

North Lanarkshire Council

Report

Finance and Resources Committee

approval noting

Ref EK/KS/VR/FC

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Revenue Monitoring Report Council Summary 1 April 2020 to 24 July 2020 (Period 4)

From Elaine Kemp, Head of Financial Solutions

Email KempE@northlan.gov.uk

Telephone 07939 280 601

Executive Summary

The main focus of this report is to advise of the latest forecast financial position of the General Fund which includes the impact of the Council's response to and recovery from the COVID-19 pandemic. The report also summarises the financial support received to date from the Scottish Government and mitigating actions the Council has been able to take so far.

The Council approved a General Fund Revenue Budget on 24 February 2020 and subsequently 19 March 2020. Following notification from Scottish Government of further funding in relation to the cost of responding to COVID-19, the budget has been revised to £803.216m. The Council is currently projecting a deficit of £18.326m, which includes net additional costs as a result of the COVID-19 pandemic of £46.270m partially offset by non-specific grant income of £21.832m.

The 2020/21 budget incorporates £31.213m of savings. It is currently projected that £27.724m of the savings (89%) will still be delivered within the financial year, with replacement savings of £1.397m identified to date leaving a shortfall of £2.092m.

Recommendations

It is recommended that Finance and Resources Committee:

- (1) Notes the 2020/21 latest net forecast financial impact on the General Fund revenue account which incorporates the anticipated impact of COVID-19;
- (2) Notes the mitigating actions taken to date to reduce the anticipated budget gap by £9.157m;
- (3) Notes the forecast in-year deficit of £18.326m, the resultant projected shortfall in Change Management Fund of £8.970m and the impact on the Council's financial resilience in the absence of any additional UK or Scottish Government funding, additional fiscal flexibilities or further action by the Council;
- (4) Notes next steps and actions required.

The Plan for North Lanarkshire

Priority All priorities

Ambition statement (25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning

1. Background

- 1.1. The Council's response to COVID-19 and the recovery actions required as lockdown eases in accordance with the Scottish Government's roadmap continues to present significant financial challenges that are changing and emerging every day. As well as dealing directly with the impact of the virus, including continuing to protect and support communities, the Council continues to deliver a wide range of business as usual services, the majority of which have been impacted by the current situation. The financial implications and the Council's response to these will continue throughout the remainder of the current financial year, and beyond. It is a complex situation which will be subject to change over the coming months as cost pressures and funding solutions continue to emerge.
- 1.2. As a result of the changing and emerging challenges noted above, the Council's projected year-end financial position is constantly being evaluated. A report on the financial position was presented to Council on 13th August, with the Head of Financial Solutions providing a verbal update on this position following funding announcements made after papers were submitted, this report reflects those updates.

2. Report

2.1. Summary of General Fund Financial Position

- 2.1.1. At its meetings of 24 February 2020 and 19 March 2020, the Council approved a General Fund Revenue Budget of £827.661m. This included spend which is offset by ring fenced grants of £47.369m, resulting in an opening budget position for Net Service Expenditure of £780.292m. A number of additional funding streams have since been confirmed, primarily in relation to the increased cost pressures faced as a result of the COVID-19 pandemic, which have increased the budget by £22.924m to £803.216m, including ring fenced funding estimated at £3.772m currently held centrally, to be allocated to the relevant Service once confirmed. Furthermore, an additional £0.942m of ring fenced grant funding and £0.532m Coronavirus Job Retention Scheme funding have been added to Service budgets, along with associated expenditure, thereby having a net nil impact on the Council's overall budget.
- 2.1.2. The Council approved a savings target of £26.484m on 24 February 2020. In addition, previously approved action identified savings totalling £4.729m, resulting in total savings for the year of £31.213m. Service projected outturn positions currently reflect £27.724m (89%) of the approved savings are still achievable in the current financial year, with £3.489m now unachievable as a result of the pandemic, of which £1.397m replacement savings have been identified.
- 2.1.3. Table 1 below summarises the projected income and expenditure position, which illustrates a general fund deficit of £18.326m currently envisaged for the financial year.

	Annual Budget £m	Projected Outturn £m	Projected Outturn Variance £m
Expenditure			
Net Service Expenditure	803.216	814.542	(11.326)
Income			
Aggregate External Finance	648.195	648.195	-
Additional Ring Fenced Funding	3.772	3.772	-
Local Tax Collection	151.249	144.249	(7.000)
Total Income	803.216	796.216	(7.000)
Projected Deficit at 31 March 2021	-	(18.326)	(18.326)

Table 1

2.1.4. This position and the financial impact of COVID-19 is discussed in detail in section 2.2 below. In addition further details are provided at Appendix 4 and Appendix 5 in relation to Services' forecast positions, including current projections of the forecast position in relation to Housing Revenue Account and the Integrated Joint Board.

2.2. Financial Impact of COVID-19

2.2.1. As indicated above a deficit of £18.326m is currently forecast for financial year 2020/21 reflecting both the Council's response phase through lockdown and the recovery phase as lockdown restrictions ease up to 31 March 2021. This financial position is, however, complex and subject to ongoing change linked to evolving government guidance and availability of funding. Financial implications will continue to be refined as timescales, duration and recovery requirements become clearer. Table 2 below summarises costs, additional funding and potential mitigation actions identified to date.

	(£m)	(£m)
COVID-19 Costs	(46.270)	
Additional Funding	18.787	
Net Cost of COVID-19		(27.483)
Net Service Underspends inc. Management Action	6.112	
NLC COVID-19 Contingency	3.045	
Mitigating Action		9.157
Forecast Deficit		(18.326)

Table 2

Net Costs

2.2.2 The Council's financial position is severely impacted by both loss of income and the need to incur significant additional costs. Net additional costs arising as a result of the COVID-19 pandemic of £46.270m are detailed in appendix 1. The main elements contributing to this include:

- Relief payments to Culture and Leisure NL of £14.722m, primarily to reflect the loss of income from closures and support in relation to non-achievement of savings of £1.800m, which are partially offset by Coronavirus Job Retention Scheme funding. This forecast position is under review and is subject to a revised business plan being developed by the company in relation to opening of facilities and services as it moves through the recovery planning process.
- A net shortfall in the Council Tax product of £7.000m, mainly due to increased eligibility for Council Tax Reduction Scheme, potential slowdown in housebuilding and the impact on the Council Tax base, and reduced collection rates due to strain on household incomes.
- Employment of all newly qualified teachers as part of the COVID-19 response at a cost of £4.775m.
- Other costs primarily in relation to: net cost of providing Free School Meal vouchers during lockdown of £2.046m, increased cleaning supplies of £1.443m, supplier relief payments for Roads and Property Contractors of £1.276m. Also included within the reported position are overspends as a result of the non-achievement of savings (£3.489m) due to delays in restructures, and shortfalls in income where service charges were due to increase but delivery has been impacted e.g. school meals and special uplifts, as a result of COVID.
- Reduced income forecast in relation to school meals (£1.400m), planning and building standards (£1.072m) and waste including special uplifts (£0.645m). These additional costs are partially offset by anticipated Coronavirus Job Retention Scheme income of £0.523m and cost reductions primarily in relation to food costs for school meals of £0.801m.
- A contingency sum of £5.000m is deemed prudent to allow for costs in relation to COVID-19 which have still to be quantified or have yet to be identified, including but not limited to, increased costs of recovery including IT/ Digital requirements, opening of schools, bad debt write offs, additional costs of capital and potential costs that may arise as a result of changes in circumstances, for example, a move to blended learning or the requirement for a local lockdown. This contingency sum will remain under review over the coming weeks and months.

2.2.3 It is important to note that robust governance arrangements were established to manage the response to the pandemic, including implementation of an emergency governance structure. Gold Command, chaired by the Chief Executive and with representation across the Corporate Management Team, was established to scrutinise and approve emergency actions. Decisions of Gold Command were made in accordance with Scottish Government guidance and notification, Scottish Procurement Policy Notices and COSLA guidance.

Funding

2.2.4 The Scottish Government has announced funding streams to address elements of additional costs as a result of the pandemic. A summary of the funding announcements made to date, their application to local government in general and the Council are detailed within Appendix 2. The funding has been split into three broad categories:

- Centrally Held (£18.787m) – represents those funding announcements that do not relate to a specific activity or where costs have not been recorded against a specific service. Despite the pending confirmation of the Council's allocations, it has been deemed prudent to include two estimated values for the Council's share of funding for £50.000m to support additional teaching costs/ support staff, and increased eligibility to Council Tax Reduction Scheme.
- Contained within Service forecasts (£5.079m) – represents funding for a specific purpose where it has been possible to specifically identify Service-related costs associated with delivering that activity. This primarily related to free school meal funding and additional Scottish Welfare Fund resources.
- Further Potential Funding – the Scottish Government has made a number of additional funding announcements but at the time of writing this report the Council's share of funding is unconfirmed and the extent to which they can be utilised to offset costs is unclear.

2.2.5 In summary, the currently projected General Fund cost of COVID-19 of £46.270m is, therefore, partially offset by anticipated non-specific additional grant income of £18.787m, resulting in a net cost to the Council of £27.483m.

2.2.6 The projected outturn positions for Housing Revenue Account and Adult Social Care are outlined in Appendix 4. The revised financial forecast for these service areas will be considered by their respective governance structures; Housing and Regeneration Committee and North Lanarkshire Integrated Joint Board respectively.

2.2.7 Through representative bodies such as COSLA, SOLACE and CIPFA Directors of Finance, the Council continues to seek additional support for the cost of both initial response and longer term recovery. Officers are aware that the Scottish Government is considering other potential solutions which may help further mitigate the costs of COVID-19, including opportunities for fiscal flexibilities which would allow councils to borrow for revenue purposes, and a compensation for loss of income scheme. However, there is currently no clarity or certainty around any of these options. In the absence of any additional funding and in recognising the statutory responsibility to manage within budget, the Council must continue to seek alternative ways to mitigate the currently estimated deficit.

Mitigating Actions

2.2.8 The Corporate Management Team has taken some early and immediate action to control expenditure, including implementing a recruitment freeze and curtailing non-essential expenditure. This, in addition to Services managing existing budget burdens and savings which are no longer achievable due to COVID-19, as well as a forecast reduction in loan charge payments, is estimated to save £6.112m. Further analysis of this is provided in Appendix 5 and will be provided in more detail to service committees.

2.2.9 Use of the COVID-19 contingency approved by Council at the meeting of 19 March 2020 addresses £3.045m of additional costs, which brings the total mitigation of costs to date to £9.157m.

2.3 Earmarked Reserves and Change Management Fund

2.3.1 The Council's 2019/20 unaudited accounts report a General Fund Reserve balance of £48.401m. This balance includes £8.000m for the Contingency Reserve and a total of £31.787m earmarked for specific future commitments. The remaining £8.614m was allocated to the Change Management Fund (CMF) to support future emerging issues as outlined in Appendix 3.

2.3.2 Since the close down of the 2019/20 financial year the CMF has increased to £9.356m reflecting additional costs associated with the delivery of the Enterprise Strategic Commercial Partnership (£0.412m) and the anticipated availability of £1.154m of capital receipts.

2.3.3 Applying the CMF to support the costs of COVID-19 would result in a shortfall of £8.970m. Clearly, there are insufficient CMF balances to meet the costs of COVID-19 and honour earmarked reserve commitments. In addition, there are clear risks for the Council's ongoing ability to support future one-off costs such as voluntary severance payments as the Council will be required to deliver significant savings over the current financial planning period.

2.4 **Next Steps and Further Action**

2.4.1 As outlined above, assurances will continue to be sought from Scottish Government that the costs of COVID-19 will be fully funded or that fiscal flexibilities will be granted to assist councils in managing the financial position in the current financial year. However, to ensure the Council remains within budget in financial year 2020/21 it is necessary to identify further actions to manage the remaining material financial burden of £18.326m. As reported to Council it is important to emphasise that any proposals need to address the burden in the current financial year, over a very short timeframe.

2.4.2 Given the short timeframe available to identify such actions a cross-party Budget Sounding Board has been established to consider and agree further mitigating measures, which may include:

- Further curtailment of expenditure
- Use of grant flexibilities allowed by revised SG guidance
- A review of existing earmarked reserve commitments and provisions

2.5 **Risks and Uncertainty**

2.5.1 All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy, Services manage these as part of their overall corporate and service planning processes. The current economic climate and other external factors, have the potential to impact upon the Council's ability to provide quality services within approved budget levels.

2.5.2 The current challenges the Council is facing in responding to the COVID-19 pandemic are unprecedented and are resulting in significant financial pressures. Officers continue to record and monitor the financial burden arising from the response to the crisis, and continue to engage with COSLA in seeking Scottish Government funding and/or additional fiscal flexibilities to offset this financial pressure. In the absence of certainty of additional funding the Council is taking appropriate financial management action to manage the position.

3 **Equality and Diversity**

3.1 **Fairer Scotland Duty**

There is no specific impact in relation to Fairer Scotland.

3.2 **Equality Impact Assessment**

There is no specific Equality Impact Assessment required.

4 Implications

4.1 Financial Impact

There is no financial impact resulting from the contents of this report. However, there is material risk to the financial resilience to the Council if no further action is taken to manage the impact of responding to and recovering from COVID-19.

4.2 HR/Policy/Legislative Impact

There are no HR Policy or Legislative impact resulting from the contents of this report.

4.3 Environmental Impact

There is no environmental impact linked to this report.

4.4 Risk Impact

There is no risk impact linked to this report.

5. Measures of success

5.1 The Council continues to operate within approved budgeted resources.

6. Supporting documents

- Appendix 1 Forecast COVID-19 2020/21 Costs
- Appendix 2 COVID-19 Funding
- Appendix 3 Availability of One Off Funds – Change Management Fund
- Appendix 4 Summary by Division
- Appendix 5 Summary by Service



Elaine Kemp
Head of Financial Solutions

**NORTH LANARKSHIRE COUNCIL
FORECAST COVID-19 COSTS 2020/21**

Area	2020/21 Projected Outturn £'000	Comment
Service Specific		
Chief Executive's	550	Decreased income within Licencing, Registration and Strategic Communications (£0.345m), increased ICT hardware and licencing costs due to COVID impacts on working arrangements.
Enterprise and Communities	9,529	Reduced income (£4.982m) including Planning and Building Standards, school meals and special uplifts, supplier relief payments (£1.276m), additional cleaning supplies (£1.443m) and staffing costs primarily in relation to fleet overtime for bus drivers to allow social distancing on the waste collection routes, staffing costs at the hubs and in relation to temporary accommodation units (£1.168m), offset by reduced food costs due to school closures (£0.801m) and income from Coronavirus Job Retention Scheme (£0.523m).
Education and Families	7,161	Primarily increased employee costs (£6.571m) including cost of employing all newly qualified teachers (£4.775m) along with additional staffing linked to Hub provision (including early years), accelerated recruitment of Early Years staff, and overtime costs within activities such as Children's Houses. Further costs are projected within supplies & services in relation to digital roll out and additional classroom equipment / supplies (£0.602m), and within transport based on social distancing guidance (£0.366m)
Service Specific Total	17,240	
Project Costs		
Food Fund*	2,275	Primarily in relation to free school meal voucher scheme (including universal P1-3 provision), along with £0.177m in relation to vulnerable groups.
Business Grants	34	Additional staffing costs in relation to administration of this scheme.
Project Costs Total	2,309	
Corporate Costs		
Support to Culture and Leisure NL	14,722	Potential support for anticipated loss of income following the lockdown closure of leisure and culture facilities (£12.922m) net of funding received by the company from the Coronavirus Job Retention Scheme, and unachievable savings (£1.800m)
Corporate COVID-19 Costs	5,000	A number costs still to be quantified / identified, including but not limited to expected credit losses due to increased non-payment of debt, additional costs of capital and increased costs of recovery e.g. IT/ Digital requirements, the potential for local lockdowns.
Council Tax	7,000	Increased spend on the Council Tax Reduction Scheme due to increased eligibility, reduced growth in the Council Tax base as a result of reduced building activity, and reduced council tax collection rates.
Corporate Costs Total	26,722	
TOTAL ADDITIONAL COSTS	46,270	

**NORTH LANARKSHIRE COUNCIL
ADDITIONAL FUNDING STREAMS**

Funding Stream	Total Scottish Government Funding £000	Total Funding to Local Government £000	20/21 NLC Funding £000	Treatment in P3 Monitoring / Comment
<u>Funding included within Monitoring</u>				
<u>Held Centrally:</u>				
Additional Consequential from UK Government	155,000	155,000	9,864	Held Centrally
Hardship Fund	50,000	50,000	3,181	Held Centrally
Registrars 7 Day opening	600	600	38	Held Centrally
Increased Eligibility to Social Security Benefit and Council Tax Reduction Scheme	50,000	Unconfirmed	700	Prudent estimate made on potential NLC funding levels. Held Centrally
Additional Teaching / Support Staff	80,000	80,000	3,772	Part of £100m announced for Education. Funding over 2 years, to be ring-fenced. Estimate made on potential NLC Funding Levels, c£5.6m expected in total over both years. 20/21 estimate held centrally
Support for return to school - initial allocation	20,000	20,000	1,232	Initial funding to be allocated on formula basis, however must evidence this funding has been spent entirely on this purpose before being able to access the subsequent £30m so this is effectively ring fenced. NLC value estimated on basis of worst case of distribution options proposed to SDG
			18,787	
<u>Contained within Service budgets:</u>				
Food Fund	30,000	30,000	2,114	Contained within Education & Families (£1.937m) and Enterprise & Communities (£0.177m)
Scottish Welfare Fund	22,000	22,000	1,744	Contained within Chief Executives & Other Corporate Services
Summer Free School Meals	12,600	12,600	942	Ring Fenced Grant - contained within Education & Families
Additional DHP Funding	5,000	5,000	279	Contained within Chief Executives & Other Corporate Services
Coronavirus Job Retention Scheme	N/A	Unconfirmed	532	UK Government Scheme, contained within Enterprise & Communities. Further £0.207m within HRA
	425,200	375,200	24,398	
<u>Further Potential Funding</u>				
Support to people at risk to access food and other essentials	15,000	15,000	1,012	Ring Fenced Funding. Currently not included within P3 figures, pending clarification of costs eligible to be claimed against grant.
Digital Inclusion for Children and Young People	30,000	25,000	237	Not included in P3 figures due to timing of receipt of grant notification
Scottish Welfare Fund	23,000	23,000	Unconfirmed	To be directed to service
Community Justice Coordinators	400	400	Unconfirmed	
Support for return to school - additional funding	30,000	30,000	Unconfirmed	Ring-fenced funding to meet further costs, to be based on actuals. No indication of distribution of this, split over financial years, or extent to which costs included in P3 monitoring will be eligible to be claimed against this, so not currently included in figures. A very rough estimate assuming same distribution as initial £20m and that in total, the return to school funding is split over financial years in the same ratio as teachers funding. This would give a figure of 822k, but as highlighted it's unclear whether spend to this level is already included within figures or whether additional spend would be required to achieve full drawdown of this grant.
Test and Protect	Unconfirmed	Unconfirmed	Unconfirmed	COSLA awaiting detail from Scottish Government
Costs related to remote monitoring of safe workplace self-assessment by businesses	Unconfirmed	Unconfirmed	Unconfirmed	
Loss of Income Scheme	Unconfirmed	Unconfirmed	Unconfirmed	No details on conditions UK Government scheme, or whether the Scottish scheme will mirror this
Further consequential from UK Government	49,000	49,000	Unconfirmed	Confirmed this funding will be directed to Local Government but currently undecided whether this will be distributed to Councils directly or used to supplement the loss of income scheme to provide enhanced eligibility

NORTH LANARKSHIRE COUNCIL
AVAILABILITY OF ONE-OFF FUNDS AS AT 26 June 2020 (PERIOD 3)

Change Management Fund	£000	£000
Unallocated balance from 2019/20		8,614
Less:		
Enterprise Strategic Commercial Partnership	<u>(412)</u>	(412)
Current unallocated balance		8,202
Add:		
2020/21 drawdown from Capital Fund	<u>1,154</u>	1,154
Less:		
Period 3 reported overspend	<u>(18,326)</u>	(18,326)
Total Unallocated Change Management Fund 2020/21		(8,970)
Planned 2021/22 Drawdown from Capital Fund		<u>1,948</u>
Anticipated One-Off Change Management Fund for use in 2021/22		<u>(7,022)</u>

NORTH LANARKSHIRE COUNCIL
SUMMARY BY DIVISION FOR PERIOD ENDING 26 June 2020 (PERIOD 3)

LINE NO.	SERVICE ACCOUNT (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	VARIANCE TO DATE (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROVISIONAL VARIANCES (7)
		£	£	£	£	£	£
1	Education & Families	80,067,376	81,728,303	(1,660,927)	448,105,559	455,349,963	(7,244,404)
2	Early Years	4,621,112	4,621,112	-	22,553,591	22,553,591	-
3	Primary Schools	27,750,766	27,750,766	-	121,249,823	121,249,823	-
4	Secondary Schools	28,128,419	28,128,419	-	124,368,272	124,368,272	-
5	Special Schools	4,528,217	4,528,217	-	17,048,692	17,048,692	-
6	Education & Families Service Delivery	8,081,427	9,832,164	(1,750,737)	125,610,948	133,270,321	(7,659,373)
7	Childrens Services Social Work	6,811,571	6,730,761	80,810	37,217,454	36,817,485	399,969
8	Justice Services	145,864	136,864	9,000	56,779	41,779	15,000
9	Enterprise & Communities	30,967,498	34,206,376	(3,238,878)	141,167,109	147,844,270	(6,677,161)
10	Environmental Assets	9,918,799	9,731,326	187,473	43,176,109	44,622,502	(1,446,393)
11	Regulatory Services & Waste Solutions	4,201,614	6,082,411	(1,880,797)	29,114,109	30,045,453	(931,344)
12	Assets & Procurement	6,528,574	7,096,034	(567,460)	7,465,397	10,218,561	(2,753,164)
13	Planning & Regeneration	1,357,729	1,334,872	22,857	7,238,512	7,870,031	(631,519)
14	Communities	6,764,911	7,557,735	(792,824)	42,615,286	42,763,554	(148,268)
15	Housing Solutions	1,205,068	1,193,348	11,720	4,213,885	4,888,199	(674,314)
16	Directorate & Support	287,627	294,764	(7,137)	1,811,866	1,794,248	17,618
17	Business, Housing Property & Projects	703,176	915,886	(212,710)	5,531,945	5,641,722	(109,777)
18	Trading Accounts	85,871	(393,914)	479,785	(610,119)	(610,119)	-
19	Chief Executives & Other Corporate Services	9,353,090	10,420,779	(1,067,689)	77,567,276	78,081,388	(514,112)
20	Chief Executive	132,003	245,766	(113,763)	857,027	955,734	(98,707)
21	Legal & Democratic Solutions	464,762	624,352	(159,590)	2,166,362	2,439,438	(273,076)
22	Audit & Inspection	106,574	100,596	5,978	524,427	489,298	35,129
23	Financial Solutions	(31,299)	(234,418)	203,119	39,877,332	39,737,340	139,992
24	Business Solutions	2,668,755	3,677,917	(1,009,162)	9,332,981	10,215,775	(882,794)
25	People & Organisational Development	1,549,109	1,545,189	3,920	7,667,477	7,184,889	482,588
26	Strategic Communication	237,170	236,760	410	1,003,373	1,058,437	(55,064)
27	Other Corporate Services	943,598	942,199	1,399	3,481,072	3,343,252	137,820
28	Joint Boards	3,282,418	3,282,418	-	12,657,225	12,657,225	-
29	Social Work (non Integrated)	148,430,378	34,885,936	113,544,442	151,172,391	151,172,391	-
30	GENERAL FUND SERVICES	268,904,213	160,847,480	108,056,733	817,402,216	831,837,893	(14,435,677)
31	FINANCING COSTS	(8,311,782)	(8,542,551)	230,769	(36,017,722)	(37,017,722)	1,000,000
32	Reversal of Capital Charge	(18,017,629)	(18,017,629)	-	(78,076,393)	(78,076,393)	-
33	Loan Charges	8,921,349	8,690,580	230,769	38,659,181	37,659,181	1,000,000
34	Intrest on Revenue Balances	(173,077)	(173,077)	-	(750,000)	(750,000)	-
35	Assumptions not yet Realised	957,575	957,575	-	4,149,490	4,149,490	-
36	OTHER BUDGETARY ISSUES	5,038,150	-	-	21,831,984	19,721,753	2,110,231
37	Support to Culture and Leisure NL	-	-	-	-	14,721,753	(14,721,753)
38	COVID-19 costs still to be identified / quantified	-	-	-	-	5,000,000	(5,000,000)
39	Cost of COVID-19 (NLC contingency £3.045m+ SG funding)	5,038,150	-	-	21,831,984	-	21,831,984
40	TOTAL EXPENDITURE	265,630,581	152,304,929	108,287,502	803,216,478	814,541,924	(11,325,446)
41	SOURCES OF FUNDING	-	-	-	803,216,478	796,216,478	7,000,000
42	Aggregate External Finance	-	-	-	648,195,277	648,195,277	-
43	Additional Ring Fenced Funding	-	-	-	3,771,707	3,771,707	-
44	Council Tax	-	-	-	151,249,494	144,249,494	7,000,000
45	SURPLUS / (DEFICIT)	(265,630,581)	(152,304,929)	(108,287,502)	-	18,325,446	(18,325,446)
46	HOUSING REVENUE ACCOUNT SURPLUS / (DEFICIT)	(8,301,532)	(9,959,629)	1,658,097	-	(9,722,000)	9,722,000
47	ADULT HEALTH AND SOCIAL CARE SURPLUS / (DEFICIT)	35,144,164	36,055,112	(910,948)	-	6,894,322	(6,894,322)

NORTH LANARKSHIRE COUNCIL
SUMMARY BY SERVICE FOR PERIOD ENDING 26 JUNE 2020 (PERIOD 3)

Service	Projected Outturn (£m)		Comment
Education and Families	(7.245)	Overspend	COVID-19 related overspend of £9.259m offset by underlying position of £2.014m underspend. COVID-19 related increased employee costs £5.896m, £2.046m universal free school meals voucher scheme approved as a direct response to COVID-19, £0.602 overspend in supplies and services linked to COVID-19, £0.625m increased costs for the provision of demand led ASN transport. Partially offset by £1.457m of underspends related to phasing of grant awards and linked activity in areas such as 2 year old nursery provision, non COVID-19 related underspends in payments to other bodies of £0.695m predominantly within the Scottish Attainment Challenge, and curtailment of non-essential expenditure within supplies and services and administration costs of £0.444m to offset COVID-19 cost pressures.
Enterprise and Communities	(6.677)	Overspend	COVID-19 related overspend of £9.706m offset by underlying position of £3.029m underspend. Reduced income of £4.982m in relation to reduced Planning and Building Standards income, letting income, sales income, parking and special uplift fees. Increased costs for supplier relief for Roads and Property partners of £1.276m, increased cleaning supplies of £1.443m and increased staffing requirements of £1.168m with the main elements being fleet overtime for bus drivers to allow social distancing on the waste collection routes, staffing costs at the hubs and temporary accommodation units, and hire of grass cutting equipment of £0.610m. Partially offset by an employee saving of £2.009m, as a result of management action to freeze vacancies.
External Trading Activity	-	On Budget	
Chief Executives and Other Corporate Services	(0.514)	Overspend	COVID-19 related overspend of £0.584m offset by underlying position of £0.070m underspend. Decreased income of £0.900m within Licensing, Registration and Strategic Communications, along with increased ICT hardware and licencing costs of £0.165m due to impacts on working arrangements due to COVID-19. Mitigating action including a recruitment freeze and curtailment of non-essential spend has contributed £1.500m towards the overall position, however this has been partially offset by the non-achievement of digital savings of £0.943m.
Social Work (Non-Integrated)	-	On Budget	
Executive Services Total	(14.436)	Overspend	
Loan Charges	1.000	Underspend	Prudent management of the Council's borrowing and re-profiling of CIF investment, is expected to result in a year end underspend of £1.000m
Support to CLNL	(14.722)	Overspend	Supplier relief payments in the current financial year of £12.922m reflecting lost income experienced as a result of closures, net of funding received by the company from the Coronavirus Job Retention Scheme, with a further £1.800m in relation to unachievable savings.
COVID Costs unidentified / unquantified	(5.000)	Overspend	A number costs still to be confirmed, including but not limited to potential for unfunded business grant due to changes in guidance with no additional funding, bad debt write offs, additional costs of borrowing and increased costs of recovery including IT/ Digital requirements.
Funding to offset cost of COVID-19 (inc. NLC £3.045m)	21.832	Underspend	£3.045m contingency along with additional funding of £18.787m anticipated from Scottish Government which has not been allocated to a specific service (see Appendix 2 for details).
Council Tax	(7.000)	Under recovery	Combination of increased spend on the Council Tax Reduction Scheme due to increased eligibility, reduced growth in the Council Tax base as a result of reduced building activity, and reduced council tax collection rates. Debt collection activity has been placed on hold as part of the response to the COVID-19 pandemic and is due to formally resume in August following issue of 'soft reminders' during July.
Total General Fund	(18.326)	Overspend	
Housing Revenue Account	9.722	Underspend	Position includes a net surplus as a result of the COVID-19 pandemic of £6.353m. Primarily a result of reduced property costs of £7.154m net of supplier relief due to temporary cessation of non-essential repairs during lockdown. Also included within the position is an anticipated carry forward into future years of ambition funding of £3.500m, partially offset by anticipated increased future credit loss provisions of £0.880m as a consequence of increased rent arrears and further utilisation of UCAF and Rent Relief funds.
Adult Health and Social Care	(6.894)	Overspend	Position includes net additional costs as a result of the COVID-19 pandemic of £8.119m. Payments to Other Bodies overspent by £5.862m in relation to COVID payments to external providers of £8.2m offset by slippage in SDS, Independent Care Homes and Independent Home Care, due to lower demand. Increased employee costs of £3.867m primarily in relation to COVID-19, overspend in supplies and services of £2.308m primarily in relation to COVID PPE costs and also demand for equipment and adaptations. Over-recovery of income of £4.997m as a result of confirmed and assumed COVID funding totalling £6.382m, offset by under recoveries in relation to Integrated Equipment and Adaptations Service, and Community Alarm income as a result of the delay in implementing charge. Scottish Government is in ongoing discussions with H&SCP's with respect to additional funding to address additional costs as a result of the pandemic with the £3.191m initial allocation to the North IJB included in these figures along with an estimate of a further £3.191m assumed in relation to funding announced on 03/08/20, for which the North IJB allocation has not yet been confirmed.