

**ITEM No ...11.....**

**REPORT TO: POLICY AND RESOURCES COMMITTEE – 16 NOVEMBER 2020**

**REPORT ON: FINANCIAL IMPLICATIONS OF THE COUNCIL’S RESPONSE TO THE COVID-19 EMERGENCY AND FINANCIAL RECOVERY PLAN – UPDATE**

**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 308-2020**

**1.0 PURPOSE OF REPORT**

1.1 This report provides an update on the financial implications of the Council’s response to the Covid-19 emergency and the associated financial recovery plan.

**2.0 RECOMMENDATIONS**

It is recommended that the Policy and Resources Committee:

- 2.1 Notes the updated projected deficit on the Council’s 2020/21 Revenue Budget, due to the cost implications of responding to the Covid-19 emergency.
- 2.2 Notes the updated financial recovery plan, as set out in section 6 of this report, containing various measures aimed at mitigating the increased costs in financial year 2020/21 to protect the Council’s financial sustainability going forward.
- 2.3 Notes that a further report will be submitted to the Policy and Resources Committee in February 2021 to advise elected members of progress in aligning 2020/21 spend levels more closely with the funding available.
- 2.4 Notes the longer-term financial implications of the response to the Covid-19 emergency.
- 2.5 Notes that further representation will be made through COSLA regarding the need for additional funding and for the full-pass through of Barnett consequentials resulting from the provision of relevant additional funding in England.
- 2.6 Notes that there remains a significant risk around additional funding which is requested to address the current deficit, particularly in the event that projections are not achieved with income streams and in the event of any further lockdown, and thus further actions and reductions in expenditure are urgently required.
- 2.7 Notes the current position on Dundee Health and Social Care Partnership, as set out in paragraph 5.2.
- 2.8 Notes the current position on Leisure and Culture Dundee, as set out in paragraph 5.3, and agrees to the Council issuing a letter of comfort to LACD confirming the Council’s continuing financial support in financial year 2020/21.
- 2.9 Notes that officers are considering the additional financial flexibilities made available by the Scottish Government and will make recommendations in due course, if considered appropriate.

**3.0 FINANCIAL IMPLICATIONS**

3.1 Latest projections show gross additional costs of £37.113m for financial year 2020/21, in respect of the Council’s response to the Covid-19 emergency. This includes £5.490m for LACD. At this stage, it is assumed that the additional costs incurred by DHSCP in addressing the Covid-19 emergency will be funded in full by the Scottish Government. After taking into account confirmed additional government funding streams, the projected funding shortfall for 2020/21 is £18.166m. The financial recovery plan, as set out in section 6 of this report, contains various measures aimed at mitigating the increased costs in financial year 2020/21 to protect the Council’s financial sustainability going forward. The financial recovery plan currently totals £11.635m, leaving a projected deficit of £6.531m for 2020/21. A further report will be submitted to the Policy and Resources Committee in February 2021 to advise elected members of progress in aligning 2020/21 spend levels more closely with the funding available.

#### 4.0 **BACKGROUND**

- 4.1 The Covid-19 emergency has impacted on all areas of society and on all aspects of normal daily life, particularly since the implementation of the national lock-down on 23 March 2020. These impacts have been severe and are likely to continue as we emerge from lock-down and progress through the four recovery phases (as set out in the Scottish Government's route map) and beyond. All levels of government have taken action to support and protect our most vulnerable citizens, local businesses, key suppliers and the third sector during these challenging and unprecedented times. These actions seek to maintain resilience during this crisis and ensure that people and organisations will emerge in the best possible shape when the emergency is over. The financial implications of the public sector response have been significant and have required record levels of unplanned spend.
- 4.2 Report 144-2020 was approved in mid-April under the arrangements for dealing with essential Council business (article VI of the minute of the Policy and Resources Committee 24 August 2020 refers). The report advised elected members of the various actions implemented by the Council and the Scottish and UK Governments in response to the on-going Covid-19 emergency and set out the associated financial implications. The report also advised that the Council was incurring significant additional costs in delivering its response to the Covid-19 emergency and would continue to do for the foreseeable future.
- 4.3 Report 198-2020 was submitted to the Policy and Resources Committee on 24 August 2020 (article XVI of the minute of the Policy and Resources Committee 24 August 2020 refers). The report set out an update on the financial implications of the Council's response to the Covid-19 emergency and proposed a financial recovery plan containing a number of measures aimed at mitigating the increased costs in financial year 2020/21 to protect the Council's financial sustainability going forward.
- 4.4 This report now provides an update on the financial implications of the Council's response to the Covid-19 emergency and the associated financial recovery plan.
- 4.5 The Executive Director of Corporate Services, as the Council's nominated Section 95 Officer, has a statutory duty to ensure that the Council operates within the financial resources available to it and remains financially sustainable in the short, medium and long term.

#### 5 **IMPACT ON THE COUNCIL'S 2020/21 REVENUE BUDGET**

- 5.1 Monitoring of the additional costs of responding to the Covid-19 emergency is now embedded within the Council's established budget management processes. Latest projections show projected gross additional costs of £34.213m for financial year 2020/21. A break-down of this figure over service areas is shown at Appendix 1. Further details of the main cost / income shortfall areas are included at Appendix 2.
- 5.2 The figures in Appendix 1 do not include the financial impact of Covid-19 on Dundee Health and Social Care Partnership. The current projected outturn position for Dundee Health & Social Care Partnership (DHSCP) is an overspend of £0.054m excluding any implications of additional Covid-19 response expenditure. This is a net position consisting of an anticipated overspend in Dundee City Council delegated expenditure of £1.242m partially offset by an underspend in NHS Tayside expenditure of £1.188m. Under the risk sharing arrangement with NHS Tayside, the net projected additional funding contribution to the IJB for Dundee City Council is £0.018m based on a 1/3<sup>rd</sup> share of any net overspend at the financial year end.

DHSCP is expected to incur significant additional expenditure in response to the Covid-19 pandemic throughout 2020/21 and this anticipated spend is reflected within the DHSCP mobilisation plan. The latest version of the plan is estimated to cost £11.4m across integrated health and social care services and while the financial monitoring position assumes that this will be fully funded there remains a risk as to whether sufficient funding will be allocated to DHSCP by the Scottish Government to cover all these additional costs. £1.1bn has been made available nationally to support NHS Boards and Integration Authorities mobilisation plans and the Scottish Government announced the initial allocation of this funding at the end of September 2020.

The allocation of this funding is based on a number of different factors. Given the level of uncertainty around different aspects of projected costs contained within local mobilisation plans, including the value of potential claims from social care providers for sustainability funding, funding has been confirmed on the basis of actual spend for quarter 1 for health and social care costs (health capped at the NRAC share) with quarters 2-4 confirmed at 70% of projected health costs and 50% of projected social care costs. Under this formula, Dundee IJB's initial allocation has been calculated at £8.162m of which £2.144m has been received to date. This leaves a potential risk exposure of around £2.8m

should further funding not be released (some areas of the plan around GP costs are being funded separately). A further iteration of the mobilisation plan was submitted in October to the Scottish Government and further funding reviews will take place in November and January. Should full funding not be provided discussions between partners will be required with a further potential risk exposure to Dundee City Council of around £0.900m.

- 5.3 The figures in Appendix 1 include the financial impact of Covid-19 on Leisure and Culture Dundee. Leisure and Culture Dundee have followed a phased programme of reopening and recovery since the lifting of restrictions, whilst continuing to make claims to the Job Retention Scheme up to the end of the scheme on 31 October. The measures in place to ensure the safety of employees and customers, alongside continued restrictions on some areas of service delivery, has meant that capacity for income generation remains low and the recent placing of Dundee City in Level 3 of Scotland's Strategic Framework will have a further impact on income and the full year projection. The organisation will be making claims to the Job Support Scheme from November onwards for any staff that cannot work their full contracted hours as a result of government restrictions, and this income, as well as potential further reduction in costs, will likely offset any reduction in income projection. The previously reported deficit of £3.001m remains in place at the moment until the impact on expenditure and income can be assessed. This figure is after recognising income of £2.489m for furloughed staff under the UK Government's Coronavirus Job Retention Schemes ie a gross deficit of £5.490m. The advance payment of the Q4 Management Fee to assist with the cashflow position will ensure the operation until early 2021. However, as previously stated, it is evident that a projected deficit of this size could not be managed entirely by LACD and would require additional financial support from the Council.

LACD have requested that, in light of their projected trading deficit for 2020/21, the Council issues a letter of comfort confirming their continued financial support. This is required to enable LACD's external auditor sign-off their 2019/20 accounts.

- 5.4 Tayside Contracts has also been significantly impacted by the Covid-19 emergency, with many areas of service provision unable to operate during the lock-down period. If those services were not being provided then Tayside Contracts would have minimal income, but would still retain most of its cost base in the form of staff and fixed overheads. As an interim measure, and to protect Tayside Contract's short-term cash-flows, it was agreed that the 3 partner Councils would use their existing budgets for catering, cleaning, road maintenance, street lighting etc to continue make payments to Tayside Contracts to cover their fixed costs. Some of the Council's existing budgets for road maintenance and street lighting are capital, rather than revenue. Audit Scotland have advised that it would not be appropriate to meet payments from capital budgets that do not result in an asset being created. As no specific work was done by Tayside Contracts in exchange for the interim payments, it will not be possible to fund any element of these payments from capital budgets. Accordingly, all of these payments will require to be met from revenue budgets and this has resulted in an additional revenue cost pressure of £2.900m.
- 5.5 The revenue monitoring position for the period to 30 September 2020 is presented separately in report 268-2020. This report shows a projected underspend of £2.361m for General Fund services for financial year 2020/21, excluding the costs associated with Covid-19. This projected underspend can be used to partly offset the financial impact of Covid-19.
- 5.6 The figures in Appendix 1 include additional Covid-19 related costs for the Housing Revenue Account totalling £0.378m. The revenue monitoring position for the HRA for the period to 30 September 2020 shows a projected underspend of £1.251m for financial year 2020/21, excluding the costs associated with Covid-19. This projected underspend can be used to absorb the financial impact of Covid-19 on the HRA. The figures in Appendix 1 also include additional Covid-19 related costs for the capital programme totalling £0.790m. The additional capital costs associated with Covid-19 have been included in the recently approved updated Capital Plan 2020-2025.
- 5.7 The Council has, to date, received the following additional funding allocations from the Scottish Government to help meet the additional costs incurred in 2020/21 in the response to the Covid-19 pandemic:

	<u>£000</u>
Hardship Fund £50m	1,389
Scottish Welfare Fund £22m	809 *
Food Fund £30m	1,152
Barnett Consequentials £155m	4,308
Registration Services £0.6m	16
Discretionary Housing Payments £5m	213

Free School Meals – Summer Period £12.6m (ring-fenced)	521
Community Support incl Food £15m (ring-fenced)	494
Additional Teachers / Support Staff £33.3m (ring-fenced)	976
Additional Teachers £20m (ring-fenced)	585
Education Logistics £20m (ring-fenced)	490
Barnett Consequentials £49m	1,361
Council Tax Reduction £25m	<u>900</u>
	13,214
<u>Less</u> Grant Already Accounted for in Financial Year 2019/20	<u>(154)</u>
	<u>13,060</u>

\* the above item will result in equivalent additional expenditure which is not reflected in Appendix 1

In addition to the above, the Council has been offered funding of £0.861m (mainly capital) for the purchase of digital devices and connectivity solutions to tackle digital exclusion amongst children and young people. The Council's allocation will be taken up in full.

- 5.8 The Council has furloughed a small number of income-generating staff in areas such as car parking, architectural services, engineering services and construction. Successful applications have been made to the UK Government's Coronavirus Job Retention Scheme and funding totaling £0.968m is expected to be received. In addition, LACD are anticipating funding totaling £2.199m from the Coronavirus Job Retention Scheme.
- 5.9 Taking all of the above into account, the projected funding shortfall for 2020/21 is £18.166m (see Appendix 3).
- 5.10 The Council has been approached by several external organisations and businesses in the city requesting financial support. Given the current deficit position being reported, it would be difficult for additional financial support to be provided to external organisations and businesses. The Council continues to administer grant schemes on behalf of the Scottish Government which support businesses. .

## 6.0 FINANCIAL RECOVERY PLAN 2020/21

- 6.1 Any in-year deficit would require to be charged against the Council's reserves. A deficit of the amount identified in paragraph 5.9 above clearly could not be accommodated given the Council's relatively small reserves balance. The projected deficit represents a significant risk to the financial sustainability of the Council going forward. The Covid-19 crisis is challenging the Council's ability to operate within the financial resources available to it and action must be taken to address this. Accordingly, the Chief Executive and Executive Director of Corporate Services, along with Service Executive Directors have been reviewing options for corrective actions that can be taken to help mitigate the financial consequences of Covid-19. These actions seek to reduce the projected in-year deficit whilst minimising the impact on front-line services.

- 6.2 The key elements of the financial recovery plan are as follows:

### 6.2.1 Use of Ear-marked Reserves and Balances

A review of the Council's ear-marked reserves and balances has been undertaken to identify any scope for releasing some of these to help offset Covid-19 costs. Whilst all of these reserves are ear-marked for specific purposes, it is considered that in the current circumstances some re-prioritisation would be appropriate. Accordingly, the following amount can be released and included in the financial recovery plan:

General Fund – 2019/20 carry forwards £2.000m

The Council also has an uncommitted General Fund balance of £8.012m. It is essential that the Council maintains a reasonable level of working balances to deal with unexpected or emergency items of expenditure. Given that the level of the uncommitted General Fund balance is already relatively low, it is not proposed to release any of this for inclusion in the financial recovery plan at this stage. This area will be kept under review for the remainder of the financial year.

Decisions regarding the use of reserves held by LACD to help offset Covid-19 costs are a matter for the Board of LACD. However, given the scale of the challenge facing LACD (see paragraph 5.3 above)

it would be reasonable to assume, for the purposes of the financial recovery plan, that an amount of £0.750m can be released from reserves.

#### 6.2.2 Use of Existing Service Budgets to Offset Internal Charging Income Shortfalls

The Covid-19 crisis has had a significant impact on the financial operating position of Construction Services. Unlike other Council services, Construction Services receives no direct funding through a budget allocation from the Council or Scottish Government, rather it must operate on the income it generates. During the lock-down period all construction work was suspended except for emergency repairs. This means that Construction Services has been unable to generate income to cover its fixed costs and also provide for the surplus assumed in the 2020/21 revenue budget. At the same time, however, there are corresponding property maintenance budgets in City Development and Housing that have not been used due to the suspension of construction work. It is considered appropriate that these budgets should now be used to help mitigate the significant deficit that has been accruing in Construction Services. Effectively, City Development and Housing would be paying a retainer to ensure that their key supplier remains financially sustainable and is still able to provide services going forward. This treatment ties-in with the support that is being provided to Tayside Contracts by the three local partner Councils. It is also in line with Scottish Government procurement guidance which promotes engagement and support of key suppliers to ensure service continuity and appropriate transition to restart. Some of the Council's existing budgets for property maintenance are capital, rather than revenue. Audit Scotland have advised that it would not be appropriate to meet payments from capital budgets that do not result in an asset being created. As no specific work was done by Construction Services in exchange for the retainer payments, it will not be possible to fund any element of these payments from capital budgets. The value of existing revenue budgets that can be used to support Construction Services is estimated at £1.500m and this amount has been included in the financial recovery plan.

#### 6.2.3 Scottish Government Funding Flexibilities

Significant amounts of ring-fenced Scottish Government funding are made available to Councils for children's services, mainly through Pupil Equity Fund, Scottish Attainment Challenge and Early Years and Childcare Expansion. In recognition of the financial and other resource implications of maintaining critical provision for children and families at this time, the Scottish Government has relaxed the rules around the use of ring-fenced funding, as follows:

- relax current guidance on Pupil Equity Funding in order that headteachers can support our most vulnerable children;
- apply flexibility to schools and Local Authorities in receipt of Challenge Authority and Schools' Programme funding;
- relax grant conditions in respect of funding for Regional Improvement Collaboratives, allowing resource linked to this initiative to be repurposed to the Covid-19 response; and,
- allow Local Authorities to deploy early learning and childcare funding flexibly to deliver critical provision for children and families.

Whilst some of this funding will already be committed for 2020/21 (mainly for staff costs) there remains an opportunity to reprioritise spend in line with the flexibilities outlined above and therefore help offset the significant Covid-19 costs in children's services. It is considered that £4.000m of ring-fenced funded can be reprioritised and included in the financial recovery plan. Most of the £4.000m of available flexibilities arises from the carry forward of funding from previous financial years for Early Years and Childcare Expansion.

#### 6.2.4 Further Government Funding

On 23 June, the Depute First Minister announced an extra £100m of funding over two years to help children return to school and recover any lost ground. This announcement was made in conjunction with the revised planning assumption of a full-time return to schools in August. Subsequently, the additional funding for education recovery was increased by a further £30m, taking the total to £130m. To date, £100m of this additional funding has been distributed, for additional teachers (£75m, ring-fenced), additional support staff (£5m) and education logistics (£20m). The Council's share of the £100m additional funding is £2.051m in 2020/21 and £0.781m in 2021/22. Decisions are awaited as to the phasing and distribution of the remaining £30m of additional funding, which has been ear-marked by the Scottish Government for education logistics. The Council's share of the remaining £30m funding for education logistics is estimated at £0.735m and this has been included in the financial recovery plan.

On 2 July, the UK Government announced a major new support package to help Councils respond to coronavirus as part of a comprehensive plan to ensure Councils' financial sustainability for the future. Councils in England will now receive a further £500m to respond to spending pressures they are facing. The new support package announced by the UK Government also includes an income loss

scheme, to compensate Councils in England for the significant loss of income from car parking, leisure and cultural assets etc. All relevant losses, over and above the first 5% of planned income from sales, fees and charges, will be compensated for at a rate of 75p in every pound. The Scottish Government has been working with COSLA and Local Government stakeholders to design a Loss of Income Scheme appropriate for Scotland. The cost of the scheme will be met from unallocated Barnett consequentials. Whilst the terms of the scheme have still to be finalised, it is evident that support from the scheme is likely to be at a level that is significantly lower than in England. This is due to the value of income loss suffered by Scottish Councils (including ALEOs) and the limited amount of funding that is available for the scheme. For the purposes of the financial recovery plan, an estimate of £2.1m has been assumed as funding from the Loss of Income Scheme.

The Chancellor of the Exchequer announced a package of measures on 8 July which is intended to support economic recovery from the Covid-19 emergency. Many of the measures will apply directly in Scotland as for the rest of the UK, with Barnett consequentials applying in Scotland for matters which are devolved. One of the national measures announced on 8 July is a Job Retention Bonus of £1,000 paid to employers for each employee who earns at least £520 per month and is kept on (until at least end of January 2021) after returning from furlough. It is estimated that the Council and LACD will receive funding totalling £0.550m from this scheme in 2020/21.

Regarding further government funding generally, representation will be made through COSLA regarding the need for additional funding and for the full-pass through of Barnett consequentials resulting from the provision of relevant additional funding in England. There remains a significant risk around additional funding which is requested to address the current deficit, particularly in the event that projections are not achieved with income streams and in the event of any further lockdown, and thus further actions and reductions in expenditure are urgently required.

#### 6.2.5 Staffing Budget Reductions

Staff costs currently account for around 67% of the Council's net revenue budget. Since March, any recruitment to vacant posts has been restricted to essential roles and teaching posts. It is proposed that these restrictions on recruitment should remain in place for the remainder of the 2020/21 financial year. Similarly, the levels of overtime worked since March have been relatively low and, again, it is proposed that restrictions on overtime working should remain in place for the remainder of 2020/21. In order to deliver savings in staffing budgets, opportunities for voluntary early retirement and voluntary redundancy will be identified across all services (see report 188-2020 to Recovery Sub-Committee, 10 August 2020). The Council has set-aside capital receipts totalling £2.892m in order to meet future transformation costs. The upfront costs associated with severance packages (strain on fund and redundancy costs) would be met from these set-aside capital receipts, with the full value of the salary saving accruing against the revenue budget.

The approved 2020/21 revenue budget already includes a corporate savings target of £0.550m for reductions in staffing budgets arising from VERs/VR and reductions overtime, additional hours and absence. At this stage it is considered prudent not to assume any further savings in staffing budgets for the purposes of the financial recovery plan.

#### 6.2.6 Further Funding Flexibilities

Discussions have been on-going between COSLA and the Scottish and UK Governments around further funding flexibilities that could be made available to Councils to help mitigate (or at least defer) the financial impact of Covid-19. The following flexibilities have recently been agreed:

- 1) Capital Receipts Received - dispensation for both 2020/21 and 2021/22 through Statutory Guidance to allow Councils to place capital receipts in the Capital Grants and Receipts Unapplied Account and then used to finance Covid expenditure (revenue).
- 2) Credit Arrangements (eg PFI / PPP Schemes) - at present Councils are required by statutory guidance to charge the debt element of service concession arrangements to their accounts over the contract period. A change to the accounting treatment will allow the debt to be repaid over the life of the asset rather than the contract period, applying proper accounting practices. Councils will have the flexibility to apply this change in either 2020/21 or 2021/22. This approach will apply to all credit arrangements going forward.
- 3) Loans Fund Principal Repayment Holiday - the flexibility being offered is a loans fund repayment holiday which will permit a Council to defer loans fund repayments due to repaid in either 2020/21 or 2021/22 (but not both).

Further details will be issued by the Scottish Government in the form of Statutory Guidance and a change in Statutory Regulations. These flexibility options are now being considered by officers and recommendations will be presented to elected members in due course, if considered appropriate.

- 6.3 The financial recovery plan set out in paragraph 6.2 above currently totals £11.635m, leaving a projected deficit of £6.531m for 2020/21 (see Appendix 3). A further report will be submitted to the Policy and Resources Committee in February 2021 to advise elected members of progress in aligning 2020/21 spend levels more closely with the funding available.

## **7.0 LOOKING FURTHER AHEAD**

- 7.1 The national response to the Covid-19 epidemic has seen the UK Government incur unprecedented levels of expenditure, both in terms of measures to contain and fight the spread of the virus and to deal with the impact on the economy. The devastating economic impact has seen a record fall in GDP levels, leading to significant reductions in taxation revenues which in turn has necessitated record levels of government borrowing. This position is clearly unsustainable into the medium / longer term, where the resultant level of government debt will require to be addressed and managed down. This will be an enormous challenge for the public finances and is likely to have significant implications for the levels of government grant support that are available to Councils. This will be at a time when vital Council services will be required to deal with the social and economic aftermath of the epidemic, and when other sources of income available to Councils will be under severe pressure.
- 7.2 The Chancellor's Summer Budget Statement resulted in a relatively small level of Barnett consequential. The Autumn Budget was expected to be more instructive in terms of future levels of public spending, however this was cancelled to the Covid-19 epidemic. Instead, it was announced that there would be a Spending Review to set out the broad direction for government spending. However, the planned Spending Review has recently been cancelled with the Chancellor now expected to set out a one-year review in late November. This creates a great deal of uncertainty around the appropriateness of the Council's existing budget assumptions, particularly grant funding levels. At this stage it is difficult to identify a firm timeline around detailed national and local budgeting processes.
- 7.3 The Council's longer-term financial projections and strategies will require to be revisited and updated to reflect the post-Covid situation and reports will be brought forward to the Policy and Resources Committee once more clarity emerges.

## **8.0 POLICY IMPLICATIONS**

- 8.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

## **9.0 CONSULTATIONS**

- 9.1 The Council Management Team have been consulted on the content of this report.

## **10.0 BACKGROUND PAPERS**

- 10.1 None.

**GREGORY COLGAN**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**05 NOVEMBER 2020**





**Covid-19: Gross Additional Costs By Service Area**

	<b>£000</b>
Children and Families	8,037
City Development	8,523
Neighbourhood Services	2,420
Chief Executive	394
Corporate Services	2,879
Construction Services	4,952
Miscellaneous	350
LACD	5,490
Housing Revenue Account	378
Capital (General Services / Housing)	790
	<hr/>
	<b>34,213</b>
	<hr/>

**Covid-19: Main Cost Areas**

	£000	£000
<u>Children and Families:</u>		
Free school meal payments	1,718	
Additional NQT teachers including supply cover	1,889	
PPE / additional cleaning	1,443	
Children services (LAC placements / additional staff / transfer)	1,261	
Key worker costs (nursery placements)	421	
School meal lost income	656	
	<hr/>	7,388
<u>City Development:</u>		
Car Parking lost income	3,139	
Architects / Engineers fees lost income	1,554	
GAM lost income	937	
Property costs including costs associated with bringing all lock down properties back into operation	1,164	
Reduced income from property rentals, planning applications, building warrants, advertising etc	1,313	
	<hr/>	8,107
<u>Neighbourhood Services:</u>		
Additional costs associated with providing temporary accommodation following higher than anticipated demand during the Covid-19 pandemic	860	
Increase in residual waste disposal costs due to the impact of post-lockdown household clear-outs, suspended service provision by the Council and the unavailability to the public of normal charities/reuse centre outlets.	358	
Lower income from trade waste	474	
	<hr/>	1,692
<u>Chief Executive</u>		
Community food costs		391
<u>Corporate Services:</u>		
PPE	386	
Bad debt provision – council tax etc	850	
Council tax reductions	370	
Discretionary housing payments	288	
Crisis Grants	150	
Food Fund - supply of food	211	
	<hr/>	2,255
Construction Services		4,952
LACD		5,490
Housing Revenue Account		378
Capital (General Services / Housing)		790
Total	<hr/> <hr/>	<hr/> <hr/> 31,443

	£m	£m
DCC / LACD gross additional costs 2020/21		34.213
Add share of DHSCP Covid-19 related costs (assume fully funded)		0
Add Tayside Contracts standby payments – additional revenue cost pressure		2.900
<b>Total Gross Additional Costs 2020/21</b>		<b>37.113</b>
Less projected General Fund services underspend per September revenue monitoring report		(2.361)
Less additional HRA costs absorbed by projected HRA underspend per September revenue monitoring report		(0.378)
Less additional capital costs included in updated Capital Plan 2020-25		(0.790)
<b>Total Net Additional Costs 2020/21</b>		<b>33.584</b>
<b>Government Funding:</b>		
Confirmed Scottish Government funding	(13.060)	
Additional expenditure requirements not reflected in Appendix 1	0.809	
UK Government Coronavirus Job Retention Scheme	(3.167)	
<b>Funding Shortfall 2020/21</b>		<b>18.166</b>
<b>Financial Recovery Plan 2020/21:</b>		
Use of ear-marked reserves and balances: General Fund - 2019/20 carry forwards	(2.000)	
Use of reserves: LACD	(0.750)	
Recharge of Construction costs to existing General Fund / HRA budgets	(1.500)	
Flexibilities around SG ring-fenced funding streams (ELC / PEF / SAC)	(4.000)	
Estimated share of remaining £30m for education logistics *	(0.735)	
Loss of Income Scheme *	(2.100)	
Chancellor's Summer Statement 8 July: £1,000 for each employee returning from furlough *	(0.550)	
<b>Total of Financial Recovery Plan 2020/21</b>		<b>(11.635)</b>
<b>Projected Deficit 2020/21</b>		<b>6.531</b>

\* Potential Funding has been assumed but has not been guaranteed at this time

