
NORTH AYRSHIRE COUNCIL

8 September 2020

Cabinet

Title: COVID-19 Financial Recovery Plan 2020/21

Purpose: To provide Cabinet with an update on the projected financial impact of COVID-19 and to consider recovery options to return a balanced budget in 2020/21.

Recommendation: That Cabinet:

- (a) Notes the cost impact of COVID-19 to March 2021 based on current projections and assumptions.
- (b) Notes the measures to address the cost impact as part of a Recovery Plan to return a balanced budget for 2020/21.
- (c) Approves additional cashflow management support to North Ayrshire Leisure Ltd (NALL) of up to £2.743m to ensure they continue to operate as a going concern and meet their cash liabilities.
- (d) Following Audit Scotland guidance, approves a charge from the General Fund to the Housing Revenue Account on a fair and reasonable basis for Building Services costs incurred through the period impacted by the lockdown. Based on current analysis the charge to the HRA is estimated up to £2.000m.
- (e) Notes the further areas of cost risk, including the financial projection of the HSCP.

1. Executive Summary

- 1.1 The on-going impact of COVID-19 presents a significant financial risk to the Council. This report follows on from the report presented to Cabinet on 30 June 2020 and provides an update on the projected financial impact and outlines financial recovery options to return a balanced budget in 2020/21.
- 1.2 A further cost projection was carried out in July which totaled £23.440m to March 2021. After incorporating Scottish Government funding to date and accounting for costs incurred in March 2020 which were included as part of the year end closure, the net cost impact projected for 2020/21 is £15.475m. These costs include revenue and capital costs across both the General Fund and

Housing Revenue Account. The current landscape remains very fluid and projections include response, recovery and renewal activity in accordance with the Scottish Government Route Map through lockdown easing.

Council Funding Area	Projected Net Cost Impact £m
General Fund Revenue	£9.600m
General Fund Capital	£2.218m
Housing Revenue Account - Revenue	£0.661m
Housing Revenue Account - Capital	£2.996m
Total	£15.475m

- 1.3 The cost impact for the HSCP is being captured separately through Local Mobilisation Plans and submitted via the NHS. The return submitted in June indicated a projected additional cost pressure of £7.211m to 31 March, 2021. This includes £5.400m additional costs with the balance represented by the projected impact on savings during the year. To date the IJB has received £3.500m funding from Scottish Government. Based on a recent assessment of the worst-case scenario of any funding shortfall, this could be in the range of £1.3m to £1.9m. If this gap materialises the HSCP would require to mitigate this pressure later in the year as part of a recovery plan. It is recognised however, that the current financial pressure and funding to date presents a risk to the Council.
- 1.4 At the time of setting the 20/21 Budget the potential financial impact of COVID-19 was not known. Following the closure of the 2019/20 accounts, on 30 June 2020 Cabinet approved the transfer of underspend to reserves to help mitigate any cost impact, taking the level of unearmarked reserves to £9.659m, or 2.7% of budgeted expenditure. Any use of unearmarked reserves should be considered within the context of the impact on the 2021/22 Budget.
- 1.5 In order to address the projected cost impact for 2020/21 a Finance Recovery Plan has been developed which is aligned to the objectives of protecting jobs, protecting priority services and mitigating any impact on the 2021/22 Budget process. The plan includes;
 - In addition to Scottish Government funding to support the Education re-start and in accordance with Scottish Government guidance, flexible use of former ring-fenced Education funding.
 - Following Audit Scotland guidance, charging a reasonable cost to the Housing Revenue Account (HRA) for Building Services fixed costs incurred during the period impacted by the lockdown.
 - Each Directorate to manage the impact of savings targets not achieved for 2020/21 by identifying further areas of cost saving throughout the year.
 - Provide financial support to North Ayrshire Leisure Ltd (NALL) to ensure they continue to operate as a going concern, with officers continuing to work together to identify further areas of cost saving.
 - Additional General Fund capital costs will be considered as part of a major review of the 10-year capital programme during 2020/21 to ensure

plans are affordable, prudent and sustainable.

- Capital and revenue pressures for the HRA will be considered within the context of the of the projected in-year HRA underspend of £4.493m, rent levels and a review of the HRA Business Plan and capital plan.
- The General Fund revenue cost impact will require a potentially significant draw on unearmarked reserves of around £3.000m. Although not confirmed at this time, additional Scottish Government funding is anticipated which could help reduce this requirement and mitigate the further areas of cost risk, including the HSCP position and Council tax collection levels, and reduce the impact on the 2021/22 Budget.

2. Background

- 2.1 The on-going impact of COVID-19 continues to present a significant financial risk to the Council. This report follows on from the report presented to Cabinet on 30 June 2020 and provides an update on the projected financial impact and outlines financial recovery options to return a balanced budget in 2020/21.
- 2.2 The projected gross financial impact outlined in June totaled £23.548m. A further projection was carried out in July which totaled £23.440m to March 2021, with an anticipated cost of £12.484m incurred at the end of July 2020. The current landscape remains very fluid and projections include response, recovery and renewal activity in accordance with the Scottish Government Route Map through lockdown easing.
- 2.3 The costs associated with the pandemic impact various funding areas of the Council and include both the General Fund (Revenue and Capital) and the Housing Revenue Account (Revenue and Capital).
- 2.4 Scottish Government funding to date to address the pandemic totals £7.358m. A total of £0.607m costs were incurred in March 2020 and were included as part of financial year end closure activity, leaving a net projected cost impact of £15.475m to 31 March 2021. This pressure is presented across the Council's funding areas in the table below;

Council Funding Area	Projected Net Cost Impact £m
General Fund Revenue	£9.600m
General Fund Capital	£2.218m
Housing Revenue Account - Revenue	£0.661m
Housing Revenue Account - Capital	£2.996m
Total	£15.475m

2.5 Cost Impact Breakdown and Cost Reductions

The Cabinet report of 30 June 2020 included details of the areas of cost pressure. The cost breakdown has been updated during July 2020 and is included in Appendix 1. The main areas of additional cost projected to March 2021 are included below;

2.6 General Fund Revenue

Pressure Area	Gross Cost Impact £m
Food Provision / Support to children eligible for free school meals, their families and vulnerable citizens	£2.818m
Workforce, Building and PPE costs	£0.922m
Additional response and recovery costs for Education and Early Years	£4.423m
North Ayrshire Leisure Ltd (NALL) - KA Leisure) – Impact on Council Subsidy	£2.743m
Lost Income and Other Costs	£7.164m
Projected Savings not achieved	£0.503m
Cost Reductions through energy, transport etc.	-£1.615m
Projected General Fund Gross Pressure	£16.958m
Scottish Government Funding to Date	£7.358m
Projected General Fund Net Pressure	£9.600m

- 2.7 The cost pressure in the General Fund includes costs associated with Education and Early years, lost income to the Council and a recognition of the financial pressure facing North Ayrshire Leisure Ltd (NALL);

2.8 Education and Early Years

- 2.9 The cost projections included in the report to Cabinet on 30 June 2020 were based initially on a blended education model with additional costs estimated at £6.707m at that time. This included significant additional transport costs. With pupils returning 100% from August the revised projections include additional staffing costs for Education and Early Years, digital costs, community based childcare provision, cleaning, janitorial and PPE as well as under-recoveries in income associated with the service. The anticipated pressure to March 2021 totals £4.423m.
- 2.10 In May 2020 the Scottish Government provided guidance to local authorities to allow flexibility in the use of specific education revenue funding sources in response to the pandemic. This funding includes Pupil Equity Funding, Early Learning and Childcare funding to support delivery of 1,140 hours childcare provision and Attainment Challenge funding.
- 2.11 Further Scottish Government funding to support the re-start has also been recently announced, with some distributions still to determined, and include;

SG Funding	National Allocation £m	NAC Share 20/21 £m
Additional Teaching and Support Staff	£50.000m	£0.898m
Digital Inclusion (Including Chrome Books)	£25.000m	£0.551m

Upfront Re-start Funding for logistics (including cleaning, PPE, Transport etc.)	£20.000m	TBC
Addition Teaching and Support Staff – 2 nd Tranche	£30.000m	£0.540m
Further Expenditure Needs for Re-start (Based on Evidence)	£30.000m	TBC
School Transport – Capital Funding	£1.500m	TBC

- 2.12 Additional Scottish Government funding and flexibility around the use of existing Education budgets will help further mitigate the cost impact of the pandemic and, in terms of potential use of education budgets, this will be limited to unallocated revenue funds across Education and Early Years.
- 2.13 Lost Income
- 2.14 This is an area of significant impact and includes external income across a range of Council services including commercial waste, catering, school lets, building warrant income, licensing fees etc. The projected levels of income for 2020/21 have been assessed in accordance with the Scottish Government's Route Map, however it should be stressed that even within this context there remains a level of uncertainty around the timings of services being re-instated or indeed demand levels / behaviours returning to pre-COVID levels , therefore a prudent assessment has been made at this time.
- 2.15 A significant area of internal income generation to the Council's General Fund, impacted by the pandemic, is the Council's Building Services operation. Services, including housing maintenance and repairs, would normally be undertaken and the costs recovered from the Housing Revenue Account (HRA). The period of lockdown resulted in a cessation of normal business operations, with a significant number of Building Services employees temporarily redeployed to supporting the logistics around the Council's food response, delivering over 4,600 food packs each week. The financial consequence through lost income is projected at £3.914m under-recovery to March 2021. It should also be noted that a corresponding underspend is projected in the HRA for the same period.
- 2.16 Following discussion between local authority Directors of Finance, COSLA, Audit Scotland and the Association of Local Authority Chief Housing Officers (ALACHO), Audit Scotland issued a technical update stating that even though works have not actually taken place, costs could continue to be charged to the HRA on a fair and reasonable basis. Charging the costs wholly to the General Fund was not considered a fair and reasonable approach. As such, a proportion of actual fixed costs recharged to the HRA based on historic activity levels should be considered. Conversely, the impact to the HRA should be considered within the context of the projected underspend in 2020/21, the reserves position and the capital plans and commitments.

The total anticipated lost income including Building Services and other costs is

projected at £7.164m.

2.17 North Ayrshire Leisure Ltd (NALL) – KA Leisure

The Council supports KA Leisure through an annual subsidy contribution of around £3.500m per annum. The total annual operating income of KA Leisure is c£8.500m per annum. The closure of all leisure facilities took effect from the 18 March 2020. To partially mitigate the impact of what is a significant reduction in income, around 220 staff have been furloughed, with 80% of staff costs recovered via the UK Government Job Retention Scheme. The current assessment of net lost income projected to 31 March 2021, in accordance with the Scottish Government Route Map and guidelines and taking account of the phased release of staff back from the Job Retention scheme, amounts to £2.743m at this time. This continues to be a fluid situation; however, it is recognised that in order to ensure KA Leisure continue to operate as a going concern, financial support is required from the Council. Senior officers from KA Leisure and the Council continue to work together to progress planning around the re-opening of services and further cost mitigation measures, including a draw on KA Leisure reserves.

2.18 General Fund Capital

2.19 Additional costs attributable to delay of works, anticipated increases in contract inflation and additional costs linked to COVID related restrictions as part of the recovery phase will continue to be monitored throughout the year along with any contractor claims. Within the General Fund Capital programme the potential additional cost impact is currently assessed at £2.218m, however, this position is subject to change.

2.20 A major review of the 10 Year General Fund Capital programme is scheduled to take place during 2020/21. Additional costs and any project acceleration activity to support the economic recovery will be considered as part of this review to ensure plans are affordable, prudent and sustainable.

2.21 HRA Capital and Revenue

2.22 The suspension of works at the end of March will impact on budgets to support the house building programme. Estimated additional costs total £2.996m at this stage, however, the position will continue to be monitored throughout the year.

2.23 At the beginning of the lockdown period, in line with most Councils, steps were taken to suspend recovery of debt owed to the Council. The effect on household income has impacted on the level of Council house rent income generated in recent months. Whilst tenants continue to be supported with flexible repayment arrangements it is anticipated that the level of unpaid rent will exceed the non-recovery rate from previous years. At this stage the financial impact has been assessed at £0.661m for the year.

2.24 Cost Reductions

The period of lockdown has also generated reductions in costs across workforce, building and fleet related costs, including overtime, energy, supplies and fuel costs. The level of cost reduction to March 2021 is currently projected at £1.615m. Further savings are anticipated through the year across services and each Director will continue to review budgets and non-priority service levels as part of the recovery and renewal phase through the remainder of the year.

2.25 Scottish Government Funding

2.26 Funding from Scottish Government includes support to local authorities, citizens via welfare support, businesses through rates relief and business grants and the 3rd sector. Direct funding to local authorities to help mitigate the cost impact of the pandemic, to date totals £7.358m. Included in the report to Cabinet on 30 June 2020 was an indicative allocation of £0.450m in respect of summer free school meal funding. Due to a change to the basis of distribution from the original food fund allocation, the actual confirmed allocation was £0.379m.

2.27 North Ayrshire Council's share of a number of funding support allocations has yet to be confirmed, including recent Education funding announcements and a further share of consequentials. Discussions are also being progressed with COSLA and the Scottish Government around a potential income loss scheme.

Description	All Scotland	NAC 20/21
Barnett Consequentials	£155.000m	£4.104m
Hardship Fund	£50.000m	£1.324m
Food Fund	£30.000m	£1.038m
Additional FSM Funding for Summer	£12.600m	£0.379m
Additional Community Food Funding	£15.000m	£0.498m
Death Registration Services	£0.600m	£0.015m
TOTAL	£263.200m	£7.358m
Other Funding:		
Additional Scottish Welfare Funds	£45.000m	TBC
Council Tax Reduction	£50.000m	TBC
Further Consequentials to LA's	£49.000m	TBC
Income Loss Scheme Recovery	TBC	TBC
Education - Additional Teaching and Support Staff	£50.000m	£0.898m
Education - Digital Inclusion	£25.000m	£0.551m
Education - Re-start Funding for logistics	£20.000m	TBC
Education - Addition Teaching and Support Staff – 2 nd Tranche	£30.000m	£0.540m
Education - Further Expenditure Needs for Re-start (Based on Evidence)	£30.000m	TBC
Education - School Transport – Capital Funding	£1.500m	TBC
TOTAL	£300.500m	

2.28 **Council Reserves**

- 2.29 Unearmarked reserves ensure the Council can manage any reasonable level of unexpected financial demands without disrupting delivery of Council services. The level of unearmarked reserves reflects the current financial environment and degree of risk and uncertainty faced. At the time of setting the Budget the potential financial impact of COVID-19 was not known. Consistent with previous years, North Ayrshire Council approved a level of unearmarked reserves of 2% of budgeted expenditure. This equated to £7.159m. Following the closure of the 2019/20 accounts, on 30 June 2020 Cabinet approved the transfer of underspend to reserves to help mitigate the cost impact of the pandemic, taking the level of unearmarked reserves to £9.659m, or 2.7% of budgeted expenditure.
- 2.30 Earmarked reserves at 31 March 2021 total £24.701m. These funds have been set aside to meet future spend commitments.

2.31 **Further Areas of Cost Risk and Mitigation**

2.32 Council Tax Income and Sundry Accounts

Council Tax income is forecasting to under recover by £1.085m, primarily related to increased Council Tax Reduction expenditure resulting from the pandemic, and additional provision for debts due to the impact on the debt recovery position. It is anticipated that additional Scottish Government funding will be allocated in relation to the increased Council Tax Reduction expenditure to help mitigate this pressure, however, the amount of allocation is not known at this time.

2.33 HSCP

- 2.34 The cost impact on the HSCP is being captured through Local Mobilisation Plans and submitted via the NHS. The return submitted in June indicated a projected additional cost pressure of £7.211m to 31 March, 2021. This includes £5.400m additional costs with the balance represented by the projected impact on savings during the year. To date the IJB has received £3.500m funding from Scottish Government.
- 2.35 The quarter 1 Financial Performance report presented to the IJB on 27 August indicated that the non-delivery of savings during 2020/21 will be contained within the operating budget of the HSCP (excluding COVID costs). Based on a recent assessment of the worst-case scenario of any funding shortfall, this could be in the range of £1.3m to £1.9m. If this gap materialises the HSCP would require to mitigate this pressure later in the year as part of a recovery plan. It is recognised however, that the current financial pressures present a risk to the Council. Cabinet is asked to note this risk within the context of the debt currently owed to the Council, which totals £5.293m at 31 March 2020.

2.36 Contractor Claims

Work is ongoing to assess any potential impact from contractor claims associated with the lockdown. This will continue to be examined within the context of Procurement Policy Notes issued by the Cabinet Office as part of the COVID-19 guidance and contractual conditions / clauses. Any financial pressure arising from contractor claims will be considered as part of a review of the capital programme during 2020/21.

2.37 Test and Protect

To date any support requirements arising from Test and Protect have been minimal, however, it is recognised that North Ayrshire, along with all regions across the country, is vulnerable to localised outbreaks, following which the demand for support and any associated cost could quickly accelerate. The position will continue to be monitored throughout the year.

2.38 **Finance Recovery Plan**

The pandemic presents a significant financial risk to the Council. The level of impact remains fluid both in terms of the cost impact projection and the possibility or anticipation of further Scottish Government funding. The Cabinet report of 30 June 2020 set out a range options to address the financial impact.

2.39 **Recommended Recovery Plan Options**

2.40 The options to address the financial pressure have been considered within the context of three main objectives;

- Protect jobs
- Protect priority services
- Minimise any impact on the 2021/22 Budget process

2.41 The financial position will continue to be monitored throughout the year in accordance with the Scottish Government Route Map. It is recognised that further changes will likely occur, whether it is through changes to costs, lost income or funding from Scottish Government. It is therefore important to develop a suite of financial recovery measures which are prioritised and flexible within this context and importantly, are aligned to the three objectives noted above.

2.42 General Fund Revenue

2.43 The cost projections include additional staffing costs for Education and Early Years, digital costs, community based childcare provision, cleaning, janitorial and PPE as well as under-recoveries in income associated with the service. The anticipated pressure to March 2021 totals £4.423m, although this is subject to regular monitoring.

- 2.44 To date the Scottish Government has allocated £1.989m funding to support additional costs associated with Teaching and support staff and digital inclusion. Further allocations are anticipated to support additional cleaning, PPE and logistics costs as part of the schools re-start, with the potential for further evidenced based funding to meet specific additional expenditure needs.
- 2.45 Following the announcement from the Scottish Government in May which allows flexible use of specific education resources, an analysis of unallocated resources has been carried out and funding has been identified to help mitigate the additional cost impact. This includes up to £2.600m unallocated revenue funding to support early learning and childcare expansion. It should be stressed however, that the funding required to support delivery of the expansion programme remains in place. The level of drawdown requirement on specific education resources will likely reduce as further Scottish Government funding is allocated. Cabinet should note that this position is reflected in the Financial Performance Report to 30 June 2020.
- 2.46 The projected level of Building Services net lost income for 2020/21 totals £3.914m. This pressure is currently reflected in the Council's General Fund. A corresponding underspend is reflected in the HRA. Following Audit Scotland guidance, even though works have not actually taken place, costs could continue to be charged to the HRA on a fair and reasonable basis. It is recognised that charging the costs wholly to the General Fund is not considered a fair and reasonable approach. It is therefore recommended that a proportion of actual fixed costs incurred by Building Services through the period impacted by the lockdown be recharged to the HRA based on historic levels for housing maintenance activity. It should also be noted that the guidance does not extend to any activity related to the capital programme. Based on current analysis the charge to the HRA is estimated up to £2.000m. The impact to the HRA should be considered within the context of the projected underspend in 2020/21, the current reserves position of £10.898m (including earmarked reserves and contingency of £1.500m) at 31 March 2020 and the capital plans and commitments. Cabinet is asked to approve this approach.
- 2.47 The impact on the delivery of savings approved as part of the 2020/21 Budget process will be monitored and managed across each Directorate. At this time the anticipated financial impact is £0.503m. Each Director will continue to identify further areas of saving which include but are not limited to:
- Further energy / utility savings;
 - Travel expenses / transport;
 - Supplies and services;
 - Vacancy management for non-priority services;
 - Restrictions on non-essential spend; and
 - Review of non-priority operational budgets
- 2.48 Senior officers from North Ayrshire Leisure Ltd (NALL) and the Council continue to work together to progress planning around the re-opening of services and to identify further areas of cost mitigation. The Scottish Government announcement on 20 August 2020 stated that indoor sports facilities and gyms

can re-open from 31st August 2020. This announcement is welcome within the context of the financial pressures facing NALL and ultimately the Council. In light of the potential financial pressure of up to £2.743m in 2020/21 it is recognised that in order to ensure NALL continue to operate as a going concern, additional financial support is required from the Council. Cabinet is therefore asked to approve additional cashflow management support to NALL during 2020/21 of up to £2.743m to ensure the organisation can continue to meet their cash liabilities. Officers will continue to work together to identify further savings to mitigate this financial pressure.

- 2.49 North Ayrshire Council has approved unearmarked reserves of 2% of budgeted expenditure. Following the closure of the 2019/20 accounts, on 30 June 2020 Cabinet approved the transfer of underspend to reserves to help mitigate the cost impact of the pandemic, taking the level of unearmarked reserves to £9.659m, or 2.7% of budgeted expenditure at 31 March 2020. Recent financial projections could require a draw on unearmarked reserves of around £3.000m. Any draw on unearmarked reserves below the 2% threshold will require to be re-instated as part of the 2021/22 Budget process, therefore placing further pressure on Council finances. The level of unearmarked reserves required to address the cost impact of the pandemic could be reduced if further Scottish Government funding is made available through the expected share of £49.000m consequentials and potentially through any share of Income loss Recovery scheme. Both are subject to ongoing discussions between COSLA and the Scottish Government. Any funding received would help mitigate the further areas of cost risk noted above and reduce any impact on the 2021/22 Budget process.

2.50 General Fund Capital

Additional costs attributable to delay of works, anticipated increases in contract inflation and additional costs linked to COVID related restrictions as part of the recovery phase will continue to be monitored throughout the year. Cabinet should note that any additional costs will be considered as part of the major review of the 10 Year General Fund Capital programme during 2020/21 to ensure plans are affordable, prudent and sustainable. This review will also include project acceleration activity to support the economic recovery through a Community Wealth Building and green recovery approach.

2.51 HRA Revenue and Capital

Cabinet is asked to note that additional capital costs linked to work delays and contract inflation, revenue costs associated with a projected under-recovery of tenant rent income and through application of a reasonable level of charge from the General Fund in respect of Building Services fixed costs incurred through the lockdown, will be considered within the context of the projected in-year HRA underspend of £4.493m, rent levels and a review of the HRA Business Plan and capital plan.

At 31 March 2020 HRA reserves totaled £10.898m. From this £1.500m is retained as a contingency.

2.52 Funding Developments and Financial Flexibilities

2.53 As outlined in section 2.11 of the report further funding distributions to support the Education re-start are expected to be confirmed by Scottish Government shortly. In terms of general funding support there are two key areas of ongoing discussion between COSLA and the Scottish Government;

- Share of further £49.000m national SG consequentials. It is estimated the NAC share could be around £1.300m and this funding is expected to be released to local authorities.
- Scottish Government Income Loss Recovery Scheme. Currently at discussion stage with no firm commitment from the Scottish Government at this time.

2.54 Running parallel with funding discussions, Directors of Finance and COSLA continue to engage with the Scottish Government around potential areas of financial flexibility in order to provide local authorities with levers to address the financial impact of the pandemic. The areas include;

- 1 Year deferral of principal and interest related to capital borrowing.
- Flexible use of capital grant.
- Recycle funding to local authorities from the underspend in business grants.
- Revenue borrowing powers.

From a NAC perspective any flexible use of capital resources or associated borrowing is unlikely to be considered as it is recognised that capital investment is a crucial element of the North Ayrshire economic recovery. Progress on discussions across these areas will continue to be monitored.

3. Proposals

3.1 That Cabinet:

- (a) Notes the cost impact of COVID-19 to March 2021 based on current projections and assumptions.
- (b) Notes the measures to address the cost impact as part of a Recovery Plan to return a balanced budget for 2020/21.
- (c) Approves additional cashflow management support to North Ayrshire Leisure Ltd (NALL) of up to £2.743m to ensure they continue to operate as a going concern and meet their cash liabilities.
- (d) Following Audit Scotland guidance, approves a charge from the General Fund to the Housing Revenue Account on a fair and reasonable basis for Building Services costs incurred through the period impacted by the lockdown. Based on current analysis the charge to the HRA is estimated up to £2.000m.
- (e) Notes the further areas of cost risk, including the financial projection of the HSCP.

4. Implications/Socio-economic Duty

Financial

- 4.1 The projected net cost impact for 2020/21 is £15.475m. This includes revenue and capital costs across both the General Fund and Housing Revenue Account. Further funding support is anticipated from Scottish Government.

Human Resources

- 4.2 No impact is anticipated at this time. A key objective of the Recovery Plan is to protect jobs and priority services.

Legal

- 4.3 Council Tax legislation requires Local Authorities to set a tax that will provide sufficient money to meet total estimated expenses to be incurred by that authority during the financial year, together with such additional sums as is required to cover expenses previously incurred; to meet contingencies; and to meet any expense which may fail to be met before the money is received in respect of council tax for the next financial year. The level at which Council Tax is set is inevitably a best estimate based on expected levels of income and expenditure. The availability of unearmarked reserves provides a safeguard against the costs of dealing with an unexpected emergency. Based on the measures outlined in the Finance Recovery Plan, the level of unearmarked reserves is sufficient to meet the anticipated liabilities in 2020/21.

Equality/Socio-economic

- 4.4 Work within the response phase of the pandemic has sought to mitigate its impact up on our communities. The measures outlined within the Finance Recovery Plan do not impact on those with protected characteristics. There is no impact on socio-economic duty or islands.

Environmental and Sustainability

- 4.5 A large level of home working continues to have a positive impact on energy consumption across the Council's property estate. Fuel consumption for the Council's vehicle fleet is also significantly lower than a normal business operation.

Key Priorities

- 4.6 An efficient Council that maximises resources and provides value for money.

Community Wealth Building

- 4.7 No impact within this report. However, the principles of CWB have helped inform the Financial Recovery Plan.

5 Consultation

- 5.1 Engagement with all Chief Officers in assessing the projected cost impact of COVID-19 and development of recovery options, including senior officers from the HSCP and KA Leisure.

Mark Boyd
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For further information please contact Mark Boyd, Head of Service (Finance)

Background Papers

None.

Appendix 1 – COVID-19 Cost Impact Projection to 31 March 2021- July Projection

	Estimated Total Cost £'000	
	Recurring (this column will auto-sum the monthly costs)	One-off (only include here, do not add to monthly total as will result in double counting)
LG Mobilisation Costs	4281	420
Social Care Costs Outwith Remit of IJBs	0	0
Children's Services (non delegated) and ELC	0	0
Criminal Justice Social Care (non delegated)	0	0
Other (non delegated) Social Care costs	0	0
Housing and Support to Vulnerable Communities	3260	0
Workforce Costs (excl IJB workforce)	652	102
Non-Workforce Costs	369	318
Lost Income & Other Costs	4741	45
Closures	2880	45
Fees and Charges	760	0
Other Costs and Lost Income	598	0
Savings not achieved	503	0
Recovery Costs	5183	
Education	1886	
Early Learning and Childcare	897	
Waste and Environment	338	
Culture and Leisure	2042	
Vulnerable Communities	0	
Non-delegated social care	0	
Office estate, etc.	20	
Test, protect & shielding	0	
Overall Total Costs	14205	465
Reduced costs	-1593	-79
Other areas that are to be treated independently		
HRA	7590	0
General Fund Capital	2852	0
Total Projected Cost Impact		£23,440