

Financial Update

	Sctn	Page
Summary	1	2
Background	2	4
Revenue & Capital Budget Outturn 2020-21	3	6
Schedule of Covid-19 Grants	4	8
Covid-19 Monitoring Return	5	10
Revenue Budget 2021-22	6	12
Council Tax 2020-21 and 2021-22	7	14
Business Rates Collection 2020-21	8	18
Medium Term Financial Outlook	9	20
Appendices		
Details of Grant Allocations	A	22

Relevant Director	Corporate Director Finance, Zena Cooke
Report author(s)	Head of Finance Policy Planning and Strategy, Dave Shipton
Circulated to	
Classification	Unrestricted

Contact details

Head of Finance Policy, Planning and Strategy Dave Shipton 03000 419 418 dave.shipton@kent.gov.uk
Corporate Director of Finance Zena Cooke 03000 419 205 zena.cooke@kent.gov.uk

Summary

Revenue underspend of £27.5m after roll forwards in provisional 2020-21 outturn	Gross underspend of £70m (£14.4m business as usual and £55.6m Covid-19 related). Rollforwards of £13.7m for business as usual activities and £28.8m Covid-19 issues leaving a net underspend of £27.5m, the majority of which is to be held in a earmarked Covid-19 reserve to support future Covid-19 related spending pressures, income losses and delayed delivery of savings.
Capital outturn underspend of £184.8m	The vast majority £175.4m is planned expenditure rephased into future years, £9.4m real underspend
£346.2m additional grants provided by central government to support responding to the pandemic	Additional grants have come from a number of departmental announcements during the year. The main emergency grant from MHCLG has come in five tranches between March 2020 to April 2021 and is un-ringfenced (can be used for purposes determined locally in response to or recovery from the pandemic). Other grants have been specific grants (can only be used for purposes defined by government). Most of the grants have been allocated on a formulaic basis and some based on claims for costs incurred (including income losses).
April 2020 Covid-19 return shows net break even on Covid-19 grants	KCC submits regular monitoring returns to Ministry of Housing and Local Government (MHCLG). KCC's returns show a reasonable degree of consistency throughout the year although some of the earlier forecasts have been revised downwards and some have subsequently been funded by specific grants. KCC forecasts are slightly higher than the average for other county councils but are not an outlier.
Lower council tax precept for 2021-22 than assumed in government Core Spending Power	The government's Core Spending Power showed a 5.5% increase in spending power compared to 2020-21. The calculation was based on an assumed increase in the council tax base. The 2021-22 precept has been set based on an estimated 1.04% reduction in the tax base. This reduces the spending power to 3.3%
Estimated council tax base for 2021-22 shows larger reduction than other county councils	The 1.04% reduction in KCC's council tax base is the largest for any county council and is more similar to reduction for outer London boroughs and Metropolitan Districts. Analysis shows a strong correlation between those councils with the largest tax base reductions and the largest increase in band d council tax charges for 2021-22
Collection losses in 2020-21 have been partially compensated by government but will impact on budgets for the next 3 years	Significant impact on tax collection during 2020-21 due to the pandemic and economic recession. This has arisen from additional claims for council tax discounts for households on low income, additional business rates reliefs granted at the outset of the pandemic and under collection of tax due. Irrecoverable collection losses have been subject to 75% compensation and can be accounted for over 3 financial years.

Medium term outlook remains highly uncertain	The medium term outlook is based on three alternative planning scenarios reflecting the ongoing uncertainty for trajectory of the pandemic and recovery. An upside scenario shows the need for additional savings/income to close a modest forecast gap for 2022-23 with forecast surpluses in 2023-24 and 2024-25 (offering scope for investment or lesser tax increases). The central case and downside scenarios show more substantial forecast gaps in each of 2022-23, 2023-24 and 2024-25
--	---

2.1 The provisional outturn position for 2020-21 for revenue and capital budgets was reported to Cabinet on 24th June. This included revenue budget roll forwards into 2021-22, capital rephasing and other budget adjustments requiring Cabinet approval. The report also included proposed changes to reserves following a comprehensive review carried out during the year and the impact of the outturn position. A summary of the provisional outturn is set out in section 3 of this report.

2.2 Since the start of the Covid-19 pandemic the government has provided significant additional financial assistance to support individuals, businesses and public services. The March 2021 budget identified that in total the Government will have provided £352bn over the course of 2020-21 and 2021-22 in response to the pandemic.

2.2 The Chancellor's March 2021 Budget identified that the government has provided an additional £6.5bn to help local authorities in England respond to the impacts of Covid-19 in 2020-21. This is in addition to £1.6bn made available in 2019-20. A further £3bn has been provided in 2021-22 taking the total support provided to local authorities to over £11bn since March 2020. This does not include specific departmental grants and support.

2.3 As soon as the pandemic was announced KCC finance put arrangements in place to capture information about the additional costs the Council would incur. Initially there was very little guidance on the expectations on local authorities. The Government did issue three Procurement Policy Notes (PPN) although these related to suspending aspects of procurement procedure rather than guidance on the type of expenditure the government anticipated local authorities would incur. The Council produced local guidance on the expenditure and income to be captured. This included:

- Additional costs incurred in response to the initial emergency e.g. temporary mortuary, procurement of PPE, etc.
- Additional costs to support market sustainability e.g. payments to support social care providers in meeting Covid-19 related additional costs, payments to home to school transport providers even though no service has been provided due to closures, etc.
- Future demand increases e.g. adult social care where the Council has to assume responsibility following hospital discharges, children's social care due to increased demand following the easing of lockdown restrictions etc.
- Delays in delivering savings
- Loss of income
- Workforce pressures associated with demand increases

2.4 The Ministry of Housing, Communities and Local Government (MHCLG) has asked local councils to provide a monthly return setting out estimates of the impact of the Covid-19 pandemic. Initially this return was used by MHCLG to inform the allocation of additional tranches of the un-ringfenced emergency grant. The returns have evolved over time and include spending from specific grants as well as local spending decisions.

2.5 KCC's returns have identified actual and forecast costs to date. The forecasts have assumed that ring-fenced grants are spent in full in 2020-21 (with any unspent sums rolled forward to 2021-22).

2.6 The 2021-22 budget was approved by County Council on 11th February. This included additional spending associated with the Covid19 pandemic, spending growth due to business-as-usual activities, additional savings and income a small net reduction in reserves (including assumed underspend rolled forward from 2020-21 underspend and strengthening general reserves). The increase in the net budget was funded from additional government grants (assumed largely one-off), increase in council tax charge up to but not exceeding the referendum limit (including further adult social care levy), and impact of tax base losses and collection deficits.

2.7 Local tax collection has been significantly disrupted due to the pandemic and economic recession. Kent districts have estimated some of the largest council tax losses among all county councils. Further analysis of national trends has shown a strong correlation between the largest tax losses and the need for the highest council tax charge increases for 2021-22.

2.8 Medium term financial planning continues to be extremely difficult due to the high degree of uncertainty and the lack of multi-year spending plans from central government. We have produced some high-level planning scenarios which will be updated and refined as more certainty emerges.

3.1 Throughout the course of the year the revenue budget monitoring has reported separately the impact of Covid-19 pandemic on revenue spending and income, and business as usual activity. 2020-21 has been an exceptional year due to the Covid-19 pandemic and the outturn has to be viewed in light of the significant impact of lockdowns on services and the additional support received through Covid-19 grants.

3.2 The provisional revenue outturn shows a £70.0m gross underspend before roll forwards. The Cabinet report included £40.5m of roll forwards leaving a net underspend of £27.5m. Within this overall position the gross underspend on business as usual activities is £14.4m with underspends in all directorates as follows:

Adult Social Care & Health £4.1m
Children, Young Persons & Education £1.4m
Growth, Environment & Transport £0.5m
Strategic & Corporate Services £2.9m
Financing Items & Unallocated £5.5m

3.3 Roll forward requests for business as usual activities amount to £13.7m leaving a net underspend of £0.7m. The gross underspend attributable to Covid-19 impacts is £55.6m, with £28.8m proposed to roll forward to include £16m for the Helping Hands scheme, £7.5m for young person's Reconnect programme and £5m to support market sustainability. The net remaining underspend of £26.8m is proposed to be set aside in a Covid-19 earmarked reserve to support future Covid-19 related spend, losses of income and unachievable savings due to the pandemic.

3.4 The Covid-19 outturn includes £51.3m of underspends within directorates where the pandemic and lockdowns have impacted on delivery of services. Examples of these underspends includes fewer than anticipated placements for older persons in residential and nursing care, reduced demand and spend on home to school transport, lower spend on public transport which has been supported by additional government grants, and lower waste tonnage processed through Household Waste Recycling Centres. Fuller details of Covid-19 related underspends are included in section 4 of the Cabinet report.

3.5 The provisional capital outturn shows an underspend of £184.8m, of which £9.4m represents a real underspend on schemes and £175.4m rephasing into future years.

3.6 The provisional outturn for schools delegated budgets shows a net overspend of £8.9m. This reduces the accumulated surplus Dedicated Schools Grant reserve from £13.8m to £4.9m. Within this overall net surplus schools' individual budget reserves show a surplus of £56.0m (a net increase of £20.6m) and central schools budget reserve a deficit of £51.1m (a net increase in the deficit of £29.5m). The vast majority of the increase in the deficit on central Schools' budget reserve is due to overspend on high needs placements of £28.6m.

3.7 In accordance with the statutory override implemented by the Ministry of Housing, Communities & Local Government (MHCLG) during 2020-21, and in line with the Department for Education (DfE) advice that local authorities are not expected to repay deficits on the DSG from the General Fund and can only do so with Secretary of State approval, the central DSG deficit of £51.1m will be held in a separate unusable reserve from the main council reserves. This statutory override is expected to be in place for the next three years whilst Councils implement recovery plans. The Council continues to work with the Schools Funding Forum to set out the challenge and agree a plan to address the deficit which has more than doubled. The DfE is expected to make contact with local authorities to discuss the detail of their plan and next steps.

4.1 Table 1 shows the latest amounts allocated from all the various grants provided by government departments in response to the pandemic.

Table 1 – Covid-19 Grants

	National	KCC			
		2019-20	2020-21	2021-22	TOTAL
	£m	£m	£m	£m	£m
Unringfenced Grants					
Emergency Grant	6,250.0	39.0	55.9	32.4	127.3
Compensation for irrecoverable tax losses	854.0		7.0		7.0
Compensation for Covid related Business Rate reliefs	6,527.4		25.6		25.6
Council Tax Support	670.0			14.3	14.3
Loss of Sales, Fees & Charges - tranche 1	528.3		0.9		0.9
Loss of Sales, Fees & Charges - tranches 2-4 *			10.4	-1.2	9.2
	14,829.7	39.0	99.8	45.5	184.3
<i>* the 2020-21 accounts included an estimate of compensation for the period Nov - Mar. Now that final figures are available, we have found that the estimate was too high, hence a reduction is now showing in 2021-22. We are expecting compensation for Q1 of 2021-22 which will offset this, but do not have details yet of how this will be calculated, so no estimate is provided as yet.</i>					
Social Care Grants					
Infection Control	1,348.5		34.8	6.9	41.7
Rapid testing/workforce	407.8		7.8	4.1	11.9
NHS Hospital Discharge	N/A		10.6	1.4	12.0
	1,756.3	0.0	53.2	12.4	65.6
Public Health Grants					
Contain Outbreak Management	1,784.9		8.4	39.7	48.1
Test & Trace	300.0		1.3	5.0	6.3
Clinically Extremely Vulnerable **	158.5		4.6		4.6
Asymptomatic Community Testing	N/A		7.2	4.7	11.9
	2,243.4	0.0	21.6	49.4	70.9
<i>** £3.2m of the £4.6m Clinically Extremely Vulnerable grant is being rolled forward to be spent in 2021-22</i>					
<i># 2021-22 is a provisional estimate based on our application</i>					
Other Grants					
Winter Support	269.1		4.5	2.7	7.1
Emergency Assistance for Food & Essential Supplies	63.0		1.7		1.7
School & College Transport capacity funding	125.4		4.2	2.0	6.2
Bus Services	103.5		4.9	0.6	5.5
Bus Services				0.7	0.7
Targeted Support for UASC	6.0		0.8		0.8
Other ***	79.5		1.8	1.4	3.2
Other - reclaim of costs	N/A		0.1	0.0	0.1
	646.6	0.0	18.0	7.4	25.4
<i>*** £0.2m of the £1.8m grant in 2020-21 relates to Wellbeing for Education Return. £0.1m of this is to be rolled forward and spent in 2021-22</i>					
TOTAL	19,476.0	39.0	192.5	114.7	346.2

4.2 Some of the grants have to be accounted for in 2020-21 even though the income is not received until after April. In these circumstances a debtor has been included in the 2020-21 accounts which in some instances has been based on an estimated amount where the grant allocation had not been confirmed in time for the preparation of the accounts. This could result in variance in 2021-22 when the actual grant is confirmed and received.

4.3 Appendix A provides more detail about how the main grants have been allocated. The vast majority have been shared out to all authorities based on formulae. Some are subject to bids and some based on actual claims. The first tranche of the un-ringfenced emergency grant was received at the end of March 2020 and included in the 2019-20 accounts. Only £1.7m of this was spent/applied to income losses in the last weeks of 2019-20 in the immediate aftermath of the pandemic. The remaining £37.3m was held in a Covid-19 reserve to support further spending/income losses in 2020-21. Use of this reserve was included in the 2020-21 budget amendment approved by full Council in September.

4.4 The majority of the grants in table 1 are reported in the MHCLG monitoring returns including:

- Emergency Covid-19 Grant (4 tranches)
- Public Health grants (Test & Trace and Contain Outbreak Management Fund)
- Adult Social Care grants (infection control, hospital discharge, rapid testing, workforce capacity fund)
- Other grants (clinically extremely vulnerable, emergency food assistance, winter grant scheme, home to school transport, emergency active travel fund)

4.5 Un-ringfenced grants can be used for any purpose to support the authority's response to the pandemic. Specific grants can only be used for prescribed purposes determined by government under the conditions for grant. The governance arrangements for decisions on spending grants are set out in appendix B.

Covid-19 Monitoring – Key Numbers from April Submission

2020-21	2021-22	
£94.9m	£32.4m	Un-ringfenced emergency grant funding received from MHCLG
£97.0m		Ringfenced additional grants such as Care Homes Infection Control, Test and Trace, Contain Outbreak Management Fund, and Covid-19 Winter Grant Scheme from Department for Health and Social Care (DHSC)
£5.4m		Additional income from Clinical Commissioning Groups (CCGs) for hospital discharges into social care
-£31.7m	£31.7m	Ring-fenced grants unspent in 2020-21 and rolled forward into 2021-22
-£0.7m		Ring-fenced grants unspent
£165.0m	£64.1m	Net funding available
£98.2m	£98.1m	Forecast additional spending and delayed savings in 2020-21
£20.4m	£12.0m	Forecast loss of income
£118.6m	£110.1m	Total change in KCC spend and income
£46.3m	£46.0m	Net surplus/shortfall

5.1 The April return was the last return identifying the full impact over 2020-21 and 2021-22 submitted on 30th April. This return included actual spending and income losses and commitments recorded on the Covid-19 monitoring system up to March, together with forecasts for the forthcoming year. Over the two years the April return shows that the additional Covid-19 grants are broadly sufficient to cover the additional actual/forecast costs (including delayed savings) and income losses after taking account of base budget savings (previous returns did not include base budget savings), albeit with some timing differences between the receipt of grants and spending. The returns only allow net additional costs i.e. positive values with no negative values, and thus still differs from the Council's own monitoring and outturn reports. The return assumes all ring-fenced grants are spent in full with underspends carried forward into 2021-22.

5.2 The main areas of additional spending include the following:

- Adult social care – additional payments to providers supporting KCC clients equivalent to two weeks' worth of care agreed early in the pandemic to help meet additional impact of staff costs and travel/PPE purchases; procurement of KCC stock of PPE to provide free of charge to providers/KCC staff, forecasts for additional placements and assessment costs for clients discharged from hospitals, investment in digital technology to reduce face to face assessments; additional payments to all registered providers (including those with non KCC clients) later in the year as prescribed from infection control grant
- Children's services – forecast demand for additional placements and assessment costs due to the impact on vulnerable families from sustained lockdown and school closures

-
- Education – continuity payments to home to school transport providers during the initial lockdown to ensure providers could remain in business for when schools reopened; provision of additional mobile classrooms due to delays in building projects.
 - Public transport – continuity payments to providers to ensure they remain in business when transport use returns
 - Environment – establishment of temporary mortuary facility, setting up on-line arrangements for accessing Household Waste sites, support payments for districts for impact on kerbside collections
 - Other – delays to savings plans and assumed spending to provide additional support to residents and households severely impacted by Covid-19 restrictions and not in receipt of support from central government

4.3 Main income losses come from sales, fees and charges (Kent Travel Saver, Registration and libraries, community learnings, and adult social care day centres), commercial income (dividends from wholly owned companies), and other (investment income from interest and equity funds).

4.4 The returns from May onwards will only include information for 2021-22 and thus will not reflect the total impact of the pandemic on the Council's finances

6.1 The revenue budget for 2021-22 was approved by County Council on 11th February 2021-22. The approved budget is £1,132.4m, an increase of £68.8m on the original approved budget for 2020-21. This included additional spending growth of £32.8m for the recurring impact of the changes in the budget amendment approved by County Council on 10th September and £77.3m of new additional spending growth for 2021-22.

6.2 The additional spending was partially offset by £34.4m of savings, £5.1m income generation and increases in specific grants, and net £1.8m reduction in reserves, leaving net increase of £68.8m. This was funded by a combination of council tax and increases in un-ringfenced grants. The grants included £46.6m of one-off Covid-19 grants to support additional spending/loss of income and additional council tax support.

6.3 Table 2 shows a high level overview of the changes in the approved budget.

Table 2 – Changes in Net Spending and Funding 2021-22

Change in Net Spending	£m	Change in Net Funding	£m
Proposed additional spending	110.1	Changes in un-ringfenced government grants	51.2
Proposed savings from spending reductions	-34.4	Change in council tax base	-7.8
Proposed changes in income	-2.5	Proposed increase in council tax charge	37.0
Changes in specific government grants	-2.6	Change in council tax collection fund	-6.9
Proposed net change in reserves	-1.8	Drawdown from reserves of S31 grant for compensation for irrecoverable local taxation losses due to Covid-19	2.5
		Change in retained business rates	-4.1
		Change in business rates collection fund	-29.8
		Drawdown from reserves of S31 grant for compensation for Covid-19 related business rates reliefs	26.7
Total Change in Net Spending	68.8	Total Change in Net Funding	68.8

6.4 The changes in council tax are explored in more detail in section 7 of this report. The reduction in the council tax base has had an impact on the core spending power published as part of the final local government finance settlement. This included an estimated increase in the tax base as well as council tax increases up to the referendum limits. The final settlement showed an increase in core spending power of 5.5% compared to 2020-21, however, the final council tax precept of £778.7m reduces this to 3.3%.

6.5 The reduction in core spending power affected the vast majority of councils due to lower tax base and individual decisions on council tax rates. Overall, the final local government finance settlement showed an increase in core spending power for all English councils of 4.6%, in reality the impact of council tax has reduced this to closer to 2.8%.

6.6 The main components of KCC's core spending power and the impact of the final council tax precept are shown in table 3.

Table 3 – Core Spending Power

	Original Core Spending Power increase £m	Revised Core Spending Power increase £m	Difference £m
Council Tax	52.4	29.3	-23.1
Social Care Grants	4.8	4.8	
Business Rate Compensation	2.3	2.3	
Settlement Funding Assessment	0.1	0.1	
New Homes Bonus Grant	-1.8	-1.8	
Total Core Spending Power	57.8	34.7	-23.1
Change %	5.5%	3.3%	-2.2%

6.7 The timetable for regular budget monitoring reports is still to be finalised pending confirmation of Cabinet meeting dates. The first monitoring is anticipated to be reported in July.

2021-22

7.1 The council tax precept is agreed each year as part of the annual budget. The precept is based on the estimated council tax base notified by the 12 district councils in Kent (expressed as the net number of band d equivalent properties) and the County Council's share of the band D council tax charge for the year. The tax base is determined from the number of dwellings recorded on the valuation lists maintained by the valuation office agency less the impact of exemptions, discounts, premiums and estimated new dwellings during the year and collection rates. Any variations in the amount collected (due to changes from the estimated tax base) are recorded in district's local collection fund account. At year end of the year county's share of any over collection from the collection account is accrued as a surplus (or and under collection accrued as a deficit).

7.2 Table 4 shows the changes in KCC's estimated tax base since 2015-16. In most years we have seen increases ranging from 2.4% to 1.5%. For 2021-22 we had a reduction in the tax base of 1.04% (equivalent to reduction in the precept of £7.8m). This was the largest reduction for county councils although some London Boroughs, Unitary councils and Metropolitan Districts faced larger reductions).

Table 4 – Council Tax Base Changes since 2015-16

Financial Year	Band D equivalent taxbase	Change on previous year Band D	%
2021-22	548,862.48	-5,736.13	-1.04%
2020-21	554,625.61	8,230.80	1.51%
2019-20	546,394.81	8,505.10	1.58%
2018-19	537,889.71	11,493.15	2.18%
2017-18	526,396.56	11,923.26	2.37%
2016-17	514,473.30	10,767.76	2.14%
2015-16	503,704.54		

7.3 The main reasons for the reduction in the council tax base for 2021-22 are due to fewer new dwellings than in previous years, significant increase in the number of households eligible for low-income discounts under council tax reduction schemes (CTRS), and a significant reduction in estimated collection rates. These are related to Covid-19 pandemic and economic recession. A more detailed breakdown of the changes in the council tax base 2021-22 and 2020-21 is shown in table 5

Table 5 – Composition of Council Tax Base 2021-22 and 2020-21

	2020-21 to 2021-22 Band D equivalents	2020-21 to 2021-22 Band D equivalents
Previous year final taxbase	554,625.61	546,394.81
Change in number of dwellings	+5,991.33	+6,976.23
Change in CTRS discounts	-5,221.15	+1,548.95
Change in estimated collection rate	-5,358.41	-541.59
Change in single person discounts	-1,336.36	-853.18
Changes in exemptions	-563.78	-1,157.56
Changes in other discounts, premiums and adjustments	725.4	2,257.94
Current taxbase	548,862.48	554,625.61

7.4 There is a strong correlation between those councils that have faced the largest reductions in tax base for 2021-22 and those with the largest increase in council tax charges (and those with lowest reductions, or even increases, choosing to defer council tax increases). Table 6 shows the average % reduction in council tax base for 2021-22, the average increase in council tax charge for 2021-22, and the overall impact of tax base and charge on the total precept for the different classes of authority which clearly demonstrates this pattern. It also demonstrates that the overall precept (the total income from council tax) is broadly similar for different classes after taking account average tax base changes and average charge increases.

Table 6 – Council tax base and charge changes 2021-22

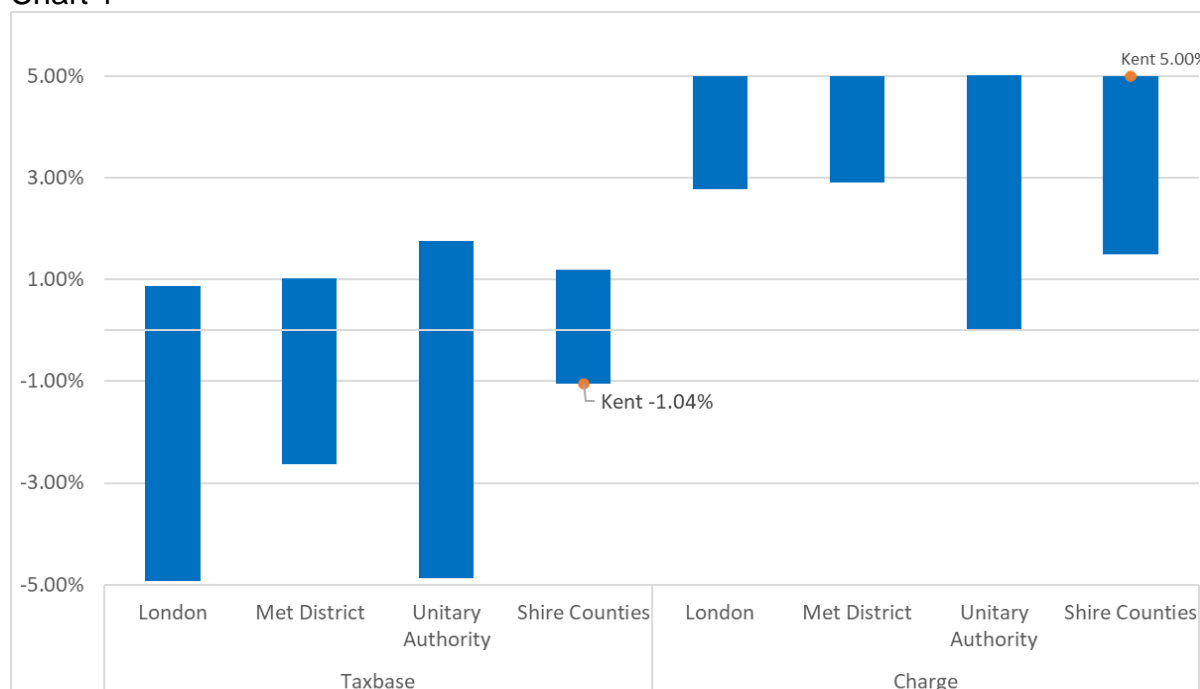
Type of Authority	Council Taxbase Change %	Council Tax Charge Change %	Overall Precept Change %
KCC (incl Fire)	-1.04%	+4.83%	+3.74%
Shire County Average (incl Fire)	-0.12%	+3.73%	+3.60%
Outer London Borough Average	-0.93%	+4.83%	+3.86%
Inner London Borough Average	-0.99%	+4.36%	+3.33%
Metropolitan District Average	-0.98%	+4.52%	+3.50%
Unitary Authority Average	-0.46%	+4.45%	+3.97%

7.5 It is worth noting that some county councils still have responsibility for fire and rescue services and do not levy a separate fire precept. For consistency table 6 includes the fire council tax increase for all counties and KCC (although this marginally lowers the council tax increases for county authorities compared to London, unitary and metropolitan councils it does not materially change the pattern or correlation).

7.6 KCC's change in tax base (and consequently decision over the increase in charge) bears much more similarity to London Boroughs and Metropolitan Districts than other county councils. We are continuing to work to explore the reasons why, and in particular why there is less correlation between council tax base changes (arising from change in CTRS claimants and reduced collection rates) and council tax charge decisions in other county councils.

7.7 16 out of 20 outer London Boroughs opted for the maximum council tax charge increase (with an average change in tax base of minus 1.02%). The 4 outer London Boroughs which chose not to increase council tax up to maximum allowed without a referendum had an average change in tax base of minus 0.57%. There is a similar pattern in Inner London Boroughs, Metropolitan Districts and Unitary authorities where those with the largest tax base reductions compensated by applying the largest council tax charge increases. Chart 1 shows the spread of tax base changes and council tax charge increases.

Chart 1



2020-21

7.8 During the course of 2020-21 there has been significant disruption to council tax collection due to the Covid-19 pandemic and subsequent economic recession. These have resulted in significant changes to the number of households eligible for discounts due to reduced income through local council tax reduction schemes (LCTRS) and reduced collection rates, as well as lesser impact from delays to new housing and changes in individual circumstances for other discounts and exemptions. This has resulted in an unprecedented collection fund deficit at the end of the year.

7.9 There has been ever greater disruption to business rate collection where businesses have been shut down and the government has granted additional Covid-19 reliefs such as those for businesses in retail, leisure and hospitality sectors. Local authorities have been compensated for the additional discounts which have significantly reduced the business rate collection losses that need to be accrued. KCC’s £25.6m share of this compensation grant is shown in separately table 1 above.

7.10 The government has provided local authorities with an additional grant to provide 75% compensation for the impact of collection losses from business rates and council tax on the general fund. KCC’s £7.0m share of this Tax Income Guarantee (TIG) grant is also shown separately in table 1 above. The government has also required authorities to accrue for tax collection losses over three years rather than the usual one year.

7.11 KCC's share of the council tax collection fund losses at the end of 2020-21 amounted to £13.9m, equivalent to 1.85% loss on the original precept for 2020-21 of £749.4m. This will be accounted for as £4.6m in each of 2021-22, 2022-23 and 2023-24 in accordance with the 3 year extension. There was a small surplus balance brought forward of £1.6m which also has to be accounted for in 2021-22 leaving a net deficit of £3.0m. This was included in the approved 2021-22 budget.

7.12 KCC's TIG for council tax collection losses is £4.9m. This has been accrued in the 2020-21 accounts and held in reserve to support the collection fund balances to be accounted for in 2021-22 to 2023-24. This will be drawn down in equal instalments of £1.6m in each of 2021-22, 2022-23 and 2023-24. This leaves an uncompensated deficit of £3m to be factored into future 2022-23 and 2023-24 budgets.

7.13 The TIG compensation only relates to losses on the collectable council tax (principally the losses due to additional LCTRS discounts). The TIG compensation does not include losses due to reduced collection rates on the assumption that such losses can be recovered in subsequent years. If these losses are recovered we should receive higher collection fund surpluses in future years. This compensation arrangements were only announced after the 2021-22 budget was approved.

7.14 The approved 2021-22 budget included an estimate for the TIG grant based upon the best available information of £7.5m i.e. £2.7m higher than the subsequent grant determination, split in equal instalments of £2.5m in each of 2021-22, 2022-23 and 2023-24. As a result there is a shortfall of £0.9m in 2021-22 which will need to be reflected in current year monitoring.

7.15 Table 7 summarises the council tax collection balance and compensation grants.

Table 7 – Council Tax Collection Fund Balances and TIG grant

	2020-21 £000s	2021-22 £000s	2022-23 £000s	2023-24 £000s	Total £000s
Collection fund deficit balance for 2020-21		4,621.6	4,621.6	4,621.6	13,864.8
Surplus Balance b/fwd		-1,579.9			-1,579.9
Net Deficit Balance for annual budget		3,041.7	4,621.6	4,621.6	12,284.9
Actual TIG compensation added to Reserve	4,856.4				
Drawdown from TIG reserve		-1,618.8	-1,618.8	-1,618.8	-4,856.4
Net deficit balance after compensation		1,422.9	3,002.8	3,002.8	7,428.5

8.1 KCC's share of the business rate collection fund losses at the end of 2020-21 amounted to £29.0m, equivalent to 54.8% loss on the original precept for 2020-21. The vast majority (£25.6m) was as a result of the additional Covid-19 reliefs. This has been compensated by a separate grant received for 2020-21. This has been paid to districts as they have initially borne the cashflow impact of collection losses. KCC's share has been accrued in the 2020-21 accounts and will receive the payment from districts later in 2021-22.

8.2 This leaves a balance of £3.4m for other collection losses to be accounted for as £1.1m in each of 2021-22, 2022-23 and 2023-24 in accordance with the 3 year extension. There was a small deficit balance brought forward of £0.5m which also has to be accounted for in 2021-22 leaving a net deficit of £27.25m i.e. £25.6m plus £1.1m plus £0.5m. This was included in the approved 2021-22 budget.

8.2 The £25.6m compensation for additional Covid-19 reliefs was £1.1m less than the £26.7m estimate included in the approved 2020-21 budget. This shortfall is to be funded from reserves.

8.3 KCC's TIG for other business collection losses is £2.2m. Unlike council tax the business rates TIG pays compensation on both reductions in payable tax and on losses in collection (bad debts). This has been accrued in the 2020-21 accounts and held in reserve to support the collection fund balances to be accounted for in 2021-22 to 2023-24. This will be drawn down in equal instalments of £0.7m in each of 2021-22, 2022-23 and 2023-24. This leaves an uncompensated deficit of £0.4m to be factored into future 2022-23 and 2023-24 budgets.

8.4 The only business rates losses that are not compensated through TIG are impact on appeals provision for any one-off changes in the appeals in respect of the 2017 rating list and any changes in respect of material changes in circumstances (MCC). It is reasonable for these two items to be excluded. Changes in the provision for appeals on the 2017 rating list are not affected by the pandemic and the Government has said it will legislate to rule-out any MCC appeals on the grounds of COVID-19.

8.5 Table 8 summarises the business collection balance and compensation grants.

Table 8 - Business Rates Collection Fund Balances & Compensation

	2020-21 £000s	2021-22 £000s	2022-23 £000s	2023-24 £000s	Total £000s
Collection losses due to COVID-19 reliefs		25,612.9			25,612.9
Other collection fund losses for 2020-21		1,127.6	1,127.6	1,127.6	3,382.8
Deficit Balance b/fwd		509.5			509.5
Net Balance for annual budget		27,250.0	1,127.6	1,127.6	29,505.2
Compensation for additional COVID-19 reliefs	25,612.9				
Available Drawdown from COVID-19 reliefs reserve		-25,612.9			
Actual TIG compensation added to Reserve	2,156.4				
Drawdown from TIG reserve		-718.8	-718.8	-718.8	-2,156.4
Net deficit balance after compensation Surplus		918.3	408.8	408.8	1,735.9

9.1 The three planning scenarios have been developed based on the assumptions set out below. It is important that these are not considered as a best/worst case as they are based upon assumed possible trajectory for spending and income rather than predictions of final levels.

Upside (rapid recovery)	Successful eradication of the virus with no lasting impact on spending or income levels; Rapid economic recovery for tax base with support discounts, collection rates and housing growth returning to pre-pandemic levels; Business as usual spending growth at lower end of forecast spectrum; Cash increases in government grant
Central (partial recovery)	Partial recovery from pandemic with some additional but reducing impact on spending and income; Partial economic recovery but with higher support discounts and lower collection rates and housing growth than pre-pandemic levels; Business as usual spending growth at the mid-range of forecast spectrum; Rollover grant settlement from government
Downside (ongoing restrictions)	Continuing and ongoing need to take measures to tackle spread of the virus; Continuing economic impact with further reduction in tax base and collection rates in 2022-23 followed by slower economic recovery; Business as usual spending growth at the upper end of forecast spectrum; Reductions in grant settlement from government

9.2 In all likelihood the final outcome for 2022-23 is likely to include aspects of each of the scenarios rather than ending up exactly equating to one of the scenarios. The purpose of medium-term planning based upon scenarios is to demonstrate the potential range of outcomes. The updated June forecasts are shown in table 9.

Table 9 – Medium Term Outlook Forecasts

	Upside Scenario			Central Case			Downside Scenario		
	2022-23 £m	2023-24 £m	2024-25 £m	2022-23 £m	2023-24 £m	2024-25 £m	2022-23 £m	2023-24 £m	2024-25 £m
Spending Growth Forecasts									
Business as usual	56.6	56.6	56.6	67.9	67.9	67.9	79.3	79.3	79.3
Covid-19	0.0	0.0	0.0	14.0	7.0	0.0	21.0	21.0	10.5
Replace one-offs from Insecure sources in 2021-22	4.6			4.6			4.6		
Remove One-off spending in 2021-22	-8.0			-8.0			-8.0		
Existing savings and policy	-26.5	-20.2	-2.8	-26.5	-20.2	-2.8	-26.5	-20.2	-2.8
Total Spending Growth	26.8	36.4	53.8	52.1	54.7	65.1	70.4	80.1	87.0
Funding Change Forecasts									
Council Tax Base	15.6	16.5	17.5	7.8	8.2	8.6	-15.6	7.9	8.3
Assumed 2%+2% Tax Increases	31.8	33.7	35.8	31.5	33.0	34.7	30.5	32.1	33.7
Inflationary uplift	4.0	4.1	4.2	4.0	4.1	4.2	4.0	4.1	4.2
Government Core Grants	8.5	9.0	9.6	0.0	0.0	0.0	-16.5	-16.0	-15.5
Covid-19 Grants	-46.6	0.0	0.0	-46.6	0.0	0.0	-46.6	0.0	0.0
Removal of residual collection fund & S31 Balances	-1.0	0.0	3.4	-1.0	0.0	3.4	-1.0	0.0	3.4
Total Funding Change	12.2	63.4	70.5	-4.4	45.3	50.9	-45.2	28.1	34.1
Gap/Surplus	14.6	-27.0	-16.7	56.5	9.4	14.3	115.6	51.9	52.8

9.3 Further updates will need to be sensitive to the emerging economic scenario particularly in relation to inflation and levels of employment as the economy recovers. Any increase in inflation will increase the budget gap as this will have a much greater impact on spending than uplifts in grants.

9.4 We are working on the probability of the likelihood of outcomes from the individual scenarios to refine them as far as is possible. Despite the positive progress on the national roadmap for easing restrictions this initial work indicates that the more likely outcome will be between the upside and central scenarios. This could result in a budget gap of between £40m to £60m but it is too early to assume that this is the most likely outcome.

9.5 The ongoing uncertainties for the medium term outlook emphasises the need for the Council to take every opportunity to strengthen financial resilience. Prior to 2020-21 we had assessed that KCC’s overall resilience (as measured by accumulated debt and usable reserves) was around the lower quartile for all county councils. If we do not strengthen the council’s reserves and some of the risks materialise this could result in an overspend on 2021-22 budget which in turn would reduce reserves at the end of that year, and subject to the level of the reduction could require replenishment of reserves which would increase the potential gaps in the medium term.

Details of Grant Allocations

1. Covid-19 Emergency Grant

The Government has used different formulae to allocate each tranche of the Covid-19 emergency. The methodologies from tranche 2 onwards were informed by the impact identified through the MHCLG monitoring returns.

Covid-19 Emergency Grant Tranche1 £1.6bn – March 2020

Just under 87% of the total grant (£1.39bn out of a total of £1.6bn) was allocated to local authorities with social care responsibilities (upper tier and single tier councils) using the adult social care relative needs formula (RNF). The RNF is the same as that used in the Formula Grant calculations prior to 2013-14.

The remaining 13% (£0.21bn) was allocated using the total settlement funding assessment for 2013-14 (a measure of spending needs on all council services). This was allocated to all councils (upper tier, single tier, lower tier and fire & rescue authorities).

KCC's allocation was £39.012m (2.44% of the total).

Covid-19 Emergency Grant Tranche 2 £1.6bn – May 2020

This tranche was allocated according to 2020-21 total population projection for each authority area. In two tier areas 65% was allocated to upper tier (62% for those areas with separate Fire & Rescue authorities with 3% allocated to the fire authority) and 35% to lower tier. In single tier areas with separate Fire & Rescue authorities, 97% went to the local authority and 3% to the fire authority. In London 96% went to boroughs and 4% to the Greater London Authority. The allocations for fire authorities were reduced by pro rata share of £6m to create a fire contingency fund.

KCC's allocation was £27.934m (1.75% of the total)

Covid-19 Emergency Grant Tranche 3 £0.5bn – July 2020

£6m from this tranche was top sliced to be allocated to those authorities with additional Covid-19 costs to support Unaccompanied Asylum Seeking Children (UASC).

The remainder of this tranche £494m was allocated via a new formula taking account of population forecasts weighted for area costs and deprivation. Area cost weightings are based on those proposed for the Foundation Formula through the Fair Funding Review (not yet implemented), these take account of accessibility to services (based on measures of population sparsity and density) and remoteness as well as differences in labour and premises costs. Deprivation weightings are based on average Index of Deprivation (IMD) for the local authority area. Tranche 3 included no allocations for Fire & Rescue authorities.

The split in two tier areas is 79:21 between upper and lower tiers

KCC's allocation was £10.312m (2.09% of the total after top slice)

Covid-19 Emergency Grant Tranche 4 £1.0bn – October 2020

£100m of this tranche was top sliced to compensate for income losses on local authority leisure centres.

The remaining £0.9bn was added to previous allocations from tranches 1-3 excluding the allocations to Isles of Scilly (including a share of tranche 4 based on the isles population as a proportion of total population), Fire & Rescue Authorities and Greater London Authority. The total local authority shares of tranches 1 to 4 of £4.553bn were re-allocated using the same population/area cost/deprivation formula as tranche 3 to calculate a notional revised total allocation. This resulted in some authorities receiving no additional funding from tranche 4 and some authorities receiving a fixed £100k minimum as their tranche 4 allocation. Effectively this means for most authorities the total share of tranches 1 to 4 is determined according to population estimate weighted according to area costs and relative deprivation.

KCC's allocation from tranche 4 was £17.701m (1.9% of the total after the top slice).

Covid-19 Emergency Grant Tranche 5 £1.55bn – December 2020 (to be paid in April 2021)

This tranche was allocated via the same formula introduced for tranche 3 (and used for the reallocations in tranche 4) based on population forecasts weighted for area costs and deprivation.

KCC's allocation from tranche 5 was £32.357m (2.09% of the total).

KCC's total allocation for tranches 1-5 is £127.316m (2% of the total after top slices) as per table 1.

2. Compensation Grants

A) Compensation for Business Rates Reliefs

Local authorities have been compensated for the additional business reliefs granted during COVID-19 lockdowns. Initially this grant has been paid to collection authorities (districts councils in two tier areas). We have included a debtor in the 2020-21 accounts based on the county council's share of business rates from business rates estimates returns (NNDR1)

B) Tax Income Guarantee

Separate grants are available to support 75% of tax collection losses in 2020-21. For council tax the grant has initially been determined according to estimated losses on the collectable amount (i.e. does not include under collection of council tax due as this has not been deemed irrecoverable). Business rates losses include all losses including uncollected tax other than those due to additional Covi-19 reliefs or appeals or material changes in circumstances. As with council tax the business rates compensation has initially been determined according to estimated losses.

An initial instalment of 50% has been paid in May with a second instalment based on outturn data provided later in the year.

C) Local Council Tax Support

This is a new grant for 2021-22, as originally announced at the Spending Review on the 25 November (chapter 6, paragraph 65). It is being provided to authorities as part of £670m support package in recognition of the anticipated additional cost of providing Local Council Tax Support (LCTS) in 2021-22, at a time when more households are likely to be facing financial difficulties as a result of the pandemic. The grant is for local authorities to keep, and the funding is unringfenced.

D) Loss of Sales Fees & Charges Income

Local authorities are able to claim up to 75% for irrecoverable losses on sales, fees and charges income due to the impact of the pandemic. To date claims have been submitted based on actual/assumed losses in 2020-21. Claims can be submitted for losses in the first quarter of 2021-22 while Covid-19 restrictions remain in place.

3. Adult Social Care Infection Control Fund

Tranche 1 £0.6bn – June 2020

The allocation shares for each local authority are calculated according to the number of registered care home beds in each local authority area (upper tier and single tier only) weighted by an area cost adjustment. The area cost adjustment reflects differences in wages and prices in different local authorities.

The government expected that care homes should receive a payment for the number of registered beds, representing 75% of the total funding. The remaining 25% can be paid to care homes or domiciliary care providers and support wider workforce resilience as determined by each local authority.

KCC's allocation was £18.878m (3.15% of the total). £0.724m has been treated as a receipt in advance and rolled forward into 2021-22 leaving a net £18.154m accounted for in 2020-21.

Tranche 2 £0.546bn – September 2020

71% of the grant (£387.5m) is allocated on the basis of the number of care home beds, and 29% (£158.5m) is allocated on the basis of users supported by community care providers. The allocations for each local authority for care homes proportion is calculated according to the number of registered care home beds in each local authority area weighted by an area cost adjustment.

The government expected that care homes should receive a payment for the number of registered beds, and community care providers for the number community care users, representing 80% of the total funding. The remaining 20% can be paid to care homes or domiciliary care providers and support wider workforce resilience as determined by each local authority.

KCC's allocation was £16.653m (3.05% of the total). This together with the net balance from tranche 1 leaves a total of £34.807m in 2020-21 as per table 1.

Tranche 3 £0.203bn – March 2021 (to be paid in April 2021)

52.5% is allocated on the basis of the number of care home beds for care homes plus the maximum number of service users for residential drug and alcohol settings.

17.5% is allocated on the basis of users supported by community care providers.

30% is allocated as a discretionary amount on the basis of the combined distributions used for community care and care homes plus residential drug and alcohol.

KCC's allocation £6.176bn (3.05% of the total). This together with the receipt in advance from tranche 1 results in a total of £6.900m in 2021-22 as per table 1.

4. Adult Social Care Rapid Testing Fund

Tranche 1 £0.149bn – January 2021

The allocation shares for each local authority are calculated according to the number of care home beds and the potential numbers of users of residential alcohol and drug services in each local authority (upper and single tier) weighted by an area cost adjustment. The area cost adjustment reflects differences in wages and prices in different local authorities

The government expected that care homes should receive a payment for the number of registered beds and residential alcohol and drug services beds, representing 80% of the total funding. The remaining 20% is available for local authorities' discretionary use to support the care sector to operationally deliver LFD testing.

KCC's allocation was £4.686m (3.14% of the total)

Tranche 2 £0.139bn – March 2021 (to be paid in April 2021)

The total grant (£138.695 million) is split at a national level between care homes combined with residential drug and alcohol settings and community care providers.

60% is allocated on the basis of the number of care home beds for care homes plus the maximum number of service users for residential drug and alcohol settings. 40% is allocated on the basis of users supported by community care providers

KCC's allocation is £4.143m (3.0% of the total) as shown for 2021-22 in table 1.

5. Adult Social Care Workforce Capacity Fund

£0.120bn – January 2021

Each authority's allocation is determined using the Adult Social Care RNF

This funding enables local authorities to deliver measures to supplement and strengthen adult social care staff capacity to ensure that safe and continuous care is achieved to deliver the following outcomes:

- maintain care provision and continuity of care for recipients where pressing workforce shortages may put this at risk
- support providers to restrict staff movement in all but exceptional circumstances, which is critical for managing the risk of outbreaks and infection in care homes
- support safe and timely hospital discharges to a range of care environments, including domiciliary care, to prevent or address delays as a result of workforce shortages
- enable care providers to care for new service users where the need arises

KCC is passporting 89% of the overall grant to all CQC registered providers and the remainder is going to support the Design Learning Centre and KICA (Trade Association) who support the whole market in recruitment, training and development.

KCC's allocation was £3.082m (2.57% of the total). This together with tranche 1 of the Rapid Testing Fund is the £7.768m for 2020-21 shown in table 1.

6. Test & Trace Service Support Grant

£0.3bn – June 2020

Each authority's allocation is determined pro rata to the local authority Public Health Grant 2020-21.

KCC's allocation was £6.311m (2.1% of the total). £5.002m has been treated as a receipt in advance and rolled forward into 2021-22 leaving a net £1.309m accounted for in 2020-21 in table 1.

7. Covid Winter Support Grant Scheme

Tranche 1 £0.170bn – November 2020

Each authority's allocation is based on estimated costs. The grant is made available to support those most in need with the cost of food, energy (heating, cooking, lighting), water bills (including sewerage) and other essentials. The grant must be spent by 20th April 2021, 80% on families with children and 80% on food and fuel costs.

KCC's allocation was £4.504m (2.65% of the total). £0.034m has been treated as a receipt in advance and rolled forward into 2021-22 leaving a net £4.470m accounted for in 2020-21 in table 1.

Tranche 2 £0.059bn – February 2021 (to be paid in April 2021)

The scheme has been extended to reflect the rollout of the roadmap to recovery up to 20th June 2021

KCC's allocation is £1.566m (2.65% of the total).

Tranche 3 £0.040bn – February 2021 (to be paid in April 2021) – re-named Covid Local Support Grant

The scheme has been extended to reflect the rollout of the roadmap to recovery up to 20th June 2021

KCC's allocation is £1.060m (2.65% of the total). This together with tranche 2 and the receipt in advance from tranche 1 leaves a total of £2.660m in 2021-22 as per table 1.

8. Local Authority Emergency Assistance Grant for Food and Essential Supplies

£0.063bn – July 2020

Each authority's allocation is determined according to the population of each local authority, weighted by a function of the English Index of Multiple Deprivation (IMD).

KCC's allocation was £1.669m (2.65% of the total)

9. Clinically Extremely Vulnerable (CEV) Funding

Tranche 1 £0.032bn – November 2020

Allocated to upper tier councils (county councils and single tier authorities) to support the clinically extremely vulnerable during second national lockdown in November. It will be used to provide support, such as access to food deliveries and signposting to local support of befriending services, to the most at risk and enable them to stay at home as much as possible.

KCC's allocation was £0.890m (2.78% of the total)

Tranche 2 (general) £0.040bn – January 2021

Allocated to all upper tier councils (county councils and single tier authorities) on updated January CEV patient count

KCC's allocation is £0.899m (2.84% of the total)

Tranche 2 (targeted) £0.9bn – January 2021

Allocated to upper tier authorities areas which entered Tier 4 where Shielding guidance had been introduced prior to the 5th January

KCC's allocation is £0.508m (5.79% of the total)

KCC's total share of tranche 2 CEV is £1.408m (3.48% of the total)

Tranche 3 £0.040bn – February 2021

Extended period

KCC's allocation is £1.104m (2.7% of the total)

Tranche 4 £0.045bn – March 2021

Extended period

KCC's allocation is £1.222m (2.7% of the total)

Total for CEV for 2020-21 is £4.624m (2.92% of the total). Some may be rolled forward into 2021-22.

10. Contain Outbreak Management Fund

Areas of Enhanced Support and Areas of Intervention £0.035bn – June 2020

Targeted to particular areas. KCC received no allocation from this distribution

Local COVID alert level payments £0.124bn – October 2020

Following the move to local COVID alert levels targeted local authorities were eligible for payments from the Contain Outbreak Management Fund to support proactive containment and intervention measures. KCC received no allocation from this distribution

National Restriction Payments £0.326bn - November 2020

Following the introduction of second National Lockdown allocated to all single tier and upper tier authorities as £8 per head of estimated population.

KCC's allocation was £12.652m (3.87% of the total)

Tier Restriction Payments – December 2020

Following the introduction of tiering system allocated to all single tier and upper tier authorities as £4 per head of estimated population in tier 3 and £2 per head in tier 2

KCC's allocation was £6.326m

National Restriction Payments – January 2021

Following the introduction of third National Lockdown allocated to all single tier and upper tier authorities as £4 per head of estimated population.

KCC's allocation was £6.326m

National Restriction Payments – February 2021

Following the introduction of third National Lockdown allocated to all single tier and upper tier authorities as £4 per head of estimated population.

KCC's allocation was £6.326m

National Restriction Payments – March 2021

Following the introduction of third National Lockdown allocated to all single tier and upper tier authorities as £4 per head of estimated population.

KCC's allocation was £8.134m

KCC Total allocation for 2020-21 was £39.765m. £31.331m had been treated as receipt in advance and rolled into 2021-22 leaving a net balance for 2020-21 of £8.434m as per table 1.

2021-22 £0.400bn – March 2021 (to be paid in April 2021)

A further £400 million has been allocated for the 2021-22 financial year. The funding is available to support public health activities directly related to the COVID-19 response, such as testing, non-financial support for self-isolation, support to particular groups (CEV individuals, rough sleepers), communications and engagement, and compliance and enforcement. There will not be a separate ringfenced grant for compliance and enforcement in 2021-22.

The funding formula and scope of the COMF has developed in response to the changing nature of the pandemic. For the 2021-22 financial year, the COMF will be allocated using MHCLG's COVID-19 relative needs formula, which is weighted according to population and deprivation, and maps well against areas of enduring transmission. The 2021-22 COMF will be distributed to LAs as a single payment to support their continued public health response work, particularly as LAs work to ensure a smooth de-escalation of national restrictions through summer 2021.

In two-tier areas, a proportion of the funding will be directly allocated to the lower tier. This reflects the fact that district councils share the responsibility for delivery of a number of the COMF priorities, including having a lead role on compliance and enforcement activity. County councils are encouraged to allocate a greater share of the funding to district authorities if local plans indicate this is needed.

KCC's share of the £0.4bn under the formula is £8.350m (2.09% of the total). This is less than the share in 2020-21 due to the direct allocations to districts in two tier areas.

11. Practical Support for those Self-Isolating

(£12.9m per month – announced March 21 for four months (March 21 to June 21 inclusive))

The purpose of the grant is to provide funding to local authorities to provide practical support for those self-isolating.

KCC's estimated allocation is £0.341m per month (2.64% of the total)

12. Asymptomatic Community Testing

Tranche 1 – December 2020

The Community Testing Programme (CTP) was launched in December 2020 to enable local authorities with high prevalence of COVID-19 to work in partnership with the UK government to accelerate a reduction in prevalence by identifying asymptomatic cases through local testing and supporting them to isolate. It works alongside other forms of symptomatic and asymptomatic testing led by national government and has a powerful role to play in protecting the public's safety and wellbeing, particularly by providing testing to critical local services and hard to reach communities based on local knowledge and prioritisation. The initial programme was for twenty-four sites to be open for a six week period (on a phased basis).

The approved funding initially covered Tier 3 and 4 local authorities which focused on asymptomatic hard to reach segments of the population. Funding available to local areas will be estimated based on the number of tests they aim to deliver. Total funding was initially set at a maximum of £14 per test performed, for all local authorities participating in the Community Testing Programme, which included any costs incurred centrally by DHSC e.e. the costs of the test kits, PPE and any military support provided to operate the sites. The funding is expected to cover all reasonable costs associated with the programme including site costs, workforce costs, PPE requirements, communication and marketing, logistic and other delivery costs.

The initial programme was for twenty four sites across Kent, each to be open for a six week period, on a phased basis.

Tranche 2 January 2021

Following the introduction of National Lockdown the programme was extended to all local authority areas to the end of march. Funding continued to be up to £14 per test, however, a letter received from Lord Bethel confirmed that all costs reasonably and necessarily incurred by Local Authorities in the delivery of the asymptomatic testing programme would be reimbursed.

KCC's estimated costs for tranches 1 and 2 were £9.939m of which £7.193m were incurred by KCC, as shown in table 1. A total of £6.3m was received in 20-21 and a debtor for £0.893m was set up in the final accounts for 2020-21.

The scheme has been extended until end of June 2021 with a further extension to end of September 2021 has yet to be agreed. The estimated income for 2021-22 is £4.703m as shown in table 1.

13. School and Colleges Transport Capacity Grant

Tranche 1 £0.044bn – August 2020

Initially allocated for the first half of the autumn term to coincide with the return for all children and young people to return to full-time education in September.

The funding enables local authorities to create extra capacity to allow more students to use alternatives to public transport, while social distancing measures remain in place.

Funding was allocated to local authorities to reflect the number of children and young people in the local area and how far they have to travel. This includes students travelling to education or training, as well as anyone supervising or escorting students to education provision.

KCC's share was £1.543m

Tranche 2 £0.027bn – November 2020

Extension for second half term

KCC's share £1.057m

Tranche 3 £0.027bn – February 2021

Extension to March 2021

KCC's Share £1.928m

A receipt in advance for £0.314m was set up at the end of 2020-21 and rolled forward into 2021-22. This takes the total grant for 2020-21 to £4.214m as shown in table 1.

Tranche 4 – April 2021

Extension for first half of summer term.

KCC's share £0.869m

Extension for second half of summer term

KCC's share £0.852m

This takes the total for 2021-22 to £2.035m including the receipt in advance rolled forward from 2020-21

14. Covid Bus Services Operators Grant

A element of the Bus Services Operators Grant (BSOG) has been provided to local authorities to support public bus services during Covid-19 restrictions. KCCs share in 2020-21 has been £4.296m.

A separate restart grant of £0.620m has also been provided.

15. Emergency Active Travel Fund

Part of £225m – June 2020

Local authorities (including combined authorities) were invited to submit bids to improve cycling and walking facilities. Tranche 1 supports the installation of temporary projects for the COVID-19 pandemic. Authorities received either 100%, 75%, 50% or 25% of their bids based on the extent to which they aligned with the criteria. Tranche 1 allocations amounted to £39.840m including capital and revenue elements.

KCC's allocation was £1.6m (£1.13m capital, £0.47m revenue) amounting to 4% of the total. KCC's capital is 100% of the amount requested.

16. Infection Control and Rapid Testing

Government have published on 27th June that further £250m is being made available to support Care Homes and homecare providers for infection control and rapid testing up to 30th September 2021. The grant allocations for each authority have not yet been published however if the allocations are made on a similar basis to the previous allocation, it is likely that Kent will receive approximately £7.6m.