

DECISION-MAKER:	COUNCIL
SUBJECT:	Acceptance of External Funding, Scheme Expenditure Approvals, Delegations in relation to future External Covid funding and Review of Financial Procedure Rules
DATE OF DECISION:	24 June 2020
REPORT OF:	Executive Director – Finance and Commercialisation

CONTACT DETAILS

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STATEMENT OF CONFIDENTIALITY

None

BRIEF SUMMARY:

Financial Procedure Rules (FPR's) provide authorisation levels within which Officers and the Executive can act with financial decisions deemed to have a significant impact on the Budget (approvals above £2m) reserved to Council. The impact of COVID is that significant external funding is being provided at short notice and needs to be approved to enable the deployment of the monies at a local level for both ring-fenced and discretionary pass through of funds. The report also seeks approval to accept external funding and authorise spend in relation to two major transport programmes.

To avoid the necessity of special council meetings having to be called each time new external funding streams are announced (often with short notice to implement spend) it is proposed that the acceptance of and approval to spend all future COVID funding is delegated to the S151 Officer following consultation with the Cabinet Member for Resources & Income Generation, Leader, relevant portfolio holder and relevant Executive Director in whose areas the funding implementation impacts.

COVID funding from Government normally comes with a clear COVID connection, and often with a ring-fence, guidance or accompanying letter on how it's to be used that references COVID needs. Should this start to become blurred, then the first part of the delegation will be to determine if COVID applies or not to the funding. The council's S151 officer can maintain a record and evidence why it was considered COVID related funds. As referenced in para 6, this will be reported to Cabinet quarterly for transparency.

The operation of the delegation granted in this report can be formally reviewed as part of the annual budget setting meeting, the next one being February 2021.

RECOMMENDATIONS:

(i)		<p>That in relation to Covid matters Council is recommended to approve the acceptance of funding and spend in respect of:</p> <ol style="list-style-type: none">1. Discretionary grants for business (acceptance and spend of £2.186M on the basis set out in Appendix A)2. Control of infection in care homes (acceptance and spend of £2.025M on the basis set out in Appendix B) 75% (£1.519M) of the funding is passported through the council and allocated as required by Government, but 25% (£0.506M) is allocated at the council's discretion. Delegated approval is sought for the 25% element of the funding to be allocated at the discretion of the Executive Director Wellbeing (Health & Adults), following consultation with the Cabinet Member (Health and Adults), after consideration of the local market conditions at this time.3. Infection Control (acceptance and spend of £1.571M on the basis set out in Appendix C)4. Local Welfare Assistance Scheme Funding (the sum has not yet been notified by Government. Council is asked to accept the sum in principle, and spend on the basis set out in Appendix D).
(ii)		<p>A decision has previously been made, via an Emergency delegated decision, in relation to the Adults Social Care provider market that:</p> <ol style="list-style-type: none">(i) The Council agrees to a 10% price uplift for a fixed period 19th March 2020 to 30th June 2020. This will apply to current social care providers with existing clients and community-based support providers procured via a block contract.(ii) The additional cost of £2.5m is a call down against the £7.4m additional funding provided to the Council for this purpose.(iii) The payment will be in the form of a one-off payment paid in May 2020 to cover the period 19th March to 30th June 2020.(iv) This temporary uplift up to 10% is not evidenced based but made as a flat payment scheme based on the provider's

		<p>commissioned activity or contract value as at February 2020.</p> <p>(v) Through their delegated authority after consultation with the Leader, Cabinet Member for Adult Care and Chair of OSMC, the Executive Director of Health & Adults and Executive Director for Finance, can agree to urgent decisions to uplift above 10% for some providers or segments of the market where the risk is assessed as critical and the need can be evidenced via open book accounting. Such decisions will be made within the £2.5m cost envelope.</p> <p>Council is now recommended to approve a time extension to make additional payments to the end of July 2020, but with spend limited to the existing £2.5M agreed allocation.</p>
	(iii)	<p>Council is recommended to accept the Transforming Cities Fund grant of £56.90M and approve the revision to the capital programme and spend for Connected Southampton and to approve associated match funding spend from the council as per the details provided in paragraph 9 and Appendix E.</p>
	(iv)	<p>Council is recommended to accept the Future Transport Zone funding of £28.76M and approve the addition of this amount to the capital programme between 2020/21 and 2022/23 with Southampton City Council acting as the local accountable body on behalf of partners, together with approval to spend as per the details provided in paragraph 10 and Appendix F</p>
	(v)	<p>To delegate authority to the S.151 Officer to accept and authorise spend on any external Covid related funding regardless of value, provided they do so following consultation with the Cabinet Member for Resources & Income Generation, Leader, and relevant Cabinet Member and Executive Director in whose area of responsibility funding implementation lies.</p>
	(vi)	<p>To delegate authority to the S.151 Officer, following consultation with the Cabinet Member for Resources and Income Generations and the Leader to amend the FPR's to raise the levels in respect of which Covid Related funding acceptance or spend requires Cabinet or Council approval and to temporarily relax controls over payment schedules etc to ensure speedy</p>

		distribution of funds to those in need and to further amend the Key Decision definition to exclude Covid related expenditure from the financial and strategic or policy impact trigger points at which a Key Decision would be required.
REASONS FOR REPORT RECOMMENDATIONS		
1.	To ensure that a swift response is in place for funds that are notified at short notice, enabling allocation of funding to where it is needed as swiftly as possible, such as care homes or local businesses.	
2.	To enable swift deployment of highways funding, to facilitate work as quickly as possible on transport, which will come under increasing strain for daily and other commutes under 'new normal' social distancing rules. Transport investment will provide residents with greater confidence in local transport and help facilitate economic recovery.	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
3	The decision could wait to normal meetings of council but this would delay the delivery of funds into key areas such as business support.	
DETAIL (Including consultation carried out)		
4	<p>Attached to the report are appendices providing individual details for the following areas:</p> <p style="padding-left: 40px;">COVID MATTERS:</p> <p style="padding-left: 40px;">A. Discretionary grants for business</p> <p style="padding-left: 40px;">B. Control of infection in care homes</p> <p style="padding-left: 40px;">C. Infection Control</p> <p style="padding-left: 40px;">D. Emergency food (local welfare assistance fund)</p> <p style="padding-left: 40px;">NON COVID MATTERS:</p> <p style="padding-left: 40px;">E. Transforming Cities Fund</p> <p style="padding-left: 40px;">F. Future Transport Zones (FTZ)</p> <p>Additionally, financial support for one month to the Adults Social Care (ASC) provider market is also sought, to extend the timeframe for a decision already made but keeping within agreed funding of (£2.5M).</p>	
5	The current FPR's require Council to accept funding above £2m as this is the level at which changes to the approved Budget are reserved to Council. Due to the resource implications and difficulties associated with holding virtual meetings within the timeframes the Government has determined funds should be spent within, a temporary method of accepting and spending Covid related funds that maintains Member accountability in the decision making process is required. In the same manner, changes to FPR's are required to temporarily exclude Covid related decisions from the definition of an Executive Key Decision that would require a meeting of the Cabinet on 28 days notice or via urgency provisions to implement.	

6	<p>To enable funds to be accepted and schemes to be implemented within the timescales required by government it is now proposed that Covid related financial decisions are made under officer delegation following consultation with senior members of the Cabinet.</p> <p>A summary of these decisions can be published quarterly at cabinet meetings as part of the budget monitoring reporting process.</p>
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RESOURCE IMPLICATIONS

Capital/Revenue

Revenue

7 The revenue funding from Government is shown in the table below against each scheme and totalling £5.782M. They are all proposed as accepted and allocated by the council

Table: Funds to be accepted

Scheme	Amount (£M)	Reference
Discretionary Business Grants Fund	2.186	Appendix A
Control of infection in Care Homes	2.025	Appendix B
Infection Control (local test and tracing)	1.571	Appendix C
Local welfare assistance scheme	Tbc	Appendix D
Total (subject to confirmation of welfare assistance funding)	5.782	

8 Of the £2.025M on Control of Infection in Care Homes, expenditure of approx. £1.52M is simply a pass through arrangement of funding to providers which has been distributed in accordance with the requirements of the Infection Control Fund for adult social care and over which the Council has no discretion over the allocation.

Capital programme

9 Transforming Cities Funding (TCF)
 Southampton City Region was awarded around £57M of Government funding towards project and covers the three years to March 2023. This is a significant sum, but is some £44m less than the total assumed in the capital programme previously agreed in February, where TCF was part of the Connected Southampton project. Southampton's contribution to the project will also reduce, through a lower match funding requirement. The table below shows how the capital programme is impacted and the revised programme going forward. Further information can be found in appendix E.

Table: Transforming Cities Fund

	2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	Total £M
Agreed Budget (at Feb 2020 Council)						
- Connected Southampton	40.670	50.099	41.464	22.000	1.500	155.733
- Transport Schemes Match Funding	2.400	0.900	5.900	0.000	0.000	9.200
LESS: amendment due to grant confirmation	-24.298	-24.034	4.372	0.000	0.000	-43.960
LESS: reduced need for SCC match funding	-0.900	-0.750	-0.750	0.000	0.000	-2.400
Amended Proposed Budget	17.872	26.215	50.986	22.000	1.500	118.573
Funded by:						
Transforming Cities grant	10.027	22.153	24.719	0.00	0.00	56.899
Other grants	5.336	3.092	20.947	21.830	1.500	52.705
Council resources	2.509	0.970	5.320	0.170	0.000	8.969
Funding - total	17.872	26.215	50.986	22.000	1.500	118.573

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Future Transport Zones (FTZ)

Solent Transport has been granted £28.76M from the Department for Transport (DfT) to implement innovative future transport solutions around personal mobility and freight movements. Southampton City Council will act as the accountable body for this funding, with the sum distribute to partners and Southampton City Council itself. The table below shows the addition to the capital programme with more details in Appendix F, funded by FTZ grant.

Table: Future Transport Zones (FTZ) Capital programme

	2020/21 £M	2021/22 £M	2022/23 £M	Total £M
Theme 1: Passenger transport innovation projects	4.15	3.56	4.47	12.18
Theme 2: Urban logistics innovation projects	2.39	3.92	5.28	11.59
Programme Support and Contingency	2.05	1.46	1.48	4.99
Total	8.59	8.94	11.23	28.76
Funded by: FTZ grant	8.59	8.94	11.23	28.76

<u>Property/Other</u>	
11	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
12	Local Government Act 1972, Schedule 12, Local Government Act 2000, The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 as amended , The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, Localism Act 2011, Section 1.
<u>Other Legal Implications:</u>	
13	The schemes set out in this report are subject to assessment prior to implementation to ensure compliance with the Equalities Act 2010 and the Data Protection Act 2018 together with all other relevant secondary legislation. Equality Impact Assessments (EISA's) have been completed for each scheme where details have been supplied by Government and are provided for decisions makers to take into account in determining this matter. However, an Equality Impact Assessment will be completed for the local welfare assistance fund (appendix D) once Government has provided details behind this headline announcement.
14	The State Aid implications of the Grant and discretionary grants schemes and funding Approvals set out in this report and Executive Directors and S.151 Officer have satisfied themselves that the funding being provided falls within the relevant state aid exemptions applicable to each scheme permitting the grant funding set out in the report.
RISK MANAGEMENT IMPLICATIONS	
15	The sums identified in this report will be included as part of the Council's overall financial management via the budget monitoring process to ensure the sums are correctly spent and budgets not exceeded.
POLICY FRAMEWORK IMPLICATIONS	
16	The Covid funds will be allocated in accordance with the measures the council is taking to support the local community and businesses during the pandemic and will be in accordance with all relevant guidance from Government.
17	The TCF and FTZ funds within the capital programme will support the aims set out in the Southampton City Council Strategy, which includes aims around transport improvement linked to a greener city and longer term economic growth.
KEY DECISION?	NO
WARDS/COMMUNITIES AFFECTED:	ALL
<u>SUPPORTING DOCUMENTATION</u>	

Appendices:**COVID MATTERS:**

- A. Discretionary grants for business
- B. Control of infection in care homes
- C. Infection Control
- D. Emergency food (local welfare assistance fund)

NON COVID MATTERS:

- E. Transforming Cities Fund (TCF)
- F. Future Transport Zones (FTZ)

Documents In Members' Rooms

1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		Yes
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		Yes
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.	Equality and Safety Impact Assessments relating to Appendices A,B,C, E and F	