

REPORT TO: East Lothian Council

MEETING DATE: 25 August 2020

BY: Depute Chief Executive (Resources & People Services)

SUBJECT: 2020-21 Quarter 1 Financial Review

1 PURPOSE

1.1 To inform Council of the financial position at the end of June 2020.

2 RECOMMENDATIONS

2.1 The Council is recommended to:

- Note the financial performance at the end of the first quarter of 2020-21 against the approved budgets, including the estimated financial projections for expected performance at the year-end.
- Approve the range of enhanced financial control measures including preservation of underspends, cost avoidance, management of staffing budgets, delivery of planned savings, and the requirement for officers to bring back further savings options to meet the expected shortfall in budget efficiencies.
- Note that officers will continue to monitor closely all national funding streams and will further engage in support of relevant national discussions with a view to securing full COVID-19 related funding.
- Note that more details setting out further required interventions including any necessary changes to the financial strategy will be reported to Council in October.

3 BACKGROUND

- 3.1 For 2020-21, the Council's financial strategy and associated financial plans have all been approved on and prior to the 3 March 2020. These plans were supported by a range of significant revenue streams including Council Tax and housing rent income.
- 3.2 Since then, the impact of the COVID-19 outbreak and our response to deliver services, which support the community and our workforce, has had a significant impact on the Council's financial plans. It is now unlikely that all budgeted income streams for the Council will be fully realised during the year, further and significant additional costs will be incurred in excess of approved budget, and that agreed savings and budget pressures may not be manageable or fully delivered.
- 3.3 Recognising the exceptional circumstances prevailing during our COVID-19 response, two financial update reports have already been reported to Members through the emergency recess arrangements and these were lodged in the Members' Library Service in May and July 2020. Both of these reports set out the potential scale of the financial impact and resulting challenge facing the Council in this financial year arising from COVID-19, as well as future implications and risks as we continue to support both ongoing response and take preliminary steps towards recovery of vital public services. Given the financial scale and significance of this, a more detailed and robust assessment than normal has been undertaken in terms of this first quarterly review and unsurprisingly, COVID-19 is the single most dominant influencing factor affecting financial performance. The emerging findings of this review are detailed within this report.

General Services Revenue Summary – Quarter 1

- 3.4 The approved General Services revenue budget for 2020-21 included the following:
- After providing for just under £19 million of corporate commitments, around £244 million has been made available to support service delivery;
 - The planned draw down of £1.466 million of General Reserves;
 - Service budgets include the requirement to deliver £1.2 million of recurring planned efficiencies, with a further £2 million of corporate efficiencies relating to management of staffing budgets also included.
- 3.5 The General Service revenue financial position at the end of June 2020 is an overspend of just under £2.4 million (3.9%), with projections indicating that this is likely to continue to increase during the remainder of 2020-21.
- 3.6 An analysis setting out the financial position across service groups is set out in **Appendix 1** with further detail setting out the key challenges and emerging risks set out within the narrative below. As set out in previous

years, each service is assigned a financial risk rating, more details of which is set out in **Appendix 2**.

3.7 The **Resources and People Directorate, covering the wider Education Group including Children's Services and Council Resources** is reporting an overspend of around £0.334 million (1.0%). The Education Group is reporting a collective overspend of £0.422 million (1.4%), with most of the pressures evident within Childrens Services (£0.493 million) and Education ASL (£0.324 million). Council Resources is reporting an underspend at end of June of £0.088 million (2.7%). The key issues arising within each of these service areas are set out below:

- Children's Services, £0.493 million over (12.3%) – Pressures remain in external residential care and external fostering, where current costs have increased due to increased placements. There are some positive signs of improvement in the financial position largely due to the enhanced service management interventions, and assisted by the additional £0.950 million investment included in the 202021 budget. Without further interventions, current forecasts indicate the service will overspend in excess of approved budgets by £2 million, a reduction of £1.2 million from 2019-20 position. This position assumes no further increase in demand for services, and is therefore there remains an risk that this can change during the year should demand increase. This position assumes COVID-19 related cost of over £0.3 million largely relating to increased external fostering. This service remains classified as a High Risk with the potential for increased service demands as further lockdown restrictions are eased.
- Education, £0.071 million under (0.3%) – Pressures remain in ASL largely relating to the education share of external placements, as well as transport costs. In addition, there are significant additional pressures in primary and secondary schools relating to costs required to support the safe reopening of schools at the start of the new session in line with Scottish Government direction and guidance. As highlighted in the 2019-20 year-end review, many of the secondary schools delivered a deficit DSM balance and have recovery plans in place. Given the current and on-going implications arising from COVID-19, these may prove challenging to fully implement. With current national implementation timescales now postponed, the Scottish Government has confirmed flexibility in the use of funds previously made available to support the implementation of the expansion of Early Learning and Childcare to 1140 hours. Our current best estimates suggest this will have a maximum value of around £3 million. However, this may not be fully realisable given the on-going review of plans and recently updated national guidance that seeks to continue to roll out full delivery of 1140 plans when it is safe and practical to do so.

- Council Resources, £0.088 million under (2.7%) – Most of this relates to staffing underspends, largely arising due to staffing posts held vacant pending the finalisation of a number of significant planned service reviews within a number of service areas.

3.8 **The Health and Social Care Directorate** is reporting an underspend at the end of June of £0.111 million (0.9%). Most of this is due to a reduction in commissioning costs due to a lower number of clients in external care homes. In line with national guidance and subject to evidenced need, the service is currently supporting sustainability payments to support care providers. The full year impact of COVID-19 related costs are in excess of £1.2 million and include a wide range of pressures including; the purchase of spare care home beds, the payment of critical supplier sustainability payments, payments to care at home providers, and additional staffing cover costs. Some additional government funding to support health and social care has already been announced and this will initially be routed through NHS. Although it is unlikely that the funding announced to date will fully meet the COVID-19 related costs, the Scottish Government has provided positive assurances that required funding will be made available through Health Board COVID-19 Mobilisation Plans. Dependent upon this assurance being delivered in practice, current estimates assume the Health and Social care budgets will deliver broadly within budget levels during 2020-21.

3.9 The **Partnership and Services for the Community Directorate** has a reported overspend of £2.128 million (29.3%). The key issues arising within each of these service areas are set out below:

- Development, £1.396 million over – Most of this relates to pressures arising from a significant under recovery of income by the Property Maintenance Trading Service whose normal operations have been badly affected by COVID-19 restrictions. To some extent, this has been mitigated by underspends in staffing and lower than budgeted spend on private sector housing grant applications. It is hoped that income levels will start to improve as service remobilisation plans are introduced, but with high levels of recurring fixed costs, current forecasts indicate that the net overspend in this service could be in excess of £3.5 million and therefore is now categorised as High Risk and will be closely monitored. We will continue to work with management to identify options to mitigate the financial pressure.
- Infrastructure, £0.792 million over (24.6%) – There are significant pressure across most Infrastructure service areas arising from COVID-19. Most of the overspend relates to loss of planned income including; building fees, car parking, trade waste and catering income although significant additional overtime costs have also been incurred within services supporting the COVID-19 response. The Roads trading account is expected to under recover on income largely due to delays in planned work due to COVID-19 restrictions, and there are significant cost pressures relating to

increased kerbside contract costs and increased waste disposal costs. Current forecasts indicate that many of these will continue during the remainder of the financial year. A number of service areas have been categorised as High Risk and this includes; Roads (both Network and Trading), Transportation and Waste.

- Communities and Partnerships, £0.060 million under (1.5%) – Most of this relates to staffing underspends across a range of service areas. Despite this, many service areas have been supporting COVID-19 related response activity, and in some areas, this has resulted in increased staffing costs particularly relating to support to those who are shielding. Current forecast suggest this underspend will continue during the remainder of the financial year.

3.10 The Corporate Management Budgets are currently reporting an underspend of £1.286 million. This includes the following:

- Additional confirmed Scottish Government Grant funding towards our COVID-19 response of £4.750 million is currently held centrally. This will be used to offset service COVID-19 costs once all costs are finalised;
- Council Tax income budgets are currently showing an under recovery of income £0.685 million largely due to lower than projected numbers of house completions arising from COVID-19 construction related restrictions. We are however also seeing significant and ongoing pressures upon in year Council Tax collection rates. Enhanced efforts are being made to support individuals who are facing economic hardship and it is hoped that ultimately this will help ensure all Council Tax due is eventually collected.

3.11 Outwith COVID-19, the Council already faced significant financial challenges that had to be tightly managed across the three-year budget period 2020-23, many of these arising from increased service demand and population growth.

3.12 The Council approved budget includes the requirement to deliver £1.2 million of recurring planned efficiencies, with a further £2 million of recurring corporate efficiencies relating to management of staffing budgets. Many of the planned service efficiencies are income generation related and there are significant and now enhanced risks around their delivery. More generally, relating to corporate staffing savings, although collectively staffing budgets remain underspent at the end of June, taking into consideration additional and on-going COVID related overtime and payments to supply and casual staff in line with national guidance there remains an on-going risk that the planned savings may not be fully realisable. In total, there is a risk that £2.2 million of planned savings not being delivered in year. Should this materialise, given the recurring nature of the saving, this will have significant implications for future years financial

plans. More detail is set out in **Appendix 3**. In accordance with normal practice, management is currently considering alternative ways to deliver any planned savings at risk of not being delivered, and more details will be provided of any proposed actions in future reports.

Scottish Government Funding

3.13 This section of the report provides an update to previously reported funding made available by central governments. The Scottish Government has already received significant UK Government funding to support their response with current estimates suggesting that this is around £6.5 billion. As highlighted in previous reports, a significant proportion but not all of this funding has been allocated through local government, most notably to support grants and rate reliefs to businesses but also an element providing support to our communities. More details setting out the updated funding provided by Scottish Government in 2020-21 is set out in **Appendix 4**. This includes £27.776 million of funding including:

- £4.75 million to support the wide range of COVID related pressures facing the Council including additional funding to support Scottish Welfare Fund payments, funding to support a new system to register deaths and the 1st payment of funding to support the provision of food to the most vulnerable;
- A further £0.4 million of specific funding to extend the provision of food to vulnerable households over the summer;
- £1.36 million to support Education recovery including the recruitment of new additional teachers as well as new digital devices to support pupils.
- £21.2 million of earmarked funding received to support payments of Scottish Governments grants to small businesses, newly self employed and B&B.

3.14 As highlighted previously, it is anticipated that the Council will receive a share of additional national funding to support Education Recovery plans. An 'estimated' share of just under £1 million, has already been reflected within existing financial forecasts, with estimated costs significantly higher at over £2.2 million for the remainder of this financial year and further costs anticipated in 2021-22 and beyond. In addition, it is anticipated that the Council will receive a share of a further national £49 million funding; however, at the time of writing this report, no further details has been confirmed.

3.15 The Scottish Government has confirmed flexibility in the use of funds previously made available to support the implementation of the expansion of Early Learning and Childcare to 1140 hours, previously planned for August 2020, with implementation now delayed. Current estimates indicate that a maximum of £3 million could be available to support COVID-19 response; however, this assumes that no further extension to activity levels will be established during the remainder of this financial year,

something which may increase risks on our ability to achieve full roll-out of our delivery plans.

- 3.16 It is both acknowledged and welcome that a significant amount of new funding has been made available to Local Government, although it remains very clear that to date, this falls significantly short of meeting the full financial implications and the resultant funding gap now facing the Council.
- 3.17 It is now very clear and undisputed that the scale of adverse financial implication now facing the Council due to COVID-19 is considerable. Accepting there are many variables that may fluctuate and therefore change the financial projections during the course of the year, our current forecast suggests that the total of all cost pressures currently facing the council may be approaching £17 million, the vast majority of which are COVID related costs (currently estimated at £15 million). After application of already confirmed additional Scottish Government funding; and including the Council's estimated share of additional national funding recently announced to support re-opening of schools; and the full application of permissible 'flexibilities' within existing funding streams relating to 1140 hours, this would reduce the potential net overspend for the Council to around £7.5 million (3.1%).
- 3.18 There remains a high likelihood that costs and pressures may increase further as we progress down what will be a very long road to recovery. Already a growing number of service areas are now classified as High financial risk signalling that costs are unlikely to be contained within existing budgets. Service related pressures include loss of planned income, additional equipment and PPE costs and additional staffing costs which includes additional commitments made under direction/guidance as part of the national response such as the payment of casual and supply teacher job retention costs and the provision of supplier hardship and sustainability relief.

Conclusion and next steps

- 3.19 A notable and perhaps understandable feature obvious throughout management of the pandemic is that operational reaction and response is typically committed in the absence of any clarity or certainty of funding. In the early stages of the pandemic, central government reassurances were openly made within national budgeting that all public service providers including councils, would receive the necessary support required to operate allowing them space to set aside immediate financial concerns and fully focus upon contributing to the national response to this national emergency.
- 3.20 Many new and significant obligations were imposed and additional unforeseen costs were then incurred whilst at the same time, the Council also felt the full economic realities with hugely detrimental impacts to our core income streams including assorted fees and charges, council tax, housing rents, business rates and rents. Although some of these losses may prove largely recoverable over time, a significant amount will not be

recovered and actual income levels may now fall below budgets for some time to come.

- 3.21 Previous reports have signalled a reminder of the statutory obligations that we face in relation to the proper balancing of budgets ensuring that we do not operate on a deficit-funding basis. As a consequence, there is an increasingly urgent requirement for measures to bridge the growing gap that is now evident between income and expenditure related to COVID-19. It is also vital that any solutions are sufficiently robust and sustainable that they provide more than simply short-term solutions.
- 3.22 As already reported, both UK and Scottish Governments have provided very significant financial interventions but even more funding will be necessary to properly address current shortfalls and also to support the additional obligations being imposed upon us in respect of further economic and service based recovery, test and trace and potentially managing any local spikes and re-imposition of lockdown. Without such funding, it will be impossible to balance our budgets and much more significant decisions will need to be taken that will have a potentially dramatic adverse impact upon delivery of Council services.
- 3.23 Within the prevailing uncertainty described above, but trying hard to operate within existing parameters of approved council policy, officers led by the Council Management Team are looking to implement a range of mitigations which will include the following;
- All Council managers are asked to ensure that they deliver their service commitments within their approved budget levels, including preserving existing underspends. Where demand pressures are evident, this will require appropriate management actions and/or compensating cost reduction measures to be identified.
 - All new and additional purchasing commitments should be avoided where possible.
 - Expenditure on staffing should be minimised through continued application of stringent workforce management measures including careful monitoring of vacancies and minimising the use of overtime and temporary and agency working.
 - The CMT will continue to oversee the delivery of planned efficiencies and will receive regular reports on the progress for implementing agreed savings plans. Where existing budget efficiencies cannot be delivered, alternative options to meet the budget efficiencies must be identified.
 - The Chief Executive and Head of Council Resources will manage the use of the Cost Reduction Fund as a means of reducing the Council's cost base through the delivery of planned efficiency savings and therefore reducing budget overspending.

- Maximising flexibility on all existing funding streams available within the Council.
- 3.24 It is unlikely that these interventions alone will bridge the current funding gap, and we are continuing to engage in national discussions with COSLA, and through our professional networks including Directors and Finance and SOLACE to seek assurance around additional funding for local government. In addition, COSLA remains engaged with national governments at both UK and Scottish level to seek a range of ‘flexibilities’ which could support local government in managing these pressures should no additional funding be forthcoming.
- 3.25 The financial situation facing the Council is indeed unprecedented and very significant. There are many variables which may impact on the overall financial position, both in terms of Council expenditure commitments and indeed any potential additional funding which may be received from Scottish Government, details of which may become clearer in the foreseeable months. Despite the fluidity, should no additional funding or wider flexibilities become available over the next few months, this will require some very significant additional interventions to manage the financial position, which may include changes to previously agreed policy, and indeed further changes to the financial strategy. More details setting out any further required interventions including any necessary changes to the financial strategy will be reported to Council in October.

General Services Capital Summary – Quarter 1

- 3.26 In accordance with normal practice at Q1, the capital budget has been re-profiled to reflect the closing position at the end of 2019-20, the outcome of which remains subject to the conclusion of the statutory audit.
- 3.27 **Appendix 5** sets out the 2020-21 re-profiled net budget of just under £50 million, with actual expenditure to the end of June 2020 standing at less than £2 million. The implications on approved capital plans from COVID-19 has been very significant with the effective closedown of all construction and maintenance related activity. Whilst a controlled recovery/re-start is progressing, there will undoubtedly be further delays to existing plans, and the on-going implications will pose a number of risks going forward.
- 3.28 Current projections indicate the total net position for the year will be significantly lower than approved budgets, with an optimistic estimate suggesting this will be under £20 million, and which will undoubtedly have implications for future year’s capital budgets. This forecast reflects assumptions made upon a number of key variables which may ultimately vary and therefore change the actual position, a summary of these assumptions are outlined below:
- The forecasts assume the full budget relating to Assets in the Community and Community Intervention Fund is allocated. Both of these budgets are driven by demand, which may not materialise during the year.

- The projections assume the Town Centre Regeneration Fund will be allocated in full. Discussions remain ongoing to progress projects, but some delays have been experienced.
- Current projections assume delays in the Roads capital programme arising from COVID, with much of the workforce deployed to support on-going COVID related activity including the deployment of interventions to support the Spaces for People project.
- There is a risk of potential further delays within Secondary School expansion plans.
- Current projections assume an underspend on Property Renewals, although spend may increase further to support any necessary essential works to buildings as they are re-opened.
- Any further restrictions imposed arising from COVID-19 may impact the deliverability of current spend projections and plans.
- Given enhanced health and safety requirements to comply with national guidance around COVID-19, there is enhanced risk of potential cost increase in both existing and new contracts.
- There remains on-going risks around the timing and realisation of planned developers' contributions.
- There are also potential issues relating to the wider development of planned sites, which may have implications for both future capital and revenue budgets.

Housing Revenue Account Summary - Quarter 1

- 3.29 At the end of June 2020 the Housing Revenue Account is reporting an underspend against current budget of £1.725 million most of which is due to underspending in repairs and maintenance due to COVID-19 restrictions. Alongside this, there are currently underspends in both operational and staffing budgets, with underspending likely to continue during the remainder of the year. Furthermore, it remains likely that there will be an underspend on anticipated debt charges, largely due to low levels of interest rate for new borrowing incurred this year. Any underspending on capital programmes will not impact on debt charges in year, but may have implications for future years anticipated debt charges.
- 3.30 These underspends are currently being offset by some pressures largely relating to: void properties due to the COVID-19 restrictions, and lower than anticipated rent income collection levels. Enhanced debt recovery work remains ongoing to support tenants experiencing difficulty in paying rent which is due. This is an area which will be kept under close review during the remainder of the year, and if rent collection levels remain low,

this may impact on future budgets including higher than anticipated bad debt requirements.

- 3.31 Current forecasts assume a phased return to normal service activity in line with current mobilisation plans, but it remains likely that a higher level of surplus in excess of planned budget will be delivered during this year. In line with the existing financial strategy whereby the Council should maximise any flexibility arising from revenue balances to minimise the future impact of debt charges, any additional surplus arising during 2020-21 will be applied in this manner.
- 3.32 Details of the Housing Revenue Account capital budgets and expenditure incurred to date is set out in **Appendix 6** of this report. The total capital budget approved for HRA was £33.540 million. As at end of June 2020, the actual spend was only £0.639 million, due to delays in planned work arising from COVID-19. Current forecasts indicate spend may start to recover on both the Council House building and Modernisation programmes, but there is likely to be a significant in year underspend, the implications of which will need to be taken into consideration in future year's programmes. Officers are continuing to explore options to maximise grant subsidy income where opportunities prevail. The Scottish Government's Mortgage to Rent Scheme continues to be supported and promoted, but in the current year to date, no eligible applications have been received.

4 POLICY IMPLICATIONS

- 4.1 There are no direct policy implications associated with this report, although, ongoing monitoring and reporting of the Council's financial performance is a key part of the approved Financial Strategy.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report has been considered and given there is no change in policy direction, there is no requirement to undertake any further impact assessment.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – as described above
- 6.2 Personnel - none
- 6.3 Other – none

7 BACKGROUND PAPERS

- 7.1 Council – 17 December 2019 – Item 4 Finance Strategy 2020-25
- 7.2 Council – 25 February 2020 – Item 4 – Budget Development including setting of rent levels 2020-25
- 7.3 Council – 3 March 2020 – Item 2 – General Service Budget Proposal - Administration
- 7.4 Members Library Service 31 May 2020 – 61/20 COVID 19 Financial Management Update
- 7.5 Members Library Service 31 July 2020 – 78/20 COVID 19 Financial Update

AUTHOR'S NAME	Sarah Fortune
DESIGNATION	Chief Operating Officer – Finance
CONTACT INFO	sfortune@eastlothian.gov.uk
DATE	11 August 2020

Appendix 1
 East Lothian Council
 Budget Monitoring 2020/21 General Fund - Quarter 1

Service	Head of Service	Business Unit	2020/21 Budget	Year to Date			2020/21 Budget Variance to Date	Financial Risk Assessment
				2020/21 Actual to Date	2020/21 Budget to Date	2020/21 Budget Variance to Date		
			£'000	£'000	£'000	£'000	%	
Resources & People	Education	Childrens	15,653	4,489	3,996	493	12.3%	
Resources & People	Education	Additional Support for Learning	9,286	5,705	5,381	324	6.0%	
Resources & People	Education	Pre-school Education & Childcare	16,503	6,004	6,776	-772	-11.4%	
Resources & People	Education	Schools - Primary	43,065	5,711	5,367	344	6.4%	
Resources & People	Education	Schools - Secondary	44,812	8,363	8,285	78	0.9%	
Resources & People	Education	Schools - Support Services	3,715	753	798	-45	-5.6%	
RESOURCES & PEOPLE	EDUCATION TOTAL		133,034	31,025	30,603	422	1.4%	
Resources & People	Council Resources	Financial Services	1,468	569	594	-25	-4.2%	
Resources & People	Council Resources	Revenues & Benefits	2,093	492	510	-18	-3.5%	
Resources & People	Council Resources	IT Services	2,304	587	603	-16	-2.7%	
Resources & People	Council Resources	Legal	326	100	116	-16	-13.8%	
Resources & People	Council Resources	Procurement	250	75	77	-2	-2.6%	
Resources & People	Council Resources	People & Governance	4,910	1,369	1,380	-11	-0.8%	
RESOURCES & PEOPLE	COUNCIL RESOURCES TOTAL		11,351	3,192	3,280	-88	-2.7%	
RESOURCES & PEOPLE TOTAL			144,385	34,217	33,883	334	1.0%	
Health & Social Care Partnership	Head of Operations	Adult SW	35,146	7,053	6,893	160	2.3%	
Health & Social Care Partnership	Head of Operations	Acute & Ongoing Care	7,500	1,826	1,885	-59	-3.1%	
Health & Social Care Partnership	Head of Operations	Rehabilitation	1,494	326	357	-31	-8.7%	
Health & Social Care Partnership	Head of Operations	Adult Statutory Services	2,511	671	627	44	7.0%	
Health & Social Care Partnership	Head of Operations	Statutory Services	1,185	310	350	-40	-11.4%	
Health & Social Care Partnership	Head of Operations	Head of Operations	3,050	815	906	-91	-10.0%	
Health & Social Care Partnership	Head of Operations	Business & Performance IJB	2,871	550	613	-63	-10.3%	
HEALTH & SOCIAL CARE PARTNERSHIP	IJB TOTAL		59,757	11,551	11,631	-80	-0.7%	
Health & Social Care Partnership	Head of Operations	Business & Performance Non-IJB	790	301	332	-31	-9.3%	
HEALTH & SOCIAL CARE PARTNERSHIP	Non-IJB TOTAL		790	301	332	-31	-9.3%	
HEALTH & SOCIAL CARE PARTNERSHIP TOTAL			54,547	11,852	11,963	-111	-0.9%	
Partnerships & Community Services	Development	Planning	1,043	419	423	-4	-0.9%	
Partnerships & Community Services	Development	Economic Development	868	-52	-76	24	-31.6%	
Partnerships & Community Services	Development	Housing & Strategic Regeneration	687	65	85	-20	-23.5%	
Partnerships & Community Services	Development	Property Maintenance Trading Account	-863	1,267	-163	1,430	-877.3%	
Partnerships & Community Services	Development	Community Housing	2,334	-172	-138	-34	24.6%	
PARTNERSHIPS & COMMUNITIES SERVICES	DEVELOPMENT TOTAL		4,069	1,527	131	1,396	1065.6%	
Partnerships & Community Services	Infrastructure	Facility Support Services	3,623	582	552	30	5.4%	
Partnerships & Community Services	Infrastructure	Facility Trading Activity	-276	-2,475	-2,384	-91	3.8%	
Partnerships & Community Services	Infrastructure	Asset Maintenance & Engineering Services	3,242	789	821	-32	-3.9%	
Partnerships & Community Services	Infrastructure	Asset Management & Capital Planning	-576	107	135	-28	-20.7%	
Partnerships & Community Services	Infrastructure	Landscape & Countryside Management	5,271	1,322	1,312	10	0.8%	
Partnerships & Community Services	Infrastructure	Roads Network	4,749	835	823	12	1.5%	
Partnerships & Community Services	Infrastructure	Roads Trading Activity	-694	533	-232	765	-329.7%	
Partnerships & Community Services	Infrastructure	Transportation	1,082	-248	-310	62	-20.0%	
Partnerships & Community Services	Infrastructure	Waste Services	8,093	1,978	1,878	100	5.3%	
Partnerships & Community Services	Infrastructure	Active Business Unit	3,591	588	624	-36	-5.8%	
PARTNERSHIPS & COMMUNITIES SERVICES	INFRASTRUCTURE TOTAL		28,105	4,011	3,219	792	24.6%	
Partnerships & Community Services	Communities & Partnerships	Corporate Policy & Improvement	1,213	184	213	-29	-13.6%	
Partnerships & Community Services	Communities & Partnerships	Connected Communities	6,094	2,225	2,204	21	1.0%	
Partnerships & Community Services	Communities & Partnerships	Protective Services	1,821	368	394	-26	-6.6%	
Partnerships & Community Services	Communities & Partnerships	Customer Services Group	3,670	1,076	1,102	-26	-2.4%	
PARTNERSHIPS & COMMUNITIES SERVICES	COMMUNITIES & PARTNERSHIPS TOTAL		12,798	3,853	3,913	-60	-1.5%	
PARTNERSHIPS & COMMUNITIES SERVICES TOTAL			44,972	9,391	7,263	2,128	29.3%	
Staff Performance Savings			-2,000	0	-498	498	-100.0%	
COVID 19 PPE Costs			0	200	0	200	0.0%	
COVID 19 Job Retention Costs			0	434	0	434	0.0%	
OTHER COSTS TO BE ALLOCATED TO SERVICES			-2,000	634	-498	1,132	-227.3%	
SERVICE TOTAL			241,904	56,094	52,611	3,483	6.6%	
CORPORATE MANAGEMENT TOTAL			-241,904	-115,361	-114,275	-1,086	1.0%	
TOTAL			0	-59,267	-61,664	2,397	-3.9%	
TOTAL HRA			0	-6,028	-4,303	-1,725	40.1%	

Appendix 2
East Lothian Council
Budget Monitoring 2020/21 - Risk Factors

Financial Risk	Factors	Implications
High	<ul style="list-style-type: none"> - The Business Group has been assessed as likely to overspend in the financial year - There has been a history of overspending within Units / Groups - There are new or revised funding arrangement and / or legislature changes with financial significance - Trading Accounts are in deficit for the year. -Grant schemes, on which the Council is reliant are either unconfirmed or have not been confirmed -The service is demand led and the Council has restricted control over the level and form of service - New Services are planned 	<ul style="list-style-type: none"> -Cabinet & Members Library reports with financial implications are not passed under delegated powers -Directors / Heads of Service will be asked to prepare a financial recovery plan -The Head of Council Resources may take enforcement action to ensure budgetary control
Medium	<ul style="list-style-type: none"> - There is significant potential that Business Group could overspend in the financial year - There have been previous incidences of some overspending within Units / Groups - There are new or revised funding arrangement and / or legislature changes with financial significance - Trading Accounts are having difficulty meeting financial targets -Grant schemes, on which the Council is reliant are either unconfirmed or have not been confirmed 	<ul style="list-style-type: none"> -Members library reports are only passed when financial implications are addressed -Directors / Heads of Service will be asked to identify actions necessary to ensure expenditure is within budget by the year-end.
Low	<ul style="list-style-type: none"> -Finances are generally under control for the current financial year -Stable legislature, trading and funding environment -The service is supply led - i.e. the Council can decide the level and form of service -Finances in previous financial years have been controlled -Grant schemes are stable and not anticipated to change significantly 	<ul style="list-style-type: none"> -Members library reports are approved promptly under delegated powers

Appendix 3
 East Lothian Council
 2020/21 Budget Efficiencies - Quarter 1

Service	2020/21			
	Achieved	Amber	High	
	£'000	£'000	£'000	
Education	47	0	0	
Council Resources	9	0	10	
H&SCP	0	0	0	
Communities	774	0	0	
Development	53	0	50	
Infrastructure	91	110	69	
Corporate	0	2,000	0	
Total	974	2,110	129	3,213
	30.31%	65.67%	4.01%	

Savings Currently High - Red

Service	Proposal	Value	Comments
IT	Expected revenue from sale of hardware due to refresh	10	Not anticipated to be achievable at this stage due to COVID 19
Property Maintenance Trading	Efficient workforce management to be met from service redesign, strict management of vacancies, agency costs and increased productivity.	30	Unlikely to be achievable due to loss of Property Maintenance trading income
Property Maintenance Trading	New opportunities for income maximisation	20	Unlikely to be achievable due to loss of Property Maintenance trading income
Facilities Trading	School Meal charges	16	Lower than planned School Meal income due to COVID
Facilities Trading	Grab and Go expansion	8	Lower than planned School Meal income due to COVID
Landscape &	Amenity Service - income generation target	20	Not anticipated to be achievable at this stage due to COVID 19
Roads Network	3% uplift on existing income	5	Not anticipated to be achievable at this stage due to COVID 19
Roads Trading	Explore new opportunities for income management	20	Not anticipated to be achievable at this stage due to COVID 19
Total		129	

Savings Currently Medium - Amber

Service	Proposal	Value	Comments
Transport	Supported Bus Contract	110	New contract in place and invoices being monitored to ensure saving is delivered. This may be difficult due to the implications of COVID restrictions
All	Efficient workforce management to be met from service redesign, strict management of vacancies, agency costs and	2,000	May not be able to be fully realisable in year due to additional pressure on staffing budgets.
Total		2,110	

Appendix 4 – Scottish Government Funding

Detail	Total National Funding	Total ELC Funding	Additional Comments
Non Domestic Rates Relief	£1bn	NDR (£9.508m) GRG + £9.508m	<ul style="list-style-type: none"> • Neutral position to the Council
Grants to Support Business	£1.2bn	£20.9m	<ul style="list-style-type: none"> • Neutral position to the Council • Ring fenced specific funding • Applications open until 10 July 2020 • Final confirmed position for ELC £17.6m
Hardship fund provided to support Councils	£50m	£0.965m	<ul style="list-style-type: none"> • Non ring-fenced funding
UK Government consequentials to support Local Government	£155m	£2.991m	<ul style="list-style-type: none"> • Non ring-fenced funding
Scottish Welfare Fund – additional funding	£22m £23m (pending) TOTAL: £45m	£0.334m TBC	<ul style="list-style-type: none"> • Non ring-fenced funding • Initial allocation of £22m allocated to Local Authorities. • No specific detail provided as to the remaining £23m allocation – but

			indication that this will be 'targeted to where it is most needed'.
Increased eligibility for social security benefits and increased cost to the Council Tax Reduction Scheme (CTRS)	£50m	None to date	<ul style="list-style-type: none"> No specific details provided but it is understood that this will be used to establish a reserve to fund any additional requirements of the CTRS if demand exceeds the current national £351 million.
Food Fund to support Food inequality (1 st tranche)	<p>£70m</p> <p>(£30m to local authorities – see comments)</p> <p>£30m to support food to shielded individuals *</p> <p>£10m investment to 3rd Sector organisations *</p>	£0.447m	<ul style="list-style-type: none"> Non ring-fenced funding £30m now allocated to Local Authorities (£15m to support households in receipt of free school meals and £15m to support vulnerable families) <p><u>Free school meals</u></p> <ul style="list-style-type: none"> The funding will be used to offset the costs of supporting and distributing free school meals to those currently in receipt of FSMs <p><u>Support to Vulnerable Households</u></p> <ul style="list-style-type: none"> The funding has been allocated to Area Partnerships to target a more localised approach to support food distribution to vulnerable households.

			*funding directed via Third and Voluntary sector – current estimates spend lower than total available resources
Food Fund (2 nd Traunche)	£27.6m	£0.178m £0.250m TOTAL £0.428m	<ul style="list-style-type: none"> • Specific grant funding • Support FSM costs between July to mid August • Support People at Risk between July to September
Discretionary Housing Payment	£5m	None to date	<ul style="list-style-type: none"> • Details still to be confirmed
Death Registration Service	£0.6m	£0.012m	<ul style="list-style-type: none"> • Non ring-fenced funding
Wellbeing Fund for 3 rd Sector	£50m*	None – 3 rd sector	<ul style="list-style-type: none"> • Scottish Government grants of between £5k - £100k <p>*funding directed via Third and Voluntary sector – current estimates spend lower than total available resources</p>
Communities Fund	£40m*	None – community Groups	<ul style="list-style-type: none"> • Scottish Government funding to be made available to community groups to support small scale resilience • It is anticipated an initial £10m will be made available through Community

			<p>Anchor Organisations although no detail has yet been provided.</p> <ul style="list-style-type: none"> No detail as to how the remaining £30m will be allocated / utilised. <p>*funding directed via Third and Voluntary sector – current estimates spend lower than total available resources</p>
3 rd Sector Resilience Fund	£20m*	None – 3 rd sector	<ul style="list-style-type: none"> Grants to be delivered through Firstport, Social Investment Scotland and Corra Foundation. Provides grants up to £0.100m and 0% interest loan facilities <p>* funding directed via Third and Voluntary sector – current estimates spend broadly in line with available resources</p>
Scottish Government Retained Reserve	£25m	None	<ul style="list-style-type: none"> Announced as part of the initial £350m in March to support communities
Extension of Business Support Grant	£120m	None to date	<ul style="list-style-type: none"> No specific additional funding has been provided by the Scottish Government

Support for new self-employed & B&B	<p>£34m</p> <ul style="list-style-type: none"> - £20.4m initial payment - £13.6m held back <p>(in addition a further £66m through Enterprise Agencies)</p>	<p>£0.337m</p>	<ul style="list-style-type: none"> • 60% paid to local authorities' remainder will be allocated based on review / monitoring of claims. • Scheme closed on 10 July • Final confirmed position for ELC £0.228m
Additional Teaching and Support Staff	<p>£50m (split academic year)</p> <p><u>20/21</u></p> <p>£30m (Teachers)</p> <p>£3.3m (support)</p> <p><u>TOTAL</u></p> <p><u>21/22</u></p> <p>£15m (Teachers)</p> <p>£1.7m (support)</p> <p><u>TOTAL</u></p>	<p>£0.572m</p> <p>£0.064m</p> <p><u>£0.636m</u></p> <p>£0.286m</p> <p>£0.032m</p> <p><u>£0.318m</u></p> <p><u>£0.954m</u></p>	<ul style="list-style-type: none"> • Ring-fenced specific funding • Funding designed to support additional teaching and support staff required to support loss of learning suffered by pupils and resilience in Education system

	TOTAL (ALL)		
Education Recovery Funding	£20m (upfront) £30m (ring-fenced based on actuals)	Not yet confirmed No details yet confirmed	<ul style="list-style-type: none"> • No specific allocation yet confirmed relating to £20m – but anticipated initial funding to be distributed to all local authorities. • No specific detail confirmed relating to £30m – but likely to be based on evidence of spend • Current Education recovery costs anticipated to be circa £2.2m for 2020/21 financial year with further anticipated costs in 2021/22 in line with the academic year and beyond
Additional Teachers and support staff (2 nd Traunche)	£30m	Not yet confirmed	<ul style="list-style-type: none"> • No specific details yet confirmed
Digital Inclusion	£30m	£0.401m (capital) £0.07m (revenue)	<ul style="list-style-type: none"> • Confirmed allocation to support the purchase of additional digital devices for children
Additional UK Consequentials	£49m	To be confirmed	<ul style="list-style-type: none"> • No specific details yet confirmed
TOTAL	£3.101bn	£27.776m	

Summarised as follows:

- Scottish Government Grants to Business / NSEHF	£21.237m
- Hardship Funding to support COVID response including SWF, Food Fund 1 st tranche & Registration of deaths	£4.749m
- Specific Grant Funding - Food Fund	£0.428m
- Education Recovery	£1.362m
TOTAL	£27.776 million

Appendix 5
East Lothian Council
Budget Monitoring 2020/21 General Services Capital - Quarter 1

<u>Annual (In-Year)</u>		
Approved Budget 2020/21	Updated Budget 2020/21	Actual 2020/21
£'000	£'000	£'000

Expenditure

Community Projects
Assets in the Community - Investment
Community Intervention
Dunbar Conservation Area Regeneration Scheme (CARS)
Support for Business - Gateside West
CCTV
Town Centre Regeneration
Total Community Projects

250	250	-
600	600	32
430	430	-
2,021	2,021	10
62	62	-
-	1,146	14
3,363	4,509	56

ICT
IT Programme
Replacement - CRM Project (Customer Services)
Total ICT

2,100	2,100	351
-	70	
2,100	2,170	351

Fleet
Amenties - Machinery & Equipment - replacement
Vehicles
Total Fleet

237	237	97
1,990	2,621	159
2,227	2,857	256

Open Space

--	--	--

Cemeteries (Burial Grounds)	300	300	46
Coastal / Flood Protection schemes - East Beach, Dunbar	-	81	17
Coastal / Flood Protection schemes - Haddington	280	280	-
Coastal / Flood Protection schemes - Musselburgh	800	800	23
Coastal Car Park Toilets	443	443	-
Core Path Plan	50	50	-
Mains Farm Sports Pitch & Pavilion	540	572	26
Polson Park	138	138	-
Sports and Recreation LDP	279	279	-
Waste - New Bins	160	160	40
Waste - Machinery & Equipment - replacement	40	40	-
Total Open Space	3,030	3,143	151

Roads, Lighting and related assets			
Cycling Walking Safer Streets	174	466	-
Parking Improvements	250	250	30
Roads	7,500	7,500	484
Roads - externally funded projects	2,410	2,410	13
Total Roads, Lighting and related assets	10,334	10,626	526

Property - Education			
Aberlady Primary - extension	946	946	19
Blindwells Primary - new school	135	135	-
Cockenzie Primary - hosting Blindwells Primary	30	30	-
Craighall Primary - New School (Phase 1)	107	107	-
East Linton Primary - extension including Early Learning and 1140	10	10	-
Gullane Primary - extension including Early Learning and 1140	5,506	5,276	33
Law Primary - extension including Early Learning and 1140	2,048	2,041	-
Letham Primary - New School	4,796	4,353	75
Musselburgh Grammar - upgrades	808	812	-
North Berwick High School - Extension	6,020	6,020	2
Ormiston Primary - extension	1,097	1,097	21
Pinkie St Peter's Primary - extension including Early Learning and 1140	2,218	2,218	7

School Estate - Curriculum Upgrades	330	330	-
Ross High School - extension	9,819	9,819	10
St Gabriel's Primary - extension including Early Learning and 1140	960	960	5
Wallyford Secondary - New School	14,116	14,116	-
West Barns Primary - extension including Early Learning and 1140	1,505	1,505	8
Whitecraig Primary - extension including Early Learning and 1140	2,231	2,231	-
Windygoul Primary - Early learning and 1140 extension	2,095	2,095	-
Total Property - Education	54,777	54,101	182

Property - Other			
Accelerating Growth	7,768	7,768	174
Brunton Hall - Improved Community Access	278	278	-
Court Accommodation - incl. SPOC	2,008	2,008	-
Haddington Corn Exchange - upgrades	476	511	163
Haddington Town House - Refurbishment and Rewire	147	147	-
Lighting Retrofit at Longniddry Community Centre/Library	12	12	-
Lighting Retrofit at Port Seton Community Centre	26	26	-
Meadowmill - New Depot	1,148	1,290	4
Meadowmill Sports Centre Car Park Resurfacing	260	260	-
New ways of working Programme	750	750	-
Port Seton - Community Centre Extension	607	603	5
Prestongrange Museum	1,268	1,368	-
Property Renewals	2,000	2,000	12
Replacement Of Movable Pool Floors To Sports Centres	580	580	-
Replacement Pathways Centre	1,504	1,504	-
Sports Centres	200	200	-
Water meter size reduction	14	14	-
Whitecraig Community Centre	-	99	1
Total Property - Other	19,046	19,419	360

Total Property Spend - Education and Other	73,824	73,520	542
Capital Plan Fees	1,322	1,322	-

Total Gross Expenditure	96,199	98,148	1,882
Total Income	(46,894)	(48,433)	-
Borrowing Requirement	49,305	49,714	1,882

Appendix 6
East Lothian Council
Budget Monitoring 2020/21 Housing Capital - Quarter 1

Capital Expenditure	2020/21 Budget	2020/21 Actual to Date	2020/21 Budget Variance to Date
	£'000	£'000	£'000
Modernisation Spend	15,652	134	(15,518)
New Council Housing	16,094	505	(15,589)
Mortgage to Rent	280	0	(280)
Fees	1,514	0	(1,514)
Gross Total Housing Capital Spend	33,540	639	(32,901)