



The Rt Hon Robert Jenrick MP
Secretary of State for Housing, Communities and Local Government
Ministry of Housing, Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF

Our Ref: SC9529

2 June 2020

Dear Robert

RE: Covid-19 Emergency Funding for Local Government

We are writing to follow up the letter of 12th May sent to you from Cllr Sir Stephen Houghton, Chair of SIGOMA, with regard to the amounts of Covid-19 emergency funding provided to date and the ongoing pressures facing local councils.

As local MPs, we felt that it was important for us to take the opportunity to highlight the current position for Rotherham Council.

The current assessment on which the Council has based its 15th May Covid Financial Management Information return to MHCLG, is that the Council may face a gross shortfall of as much as £40m as a combined result of additional costs related to Coronavirus, reduced income (including lower council tax and business rates receipts) and undeliverable savings in the budget. It is important to acknowledge that this assessment is done in line with the MHCLG guidance for completing the May return, which asked for cost impact for the four months April to July with an assumption of a normal level of costs from August onwards.

This is a very early projection and is likely to be understated given that, in reality, there will be some level of ongoing cost impact as spend won't return to normal levels overnight from August. In addition, the return does not record cost impact on capital projects.

While the £16.2m of Covid emergency grant funding provided to the

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Council to date is very welcome in alleviating immediate pressures, but it is already clear that further tranches of funding will be required in order that the Council isn't left in an impossible position of a funding gap which is clearly unaffordable.

We are particularly concerned that whilst further funding tranches may focus on additional direct costs (e.g. purchase of PPE, additional funding to social care providers), there might be a risk of less funding support for other financial pressures which are unavoidable for the Council.

The current situation severely impacts the Council's ability to deliver the planned changes to Children's and Adults Social Care, which as an example include service users moving to new models of care. A total of £13m savings and cost reductions from these changes is taken account of within the Council's budget and will remain as a pressure this year and going forward until circumstances return to a position which will enable the work to be done to deliver the savings. Over the current and next year, the Council needs to reduce its costs by more than £24m. This is mainly in the areas of social care given the harsh cuts which have previously had to be made to other service areas of the Council. This was to be achieved through a planned approach over Rotherham's 2 year budget and financial plan, but the impact of Covid-19 and the Council's necessary and appropriate response to it means that those plans cannot be progressed in the timescales intended and the majority of them cannot be progressed at all, at the present time. Without additional funding from Government, the knock-on ramifications are significant as this will mean a call on Rotherham's already low levels of reserves in the current year and an even greater burden of social care cost reductions next year. It will not be possible for the Council to deliver 2 years' worth of savings all in one year but to defer delivery of some of those for a further year without additional funding will have devastating implications for the Council's reserves position.

The Council also has significant cost pressures in relation to the ongoing Operation Stovewood, on which there has been much dialogue with government departments. Again the amounts of funding provided to date towards the costs of Stovewood are welcome, but fall far short of the £6m+ annual costs that the Council is having to meet.



We are therefore supporting calls for further additional funding to be provided to the local government sector and asking that within the determination of a level of funding, all financial impact related to Covid-19 is taken into account, including increased expenditure, loss of income and undeliverable savings.

We would welcome your comments on this matter and look forward to hearing from you.

Yours sincerely

Sarah Champion MP
Member of Parliament for Rotherham

John Healey MP
Member of Parliament for Wentworth and Dearne