



2021/22 Guidance on Accounting for COVID-19 Grants

Version 3.1

LASAAC is funded by:



The Scottish Government

LASAAC [The Local Authority (Scotland) Accounts Advisory Committee] is constituted of volunteer members, including representatives of the three funding bodies: CIPFA, Audit Scotland and the Scottish Government. LASAAC is primarily concerned with the development and promotion of proper accounting practice for Scottish local government. A key task in achieving this is LASAAC's representation on CIPFA-LASAAC which produces the UK-wide 'Code of Practice on Local Authority Accounting in the United Kingdom'.

Further information about LASAAC can be obtained at:

<https://www.cipfa.org/policy-and-guidance/local-authority-scotland-accounts-advisory-committee>

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1. Purpose and Background

- 1.1 The purpose of this guidance is to inform local government finance practitioners on the accounting and disclosure considerations for Scottish Government COVID-19 Grant Funding. The accounting considerations will be required for transactions in the 2021/22 financial year.
- 1.2 The Scottish Government have a range of COVID-related grant support funding in place. This guidance includes a comprehensive funding list in [Appendix 1](#), which includes an initial assessment of the accounting treatment for each funding stream. This initial assessment is intended to inform councils' accounting judgements. It is expected that councils will apply this guidance on a comply or explain basis to these grants for the 2021/22 financial statements. Appendix 1 also includes an assessment of grant supports related to Integration Joint Boards (IJBs).

2. Classification of agent or principal

- 2.1 The main consideration for Councils and IJBs is to assess the nature of the transactions that are taking place. Councils are required to assess if they are acting as a Principal or Agent in the process. Under the *Code of Practice on Local Authority Accounting in the United Kingdom*¹ (the Code), principal and agent are defined as:
Agent: is where the authority is acting as an intermediary.
Principal: is where the authority is acting on its own behalf.
- 2.2 LASAAC has previously provided guidance on the assessment of principal and agent transactions under the Code. This guidance also provides information on the accounting and disclosure requirements for Agent transactions. Practitioners should refer to this guidance as required, which can be found [here](#).
- 2.3 Council Practitioners should also refer to the respective Scottish Government finance circular or related grant correspondence for information on the nature of funding schemes. It is the view of LASAAC that **Appendix 1** identifies the accounting treatment for each COVID-19 related grant as to whether principal or agent accounting applies.
- 2.4 To assist consistency in accounting treatment of funding provided by General Revenue Grant Redetermination in Local Financial Returns, Appendix 1 provides a split between funding linked to service expenditure and that which has no specific spend area.

¹ CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (The Code) – Section 2.6

Appendix 1. Grant Accounting Treatment:

2021-22 COVID-19 Grants				
Description	Total £m	Notification	GRG / Specific	Agency
Non Recurring Covid Consequentials	259.000	Fin Circ 5/2021	GRG	No
Fin Circ 5/2021 Total	259.000			
Co2 monitors	3.000	Fin Circ 1/2022	GRG	No
Correction - Additional Free School Meals to cover Dec/Jan holidays	6.950	Fin Circ 1/2022	GRG	No
COVID-19 Business Support Administration Grant 2021-22	3.000	Fin Circ 1/2022	GRG	No
Education Recovery	60.000	Fin Circ 1/2022	GRG	No
Financial Insecurity Flexible funding	25.000	Fin Circ 1/2022	GRG	No
Local Self-Isolation Assistance Service	9.100	Fin Circ 1/2022	GRG	No
Low Income Pandemic Payments *	68.947	Fin Circ 1/2022	GRG	Yes
Low Income Pandemic Payments (Admin Element)	3.820	Fin Circ 1/2022	GRG	No
Tenant Grant Fund	9.500	Fin Circ 1/2022	GRG	No
Tenant Grant Fund (Admin Element)	0.500	Fin Circ 1/2022	GRG	No
Business Support and Low-Income Household Support	80.000	Fin Circ 1/2022	GRG	No
Covid Related Redeterminations	255.917			
Additional Soft Play Support Fund	tbc	Letter 28/7/21	Specific	Yes
Brewer Support Fund	tbc	Letter 27/1/22	Specific	Yes
December & January Hospitality Fund	tbc	Letter 22/12/21	Specific	Yes
January Hospitality Top-Up Fund	tbc	Letter 12/1/22	Specific	Yes
June 5 Localised Restrictions Fund	tbc	Letter 4/6/21	Specific	Yes
Nightclub Closure Fund	tbc	Letter 20/1/22	Specific	Yes
Restart and Transition Fund	tbc	Letter 15/4/21	Specific	Yes
Route Map Extension Restrictions Fund	tbc	Letter 29/6/21	Specific	Yes
Self Isolation Support	tbc	Various	Specific	Yes
Self Isolation Support Admin Grant	0.824	Letter 11/8/21	Specific	No
Taxi and Private Hire Operator Support Fund	tbc	Various	Specific	Yes

Ventilation Grant Fund	5.000	Letter 30/11/21	Specific	Yes
Ventilation Grant Admin	0.500	Letter 30/11/22	Specific	No
Childcare Sector Omicron Impact Grants	5.841	COSLA February 22	Specific	Yes
Childcare Sector Omicron Impact Grants Admin	0.119	COSLA February 22	Specific	No
Other COVID related Grants				
Scottish Child Payment Bridging Payments *	79.555	Fin Circ 1/2022	GRG	Yes
Scottish Child Payment Bridging Payments (Admin Element)	1.200	Fin Circ 1/2022	GRG	No
15m for Community MH&WB support Framework	15.00	COSLA Funding Tracker	Specific	No
Additional Community Justice funding for Structured Deferred Sentences - 2021-2022	0.300	GRG	Specific – Additional funding claimed on a demand led basis.	No
Community Justice - Pandemic recovery work	11.800	COSLA Funding Tracker	Specific	No
Additional £400 Payment to Secondary Teachers and Lecturers	n/a	SG Letter + Guidance 10/06/21	Specific	Yes
Coronavirus (COVID-19): £500 payment for health and social care staff **	n/a	HB Allocation Letter and Various Emails to Council DoF's	Specific	Yes

* Deemed agency arrangements as the Scottish Government set the amounts and criteria for payment.

** Payments for these grants are likely to have been made during 2021/22. LASAAC has noted that the Health Boards are likely to consider these payments as principal payments under their governing pay arrangements. However, when local authorities are making payments to their own staff, the situation is different because, in contrast with health boards, pay policy is delegated to local government. Therefore, a requirement placed on local authorities to pay their own staff the £500 is indicative of an agency arrangement.

IJB Supports: Service Funding	£m	Revenue / Capital	GRG / Specific	Reference	Principal or Agent	Comments
Further Covid-19 Funding 2021/22	619	Revenue	Specific	Letter 25/02/22	Principal	Covers the continuation of costs which were funded in 2021/22 as a direct result of Covid-19 which includes provider sustainability and direct costs (staffing, PPE, etc.) incurred within social care based on Local Mobilisation Plans (LMP) returns.
Hospice Funding	8.8	Revenue	Specific	Letter 28/02/22	Agent	Covers the continuing financial challenges that have arisen due to further restrictions during 2021/22 the additional work undertaken to support NHS services to deal with Covid-19 pressures.
PPE Funding	Unknown	Revenue	Specific	Email 26/10/21	Principal ***	Funding to cover the cost costs of PPE incurred within social care based on LMP returns.
Coronavirus (COVID-19) £500 payment for social care		Revenue	Specific	Various Emails to Council DoF's	Agent (see below ****)	Covers payments made directly to the staff employed by the Council.

Coronavirus (COVID-19) £500 payment for private provider care staff		Revenue	Specific	Grant offer letter 31/3/21	Agent	Covers payments made to Third party providers with amounts to pay determined by Scotland Excel.
<p>*** In contrast to direct purchases when IJB's are deemed to be acting as principal, where IJB's requisition PPE from the PPE Hub then this is indicative of an agency arrangement due to Hub operational arrangements</p> <p>**** LASAAC has noted that as pay policy is delegated to local government a requirement placed on local authorities to pay their own staff the £500 is indicative of an agency arrangement.</p>						
<p>The Covid-19 funding that IJBs receive (other than the £500 thankyou payments and hospice funding) are based on local mobilisation plans which set out what funding is required. These plans include all funding required for both direct costs incurred (additional care providers staff costs, PPE, primary care costs, other expenses, etc.) and supplier sustainability payments. During the year these plans are updated, and funding is adjusted as required.</p>						
<p>IJBs are considered to be acting as principal in relation to all direct costs incurred. The nature and consideration of the treatment regarding the provider sustainability payments are as detailed below.</p>						
<p>Supplier Sustainability Payments to social care providers:</p>						
(1) sustainability for occupancy %		Revenue		Principal		The IJB has control of these payments as although the payments are based on a set % they are not a set amount – providers needed to meet eligibility criteria and evidence occupancy and IJBs therefore had the authority to approve, reject or amend claims.
(2) based on local mobilisation plans		Revenue		Principal		The IJB has control over the payments as they are not for any set amount and it is for the provider to submit claims and justify that the spend is additional and Covid-19 related. This second element is at the discretion of IJB and claims can

			be rejected if evidence does not support the claims made.
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