

Appendix 3

The pandemic continues to bring a significant divergence from the budget as a result of rapidly introducing new services and support arrangements to communities across Midlothian, as well as from continuing adaptations and changes to how the Council is required to operate.

The assessment of expenditure, lost income and funding set out below is based a range of assumptions about how services will operate over the remainder of the year and as such there remains a risk that actual costs and income losses may increase as events unfold or if local or national restrictions are reintroduced. As an example the continuing impact and loss of income leisure and other facilities is based on restricted use and assumes that some facilities will continue to be utilised to support schools returning and it may be some time until income levels return to pre pandemic levels.

	Estimated Expenditure	Estimated Funding/ Flexibilities	Net Cost	
	£000s	£000s	£000s	Notes
Table 1 – Response costs				
Early Years childcare for key workers	780	780	0	Requirement on Councils to ensure Early Years childcare available for key workers (at no cost to parents and carers). Payments made to Partner Provider Nurseries during lockdown and over school summer holidays to maintain the service with lower numbers of children and no parental income. Cost has been funded by utilising the flexibility granted in respect of Early Learning and Childcare expansion specific grant.
Early Learning and childcare Transitional Support	305	305	0	SG put in place a Transitional Support Fund for private and voluntary providers of childcare (pre-school and out of school care providers). The fund gives grants of between £1,500 and £8,000 to settings based on their registered capacity, to assist with costs associated with the pandemic, such as additional cleaning, replacement of or additional play and learning resources required as a result of splitting children into groups, and increased use of the outdoors.
Early Learning and Childcare COVID mitigation measures	150	150	0	Expenditure on a range of COVID mitigation measures in ELC COVID-19 mitigation measures in LA settings. Cost has been funded by utilising the flexibility granted in respect of Early Learning and Childcare expansion specific grant.
Critical Childcare and Vulnerable Children Summer Provision	193	151	42	As reported to Council part funded by utilisation of PEF funding stream. Provision from March to June was met from within existing resources.
PPE, Cleaning and Additional Staffing	963	10	953	Costs associated with maintaining a safe working environment, purchase of PPE, additional cleaning and additional hours etc.
Business Grant Scheme Administration	52	0	52	Costs recharged from City of Edinburgh Council.
Supply teacher additional costs	273	0	273	The Scottish National Committee for Teachers (SNCT) representing Councils as employers, Teacher unions and Government implemented a compensation scheme for supply teachers for April May and June with compensation based on earnings over the earlier part of the year. Traditionally the use of supply teachers is lower in the last term of the academic year than it is in the January to March period. Compensation

				payments were therefore over and above what would have been expected to be incurred in employing supply staff.
Free school meals cash payments	369	369	0	Payments to Parents and Careers of Secondary and Primary Pupils entitled to free school meals up to 17 August 2020. Funded by Food Fund Allocations. Payments beyond 17 August 2020 capture through Education Recovery Claim.
Food & other essential provision to vulnerable clients	321	321	0	Grants to Foodbanks and Community Groups etc. including food and other provisions for self-isolating, shielding and other vulnerable groups met by Food Fund Allocations.
Homelessness	151	0	151	Impact of increased movement of people and more regular refurbishing of vacant properties to ensure adequate infection control measures are in place.
SWF top up	326	326	0	Reflects Scottish Government top up.
Other costs	197	0	197	Includes morgue commissioning , additional residential care costs and other items.
Sub-total	4,080	2,412	1,668	

	Estimated Gross Income Lost	Estimated Reduction in costs	Net Loss	Notes
	£000s	£000s	£000s	
Table 2 Lost income				
Sport & Leisure	3,043	1,290	1,753	Estimated lost due to closure of the Snowsports Centre & Leisure Centres in first quarter is £1.275 million with a projected income loss for the year of £3.043m. This is partly offset by reduced running costs of £0.308m and staffing of £0.982 million.
Dalkeith Campus Income Sharing Arrangement	154	0	154	The contract for the Dalkeith Campus provides for a share of income to accrue to the Council. The income target will not be achieved and so result in a shortfall against budget.
Catering Services	1,002	543	459	Covid has had a negative impact on Catering Service ability to generate income from school meals and café's. At this stage the projected income loss is now £1.002 million. This is offset by a reduction in food costs estimated at £461k giving a net loss of £541k million. This is further offset by vacancies of £82k. Of the £541k the School Meals element is £265k with £276k relating to Café's etc.
Dividends	450	0	450	The Council normally receives an annual dividend of approximately £0.450 million from its shareholding in Lothian Buses. Similarly to the position experienced in 2019/20 it is expected that there will be no dividend 2020/21.
Council Tax Buoyancy	173	0	173	Council Tax income is projected to be lower than budgeted due to new house completions coming to a near standstill in the earlier part of the year. This position has improved from that previously anticipated reflecting the restart of housebuilding.

Parking	118	0	118	Decriminalised parking enforcement was suspended at the beginning of lockdown and resumed on 29th June. Current forecast estimates a shortfall against budget of £33,000. Parking charges at Vogrie were suspended temporarily during lockdown resulting in an income shortfall of £54k. Public car parking charges were suspended during lockdown and although now recommenced are expected to continue to be impacted by homeworking etc. resulting in a shortfall of £31k.
Property lets and hire of facilities	550	0	550	Loss of income due to cancellation of school letting hire of facilities.
Community Lifelong Learning contracts and fees from classes and lets	299	0	299	
Waste collection	130	0	130	Bulky Uplifts and Trade Waste.
Other Service income losses	333	0	333	Including registration and library income £70k, rental income £42k, cancellation of school music instruction £50k, blue badge renewals £20k & risk management training income £46k.
TOTAL	6,252	1,833	4,419	