
The LGA and the Business Rates Relief scheme	112
Overview of the business rate relief schemes	112
Expanded Retail Discount (ERD)	112
Nursery Relief	112
COVID-19 Additional Relief Fund (CARF)	113
Benefits and limitations of the business rates relief schemes?	113
Part G: Lessons Learned	114
Reviews and lessons learned exercises	114
Housing and homelessness	115
Culture, tourism and sport	119
The key lessons learned, observations and recommendations from the LGA's Module 9 questionnaire report	122
Recommendations to improve the economic response in the event of a future pandemic	122
APPENDIX A – Acronyms and abbreviations.....	126
APPENDIX B - Government meetings and engagement chronology	1
APPENDIX C – Table of business grants	1

I, **Joanna Killian**, Chief Executive of the Local Government Association, 18 Smith Square, London, say as follows –

Overview

Introduction

1. I am the Chief Executive (“**CEX**”) of the Local Government Association (“**LGA**”) of 18 Smith Square, London, SW1P 3HZ, and I am authorised by the LGA to make this statement in response to the COVID-19 Inquiry’s Rule 9 (“**Rule 9**”) Request dated 17 December 2024 to the LGA for evidence in relation to Module 9 concerning the economic interventions taken by the UK Government and the devolved administrations in response to the Covid-19 pandemic.

The basis of my evidence

2. The Inquiry will be aware that the LGA has previously given evidence to the Inquiry on several occasions, including most relevantly for this Module, the evidence of the previous CEX, Mark Lloyd, for Module 2 (INQ000215538); when I cross-refer to passages in his statement I shall refer to it as “**LGA/ML/M2**”.
3. I took up my current role on 18 March 2024, having previously worked for many years on local government issues, including latterly between 2018 and the beginning of 2024 as CEX of Surrey County Council, between 2015 and 2018 as a Partner and Head of Local Government at KPMG, and between 2006 to 2015 as CEX of Essex County Council.
4. Accordingly, as I was not working for the LGA during the relevant period for Module 9, I cannot give first hand evidence of the issues confronting the LGA or the actions taken by it at that time. So, in making this statement I have had to rely on information provided to me by the LGA’s officers who were involved over this period. My statement must therefore be read as representing the collective understanding and knowledge of the LGA in relation to the relevant period.
5. I am happy to place such reliance as the LGA's officers are highly professional, and it is my belief that they have diligently and fairly reported to me, as far as allowable

in the time available, the relevant information that I set out below. Though I should note that certain senior colleagues (including the LGA's former CEX, Deputy CEX and Director of Policy) who were heavily involved in the LGA's pandemic response work have retired or moved on to new organisations.

6. Of course, the LGA cannot now claim to know the content of every email, meeting and phone call between now-departed senior LGA officers and members and senior government figures, civil servants, councils and other partners. However, while the perspective of former colleagues may add nuance to this statement, I do not believe its absence creates a significant deficit.
7. My statement also proceeds from the general evidence that the Inquiry has already received on this topic. As to this the Inquiry will be aware that on 13 March 2025, the LGA submitted the results of a survey, which it had been asked by the Inquiry to undertake, under the title "COVID-19 Inquiry Module 9: Evidence gathered from English and Welsh Authorities, January to February 2025" (**Exhibit JK5/001 – INQ000596485, ("Module 9 Survey")**).
8. This survey captures the voice of local government and its experiences during the pandemic, concerning local authority funding and the economic interventions taken by Government. It is not necessary for me to repeat this evidence in full, since it is already before the Inquiry, but I shall refer to it in Part G (lesson learned) where relevant. More generally, the views of local government as expressed in the Module 9 Survey provide a general background to this witness statement, as does the evidence that the LGA has given in other modules (including LGA/ML/M2 (**INQ000215538**)).
9. The Inquiry knows well this was a period of intense activity within Government at both national and local levels, in which decisions had to be taken swiftly and under considerable time pressure. LGA officers were as affected by this as civil servants.
10. While it is almost impossible to fully reflect the pace and quantum of activity over the relevant period, the LGA has endeavoured in this statement to provide a detailed and fulsome overview of the LGA's work and engagement relevant to Module 9.

Outline

11. My statement is divided after this introductory section into the following seven parts:
 - a. Part A: Background and context;

b. Part B: The system of local government funding;

c.

Part C: Communication and cooperation;

d. Part D: Covid-19 Business Support Grants;

e. Part E: Business Ratesrates;

f.

- g. Part F: Business Rates Relief rates reliefs; and
- h. Part G: Lessons Learned.

12. There are many acronyms and abbreviations in this statement. Each is explained when first used; and they are summarised in [APPENDIX A – Acronyms and abbreviations](#).
13. [APPENDIX B - Government meetings and engagement chronology](#) provides chronology of the most important meetings and contacts between the LGA's staff and government.
14. [APPENDIX C – Table of business grants](#) contains a list of the key business grants of which the LGA is aware.

General points about government intervention at the local level

15. There are some general points the LGA wishes to make about the role played by local government in the delivery of economic support and intervention during the Covid-19 pandemic:
 - Local government played a critical role in delivering the Government's economic interventions during the pandemic to support the economy, businesses and jobs.
 - Because councils are based in the heart of their communities they have a unique degree of local knowledge; for that reason, they were, and indeed had to be, the Government's first port of call for distributing funding both to local businesses, and to individuals, including those who would have found self-isolation extremely financially difficult.
 - Councils demonstrated their flexibility, resilience and responsiveness in managing the distribution of funds at pace and often with very short notice.
 - However, due to reductions in local government funding since 2010/11 the sector entered the pandemic in a financially vulnerable position. This lack of financial resilience was highlighted by the urgent need across the local government sector for additional funding.
 - Furthermore, as the Inquiry has identified in its report and recommendations following Module 1, the UK was not adequately prepared for a pandemic like

Covid-19, and of particular relevance to this Module, there was no significant planning for the economic consequences of a lockdown.

Key points concerning financial support

16. As reflected in the Inquiry's questions, my statement focuses on two distinct types of financial support relating to local government during the pandemic:

- Support for councils to deliver services – funding and support provided to councils by Government to secure their financial sustainability, maintain service provision and deliver new Covid-related services to their communities.
- Support for businesses – grants distributed, and business rates reliefs awarded, by councils on behalf of Government to businesses.

17. The experience of councils differed between these different forms of financial support. It is important to consider them separately to capture the full potential learning.

Financial support for councils to deliver services

18. Much of the additional funding provided to support councils financially was through large, un-ringfenced grants. In general, councils welcomed this type of funding. However, a significant proportion of additional funding was provided through smaller, grants ringfenced for specific purposes. Councils often felt that specific grants were less efficient and less effective. They provided less flexibility and meant that councils were less able to allocate the funding in line with local need.

19. Some schemes funded through specific grants could have been more effective if Government had engaged in co-design with the sector. For instance, the quality of support for the most vulnerable, such as the clinically extremely vulnerable, could have been significantly better had it been developed in consultation with councils.

Financial support to businesses

20. Councils' main role in providing financial support to businesses was to distribute grants provided by Government, and award business rates reliefs.

21. The grant schemes to support businesses were designed by central government, without the involvement of local government. Had there been early consultation with councils, this would have:

- highlighted to Government the workforce and IT resources available to councils to implement the schemes,
- provided more realistic timeframes for the delivery of the schemes, and
- allowed local authorities to prepare better as to the best way to implement the new processes.

22. There were often unrealistic expectations as to what would be delivered, and by when, and this diverted resources from delivery to dealing with enquiries about the scope and detail of the support. This was the result of Government announcements about schemes and grants sometimes being made before councils had been informed what was happening, leaving little or no time to prepare.

23. In the rush to get funding distributed, there was a lack of proper consideration by Government of the risks associated with the approaches they adopted, arising from the need to build and develop schemes at the same time they were expected to be delivered.

24. In short, there could have been a more efficient response, had local authorities had more autonomy, with clearer guidance and more streamlined funding.

Part A: Background and context

The structure and membership of the LGA

25. The LGA is the collective voice of local government in England and supports the collective voice of local government in Wales to be equally heard.
26. The LGA was set up in 1997 as an unincorporated association. In 2018, the LGA moved to a new structure as an unlimited company. Once all member councils had joined the new company, the former unincorporated association was dissolved. Membership is voluntary and councils make their own decisions on whether to join.
27. The full membership of the LGA in England and Wales now comprises:
 - All but two of the 317 principal councils in England (i.e., all but London Borough of Bromley and Leicestershire County Council), and
 - all the 22 principal Welsh councils through a corporate membership scheme with the Welsh LGA (“**WLGA**”), an independent organisation with its own business plan, priorities, and governance structure.
28. All English fire and rescue authorities and national parks authorities are associate members of the LGA. The National Association of Local Councils (“**NALC**”), the membership body for town and parish councils, is a corporate member.
29. The LGA is funded through a combination of membership subscriptions, central government grants and contracts, and commercial income including income from a programme of conferences and events.
30. It is a politically-led, but cross-party, organisation, with the overall purpose to promote, improve, and support local government. It provides a strong, credible voice for local government with national government.
31. Its Board of Directors is elected annually by the General Assembly, comprising representatives of all authorities in full membership of the LGA, and meets every six weeks.
32. A key function of the LGA has always been to act as a conduit between central and local government, providing and distilling information from councils into government

and vice versa. This role assumed even greater importance during the Covid-19 pandemic.

The role of the LGA in the economic response to the pandemic

33. It is important to understand that the LGA did not have a *formal* role in the Government's economic response to the pandemic. However, as a membership body, the LGA was engaged, very actively, in ensuring local government had a strong, credible voice with national government and to act as a conduit between central and local government.

34. My statement will show how the LGA:

- Acted across several financial themes and service areas as a single point of contact to channel information between central and local government,
 - lobbied on behalf, and represented the views, of its members in discussions with Government, particularly in relation to securing additional funding and financial support,
 - acted as a convenor to bring councils together to engage directly with Government on particular issues,
- and
- provided information and guidance to its members and to the Government.

35. Key activities undertaken by the LGA during the pandemic included:

- Attending regular meetings between the Ministry of Housing, Communities and Local Government (“**MHCLG**”) and sector representatives to discuss local government finance and funding issues;
- attending regular meetings and working groups with relevant Government departments, concerned with specific financial issues, such as discussions on -
 - business grants and business rates reliefs with MHCLG and the Department of Business, Enterprise and Industrial Strategy (“**BEIS**”);

- public health funding with the Department of Health and Social Care (“**DHSC**”);
 - local welfare and household support with the Department for Environment, Food and Rural Affairs (“**Defra**”) and the Department for Work and Pensions (“**DWP**”);
 - children and young people with the Department for Education (“**DfE**”);
 - test and trace support payments with DHSC;
- and
- culture and leisure services with the Department of Culture, Media and Sport (“**DCMS**”);
- responding formally to consultations on behalf of its members on proposed Covid-19 funding streams;
- and
- collating and sharing guidance and information across a range of issues to support its members.

Changes to the role and responsibilities of the LGA during Covid-19

36. Formally, the LGA’s role and responsibilities were unchanged during the pandemic compared to the period before 2020. However, the nature of the LGA’s work changed to the extent that:

- Its activities were most strongly focused on helping councils deal with the implications of Covid-19, and
- the intensity and pace of its work were very significantly increased.

Part B: The system of local government funding

Introduction

37. Part B of my statement is intended to enable the Inquiry to better understand the extent to which the peacetime system of local government funding changed during the pandemic, how funding was delivered, and whether this system of funding was effective.

38. To give an efficient and logical explanation of the way in which the pandemic affected the system of local government funding, and to meet the overall objective of the questions in Part B of the draft Rule 9 request (as it is understood to be), I have organised my answers under six sub-headings, setting out a high-level chronological narrative –

- 1. The pre-pandemic approach to local authority emergency funding
- 2 - The new issues arising during, and in consequence of, the pandemic
- 3 - How these new pandemic related financial issues were addressed
- 4 - How these new arrangements compared with the pre-pandemic situation
- 5 – The effectiveness of these arrangements
- 6 - Recommendations concerning funding in a future pandemic

1. The pre-pandemic approach to local authority emergency funding

Introduction

39. There are three points about local authority emergency funding that need to be made at the outset of my response in Part B.

The local authority budget context

40. Firstly, it should be noted that when the pandemic began in earnest in March 2020, the sector's main revenue income streams for 2020/21 had already been set following the publication of the final local government finance settlement in February

2020. The settlement did not anticipate the pandemic. So, the need for a fresh approach to the new financial situation had to be taken outside the normal budgeting process.

General provision for emergency funding (the Bellwin scheme)

41. Secondly, section 155 of the Local Government and Housing Act 1989 enables Government to reimburse the costs of local authority actions taken in the immediate phase of a Government designated emergency (**Exhibit JK5/002 – INQ000547078**, LGA guidance dated 14 May 2020 “Key questions and issues for finance portfolio holders during the COVID-19 pandemic”). This is popularly known as the “Bellwin scheme”.
42. The scheme was then and remains limited. It does not usually fully compensate councils for the full costs of an event. It is only intended to cover the additional costs incurred in meeting the crisis and specifically excludes compensation for any longer-term costs and, significantly for the current debate, it does not include any reimbursement for loss of income.
43. The Bellwin scheme was not used to support councils’ finances during the pandemic; as explained below there were specific grants and assistance for specific problems.

No pre-pandemic plans specifically designed for emergency funding in a pandemic

Thirdly, apart from the Bellwin scheme it is a fundamental point that MHCLG did not have a stable strategic framework to support council finances in the early stages of a pandemic. A

44. I have described how these developments impacted on local authorities in later paragraphs.

2 - The new issues arising during, and in consequence of, the pandemic

45. In the following paragraphs I shall outline the key new economic and financial issues which arose in consequence of the pandemic.

The difficulties in financial planning during the pandemic

46. Local authorities face financial uncertainties every year, but the effects of the pandemic and the measures taken to address them gave rise to greatly increased uncertainties. Though, over time, as knowledge developed concerning (1) the scale and nature of the pandemic and its financial consequences, and (2) what was needed to address these issues, councils’ ability to respond, while maintaining their

own financial sustainability, improved.

The scale of the financial impact of COVID

47. In written submissions in 2021 to the Public Accounts Committee (“**PAC**”) both Surrey County Council and the LGA emphasised that councils faced an unprecedented level of financial uncertainty arising from its impact on commercial and tax income and the very limited ability to deliver savings (see the LGA’s evidence at LGF001 and Surrey County Council’s evidence at LGF0008 appended to the report of the Committee of Public Accounts fourth report of session 2021-22, 20 May 2021, HC 239 “COVID-19: Local government finance” **Exhibit JK5/003 – INQ000137177**).

Central government’s incremental response

48. There was a degree of uncertainty in the sector in relation to the scale of Government funding for local government. I shall explain the background to this.

49. A statement from the Secretary of State for Housing, Communities and Local Government in March 2020 that Government would do “whatever is necessary” to support councils was taken by some finance directors and stakeholder bodies as meaning that the Government was offering a guarantee on the sector’s finances (**Exhibit JK5/004 – INQ000547136**, MHCLG press release dated 16 March 2020 “Robert Jenrick reaffirms support for councils in their coronavirus response”). However, much of the un-ringfenced funding was provided in an incremental manner. While councils were provided with multiple tranches of funding it was not always clear how long that funding was expected to last or whether and when there would be further funding. The LGA has consistently stressed the need for certainty in financial planning.

50. In addition, in the resulting framework, councils have had to cover some of the costs of the pandemic because there was only partial compensation for tax and sales, fees and charges losses.

The impact on core funding

51. The NAO Report dated 10 March 2021 “Local government finances in the pandemic” (**Exhibit JK5/005 – INQ000578202**) has noted that at the start of the pandemic the local government

“...funding landscape was characterised by one-off and short-term

funding initiatives”.

52. Councils then also faced significant uncertainty in setting their 2021/22 budgets. The Spending Review published in October 2020 was only for a single year, and a range of reforms to the local government finance system planned to begin in 2021/22 were paused. Councils did not receive core information, such as the council tax referendum thresholds, needed to set their 2021/22 budgets until 17 December. Whilst the issues were not new they created additional uncertainty during the pandemic.

Acute income shocks

53. The NAO Report identified a range of income losses affecting councils (**Exhibit JK5/005 – INQ000578202**). The main ones are set out under the following four subheadings.

1. Sales, fees and charges income losses

54. Local authority income generation through culture and leisure facilities, for example, was affected by Covid-19 restrictions. Car parking, a key income source for many councils, was also less in demand.

55. The MHCLG data titled “Local authority COVID-19 financial impact monitoring information” summarised data collected from local authorities on the financial impact of Covid-19 (updated 12 August 2022, **Exhibit JK5/006 – INQ000547089**). The data shows that councils reported estimated sales, fees and charges losses of £3 billion over 2020/21 and 2021/22. This includes £2.14 billion in 2020/21 and £818 million in 2021/22.

2. Commercial and other income losses

56. Covid-19 restrictions and the consequential slowdown in the national economy meant councils lost income such as dividends from investment in local airports, and rental income from property investments for regeneration or commercial purposes.

57. The MHCLG data shows that councils reported estimated commercial income losses of £774 million across 2020/21 and 2021/22. This includes £484 million in 2020/21 and £290 million in 2021/22.

3. Tax losses

58. The MHCLG data also shows that councils forecast a reduction of £1.2 billion in business rates income and £1 billion in council tax in 2020/21 due to the pandemic and the associated slowdown in economic activity. However, the nature of council accounting practices meant that these losses would affect councils' 2021/22 budgets.
59. The Institute for Fiscal Studies' ("IFS") January 2022 Briefing Note "Looking back to look forwards: what can we learn from data on the impacts of COVID-19 on councils in 2020–21?" ("IFS Briefing Note", **Exhibit JK5/007 – INQ000547094**) has shown that councils' initial predictions for the scale of these tax losses reduced significantly over the course of 2020/21. This may have been a consequence of a general improvement in expectations for the national economy and household incomes as the year progressed.

4. Loss of rental income

60. The examples above relate to councils' general fund revenue accounts. However, councils that still retain social housing stock and maintain a Housing Revenue Account ("HRA") also reported income losses in this aspect of their finances. MHCLG data shows that councils with HRAs reported estimated losses of £170 million in HRA income, principally from increased rent arrears and a growth in voids (**Exhibit JK5/006 – INQ000547089**). Some £120 million of the estimated losses were in 2020/21 and £50 million in 2021/22.

Spending demand

61. The MHCLG data shows that councils estimated that they had experienced £11.8 billion in Covid-19-related cost pressures in 2020/21 and 2021/22 (**Exhibit JK5/006 – INQ000547089**). This includes £6.9 billion in 2020/21 and £4.9 billion in 2021/22.
62. We have not undertaken our own analysis of the specific factors driving these cost pressures. However, we note that the NAO has identified a range of different factors contributing to these pressures (**Exhibit JK5/005 – INQ000578202**). These are summarised under the following five subheadings.

1. Costs of delivering Covid-19 responses

63. Councils played a lead role in protecting the most vulnerable and at-risk groups in their communities through their adult social care, housing and public health services.

Councils also delivered programmes for central government such as infection control in adult social care and the “*Everyone In*” Initiative to support rough sleepers.

2. Increased costs of delivering and maintaining existing services

64. For example, the NAO reported that waste collection became more expensive as social distancing rules meant that crewing arrangements had to be changed, and more wagons hired. The NAO also stated that councils increased their use of temporary staff to replace staff that were ill or self-isolating.

3. Increased demand for services

65. The NAO reported that councils reported higher demand for some services such as domestic waste collection, increased numbers of looked after children and domestic abuse support services. Councils also bore the costs of planning and managing Covid-19-related working arrangements and programmes.

4. Undelivered savings

66. Some councils reported that the need to respond to the pandemic meant that they had not been able to implement transformation programmes to deliver savings.

5. Housing costs

67. The examples above relate to councils’ general fund revenue accounts. However, councils that still retain social housing stock and maintain an HRA also reported spending pressures in this aspect of their finances. The MHCLG data shows that councils with HRAs reported estimated additional cost pressures of £79 million across 2020/21 and 2021/22 (**Exhibit JK5/006 – INQ000547089**). Some £60 million of the estimated pressures were in 2020/21 and £19 million in 2021/22.

Issues concerned with regional variation

68. The LGA has not undertaken any specific work on patterns of regional variation in councils’ financial pressures related to the pandemic. I will draw on the IFS Briefing Note (**Exhibit JK5/007 – INQ000547094**) to address this sub-question. I would also note that NAO also considered this issue in their report, arriving at similar conclusions to the IFS (**Exhibit JK5/005 – INQ000578202**).

69. The IFS Briefing Note analysed change in outturn spend for 2020/21. They modelled a range of local characteristics that could potentially affect patterns of spending pressure and change in sales, fees and charges income. These included, population

density (as a measure of urbanity), the proportion of the population aged over 70, and region.

70. They concluded that there:

“...is no clear relationship between any of these and the change in net spending, gross spending or SFCs [sales, fees and charges] in £ per capita between 2019–20 and 2020–21”.

71. The IFS Briefing Note also concluded that:

“...there is no clear pattern in change in £ per capita net spending on non-education services between 2019–20 and 2020–21 by deciles of area deprivation. [...] This is not a result of offsetting changes in gross spending and losses of SFCs income; there is also no clear pattern to the differences in either of these components of net spending across deprivation deciles. The same is true if changes are expressed in proportional rather than per-capita terms”.

72. Consequently, while there was significant variation in the financial impacts of the pandemic on councils, it does not appear to be strongly related to local factors such as deprivation, population density, region or the proportion of the population aged over 70.

73. The IFS Briefing Note suggested that the variation in councils' spending data could reflect different approaches by individual councils in reporting income from different Covid-19 funding streams. Equally, there may have been genuine differences at the local level in relation to transfers from the NHS to pay for Test and Trace and adult social care activity. The IFS Briefing Note also suggested that the link (anticipated, but largely unobserved in the data) between local deprivation and increased spending pressure:

“...will take time to manifest and feed through to councils' spending, so it is still too early to judge whether these patterns will be observed in the longer term”.

74. A final issue to consider in terms of understanding spatial patterns of variation in the financial impact of the pandemic relates to losses from commercial income. The IFS Briefing Note identified that –

“...a number of councils rely significantly on investment and commercial income, including from facilities like airports (such as Luton and

Manchester councils) and commercial property”. But this level of reliance varies “significantly across councils”.

3 - How these new pandemic related financial issues were addressed

Introduction

75. In very general terms the Inquiry will be aware that, over the course of the pandemic, the Government developed a multi-stranded financial framework to support councils. This framework was not in place from the outset and was developed iteratively as the pandemic and accompanying national policy context changed.

76. In this section of my statement, I shall give the general narrative of these developments in local government funding during the pandemic and then provide more specific detail about this funding. Finally, I will discuss alternative arrangements that were examined.

Overview of pandemic-related funding

Overview - MHCLG estimates

77. Based on figures from MHCLG and the IFS, the LGA estimates that at least £16.2 billion of pandemic-related funding was provided to councils in the period being examined by the Inquiry (**Exhibit JK5/008 – INQ000547025**, MHCLG “COVID-19: funding allocations (financial year 2020 to 2022)”; **Exhibit JK5/007 – INQ000547094**, IFS Briefing Note).

78. This direct funding formed part of a broader framework of financial support for councils in this period. Under the next six sub-headings I describe how this financial support developed.

1. Cashflow support

79. The Government provided cashflow support to local government by both providing planned funding to councils earlier and allowing councils to make payments later than scheduled

80. This was one way the Government worked to ensure there was sufficient liquidity in the sector without having to provide additional funding. Actions included:

- In March 2020, the Government paid £1.8 billion to compensate councils for

Covid-19 business rates reliefs in advance rather than after the reliefs were applied.

- In April 2020, Government allowed councils to defer £2.6 billion of payments due to central government over the following three months as part of the business rates retention scheme.
- In April 2020, Government paid £850 million in social care grants in April rather than in April, May and June.

2. Un-ringfenced and general grants

81. According to MHCLG figures, the Government provided £8.5 billion in the following un-ringfenced and general grants during the relevant period (**Exhibit JK5/008 – INQ000547025**, MHCLG “COVID-19: funding allocations (financial year 2020 to 2022)”):

- £6.2 billion through five separate tranches of funding designed to support councils in meeting the costs of responding to the pandemic. These were paid in March 2020 (£1.6 billion), April 2020 (£1.6 billion), July 2020 (£0.5 billion), October 2020 (£0.9 billion) and April 2021 (£1.6 billion).
- £1.5 billion to provide partial compensation to councils for lost sales, fees and charges income. This scheme was announced in July 2020 and councils were paid £931 million in 2020/21 and £606 million in 2021/22.
- £793 million to provide partial compensation for councils for irrecoverable council tax and business rates income losses. The scheme was announced in July 2020 and funding was paid in 2021/22.

3. Transfers from the NHS

82. The IFS estimates that £1.0 billion was transferred from NHS clinical commissioning groups to councils in 2020/21 to help pay the higher costs of providing adult social care service (**Exhibit JK5/007 – INQ000547094**, IFS Briefing Note).

4. Exceptional financial support

83. Over the summer and autumn of 2020 the Government began talking to councils with unmanageable costs (**Exhibit JK5/009 – INQ000547105**, Public Accounts Committee, Starter Homes, Oral evidence, 22 October 2020, HC 88). The primary

form of support offered to these councils was through “capitalisation directions”. These allow councils to borrow or use capital receipts to fund revenue spending.

84. According to the NAO Report, by 10 February 2021 MHCLG had provided exceptional financial support to four authorities totalling £50.5 million (**Exhibit JK5/005 – INQ000578202**). A further three councils were given this support in 2020/21 (IFS Briefing Note, **Exhibit JK5/007 – INQ000547094**). Councils in need of this support were asked to contact MHCLG directly. To ensure consistency with this approach the Chartered Institute of Public Finance and Accountancy (“CIPFA”) changed its guidance to say that councils’ chief finance officers should engage with MHCLG in advance of issuing a section 114 notice, which indicates that they are at risk of being unable to balance their budget.

5. Other support

85. The Government made several changes to the financial and regulatory frameworks in which councils operate.

86. A significant example of this was the announcement in July 2020 that councils would be able to spread any collection fund deficits from 2020/21 over three years (**Exhibit JK5/010 – INQ000547142**, MHCLG paper published by the LGA on 14 October 2020 “Spreading collection fund deficits”). This was designed to allow councils to manage their losses from reduced council tax and business rates income in a controlled manner.

6. Specific / ringfenced grants

87. According to MHCLG figures, the Government provided the following specific grant funding during the relevant period (**Exhibit JK5/008 – INQ000547025 (MHCLG “COVID-19: funding allocations (financial year 2020 to 2022)”**):

- Beginning in March 2020, Government paid £6.8 billion to councils for specific purposes such as local hardship schemes, support for the clinically vulnerable or to reopen high streets. The greatest share of this funding was directed at public health service provision such as the Test and Trace programme, and at various aspects of adult social care services.
- £3.9 billion of this funding was provided in 2020/21, and £2.9 billion in 2021/22.

Ringfenced grants for specific purposes

88. This final group of grants – ringfenced grants and grants for specific purposes - are summarised under the next 12 sub-headings.

1. Local welfare

89. In July 2020, the Defra provided a grant of £63 million to councils to support people who were struggling to afford essentials in the context of the pandemic, due to closure of the economy and other factors including children being at home because of school closures (**Exhibit JK5/011 – INQ000547154**, Defra guidance updated 13 November 2020, “Coronavirus (COVID-19): Local authority Emergency Assistance Grant for Food and Essential Supplies”).

90. The agreement to provide this funding followed persistent representation from the LGA that access to food and essentials would be an issue for people on low-incomes as well as the clinically vulnerable (with overlap between the two). Defra was placed in the lead because this was seen by Government to be an issue of ‘access to food’.

91. The LGA had an existing programme of work on Reshaping Financial Support, which was partly about trying to sustain a focus on the importance of local welfare provision despite the removal of separately identified funding in 2015. This meant that we were quickly able to offer support to Government in the form of evidence, case studies and council contacts.

92. Councils were able to reinstate or step-up their local welfare schemes to administer the funding.

93. Subsequent funds that were aimed at providing local support to households who were facing crisis and hardship or unable to meet their essential living costs were the Covid Winter Grant scheme and the Covid Local Support Grant (**Exhibit JK5/012 – INQ000547026**, “COVID Winter Grant Scheme: Guidance for County Councils and Unitary Authorities”; **Exhibit JK5/013 – INQ000547155**, Department for Work and Pensions guidance dated 21 May 2021 “COVID Local Support Grant: guidance for local councils”). Versions of these grants have persisted through and beyond the end of the pandemic as the Household Support Fund (**Exhibit JK5/014 – INQ000547077**, DWP guidance updated 27 September 2024 “Household Support Fund: guidance for local councils”).

2. Test and Trace Support Payment scheme

94. The Test and Trace Support Payment scheme was announced in a letter from the Health Secretary to local authority leaders and chief executives on 20 September 2020 (**Exhibit JK5/015 – INQ000531403**; see also **Exhibit JK5/016 – INQ000546982**, attachment to letter, DHSC “Briefing and Q&A for Local Authorities on changes to Self-Isolation”). MHCLG first approached the LGA on 15 September 2020 about the potential role for councils in providing financial assistance to people who were self-isolating (**Exhibit JK5/017 – INQ000546964**, Email chain MHCLG and LGA dated 15 September 2020).
95. Some small pilots were underway in Blackburn with Darwen Borough Council, Pendle Borough Council and Oldham Council, but these were only providing £15 per day and had low take-up. The LGA convened Liverpool City Council, Solihull Council and Bradford Council to liaise with Government from 16 September 2020 to start providing quick feedback on practicalities of a council administered payment (see **Exhibit JK5/018 – INQ000546987**, email chain dated 21 September 2020 between the LGA, MHCLG, Liverpool, Solihull and Bradford councils; and **Exhibit JK5/019 – INQ000546988**, attachment of Solihull Council initial draft flowchart “Covid Self-Isolation Payments”).
96. The 20 September announcement was made before detail of how it would be funded and administered had been discussed or agreed with councils. DHSC set a deadline of 12 October 2020 for local authorities to implement arrangements, with eligibility backdating up to two weeks to 28 September 2020.
97. The first council working group was hosted by DHSC the following day on 21 September 2020. Initial DHSC guidance to councils was published on 25 September 2020 and went through repeated refinements and updates as the scheme developed (see **Exhibit JK5/020 – INQ000546959**, DHSC guidance version 0.2, published 30 September 2020, “The Test and Trace Support Payment Scheme: Implementation Guide for Local Authorities in England”).
98. The LGA worked with the sector and Government to expand the number of councils that were being consulted through the District Councils Network (“**DCN**”) and welfare networks. The LGA was key to convening councils and supporting communications to them through our bulletins. The LGA also brought DWP colleagues on board through their close existing working relationships and regular engagement on benefits administration, as well as through existing networks of revenues & benefits

officers and councils' chief finance officers (see, for example, **Exhibit JK5/018 – INQ000546987**, email chain dated 21 September 2020 between the LGA, MHCLG, Liverpool, Solihull and Bradford councils; **Exhibit JK5/021 – INQ000546961**, email chain dated 16 September 2020 between the LGA and MHCLG regarding supporting self-isolators; **Exhibit JK5/022 – INQ000546976**, email chain dated 17 September 2020 regarding meeting with regional leads; **Exhibit JK5/023 – INQ000546966**, email chain dated 16 October 2020 between LGA and DHSC seeking update for LGA's bulletin to be able to circulate information to councils).

99. The initial guidance set out that the Government would provide (see **Exhibit JK5/020 – INQ000546959**, DHSC guidance version 0.2, published 30 September 2020, "The Test and Trace Support Payment Scheme: Implementation Guide for Local Authorities in England"):

“£50 million for the Test and Trace Support Payment and corresponding discretionary payments. This will cover the full four months of the scheme until 31 January 2021 and includes:

- *£25 million for programme costs (costs of payments to applicants), excluding discretionary payments.*
- *£10 million for administration costs.*
- *£15 million for discretionary payments.*

The £25 million and £10 million are both ‘down-payments’ based on expected programme and administration costs.”

100. The guidance restricted eligibility for the Test and Trace Support payment to people who:

- *“have been told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently been in close contact with someone who has tested positive;*
- *are employed or self-employed*
- *are unable to work from home and will lose income as a result; and*
- *are currently receiving Universal Credit, Working Tax Credit, income-based Employment and Support Allowance, income-based Jobseeker's Allowance, Income Support, Housing Benefit and/or Pension Credit.”*

101. This £25 million made available for administrative costs (often referred to as the 'main scheme') was subject to reconciliation to ensure that councils were able to

make payments to all those who were eligible (and HMT could recover any unused funding). In practice this caused some problems as cases increased over the winter, as HMT was slow to top-up funding to councils with high levels of demand.

102. From the outset the LGA and councils highlighted the need for a discretionary scheme. This was defined in the guidance as follows:

“Local authorities can make a £500 discretionary payment to individuals who:

- have been told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently been in close contact with someone who has tested positive;*
- are employed or self-employed; and*
- are unable to work from home and will lose income as a result.*

In addition, the discretionary payment is for people:

- who are not currently receiving Universal Credit, Working Tax Credit, income-based Employment and Support Allowance, income-based Jobseeker’s Allowance, Income Support, Housing Benefit and/or Pension Credit; and*
- who are on low incomes and will face financial hardship as a result of not being able to work while they are self-isolating.*

Local authorities can introduce additional criteria to determine eligibility for discretionary payments in their area, as long as these operate in addition to, rather than instead of, the criteria set out above.”

103. The discretionary payments came from a fixed fund of £15 million for this specific purpose. This caused problems in some areas as the scheme got underway. The LGA raised these concerns with Government (see, for example, **Exhibit JK5/024 – INQ000547065**, email chain between LGA to DHSC dated 30 November 2020 re council concerns over self-isolation payments).

104. Councils with high cases and deprived populations, for example Blackburn with Darwen Borough Council, quickly exhausted both pots but ministers attributed ‘overspend’ on the discretionary pot to councils being overly generous with their criteria and refused to provide further funding (see **Exhibit JK5/025 – INQ000587097**, email chain dated 16 December 2020 between Blackburn with Darwen Borough Council and the LGA regarding the Self-Isolation Discretionary Payment Funding; **Exhibit JK5/026 – INQ000587105**, DHSC Guidance Version 1.2 “The Test and Trace Support Payment Scheme: Implementation Guide for Local Authorities in England”; **Exhibit JK5/027 – INQ000546968**, email chain dated 10

December 2020 between MHCLG, R9 councils and LGA regarding meeting to discuss additional support for self-isolation; **Exhibit JK5/028 – INQ000547062**, email chain dated 15 December 2020 between DHSC and LGA re feedback on All Councils Meeting; **Exhibit JK5/029 – INQ000547063**, email dated 25 November 2020 between DHSC and LGA re urgent update on discretionary funding for councils; **Exhibit JK5/024 – INQ000547065**, email chain between LGA to DHSC dated 30 November 2020 council concerns over self-isolation payments).

105. In other places (e.g. in many London Boroughs) demand for both the main scheme and the discretionary schemes was lower than expected, but the reasons for this were not clear.
106. The NHS, the voluntary and community sector (“VCS”) and other partners continued to signpost people to councils, despite being aware that they did not meet criteria for the ‘main scheme’ (see, for example, **Exhibit JK5/030 – INQ000546963**, email chain dated 12 January 2021 between LGA, DHSC and partners; and **Exhibit JK5/024 – INQ000547065**, email chain between LGA and DHSC dated 30 November 2020 regarding council concerns over self-isolation payments). This led to councils having to process high volumes of unsuccessful claims, as well as facing the local reputational damage of turning people away. It also removed an incentive for self-isolation for many low-paid workers.
107. The data-sharing, data-checking, fraud prevention, referral mechanisms and local eligibility criteria all had to be amended and implemented in real time as national guidelines changed. Councils highlighted the ongoing pressure this placed on their staff and business as usual (see, for example, **Exhibit JK5/031 – INQ000546960**, letter dated 8 January 2021 regarding supporting self-isolators; and **Exhibit JK5/032 – INQ000587096**, Grant determination letter (Test and Trace Support Payment scheme) dated 8 January 2021).
108. Throughout autumn 2020, Government resisted calls from the LGA and councils to increase the discretionary funding, although DHSC conducted analysis to try to understand demand. Shortly before Christmas 2020, civil servants shared with LGA colleagues that the Health Secretary wanted to provide additional funding, but there was apparent disagreement between DHSC, HMT and Number 10 and nothing further was confirmed (see **Exhibit JK5/033 – INQ000546977**, internal LGA email dated 17 December 2020; and **Exhibit JK5/029 – INQ000547063**, email dated 25 November 2020 between DHSC and LGA re urgent update on discretionary

funding for councils). By this point some councils had exhausted the funding available and had topped up discretionary payments from their own budgets.

109. In a letter on 8 January 2021, ministers responded to the LGA and councils' concerns about the funding shortfalls on discretionary support, providing additional funding for the existing scheme and confirming an extension to March 2021 (**Exhibit JK5/031 – INQ000546960**, letter dated 8 January 2021). In a revenue grant determination dated 8 January 2021, DHSC stated (**Exhibit JK5/032 – INQ000587096**):

“This allocation is for an additional £20.53m, which will be allocated to local authorities in these amounts:

- a share of the £9.5m main pot for funding the £500 Test and Trace support payments, where applicable;*
- a share of the £0.96m administration pot for funding admin costs, where applicable;*
- a share of £10.07m for funding the £500 discretionary payment.”*

110. However, to the increasing frustration of councils and officials, it remained unclear as to the detail of ministers' intentions for the scheme (see, for example, **Exhibit JK5/034 – INQ000546986**, email chain dated 21 January 2021 between DHSC and LGA regarding frustration over lack of ministerial steer). These discussions were complicated further by leaks of the options appraisal to the press, which proposed (as one option) a considerable widening of eligibility (**Exhibit JK5/035 – INQ000547024**, BBC News article dated 22 January 2021 “Covid-19: No plans for universal £500 self-isolation payment, No 10 says”).

111. On 22 January 2021, ministers agreed to expand the pot of discretionary funding and work with councils to achieve a broader set of objectives, including promoting uptake of testing, with discussions continuing as part of a wider, integrated approach to supporting self-isolation.

112. The Test and Trace Support Payment scheme ended in February 2022.

3. Public Health Grants - COMF

113. The Contain Outbreak Management Fund (“**COMF**”) was initially announced in October 2020 (**Exhibit JK5/036 – INQ000547012**, DHSC determination “Local authority Test and Trace Contain Outbreak Management Fund level surge funding

grant determination (2020 to 2021) [31/5219]). It was the primary source of funding to support local authorities to deliver their outbreak management plans and implement measures to tackle enduring transmission, and enhanced response activity in areas with particularly challenging disease situations.

114. The COMF distributed £2.1 billion to English local authorities between June 2020 and March 2022 and supported public health activities directly related to the Covid-19 response, such as: testing, non-financial support for self-isolation, support to particular groups (for example, rough sleepers), communications and engagement, compliance and enforcement.

115. In June 2020, the Government distributed £300 million as a one-off grant to English councils to action the development of local outbreak management plans, under the former name of the Test and Trace Support Service Grant. The Test and Trace Support Service Grant was subsequently renamed as the COMF and expanded to provide councils with further financial support.

116. Payments from the COMF were ringfenced and based on the MHCLG Covid-19 Relative Needs Formula (“RNF”). The RNF gave a weighting to both population and deprivation levels, based on the Index of Multiple Deprivation. Using this formula, funding was targeted at areas with consistently high infection and enduring transmission rates.

117. COMF funding was designed to support local authorities to deliver the objectives set out in their Local Outbreak Management Plans. The specific public health activities that could be funded from the COMF were left to the judgement of local authorities in conjunction with their directors of public health.

118. Provision of COMF funding was contingent on local authorities having completed and returned regular monthly monitoring forms.

119. Activities that the COMF was used to support included:

- Targeted testing for hard-to-reach groups out of scope of other testing programmes;
- additional contact tracing;
- additional resource for compliance with, and enforcement of, restrictions and guidance;

- enhanced communication and marketing – for example, towards hard-to-reach groups and other localised messaging;
- targeted interventions for specific sections of the local community and workplaces;
- harnessing capacity within local sectors – for example, voluntary, academic, commercial;
- extension/introduction of specialist support – for example, behavioural science, bespoke comms;
- targeted support for school/university outbreaks;
- additional non-financial support for those who are self-isolating;
- community-based support for those disproportionately impacted such as the Black, Asian and minority ethnic population;
- support for engagement and analysis of regional areas to assess and learn from local initiatives; and
- providing support, as needed, to vulnerable people classed as clinically extremely vulnerable.

120. Local Outbreak Management Plans were designed to clarify how local government worked with the NHS Test and Trace service, so that the whole local system was geared up to contain the virus.

121. Plans set out how local authorities would play their full part in containing Covid-19, including by engaging with local partners like Public Health England (“**PHE**”) and the NHS, the voluntary sector and the wider community to prevent spread and manage outbreaks. The plans built on existing health protection roles and responsibilities as well as the specific work councils have been undertaking throughout the pandemic.

122. The LGA, the Association of Directors of Public Health (“**ADPH**”), PHE, Society of Local Authority Chief Executives, Faculty of Public Health and UK Chief Environmental Health Officers worked together to produce “Guiding Principles for Effective Management of Covid-19 at a Local Level” (**Exhibit JK5/037** –

INQ000108773, June 2020).

123. Within the principles, we argued that the Plan would need to be properly resourced – each agency would have the necessary capability, both financial and in respect of skills and expertise, to carry out their responsibilities.
124. The LGA engaged closely with Professor Carolyn Wilkins, Director of Contain, NHS Test & Trace. Professor Wilkins led the team supporting local government and local systems with their Covid-19 response and worked across Government to champion a joined-up approach, liaising on a regular basis with local authorities across the country.

7. Housing and homelessness

125. The Government provided more than £700 million in 2020/21 and £750 million in 2021/22 to tackle homelessness and rough sleeping (**Exhibit JK5/038 – INQ000547009**, House of Commons Library report dated 12 October 2021 “Coronavirus: Support for rough sleepers (England)”). This included, on 17 March 2020, the Government announcing £3.2 million in emergency funding for local authorities to help rough sleepers during the Covid-19 outbreak (**Exhibit JK5/039 – INQ000547159**, MHCLG press release dated 17 March 2020 “£3.2 million emergency support for rough sleepers during coronavirus outbreak”).
126. The funding was intended to reimburse authorities for the cost of providing accommodation and services to rough sleepers, and those at risk of rough sleeping, who were at risk of, or who had been diagnosed with, Covid-19, through what became known as the Government’s ‘Everyone In’ policy. This was in addition to the £492 million the Government had already confirmed to tackle homelessness and rough sleeping in 2020 to 2021, including up to £112 million for the Rough Sleeping Initiative.
127. On 24 June 2020, Government also announced £105 million to support rough sleepers and those at risk of homelessness into tenancies of their own, as well as securing alternative rooms already available and ready for use, such as student accommodation (**Exhibit JK5/040 – INQ000531546** MHCLG press release dated 24 June 2020 “£105 million to keep rough sleepers safe and off the streets during coronavirus pandemic”). The £105 million was made up of £85 million of new funding from HMT and £20 million from refocusing existing homelessness and rough sleeping budgets.

128. In July 2020, the Government published guidance on the Next Steps Accommodation Programme (“**NSAP**”) and information on the funding allocations received by local authorities through this programme following a bidding process (**Exhibit JK5/041 – INQ000547100**, MHCLG guidance published 18 July 2020 “Next Steps Accommodation Programme”).

129. When NSAP was launched on 18 July 2020 the funding was not negotiated but determined by central government and allocated by competitive bidding. The deadline for applications for funding was by 20 August 2020. The LGA emailed Penny Hobman, the Director of Homelessness at MHCLG on 18 August 2020 setting out concerns of councils about the short timescales to respond and other issues such as inconsistency of advice and the need for capital to be matched funded (**Exhibit JK5/042 – INQ000547101**). In our view the bidding process was unnecessary and restrictive. We met with officials on 19 August, but the deadline was not extended.

8. Culture, Tourism and Sport

130. The LGA lobbied for additional resources for the cultural sector, given that income streams had dried up (see, for example, **Exhibit JK5/043 – INQ000547029**, Letter from LGA to Secretary of State for DCMS dated 1 June 2020 regarding recovery plan for the culture and tourism sectors). This part of the sector, as mainly non-statutory services, had focused before the pandemic on being entrepreneurial to fund their activities, and therefore suffered when they could not take place (see, for example, **Exhibit JK5/044 – INQ000547028**, internal LGA email dated 5 June 2020 regarding themed analysis of culture, leisure, tourism and sport issues following interviews with councils). The LGA also lobbied through regular ministerial working groups set up as part of the Covid-19 response on services areas like libraries and museums.

131. On 5 July 2020, the Government announced a £1.57 billion culture recovering funding package (**Exhibit JK5/045 – INQ000547157**, DCMS press release dated 5 July 2020 “£1.57 billion investment to protect Britain’s world-class cultural, arts and heritage institutions”). £1.15 billion of this was available to support cultural organisations, which included council services like libraries, museums and theatres. The funding required a bidding process, and successful councils had to ringfence the money to spend on the specific asset(s) named in the bid.

132. There was no negotiation or agreement that the LGA took part in to shape the

fund, although we subsequently had to seek an amendment of the terms and conditions to enable councils to be able to accept the funding (**Exhibit JK5/046 – INQ000547035**, Email chain 22 October 2020 between LGA and West Suffolk Council regarding concern over condition 5.1 of the Cultural Recovery Fund).

133. The initial grant terms and conditions for the Cultural Recovery Fund were not something that councils could accept. Following contact from several member councils, the LGA engaged urgently with DCMS officials to get the unintentional barrier removed, after which councils could accept the grant funding intended to support their services (see **Exhibit JK5/047 – INQ000547018**, email chain dated 19 October 2020 between LGA and MHCLG re issues with conditions on grant funding). The initial conditions required councils to commit to imposing a pay freeze for all senior staff and 10% pay reductions to pay for those contracted to receive above £150,000 per year pre-Covid-19. This was not possible for councils that are part of national pay bargaining. After intervention from the LGA, a sub-clause stating 'where legally possible' was included and made it possible for councils to accept the conditions.

134. The National Leisure Recovery Fund was ringfenced for councils that had been commissioned providers to deliver their leisure services. One hundred percent of eligible councils claimed the funding.

135. For the National Leisure Recovery Fund, the LGA, Sport England, and UKactive collaborated on several joint surveys to build the evidence case for DCMS and HMT. After some progress with these, Sport England commissioned Grant Thornton to develop the business case further. Once funding was agreed, there was very close collaboration of delivery mechanisms, resolving challenges, developing FAQs and debate around reporting. For a detailed timeline of the National Leisure Recovery Fund, see **Exhibit JK5/048 – INQ000547147**, LGA paper "Evolution of the National Leisure Recovery Fund".

136. Further examples of how the LGA attempted to lobby Government in relation to culture, tourism and sport include:

- 14 May 2020 – letter from the LGA to the Secretary of State for DCMS requesting a "place for councils on the main recreation and leisure ministerial taskforce being established in response to the coronavirus pandemic" (**Exhibit JK5/049 – INQ000547030**).

- 1 June 2020 – letter from the LGA to the Minister of State for Creative Industries raising concerns over DCMS’s proposed survey to identify impacts of the pandemic on the culture, tourism and sport sectors (**Exhibit JK5/050 – INQ000547031**).
- 10 July 2020 – letter from the LGA to the Secretary of State for DCMS regarding the “future survival of leisure services” (**Exhibit JK5/051 – INQ000547032**).
- 24 July 2020 – LGA culture, tourism and sport bulletin outlining recent developments and work in the space (**Exhibit JK5/052 – INQ000547034**).
- 27 April 2021 – letter from UKactive and LGA to the Secretaries of State for DCMS and MHCLG seeking the Government’s “active support in addressing the crisis facing public leisure facilities in England” (**Exhibit JK5/053 – INQ000547033**).

137. However, there were limited engagements and structures in place for the DCMS to engage with local government, and the Department was consequently quite hard to engage for a long period of time, apart from the libraries team. The Department did not have the necessary connections or understanding of local government. While the LGA sent several letters to the Secretary of State and ministers, we did not receive a response.

9. Children and Young People

138. Central government provided new burdens funding to extend early years entitlements to two-year-old children with no recourse to public funds for the duration of the pandemic. This was negotiated through the new burdens process, set out in the MHCLG guidance published 20 June 2011, “New burdens doctrine: guidance for government departments” (**Exhibit JK5/054 – INQ000547098**).

139. MHCLG helpfully pushed back on earlier proposals by the DfE to add this burden onto councils without funding it. DfE asked MHCLG to sign off this proposal at 14:01 on 1 April 2020, with a deadline of close of play the same day. MHCLG refused due to concerns around local government’s financial sustainability. The LGA was emailed at 19:35 the same day asking for comment on the proposal. The LGA’s Senior Adviser (Children and Young People) spoke with DfE by phone to highlight key concerns and to negotiate new burdens funding. The LGA also refused to sign off the proposal on the basis that we had not been given time to fulfil our usual

processes and that there was no commitment to additional funding, though agreed to accept the proposal if a commitment was given to reimbursing costs. This was then agreed.

10. Compliance and Enforcement Grant

140. The development of the Compliance and Enforcement Grant was a good example of some of the regular frustrations councils experienced with the nature of government announcements and its approach to policy development during Covid-19. Conversely, however, it also marked the beginning of a more effective approach to joint working from central government in relation to compliance and enforcement issues.
141. On 9 September 2020, in response to increasing numbers of Covid-19 cases, the Prime Minister announced a new set of rules controlling the number of people (up to six) that could meet in any given setting as well as future measures for collecting the details of visitors to social premises and venues for track and trace purposes (**Exhibit JK5/055 – INQ000086845**).
142. Crucially, the announcement also referenced that Government would “boost the enforcement capacity of local authorities by introducing COVID Secure Marshalls to help ensure social distancing in town and city centres”.
143. Although some councils had created marshal/ambassador roles to support the reopening of town centres earlier in the summer of 2020, this was not widespread and was being managed differently in different places; it also came at a cost.
144. The Prime Minister’s announcement caused significant confusion and frustration within local government. Councils and the LGA were immediately subject to press and other queries about when marshals would be appointed and what their role would be, despite not having been involved in discussions with Government about it beforehand. There was also initially no suggestion of funding being provided to councils to support the policy (swiftly followed by conflicting reports on this point) despite the significant capacity issues that local services were already experiencing in prioritising Covid-19 compliance and health protection work.
145. Trade and national press reports from the time make clear the level of annoyance at a further example of policy that would need to be implemented at the local level being developed without engaging with, or giving prior notification to, the

councils who would be required to deliver it. For example, see **Exhibit JK5/056 – INQ000546996**, the Guardian article dated 10 September 2020 “Boris Johnson’s ‘Covid marshals’ plan criticised as shambolic”; and **Exhibit JK5/057 – INQ000547146**, the Local Government Chronicle article of the same day “The marshal debacle”.

146. The view of LGA officers working on this at the time was that following the Prime Minister’s announcement, MHCLG officials were left “trying to make sense of a government announcement which has no development work behind it at all” and that the policy had been decided in Number 10 with little engagement elsewhere (**Exhibit JK5/058 – INQ000547097**, internal LGA email chain dated 11 September 2020). An LGA regional officer reported “general incredulity” about the announcement from local chief executives (**Exhibit JK5/059 – INQ000547010**, internal LGA email chain dated 11 September 2020 re feedback from West Midlands Chief Executives).
147. Despite the undoubted frustration felt by councils and the LGA at the nature and lack of clarity about the initial announcement, in the days and weeks that followed, MHCLG officials, to their credit, worked closely with the LGA, in separate meetings and through new weekly compliance meetings attended by a pool of council chief executives and enforcement leads to make something workable of an announcement launched on councils with no notice. For example, see the various informal meeting notes from these meetings as exhibited (**Exhibit JK5/060 – INQ000547152**, notes from the working group on enforcement from 2-10 September 2020; and **Exhibit JK5/061 – INQ000547151**, from 24 September 2020; **Exhibit JK5/062 – INQ000547096**, notes from a meeting to discuss marshals on 15 September 2020)
148. Firstly, this involved designing what came to be known as the ‘compliance and enforcement grant’ intended to support the introduction of Covid-19 marshals. £60m of funding was announced on 22 September; £30m of which was allocated to councils. With the grant ring-fenced to compliance and enforcement work linked to Covid-19 regulations, the LGA had successfully argued for flexibility for councils to determine the most appropriate way to spend it locally (whether that was on marshal style compliance support activity, increased environmental health officer / enforcement capacity, or something else). Due to the collaborative work between the LGA and Government on this, the grant ultimately looked very similar to a funding request the LGA had proposed for compliance work earlier in summer (see **Exhibit**

JK5/062a – INQ000547040, “Additional funding requirements: Environmental Health and other business facing regulatory services”), with flexibility for councils to use as they thought best for their local areas, in light of local challenges and existing resources.

149. Secondly, more generally, MHCLG also began a programme of regular, weekly engagement between MHCLG, other government departments (as necessary), the LGA and council representatives to discuss local experiences of Covid-19 compliance and enforcement issues and the practical steps that could help on the ground (see, for example, **Exhibit JK5/063 – INQ000587166**, compilation of LGA and council feedback dated 25 September 2020, “What councils need to support enforcement”). While this did not alleviate all the challenges councils experienced, there was much more of a sense that MHCLG was taking account of feedback from experienced professionals required to implement policies and regulations being designed at the centre.

11. Clinically Extremely Vulnerable Support Funding

150. The decision to implement a system of food deliveries to people defined as clinically extremely vulnerable (“**CEV**”) to Covid-19 (the ‘shielded’ population), provided through two national contracts, was taken in March 2020 without prior engagement with councils or the LGA.

151. From early on, local government argued that funding to councils enabling them to support people who were shielding who were unable to source their own food would have been more cost effective and produced better outcomes than a blanket approach offering food to the full CEV population. From a council perspective, there were numerous issues with the system of food parcels, including:

- Significant issues with the quality and accuracy of data provided to councils relating to the local CEV population whom the national contact centre had not been able to contact regarding their needs.
- The quality / variety of the food provided and the lack of flexibility in meeting cultural or dietary needs.
- Issues with missed deliveries, or people needing assistance with moving their food parcel.
- The volume of food, with no provision for family members.

- The risk of creating a dependency culture, with people who had otherwise been able to support themselves becoming reliant on free food boxes and lack of work with supermarkets on different ways of meeting needs
- Bypassing local food supplies businesses that were impacted by the pandemic but that could have been used instead to support local CEV population

152. In relation to the food parcels, councils incurred costs through their work on the following matters:

- In the first few weeks, while the national contract was being finalised, to manage bulk food deliveries made to councils to distribute to local CEV residents;
- putting in place structures / processes to manage ongoing support to the CEV population;
- repeatedly cleansing data received from the Government to develop accurate lists of local CEV residents and having to put in place local data collation and analysis to better manage and meet local needs;
- following up unsuccessful calls made by the national contact centre to residents;
- dealing with issues linked to missed / unwanted deliveries, helping residents to access parcels that had been delivered to their doorsteps etc, meeting cultural or dietary needs not met by the national deliveries and other non-food related needs;

and

- data returns to Government.

153. It is important to note that councils' work did not distinguish between residents who were vulnerable due to being CEV and those who were vulnerable for another reason (for example, due to financial hardship or other circumstances). Work to support the shielded population was just one subset of a much wider suite of work to support vulnerable residents during the pandemic.

154. Although initial decisions on the national contract were taken without local input, from April 2020, MHCLG and other departments engaged regularly (weekly) with the LGA, council chief executives and operational leads to understand how the

contract was operating and any issues. However, this did not always translate to councils then subsequently being forewarned of Government announcements / communications on changes to shielding.

155. The responsibility for supporting the CEV and other vulnerable groups was split across different departments with the LGA often having to act as a facilitator to bring departments and discussions together. A major focus at the time was enabling priority access for the shielded population to supermarket deliveries and understanding any practical barriers that might impact access for some people or in some areas (for example, spending thresholds, capacity in sparser rural areas) with the LGA also supporting pilots in four council areas to test the model before wider roll out.
156. A further strand of the engagement was to consider the approach to be taken in the event of any future lockdowns, with the initial shielding period ending on 31 July 2020. The LGA and councils argued strongly that there should not be a resumption of national food parcels; instead, funding should be allocated to councils to meet the costs of supporting local need. The Government ultimately accepted this argument, and future guidance to the shielded population made clear that they should contact councils if they needed any assistance.
157. During the first lockdown, general funding to councils did not specifically reflect the numbers of CEV people within their populations and thus varying costs of that support.
158. Following the second national lockdown, lasting 28 days from 4 November 2020, councils were given £32 million to fund their work supporting the now expanded shielded population. The grant was based on a payment of £14.60 per head of CEV population, with councils expected to report their expenditure back to Government: as with other grants, the LGA pushed for a proportionate approach to reporting.
159. In December, MHCLG advised that councils had reported £21.2 million spending over four weeks. Councils emphasised that this spend had been contained because of the significant unfunded work undertaken in the months since July enabling the shielded population to put in place arrangements to support themselves. During the second lockdown, councils reflected that the support needs of local people with vulnerabilities were generally financial, rather than for food.

12. Support for adult social care providers

160. To support adult social care providers to reduce the rate of Covid transmission in and between care homes, DHSC announced there would be a £600 million Infection Control Fund (“ICF”) in May 2020 which would be paid to councils to then distribute to care providers. Although the announcement was made on 13 May, the terms and conditions of the grant were not finalised until 22 May 2020 (**Exhibit JK5/064 – INQ000576723**, DHSC, Adult Social Care Infection Control Grant Determination 2020/21 No 31/5061).
161. There were concerns raised by providers and councils about the terms and conditions, which, for example, did not allow the funding to be used to pay for PPE or for deep cleans. Local authorities also faced challenges in distributing the funding to providers they had not previously had a relationship with, because for example all their clients funded their own care. There was also debate between some local authorities and the Government on whether the support to providers amounted to ‘state aid’, which impacted discussions on how further ringfenced grants could be used.
162. A further £546 million round of ICF funding was announced on 17 September 2020 and covering the period from 1 September 2020 to 31 March 2021. Although the funding was announced in September the grant conditions were not published until 1 October.
163. Discussions about a “LFD testing grant for care homes” were initiated by DHSC in January 2021. The LGA suggested this was incorporated in the Infection Control Fund rather than as a new grant with new conditions. Despite this the Government announced a £149 million Rapid Testing Fund on 15 January 2021.
164. The ICF and the Rapid Testing Fund were extended into 2021/22. DHSC began consulting on draft grant conditions on 12 March 2021. £341 million was announced on 18 March 2021: £202.5 million for infection control and £138.7 million for rapid testing in adult social care. This followed representations by both local government and care providers. The guidance for the combined fund was published on 29 March 2021.
165. A further £250 million was announced on 27 June 2021 extending the fund until 30 September: £142.5 million infection control funding and £108.8 million for testing. DHSC consulted on draft conditions on 28 June. The final version was published on

2 July 2021. There was an error in that draft which impacted on home care in particular. This was pointed out to DHSC, and they revised the guidance on 12 July 2021.

166. The Infection Control and Testing Fund was then extended through to 31 March 2022 in an announcement on 30 September 2021. Draft guidance was shared with us on 4 October.

13. European funding

167. Councils were also able to make use of the European Structural and Investment Fund (“**ESIF**”). The contractual terms for grants under the ESIF would have made it difficult to use in response to the economic situation as a result of the pandemic, but the European Commission’s response to Covid-19 allowed greater flexibility in how the Fund could be used. There were two funding streams under the ESIF of relevance to this module.

168. The European Regional Development Fund (“**ERDF**”), which was used to support businesses, carbon reduction and economic development activity, was managed by MHCLG on behalf of the Government. £50 million of funding was provided to councils in May 2020 from the ERDF for the Reopening High Streets Safely Fund, and a further £56 million in April 2021 for the Welcome Back Scheme. The existing governance structures around the ESIF, which included the LGA, agreed the design of these two funds, and provided an opportunity for the LGA provide feedback from local authorities on implementation of the funding programmes.

169. The European Social Fund (“**ESF**”), which funded employment and skills provisions, was managed by DWP. DWP adopted a different allocations policy with a centralised bidding process for the Digital Divide project which made it more difficult for councils and the voluntary and community sector to access. As a result the original call for bids only received 36 applications amounting to £2.2 million (when there was around £300 million in the ESF Reserve Fund in December 2020), and as a small number of applicants withdrew there were only applications for £943,000.

The process of negotiation and agreement for additional funding

170. I have already described much of the discussions about additional funding above. The LGA lobbied central Government for funding for councils and provided evidence to support the need for additional funding. The LGA was not involved directly in the negotiation and agreement of additional funding between government departments. The LGA is therefore not able to comment on the specifics of that process.

171. While the negotiation of additional funding took place between departments, there was significant engagement with and consultation of councils to inform those negotiations. Key engagement mechanisms between MHCLG and councils included:

- Weekly virtual meetings between MHCLG, the LGA and sector representatives such as leaders of the local authority treasurers' societies. .
- Formal consultations on certain proposed Covid-19 funding streams (see, for example, **Exhibit JK5/065 – INQ000547022**, LGA response dated 14 January 2021 “COVID-19 funding for local government in 2021/22 consultation”).
- A monthly survey of spending and income pressures run by MHCLG (**Exhibit JK5/066 – INQ000547016**, DLUHC and MHCLG research and analysis updated 12 August 2022 “Local authority COVID-19 financial impact monitoring information”). Some 20 rounds of the survey were carried out.
- Direct contact between MHCLG and councils. The NAO report states that MHCLG claimed to have had direct contact with more than one-third of authorities regarding their finances, either in response to a request from the council or as a follow up to information in the monthly survey (**Exhibit JK5/005 – INQ000578202**, NAO Report).

172. However, while MHCLG engaged effectively with the sector in designing the overall framework to secure the sector’s financial sustainability, arrangements for individual funding schemes, particularly those led by other government departments were not always as effective. I have set out elsewhere in my statement examples of schemes that had overly restrictive funding criteria, were burdensome to implement,

and designed without sufficient engagement with the sector. Looking across these examples it is clear that not all government departments had a sufficient understanding of the role, capacity and resources of councils. Equally, not all departments had a culture of, and a framework for, meaningful engagement with councils.

Changes during the pandemic

173. The core elements of the financial framework remained broadly in place. However, an additional set of arrangements specifically to set the quantum and allocate pandemic-related funding to councils was introduced. This provided £8.5 billion in general, un-ringfenced funding for councils during the Inquiry period. This funding was provided for a range of purposes and using different allocation methodologies as set out under the following four sub-headings.

1. The tranches of un-ringfenced funding

174. There were five tranches of un-ringfenced funding –

- The **first tranche** (£1.6 billion in March 2020) was allocated to councils using the existing adult social care needs formula, which had been last updated in 2013/14.
- The **second tranche** (£1.6 billion in April 2020) was allocated on a per capita basis.
- By the time of the **third tranche** (£494 million in July 2020), MHCLG had created a specific relative needs formula based on their monthly survey of spending and income pressures.
- This formula was used for the **fourth tranche** (£919 million in October 2020). The fourth tranche involved a retrospective application of the relative needs' formula to the first two tranches. This meant that when taken in aggregate, the sum of the four tranches, as a whole, was allocated in the line with the Covid-19 relative needs formula.
- The new formula was used to allocate the **fifth tranche** (£1.6 billion in 2021/22). The precise basis for the quantum of the first tranche is unclear, but the size of subsequent tranches was informed by data from MHCLG's monthly Covid-19

finance pressures survey.

2. Ring-fenced funding

175. The funding I have already described at [Ringfenced grants for specific purposes](#). Councils received £6.8 billion in grants for specific purposes linked to the pandemic response across the Inquiry period.

3. A sales, fees and charges compensation scheme

176. In July 2020 MHCLG announced a scheme to partially compensate councils for losses to their sales, fees and charges income. Authorities were not compensated for the first 5% of losses against budgeted income and were compensated for three-quarters of losses thereafter. MHCLG paid £1.5 billion to councils for lost sales, fees and charges income through this scheme. This included £931 million in 2020/21 and £606 million in 2021/22.

4. A tax income guarantee

177. At the end of 2020, MHCLG guidance “Coronavirus (COVID-19): emergency funding for local government in 2020 to 2021 and additional support in 2021 to 2022”, announced the introduction of a local tax income guarantee to cover 75 per cent of irrecoverable losses in business rates and council tax income for 2020/21 (**Exhibit JK5/066 – INQ000547016**). Losses were measured against the income that billing and major precepting authorities had anticipated for 2020/21, as reported in National Non-Domestic Rates (“**NDR1**”) and Council Tax Requirement returns in the MHCLG Guidance updated 12 August 2022 “February 2021: COVID-19 funding for local government in 2021 to 2022 policy paper” (**Exhibit JK5/067 – INQ000609013**).

178. Some £793 million was paid to councils for irrecoverable council tax and business rates income losses. This funding was paid in 2021/22 in recognition of losses in 2020/21.

Discussion of alternative mechanisms of financial support

179. From as early as March 2020, the LGA held discussions with the Government over issues such as the impact of loss of income (both sales, fees and charges, and local council tax and business rates), and how these would impact on cash flow. This was a major issue for councils. See, for example, the summary of non-grant based “asks” following LGA’s analysis of information from over 80 local authorities (**Exhibit**

JK5/068 – INQ000546985). The LGA emailed this to MHCLG on 22 May 2020 (**Exhibit JK5/069 – INQ000546958**).

180. On borrowing, the LGA called for interest free loans being made by the Public Works Loans Board (“**PWLB**”) to councils to cover cash flow losses; it also noted that debts of NHS organisations had been cancelled and asked for a similar consideration to be given to local government.

181. Most of these discussions were informal between LGA officers and civil servants, but these then fed into formal asks to be discussed between LGA politicians and ministers. The LGA maintained a “headline asks” document that was used to lobby the Government; this was updated regularly – initially, at least weekly.

182. An example is included from 2 April that includes asks on cash flow and borrowing (**Exhibit JK5/070 – INQ000546958**, LGA “Summary of key asks” document dated 2 April 2020). Also included is a briefing from 30 March 2020 prepared for the LGA’s Chairman which was for him to use in discussion with ministers (**Exhibit JK5/071 – INQ000547095**).

183. In the LGA’s formal response to the HMT consultation on PWLB lending terms in May 2020 we called for delays to loan repayments and for writing off of debt in response to the financial problems councils were facing due to the pandemic (**Exhibit JK5/072 – INQ000547075**).

184. During the pandemic, there were other conversations about what other freedoms and flexibilities that might help councils. For example, in June 2021, the LGA emailed MHCLG with a summary of “asks” from the LGA’s 2020 Spending Review Submission (**Exhibit JK5/073 – INQ000547087**), and the “Spending Review longlist: freedoms, flexibilities and burdens” (**Exhibit JK5/074 – INQ000546983**).

4 - How these new arrangements compared with the pre-pandemic situation

185. While the broad elements of the sector’s finance arrangements were unchanged, Government made several adjustments to the framework to provide flexibility, reduce cost and help maintain liquidity in the sector. This includes the system changes described above regarding cashflow, exceptional financial support and the spreading of collection funding deficits.

186. The Government made some other changes to elements of the financial framework to reduce cost and provide flexibility. In addition to the examples of

funding support and relief set out above, further significant examples include:

- MHCLG moved the deadline for financial audit of local authority 2019/20 accounts from 31 July to 30 November.
- MHCLG postponed the implementation of a significant change to formula funding for local authorities (the Relative Review of Needs and Resources or Fair Funding Review), a business rates retention reset, and a move from 50% to 75% local retention of business rates. These had been scheduled to be implemented in 2021/22.
- DHSC relaxed some specific legal duties under the Care Act to assess or meet needs for care and support (“**Care Act easements**”).
- DfE temporarily relaxed some specific legal duties under the Children and Families Act 2014 in connection with Special Educational Needs and Disabilities.

187. By summer 2020 the Government had effectively built a bespoke Covid-19 financial framework in addition to the existing core arrangements. The core elements of the Covid-19 finance framework are described in the response to the previous question.

5 – The effectiveness of these arrangements

Introduction

188. I shall discuss the effectiveness of these arrangements in the next paragraphs starting with the support coming from, or through, arrangements made by central government. I shall outline some of the issues relating to messaging first, though throughout these paragraphs messaging will be discussed.

General messaging issues

189. While there was strong engagement by the Government with the sector and the LGA, there were elements of Government’s engagement with, and messaging to, councils that could have been stronger.

190. Below I provide some examples and reflections on the Government’s messaging as to financial support in the context of specific funds.

Household Support Fund

191. Despite clear evidence of continued need, each time councils were told not to expect further funding, and short-term extensions were agreed at the last minute. On occasion guidance was issued after the funding period had commenced because of delays in Ministerial decision-making. DWP officials worked closely with LGA and councils throughout (see, for example, **Exhibit JK5/075 – INQ000546965**, email from DWP to LGA dated 16 June 2021 re uncertainty over additional funding; and **Exhibit JK5/076 – INQ000546992**, email from DWP to LGA dated 30 September 2021 re unanticipated announcement over household support fund).
192. Councils had often allocated money from their own budgets to maintain support by the time the additional funding was agreed. Staff and VCS partners were stood down, only to be reinstated.
193. Once separate support from DfE was withdrawn, many councils used the funding to target support to households in receipt of free school meals during the holidays.

Test and Trace Support

194. The Health Secretary wrote to councils before the details of the scheme had been agreed (**Exhibit JK5/015 – INQ000531403**, Letter dated 20 September 2020 from DHSC to Local Authorities re self-isolation for positive Covid-19 cases).
195. As set out in the section above, Ringfenced grants for specific purposes, Ministers were extremely slow to respond to councils exhausting the discretionary funding. DHSC officials and councils were left in limbo over Christmas not knowing if – or how – the situation might be resolved. A leak of proposals for significant changes to the scheme in January 2021 caused considerable further confusion.

Housing and homelessness

196. Minister Luke Hall wrote to local leaders on 26 March 2020, asking them to ensure that, where necessary, people experiencing homelessness were accommodated by 29 March 2020 – a very short notice period (**Exhibit JK5/077 – INQ000090750**). Minister Hall referenced the £1.6 billion for local authorities to respond to other Covid-19 pressures including for services helping the most vulnerable, including homeless people. The LGA was not included in this critical communication to councils.

197. Although the Government provided an initial tranche of funding to councils in March 2020 to support 'Everyone In', there were a number of challenges for councils to grapple with, including the Government's guidance to hotels, holiday accommodation, and park homes that they should close, impacting rough sleepers, homeless households accommodated by local authorities under statutory duties more broadly, and households living in these types of accommodation as their permanent residence. The LGA received intelligence on this from existing networks of senior homelessness officers in councils, and, alongside other organisations, escalated this intelligence to MHCLG officials (see, for example, **Exhibit JK5/078 – INQ000547053**, internal LGA email chain dated 26 March 2020 regarding concerns raised by Calderdale Council over closure of temporary accommodation).
198. MHCLG officials maintained lines of communication, which enabled the LGA to continue to escalate local intelligence (see, for example, **Exhibit JK5/079 – INQ000547051**, email chain between LGA and MHCLG dated 25 March 2020).
199. The Government also worked to issue revised guidance to hotels, hostels and Air BnBs (see **Exhibit JK5/080 – INQ000547082**, letter from MHCLG dated 27 March 2020 regarding closure of caravan and park home sites; and **Exhibit JK5/081 – INQ000547050**, letter from MHCLG dated 24 March 2020 regarding closure of hotels, hostels and B&Bs). However, local intelligence suggested that evictions had already taken place and would be difficult to reverse.
200. The LGA consistently sought clarity on the support that could be provided to those with No Recourse to Public Funds ("NRPF") because of ambiguous and inconsistent messaging from Government. At the outset of the Government's 'Everyone In' initiative, local authorities were encouraged to assist all rough sleepers into emergency accommodation, regardless of their immigration status. On 20 April 2020, the LGA wrote to the Home Secretary to ask that the NRPF condition was universally and temporarily suspended.
201. On 28 May 2020, Luke Hall issued a letter to councils asking them to utilise local discretion in supporting people experiencing homelessness, and to focus on vulnerable rough sleepers (**Exhibit JK5/082 – INQ000104712**). This message on NRPF had changed –

"The rules as to eligibility relating to immigration status, including for those with NRPF, have not changed. Local authorities must use their judgement in assessing what support they may lawfully give to each person on an

individual basis, considering that person's specific circumstances and support needs."

202. This was seen by the sector as potentially signalling the end of the "Everyone in" approach. Support from MHCLG to councils to procure bed spaces also wound down from this stage. However, the letter's intention was ambiguous, and councils continued to accommodate people as per the 'Everyone In' approach, with an additional 15,000 people accommodated between May and September. The LGA consistently pressed MHCLG for clarity.
203. On 4 June 2020, the LGA wrote to the Secretary of State, Robert Jenrick and Minister Luke Hall highlighting our key concerns around a lack of clarity from Government – including the support that could be provided to those with NRPF (**Exhibit JK5/083 – INQ000547043**).
204. In July 2020, the Government published guidance on the Next Steps Accommodation Programme and information on the funding allocations received by local authorities through this programme following a bidding process (**Exhibit JK5/041 – INQ000547100**).
205. As part of the bidding process MHCLG had an expectation that all successful councils would engage in a peer support process, which they asked the LGA to deliver.
206. The LGA also highlighted key issues for local authorities in evidence to the Housing Communities and Local Government Select Committee inquiry "Protecting the homeless and the private rented sector: MHCLG's response to Covid-19" (see **Exhibit JK5/084 – INQ000547014**, May 2020; and **Exhibit JK5/085 – INQ000547013**, November 2020).
207. Mark Lloyd, the then LGA CEX also wrote to Minister Tolhurst in November 2020 to outline local government's priorities for the coming months (**Exhibit JK5/086 – INQ000115037**). Minister Tolhurst responded on 15 December 2020 (**Exhibit JK5/087 – INQ000547046**).

Culture, tourism and sport

208. The LGA and councils always had to lobby central government after the main grants had been announced for culture, and especially for sport services. For instance, public leisure centres were not initially identified as a service prioritised for support, despite high ongoing costs and their important contribution to maintaining

health and wellbeing. After significant collective lobbying and evidence gathering by the LGA, Sport England and sector partners, the Government announced the £100 million leisure recovery fund, distributed through Sport England.

209. The LGA was involved in discussions with Government to expand the definition of businesses covered by some of the support – such as English language schools – where they were a very substantial part of the local tourism offer. However, HMT officials rejected this out of hand.

Overview of effectiveness of government funding

210. There were elements of the Government's response that could have been more efficient and effective. Overall, however, the Government was successful in maintaining the financial sustainability of the sector in the context of unprecedented financial pressures. Clearly this outcome was underpinned by the incredibly hard work of council members and officers, but the additional financial support provided by Government was essential in supporting councils at this time.

211. The effectiveness of this financial support is demonstrated by the fact that while a small number of councils required Exceptional Financial Support, the level of financial reserves held by councils – a key measure of financial sustainability – increased across the sector over the two years of 2020/21 and 2021/22 (**Exhibit JK5/088 – INQ000546991**, LGA, Resources Board agenda dated 10 April 2023). The precise drivers of this growth in reserves are not clear. However, our discussions with councils indicate that factors such as councils adopting cautious spending strategies owing to the uncertainty of the financial support available and the fact that much of the financial support was ringfenced for specific purposes may have played a role.

212. A key factor underlying the effectiveness of MHCLG's response was its effective collection and use of data. From April 2020, MHCLG introduced a monthly survey of financial pressures in the sector. Despite some data quality issues, and in the absence of any other equivalent data sources, it was an important source of information which the Government used to shape its response to the pandemic.

213. A second key contributory factor underlying the effectiveness of MHCLG's response was its strong and effective engagement with councils, as set out previously.

Issues giving rise to less effective support from central government

214. However, while the Government's response was effective at the broad scale there were several aspects of its response that could be improved Under the next seven subheadings I shall summarise key issues.

1. Lack of a prepared strategic response

215. The Government's high-level plan for pandemic flu did not mention local government finance. Consequently, MHCLG did not have a stable strategic framework to support council finances in the early stages of the pandemic.

2. Lack of a mechanism to compensate councils

216. The formula for allocating the un-ringfenced funding to councils changed over the tranches of funding. It was not until July that a stable plan was in place covering both income losses and funding for additional costs.

3. Mixed messaging in the early weeks of the pandemic

217. There was a degree of uncertainty in the sector in relation to the Government's commitment to the sector's finances. In a Ministerial statement in March 2020 the Government said it would do "whatever is necessary" to support councils (**Exhibit JK5/004 – INQ000547136**, MHCLG press release dated 16 March 2020 "Robert Jenrick reaffirms support for councils in their coronavirus response"). However, the resulting framework, not least the partial compensation for tax and sales, fees and charges losses, indicates that councils have been expected to cover some of the costs of the pandemic.

4. Uncertainty and incrementalism in the allocation of funding

218. Much of the un-ringfenced funding was provided in an incremental manner. While councils were provided with multiple tranches of funding it was not necessarily clear how long that funding was expected to last or whether and when there would be further funding.

5. Uncertainty on core funding

219. Single year local government finance settlements have been a feature of local government funding both before and since the pandemic. Financial uncertainty encourages short-term decision-making and undermines strategic planning.

6. Council engagement with other departments

220. While there is evidence that MHCLG engaged effectively with councils, particularly in relation to their overall financial sustainability, this was not necessarily the case across all departments.

Some specific examples of what worked well

221. What worked well and did not work well regarding the approach to funding to local government in response to the pandemic is addressed above at the section “5 – The effectiveness of these arrangements I expand on some examples for some specific funds, below.

Next Steps Accommodation Programme

222. As described in the previous section on Next Steps Accommodation Programme, the NSAP required councils to operate under very short timescales and with restrictive competitive bidding.

223. The LGA worked well to stand up a peer challenge process ‘delivery and impact panels’ for the NSAP programme; engagement with the peer challenge process was a requirement (**Exhibit JK5/089 – INQ000547149**, LGA report dated 9 September 2021 "Voice of the sector: supporting rough sleepers at a time of national crisis"). Between December 2020 and February 2021, the LGA facilitated 28 Delivery and Impact Panels involving 222 councils. Following completion of each panel, the LGA produced a summary write up capturing strengths, details of good practice and emerging issues to share with participating councils. An independent national associate, with considerable experience in the sector, attended all the panels to ensure strategic oversight of the entire panel process and prepare a national report on behalf of the LGA.

Test and Trace Support Fund

224. DHSC officials Bilal Sameja (Head of Cross-Government Policy and Engagement) and Will Wood (Policy Lead Test and Trace Support Payment Scheme) worked extremely closely and openly with the LGA and councils. The scheme went from conception to implementation in under a month. Initial funding was based on caseload projections and communicated clearly.

225. However, ministers’ refusal to allow their officials and councils to adapt the

scheme or the funding as soon as it became clear that demand was higher in some places than predicted, caused considerable problems.

226. The injection of additional resource in January 2021 came too late. Councils who were 'overspending' before Christmas were suddenly 'underspending' in January. The significant changes to eligibility also caused real issues around fairness over the lifetime of the scheme.

Public Health Grants

227. The LGA welcomed the Government's announcements of additional funding for local government including to help manage public health pressures.
228. The reality is that a decade of cuts to local government and public health budgets have left the sector in a less resilient place than would have otherwise been the case. Prior to Covid-19, local authority public health was operating under significant financial pressures. Analysis by the Health Foundation shows that the public health grant is now over £1 billion lower in real terms than initial allocations in 2015/16.

Culture, tourism and sport

229. Sport England's work to provide provisional allocations for the National Leisure Recovery Fund was well received, giving councils a clear steer for how much funding they could bid for, and allowing them to tailor their applications and proposals accordingly.
230. DCMS' understanding of councils was poor and rarely proactively included in departmental thinking, including funds – except for the libraries team. This led to the Cultural Recovery Fund initially having terms and conditions that prevented councils from accepting the funding, even though they were the intended recipients.

Children and Young People

231. Financial decisions were sometimes asked to be taken with unworkably short deadlines, for example funding in relation to early years placements for two year olds in families with no recourse to public funds, as outlined at question 5.

European funding

232. Local government's pre-existing involvement in the ESIF governance structures enabled the MHCLG administered EDRF schemes to be designed with

local authority input and feedback on issues related to delivery, and also allowed councils to make suggestions on how the funding could be used.

233. As a result key aspects that were felt to have worked well included funding being announced in good time, allocating funding rather than requiring competitive bids, allocating sufficient funding to make a difference, encouraging engagement with local stakeholders, and allowing a sufficiently broad scope of activities that could be funded.

6 - Recommendations concerning funding in a future pandemic

General recommendations

234. The LGA makes five recommendations which it invites the Inquiry to adopt.

1. Improving sector-wide financial resilience

235. The Government should reform the sector's funding arrangements to build greater financial resilience across all councils.

236. Local government entered the pandemic in a financially vulnerable position. The sector had been making substantial savings and efficiencies since 2010/11 in response to funding cuts. The council funding model also was increasingly reliant on the size of individual councils' tax bases, rather than Government grants. This made councils more vulnerable to local economic downturns.

2. Providing greater financial certainty for councils

237. The Government should introduce multi-year settlements and greater funding certainty for councils.

238. A contributory factor to the sector's financial vulnerability was the short-term funding arrangements that had become common in recent years. This weakened councils' ability to plan effectively and design medium-term transformation plans. In the context of the pandemic, it meant councils could not make meaningful plans for how to manage their finances in 2021/22, the second year of the pandemic, until the provisional Local Government Finance Settlement was published on 17 December 2020.

3. Improving understanding of council finances across Government

239. Government departments should take steps to improve their understanding of how council finances work and to develop a clearer understanding of how each departments' priorities interact with the multiple demands placed on councils.
240. While there is evidence that MHCLG has a good understanding of how council finances work, this is not necessarily the case for other departments. These departments can sometimes have little understanding how their priorities interact with the huge range of demands placed on councils and their limited resources.

4. Assurance on the use of capitalisations as a financial safety net

241. The Government should assure itself that capitalisations are an effective and efficient method for returning councils to financial sustainability.
242. The Government has a longstanding ability to allow councils to capitalise revenue costs in exceptional circumstances. This approach became a key component of Government's support framework for councils during the pandemic, with seven councils provided with this support in 2020/21. However, despite the pandemic having finished several years ago, the use of capitalisations to secure financial stability has grown; 29 councils were allowed to capitalise revenue costs in order to set their 2025/26 general fund budgets. Ultimately, this meant that the sector is increasingly reliant on borrowing and/or using capital receipts to support their revenue budgets. This is not a sustainable model. It also means councils are not well placed to cope should there be another pandemic.

5. Incorporating council finances in future pandemic and crisis planning

243. The Government and MHCLG should develop plans for supporting local government finances during relevant crises identified in the National Risk Register with the sector, and should have clear methods for assessing potential impacts and allocating funding, accompanied by clear and consistent communications.
244. MHCLG moved quickly and ultimately responded well in the pandemic in terms of local government finance. However, Government did not have a strategic framework at the start of the pandemic to support councils financially. Early Government messaging on the level of support available to the sector was contradictory and confusing.

Context specific recommendations

245. I also set out below four recommendations in relation to specific themes.

1. Household Support Fund

246. To ensure that households and services are more resilient in the event of another national emergency / pandemic it is recommended that the Government (1) makes preventative community-based services available and (2) integrates financial inclusion with key services including employment and skills, housing, health, welfare rights and debt advice.

247. The LGA has a longstanding ask to put local welfare funding on a long-term footing to enable a more preventative approach to poverty prevention and financial inclusion. The present Government is engaging with councils and the LGA on what a more sustainable approach would look like when the current Household Support Fund ends in 2026.

248. The value of local welfare schemes has been demonstrated in other emergency contexts like local flooding.

2. Test and Trace Support Fund

249. Councils' expertise should be trusted and the long-term role of councils in the welfare system must be properly recognised and adequately resourced to ensure that we can quickly step-up discretionary support to those who need it in the face of any future pandemic or similar national emergency.

250. Many of the problems that arose were exacerbated by the fact that councils' revenues and benefits services, and wider support for low-income residents, had been significantly eroded prior to the pandemic.

3. Public Health Grants

251. DHSC and MHCLG should work with LGA and ADPH to understand what level of funding public health teams need to cope with the immediate and medium response to a similar pandemic and service pressures, as well as work proactively on a long-term settlement to support recovery.

252. A key lesson of the pandemic is that maintaining a well-resourced public health system, including health protection and public health analysis functions, is not a “nice-to-have” but a “must-have”.

Part C: Communication and cooperation

LGA engagement with central government, structures and personnel

253. As previously explained, the LGA engaged extensively with a wide range of government departments in various ways and at various times throughout the pandemic. While impossible to capture the extent of this engagement exhaustively, [APPENDIX B - Government meetings and engagement chronology](#) provides the most detailed chronology that the LGA can provide, illustrating the ongoing and varied nature of the LGA's engagement with the Government during the pandemic, as relevant to local government finance.

Ministry of Housing Communities and Local Government

Local Government Finance Directorate

254. The key people that the LGA engaged with in the MHCLG Local Government Finance Directorate were:

- Alex Skinner (Director);
- Katy Baldwin (Deputy Director, Local Government Finance – Strategy, Revenue and Capital);
- Patrick Flack (Head of LGF Strategy & Resources Team);
- Stuart Hoggan (Deputy Director, Local Government Finance Settlement);
- Suzanne Clarke (job title at the time of the pandemic not known);
- Nick Pelligrini (Business Rates Policy lead, Local Taxation); and
- Nick Cooper (Technical Specialist, Local Taxation).

Other directorates and structures

255. Outside of the Local Government Finance Directorate, the LGA also engaged with the following key people at MHCLG/DLUHC:

- Chris Taylor, (Interim Head of Growth, European Programmes Directorate);

- Emran Mian, (Director General Department for Levelling Up, Housing and Communities);
- Penny Hobman, (Director for Homelessness and Rough Sleeping); and
- Angelica Datta, (Vulnerable Groups, Volunteering and Public Services (Covid 19)).

HM Treasury

256. The key people that the LGA engaged with at HMT were:

- Emma Knott (Deputy Director, Local Government and Reform);
- Tom Wipperman (Deputy Director, Local Government Reform); and
- Richard Curtis (Local Government Spending Principal).

Department of Business and Trade (“DBT”) / Department for Business, Energy and Industrial Strategy

257. The key people that the LGA engaged with at the Department for Business and Trade / Department for Business, Energy and Industrial Strategy were:

- Tony Bray (Deputy Director – Local Economies Contingency Team, Cities & Local Growth Unit);
- Jenny Dibden (Co-Director Cities and Local Growth Unit);
- Simon Jones (Policy Manager – Policy Directorate, Cities and Local Growth Unit);
- David Malpass (Deputy Director – Cities and Local Growth Unit);
- Jessica Skilbeck (Director, Energy Efficiency & Local, NZBI & COVID Business Grants);
- Stephen Jones, Director, Cities and Local Growth Department for Business, Energy and Industrial Strategy (BEIS); and
- Ana Osbourne (Director, Business Grants and Investment).

Department of Work and Pensions

258. The key people that the LGA engaged with at DWP were:
- Clare Elliott (Deputy Director Local Authority Partnership and Engagement (LA-PED));
 - Darren Baker (LA-PED);
 - Geoff Hawker (Head of European Social Fund Division); and
 - Emma Kirkpatrick (Head of the European Social Fund Managing Authority).

Department for Environment, Food and Rural Affairs

259. The key people the LGA engaged with in Defra on the £63 million fund to support people with help affording essentials were:
- David Kennedy (Director General, Food, Biosecurity and Trade);
 - Joseph James (Policy Lead);
 - Tamsin Cooper; and
 - Lucy McMahon.

Department of Health and Social Care

260. The key people the LGA engaged with in DHSC on Test and Trace Support payments were:
- Bilal Sameja (Head of Cross-Government Policy and Engagement);
 - Will Wood (Policy Lead Test and Trace Support Payment Scheme); and
 - Tony Thomas (Deputy Director, Contact Tracing and Self-Isolation Policy).

Department for Education

261. The key people that the LGA engaged with at DfE in relation to the economic response were:
- Sophie Langdale and Fran Oram (Directors, Children's Social Care);

- Graham Archer (Director of Children’s Social Care, Improvement and Learning);
- Joanna Mackie (Deputy Director, Early Years Strategy and Entitlements); and
- Adrian Gough (Schools stakeholder team).

Department for Culture, Media, and Sport

262. The key people that the LGA engaged with at DCMS were:

- Sheila Bennet (Head of Libraries Strategy); and
- Adam Conant (Head of Sport).

Sport England

263. The key people that the LGA engaged with at Sport England were:

- Kevin Mills (Director of Capital Investment);
- Emma Bernstein (Strategic Projects Lead); and
- Ruth Alleyne (Strategic Lead Local Learning and Improvement Hub).

Arts Council England

264. The key people that the LGA engaged with at Arts Council England were:

- Laura Dyer (Deputy Chief Executive);
- Paul Bristow (Director of Strategic Partnerships); and
- Sue Williamson (Director of Libraries).

Visit England

265. The key person that the LGA engaged with at VisitEngland was:

- Anke Monestel (Head of Strategic Partnerships).

The role of MHCLG/DLUHC in facilitating local government involvement in the economic response

266. Early on during the pandemic, civil servants in the MHCLG Local Government Finance Directorate brought together a group of chief finance officers from local government (over 20 different councils) and officers from local government representative bodies (including CIPFA, the County Councils Network, DCN, the LGA, London Councils, and the Special Interest Group of Municipal Authorities (“**SIGOMA**”)), to help them understand the impact of the Covid-19 pandemic and lock down on council finances.
267. These meetings started on 19 March 2020 and initially took place twice a week. During April, the meetings moved to weekly. At the end of April, MHCLG established meetings with a smaller group of councils and the LGA (typically the president of each treasurer society and the President of the Association of Local Authority Treasurer Societies).
268. Civil servants used these meetings to gather information, aid their understanding and get feedback on proposals and work, for example a survey of councils to assess the impact of the pandemic on council finances.
269. As issues came up that were relevant to other Government departments, MHCLG would invite civil servants to those meetings to have conversations about the impacts on other services and costs and income, and for other departments to share their thoughts and plans. No formal minutes of these meetings were sent to the LGA.
270. In relation to economic recovery, MHCLG established a Ministerial Economic Recovery Group (“**MERG**”) supported by an officer group (the official’s first met on 21 April 2020). This was a forum to discuss short, medium, and longer term options to help the economy. These groups were intended to be cross departmental and a range of ministers from other departments did attend.
271. A number of papers were presented to this group from the local government sector. Task and finish groups were established by the officials’ group and these produced reports that were subsequently sent to ministers. The MERG meetings also led to the Chairman of the LGA writing to Minister Clarke on 7 May 2020 summarising some of the key changes that local government wanted to see to support local economic recovery. It was difficult to see how the Government was

using the material provided by the LGA. There was a lack of transparency and in most cases the suggestions for policy and process change around economic recovery were not taken on.

Housing and homelessness

272. On homelessness and rough sleeping, MHCLG's ability to facilitate involvement of local government was varied.

273. Alongside political correspondence and meetings, there was regular engagement at official level; LGA officials met their MHCLG counterparts fortnightly, and in early June 2020 the LGA CEX attended the Rough Sleeping Advisory Panel meeting. LGA officers also attended the local authority homelessness discussion group which, following our discussions with them highlighting council feedback and the need to engage, was set up by MHCLG to feed into the workstream on rough sleeping being led by Dame Louise Casey (Chair of the Government's Rough Sleeping Taskforce, which was tasked with ensuring the positive impact of getting rough sleepers into safe accommodation could be sustained in the longer-term).

274. On 9 June 2020, the LGA Chairman met with Dame Louise, again to raise key concerns around a lack of clarity from Government (**Exhibit JK5/090, INQ000547086**). This was a period of significant uncertainty around councils' ability to continue to provide support to people accommodated under 'Everyone In'.

Children and Young People

275. In relation to children and young people, MHCLG's facilitation of local government involvement was generally positive. For example, MHCLG insisted on the LGA being consulted as part of the new burdens process for the extension of early years provision to two-year-olds in families with no recourse to public funds, which led to councils receiving funding where DfE had initially planned not to fund this new burden.

Culture, tourism and sport

276. On culture, tourism and sport, the LGA had limited engagement with MHCLG officials on specific issues – such as elements of the scope of business grants, and parks policy/funding respectively. This also applied to HMT.

277. The LGA's engagement on behalf of council culture, tourism and sport services was primarily with the DCMS (as it was then). Each service area had working groups

– our primary engagement was with the libraries, museums, and sport, and tourism teams (and respective ministers). We also engaged closely with DCMS arms-length bodies, such as Arts Council England, Sport England, and VisitEngland.

Public Health Grants

278. MHCLG did not play a role in relation to public health grants. At a national level, LGA and partner organisations worked regularly with DHSC and PHE colleagues. At a regional and local level, councils via their directors of public health worked closely with PHE Centres prior to, and during the pandemic.

European Funding

279. The existing governance structures for the ESIF facilitated MHCLG engagement with local authorities around the design of the ERDF funding schemes.

Sharing information, data, and economic analysis between local and central government

Introduction

280. To the extent not already covered above, I will expand on the LGA's experience of Government's sharing of information, data and economic analysis with the local government.

281. Information sharing was sufficient in relation to the meetings with civil servants in the MHCLG Local Government Finance Directorate. In relation to DBT/BEIS it would have been better if they had shared more data – for example, the methodology for the initial allocation of payments to billing authorities for the first two business grants. DBT / BEIS regularly [published performance data](#) on the value of grants individual councils had paid compared to the allocations made to them. The basis of the allocation was not shared and the performance data was based on estimates, which were later adjusted. This caused additional problems for councils in needing to explain their performance.

MHCLG – Information sharing

282. In April 2020, civil servants in the MHCLG Local Government Finance Directorate designed a survey to gather information from councils on the following areas:

- Total Expenditure due to Covid-19
- Total non-tax income losses due to Covid-19
- Expenditure due to Covid-19 by service
- Non-tax income losses due to Covid-19 by source of income
- Income changes from 2021-22 budget forecasts by source of income (including tax)
- Allocation of (recent / specific) Covid-19 grant funding to individual service areas
- HRA income losses due to Covid-19
- HRA expenditure due to Covid-19
- Percentage of adult social care expenditure due to Covid-19 going to external care providers

283. The national output from all 20 rounds of survey was published by MHCLG (**Exhibit JK5/006 – INQ000547089**, MHCLG research and analysis updated 12 August 2022 “Local authority COVID-19 financial impact monitoring information”).

284. The data was collected on Delta, the online system provided by MHCLG to facilitate the collection of statistical data and the administration of grant applications, so we do not have access to the final questionnaire. The survey may also have been modified during the period it was collected but as this was on Delta, we do not have access to this. MHCLG will be able to provide this. The draft survey was shared at various points with those who attended the group referred to above for their comment.

285. The LGA let councils know when the survey needed to be completed and reminded councils of approaching deadlines. This helped with response rates to the survey.

286. This data was collected by MHCLG monthly from April 2020 to June 2021 and then every two months until March 2022. All the data was shared with the LGA. There were some restrictions on what we could do with the data, particularly at first, when there was some missing data. For example, MHCLG asked us not to publish the data at regional level due to some issues with the reliability of this data in the

early stages of the collection (**Exhibit JK5/091 – INQ000547134**, email chain dated 30 April 2020 between LGA and MHCLG re the use of survey data). It also asked us not to publish individual local authority data. MHCLG published the data at a national level.

287. The LGA commissioned work during the period covered by the Inquiry. This included -

- IFS – three reports covering different aspects of financial impact of Covid-19 on councils (**Exhibit JK5/092 – INQ000547020**, Phase 1 report (August 2020); **Exhibit JK5/093 – INQ000547021**, Phase 2 report (September 2020); and **Exhibit JK5/094 – INQ000547041**, Phase 3 report (February 2021) reports).
- LGA and LG Futures report (July 2020) "The financial implications of COVID-19 for local government: Council Tax and Business Rates summary" (**Exhibit JK5/095 – INQ000547144**; see also **Exhibit JK5/096 – INQ000547084**, for the LGA's announcement and summary of this report).

288. These were shared with MHCLG. As described above, the other way that the LGA passed on information and concerns to central government was by sharing concerns and issues raised with us from meetings with, and correspondence from, councils during the regular meetings with MHCLG, DBT/BEIS and other meetings and via email.

Culture, tourism and sport

289. As discussed above in the section on culture, tourism and sport under Ringfenced grants for specific purposes, the LGA attempted to share data and concerns with central government via letters but, due to the Government not responding, this was not effective. As the pandemic progressed, the LGA joined daily or weekly working groups for various service topics. Overall, in relation to culture, tourism and sport, the LGA regularly found things out last minute. A lot of analysis by DCMS, and particularly HMT, was never shared and therefore could not be challenged or interrogated, however wrong it appeared.

Comparing information-sharing prior to and during the pandemic

290. The sharing of information between MHCLG and the LGA improved significantly compared to prior to the pandemic. During meetings between central Government and local government, MHCLG invited civil servants from relevant Government departments to discuss issues relevant to those departments. Other than that, we were not part of interdepartmental discussions so cannot comment on how interdepartmental relations changed compared to prior to the pandemic.

291. Engagement with BEIS/DBT also increased compared to prior to the pandemic. In the early period, information such as drafts of guidance was shared with the advisory group (initially known as the Small Business Grants Advisory Group (see “Part D: Covid-19 Business Support Grants”). From May 2021 to December 2022, the LGA had access to full programme minutes and documents as a member of the Grants Programme Board (for more detail, see the section below, “**Error! Reference source not found.**”).

A retrospective review of joint working between local and central government

292. As has been touched on already in this section, the efficacy of the systems and structures in place to facilitate joint working between local and central Government varied drastically. Central Government did not take a consistent approach to communication and cooperation across departments or across the different types of funding and grants.

293. The LGA considers that the systems and structures to facilitate joint working with the Local Government Finance Directorate in MHCLG worked well. They were effective in relation to the meetings and data sharing, particularly in relation to the cost pressures and income losses councils were facing. MHCLG used the meetings and data from the survey they collected to help them to obtain additional funding for councils.

294. With respect to the systems and structures with BEIS/DBT, the department built on relationships with local government and MHCLG to establish an informal advisory group. A more formal structure was put in place in 2021.

295. In contrast, for example, the LGA considers that systems and structures to facilitate joint working between local and central government in relation to culture, tourism and sport were largely ineffective. The systems mostly had to be invented rapidly because there were no existing mechanisms or engagement processes in place. One of the more positive legacies of the pandemic is that some of these have

continued – such as for libraries and museums – but the systems for sport and tourism have dropped off.

296. There are many other examples of this nature throughout my statement, with the LGA and local government often only finding out information or being brought in to consult at the very last minute. This caused significant stress and frustration for councils having to react to constantly changing information relating to the Government's economic response.

297. This was representative of a general impression across the local government sector that, while central government did work hard to try to set up systems and structures to work with local government once the pandemic began, this was a reactive process. As the Inquiry has already heard many times throughout the modules, and repeatedly from the LGA, this was in large part caused by a lack of preparedness from central Government before the pandemic began.

Cooperation and discussions between local and central government

Introduction

298. Throughout my statement, I shall show that the LGA and local government, at times, found cooperation with Government to be *ad hoc*, informal and lacking transparency. The LGA is not able to determine whether this was caused by some departments favouring local leaders and local authorities.

299. For those reasons, I set out in the remainder of this section a comment on the processes of discussion between local and central government. The following paragraphs should not be read as anything other than a general description of some of the ways in which discussions took place during the pandemic.

General comment

300. As referred to above, there were regular meetings with civil servants in the MHCLG Local Government Finance Directorate, chief finance officers and the LGA, for MHCLG to gather information on the issues affecting local government and to test out some ideas including, for example, gathering feedback on the survey they were designing. These were not negotiations.

301. Chief finance officers attending these meetings were representing the treasurer societies they were/are a part of. This was typically in the role of president of each

treasurer society, and when the president of a society changed the representative on the group tended to change to be the new president (typically from a different authority).

302. Contacts with BEIS/DBT initially relied on networks of local taxation specialists who formed advisory groups for the different business grants (initially called the Small Business Grant Advisory Group). In May 2021 the LGA was invited to nominate a representative to the COVID-19 LA Grants Programme Board. Mike Heiser (Senior Adviser, Finance) as the policy specialist on the business grants within the LGA, was nominated and served as a member of the Grants Programme Board until December 2022 when the Board ceased to meet. Eugene Walker (Sheffield City Council), Ian Davison (Tendring District Council), and Kevin Stewart (Mid-Sussex District Council) also served as Programme Board members. The LGA has not heard any concern from councils that particular local authorities were favoured.

Household Support Fund

303. In the early days of the work on homelessness and rough sleeping, the LGA had to rely on existing contacts who had, for example, applied to be part of the LGA's reshaping financial support work. Therefore, initial discussions may not have involved fair representation from all councils. However, the LGA worked with Defra to get a wide and representative group of councils into the discussion as early as possible, including both counties and districts in discussions of which level the allocations would go to.
304. DWP hosted all council calls and worked closely with LGA to get information out through LGA bulletins. The LGA issued a survey to all councils to seek views on continued support and engaged with a wide range of councils throughout (**Exhibit JK5/097 – INQ000547125**, LGA report (March 2021) "Reshaping financial support survey"). Response rates were low due to the pressures on councils during this period.

Test and Trace Support Fund

305. The officials that the LGA worked with in DHSC, DWP, MHCLG, Cabinet Office, Defra and others in relation to test and trace support were largely receptive to proposals for all-council calls and were prepared to work with the LGA through all of its networks and communication channels to engage councils as widely as possible.

However, this might be difficult to achieve fully when, for example, the LGA was contacted by an official in a Government department an hour or two before they wanted to set up a meeting.

Culture, tourism and sport

306. In relation to culture, tourism and sport, the LGA brought in local authorities that were available or had a particular view as needed. However, the LGA did encounter one issue on parks with Middlesbrough Council where the MHCLG Minister was the local MP – it was the only council that closed every park, and this initially informed MHCLG's approach to the issue.
307. The LGA's engagement with council parks contacts was able to demonstrate that more individual risk assessments were being used to shut individual parks and facilities at higher risk, with the majority remaining open. MHCLG was proactive in its engagement in exploring the issues, and this showed how the LGA and central government could collaborate on issues.

Concerns over leadership and decision-making across economic policy

Introduction

308. In Module 2, Mark Lloyd the former CEX of the LGA, said in LGA/ML/M2 (INQ000215538) at [247] -

“Shared responsibility and a lack of clear leadership between ministers in DfE, DEFRA, DWP and Number 10 (as well as HMT and Cabinet Office) led to inconsistent decision-making. Consequently, and despite the best efforts of civil servants, announcements on the timing and purpose of funding for councils to help residents with food and or financial hardship were often last minute and contradictory.”

Further examples and their impact

Grants to business and business rates reliefs

309. In relation to grants to business and business rates reliefs, the LGA's perception is that HMT decided the policy and then passed it to DBT/BEIS (for the business grants) and MHCLG (for the reliefs) to implement.
310. It was at this stage that, as described in Part D, the implementing departments reached out to the LGA and billing authorities. So, the concerns were less about a lack of leadership and more about the fact that the Treasury did not have sufficient

information about the ability of local government to deliver when deciding policy or announcing criteria. This limited local government's ability to target.

311. The effect of this was that Government did not know how much information billing authorities had about businesses and underestimated the gaps, as billing authorities did not have sufficient information about those who did not pay business rates, either because they were tenants, received 100% small business rates relief or were barred by statute from receiving relief.

312. In relation to limiting local government's ability to target it meant, that, according to feedback from member councils, the business grants were being distributed to businesses which were being impacted less than others. An example of this is Omicron Hospitality and Leisure Grant. For further detail, see Part D, Feedback.

Test and Trace support payments

313. The key issues with the test and trace support payments were:

- Refusing to fully fund the discretionary support element, despite mounting evidence of genuine demand and significant pressures on councils;
- silence over the festive period on how / whether this would be resolved, while councils were dealing with the peak in people requesting help;
- leaking of the options; and
- sudden and significant change in funding and policy after the peak had passed.

314. It was clear that this was in part due to an inability to respond quickly and effectively to councils' concerns and evidence and difference in position between DHSC and HMT. HMT then wanted councils to prioritise speed of payment, which differs from our longstanding commitments with DWP to preventing fraud and error.

Culture, tourism and sport

315. There was inconsistent messaging and communication from different parts of Government. Chris Witty outlined that being active was one of the best protective measures that could be taken (**Exhibit JK5/098 – INQ000547141**, Sports Management article dated 17 April 2020); but when the urgent need for funding to support leisure centres with their high ongoing costs was raised, the initial feedback

from HMT said being active was a lifestyle choice and not a priority for funding. This was shortly before the 'Eat out to help out' scheme was launched.

316. Ultimately, after significant lobbying by the LGA, UKactive, SportEngland and other sector partners, funding was made available through the National Leisure Recovery Fund. However, this illustrates that decision making in government was not joined up. Generally, councils had to try to reprioritise their own funding and then backfill once the LGA and/or councils convinced Government that they needed support (e.g. national leisure recovery fund).

Children and Young People

317. In the case of early years' provision, conflicting advice from DfE and HMT caused significant difficulties for settings, and a lot of extra work for councils who were trying to distribute funding appropriately and advise local settings. On 17 March 2020, DfE advised that it would continue to pay funding to councils for free entitlements (hereafter referred to as "**DSG funding**") for two, three and four-year olds with the expectation that this would be passed through to early years providers even if they closed (**Exhibit JK5/099 – INQ000541153**, DfE media release).
318. This early clarification was welcome and provided assurance for providers to make informed decisions about their businesses. However, DSG funding only covers part of a providers' costs, with the rest coming from parent paid fees and other sources (**Exhibit JK5/100 – INQ000547038**, DfE report (April 2019) "early years providers cost study 2018"). Parent fees cover a significant proportion of provider income, especially for private and voluntary providers and childminders, which provided 58% of funded two-year-old places and 38% of funded places for three and four-year olds nationally (**Exhibit JK5/101 – INQ000547039**, DfE statistics "Education provision: children under 5 years of age, January 2019"). This income fell significantly as parents rightly kept their children at home wherever it was safe to do so.
319. Financial concerns for settings were compounded by an announcement on 17 April 2020 that early years settings could not access the Coronavirus Job Retention Scheme ("**CJRS**") in full; rather, they could only access this for the proportion of their payroll that could be said to be privately funded. This announcement came despite previous DfE guidance stating (**Exhibit JK5/102 – INQ000547044**, Letter from the LGA to Vicky Ford MP dated 1 May 2020):

“The Coronavirus Job Retention Scheme means that for employees who are not working but kept on payroll, the government will contribute 80% of each worker’s wages of up to £2,500, backdated to 1 March 2020. Settings can access this scheme while continuing to be paid the early entitlements funding via local authorities.”

320. Many settings made business decisions to close based on the understanding that they could access both DSG funding and the CJRS for 80% of their entire paybill. While the LGA understands the reasoning that no organisation should receive duplicative public funding – in this case, salaries should not be funded by both DSG and CJRS – this change in guidance put some early years settings at severe financial risk and meant many who had made decisions based on the original guidance found their business plans were no longer viable.

321. The LGA understands that the DfE considered the revised guidance to be a clarification rather than an amendment, as HMT guidance had already stated access to the CJRS would only be where it would not duplicate other public funding. However, it was unrealistic to have expected providers to check both DfE and HMT guidance. It would have been more appropriate to ensure the DfE guidance was consistent with the HMT guidance, for example by highlighting that there may be conditions or caveats for early years settings accessing the CJRS.

322. This lack of consistency generated extra work for already exceptionally busy teams and made it more difficult to plan locally for the delivery of Government plans for early years provision during lockdowns.

European Funding

323. There was a lack of a consistent approach across government to using ESIF funding. As has been previously mentioned MHCLG worked closely with local government on the design and implementation of the ERDF. DWP did not take the same approach and as a result very little of the funding that was potentially available through the ESF was used to provide economic support.

The tension between economic policies devised at the centre and on the ground

Introduction

324. In Module 2, Mark Lloyd the former CEX of the LGA said in LGA/ML/M2 (INQ000215538) at [17] –

“Councils were able to devise solutions that were effective “on the ground,” precisely because they knew best how things could be made work in their communities. Many aspects of the response that were dictated from central government — from shielding, to test and trace, and volunteering schemes — demonstrated the problems in trying to design, control and manage from the centre, activities that required local responses to widely differing community-based challenges.”

Business grants and business rates reliefs

325. In general terms, as described in the previous section, Concerns over leadership and decision-making across economic policy and in Part D: Covid-19 Business Support Grants, most business grants and business rates reliefs had eligibility criteria which were set in advance. This meant that any discretion which local government had was mostly limited to determining the extent to which particular businesses fell within guidance issued by BEIS/DBT or MHCLG if they were to qualify for Government funding. Business grants or reliefs where local government had more discretion accounted for a minority of the total and were determined at a later stage and following feedback.

Children and Young People

326. The rules around the CJRS meant that any early years worker whose job was covered by this was not allowed to do anything that could be considered ‘work’ for their employer. However, councils and early years providers highlighted that it would have been helpful to allow early years workers to remain in contact with children and families to provide support and advice, supporting both child development and safeguarding.

327. Councils and schools highlighted significant concerns regarding the operation of the DfE’s national free school meal voucher scheme, which was provided by Edenred (**Exhibit JK5/103 – INQ000547054**, Feedback document "AD EDUCATION NETWORK: Issues with the Edenred FSM voucher system"]).

328. Specific issues raised with the LGA included, school staff having to log on late at night to be able to access the system, that the instructions on how to print vouchers for specific supermarkets were not clear and parents were not clear what to do with the vouchers once they had been emailed. Councils also raised concerns about the range of supermarket chains that had signed up to participate in the national voucher scheme, with an uneven geographical spread of shops making it

much more difficult for parents and carers to access the scheme in some areas.

329. In some instances, problems printing or receiving vouchers meant that schools had to make alternative arrangements to continue to provide free school meals. This was later reimbursed but clearly placed an extra burden on schools at the time.
330. Councils worked with schools to try to support children in need who were not attending school, both to limit the impact on their education and to ensure that they were safe. In terms of education, councils raised concerns that many children in need did not have good access to a computer or other device for online learning (for example, in households with one computer for the family), or to an internet connection.
331. Work by the DfE to provide vulnerable children with devices to enable online learning was welcome, however putting in place a national procurement programme clearly took time, and devices were unavailable for a significant period after children stopped attending school, with a significant impact on learning for those children. We believe a more localised solution, with councils procuring devices and being reimbursed by the Government, would have been a quicker and more effective solution.
332. On 28 April 2020, DfE issued guidance, "Use of free early education entitlements funding during coronavirus (COVID-19)" highlighting that councils could use their DSG funding differently during the Covid-19 outbreak to ensure that children of critical workers and vulnerable children could continue to access their early education entitlements (**Exhibit JK5/104 – INQ000547156**). The guidance outlined that in exceptional circumstances, councils could move funding from closed providers to open ones, to ensure ongoing sufficiency.
333. While local flexibility is always welcome to help councils to respond to local need, this change from the initial advice caused further confusion and concern to early years providers.
334. The guidance emphasised that if councils were to consider using the flexibility, they should consider not only the short-term provision of childcare places, but the longer-term sustainability of the setting funding was being removed from and the local childcare market more broadly.
335. However, DSG funding was moved around, there was insufficient money in the

system both to help those providers who remained open and to protect those who closed. The LGA called on the Government to provide additional funding to make sure that no provider lost out financially for taking appropriate business decisions at the time (see **Exhibit JK5/102 – INQ000547044** letter dated 1 May 2020 from LGA to Vicky Ford MP, Parliamentary Undersecretary for Children and Families; and **Exhibit JK5/105 – INQ000547047** email chain (including attachments) dated 19 April 2020 between LGA and Joanna Mackie, Deputy Director Early Years Strategy and Entitlements outlining LGA's concerns with the approach. The attachments are exhibited as **JK5/106 – INQ000547037** and **JK5/107 – INQ000546978**).

Problems caused by minimal notice of government policy

Introduction

336. In Module 2, Mark Lloyd the former CEX of the LGA said in LGA/ML/M2 (INQ000215538) at [249] –

“Councils were required to give effect to many of these schemes with very minimal notice and rapid timescales for implementation. In all cases they entailed extensive and intensive collaboration between councils, LGA and Government officials, which often had to happen at pace after a public announcement had been made. They were also often subject to considerable shifts in policy”

337. As discussed in the answers to Part D: Covid-19 Business Support Grants, local government was required to implement schemes of grants to businesses with minimal notice. From the outset, there was pressure from ministers for fast distribution of grants to businesses, even if that meant not carrying out pre-distribution counter fraud checks. This was particularly the case for the first cohort of grants in 2020.

Further examples

338. Further examples of times when councils had to implement schemes at short notice are discussed above in Part B in the section Ringfenced grants for specific purposes, particularly in relation to:

- The household support fund and revisions to the guidance;
- test and trace support payments scheme; and

- accommodating people experiencing homelessness and support for those with NRPF.

339. It is worth noting here, as I have highlighted in response to several other questions, that with proper pre-pandemic planning many of the issues associated with implementing schemes at short notice could have been reduced. Key issues with implementing schemes with minimal notice included:

- On occasion the selection of sub-optimal options for providing support which did not provide the support needed, were impractical or burdensome to implement and increased the cost of delivering the schemes to the public purse.
- Uncertainty over the duration of the schemes, lack of clarity over what costs central Government would cover, and shortfalls in councils' income compared with costs.
- Lack of knowledge of local authorities and local government by those designing the schemes so that on occasion councils struggled to access funding.
- Lack of time to identify data and information gaps relating to a scheme which would impact on its delivery.
- Times when councils may have only been informed of a scheme at the same time as the public meaning they were unable to provide answers to local businesses and residents about eligibility and other criteria..
- Limited time to address the risk of fraud and abuse in delivering schemes.
- The need to often amend schemes and guidance due to issues with their design and how they were implemented.
- Additional pressures being placed on councils' staff at a time when they were already very busy.

Part D: Covid-19 Business Support Grants

Introduction to the Business Support Grants

340. The Covid-19 Business Support Grants Schemes administered by local authorities in England during the pandemic and, in particular, between March 2020 and December 2021 were as follows -

A - Cohort 1 (March 2020 – August 2020): The Small Business Grants Fund (“**SBGF**”), The Retail, Hospitality and Leisure Grant Fund (“**RHLGF**”), The Local Authority Discretionary Grant Fund (“**LADGF**”)

B - Cohort 2 (October 2020 – March 2021): The Local Restrictions Support Grants (“**LRSB**”), The Christmas Support Payment (“**CSP**”), The Additional Restrictions Grant (“**ARG**”)

C - Cohort 3 (April 2021 – March 2022): The Additional Restrictions Grant (“**ARG**”), The Restart Grant, The Omicron Hospitality and Leisure Grant (“**OHLG**”).

341. .

342. Over the two years beginning in March 2020, using funding from Central Government, billing authorities distributed £22.6 billion of payments to businesses. Billing authorities were responsible for identifying eligible businesses in their areas and paying grants to them, making 4.5 million payments over the course of the pandemic (**Exhibit JK5/108, INQ000547088**, table of business grants attached to written evidence submitted by the LGA (May 2023)).

343. The first grant, the SBGF was originally announced in the Budget on 11 March 2020 where it was stated (at paragraph 1.101) that the Government would provide funding for local authorities to provide grants for businesses which were currently eligible for Small Business Rates Relief or Rural Rate Relief, to help meet their ongoing business costs (**Exhibit JK5/109, INQ000236913**). This level was increased in an announcement on 17 March 2020 and a further scheme, for RLHGF, was announced (**Exhibit JK5/110, INQ000585858** Speech on 17 March 2020 “Chancellor of the Exchequer, Rishi Sunak on COVID19 response”).

344. Overall, there were eight business grant schemes over the period. The LRSB had eight sub-schemes.

345. Two of the grants were discretionary (although also subject to guidance); these were the LADGF and the ARG (see **Exhibit JK5/108, INQ000547088**, table of business grants attached to written evidence submitted by the LGA (May 2023)). They accounted for just 12% of the grants by value. Ninety-seven per cent of these grants were paid out, compared with an average of 83% for those grants where the criteria were decided centrally.
346. In each case, HMT determined the high-level eligibility criteria, the quantum of support and made the initial announcement for each grant. There was little or no involvement of local government in this. In many cases, including the initial announcements on 11 and 17 March 2020, the first that billing authorities heard about the eligibility criteria and what they were expected to pay out as grants was when the Government made a statement to the press. This put additional pressure on billing authorities, and their revenue staff, as they had to field requests from potential grants recipients without sufficient information or guidance to answer queries.
347. As stated in LGA/ML/M2 (INQ000215538), quoted below, the LGA was not consulted on the decision to use billing authorities to distribute grants, but once it was aware that the grants would be administered through billing authorities it worked with officials in BEIS to set up an advisory group aimed at influencing the implementation of the grants.
348. Convened by BEIS and based upon an existing business rate group with some additions, the advisory group was made up of officers from the LGA, CIPFA, other local authority groupings, and representatives of relevant council officers including chairs of the local authority user groups for the software companies for business rate administration. The first of the meetings took place on 18 March 2020, the day after the Chancellor's speech on 17 March.
349. The advisory group met regularly and reviewed issues and commented on updates to guidance. It remained in existence for 2020 and covered these grants and further grants which were subsequently announced such as the LADGF and the LRSG. More formal governance arrangements were set up during 2021 and the LGA and some billing authorities were invited to join a Programme Board managed by BEIS. This covered the period of the Restart Grant, the ARG and the OHLG (see paragraph 2.14 of **Exhibit JK5/111, INQ000578213**, NAO report dated 24 March 2023 "COVID-19 business grant schemes").

350. The initial priority was to get guidance out to billing authorities and the advisory group commented on various drafts of the guidance. The guidance was first published on 24 March 2020 and was subsequently revised several times (for further detail, see the section below, DBT guidance for schemes. Further grants also had numerous versions of the guidance (see **Exhibit JK5/108, INQ000547088**, table of business grants attached to written evidence submitted by the LGA (May 2023)). The most complicated grants, the LRSG had 30 different versions of the guidance for all the sub-schemes.
351. Guidance for the schemes was frequently published with a delay of 10-15 days after grants were announced. This was particularly the case for the second cohort of schemes which were more targeted to particular areas. This put additional pressure on billing authorities, and on their revenues staff, as they had to field requests from potential grants recipients without sufficient information to answer queries.
352. BEIS involved the LGA and some billing authorities informally in commenting on drafts of guidance, but local government did not have an input into deciding criteria. At times, the LGA received feedback from some councils who felt the criteria meant that councils were compelled to distribute grants to some sectors who they felt were not in the most need; this was the case, for example, for the OHLG.
353. Billing authorities found themselves under pressure from businesses and ministers to pay out grants and they could not do this until the guidance was published. In addition, guidance documents frequently had to be revised and supplemented by 'frequently asked questions' documents. This also added to the difficulties of administration for billing authorities.
354. From May 2020 onwards, BEIS regularly published figures showing the performance in distribution of the various grants by billing authority (see **Exhibit JK5/108, INQ000547088**, table of business grants attached to written evidence submitted by the LGA (May 2023)). This could be misleading as the initial grant distributions were based on estimates which in some cases were later adjusted although the adjustments were not shown in the published tables.
355. According to figures collected by BEIS from billing authorities and reported in the report from the PAC, two months after guidance publication, £9.9 billion had been paid out: 89% of the final amount (see paragraph 2.5 of **Exhibit JK5/111**,

INQ000578213, NAO report dated 24 March 2023 “COVID-19 business grant schemes”).

356. From the outset, there was pressure from ministers for fast distribution of grants to businesses, even if that meant not carrying out pre-distribution counter fraud checks. Speed of distribution was to be prioritised over accuracy and probity. This was particularly the case for the first cohort of grants in 2020.

357. According to the NAO, 90% of the estimated £1.1 billion fraud and error occurred in the first cohort of schemes in 2020. The level of fraud and error went down from 8.4% for the first cohort of schemes to 0.5 to 1.6% for schemes in the second and third cohort, respectively. BEIS/DBT’s best estimate of the split between fraud and error is that 17% by value was fraud and 83% was error (see paragraph 2.18 of **Exhibit JK5/111, INQ000578213**, NAO report dated 24 March 2023 “COVID-19 business grant schemes”).

358. BEIS prioritised delivery of the schemes as opposed to assurance and recovery. For example, the guidance on assurance and debt recovery was only published in November 2021, 18 months after the initial cohort of schemes. We also heard from councils that the procedure for assigning uncollectable debts was unnecessarily bureaucratic, for example councils had to sign a Debt Assignment Agreement.

359. Most of the delivery of grants was carried out by revenues teams in billing authorities. This was a considerable administrative burden for these teams which lasted the two years that the grants were in effect. BEIS paid £142 million New Burdens money to councils for the costs of delivery of the grants in recognition of this. With what was reasonably available at the time, I am not aware of other types of resources that the Government could have provided to local authorities to better respond to the pandemic. However, at section/paragraphs [350 to 353], I provide more detail on what would have assisted local authorities (primarily, clearer and better thought through guidance from the start).

360. In some cases, billing authorities did not have information to identify businesses initially as their normal role does not include the payment of grants to businesses. Information held is focused on delivery of their statutory functions to collect business rates and council tax. Therefore, billing authorities did not necessarily have, at least initially, the information which BEIS and the Treasury

thought they had. The primary purpose of the information held is to collect business rates from businesses so there was little or no need to hold information to enable payments to be made to other businesses. This was even more likely to be the case where, for example, businesses received 100% small business rate relief and did not have to pay business rates or business that did not need to pay business rates for other reasons.

361. To summarise, the key issues which councils raised with the LGA throughout the delivery of the schemes were:

- The time between the public announcement of the grant and the publication of the guidance introduced unavoidable delays into the process.
- The complexity of the schemes and interpretation of the guidance, which frequently required the guidance to be reissued and supplementary 'frequently asked questions' to be issued.
- The considerable and ongoing administrative burden placed on councils during the pandemic.
- Councils not having information on some businesses such as those in receipt of 100% business rates relief which made the administration of the grants to these businesses more difficult.
- The publication of 'league tables' which were not corrected despite changes in allocations of grant to councils.
- The pressure from ministers for councils to distribute grants to businesses in the context of the above.

Consultation and communication

The first cohort of grants

362. At the Inquiry's request, I repeat paragraphs 163 to 166 of LGA/ML/M2 for Module 2 (INQ000215538):

"The Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund were announced in the Budget on 11 March 2020, with the level of funding being rapidly increased in a statement by the chancellor on 17 March 2020. There were two initially distinct grants, both of which were intended to support businesses with their costs during Covid –

- £10,000 for those who pay no business rates due to 100 per cent small business rates relief,
- and
- £25,000 for businesses in the retail, hospitality, and leisure sectors with a rateable value of less than £51,000.

The LGA was not consulted on this decision, but once it was aware that the grants would be administered through councils it worked with officials of the Department for Business, Energy & Industrial Strategy (BEIS) to set up an advisory group aimed at influencing the implementation of the grants. Convened by BEIS and based upon an existing business rate group with some additions, the advisory group was made up of officers from the LGA, Chartered Institute of Public Finance and Accountancy (CIPFA), other local authority groupings, and relevant council officers including chairs of the local authority user groups for the software companies for business rate administration. The first of the meetings took place on 18 March 2020.

The initial priority was to get guidance out to councils and the working group commented on various drafts of the guidance. The guidance was first published on 24 March 2020 and revised several times.

The Advisory Group met regularly and reviewed issues and commented on updates to guidance. It remained in existence for 2020 and covered these grants and ones which were subsequently announced such as the Local Authority Discretionary Grant Fund and the Local Restrictions Support Grants. More formal governance arrangements were set up during 2021 and the LGA and some councils were invited to join a Programme Board. BEIS also published data on payments by council throughout the period.”

The consequences of government failure to consult the LGA on the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund

The schemes’ design

363. Had the LGA been consulted on the SGBF and RHLGF, the LGA would have fed back that the schemes should have been designed to enable more local decision-making in order to enable targeting of grant payments to better reflect local circumstances. The LGA cannot comment with any certainty on what the impact of this consultation would have been, as it is not knowable as to whether the LGA’s feedback would have been incorporated into the scheme design.

The schemes’ targeting

364. It is likely that if the LGA had been consulted we would have argued in favour of billing authorities’ having more discretion. This might have enabled targeting, although it is likely to have meant that there had to be a decision process within

billing authorities which could have taken longer.

The schemes' administration

365. There could have been more discussions over practical implementation including the effect of using eligibility for business rates relief as criteria for the first two grants. In the event, in most cases, revenues and benefits sections in billing authorities had to administer the grants as well as business rates reliefs and benefits and this caused severe administrative issues. For an example of these issues in relation to Luton Borough Council, see **Exhibit JK5/112 - INQ000547106**, email chain between LGA and Luton Borough Council dated 22 April 2020.

Later cohorts

Notification and clarification of eligibility criteria

366. In all cases, including the discretionary grants (LADGF and ARG), the grant was announced before being discussed with local government. At no point were local authorities or the LGA notified of any details of the schemes or given an opportunity to seek clarification prior to the schemes being publicly announced see **Exhibit JK5/108 - INQ000547088**, table of business grants attached to written evidence submitted by the LGA (May 2023).

Chronology of consultation, and public announcements of commencement, variation or cessation of the grants

367. I refer to [APPENDIX C – Table of business grants](#). The LGA does not have the dates when variations of guidance were issued; this was not always shared with the LGA, and it is not noted in the guidance itself.

Shaping the scheme(s) to local issues

368. Despite its best efforts, the LGA was not able to shape the schemes to respond to local issues facing local government. As the table at Appendix C shows if guidance was shared with the LGA it was a few days before. The only grant that the LGA considers it may have had some success over influencing was the LADGF which responded, to some extent, to issues that the LGA and local authorities had previously raised, including exclusions for the earlier schemes such as non-ratepayers and market traders (see, for example, **Exhibit JK5/113 - INQ000609384**, letter dated 6 May 2020 from MHCLG and BEIS regarding LADGF).

Feedback

369. The LGA was able to feedback issues concerning the implementation of grants at the advisory groups. After a Programme Board was set up in May 2021 and the LGA was invited to be represented, we raised issues directly at the Programme Board and directly to DBT/BEIS senior officials (see, for example, **Exhibit JK5/114 - INQ000546989**, COVID Business Grants Programme Board Minutes on 31 January 2022).
370. The Government's receptiveness to such feedback depended on how discretionary the scheme was. For example, the LGA became aware of issue/s with the implementation of the OHLG (see, for example, **Exhibit JK5/115 - INQ000547117**, email from LGA to Cllr James Jamieson dated 4 January 2022 re eligibility for OHLG). On this occasion the LGA considers that there was no receptiveness to feedback because the DBT/BEIS stated that they were "...pushed to get the schemes off the ground quickly, over the holiday period which was challenging..." and went on to point to the ARG as giving flexibility, whereas members were asking for flexibility in OHLG. See email exchange with Anastasia Osborne, then Programme Director in January 2022 (**Exhibit JK5/116, INQ000543800**)
371. Feedback from local government sometimes led to guidance being changed to improve implementation of the grants. While the LGA did not have insight into internal decision making around the grants, the LGA's/councils' feedback on local government implementation issues may account for the multiple versions of the guidance for some of the grants.
372. For example, in March 2020 feedback led to changing the guidance for the SBGF/RHLGF grant – the guidance was updated so eligibility for the grant related to the eligibility for retail discount, not being in receipt of retail discount.

Scheme Design

The LGA's role in the design of the grants

373. The LGA had no direct role in the design of the grants. Any role it had related to informal consultation and feedback mechanisms, which is discussed above.

The degree of connection between national policy and local implementation

374. In the LGA's experience there was a disconnect between national policy objectives and local implementation. This was particularly the case for grants where councils had no discretion such as OHLG as opposed to those where they had more discretion such as the LADGF and the ARG.

375. For example, at the Grants Programme Board on 31 January 2022 one council commented (**Exhibit JK5/114, INQ000546989**)

"...that the eligible business types were not clear to LAs and that many LAs have only a small front-line team working on the grants. This combined with no discretion in the OHLG scheme, and the assurance and reconciliation work presented additional challenges" and that "some LAs had spent all previous ARG allocation and the relatively small ARG third top up sums was more difficult for LAs to spend given the relatively small sums businesses would receive."

376. Distribution of the grants was impacted in that (**Exhibit JK5/108, INQ000547088**):

- The discretionary grants which represented only 12% of grants had a distribution rate of 97%.
- The non-discretionary grants, which represent 88% of all grants paid out by value, had a lower distribution rate (83%). Some of the distribution rates for individual grants were lower, for example only 72% of the OHLG was distributed.

377. This could lead to the conclusion that a higher proportion of discretionary grants would have led to more being paid out.

Evolution in the approach to local implementation and operational considerations

378. The approach to local implementation and operational considerations changed as set out below.

379. Over the lifetime of the various schemes there was more stress by DBT/BEIS on assurance. For example, the assurance guide for the first two schemes was sent

to billing authorities in June 2020, two months after the launch of the scheme. In some of the later schemes, there also had to be evidence that the business had been forced to close due to restrictions then in force (see page 14 of **Exhibit JK5/117 - INQ000547005**, BEIS Guidance for Local Authorities "Covid-19 Business Grant Funding Schemes Assurance" dated 6 April 2022). There was also more pre-checking in later schemes, as discussed in more detail below under Information about pre-payment checks for grants.

380. Once a business entitled to a grant had come to a billing authority's attention it was easier to distribute a later cohort of grant to that business. Nevertheless, one billing authority suggested that grant delivery 'felt like an industry' (**Exhibit JK5/118 - INQ000547066**, internal LGA email chain dated 12 January 2021). This particularly related to the complexity of the schemes under local lockdown.

Targeting of support

Identify targets for business grants

381. Local government was able to target the discretionary grants particularly the ARG For example this includes economic development and help towards reopening high streets (**Exhibit JK5/119 - INQ000547148**, Horsham District Council report to Cabinet dated 25 March 2021 "Use of Additional Restrictions Grant for Projects to Assist Economic Recovery")

Data and targeting of support

382. The LGA did not hold data or collect systematic information from billing authorities about the targeting of support. The LGA did receive feedback from groups excluded from the first grants, such as non-ratepayers and market traders (see **JK5/120 - INQ000547107**, summary of meeting in internal LGA email chain dated 25 March 2020).
383. The LGA fed this back to the Government and consistently argued for more discretion. In the LADGF billing authorities had more ability to target within the area (see paragraph 24 of **Exhibit JK5/121, INQ000597678**, BEIS guidance (version 3, August 2020) "Grant Funding Schemes: Local Authority Discretionary Grants Fund – guidance for local authorities".

Regional variation in scheme design and eligibility criteria

384. In the discretionary schemes (LADGF and ARG) billing authorities were able to take local circumstances into account (**Exhibit JK5/122, INQ000547004**, DCN report “Business Support during the pandemic”).
385. The local lockdown grants were targeted according to the lockdown status of each area as agreed by central government. Some local council and combined authority leaders negotiated additional support – including for the Liverpool City Region, Lancashire, Greater Manchester, South Yorkshire, West Yorkshire, Warrington and Nottinghamshire (see paragraph 11 of **Exhibit JK5/123 - INQ000547093**, BEIS guidance updated 4 May 2021 “Local Restrictions Support Grant (Closed)”).

Successes and failures

386. In the LGA’s view there were several elements in the design of the grants that worked well. The informal feedback arrangements in 2020 in the Small Business Scheme Advisory Group enabled quick feedback on guidance. The use of established MHCLG networks to populate groups such as the Small Business Grant Scheme Advisory Group also worked well as did the discretionary grants such as LADGF and ARG. The assurance by ministers that they would stand behind grant payments was also important. (**Exhibit JK5/124 - INQ000543189**, Letter dated 30 April 2020 from the Secretary of State for BEIS to Leaders and Chief Executives).
387. The design of the grants would have worked better had there been local government input into the design of schemes as they were developed. Instead, there were many iterations of the guidance produced by Government in response to queries from billing authorities. The number of versions of guidance also in part reflected the complexity of the schemes, further complicated by the establishment of several schemes at the same time, particularly in late 2020 and early 2021.
388. It would also have assisted if ministers had not pressed billing authorities to get grants out as quickly as possible. The need for urgency around the distribution of grants was for example mentioned by Alok Sharma at his press conference on 1 April 2020 which was the day that the funds were paid to billing authorities (**Exhibit JK5/125 - INQ000547003**). Further pressure was placed on local government as ministers then followed up this announcement with calls to individual billing authorities.

Administrative capacity

Consultation on the first cohort of grants

389. The LGA was not consulted about administrative capacity and resources prior to the implementation of the first cohort of grants.

Local Authorities' resources and capabilities to administer business grant schemes

390. As mentioned above under Introduction to the Business Support Grants, delivering the grant was a considerable undertaking for billing authorities. In many cases, including the initial announcements on 11 and 17 March 2020, the first that billing authorities heard about the eligibility criteria and what they were expected to pay out as grants was when the Government made a statement to the press. This put additional pressure on billing authorities, and on their revenues staff, as they had to field requests from potential grants recipients without sufficient information to answer queries.

391. In some cases, billing authorities did not have information to identify businesses initially as their normal role does not include the payment of grants to businesses because it is focused on delivery of these statutory functions to collect business rates and council tax. Therefore, councils did not necessarily have, at least initially, the information which DBT and HMT thought they had. This was particularly likely to be the case, for example, where businesses received 100% small business rate relief.

392. Over the entire period, billing authorities had to deliver their existing statutory functions to collect business rates, and council tax, as well as administering retail leisure and hospitality reliefs (see answers to questions 45 to 49). Delivering the grants in addition to these functions placed considerable pressure on billing authority staff. For instance, one billing authority (Pendle Borough Council) commented that the grants felt like an 'industry' (see above under Evolution in the approach to local implementation and operational considerations). This was particularly the case when the grant schemes were at their most complex during the local lockdown period from Autumn 2020 to Spring 2021.

393. Billing authorities got more used to paying out the grants, although it was still a considerable administrative burden, and they had to deliver their statutory functions. The LGA fed into new burdens exercises and the Government acknowledged the extra administrative pressures placed on billing authorities by providing £142 million of new burdens funding.

Implementation and delivery

DBT guidance for schemes

Partnership working

394. The LGA and some billing authorities fed informally into discussions before the issuing of guidance, but it was not created in partnership with the local government sector.

Timeline for published details and variations of grants

395. The table attached in response to Q.20 gives dates for when guidance was first published, and the time elapsed between the date the grant was announced and publication of guidance. The LGA does not have full dates for publication of variations or the reasons for these. In some instances, the variations in the guidance were the result of additional data being included - such as in one version of the guidance which added detailed data relating to the Spotlight tool (see below under Clarity issues).

Timeliness and updating

396. In the LGA's view there were issues with the availability of guidance for the grants. Often there was a gap between the announcement of the grant and the publication of the guidance (see APPENDIX C – Table of business grants). In most cases this gap was from nine to 15 days. Changes of guidance were communicated through groups, drafts and webinars. At times the frequent updates of the guidance provided a challenge to delivery, such as the withdrawal of version 3 of the guidance (see emails dated 30-31 March in **Exhibit JK5/126 - INQ000547114**, Internal LGA email chain dated 2 April 2020 re discussions with BEIS over message to go out in LGA Bulletin

DBT communication of changes and clarifications

397. DBT/BEIS developed a database for writing to billing authorities. The LGA was normally informed about updated guidance in the advisory group meetings and sometimes was copied into drafts of guidance. The LGA included material in the daily bulletins sent out to members (**Exhibit JK5/126 - INQ000547114**). One key issue was whether DBT/BEIS would ensure that billing authorities had enough funds to pay grants to all eligible properties, if necessary, by providing top-up payments.

Feedback on the guidance

398. The LGA was present at online meetings where drafts of the guidance were discussed and also fed back through emails (see **Exhibit JK5/127 - INQ000547116**, Email chain dated 17 March 2021 between LGA, MHCLG, BEIS, councils and others re draft guidance for Restart Grant and ARG).

Effectiveness

399. The channels of communication, at least initially, relied too much on informal feedback but particularly in 2020 all were working at speed.

Clarity issues

400. Guidance documents frequently had to be revised and for a variety of reasons. Guidance was often supplemented by 'frequently asked questions' documents to provide councils with clarity on schemes (see, for example, **Exhibit JK5/128, INQ000543168**, BEIS "Grant Funding Schemes – Technical Frequently Asked Questions (FAQ) for Local Authorities"). These were not published but were sent directly to billing authorities.

Flexibility

401. For the first two schemes, guidance was national with little possibility for local flexibility. This was also the case for the Restart and OHLG grants as well as the CSP. There was more flexibility for the discretionary schemes (LADGF and ARG). LRSG grants (open and closed) were more targeted as different areas were entitled at different times depending on local lockdown status.

Problems with granular knowledge about small businesses

Sufficiency of knowledge

402. The schemes followed on from the business rates relief schemes and initially

aimed to provide support for those in receipt of 100% small business rates relief and additional support from those who received 100% retail hospitality relief. Thus the definitions used in the SBF/RHL guidance (**Exhibit JK5/129 - INQ000593938**) were based on those for the expanded retail discount (**Exhibit JK5/130 - INQ000585844**). As a result, some businesses were out of scope (e.g. non-ratepayers). For further discussion, see above under Data and targeting of support.

Policy making and the practical issues

403. All involved were clear that they were working at pace. Local authorities said that they needed clear guidance on which to base decisions. The delays in the guidance being issued and being frequently updated may have had an effect.

A retrospective view of impacts

404. Reviewing and updating the guidance may have had an effect for some billing authorities. For example, on 1 April version three of the SBF/RHL guidance was withdrawn due to concerns over fraud and the inclusion of text relating to Spotlight.
405. Billing authorities found themselves under pressure from businesses and ministers to pay out grants and they could not do this until the guidance was published. In addition, guidance documents frequently had to be revised and supplemented by 'frequently asked questions' documents. This also added to the difficulties of administration for billing authorities. For specific examples on this point, see above under DBT guidance for schemes,

Payment of grants during the early cohort(s)

406. It is not the LGA's understanding that grants were paid out automatically without billing authorities having checked they had the correct details. Based on the guidance, there was at least a two-stage process for all grants. All versions of the guidance made clear that billing authorities had to contact businesses before issuing payments, although it was worded in different ways.
407. Annex A in version one of the SBG/RHLG guidance said that the eligible person was (**Exhibit JK5/129 - INQ000593938**) -

"The person who according to the billing authority's records was the ratepayer in respect of the hereditament on the scheme eligibility date. Where the local authority has reason to believe that the information that they hold about the ratepayer on the scheme eligibility date is inaccurate

they may withhold or recover the grant and take reasonable steps to identify the correct ratepayer. Local authorities should make clear to recipients that the grant is for the ratepayer and may be liable for recovery if the recipient was not the ratepayer on the eligible day.”

408. By version six (the final version) of the SGBF/RHLG guidance this had become “The Local Authority must call or write to the business, stating that by accepting the grant payment, the business confirms that they are eligible for the grant schemes. This includes where Local Authorities already have bank details for businesses, and are in a position to send out funding immediately, or where the Local Authority is sending a cheque to a business” (**Exhibit JK5/129, INQ000593938**, Department for BEIS guidance (version 6, August 2020) “Grant Funding Schemes: Local Authority Discretionary Grants Fund – guidance for local authorities”).

Communication prior to implementation and delivery of grants

409. The approach to delivery was discussed at the Small Business Grants Advisory Group prior to implementation of the early cohorts for the grants. Government officials made clear that they did not want an application process. Different councils used different processes. It was always clear that there would be a reconciliation process – for example see guidance version one annex B on data for post-award assurance. (**Exhibit JK5/131, INQ000547118**, Internal LGA email dated 19 March 2020 re conversation with BEIS and MHCLG)

Concerns over the automatic payment of grants based on business rate data

410. As discussed in the introductory paragraph, grants were only paid automatically when billing authorities had correct details for ratepayers. The LGA was concerned that billing authorities might be liable for losses due to this approach and asked at the first meeting of the Small Business Grants Advisory Group whether there would be Government cover for ‘wrong decisions due to pace’). As mentioned above under DBT communication of changes and clarifications, the LGA pressed BEIS/DBT to make it clear they would support all grants even if paid in error.

Issues and errors

411. Issues arose when billing authorities did not have details of ratepayers including those in receipt of 100% small business rates relief. The LGA did not collect details on fraud and error so has nothing to add to the DBT/BEIS estimates reported

to the NAO (**Exhibit JK5/111, INQ000578213**).

Data quality

412. The Valuation Office Agency “**VOA**” data was used to give indicative allocations to billing authorities. Billing authorities then contacted businesses and were able to use their own information. It was accepted that allocations might not tally with expectations due to the quality of the VOA data used (see **Exhibit JK5/132, INQ000547138**, internal LGA email dated 2 April 2020 re notes from the Small Business Grant Advisory Group meeting).

Changes to data use

413. Later in the pandemic, it was made clear that business rates data should not be used on its own. For example, BEIS/DBT changed its views as to the desirability of an application form. By 15 March 2021, when the Restart Grant was discussed at the BEIS grants advisory group, BEIS/DBT said it would like there to be an application process to allow more data collection and pre-payments checks.
414. It considered that most billing authorities already had application processes. Billing authorities said they would like to roll over for existing recipients which had already gone through the checks, rather than have an application process as it would cause more administrative burdens that would delay the distribution of grants (**Exhibit JK5/133, INQ000546995**, Internal LGA email dated 15 March 2021 re updated following call with BEIS grants advisory group).

Lessons concerning automated systems for payments

415. The LGA does not have the information to be able to answer the question. As stated above under Payment of grants during the early cohort(s), we understand, from the guidance, for all grants there was at least a two-stage process. All versions of the guidance made clear that billing authorities had to contact businesses before issuing payments. The LGA understands that most billing authorities used their existing infrastructure although it understood anecdotally that some used newly developed third-party systems, particularly in 2021 and 2022.

Pre-payment checks

Information about pre-payment checks for grants

LGA and the use of pre-payment checks

416. The LGA was not involved in the decision on the use of pre-payment checks. It was a DBT/BEIS decision. The LGA did not give any advice.
417. The first grant which mandated pre-payment checks was the LADGF where the guidance stated that the authority should “undertake proportionate pre-payment checks to confirm eligibility relative to their local scheme and to allow each local authority to determine how to use its discretion in relation to the appropriate level of grant. Prepayment checks must include confirming that by accepting payments recipients follow State aid rules (**Exhibit JK5/121 - INQ000597678**, BEIS guidance (version 3, August 2020) “Grant Funding Schemes: Local Authority Discretionary Grants Fund – guidance for local authorities”). This was discussed at Meeting 10 of the Small Business Advisory Group on 5 May where it was accepted that there would be an application form as there was more billing authority discretion and the decisions were likely to take more time (**Exhibit JK5/134 - INQ000547137**).

Lessons learned concerning pre-payment checks and basic controls

418. The LGA considers that as part of future planning for another pandemic, Government should work with billing authorities to design pre-payment checks of grant applicants which facilitates a simple application process via the billing authority’s website. Pre-payment checks reduce the danger of fraud but also mean that it takes longer to pay the grants. From April to May 2020 the message from ministers was that billing authorities should get the grants out as soon as possible (**Exhibit JK5/134 - INQ000547137**).

Risk of fraud and error

LGA risk assessments concerning fraudulent or erroneous claims

419. As stated above, the LGA did not play a role in designing the grant schemes nor in the assessment of fraud risk. The LGA was present at online meetings to consider the fraud risks for the SBG/RHL grants both in the SBAG. I exhibit examples

evidencing the LGA's awareness of and involvement in discussions regarding fraud as Exhibits JK5/135 - INQ000547108; JK5/136 - INQ000547112; JK5/137 - INQ000547027; JK5/138 - INQ000547111).

Reviewing the approach to the risk of fraud and error and preventative measures

420. The LGA considers that fraud should be distinguished from error. As was pointed out in the application for participant status (point 6) DBT's best estimate of the split between fraud and error is that 17% by value was fraud and 83% was error.
421. In the Programme Board the LGA said that there was a need to design a methodology to differentiate between fraud and error data as this is likely to be of interest to parliament and the media in the future.
422. Officials replied they did not have enough information from billing authorities at this point to enable them to break down the data on irregular samples to distinguish between fraud and error cases, that they would follow NAO guidance on the approach for handling irregular payments, and presentation of grant delivery data to Parliament and the public would be supported by an appropriate narrative (JK5/139 - INQ000546990, COVID Business Grants Programme Board Minutes & Actions, dated 29 June 2022).
423. Detailed consideration of fraud prevention started early. This included consideration of eligibility where a body had more than one property within a council, where there were businesses with multiple premises in different councils, how to protect against fraud within a billing authority and whether the landlord could retain the grant and whether there could be a breach of state aid limits. From the start, billing authorities involved were aware of the risk of fraud and worked with banks and police forces to reduce the risk and fraud.

Unintended gaps

Concerns about the exclusion of specific groups

424. The LGA also raised other issues including, on 3 June 2020, the short termism

of the response which tended to focus on the four to six week period (**JK5/140 - INQ000546980**, Extract of email dated 3 June 2020 from LGA officer to Mark Lloyd re Member concerns with Ministerial meetings

425. With the business grants and schemes the LGA expressed concern about the exclusion of non-ratepayers such as tenants as these were issues which councils were raising with us (**JK5/120 - INQ000547107**).

426. Officials' view was initially that that it was too onerous to ask billing authorities to identify non-ratepayers. They said that they would continue to keep issues under review, but this would be a different scheme. According to a letter from the Government, the LADGF was partly a response to the exclusions for the earlier schemes – such as non-ratepayers and market traders which the LGA had raised from the start but was announced six weeks later (**JK5/113 - INQ000609384**).

427. The LGA also raised concerns about other schemes and grants as set out in the next paragraphs.

Self-employment income support scheme

428. The scheme was introduced in March 2020, but one of the eligibility criteria was to have traded in the tax year 2018 to 2019 and submitted their self-assessment tax return on or before 23 April 2020 for that year. The scheme was *not* administered through local authorities, but local authorities were getting queries from affected residents.

429. In April 2020, we raised with Government that gaps in support for business still needed to be addressed, including those who were newly self-employed and could not access the self-employed income support scheme (**JK5/113 - INQ000609384**). Also, support was needed for businesses that were in shared office space or in council or privately-owned business parks, where businesses were not individually rated and where business rates were rolled into rent payments.

Gaps in schemes

430. In Q39 the LGA is asked four sub-questions about gaps in the provision of grants during the pandemic. I shall deal with these sub-questions in relation to the different sectors where grant making was appropriate.

Small Business Grant Fund/Retail, Hospitality and Leisure Grant Fund

431. These funds did not cover non-business ratepayers including tenants and council tax payers such as bed and breakfast owners were not covered, (see also under Concerns about the exclusion of specific groups above) which was a consequence of the design of the scheme and followed from the decision to use business rates data.
432. To address these gaps the LADGF was announced. The LGA did not raise these gaps by correspondence but they were raised at a Small Business Advisory Group on 25 March 2020.

Local Authority Discretionary Grant Fund

433. The guidance for this fund excluded businesses of over £51,000 rateable value, reflecting the fact the total value of this fund was around 5% of the value of the first two schemes. Councils had to therefore prioritise the use of the funding (**JK5/121 - INQ000597678**).
434. The LGA did not raise these issues by correspondence, but it was raised at the Small Business Advisory Group meeting on 5 May 2020 where one council raised concerns that they had 30,000 businesses out of scope for the first two grants, and the allocation they received from the LADGF would only pay around 200 businesses (**JK5/134 - INQ000000000**).

Local Restrictions Support Grant

435. The gaps in the LRSG depended on the nature of the scheme – some grants were only open to businesses required to close. This was a consequence of the nature and complexity of the schemes which applied differently to areas where businesses were forced to close and those where they could remain open. However, these areas constantly changed. Although the LGA did not write to Government these issues were discussed with BEIS/DBT who pointed to the discretionary ARG.

Christmas Support Payment for Wet-Led pubs

436. There were gaps because of the definition adopted for a 'wet-led pub'. The guidance stated that pubs which derived over 50% of their business from food sales were not eligible (**JK5/142 - INQ000543686**). This definition was related to the restrictions then in force. There was no correspondence from the LGA about the gaps, but they were discussed with BEIS/DBT who pointed to the discretionary ARG.

Additional Restrictions Grant

437. The scheme was not open to those who had already received the maximum level of support under the subsidy regulations (**JK5/143 - INQ000546993**, BEIS Guidance for Local Authorities, Additional Restrictions Grant, dated 20 January 2022). According to the guidance, the ARG should not have been used as a wage support mechanism. Concerns were also expressed about payments being per head of population to billing authorities for the initial allocation of ARG which affected the amount that councils received and therefore to whom they could give a grant. These followed on from the design of the scheme and the changing views of ministers.
438. For example, in the livestream on grants on 18 November 2020, BEIS said that ARG should be spent by 31 March 2022 whereas at the Business Grants Advisory Group meeting on 24 March 2021 it was said that ministers wanted the ARG spent as soon as possible (**JK5/144 - INQ000547001**, internal email dated 26 March 2021 re feedback notes from the BEIS Business Grants Advisory Group meeting). In response to these issues the second top-up and third top-ups of allocation of ARG to billing authorities was based on number of businesses in the billing authority rather than by head of population.
439. There was no correspondence from the LGA on the gaps but the issue of being by head rather than by business was raised with DBT/BEIS at the Local Restrictions Support Grant Advisory Group 3 November 2020 (**JK5/145 - INQ000547090**).

Restart Grant

440. The Restart Grant did not cover premises which were defined as 'essential' but had not been forced to close including food retailers and take-aways (**JK5/146 - INQ000543737**, BEIS Guidance for Local Authorities "Restart Grant", dated 4 May 2021). At the BEIS grants advisory group on 15 March 2021, DBT/BEIS said that it wanted to concentrate on in-person rather than supply chain businesses and would not bring in offices or manufacturing (**JK5/144 - INQ000547001**). The scheme was also non-discretionary and billing authorities had to distribute in line with the guidance. The LGA did not write about these gaps, but they were raised with BEIS officials who pointed to the ARG (e.g. for coach operators).

Omicron Hospitality and Leisure Grant

441. Anything which was not classified as hospitality, leisure and accommodation was out of the scope of the grant (**JK5/147 - INQ000547103**, BEIS Guidance for

Local Authorities, Omicron Hospitality and Leisure Grant, dated 21 January 2022). As the scheme was non-discretionary, councils had to distribute in line with the guidance. The then LGA Chairman (Cllr James Jamieson) raised concerns that had been raised with him by Cornwall Council that holiday lets were in scope for the grant (**JK5/115 - INQ000547117**). This was raised by email with DBT/BEIS on 7 January 2022 who answered that ARG, which sits alongside the OHLG, gives billing authorities flexibility to give grants to the businesses outside the scope of OHLG (**JK5/116 - INQ000543800**).

Targeting issues

442. There were also issues with targeting these and other grants, like the Culture Recovery Fund. For example, some groups, such as creative freelancers, are hard to track and identify from any data. There were some issues with the Standard Industrial Classification codes relating to DCMS areas, which mean businesses are often not accurately captured at the small or solo end of the scale. This affected businesses and freelancers across the creative industries, cultural, sporting and tourism sectors.

Rates of payment of grants

Issues with the speed of delivery of grants

443. As has already been explained the grant schemes were set up without the benefit of prior planning, with the result there were a range of reasons why billing authorities differed in the speed of payment. These included:

- Billing authorities doing pre-payment checks even though these were not mandated for the first two grants.
- Differing proportions of businesses where there were already direct debit arrangements set up therefore the billing authorities had bank details which could be used for payment.
- Differing numbers in receipt of 100% small business rates relief. In these cases, payment arrangements would not have been set up in advance so would have to have been set up from scratch.
- Problems with the Delta system which was used to report payments to

Government.

- Differing versions of the guidance and changing criteria (Evidence: feedback from North Devon in email dated 21/04/20FW North Devon Grant funding provided to businesses by local authorities in England - GOV.UK.msg).
- Waiting for software providers to develop solutions to automatic grant payment – some went ahead with manual payments (Evidence: North Devon email)

444. The NAO reported that over 90% of the total paid for the first two grants had been paid by 30 May – two months after billing authorities received the grant (**JK5/111 - INQ000578213**). The LGA monitored the data published by DBT / BEIS (weekly from 20 April 2020) and LGA regional teams were in touch with councils to help understand the reasons for any issues (see, for example, **JK5/148 - INQ000547064**, LGA internal email dated 21 April 2020 re feedback from North Devon on grant funding).

Underspend

445. In relation to the initial allocation of funding, the LGA understands that for the first two business grant schemes, VOA Special Category codes were used and that MHCLG worked out draft allocations and passed them to DBT/BEIS. The ARG grant was initially allocated on the basis of population in a billing authority (and later changed to a different methodology) but we are not familiar with exactly how the allocation of each scheme was determined.

446. The LGA does not know how the assessment of potential eligibility was determined. The LGA was never shown the methodology for the allocation. BEIS did not give the LGA or local authorities an opportunity to provide feedback on the allocations or assessments before they were made. BEIS said that their priority was to get funds to billing authorities.

447. Regarding government accommodation for underspending, there was a reporting process through Delta. However once DBT/BEIS started publishing weekly figures for grant distributed they used the original allocations to billing authorities as a denominator to indicate how much grant had been distributed, even though they knew by that stage that they were inaccurate in some cases.

448. DBT/BEIS provided top-ups where there was proof, through the Delta reporting process, that billing authorities had reached their indicative allocations for the non-discretionary schemes. For further discussion on the top-ups and reconciliation process, see under Payment of grants during the early cohort(s), above.

449. To avoid such issues in the future, DBT/BEIS could be more transparent about how it derives its allocations. If DBT/BEIS publishes figures for grants distributed, it ought to use billing authorities' own estimates of the numbers entitled as a denominator to show the percentage of grants distributed, rather than the original Government figures

Other aspects of implementation and delivery

What worked well and what did not work well

450. The following aspects of grant making worked well:

- *Distribution of the grants:* Working under significant pressure, billing authorities succeeded in establishing the schemes and distributing the initial support to businesses quickly. Of the total £22.6 billion distributed to businesses over the two years from March 2020, £9.9 billion had been paid out by 24 May 2020, two months after the scheme guidance was published (**JK5/111 - INQ000578213**).
- *Accessibility:* Schemes were accessible to businesses as, at least initially, DBT/BEIS asked billing authorities to use their own records to get grants to businesses and not rely on application forms.
- *Eligibility criteria:* Relatively simple criteria, at least for the first two grants (Small Business Grant and Retail Hospitality and Leisure Grant). The LADGF provided support for some excluded from earlier schemes such as local authority markets (**JK5/149 - INQ000547099**, NABMA statement dated 13 May 2020 "New Guidance regarding Discretionary Grant Funding").
- *Simplicity of the Grant Schemes:* The Small Business and Retail Hospitality and Leisure Grants were relatively simple as were the Restart Grant and the Omicron Hospitality and Leisure Grant.
- *Monitoring of support:* Billing authorities had to provide returns to Government, through Delta, on grants spent– this enabled monitoring and

for overspends and underspends to be identified.

- *Adjustments and cessation of support:* Most of the later grants had clear timescales by which they had to be distributed. For example, for OHLG had to be paid by 31 March 2022 and the Restart Grants by 31 July 2021.

451. The following aspects of grant making worked less well:

- *Timing of the introduction of the grants.* The time between the public announcement of the grant and the publication of the guidance introduced unavoidable delays into the process. Pressure from officials and ministers to get the grants to businesses as quickly as possible.
- *Accessibility.* Later schemes relied more on application forms which might have made them less accessible to some businesses. One hurdle to early schemes (SBG and RHLG) was councils not having information on some businesses such as those in receipt of 100% business rates relief which made the administration of the grants to these businesses more difficult.
- *Eligibility criteria.* The early schemes (SBG and RHLG) were only open to business rate payers. They were not available to local authority markets as billing authorities cannot give discretionary business rates relief to local authority hereditaments through statute (**JK5/150 - INQ000547143**, NABMA statement dated 26 March 2020 "Supporting Markets, Traders & Communities COVID-19"; and **JK5/111 - INQ000578213** at paragraph 2.13).
- *Complexity of the grant schemes:* The LRSGs were very complicated due to the changing status of different areas. Complexities of scheme design and evolution meant that BEIS guidance either took some time to be issued or had to be updated reflecting significant scheme changes (**JK5/111 - INQ000578213** at paragraph 10).
- *Monitoring of support:* Billing authorities who wanted replies from BEIS/DBT did not always receive them in a timely manner (**JK5/111 - INQ000578213** at paragraph 2.13). BEIS/DBT used the original allocations to billing authorities as a denominator to indicate how much grant had been distributed even though this was not necessarily an indicator of the amount councils needed in some cases.

- *Adjustments and cessation of support:* At least initially, BEIS/DBT did not set a period by which the grants were to be distributed. The LGA called on it to keep schemes open (Evidence: LGA press release 3 August 2020 £1 billion loss to local economies if COVID-19 grant schemes closed | Local Government Association). It also changed its mind on some grants (for example the ARG) where, although the grant had been announced as having a closing date of distribution of 31 March 2022, in Spring 2021 DBT/BEIS was encouraging billing authorities to get the grant to businesses as soon as possible (**JK5/151 - INQ000547085**, LGA briefing for Chairman's meeting with the Secretary of State Kwasi Kwarteng on 21 April 2021).

Lessons learned by the LGA concerning implementation and delivery of the grant schemes by local government

452. The LGA would urge Government to take the following steps in the event of any future event where Government wants to use local government to distribute grants to business.

- Any grant scheme should be discussed well in advance with the LGA and others from local government before being publicly announced.
- Guidance should be planned at the same time so it can be published alongside the public announcement of the grant.
- There should be work with local government to get a data base of potential grant recipients to guide indicative allocations before the public announcement.
- If possible, schemes should be kept simple.
- Discretionary grant schemes may result in more of the money being allocated to businesses because billing authorities are best able to know their own local economies.
- If possible, billing authorities should be encouraged to do pre-payment checks of grant applicants and to have a simple application process via their website. Any publication of data by local authority area or by constituency should be agreed in advance.

- If local government is involved in the administering of the schemes, DBT governance arrangements should include representatives of the LGA and billing authorities from the outset.
- Appropriate new burdens money should be paid in line with the Government's New Burdens Doctrine.

Retrospective review of compensation

453. The LGA does not have any systematic evidence of individuals being over-compensated or under-compensated.

Part E: Business Rates

LGA involvement concerning business rate data as an eligibility criteria

454. The LGA was not involved in the decision to use business rates data as part of the eligibility for support.
455. The support for retail and hospitality and leisure businesses was delivered by discretionary business rates relief powers under section 47 of the Local Government Finance Act 1988 in accordance with guidance issued by the Secretary of State on 2 April 2020 (**JK5/130 - INQ000585844**).
456. The relief was originally announced in January 2020 (**JK5/152 - INQ000546997**, MHCLG letter to billing authorities dated 27 January 2020 "Business Rates Information Letter (1/2020): Rate Reliefs and Provisional 2020-21 Business Rates Multipliers"). Initially there was a rateable value ("RV") cap of £51,000, this was removed in March 2020 so that there was no RV limit. It was also extended to other sectors. Subsequently the Government decided that eligibility for the Retail Hospitality and Leisure Grant would be dependent on eligibility for the expanded business rates relief although for these grants the rateable value caps were kept so that eligibility for the £10,000 grant was for businesses with a rateable value up to and including £15,000 and for the £25,000 grant for those above £15,001 and below £50,999 (see Annex A of **JK5/129 - INQ000593938**).
457. It was reasonable to use business rates data as the basis for granting business rates relief and this provided immediate relief to business rates payers covered by the Expanded Retail Discount ("**ERD**") guidance. This included some large shops which subsequently repaid the relief. However, the relief had no effect on those who already received 100% small business rates relief even if they came within the guidance. Non-ratepayers (such as tenants where the landlord paid business rates) or council tax payers were not covered and that made it less effective. In addition, billing authorities were also restricted by statute from granting it to their own hereditaments including local authority markets. This also affected the coverage of the first two business grants (for more detail, see under Gaps in schemes, above).

The benefits and the limitations to using business rates as a criterion

458. The business rates schemes worked well in that billing authorities were able to

stop billing retail leisure and hospitality premises for 2020/21 and the Government paid the relief up front to billing authorities after they completed a supplementary business rates forecast return for 2020/21. This helped to avoid immediate cash flow problems for billing authorities.

459. The limitations and challenges with the schemes were that, as stated above, billing authorities are restricted by statute from granting discretionary relief to their own hereditaments including local authority markets.

460. The ERD guidance also made it clear that it applied to retail, leisure and hospitality premises only – it did not extend to other businesses such as parking, industry or some leisure premises. Billing authorities came under pressure to grant relief to sectors who were not covered by the ERD guidance, but this would not have been funded by the Government. Some of these were entitled to the subsequent £1.5 billion COVID-19 Additional Relief Fund (“**CARF**”) but allocations were only distributed and guidance published in December 2021 (**JK5/153 - INQ000609001**, DLUHC, COVID-19 Additional Relief Fund (CARF) Guidance for Local Authorities, dated December 2021). CARF is discussed in more detail below, under Overview of the business rate relief schemes.

Part F: Business Rates Relief

The LGA and the Business Rates Relief scheme

461. The LGA had no role in the design of any of the business rates relief schemes, and neither did it have a role in targeting some sectors rather than others. The guidance was the responsibility of MHCLG. We participated in meetings where we heard feedback about premises that did not fit in with the guidance such as supply chains that feed into the hospitality sector.

462. The LGA published a statement on the website relating to the hospitality and leisure sector in order to help billing authorities reach decisions on the applicability of the relief to premises within this sector (**Exhibit JK5/154 INQ000547017**, LGA statement "Coronavirus: Business rates relief for the hospitality and leisure sector").

Overview of the business rate relief schemes

463. There are three reliefs the LGA wishes to mention.

Expanded Retail Discount (ERD)

464. The ERD was an expansion of an existing partial discount to cover the retail hospitality and leisure sectors as long as they fitted in with the MHCLG guidance (**Exhibit JK5/155 INQ000609029**, MHCLG letter dated 26 March 2020 "Business Rates Information Letter (5/2020): Coronavirus Response and Guidance"). The ERD applied for the whole of 2020/21 and for the first three months of 2021/22, after which caps applied (**Exhibit JK5/156 INQ000547002**, MHCLG guidance dated 4 March 2021 "Business rates: expanded retail discount 2021 to 2022 - local authority guidance"). If 2020/21 business rates bills had already gone out, billing authorities had to rebill businesses making it clear that they were entitled to 100% business rates relief. MHCLG paid new burdens money to councils for the administrative tasks involved.

Nursery Relief

465. This provided 100% business rates relief for hereditaments occupied by providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage and which were subject to business rates in the year 2020/21 (**Exhibit JK5/157 INQ000547102**, MHCLG guidance dated 2 April 2020 "Nursery discount 2020 to 2021: coronavirus response – local authority guidance"). This was implemented at the same time as the ERD relief. The only

issue about implementation was in some two-tier areas where issues arose about sharing of data between counties and districts. The scheme was also extended to the first three months of 2021/22 after which cash caps applied.

COVID-19 Additional Relief Fund (CARF)

466. This was the final relief . CARF was made available pursuant to section 47 of the Local Government Finance Act 1988 (**Exhibit JK5/153 - INQ000609001**). It was a discretionary supported relief for 2021/22 which had to be awarded by 30 September 2022. The only restriction in the guidance was that it could not be awarded to properties eligible for other reliefs or to unoccupied properties and that it should be directed to “ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact”. The guidance also contained a detailed methodology of how billing authority allocations of the £1.5 billion were worked out. According to figures published by the Government 80% of the £1.5 billion was awarded, including to offices, warehouses, factories and car parks (**Exhibit JK5/158 - INQ000547007**).

Benefits and limitations of the business rates relief schemes?

467. There were several elements that worked well with the implementation and delivery of the business rates relief schemes. The ERD scheme was adapted from the existing Business Rates Retail Discount. This enabled billing authorities to use existing business rates data to identify targets for support and then rebill them with nil liability for 2020/21.

468. This had the advantage that the ERD scheme could be implemented quickly given that business rates bills go out at the start of the financial year, which was also the case with the Nursery Relief. It also meant that, whereas with the 2021 Budget, there was a late announcement due to its timing, billing authorities were not starting from scratch on a new scheme.

469. As regards extensions and variation of schemes, ERD and Nursery Relief were awarded for the whole of 2020/21, but in 2021/22 the schemes only gave 100% relief for the first three months, after that caps applied. The CARF scheme provided billing authorities with greater discretion than the ERD scheme, so they were able to target those in need of more support, and there was no variation in the way the scheme operated. As all the relief schemes had to be renewed annually, they automatically

ceased at the end of the financial year unless extended.

470. As to what elements of the implementation and delivery of the schemes worked less well, there were sectors which were not included in the scope of the ERD scheme's guidance, and billing authorities were placed under pressure to award reliefs to these sectors – such as business involved in the provision of parking facilities – even where the businesses were not within the scope of the guidance. Had councils extended reliefs to sectors not covered by the guidance there would have been financial implications in terms of lost income for councils at a time when given the wider financial challenges they faced during 2020/21 this would have had a serious impact.

471. The timing of announcements by Government about the schemes also created issues. CARF for example was announced after most businesses that might have made use of it had already reopened. Similarly, the extension of the ERD and Nursery Relief for 2021/22 was not announced until the Budget on 3 March 2021 so billing authorities had very little time to implement it before the start of the financial year. On 3 February 2021, the Financial Secretary to the Treasury made a Written Ministerial Statement (WMS) to Parliament. The WMS asked billing authorities to consider waiting until the Chancellor had set out his plans at Budget on 3 March, before issuing bills for 2021/22 (**Exhibit JK5/159 - INQ000609039**, MHCLG letter dated 3 February 2021 "Business Rates Information Letter (1/2021): Business Rate Reliefs 2021/22"). After the Budget, MHCLG issued a further business rates information letter (BRIL 2/2021) inviting councils to roll forward their 2020/21 schemes (**Exhibit JK5/160 - INQ000609040**).

472. Billing authorities did manage to do this, but it would have been better if the extension of the reliefs had been announced in good time. Again, the Government did not allow CARF to be extended for a further year to 2022/23 – it related only to the financial year 2021/22 and so had to be awarded by 30 September 2021 as the legislation then in force did not allow backdating of s.47 reliefs past that date.

Part G: Lessons Learned

Reviews and lessons learned exercises

473. The LGA commissioned analysis on overall council finances from the IFS – producing three reports covering different aspects of the financial impacts of Covid-

19 on councils (see **Exhibit JK5/092 - INQ000547020**; **Exhibit JK5/093 - INQ000547021**; **Exhibit JK5/094 - INQ000547041**).

474. Analysis was also commissioned from LG Futures on the financial implications of Covid-19 on the collection fund (see **Exhibit JK5/095 - INQ000547144**; **Exhibit JK5/096 - INQ000547084**).

475. The studies from the IFS and from LG Futures were published and shared with MHCLG and were used in making the case to the Government for further financial support for councils during the pandemic and immediately after. We have not summarised the findings and recommendations because they are specific to moments during the Covid-19 pandemic.

476. Further, in June 2020 the LGA published a collection of papers entitled “re-thinking local” (**Exhibit JK5/161 - INQ000547120**; **Exhibit JK5/162 - INQ000547122**; **Exhibit JK5/163 - INQ000547121**; **Exhibit JK5/164 - INQ000547123**). These set out a series of offers to Government, alongside a set of asks for the start of the process for rebuilding after the pandemic. The collection included a paper on “re-thinking local economic growth” and a paper on “re-thinking local: funding services and investing in communities”. The latter paper was then supplemented by a submission to the 2020 Spending Review (**Exhibit JK5/165 - INQ000581222**). These papers are more about looking forward to rebuilding, rather than strictly lessons learned from what had happened in the past. In summary this called for a package of measures to provide a bespoke solution to address losses in local taxation, meet all additional costs councils are incurring as a result of the pandemic and provide a guarantee for all lost income from fees and charges and other sources as well as to take first steps to properly enshrine long term, locally-led investment in the economy and infrastructure.

Housing and homelessness

477. Local Partnerships was commissioned by the LGA to investigate lessons learnt from the ‘Everyone In’ response to the Covid-19 crisis in dealing with rough sleeping, and those at risk of it, and how this can inform future policy and practice, including planning for winter (**Exhibit JK5/166, INQ000547080** LGA publication dated 19 November 2020 “Lessons learnt from councils’ response to rough sleeping during the COVID-19 pandemic”). The report was published and disseminated with the local authority sector as well as relevant Government departments to inform ongoing policy development and lobbying. I have summarised the key conclusions,

recommendations and reflections from this report.

478. The success of 'Everyone In' demonstrates that, given the mandate and funding, councils, working with their partners, have the means to end most rough sleeping.

479. The key features, which contributed to 'Everyone In's success, were:

- Rapid and expansive response in picking up and accommodating people sleeping rough and people living in unsafe conditions at risk of sleeping rough, including those not normally eligible for public services due to immigration status.
- Comprehensive needs assessment, including health, substance abuse and specific needs of women.
- Characteristics of hotel accommodation giving important feelings of safety and self-worth.
- Multi-agency services coming to the emergency accommodation and encouraging engagement.
- Rapid turnaround in moving on low needs cohort.

480. Multi-agency partnership working was key to success, and we frequently heard reports that working together on 'Everyone In' had strengthened existing relationships and built new ones. Important aspects were:

- Councils working closely with a broader range of partners than usual, including health, criminal justice, housing associations and the voluntary and charitable sectors. This led to a better understanding from all partners of what the others could do and the potential to bring together and allocate different sets of resources in new ways.
- Engagement with health to get a tailored service for this cohort, including primary health care and access to mental health and drug and alcohol services.
- Enhanced trust between councils operating across two tier geographies. Counties and districts had interdependent responsibilities and worked together both vertically and horizontally to secure the best outcomes.
- Making the most of new technology to conduct remote meetings between

agencies, drastically reducing the logistical barriers to co-operation.

481. 'Everyone In' also brought in new ways of working, some of which respondents felt were more effective and had potential for the future, including:

- Councils converting most housing options services to telephone only. Some reported people were happier with phone interactions due to the ease of the transaction and reduced stigma. However, others found this was a significant barrier to engaging with some groups and had maintained or set up new mechanisms to facilitate face to face delivery.
- Using teleconferencing, rather than face to face meetings, facilitated collaborative working across wide geographies.
- Reflection on the relative success of pre-existing pathways for single homeless people and the approach adopted at 'Everyone In'. Several councils were considering how they could mirror the positive aspects of hotel accommodation and rapid move-on in new service design to address the negative characteristics of night shelters and hostels, and the greater success rates in moves to settled accommodation that had been achieved.
- 'Everyone In' highlighted the extent of hidden homelessness for single people, in what was often a surprising scale to councils. Given that the Homelessness Reduction Act has introduced responsibilities to this cohort, some councils are beginning to think longer term about their affordable housing programme and whether it should include a larger proportion of one-bed accommodation

482. Despite the success of 'Everyone In', some outstanding issues remain:

- People with NRPF remain a dilemma. Work to assist people in resolving immigration status and in finding employment was successful for some councils, but there usually remained a proportion for whom there was no solution, and in some areas people without settled immigration status represent a significant proportion of those at risk of sleeping rough.
- Shortage of affordable housing is an inevitable blocker in finding move on accommodation. While the NSAP capital programme will provide additional supported housing capacity, there remains a need for more genuinely affordable one-bed accommodation in both the public and private rented sectors, given

Housing Benefit and Universal Credit limits.

- Although many councils had significant success with the 'Everyone In' cohort, it was clear that a one-off exercise was not adequate to maintain long-term reductions in rough sleeping in most areas, and a more sustained effort would be needed. Whilst there was enthusiasm for maintaining a more proactive approach to accommodating rough sleepers and those at risk, the resources were not there in most councils to be able to achieve this, especially in the light of concerns about increasing homelessness and temporary accommodation costs linked to the economic impacts of the pandemic.
- Many councils are concerned about their ability to provide adequate cold weather provision this winter in a way which does not increase the risk of Covid-19 infection.
- Despite the enhanced levels of co-operation between services, which were widespread during 'Everyone In', it was nevertheless often difficult to get access to appropriate health services, and especially mental health services, to work with the accommodated cohort. This seems to reflect the lack of specialist primary care services working in homelessness in many parts of the country and a continued wider lack of mental health resources relative to demand.

483. In September 2021, the LGA published a report, "Voice of the sector: supporting rough sleepers at a time of national crisis" (**Exhibit JK5/089, INQ000547149**). The report captured the overarching key themes and emerging learning following a programme of 28 Delivery and Impact Panels. This involved 222 councils and was facilitated by MHCLG and the LGA between December 2020 and 2021. The report was published and disseminated with the local authority sector as well as relevant Government departments to inform ongoing policy development and lobbying. The key themes are summarised below.

484. Throughout the panel discussions, participants identified the following positive reflections:

- Commitment and dedication of frontline rough sleeper staff;
- an opportunity for innovation involving creative, rapid and pragmatic responses;
- support and scrutiny from elected members and council senior leadership teams;

- opportunities afforded by 'Everybody In' including reframed relationships with partners and a better understanding of the needs of hidden homelessness;
- data sharing – strengthened approaches; and
- accountability for grant funding by MHCLG – councils welcomed the enhanced national focus and funding from Government to tackle rough sleeping as part of the 'Everyone In' initiative.

485. Councils also highlighted opportunities for improvement:

- A need for longer term funding;
- delivering an integrated approach to dual diagnosis to improve access;
- addressing the wider challenges in the partnership environment;
- managing the impact of the lifting of the evictions ban;
- sustaining the current rough sleeping approach;
- strengthening approaches to prison discharge;
- improving access to social housing; and
- clarity of guidance for rough sleepers with no recourse to public funds.

Culture, tourism and sport

486. For this policy area, the LGA commissioned two research pieces to capture this:

- "The impact of COVID-19 on culture, leisure tourism and sport" on 24 July 2020 (**Exhibit JK5/167 - INQ000547145**); and
- "Leisure under lockdown: how culture and leisure services responded to COVID-19 - full report" on 10 November 2020 (**Exhibit JK5/168 - INQ000547079**)

487. The first report reflected a series of interviews with council culture, tourism and leisure leads about the impact of Covid-19 and closures on those services. It revealed that:

- Culture, Leisure, Tourism and Sport ("**CLTS**") was seen as offering a very

powerful draw for inward investment both in terms of the visitor-economy but longer-term such as business and household relocation. All this investment has a positive impact on the local economy.

- CLTS has a key role in developing and supporting community through its linkage to the health and wellbeing agendas at a local level. It is often the most vulnerable that gain the greatest benefit from CLTS services through outreach work or provision of leisure and other services.
- The social enterprise leisure provider model has been effective in terms of driving up the quality of leisure services in many areas, but effectiveness is entirely dependent on usage of facilities and the associated generated income. Closure of all leisure facilities in mid-March 2020 led to an immediate collapse in income.
- Councils provide important support of independent arts and cultural groups and organisations through a grants programme. They can also act as a facilitator to bring together various organisations (including funding bodies) to support the arts and culture in a local area. During the pandemic and associated lockdowns, councils provided signposting for arts and cultural organisations to sources of grant and support.
- Councils were approached by a wide range of CLTS organisations and providers asking for immediate support in the short-term. This took the form of either direct financial support (for example to pay provider staffing and other costs) or other action such as the deferring of business rate and management fee payments.
- Councils had to take immediate action (often agreed through either delegated decision or by the council leader/cabinet member and the chief executive or other senior officers) to support organisations in the short-term to ensure that they remained viable, but this placed pressure on already stretched budgets.
- There was concern that some cultural and leisure organisations remained ineligible for Government grants and there was a call for the guidance to be amended so that more cultural and heritage organisations could access support, which was not done.
- Government needed to be realistic about the state of council budgets and the impact of the pandemic on these. CLTS services are largely non-statutory and there was concern that they would be easy to reduce or pause due to pressure

on council budgets. There had to be an understanding by Government of the key role that CLTS plays, not only in the economic return at a local level but also on value and positive impact CLTS has on communities, especially the most vulnerable.

- When considering how best to support councils, Government needed to take account of local issues and variations. A national formula-based approach might not be the best way to provide support as and where it is most needed and local variation had to be considered.

488. The case studies in the second report, 'Leisure under lockdown', highlight just a few of the many ways in which culture, leisure and sports responded quickly and innovatively to the challenges posed by Covid-19. However, it also highlights the inability of some of these services and organisations to access government funding in a timely manner, or at all.

489. The report said that:

“While culture and leisure services and organisations have played a vital role within their communities, they also face uncertain futures. The Government’s announcement of a £1.57 billion support package for the arts is very welcome, and yet it may be too late for many. The experience of a second lockdown will place further pressure on organisations already at breaking point.”

490. The report was published before the eventual announcement of the National Leisure Recovery Fund and highlights how precarious the situation had become for the provision of public leisure:

“The leisure sector continues to feel the impact of COVID-19, with many providers facing the risk of closure. The majority of council leisure providers have been ineligible for much of the initial funding support due to their business models and typically charitable status. They have high fixed operating costs, which they have continued to incur whilst closed and are reliant on income generation, which has been placed under pressure by closures and reduced capacity on reopening due to social distancing.”

491. It reminded readers that:

“After the second World War the government recognised the need for investment in the arts alongside health and welfare. Access to great art and culture was seen as vital to helping society to heal. In the US, Roosevelt’s New Deal supported many artists, actors and playwrights. It

was understood that artists could help provide a vision of US culture that a nation in trouble could rally behind.”

492. It went on to recommend that we adopt a similar investment to tackle inequalities and build back better. This investment cannot be said to have happened.

The key lessons learned, observations and recommendations from the LGA’s Module 9 questionnaire report

493. These are set out in questions 7, 17 and 19 from the Module 9 Survey (**Exhibit JK5/001 - INQ000596485**). I do not repeat them here.

Recommendations to improve the economic response in the event of a future pandemic

494. As the Inquiry has already concluded, the UK was not prepared for a pandemic event such as Covid-19. National planning for future pandemics must consider the economic impact of non-pharmaceutical interventions on the economy, businesses, individuals and also on local government. There need to be plans designed to address the economic consequences of mechanisms designed to slow the rate of transmission, such as lockdowns, with modelling being conducted as part of the development of these plans into the effects of a future lockdown on local government finances and also on businesses and individuals.
495. These plans must be developed and co-designed with the local government sector and relevant representative bodies of different economic and other sectors. This will enable local authorities to ensure they have the information, data, systems, and capacity they require in place ahead of another pandemic. In designing the systems needed to provide support to the economy in the event of a lockdown, the LGA is of the view that the following set of principles should be applied: schemes should be as simple as possible; the number of schemes should be as small as possible; and the schemes should be as flexible possible allowing local determination within an outcomes framework rather than rigid restrictions on how funds can be applied.
496. Councils need to be resilient enough to play their role alongside central government in supporting the economy, businesses, and individuals during a pandemic. Like the rest of the economy the non-pharmaceutical measures implemented to address Covid-19 had an immediate impact on council finances. As

the LGA has already said in relation to Modules 1 and 2, councils entered the pandemic in a financially vulnerable position. The sector had been making substantial savings and efficiencies since 2010/11 in response to funding cuts. The council funding model also was increasingly reliant on the size of individual councils' tax bases, rather than Government grants. This made councils more vulnerable to local economic downturns. Government should reform the sector's funding arrangements to build greater financial resilience across all councils.

497. A contributory factor to the sector's financial vulnerability was the short-term funding arrangements that had become common in recent years. This weakened councils' ability to plan effectively and design medium-term transformation plans. In the context of the pandemic, it meant councils could not make meaningful plans for how to manage their finances in 2021/22, the second year of the pandemic, until the provisional local government settlement was published on 17 December 2020. Government should introduce multi-year settlements and greater funding certainty for councils.

498. While there is evidence that MHCLG has a good understanding of how council finances work, this is not necessarily the case for other departments. These departments can sometimes have little understanding how their department's priorities interact with the huge range of demands placed on councils and their limited resources. Government departments should take steps to improve their understanding of how council finances work and to develop a clearer understanding of how each departments' priorities interact with the multiple demands placed on councils.

499. Government has a longstanding ability to allow councils to capitalise revenue costs in exceptional circumstances. This approach became a key component of Government's support framework for councils during the pandemic, with seven councils provided with this support in 2020/21. However, despite the pandemic having finished several years ago, the use of capitalisations to secure financial stability has grown; 29 councils were allowed to capitalise revenue costs to set their 2025/26 general fund budgets. This means that the sector is increasingly reliant on borrowing and/or using capital receipts to support their revenue budgets. This is not a sustainable model. It also means councils are not well placed to cope should there be another pandemic. Government should assure itself that capitalisations are an effective and efficient method for returning councils to financial sustainability.

500. MHCLG moved quickly and ultimately responded well in the pandemic in terms of local government finance. However, the Department was not well-prepared initially. Early Government messaging on the level of support available to the sector was contradictory and confusing. Government and MHCLG should include local government finances into their future crisis planning and should have clear methods for assessing potential impacts and allocating funding, accompanied by clear and consistent communications.

501. As outlined in other answers, especially question 17, in a future pandemic the approach to making grants to business via local authorities could be improved in several ways:

- a. As already indicated the LGA believes the UK should have effective plans in place ahead of any further pandemic, with these plans developed and co-designed with local government, including decisions on eligibility criteria. This will also help Government understand what information is currently held by councils and to make a realistic assessment of what is practical to include to enable the scheme to be administered effectively.
- b. Better design of schemes and guidance in consultation with local authorities to reduce complexity and simplify interpretation of the guidance.
- c. Better design of guidance in consultation with local authorities so it does not have to be re-issued several times and to minimise the need for supplementary 'frequently asked questions'.
- d. Better planning of the time of the public announcement of the grant and the publication of the guidance for it. This would reduce the number of queries from potential grant recipients being made when they cannot be answered and should reduce delays.

Statement of Truth

I believe that the facts stated in this witness statement are true. I understand that proceedings may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief of its truth.

Personal Data

Signed: _____

Dated: 23 September 2025

APPENDIX A – Acronyms and abbreviations

Acronym	Meaning
ADPH	Association of Directors of Public Health
ARG	Additional Restrictions Grant
BEIS	Department for Business, Energy and Industrial Strategy
Bellwin Scheme	The scheme for emergency funding of local authorities under section 155 of the Local Government and Housing Act 1989
CARF	COVID-19 Additional Relief Fund
CEV	Clinically Extremely Vulnerable
CEX	Chief Executive
CIPFA	Chartered Institute of Public Finance and Accountancy
CJRS	Coronavirus Job Retention Scheme
COMF	Contain Outbreak Management Fund
CSP	Christmas Support Payment
CLTS	Culture, Leisure, Tourism and Sport
CTR1	Council Tax Requirement
DBT	Department for Business and Trade
Defra	Department for Environment, Food and Rural Affairs
DfE	Department for Education
DCMS	Department of Culture, Media and Sport
DCN	District Councils Network
DHSC	Department of Health and Social Care
DWP	Department for Work and Pensions
ERDF	European Regional Development Fund
ERD	Expanded Retail Discount
ESF	European Social Fund
ESIF	European Structural and Investment Fund
HMT	His Majesty's Treasury
HRA	Housing Revenue Account
ICF	Infection Control Fund
IFS	Institute for Fiscal Studies
LADGF	Local Authority Discretionary Grant Fund
LGA	Local Government Association
LGF	Local Government Finance
LRSG	Local Restrictions Support Grant
MERG	Ministerial Economic Recovery Group
MHCLG	Ministry of Housing, Communities and Local Government
NAO	National Audit Office
NALC	National Association of Local Councils
NHS	National Health Service

Acronym	Meaning
ADPH	Association of Directors of Public Health
NNDR1	National Non-Domestic Rates
NRPF	No Recourse to Public Funds
NSAP	Next Steps Accommodation Programme
OHLG	Omicron Hospitality and Leisure Grant
PAC	Public Accounts Committee
PHE	Public Health England
PWLB	Public Works Loan Board
RHLGF	Retail, Hospitality and Leisure Grant Fund
RNF	Relative Needs Formula
RV	Rateable value
SBGF	Small Business Grant Fund
SFCs	Sales, Fees and Charges
SIGOMA	Special Interest Group of Municipal Authorities
VOA	Valuation Office Agency
VCS	Voluntary and Community Sector
WBF	Welcome Back Fund
WLGA	Welsh Local Government Association

APPENDIX B - Government meetings and engagement chronology

Date	Time	Meeting	LGA Staff (Invited)	External participants (invited) (Government Bodies)
23/03/2020	4:30 PM	LGF Update Placeholder	Nicola Morton	MHCLG
24/03/2020	3:00 PM	Cashflow. Income Pressures	Nicola Morton	MHCLG
26/03/2020	4:30 PM	LGF Update Placeholder	Nicola Morton	MHCLG
26/03/2020	11:00 AM	Administration of the Council Tax Hardship Fund	Rose Doran, Ian Keating, Mike Heiser	MHCLG, DWP
27/03/2020	12:00 PM	Small Business Grant Scheme Advisory Group	Eamon Lally, Mike Heiser,	MHCLG CC: Cabinet Office, BEIS
30/03/2020	3:00 PM	Covid 19 - Catch up		Cathy J Kerr (cathyjkerr.ck@gmail.com)
30/03/2020	4:30 PM	LGF Update Placeholder	Nicola Morton	MHCLG
02/04/2020	2:00 PM	Business Rates Review - Terms of Reference	Mike Heiser, Nicola Morton	HMT
02/04/2020	4:30 PM	LGF Update Placeholder	Nicola Morton	MHCLG
02/04/2020	12:30 PM	LAWSG/POG/LAFG English Hardship Fund special	Mike Heiser, Ian Keating,	DWP, MHCLG,
09/04/2020	11:30 AM	Business Grant Funds Advisory Group	Mike Heiser, Eamon Lally, Victoria Eade	MHCLG, IRRV CIPFA BEIS Cabinet Office
09/04/2020	3:00 PM	LGF Update Placeholder	Nicola Morton, Victoria Eade	MHCLG, DWP
16/04/2020	3:00 PM	LGF Update Placeholder	Nicola Morton, Sarah Pickup, Aivaras Statkevicius, Nick Porter, Victoria Eade	ALATS, SMT, SDCT, SLT, SIGOMA, CIPFA, Devon and Somerset Fire and Rescue, SCT, London councils, MHCLG,
17/04/2020	11:00 AM	Small Business Grant Schemes Advisory Group	Mike Heiser, Eamon Lally, Victoria Eade	MHCLG, IRRV CIPFA BEIS Cabinet Office
20/04/2020	3:00 PM	DCN call	Aivaras Statkevicius, Nicola Morton , Bevis Ingram,	DEFRA
23/04/2020	1:00 PM	Business Grant Schemes Fraud Risk Assessment Exercise	Mike Heiser, Eamon Lally,	BEIS, Cabinet Office, MHCLG, London Mayor's office
24/04/2020	10:00 AM	Business Grant Schemes Fraud Risk Assessment Exercise - Group A	Mike Heiser, Eamon Lally,	BEIS, Cabinet Office, MHCLG, London Mayor's office

Date	Time	Meeting	LGA Staff (Invited)	External participants (invited) (Government Bodies)
24/04/2020	11:00 AM	Combined Authority Finance Network	Bevis Ingram, Sonika Sidhu, Daniel Gardiner	MHCLG
27/04/2020	3:00 PM	DCN Coronavirus conference call on Monday with MHCLG Minister	Aivaras Statkevicius, Nicola Morton , Bevis Ingram, Nick Porter	Simon Clarke MP (MHCLG)
27/04/2020	4:00 PM	Discussion: Finance Functions	Nicola Morton, Sarah Pickup	MHCLG (Alex Skinner, Duncan Graham, Suzanne Clarke, Chris Megainey, Katy Baldwin, Stuart Hoggan, James Waring)
27/04/2020	9:30 AM	MHCLG 8x8	Nicola Morton	
30/04/2020	3:00 PM	LGF Update Placeholder	Nicola Morton, Sarah Pickup, Aivaras Statkevicius, Nick Porter, Victoria Eade	ALATS, SMT, SDCT, SLT, SIGOMA, CIPFA, Devon and Somerset Fire and Rescue, SCT, London councils, MHCLG,
04/05/2020	1:00 PM	DCN Coronavirus Conference Call with MHCLG and LGA	Nicola Morton	MHCLG (Simon Gallagher, Director of Planning)
05/05/2020	11:30 AM	Small Business Grant Scheme Advisory Group	Mike Heiser, Eamon Lally	MHCG, IRRV, BEIS, Cabinet Office
06/05/2020	3:00 PM	NEW - Small Business Grant Schemes Advisory Group	Mike Heiser, Eamon Lally	MHCLG, IRRV, BEIS, Cabinet Office
11/05/2020	4:00 PM	Discussion: Finance Functions	Nicola Morton, Sarah Pickup	MHCLG
12/05/2020	3:00 PM	Small Business Grant Schemes Advisory Group	Victoria Eade, Mike Heiser, Eamon Lally	MHCLG, BEIS, Cabinet Office, IRRV
14/05/2020	4:30 PM	Small Business Grant Schemes Advisory Group	Nicola Morton, Sarah Pickup	HMT
20/05/2020	10:00 AM	Local Authority Working Group Forum	Nicola Morton, Mike Heiser	VOA, IRRV, MHCLG, Mayor's Office,
21/05/2020	11:30 AM	MHCLG/LGA Quarterly Catch Up: May 2020	Hilary Tanner, Mike Heiser, Aivaras Statkevicius, Louise Smith, Andrew Jones, Guy Head, Thelma Stober, Sonika Sidhu,	MHCLG
22/05/2020	2:30 PM	BEIS SBGF and RHLGF New Burdens	Mike Heiser	MHCLG

Date	Time	Meeting	LGA Staff (Invited)	External participants (invited) (Government Bodies)
27/05/2020	11:00 AM	Small Business Grant Schemes Advisory Group	Eamon Lally, Mike Heiser,	MHCLG, IRRV, Cabinet Office, BEIS,
28/05/2020	3:00 PM	FW: Discussion: Finance Functions	Sarah Pickup, Bevis Ingram	MHCLG
02/06/2025	11:00 AM	VTUG Meetings	Mike Heiser	Valuation Tribunal, VOA
05/06/2020	3:00 PM	LGF Next Steps	Bevis Ingram, Sarah Pickup	MHCLG
08/06/2020	1:30 PM	FW: Emma Knott/LGR/Sarah Pickup catch up	Sarah Pickup, Bevis Ingram, Aivaras Statkevicius, Nicola Morton	
11/06/2020	11:30 AM	Local Government Focus Group	Nicola Morton, Jo Allchurch	OBR, NAO, IFRA
12/06/2020	12:30 PM	Small Grant Scheme Advisory Group	Eamon Lally, Mike Heiser,	MHCLG, IRRV, Mayor's Office, Cabinet Office, BEIS,
30/06/2020	4:00 PM	Call to discuss the ATM Sites appeal with Sarah Pickup & Mike Heiser	Mike Heiser, Sarah Pickup	VOA
03/07/2020	2:00 PM	Small Business Grant Schemes Advisory Group	Eamon Lally, Mike Heiser	MHCLG, IRRV
06/07/2020	2:30 PM	SUT Roundtable with Thomas Collins, HMT	Nicola Morton, Mike Heiser, Alan Finch	HMT, NAO SUT
08/07/2020	11:00 AM	ACRA Meeting	Nicola Morton,	DHSC, Public Health England
13/07/2020	3:30 PM	Breathing Space NBA data discussion	Mike Heiser	HMT, MHCLG
15/07/2020	4:30 PM	£500mil allocations	Nicola Morton	MHCLG (Will King)
16/07/2020	9:30 AM	Catch up with Nicola Morton and Patrick Flack	Nicola Morton	MHCLG (Patrick Flack)
16/07/2020	9:00 AM	GB Review focus group with BIT	Bevis Ingram	HMT
24/07/2020	10:00 AM	IT Supplier User Group/Insolvency Service/HMT - BrSp NBA costs	Mike Heiser	HMT, MHCLG, The Insolvency Service
28/07/2020	3:00 PM	Small Business Grants Constituency data	Nicola Morton, Aivaras Statkevicius,	MHCLG, IRRV CIPFA BEIS
17/08/2020	3:00 PM	LGF Catch up	Nicola Morton	MHCLG
02/09/2020	11:00 AM	Advisory Committee on Resource Allocation (ACRA) Meeting	Nicola Morton	DoH, NHS England, Public Health England, ONS
02/09/2020	11:00 AM	VTUG Meetings	Mike Heiser	Valuation Tribunal, VOA
03/09/2020	2:00 PM	Business Rates review - catch up	Mike Heiser	HMT

Date	Time	Meeting	LGA Staff (Invited)	External participants (invited) (Government Bodies)
08/09/2020	11:30 AM	MHCLG/LGA Quarterly Catch Up: August 2020	Hilary Tanner, Mike Heiser, Aivaras Statkevicius, Louise Smith, Andrew Jones, Guy Head, Thelma Stober, Sonika Sidhu,	MHCLG
10/09/2020	3:00 PM	Local Lockdown Grant Scheme Advisory Group	Eamon Lally, Mike Heiser,	MHCLG, IRRV, Cabinet Office, BEIS, Government Internal Audit Agency
11/09/2020	11:30 AM	Spending Review 2020 LGA / MHCLG Roundtable: Health Inequality	Bevis Ingram, Jonathan Railings, Jessica Cobbett, Sarah Pickup, Paul Ogden, Vanessa Lucas (optional: Bevis Ingram, Nicola Morton)	MHCLG, DHSC, HMT, Public Health England
17/09/2020	10:00 AM	NAO Study on Local Government Finance in the Pandemic	Aivaras Statkevicius	NAO
21/09/2020	3:00 PM	LGF Catch up	Nicola Morton	MHCLG
24/09/2020	11:30 AM	Local Authority Working Group Forum	Mike Heiser	VOA, MHCLG, IRRV,
25/09/2020	2:30 PM	MHCLG Capital Strategy	Bevis Ingram	MHCLG
29/09/2020	2:30 PM	Local Restrictions Support Grant - Advisory Group	Eamon Lally, Mike Heiser,	MHCLG, IRRV, Cabinet Office, BEIS, Government Internal Audit Agency
19/10/2020	3:00 PM	LGF Catch up	Nicola Morton, Sarah Pickup Aiva Statkevicius	MHCLG
20/10/2020	1:30 PM	Local Authority Working Group: Fundamental Review of Business Rates Edition	Mike Heiser	VOA, MHCLG, HMT
23/10/2020	3:00 PM	Local Restrictions Support Grants - Advisory Group	Eamon Lally, Mike Heiser,	MHCLG, IRRV, Cabinet Office, BEIS, Government Internal Audit Agency
02/11/2020	3:00 PM	LGF Catch up	Nicola Morton, Sarah Pickup Aiva Statkevicius	
03/11/2020	9:30 AM	HOLD: Local Restrictions Support Grants - Advisory Group	Eamon Lally, Mike Heiser,	MHCLG, IRRV, Cabinet office, BEIS, Government Internal Audit Agency

Date	Time	Meeting	LGA Staff (Invited)	External participants (invited) (Government Bodies)
05/11/2020	2:00 PM	FW: Redmond Review: MHCLG/LGA	Alan Finch, Bevis Ingram	MHCLG
10/11/2020	2:00 PM	LRSG - Advisory Group	Eamon Lally, Mike Heiser	MHCLG, IRRV, Cabinet office, BEIS, Government Internal Audit Agency
12/11/2020	11:30 AM	MHCLG-LGA Quarterly Catch Up	Simon Williams, Kevin Halden, Bevis Ingram, Ellie Greenwood, Charles Loft, Sally Burlington, Rose Doran, Juliet Whitworth, Hilary Tanner, Mike /Heiser, Aivaras Statkevicius, Louise Smith, Andrew Jones Guy Head, Thelma Stober, Sonika Sidhu	MHCLG
16/11/2020	3:00 PM	LGF Catch up	Bevis Ingram	MHCLG,
20/11/2020	1:00 PM	LRSG FRA Workshops	Mike Heiser	MHCLG
23/11/2020	3:30 PM	Invitation: Local Authority Section 31 grants delivery framework @ Mon 23 Nov 2020 3:30pm - 4pm (GMT) (mike.heiser@local.gov.uk)	Mike Heiser	Cabinet office, MHCLG
26/11/2020	3:30 PM	LRSG / ARG - Advisory Group	Eamon Lally, Mike Heiser	MHCLG, IRRV, Cabinet office, BEIS, Government Internal Audit Agency
01/12/2020	2:00 PM	Monthly Catch up - Sarah Pickup, Nicola Morton, LGA/Tom Wipperman, HMT	Sarah Pickup, Nicola Morton	HMT
01/12/2020	11:00 AM	VTUG Meetings	Mike Heiser	Valuation Tribunal, VOA
07/12/2020	3:30 PM	RESCHEDULED - LRSG/ARG - Advisory Group	Eamon Lally, Mike Heiser	MHCLG, IRRV, BEIS, Cabinet Office
17/12/2020	11:00 AM	Advisory Committee on Resource Allocation (ACRA) Meeting	Nicola Morton	DoH, NHS England, Public Health England, ONS
26/01/2021	2:00 PM	Cabinet office Consultation	Nicola Morton	Cabinet Office (Sarah Windress)
26/01/2021	11:45 AM	Catch up - business grants / LA engagement	Mike Heiser	BEIS, MHCLG
27/01/2021	4:30 PM	Reliefs catch-up	Mike Heiser	MHCLG, IRRV

Date	Time	Meeting	LGA Staff (Invited)	External participants (invited) (Government Bodies)
02/02/2021	10:00 AM	NFI discussion - Cabinet Office / LGA	Mike Heiser, Juliet Whitworth	Cabinet Office (Sarah Windress)
08/02/2021	1:00 PM	LA FD Panel	Aivaras Statkevicius, Nicola Morton	MHCLG
11/02/2021	12:30 PM	Budget	Mike Heiser	MHCLG, IRRV
11/02/2021	1:30 PM	Advisory group - data publication	Eamon Lally, Mike Heiser, Victoria Eade	MHCLG, IRRV, Mayor's Office, BEIS
23/02/2021	2:30 PM	OPE Phase 9 Sustainable Grant approach	Ellen Vernon, Bevis Ingram	Cabinet Office
24/02/2021	2:00 PM	CLIP-F Meeting	Nicolae Bacila, Bevis Ingram, Aivaras Statkevicius	MHCLG, Mayor's office, ONS
24/02/2021	3:00 PM	Advisory Group Meeting	Eamon Lally, Mike Heiser, Victoria Eade	MHCLG, GIAA, Mayor's Office, BEIS
08/03/2021	3:00 PM	LGF Catch Up	Bevis Ingram, Sarah Pickup	MHCLG, DHSC,
10/03/2021	2:00 PM	Local authority communications	Bevis Ingram, Rose Doran	DHSC
15/03/2021	3:00 PM	Advisory Group Meeting	Eamon Lally, Mike Heiser, Victoria Eade	MHCLG, IRRV, Mayor's Office, BEIS
15/03/2021	3:00 PM	LGF Catch up	Sarah Pickup, Aiva Statkevicius	MHCLG
23/03/2021	3:00 PM	MHCLG/LGA Treasurers Roundtable	Nicola Morton, Bevis Ingram, Sarah Pickup	MHCLG,
24/03/2021	4:00 PM	C-19 Business Grants Advisory Group meeting	Eamon Lally, Mike Heiser, Victoria Eade	MHCLG, BEIS, Cabinet Office, IRRV, Mayor's Office
25/03/2021	10:30 AM	HMT/LGA CSC meeting	Douglas Olley, Louise Smith, Aivaras Statevicius	HMT
31/03/2021	2:00 PM	MHCLG catch up	Bevis Ingram	MHCLG
19/04/2021	12:00 PM	Financing Meeting with the LGA	Bevis Ingram, Christina Kaiser	BEIS
23/04/2021	10:30 AM	Restart Grant scheme Fraud Risk Assessment Exercise	Bevis Ingram, Mike Heiser	BEIS, MHCLG, Cabinet Office, GIAA
26/04/2021	1:30 PM	MHCLG/LGA Treasurers Roundtable	Nicola Morton	MHCLG
27/04/2021	10:30 AM	ACRA Meeting	Nicola Morton	DHSC, ONS, Public Health England
27/04/2021	11:00 AM	Partnership Forum -April 2021	Mike Heiser,	MHCLG, IRRV, Mayor's Office,
27/04/2021	1:00 PM	IWG meeting - Calculation of Tax Income Guarantee	Mike Heiser, Sam Swift	MHCLG, Mayor's office

Date	Time	Meeting	LGA Staff (Invited)	External participants (invited) (Government Bodies)
30/04/2021	11:00 AM	MHCLG catch up	Mike Heiser	MHCLG
05/05/2021	12:30 PM	LGA New Burdens update meeting	Mike Heiser, Thelma Stober, Juliet Whitworth, Rachel Walker	MHCLG
19/05/2021	10:40 AM	LA Business Grants	Mike Heiser	BEIS
21/05/2021	11:00 AM	Updating the Statistical Returns	Bevis Ingram	MHCLG
25/05/2021	11:30 AM	Covid-19 LA Grants Programme Board Meeting	Mike Heiser	BEIS, HMT,
25/05/2021	11:30 AM	Covid-19 LA Grants Programme Board Meeting	Mike Heiser	BEIS, HMT,
27/05/2021	1:00 PM	NAO study on Managing the debt owed to HMRC	Rose Doran, Mike Heiser	NAO
01/06/2021	3:00 PM	MHCLG/LGA Treasurers Roundtable	Nicola Morton, Bevis Ingram, Sarah Pickup	MHCLG
11/06/2021	1:30 PM	Outcomes-based Funding Meeting: LGA and MHCLG	Juliet Whitworth, Sarah Pickup, Bevis Ingram, Nicola Morton	MHCLG
16/06/2021	12:30 PM	SWGECs	Ian Keating, Mike Heiser, Clive Harris,	DFE,
07/07/2021	11:30 AM	Local Authority Working Group	Mike Heiser	VOA, Mayor's Office,
15/07/2021	2:00 PM	MHCLG/LGA Treasurers Roundtable	Hannah Donnelly, Sarah Pickup, Nicola Morton, Simon Jeffrey, Kamal Panchal, Mike Heiser	MHCLG, DfT
28/07/2021	10:30 AM	ACRA MEETING	Nicola Morton,	DHSC, ONS, Public Health England
29/07/2021	11:30 AM	Business Rates Advisory Forum	Mike Heiser	VOA, IRRV, MHCLG,
10/08/2021	10:00 AM	Covid-19 LA Grants Programme Board	Mike Heiser	BEIS, HMT,
24/08/2021	2:00 PM	Fragmented funding and infrastructure discussion	Bevis Ingram	NIC.gov.uk
21/10/2021	3:30 PM	FFCL Strategic Advisory Board	Bevis Ingram	DLUHC
08/12/2021	2:00 PM	Covid Grants Programme Board	Bevis Ingram, Mike Heiser	BEIS, HMT, Cabinet Office,
12/01/2022	9:30 AM	DLUHC - LGA Catch up	Nicola Morton	DLUHC
14/01/2022	4:00 PM	Evi Bell catch up	Nicola Morton	DLUHC
01/02/2022	2:00 PM	Patrick Flack catch up	Nicola Morton	DLUHC

Date	Time	Meeting	LGA Staff (Invited)	External participants (invited) (Government Bodies)
09/02/2022	9:30 AM	DLUHC/LGA catch up	Nicola Morton	DLUHC
22/02/2022	12:00 PM	Covid Business Grants - February Programme Board Meeting	Mike Heiser	BEIS, Cabinet Office, HMT
23/02/2022	9:30 AM	DLUHC LGA catch up	Nicola Morton	DLUHC
28/02/2022	3:00 PM	LGF catch up	Nicola Morton	DLUHC
09/03/2022	9:30 AM	DLHUHC Catch up	Nicola Morton	DLUHC
23/03/2022	2:00 PM	Covid Business Grants Programme Board Meeting - March	Mike Heiser	BEIS Cabinet Office,
25/03/2022	11:00 AM	MHCLG Monthly Catch up	Bevis Ingram	DLUHC
29/04/2022	11:00 AM	MHCLG Monthly Catch up	Bevis Ingram	DLUHC
25/05/2022	2:00 PM	Covid Business Grants - May Programme Board Meeting	Mike Heiser	BEIS, HMT, Cabinet Office
27/05/2022	11:00 AM	MHCLG Monthly Catch up	Bevis Ingram	DLUHC
20/06/2022	10:30 AM	ACRA Meeting	Nicola Morton,	DHSC
23/06/2022	1:00 PM	MHCLG Monthly Catch up	Bevis Ingram	DLUHC

APPENDIX C – Table of business grants

Table of business grants

	Small Business Grant Fund and Retail Hospitality and Leisure Fund	Local Authority Discretionary Grant Fund	Local Restrictions Support Grant (Open)	Local Restrictions Support Grant (Closed)	Additional Restrictions Grant	Christmas Support Payment for Pubs	Restart Grant	Omicron Hospitality and Leisure Grant
Central (C) or Discretionary (L)	C	L	C	C	L	C	C	C
Date Announced	11/03/20	01/05/20	22/10/20	09/09/20	22/10/20	1/12/20	03/03/21	21/12/21
Date first discussed with the LGA	20/03/20 (skeleton)	06/05/20	23/10/20 (referred to in meeting)	10/09/20	23/10/20 (referred to in meeting)	07/12/20	16/03/21	Not discussed prior to publication
Date of first publication of guidance	24/03/20	13/05/20	03/11/20	24/09/20	03/11/20	09/12/20	17/03/21	30/12/21
Days between grant announced and publication of guidance	13	12	10	15	10	6	14	9
Variations of guidance (Nos.)	6	3	30	30	9	2	2	3
Date of cessation of grant	30/09/20	30/09/20	31/03/21	31/03/21	31/03/22	28/02/21	31/07/21	28/02/22

(Notes: 1. We do not have full dates of publication for each of the variations in guidance. For the LRSG grants the number variations refers to all the versions of the LRSG).