

COVID- 19 Financial Update

Report by Gary Fairley, Chief Officer Corporate Solutions

Report for Noting

1 Recommendations

- a) Note the update provided in section 4 of funding provided/projected to be provided by the Scottish Government to support local government's response to COVID-19 and the ongoing discussions in respect of funding and fiscal flexibilities.
- b) Note the updated provided in section 5 of the additional expenditure and loss of Income projected to be experienced by the Council as a consequence of the pandemic. The net impact of which is incorporated in the Financial Monitoring update elsewhere on today's agenda.
- c) Note the material assumptions on which the reported position is predicated, including an estimate of funding from the income loss scheme, that education recovery costs will be contained within Scottish Government estimated funding and other flexibilities and that Council tax collection rates are sustained.
- d) Note that further updates on the financial position and outlook will be provided to the Council on a regular basis recognising that the financial impact of the pandemic will continue to evolve over the remainder of the financial year.

2 Purpose of Report/Executive Summary

The report provides an update specifically on the financial and funding aspects arising from the COVID-19 pandemic and complements the Financial Monitoring reports also on today's agenda. Members should note that the financial position remains fluid as the impact and consequences of the pandemic both for Council services and for communities across Midlothian continue to evolve.

The financial and economic consequences of the pandemic are significant with unprecedented financial interventions made by national governments to support the immediate COVID-19 response, the economy and businesses and the recovery phase.

Despite both Governments interventions to support the economy, the economy across the UK and Scotland is experiencing the sharpest and deepest downturn in modern history with continued uncertainty over the period over which economic recovery may happen and the extent of longer lasting economic damage.

This unprecedented economic turbulence and scale of required state intervention will inevitably have both short and longer term implications for public finances across the UK and Scotland which will require the Council to reassess its medium and longer term financial planning and investment programme as the full financial, economic and fiscal impact of the pandemic becomes clearer in the months ahead and indeed as the Council in response re-shapes its priorities moving forward.

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3 Background

On 11 February 2020, Council agreed a balanced revenue budget for 2020/21 and a general services capital plan for 2020/21-2023/24. The Housing Revenue Account for 2020/21 and housing capital plan were also agreed. The general fund revenue budget agreed is underpinned by a range of approved savings measures totaling £4.461 million together with the achievement of the continuing savings agreed in prior years.

Since the approval of the budget, the COVID-19 pandemic has impacted significantly on the delivery of Council services and that of partners, as well as being required to mobilise a significant range of additional support services and financial interventions for communities and businesses across Midlothian.

The report provides an updated of the financial and funding aspects arising from the COVID-19 pandemic. Furthermore the unprecedented negative economic impact across the UK and Scotland arising from the necessary restrictions imposed by the public health measures taken to manage the pandemic will push the medium to longer term outlook for the economy and public finances in both the UK and Scotland once again into a new period of uncharted and unprecedented territory. This coming at a time when the long term influence of the 2008 financial crisis on public finances was reducing in scale and influence.

4 Funding

Firstly in terms of the national position, and to provide context for members, Appendix 1 sets out the latest assessment of the COVID-19 Barnett consequential for Scotland of £6.516 billion and the related funding to Local Government of £709.22 million, of which £100 million is directed to support Integration Joint Boards local mobilisation plans.

Appendix 2 provides an assessment of the additional revenue funding for 2020/21 distributed to the Council which currently totals £5.226 million of which £3.446 million is provided as general support with a further £1.190 million provided to meet specific costs and £0.590 million distributed thus far for education recovery.

Furthermore there will be access to an estimated £1.204 million of further funding to support for Education recovery for 2020/21 but this is subject to distribution decisions and or clarification of claim arrangements.

Following relaxations intimated by the Scottish Government £0.913 million has been redirected from the Early Years expansion ring fenced grant and Pupil Equity Funding. The former to assist in offsetting the additional costs of providing Early Learning and Childcare for Key Workers and the latter to contribute to the funding of summer hubs for key workers.

The Cabinet Secretary for Finance has intimated that Civil Servants will work with COSLA and Local Government stakeholders to

designing a loss of Income scheme appropriate for Scotland. A similar scheme for English authorities provides that where losses are more than 5% of a council's planned income from sales, fees and charges, the government scheme will cover them for 75p in every pound lost. There are indications that the Barnett consequentials associated with the English scheme are circa. £90 million but this has not been confirmed. The Cabinet Secretary has also suggested that the further Barnett consequentials of £49 million relating to Local Government might form part of the quantum for the income loss scheme developed for Scotland.

It is anticipated that in Scotland such a scheme may encompass loss of income for ALEOs (Leisure Trusts) which in turn would potentially mean a lower level of compensation for the types of loss of income covered by the English scheme. Whilst the Council should expect to receive further funding to mitigate lost income it is difficult to quantify the value of this funding at this stage. However we can quantify what a pro rata share of the consequentials would be and based on a quantum of £139 million this equate to £2.2 million. Accordingly for the purposes of financial projections that sum has been incorporated to mitigate income losses.

In addition COSLA has made a number of formal requests to both the Scottish and UK Governments, seeking a range of additional, one-off, measures to provide financial flexibility to meet the substantial costs associated with COVID-19. These are:-

- Ability to utilise capital grants for revenue expenditure associated with COVID-19;
- Ability to write back any year end overall deficit associated with COVID-19 over a significant period of (up to) 20 years;
- Power to borrow to finance revenue costs associated with COVID-19;
- Ability to defer repayments of maturing debt;
- Ability to defer repayments of interest on PWLB loans;
- Utilise the potential surplus on funds provided for support for business to aid economic recovery.

Other than the utilisation of potential surplus funds provided for support for businesses the other measures would provide a means for Councils to defer the impact to later financial years and in the absence of funding support for these deferred costs would increase pressure on future year's budgets. An update the application of these flexibilities should be expected later this month.

5 Additional Expenditure and Loss of Income

As reported to Council on 16 June 2020 the pandemic brings a significant divergence from the budget approved in February 2020 as a

result of rapidly introducing new services and support arrangements to communities across Midlothian, as well as from adapting and changing how the Council is required to operate. There was also expected to be longer term additional cost and reductions in income.

There are a range of obligations, some with associated funding and some not, focused on supporting the direct response to the pandemic. Table 1 in appendix 3 provides a summary of the cost of these obligations and where appropriate associated funding. The current estimate of the net impact on the Council is £1.385 million. Members should note that this excludes costs linked to Adult Health and Social Care provided via the Midlothian Integration Joint Board which is subject to separate cost tracking and funding discussions with the Scottish Government. At this time it is not anticipated that the Board will require to seek an additional financial contribution from its Partners in 2020/21.

The loss of income across services is significant and continuing and is estimated at £6.102 million although a proportion of this is offset by reduced operating costs and particularly in respect of Sport and Leisure. This also reflects a residual impact beyond September for leisure and other facilities and it may be some time until income levels return to pre pandemic levels. In addition it has been assumed that some facilities will continue to be utilised until the end of the calendar year to support schools returning. Table 2 in appendix 3 provides an assessment of the loss of income expected together with the reductions in expenditure which partly offset these and which result in a net impact of £4.342 million before factoring in any grant funding from the loss of income scheme.

The position for Council tax collection levels included in the June Financial Update report was based on an indicative scenario of a significant drop in collection rates. Actual collection rates have remained relatively buoyant with the July position indicating no more than a 0.7% year on year reduction in collection levels. As such at this point it is considered prudent to continue to base projections on the budgeted collection rate of 97% and continue to monitor the position closely over the remainder of the year.

The Council did not seek to furlough any staff who could be classified as not publicly funded (for example income generating) and so seek reimbursement of their costs through the Corona Virus Job Retention Scheme (CJRS). The rationale for this was, that while there was a small proportion of staff who are in effect not publicly funded the Council, as a category 1 responder, sought to maintain our staffing levels particularly given the both the initial indications of and actual levels of absence or self-isolation across services. As such the strategy adopted was to redeploy staff to support the three essential functions of, caring for the vulnerable, co-operating with our Resilience Partners and supporting economic recovery.

Most Councils who provide leisure services by means of an ALEO (a Leisure Trust) opted to furlough staff and so secured CJRS funding. Those staff were then able to volunteer to support Council's response

to the pandemic. This funding from the CJRS will need to be taken into account when determining the criteria for the loss of income scheme mentioned earlier as, in contrast to the English Income loss scheme, there is expected to be a desire to capture Council ALEO's within the scheme.

Earlier estimates indicated a loss of planning and building control income and registration fees. The current assessment is that this income is most likely to be deferred and received either later in the year or into next financial year. Accordingly it is proposed to carry any shortfall in the current financial year forward to 2020/21 in accordance with the cross year virement governance arrangements.

As highlighted earlier Government has announced revenue funding to support Education recovery totalling £130 million over two years with the first tranche of £50 for Additional Teaching and Support Staff with 80% distributed based on the main settlement allocation for Teaching Staff and 20% distributed based on FSM registered pupils. This combined the established method for distributing funding for teachers, which is largely based on pupil numbers, with an indicator of deprivation. The inclusion of the deprivation aspect for this distribution disadvantaged the Council by circa £0.140 million over the two years. Details are awaited on the distribution of further elements and the conditions in respect of the £30 million element of funding which will be claim based. Work continues in advance of the funding being finalised to assess and capture the additional costs associated with Education restart.

The net financial impact for the year for the above elements is reflected in tables in the financial monitoring report.

6 Capital Investment Plans

The Council agreed in February capital investment plans for housing and general services for the period 2020/21 to 2023/24 which included investment totalling £389 million. In the current financial year, it was planned that spend of £145 million would take place.

The closure of construction sites and subsequent working restrictions as part of the public health response to Covid-19 has impacted on the Council's capital plan over 2020/21 and potentially the medium term. As reported on 16 June 2020 officers have been engaging with contractors to achieve mutually agreeable adjustments to contract arrangements and project delivery dates. In addition, the economic impact on the construction sector and supporting supply chains has been significant and it is anticipated there may be increased risks of cost growth over the short to medium term from additional construction inflation.

There is also an increased risk exposure for projects which have a higher degree of commercial exposure including retail, leisure and tourism and enhanced risk assessment is in place to assess if they remain viable.

Reflecting the above and the outlook for public finances the risks to the deliverability of the agreed capital plan within the financial envelope set prior to the pandemic would appear to be escalating, bringing into some question the ability of the Council to deliver its infrastructure investment plans and priorities as was envisaged prior to the pandemic. There is therefore the potential that the Council will be required to re-assess both the affordability envelope of its capital investment plans as well as the deliverability of it over previously planned timescales. In doing so Council will need to balance these risks against the role public sector infrastructure projects will have in supporting the local economy.

Additional investment in digital devices was made as part of the initial response to support remote working and remote learning. At that time it was assumed that these costs would be part of the overall funding which may flow from Scottish Government. Given the current position it is more appropriate now to properly treat these as capital expenditure and so account for the cost of these assets over their useful life. Accordingly these costs and any associated capital funding which is secured will be included in the next iteration of the General Services Capital Plan.

To facilitate a more complete understanding of the impact on the existing General Services Capital Plan as well to reflect the opportunities to advance capital works to support local economy a fuller update will be presented to Council on 6 October 2020.

7 HRA

The Council undertakes a number of capital works, predominantly the HRA Scottish Housing quality Standard works from within its own workforce. Initial estimates indicate that costs of £1.847 million will have been incurred which would normally be charged to Capital projects on HRA. The accounting code prohibits these costs being charged to the capital projects in question as the costs would not result in the enhancement of any of the HRA assets. Accordingly the HRA monitoring report elsewhere on today's agenda includes a recommendation to mitigate this.

8 Report Implications (Resource, Digital and Risk)

8.1 Resource

The report sets out the significance financial interventions by the Council in terms of its response to support individuals, families, businesses and communities deal with the effects of the pandemic. These represent a fundamental challenged to the financial stability and sustainability of the Council in the short to medium term and in recognition of that work continues, coordinated by COSLA, to secure

further funding support and or financial flexibilities to help Councils maintain financial sustainability at this challenging time.

Without confirmation of further national government support by way of schemes such as that intimated for loss of income or agreement on funding flexibilities there would be a need for significant and decisive action by the Council over coming months to adjust the spending plans that were approved in February 2020.

8.2 Digital

Increased reliance and investment in digital solutions and digital first solutions will be a key element of future plans.

8.3 Risk

The report outlines the overall risks to the financial position of the Council and the extent to which these risks require further mitigation. This mitigation includes pursuing those additional funding areas and or financial flexibilities outlined above and dependent on the outcome of these further mitigating action may prove necessary to ensure that the Council's ability to continue to deliver services in a financial sustainable manner.

There remains a risk that actual costs and income losses may increase as events unfold over the remainder of the year or if local or national restrictions are reintroduced.

8.4 Ensuring Equalities

As changes to existing plans are developed the assessment of the impact of these proposals in relation to their impact on equalities and human rights will be carried out. This will help to ensure wherever possible that there are no negative impacts on equality groups or potential for infringement of individuals' human rights from the any of the proposals.

8.5 Additional Report Implications

See Appendix A

Appendices

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

The exiting financial plans support the delivery of the key priorities in the single Midlothian Plan. As the impact on the Council of the pandemic and recovery continues to unfold over the financial year any changes in the availability and allocation of resources will need to be considered in parallel to the actions proposed to continue to delivery key priorities.

A.2 Key Drivers for Change

Key drivers addressed in this report:

- Holistic Working
- Hub and Spoke
- Modern
- Sustainable
- Transformational
- Preventative
- Asset-based
- Continuous Improvement
- One size fits one
- None of the above

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- One Council Working with you, for you
- Preventative and Sustainable
- Efficient and Modern
- Innovative and Ambitious
- None of the above

A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value.

A.5 Involving Communities and Other Stakeholders

The development of the Medium Term Financial Strategy reflected a community consultation exercise carried out in 2019 which has also helped shape the drafting of the “Midlothian Promise” and the early development of the Council’s Longer Term Financial Strategy.

In addition there is continues engagement with the recognised Trade Unions on the financial position.

A.6 Impact on Performance and Outcomes

The Financial Strategy facilitates decision on how Council allocates and uses its available resources and as such has fundamental implications for service performance and outcomes. The financial consequences of the pandemic will impact on the availability and allocation of resources in pursuit of key outcomes as set out in the Single Midlothian Plan for both the immediate and longer term and therefore the ability of the Council to continue to deliver services in a financial sustainable manner.

A.7 Adopting a Preventative Approach

Maintaining the effectiveness of the Financial Strategy will support the prioritisation of resources to support prevention.

A.8 Supporting Sustainable Development

There are no direct sustainability issues arising from this report and we will work to mitigate as far as feasible any sustainability issues which arise as a consequence of any of the changes to existing plans.

Appendix 1-3 financial tables

COVID Consequentials for Scotland and Funding for Local Government

Barnett Consequentials to Scotland to date

The most up to date Barnett consequentials are set out in **Table 1 (summary) and 1A** (breakdown of total) and if known, the UK Government department from which the funding comes has been shown in brackets. The headings in Table 1A (marked in yellow) refer to the UK Government schemes from which the Barnett consequentials originate, rather than the Scottish Government's use of the Barnett's. Although the Scottish Government has tended to allocate Barnett's to the same sort of areas from which they derive, this is not guaranteed to be the case.

TABLE 1- total consequentials to Scotland

Totals and breakdowns (£m)	Consequentials for Scotland	Comments
Total COVID-19 support pre 23 July	4,616	
Total 23 July announcement confirmed	1,900	£250m for health & £865m for PPE. Remaining £785m not yet associated, with any specific UKG announcements
Total COVID-19 Consequentials to date	6,516	

TABLE 1A- breakdown of total

Public services	3,267	
Health services (DHSC)	1,174	
Health– planning for second wave	250	23 July announcement
PPE	865	23 July announcement
Local authorities (MHCLG)	381	Includes £21m homelessness (of which £9m is capital; £49m LG announcement (2 nd July)
Railway services (DfT)	448	
Schools etc (DfE)	81	DFM announced £100m for schools at end July
Jobs for a new decade (DfE)	21	
Other	47	
Business support	2,415	
Business support grants (total cost)	1,206	
Business rates reliefs (total cost)	1,047	
Charity support	55	
Cultural Recovery Fund	97	FM announced that this will be passed on in full to the sector
Other	10	c£1m for rugby, c£8m for zoos and c£2m for historic royal palaces
Individuals	49	
LA hardship fund	49	This was passed on to LG early in April
TBC from announcement on 23rd July	785	
To include Local Gvt Loss of Income scheme plus other requests made by SG to UKG	tbc	no details yet re: quantum or conditions of UKG scheme

Note: rounding and slight adjustments/ may affect the exact totals.

Consequentials are being tracked by SPICe at:

<https://www.parliament.scot/parliamentarybusiness/82101.aspx>

Scottish Government funding to Local Government for COVID-19

From the consequential to date, **£709 million** has been provided for Local Government, including resource for IJB delegated services, as shown in **Table 2**. Table 2 includes funding that was badged “Communities Fund” (announced on 18th March by Cabinet Secretary LG & C and marked *) and a breakdown of this fund is shown at **Table 3**.

In addition, approximately £1.2 billion has been provided for business support (shown in **Table 4**) and NDR.

TABLE 2 - confirmed funding to Local Government in response to COVID-19

Local Government COVID-19 funding to date	£m
<u>Funding directly to support Local Government (un-ringfenced)</u>	254
Hardship Fund LAs *	50
UK Consequentials relating to Local Government	155
Further UK Consequentials relating to Local Government (to be allocated)	49
<u>Funding to support communities</u>	108.2
Food Fund (April) *	30
Scottish Welfare Fund – Top Up *	22
Scottish Welfare Fund – Top Up (to be allocated) *	23
Distribution of a further £5 million to deliver Discretionary Housing Payments (DHPs) to Local Authorities in 2020/21	5
Additional Funding for Death Registration Service	0.6
Additional Food Fund (June)- note, this was not part of the Communities Fund	27.6
<u>Funding for Education Recovery</u>	156.5
Additional Teaching and Support Staff	50
Digital Inclusion - capital (£30m announced but £5m is for FE) – includes chrome books	25
Education Recovery Funding (logistics)	
- Upfront funding (to be allocated)	20
- Ring-fenced funding to meet further costs, and to be based on actuals	30
Funding for Additional Teachers and support staff 2 nd tranche (to be allocated)	30
School Transport- capital (to be allocated)	1.5

<u>Funding for Economic Recovery</u>	40
Regeneration Capital Grant Fund additional funding (to be allocated)	12
Town Centres Capital Fund (to be allocated)	18
Bus Priority Rapid Development Fund	10
<u>Test and Protect Funding</u>	0.52
Test and Protect Funding (to be confirmed and allocated)	0.52
<u>Council Tax Reduction/Social Security</u>	50
Funding to be allocated*	50
<u>Health & Social Care funding passed to LG for Local Mobilisation Plans:</u>	100
First tranche	50
Second tranche (£25 million in process of allocation £25 million allocation tba)	50
TOTAL	709.22

* In March **£350m** was announced as a Communities Fund. Of that, £175m was earmarked for Local Government (of which £73m remains unallocated). £150m was allocated to the third and voluntary sector as follows (with £25m held in reserve by Scottish Government):

TABLE 3- Communities Fund to Third and Voluntary Sector

Fund	Allocation (£m)	Spend to date (£m)
Wellbeing	50	35
Supporting communities	40	18
Third Sector Resilience	20	21
Food Fund	40	26
<i>SG retained reserve</i>	25	<i>TBC</i>
TOTAL	175	100

Most up to date information can be found at <https://community-funding-mapping-1-1-scotgov.hub.arcgis.com/>

Table 4 shows the resource that has been used for **business support**, as significant proportion of which has been routed through Local Government:

TABLE 4- Business grant support

	£m
Total Budget as advised by the Scottish Government	1,256
<u>Actual Spend</u>	
Business Grants Scheme (10k SBBS + 25k RHL)	998
B&B Hardship Fund	1
Newly Self-Employed Hardship Fund	11
Pivotal Enterprise Resilience Fund (PERF) /Creative, Tourism & Hospitality Enterprises Hardship Fund (CTHEHF) – Delivered by Enterprise Agencies	146
Total Actual Spend	1,156
Funding remaining	100

In addition to the £1.256 billion for business support, Scottish Government has offset the reduction in NDR with a corresponding increase in General Revenue Grant (GRG), which accounts for £972m (as per Circular 4/20) but may change as actuals are confirmed.

Government Funding

Table 1: Confirmed funding sources to support Council Services	Purpose and uses of fund	Scotland-wide funding allocation £m	Midlothian allocation £000	Notes
A General Support				
Hardship Fund	Barnett Consequentials of UK announcement to contribute to local authorities' own local resilience support and hardship plans; no associated reporting and to be deployed as councils see fit.	50.000	840	The initial funding source against which the Council's non-Health and Social Care related additional costs and losses of income may be offset.
Local Government Barnett Consequentials	Barnet consequentials of UK funding to local authorities in England and Wales;	155.000	2,606	Distribution of additional support was confirmed on 26 May 2020.
		205.000	3,446	
B Ring Fenced or for Specific Purposes				
Food Fund	Support to organisations in the public, private and voluntary sectors to address issues of food insecurity, especially for older people, and families who may not be able to rely on free school meals.	30.000	446	Following agreement by COSLA Leaders, allocations of £30m of the fund (£15m for continuity in each of (i) FSM provision and (ii) food for vulnerable groups)
Scottish Welfare Fund (Distributed)	Top-up of existing 2020/21 allocation to allow payment of additional Community Grants and Crisis Grants to those in immediate need, more than doubling the current level of the fund across Scotland; also includes sums to reflect relaxation of existing criteria to support those in "gig economy". 45.000	22.000	326	Only £22m of the Scotland-wide funding has been allocated to date, based on the current SIMD-related methodology; the remaining £23m will be targeted to areas of greatest need, with distribution arrangements to be agreed. This funding is not available to offset council response costs.
Food Fund (phase 2)	This is made up of £12.6 million of ring-fenced funding for the continuation of Free School Meal replacement for eligible children and young people	27.600	408	Specific grants from FSM over summer £197k and for others at risk £211k.

	(excluding universal provision for P1-3) until schools return, and £15 million of ring-fenced funding for wider action to provide help with food and other essentials for those at risk due to coronavirus up to the end of September, including those who are isolating under Test and Protect.			
Registration Services	To support additional costs of providing death registration services 7 days a week.	0.600	10	Funding distribution to be on the basis of population – exact amount tbc
Education Recovery	£50 million funding over two years made available to Councils for additional teachers £45m and education support staff £5m. 2020/21 £33.333 million	33.333	590	80% distributed based on related teaching indicators, 20% on deprivation.
		113.533	1,780	

Table 2: Confirmed funding sources to support Council Services – Undistributed				
Ring Fenced or for Specific Purposes				
Education Recovery Fund	On top of £20 million of funding previously committed, a further £30 million will also be available as part of a £50 million education recovery fund for local authorities. This will support cleaning, facilities management, school transport and other practical issues that are vital in ensuring a safe return to school.	50.000	850	Details of the operation of the fund are awaited. Midlothian figure is estimated based on share of GAE
Education Recovery - Teacher Recruitment	The return to schools will be supported with an additional £30 million to recruit new teachers. This brings the total additional Scottish Government investment in the teaching profession to £75 million, enough to recruit up to 1,400 new teachers. This funding will help address learning loss and ensure much-needed resilience in our schools as we recover from coronavirus (COVID-19).	20.000	354	Details of distribution are awaited. Currently assumed that this will follow same basis for the first tranche of funding being split over 2 years and including a distribution for deprivation.
Increased eligibility for Social Security Benefits and Council Tax Reduction Scheme	Supplementary funding to meet an anticipated increase in applications for the existing Council Tax	50.000	tbc	The element of the Fund provided in respect of CTRS remains to be confirmed and will

	Reduction Scheme and Scottish Social Security Benefits			be based on actual expenditure relative to existing funding provision
Scottish Welfare Fund (Undistributed)	Top-up of existing 2020/21 allocation to allow payment of additional Community Grants and Crisis Grants to those in immediate need, more than doubling the current level of the fund across Scotland; also includes sums to reflect relaxation of existing criteria to support those in "gig economy".	23.000	tbc	Only £22m of the Scotland-wide funding has been allocated to date, based on the current SIMD-related methodology; the remaining £23m will be targeted to areas of greatest need, with distribution arrangements to be agreed.
Discretionary Housing Payments	Distribution of a further £5 million to deliver Discretionary Housing Payments (DHPs) to Local Authorities in 2020/21	5.000	tbc	
Test and Protect	Test and Protect Funding	0.520	tbc	to be confirmed and allocated
Further UK Consequentials relating to Local Government		49.000	tbc	Indications that this may form part of the quantum for the loss of Income scheme
		197.52	1.204	

Table 3: Flexibilities applied				
ELC Expansion Specific Grant			762	To support PPN's.
PEF			151	Estimate as reported to Council in June 2020
			913	

Appendix 3

	Estimated Expenditure	Estimated Funding/ Flexibilities	Net Cost	
	£000s	£000s	£000s	Notes
Table 1 – Response costs				
Early Years childcare for key workers	762	762	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
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	745	10	735	Costs associated with maintaining a safe working environment, purchase of PPE, additional cleaning and additional hours etc
Business Grant Scheme Administration	50	0	50	Costs recharged from City of Edinburgh Council
Supply teacher additional costs	300	0	300	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	450	369	81	Payments to Parents and Careers of Secondary and Primary Pupils entitled to free school meals up to 18 September 2020.. Funded by Food Fund Allocation to 17 August 2020.
Food & other essential provision to vulnerable clients	485	485	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	177	0	177	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
Sub-total	3,488	2,103	1,385	

	Estimated Gross Income Lost	Estimated Reduction in costs	Net Loss	Notes
	£000s	£000s	£000s	
Table 2 Lost income				
Sport & Leisure	3,347	1,343	2,004	<p>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 £3.347m.</p> <p>This is partly offset by reduced running costs of £0.353m and staffing of £0.990 million.</p> <p>These full year estimates are based on estimated service restart;-</p> <ul style="list-style-type: none"> • Snowsport centre reopening in August • Stand-alone Leisure Centres from 14th September • January 2021 reopening for hub centres.
Catering Services	706	417	289	<p>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 £706,000. This is offset by a reduction in food costs estimated at £417,000.</p> <p>Of the £289k the School Meals element is £54k with £235k relating to Café's etc</p>
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	518	0	518	Council Tax income is projected to be £0.518 million lower than budgeted due to new house completions coming to a near standstill;
Parking	110	0	110	<p>Decriminalised parking enforcement was suspended at the beginning of lockdown and resumed on 29th June. Current forecast estimates a shortfall against budget of £58,000.</p> <p>Parking charges at Vogrie were suspended temporarily during lockdown resulting in an income shortfall of £25k.</p> <p>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 £27k.</p>
Property lets and hire of facilities	477	0	477	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	47	0	47	Bulky Uplifts.
Other Service income losses	148	0	148	Including library income £50k , rental income £21k, Cancellation of school music instruction £50k, other £27k
TOTAL	6,102	1,760	4,342	