ITEM No …4………..

REPORT TO: **POLICY AND RESOURCES COMMITTEE – 22 FEBRUARY 2021**

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

REPORT BY: **CHIEF EXECUTIVE**

REPORT NO: **61-2021**

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 overall 2020/21 Revenue Budget, after meeting the costs 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 update report will be submitted to the Policy and Resources Committee in April 2021.

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 Covid-19 costs, particularly in the event that projections are not achieved with income streams and in the event of a continued 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.

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 £38.925m for financial year 2020/21, in respect of the Council's response to the Covid-19 emergency. This includes £4.647m for LACD. 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 £11.635m. 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 £11.129m, resulting in a projected deficit of £0.506m for 2020/21. A further update report will be submitted to the Policy and Resources Committee in April 2021.

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 first national lock-down on 23 March 2020. These impacts have been severe and are likely to continue. The country was placed in protection level 4 lockdown (including the closure of schools) in early January 2021 and this will continue until at least mid-February 2021. 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). Report 308-2020 was submitted to the Policy and Resources Committee on 16 November 2020 (article XI of the minute of the Policy and Resources Committee 16 November 2020 refers). These reports 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. The figures in the report reflect the impact of the current protection level 4 lockdown, including the closure of schools.

4.5 The Chief Executive, 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 £36.925m for Council services 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 underspend of £0.773m assuming full funding is received from Scottish Government for additional Covid-19 response expenditure. This is a net position consisting of an anticipated overspend in Dundee City Council delegated expenditure of £1.902m offset by an underspend in NHS Tayside expenditure of £2.675m. Under the risk sharing arrangement with NHS Tayside, the net projected additional funding contribution to the IJB for Dundee City Council is £nil based on a $1/3^{rd}$ share of any net overspend at the financial year end.

DHSCP is expected to continue 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 £11.94m across integrated health and social care services and the financial monitoring position assumes that this will be fully funded. £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, which has now been received in full. A further iteration of the mobilisation plan was submitted in October to the Scottish Government and a further funding review will take place in February 2021.

5.3 The figures in Appendix 1 include the financial impact of Covid-19 on Leisure and Culture Dundee. Leisure and Culture Dundee followed a phased programme of reopening and recovery during the period July to December 2020 when restrictions were eased across the country but have since closed all services in line with the introduction of protection level 4 lockdown from 26 December 2020. Almost all staff have been placed back on furlough (either full or flexibly) from that date and will continue on furlough until restrictions are eased and services allowed to reopen. The organisation will, therefore, continue to claim from the Job Retention Scheme for its duration where appropriate and the current projection of the values of the claims, along with further reduction in expenditure as a result of restrictions, has brought the projected year end deficit down to £1.001m. This figure is after recognising projected income of £3.646m for furloughed staff under the UK Government's Coronavirus Job Retention Schemes ie a gross deficit of £4.647m. With the increase in projected income from the Job Retention Scheme, along with reduced costs and the opportunity to spread the payment of deferred VAT liabilities over 12 months, the cashflow position has improved and ensure the operation until the end of February at the earliest. With the extension of the Job Retention Scheme and the close management of staffing requirements, this has enabled LACD to reduce the projected deficit and thus reduce the financial support required from the Council for this financial year. The organisation will face a much more significant financial challenge in financial year 2021/22 as a result of reduced customer income as restrictions are eased.

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 periods. 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 £2.000m.

5.5 The revenue monitoring position for the period to 31 December 2020 is presented separately in report 50-2021. This report shows a projected underspend of £5.907m 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 £0.455m. The revenue monitoring position for the HRA for the period to 31 December 2020 shows a projected underspend of £2.431m 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 £0.783m. The additional capital costs in 2020/21 associated with Covid-19 were included in the updated Capital Plan 2020-2025 and are also included in the Capital Plan 2021-2026 that is presented separately in report 55-2021.

5.7 The Council has, to date, received confirmation of 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:

	£000
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	900
Flexible Food/Fuel/Poverty Fund (ring-fenced)	735
Mental Health and Emotional Wellbeing Services – Children, Young People and Their Families £11.25m	334 *
Environmental Health Officers / Trading Stds Officers £1.2m	26
Support for Families with Children on Low Incomes £22.4m (ring-fenced)	560
Supporting Services for Vulnerable Children and Young People £22m	651
Flexible Funding for Councils Moving into Level 4 £15m	417 *
Supporting People Affected by Homelessness £5.14m	175
Free School Meals – October / Xmas / February Holidays £6.95m (ring-fenced)	288
Self Isolation Support Grants (incl admin) £3.779m	127
Business Support Schemes – Admin Grant £12m	279
Free School Meals 5th to 29th January 2021 £7.057m	307
	17,113
Less Grant Already Accounted for in Financial Year 2019/20	(154)
	16.959

* the above items 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 Councils allocation will be taken up in full.

5.8 The UK Government's Coronavirus Job Retention Scheme (CJRS) was due to close at the end of October 2020 but has now been extended to the end of April 2021. During the Covid-19 crisis, 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 CJRS and funding totaling £1.100m is expected to be received. In addition, LACD are anticipating funding totaling £3.646m from the CJRS.

5.9 Taking all of the above into account, the projected funding shortfall for 2020/21 is £11.635m (see Appendix 3).

5.10 The Council has been approached by several external organisations and businesses in the city requesting financial support. In the current circumstances 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.

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 periods of lock-down all construction work is being 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 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 £2.200m of ring-fenced funded can reprioritised and included in the financial recovery plan. Most of the £2.200m 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 2020, 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 still 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 2020, the UK Government announced a major 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 receive a further £500m to respond to spending pressures they are facing. The 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 worked with COSLA and Local Government stakeholders to agree a Loss of Income Scheme appropriate for Scottish Councils (including ALEOs). The scheme will initially be funded from £90m of unallocated Barnett consequentials. The Council has made a return to COSLA of the projected income loss for 2020/21 and has been advised of a provisional funding allocation of £2.114m in respect of income lost in the first six months of the 2020/21 financial year. Subsequently, as part of the Scottish Budget announcements on 28 January 2021, the Cabinet Secretary for Finance advised that further funding of £110m would be made available in 2020/21 to compensate Councils for lost income. The Council's estimated share of the £110m additional funding is £2.580m, resulting in total estimated support of £4.694m for lost income in 2020/21.

The Chancellor of the Exchequer announced a package of measures on 8 July 2020 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 was 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. However, following the extension of the main furlough scheme, the Job Retention Bonus has been withdrawn. At this stage, no details are available on any alternative scheme that may be introduced. It was previously estimated that the Council and LACD would 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 Covid-19 costs, particularly in the event that projections are not achieved with income streams and in the event of a continued 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 2020, 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 2020 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 future savings in staffing budgets, opportunities for voluntary early retirement and voluntary redundancy are being 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 £11.129m, resulting a projected deficit of £0.506m for 2020/21 (see Appendix 3). A further update report will be submitted to the Policy and Resources Committee in April 2021.

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 UK Spending Review announcements on 25 November 2020 saw Covid-19 related funding for Scotland set at £1.3bn for 2021/22, compared with the guaranteed minimum amount of £8.2bn in 2020/21. As part of the Scottish Budget announcements on 28 January 2021, the Cabinet Secretary for Finance advised that local government will be allocated a further £259m of non-recurring Covid-19 funding for 2021/22. The allocation of this additional funding between Councils has still to be decided.

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
CHIEF EXECUTIVE **12 FEBRUARY 2021**

Appendix 1

Covid-19: Gross Additional Costs By Service Area

	£000
Children and Families	9,012
City Development	9,455
Neighbourhood Services	1,713
Chief Executive	718
Corporate Services	4,303
Construction Services	5,489
Miscellaneous	350
LACD	4,647
Housing Revenue Account	455
Capital (General Services / Housing)	783
	36,925

Appendix 2

Covid-19: Main Cost Areas

	£000	£000
Children and Families:		
Free school meal payments	2,352	
Additional NQT teachers (including supply cover) and support staff	1,882	
PPE / additional cleaning	1,512	
Children services (LAC placements / additional staff / transfer)	1,720	
Key worker costs (nursery placements)	421	
School meal lost income	656	
		8,543
City Development:		
Car Parking lost income	3,919	
Architects / Engineers fees lost income	2,573	
GAM lost income	841	
Property costs including costs associated with bringing all lock down properties back into operation	403	
Reduced income from property rentals, planning applications, building warrants, advertising etc	1,303	
		9,039
Neighbourhood Services:		
Additional transport costs	129	
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.	382	
Lower income from community centre lets, café sales etc	141	
Lower income from trade waste	493	
		1,145
Chief Executive		
Community food costs	569	
Support for at risk individuals	145	
		714
Corporate Services:		
PPE	200	
Bad debt provision – council tax etc	1,600	
Council tax reductions	228	
Discretionary housing payments	313	
Crisis Grants	325	
Food Fund - supply of food	43	
Winter support payments	550	
DEEAP	300	
Self isolation support grants	100	
		3,659
Construction Services		5,489
LACD		4,647
Housing Revenue Account		455
Capital (General Services / Housing)		783
Total		34,474

Appendix 3

	£m	£m
DCC / LACD gross additional costs 2020/21		36.925
Add share of DHSCP Covid-19 related costs (assume fully funded)		0
Add Tayside Contracts standby payments – additional revenue cost pressure		2.000
Total Gross Additional Costs 2020/21		**38.925**
Less projected General Fund services underspend per December revenue monitoring report		(5.907)
Less additional HRA costs absorbed by projected HRA underspend per September revenue monitoring report		(0.455)
Less additional capital costs included in updated Capital Plan 2020-25		(0.783)
Total Net Additional Costs 2020/21		**31.780**
Government Funding:		
Confirmed Scottish Government funding	(16.959)	
Additional expenditure requirements not reflected in Appendix 1	1.560	
UK Government Coronavirus Job Retention Scheme	(4.746)	
Funding Shortfall 2020/21		**11.635**
Financial Recovery Plan 2020/21:		
Use of ear-marked reserves and balances: General Fund - 2019/20 carry forwards	(2.000)	
Recharge of Construction costs to existing General Fund / HRA budgets	(1.500)	
Flexibilities around SG ring-fenced funding streams (ELC / PEF / SAC)	(2.200)	
Estimated share of remaining £30m for education logistics *	(0.735)	
Loss of Income Scheme *	(4.694)	
Chancellor's Summer Statement 8 July: £1,000 for each employee returning from furlough (now withdrawn)	0	
Total of Financial Recovery Plan 2020/21		**(11.129)**
Projected Deficit 2020/21		**0.506**

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