

**To:** Emergencies Board

**On:** 15 May 2020

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**Report by:** Director of Finance & Resources

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**Heading:** Financial Update

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**1. Summary**

- 1.1 The report outlines the current estimated financial impact on the Council arising from the current Covid-19 pandemic. Members should note that as outlined in the report, the financial implications for the Council continue to emerge and develop as the impact and consequences of the pandemic both for Council services and for communities across Renfrewshire continue to evolve.
- 1.2 As outlined for the Board in earlier general update reports, the financial and economic consequences of the pandemic are expected to be significant in the short term, with unprecedented financial interventions made by national governments to support the immediate COVID19 response, the economy and businesses.
- 1.3 Despite this, the economy across the UK and Scotland will experience the sharpest and deepest downturn in modern history and there is a growing concern that the period of recovery, although sharp will not be as immediate as was first considered a possibility and could be more drawn out. The Bank of England's most recent analysis highlights uncertainty of being able to produce normal forecasts but has modelled a plausible economic scenario that would suggest that the lost economic output being recovered by circa summer 2021 based on an assumed gradual relaxation of restrictions from June to September. This however

is far from certain and there is a recognised risk that the recovery from what is now recognised will be the deepest of recessions, may take longer than this scenario and be accompanied by a degree longer lasting economic damage with some industries and sectors being more significantly affected and taking longer to recover than others.

- 1.3 This unprecedented economic turbulence and scale of required state intervention will inevitably have both short and longer term implications for public finances across the UK and Scotland which will require the Council to reconsider its existing 2020/21 budget and potentially fundamentally reassess its medium and longer term financial planning and investment programme as the full financial, economic and fiscal impact of the pandemic becomes clearer in the months ahead and indeed as the Council in response re-shapes its priorities moving forward.

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## 2. **Recommendations**

- 2.1 Note the initial financial assessment completed of the potential revenue and capital consequences of the COVID19 pandemic and emergency response along with the anticipated disruption to the Council's planned savings in 2020/21 as outlined in section 4 - 6 of the report.
- 2.2 Note the update provided at section 7 of the funding that has been confirmed by the Scottish Government to support local government's response to COVID19 and wider financial interventions made by the Scottish Government, some of which are being administered and delivered by local authorities on the Government's behalf.
- 2.3 Note that the funding confirmed to date along with anticipated shares of as yet undistributed funding for the Council, is significantly less than the estimated net additional costs to the Council, further, to note that in this current context it is expected that the Council's existing unallocated reserves will require to be fully deployed as part of the wider financial strategy developed in response to the COVID19 emergency.
- 2.4 Note that the Council is continuing to actively work with COSLA to support consistent financial reporting of the net additional costs to local authorities nationally of responding to the current pandemic to inform ongoing engagement with the Scottish Government over the requirement for further additional funding support.
- 2.5 Note it is expected that the net financial impact of responding to the pandemic will continue to increase and develop more fully over coming

months as the national response continues to place demands on Council services for support to local communities and that this will continue through to and during the eventual recovery phase.

- 2.6 Agree to the proposed actions outlined in section 8 of the report to prepare the Council for a mid-year reconsideration and revision of the 2020/21 budget and medium term financial strategy and to note that it would be intended that a full report be targeted for September in this regard.
- 2.7 Agree that as outlined in section 9 a letter of financial support is provided to Renfrewshire Leisure from the Council as part of providing the necessary level of assurance to external audit as part of the closure its 2019/20 accounts.
- 2.8 Note that further updates on the developing financial position and outlook will be provided to the Board on a regular basis over the coming weeks and months as material developments emerge.

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### 3. **Background**

- 3.1 On 9 March 2020 Council agreed a balanced revenue budget for 2020/21 and a capital plan for 2020/21-2024/25. Both a Housing Revenue Account for 2020/21 and housing investment plan were also agreed. The general fund revenue budget agreed is underpinned by cost reductions of £13.9m, of which £4.3m relate to actions under the Right for Renfrewshire programme and other savings agreed in prior years.
- 3.2 Since the approval of the budget, only some two months ago, the Covid-19 pandemic has impacted significantly on the delivery of Council services and that of partners, as well as being required to mobilise a significant range of additional support services to communities and businesses across Renfrewshire.
- 3.3 This report provides an initial assessment of the financial implications that are expected to emerge in relation predominantly to the immediate short term emergency response from the Council insofar as these can be known at this stage. The report also highlights the expectation that as we move forward over the coming months the financial consequence from the pandemic is likely to increase further as the Council's ongoing response continues and as the requirement to support communities and businesses through a recovery process builds.
- 3.4 Further, the report outlines that the unprecedentedly negative economic impact across the UK and Scotland arising from the necessary

restrictions imposed by the public health measures taken to manage the pandemic on both society and the workings of the wider economy. This will push the medium to longer term outlook for the economy and public finances in both the UK and Scotland once again into a new period of uncharted and unprecedented territory, at a time when the long term influence of the 2008 financial crisis on public finances was reducing in scale and influence.

#### **4 Revenue expenditure impacts for the Council**

- 4.1 Given the pandemic's unprecedented impact on the Council's activities and communities, it is acknowledged that the full financial consequences for the Council, even in the short term, will only begin to emerge over time. It is apparent that in addition to the short term initial costs of rapidly introducing new services and support arrangements to communities across Renfrewshire as well as adapting and changing how the Council is required to operate, there is expected to be longer term additional cost and declining income implications for the Council which could take a number of months to emerge and be fully understood.
- 4.2 The financial consequences of the pandemic for the Council will also be influenced by both local and national factors and decisions – most notably in relation the duration of and any potential adjustment to the current lockdown arrangements and consequently longer term social distancing measures required to contain the spread of the virus.
- 4.3 For the purposes of this report (and in line with guidance agreed by COSLA) an estimate of the potential additional costs for the Council has been made assuming the current lockdown arrangements are maintained broadly unadjusted until the end of June 2020. Therefore, the costs of the current emergency arrangements are assumed to be in place for approximately three months since the lockdown arrangements began at the end of March. These estimates will continue to be subject to review and refinement; particularly as the timetable for a return to 'normal' Council activities becomes clear.
- 4.4 The tables 1 - 3 in Appendix 1 outlines the main areas of direct additional expenditure, lost income and cost savings the Council is incurring as a result of the current emergency arrangements. Please note that this excludes costs linked to Adult Services provided via the HSCP which is subject to separate cost tracking and funding discussions with the Scottish Government.
- Direct costs over the period to June are estimated at circa £3.9 million focused predominantly on supporting the Council's direct response to the immediate emergency.

- Loss of income due to the closedown period of circa £10.7 million. This figure includes an assumed residual impact beyond June on Renfrewshire Leisure facilities re-opening, where re-opening beyond the end of June would be phased and behavioural impact is likely to result in a gradual as opposed to an immediate return of the public's participation levels and footfall at leisure facilities in particular.
- Savings of circa £2.1 million that will be achieved on some services, predominantly linked to the closure of buildings and facilities. This figure is expected to increase as the process to furlough sections of eligible staff from Renfrewshire Leisure is progressed under the UK Governments Job Retention Scheme.
- Taken together the current net cost impact is estimated at circa £12.5 million, subject to the saving to be confirmed from the furlough exercise in Renfrewshire Leisure. This overall level of net direct costs of managing the immediate response is expected to be broadly in proportion to the national position being coordinated via COSLA to support the ongoing engagement with the Scottish Government.

4.5 In addition to the direct net costs emerging from the COVID19 response, Appendix 1 outlines in table 4, consequential financial impacts that relate directly to the disruption on the Council, the wider community and economy. Financially this is expected to manifest itself predominantly in lost council tax income, bad debt levels and delays to the delivery of planned savings. It is expected that in relation to each of these areas, the actual impact will take several months to emerge over the course of 2020/21 and become clear. At this stage, illustrative estimates are detailed in Appendix 1, outlining a credible scenario that could emerge over the course of 2020/21. This scenario suggests a net financial loss of circa £14.3 million against what has been budgeted as part of setting the 2020/21 budget – the actual impact may clearly be more or less than this depending upon a wide range of influencing factors.

4.6 It is assumed that moving into 2021/22 the financial impact would to a degree regularise and return to normal financial planning levels in relation to council tax collection levels and the delivery of delayed savings. It is however expected that there would be a longer term economic scarring impact in relation to increased council tax reduction levels arising from increased unemployment and potentially subdued house building completions reflecting wider economic conditions and

market uncertainty, similar to the economic fall-out from the financial crisis in 2008.

- 4.7 Taken together therefore, the overall net financial impact on the Council's revenue budget is estimated at this stage, to be circa £26 million - £27 million in 2020/21, based on existing assumptions and assuming the continuation of the lockdown period to the end of June. If the lockdown period continues beyond the end of June and or there is a need for the Council to continue to provide significantly enhanced ongoing support arrangements across communities as part of the new Test, Trace, Isolate and Support (TTIS) phase and thereafter the recovery phase, it is fully expected that these estimated costs would increase further. The costs above do not include other costs the Council is incurring in supporting the Renfrewshire HSCP, on the basis that it is assumed all of these costs will be recovered through the HSCP from the Scottish Government.
- 4.8 The figures above will be subject to ongoing review and it is likely that they will change – possibly substantially – as new information comes to light and as the current lockdown and social distancing arrangements flex in line with government advice. Both costs and savings will be regularly examined to ensure the Council is as informed as possible as to the potential financial exposure it faces. However, this is likely to be significant and the Council should prepare to address net additional costs in the order of magnitude outlined above. Given the scale of this financial position, it is vital the Council continues to support COSLA to pro-actively and positively engage with the Scottish Government, reflecting the overall seriousness of the financial position facing the Council both in the immediate and longer term.
- 4.9 It should also be noted that the costs outlined above take no account of measures the Council may wish to put in place to support the economic recovery of the area over those already agreed as part of existing arrangements.

## **5 Delivery of Approved Revenue Savings**

- 5.1 As outlined above, the 2020/21 budget is underpinned by over £4 million of savings, largely those agreed by Council through the Right for Renfrewshire (RFR) programme. In the financial analysis outlined in section 4 above, it has been assumed at this stage that the deliverability of these savings in 2020/21 as planned will be significantly disrupted and there will be no material delivery of savings this financial year.
- 5.2 In light of the current emergency arrangements and operational demands on services, the RFR programme has been formally paused,

meaning that the changes in services which were planned for 2020/21 will in most instances be delayed. At this stage it is not clear when the programme will be able to be formally recommenced.

- 5.3 A proportion of the savings being delivered under RFR are linked to the release of a number of existing staff through voluntary early retirement or voluntary redundancy release. This process was significantly advanced immediately prior to the COVID19 disruption and staff who had formally agreed a leaving date have been asked to voluntarily postpone this date and remain in the Council's employment until 31 March 2021 given the developing circumstances and disruption to change. Around two thirds of the approximate 180 staff scheduled to formally leave the Council have confirmed an intention to still leave on their planned release date. The impact of this will be considered in light of the current emergency arrangements, the level of planned service change that was already or can continue to be delivered in service areas despite the current disruption and an assessment made as to whether temporary cover arrangements are required to manage this loss in capacity at this time.

- 5.4 There may therefore remain a degree of financial saving that could yet be captured in 2020/21 that will assist in offsetting the overall net financial position. It is expected that this will take some weeks to confirm however it is likely to remain at the financial margins in the context of the estimated net cost of the emergency.

## **6 Capital Investment Plans**

- 6.1 The Council agreed in March capital investment plans for housing and general services for the period 2020/21 to 2023/24 which included investment totalling £368 million. In the current financial year, it was planned that spend of £130 million would take place.
- 6.2 The short-term cessation of construction sites and subsequent working restrictions once they re-open as part of the public health response to COVID19 will impact on the Council's capital plan over 2020/21 and likely the medium term.
- 6.3 The full impact will not be fully understood for some months however it is anticipated there will be significant risk of substantial additional costs arising from live projects as the closedown and subsequent social distancing restrictions drive up costs of operating live construction sites and builds in unavoidable time delays and costs into the completion of projects.

- 6.4 A significant pro-active engagement exercise has already been commenced by officers which will seek to engage contractors early to achieve mutually agreeable adjustments to contract arrangements and avoid potentially expensive, disruptive and protracted legal disputes. In addition, the economic impact on the construction sector and supporting supply chains is anticipated to be significant and it is anticipated there will be increased risks of cost growth over the short to medium term from additional construction inflation which was not previously expected pre-COVID19, along with significantly heightened risk of contractor failures as firms grapple with sustainably managing their way through the impact of COVID19. This is expected to both delay the timing of planned procurement exercises as well as potentially result in higher costs than would have been expected pre-COVID19.
- 6.5 Developing a more complete understanding of such issues and risks is likely to take some time to achieve and at which point considerable ongoing uncertainty would be expected to remain over the medium term. However, the risks to the deliverability of the agreed capital plan within the financial envelope set prior to COVID19 would appear to be escalating, bringing into question the ability of the Council to deliver its infrastructure and housing investment plans and priorities as was envisaged prior to the COVID19 pandemic. It is therefore likely, that as part of a revised financial strategy, the Council will be required to fundamentally re-assess both the affordability envelope of its capital investment plans as well as the deliverability of it over previously planned timescales. It would appear at this stage, there is a significant risk that there will be a requirement for the Council to re-consider, re-prioritise and re-shape the scale and timing of the capital investment plan that is currently approved.

## **7 Funding**

- 7.1 A summary of the additional funding outlined by the Scottish Government is provided in Appendix 2, detailing that in total circa £2.7 billion has been deployed by the Scottish Government to target a wide range of specific interventions in response to the COVID19 emergency.
- 7.2 However of this only £80 million has been distributed to local government at this stage with a future circa £180 million (assuming £25 million is provided for Council Tax reduction) yet to be distributed, providing in total circa £260 million to support services provided directly by local authorities, just under 10% of the overall funding deployed by the Scottish Government.



- 7.3 Of this, the Council has received £2.7m of the £80 million distributed to date and would expect to receive in the region of £5.3 million - £5.8 million of the estimated undistributed £180 million based on normal distribution approaches. This would provide a share for the Council of circa £8 million - £8.8 million of the confirmed funding made available to directly support local government. This is significantly less than the estimated £26 million - £27 million of net additional costs outlined in section 4 above and indeed is also less than the estimated net additional costs of the direct impact over the initial emergency response period through to the end of June of circa £12.5 million (albeit note that this is expected to reduce once the impact of furloughing sections of the RL workforce is clearly established).
- 7.4 Following agreed relaxations by the Scottish Government, opportunities are actively being explored to allow the flexible redirection of other Scottish Government funding streams to assist in offsetting additional costs including Early Learning and Childcare expansion funding, Pupil Equity Funding and Attainment Challenge Funding as a means to partly assist in closing this funding gap. However at this stage based on the funding announced to date and in the absence of any further additional funding, there is a significant risk that the Council will be required to fully deploy its unallocated reserves as part of a wider financial strategy response to assist in addressing the potential financial impact in the very short term period over the course of 2020/21.
- 7.5 The annual accounts for 2019/20 are currently being finalised, however the emerging financial outturn position is expected to show a marginal overspend position - broadly in line with budget monitoring reports to members but reflecting additional unanticipated costs in the final weeks of the financial year linked to COVID19 as well as higher than planned adjustment to bad debt provisions linked to the projected negative economic impact of the pandemic and how this is likely to feed through ultimately to poorer prospects for the overall collectability of a range of existing debts.
- 7.6 It is therefore expected that the level of unallocated general fund reserves will be in the order of £6.5 million – £7.0 million as at 1 April 2020, which are likely to be fully utilised as part of an overall financial strategy as outlined in section 8 below.
- 7.7 In addition, at present the Scottish Government has made no commitment to support increased capital costs that may be experienced from COVID19 disruption and this may be an area where local authorities

will be asked to manage the overall financial impact through re-prioritisation and re-scheduling of investment plans. Indeed, at a national level both across Scotland and the UK, revisions to previously planned capital investment plans may be required as part of national budget revisions.

7.8 In addition to direct funding provision provided to local authorities, additional funding supports as outlined in tables 3 and 4 of Appendix 1 are being made available by the Scottish Government to provide a wide range of interventions across business and communities in Scotland including:-

- local authorities acting on behalf of the Scottish Government to release the provision of circa £2.3 billion of financial supports through business grants (£1.2 billion), newly introduced non domestic rate reliefs (£1 billion), grants to newly self employed individuals unable to access other Scottish and UK government support schemes (£34 million) as well as an enhanced provision provided via the existing Scottish Welfare Fund (extra £45 million).
- A further £150 million nationally is being made available for a range of community support delivered through national food arrangements as well as a charity and the third sector bodies.

## **8. 2020/21 Budget and Financial Strategy Implications**

8.1 Engagement will continue between COSLA and the Scottish Government in relation to further funding support for local government in response to not just the immediate emergency and the consequential impact on local authority finances, but also the anticipated additional demands that are expected to be placed on council services to support local communities and businesses through the coming weeks and months as restrictions are expected to be gradually eased, the TTIS phase is fully implemented and ultimately as the pandemic moves eventually into a recovery phase.

8.2 There remains the potential that the UK Government, similar to the already announced position from the Scottish Government, will over the course of the summer move towards announcing a mid-year revision to national budgets for 2020/21. Such revisions may be significant and will take into account:-

- the consequential costs of the rapid and unprecedented scale of financial measures that have been taken in the short term by both the UK and Scottish Governments since the onset of COVID19 to

manage the public health response, support communities, support businesses and protect jobs and support the economy to be in a position to restart as quickly as possible,

- the significant revisions made to the economic outlooks at both a UK and Scottish level, both in terms of the unprecedented short term economic impact and the risks that the recovery may not be as immediate and may take longer than first envisaged with risk of longer term economic damage and scarring.

In such a scenario, there remains the risk that revision to national level financial plans will not be restricted to merely financially accommodating, through for example additional unplanned borrowing, all of the significant spending that has been committed to by both Governments. There is a reasonable prospect that a revision process will involve a degree of re-prioritisation of spending as part of adjusting the 2020/21 budget and wider medium term financial plans. In such a scenario there is a material risk that this will result in direct implications for the Council's budget for 2020/21 and in addition impact, possibly substantially, on the Council's medium term financial outlook.

8.3 In this uncertain and rapidly developing national financial context, there is a need for the Council to begin now to pro-actively progress developing a revised and responsive financial strategy to ensure the Council is able first and foremost to focus on maintaining financial stability in 2020/21. This will be a complex process, with limited clarity expected until firm announcements are made by the respective Governments later in the year.

8.4 Notwithstanding, it would be recommended that the Corporate Management Team begin to progress detailed preparatory work now and over the course of the summer to develop a range of key responses and options that will support the Council's considerations for a revised budget for 2020/21 and actions that will support a reframed medium term financial outlook. The objectives of the revised strategy will be to: -

- Understand the implications, for local government in Scotland and the Council specifically, emerging from any revisions to the UK national budget and the confirmed summer revision to the Scottish Government budget that are announced over coming weeks and months.
- Support the Council to make financial decision post summer that are focused on securing financial stability in 2020/21 in response to the immediate financial implications that have emerged from

COVID19 and the changed financial context from that which existed when the 2020/21 budget was set.

- Support the managed adjustment of spending plans and redirection of financial resources to re-align them with revised priorities identified by the Council as part of the COVID10 response, the TTIS phase and ultimately the recovery period.
- Ensure the council's medium-term financial planning is appropriately adjusted and re-framed for what is likely to be a new phase of materially changed and uncertain financial outlook for public spending across the UK and Scotland.

## **9 Renfrewshire Leisure**

9.1 Renfrewshire Leisure is an arms length organisation which is wholly owned by the Council. The company is also a registered charity. The company is responsible for managing its own financial affairs on a not-for-profit basis, however it is reliant on a service payment from the Council in respect of leisure and cultural services in order to fully cover operating costs which cannot be fully met through commercial operations.

9.2 Owing to the current lockdown, the majority of RL operations and facilities are closed – resulting in a position where little commercial income can be generated. Providing ongoing financial support to RL has and will continue to be recognised as part of the exceptional costs being experienced by the Council as a consequence of COVID19 and this is expected to continue for a period beyond when facilities re-open due to behavioural impacts on footfall use of facilities. RL is actively seeking to make savings wherever possible in order to offset losses, including the furloughing of relevant staff and mitigate the overall financial support requested from the Council.

9.3 In preparing their 2019/20 financial accounts, the RL board will be required to make active disclosures of the impact of COVID19 on the organisation. In addition, and in the context of the scale of commercial disruption to RL's cash generating activities, their external auditor will appropriately seek assurances over the financial going concern of the Trust in the following 12 month period covering 2020/21. In order to meet this requirement, a letter of support will be required to be provided by the Council, providing assurance that RL will over the course of 2020/21 be financially supported by the Council to offset the loss of commercial income due to COVID19 disruption providing financial security and

allowing the 2019/20 accounts to be completed on a continued going concern basis.

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## Implications of the Report

1. **Financial** – the report sets out a number of very significant financial implications for the Council in terms of its response to support individuals, families, businesses and communities deal with the effects of the pandemic. These implications are likely to fundamentally challenge the financial stability and sustainability of the Council in the short to medium term without substantial national government support, early planning and significant and decisive action being taken by the Council over coming months to adjust its revenue and capital spending plans that were approved in March 2020 prior to the significant onset of the COVID19 emergency.
2. **HR & Organisational Development** – n/a at this stage
3. **Community/Council Planning** – n/a at this stage
4. **Legal** – n/a at this stage
5. **Property/Assets** – the report outlines significant potential affordability challenges to the council's capital investment programme in both the short and medium term.
6. **Information Technology** – n/a at this stage
7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** - *none*
9. **Procurement** – *n/a*

10. **Risk** – the report outlines risks to the financial position of the Council and therefore the ability of the Council to continue to deliver services in a financial sustainable manner.
11. **Privacy Impact** - *none*
12. **Cosla Policy Position** – the Council is liaising regularly with COSLA in terms of a coordinated approach to the collation and sharing of financial information related to the Covid-19 pandemic and supporting critical ongoing engagement with the Scottish Government in relation to both immediate and longer term funding of local government.
13. **Climate Change impact** – *n/a*

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**Author:** Alan Russell, Director of Finance & Resources

	Revenue - General Fund £000s	Revenue - HRA £000s	Notes
<b>Table 1 - Immediate response costs</b>			
Childcare for key workers	375		
Other childcare costs	217		
Supply teacher additional costs	510		Additional costs to comply with national SNCT Circular
Sheltered housing additional support		170	
Homeless services	84		Block booked accommodation to support increased homelessness presentations
Free school meals cash payments	845		Gross cost to end of June - partly offset by school meal production savings below
Food & toiletries provision to vulnerable clients	360		Supplies costs only - no additional staffing costs as staff redeployed from other Council duties
Staff overtime/additional hours	668		Council wide based on costs estimated over 3 months
Staff PPE	270		PPE for non-HSCP staff
ICT support	133		Rapid deployment of additional laptops, increased licenses, wireless access etc to facilitate home working
Waste collection	270		Implementing social distancing measures on collection routes, plus increased household waste tonnages
<b>Sub-total</b>	<b>3,732</b>	<b>170</b>	

<b>Table 2 - Income loss</b>			
Council services - Fees and charges lost income	1,728		Wide range of sales, fees and charges lost due to lockdown arrangements e.g. letting, parking etc
RL lost commercial income	5,202		Note this assumes an initial 4 months lockdown with phased re-opening and a gradual behavioural led re-use of leisure facilities by the public as confidence grows across the community.
HRA rental income - assumed loss 20/21		782	Estimate based on 3 month lockdown impact plus several months to recover
Building Services	300	2,700	Potential income loss to building services while construction & maintenance is suspended
<b>Sub-total</b>	<b>7,230</b>	<b>3,482</b>	

	Revenue - General Fund £000s	Revenue - HRA £000s	Notes
<b>Table 3 - Savings from Areas of Reduced Spend</b>			
Reduced service provision - Council	(448)	(540)	Building services materials, utilities cost savings, school meal provisions saving
Reduced service provision - RL	(1,144)		Predominantly utilities savings
Savings arising from Furloughing of selected RL staff	TBC		This exercise remains ongoing with expected savings from March through to June subject to confirmation
<b>Sub-total</b>	<b>(1,592)</b>	<b>(540)</b>	

<b>Total additional cost (exc HSCP support)</b>	<b>9,370</b>	<b>3,112</b>
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<b>Table 4 - Consequential Costs</b>			
Increased bad debts	2,500		Across both sundry debt and prior years council tax
Delayed saving implementation 20/21	4,300		Disruption and wider support arrangements required for COVID19 will reduce significantly the Council's ability to progress the Right for Renfrewshire Change Programme. A detailed review of implementation will be required as the COVID19 response over the coming months becomes clearer which may reduce this estimated delay in savings over the coming months.
Council tax income - assumed loss 20/21 based on circa 9% loss against budget	7,500		This remains significantly unpredictable and will take a number of months to become fully apparent. This estimated figure is based on an overall 9% impact on budgeted income and will ultimately be driven by the cumulative impact from a number of factors including:  <ol style="list-style-type: none"> <li>1. Reduced new housebuilding completions that were budgeted due to stalled construction sites.</li> <li>2. Increased levels of CTR uptake reflecting increased eligibility flowing from higher unemployment levels.</li> <li>3. Reduced in year collection rate reflecting financial difficulties experienced by liable parties along with the decision to temporarily suspended follow up activity.</li> <li>4. The expectation of the need to increase the level of bad debt provision in closing the 2020/21 financial accounts to reflect the poorer recoverability of what will be a greater level of outstanding debt.</li> </ol>

<b>Consequential Costs</b>	<b>14,300</b>	<b>-</b>
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<b>Overall Revenue Impact</b>	<b>23,670</b>	<b>3,112</b>
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## External funding confirmed to date

Table 1 : Confirmed funding sources to support Council Services - Distribution confirmed	Purpose and uses of fund	Scotland-wide funding allocation £m	Renfrewshire allocation (where confirmed) £m	Notes
Hardship Fund	Barnett Consequentials of UK announcement to contribute to local authorities' own local resilience, support and hardship plans; non-ringfenced, no associated reporting and to be deployed as councils see fit.	50.000	1.632	This is currently the main funding source against which the Council's non-Health and Social Care-related additional costs and losses of income may be offset.
Food Fund	Support to organisations in the public, private and voluntary sectors to address issues of food insecurity, especially for older people, and families who may not be able to rely on free school meals.	30.000	1.063	Following agreement by COSLA Leaders, allocations to local authorities for £30m of the fund (£15m for continuity in each of (i) FSM provision and (ii) food for vulnerable groups) have now been confirmed. It is anticipated that any direct costs of food distribution to vulnerable citizens as part of the "shielding" project will also be eligible for support.
Registration services	To support additional costs of providing death registration services 7 days a week.	0.600	0.020	Funding distribution to be on the basis of population - exact amount tbc
		<b>80.600</b>	<b>2.715</b>	

Table 2 : Confirmed funding sources to support Council Services - Undistributed				
Increased eligibility for Social Security Benefits and Council Tax Reduction Scheme	Supplementary funding to meet an anticipated increase in applications for the existing Council Tax Reduction Scheme and Scottish Social Security Benefits - no details have yet been released as to the split of the £50m between these two areas	50.000	TBC	The element of the Fund provided in respect of CTRS remains to be confirmed and will be based on actual expenditure relative to existing funding provision - assuming half the resources were provided for CTRS Renfrewshire would expect to receive circa £0.8 million
Local Government Barnett Consequentials	Barnett consequentials of UK funding to local authorities in England and Wales; commitment to pass on funding in full provided by Scottish Government Finance Secretary	155.000	TBC	It has been confirmed this will be passed on to LG in Scotland but distribution and any specific use of the funds yet to be confirmed - based on normal distribution principles Renfrewshire would expect to receive circa £4.5 million - £5 million
		<b>205.000</b>	<b>-</b>	

<b>Table 3 : Funding Administered and Deployed by Councils on behalf of the Scottish Government</b>				
Business Support Fund	Targeted grants intended to help protect jobs, prevent business closure and promote economic recovery. These complement other measures in place to support business, including the Coronavirus Job Retention Scheme.	1,188.000	30.000	80% of the total funding provided early April, a balancing payment will be made later in the year such that expenditure incurred and funding received should result in no net cost to councils. Figures shown assume full take-up.
NDR relief	100% relief in 2020/21 for retail, hospitality and tourism-based businesses	950.000	TBC	The impact on Renfrewshire businesses will be confirmed once billing software has been adapted for these confirmed changes and revised billing produced for 2020/21
Freezing of effective NDR poundage	Relief provided such that poundage maintained at 2019/20 levels	50.000	TBC	
Hardship fund for self employed	The fund provides a one off £2,000 grant to newly self employed individuals suffering hardship due to coronavirus and who fail to qualify for any existing UK or Scottish Government support measures	34.000	1.032	60% of the funding allocated to councils initially with the remainder held back to meet adjustments required to meet actual local demand
Scottish Welfare Fund	Top-up of existing 2020/21 allocation to allow payment of additional Community Grants and Crisis Grants to those in immediate need, more than doubling the current level of the fund across Scotland; also includes sums to reflect relaxation of existing criteria to support those in "gig economy".	45.000	1.600	Only £22m of the Scotland-wide funding has been allocated to date, based on the current SIMD-related methodology; the remaining £23m will be targeted to areas of greatest need, with distribution arrangements to be agreed. This funding is not available to offset council response costs - The Council has received £0.782 million from the initial £22 million distributed to date and it is estimated that this will increase to circa £1.6 million on the distribution of the second tranche of £23 million.
		<b>2,267.000</b>	<b>32.632</b>	

<b>Table 4 : Funding distributed to other sectors to support Communities</b>				
Food Fund	Set aside for a nationally procured programme to deliver food for those who are unable to leave their homes due to being at highest clinical risk, known as the shielded group.	30.000	n/a	
Food Fund	Set aside for investment in third sector organisations that are responding to food insecurity both at a national and local level	10.000	n/a	
Third Sector Resilience Fund	Represents support to ensure the health and continued viability of the third sector organisations affected by cash flow and other problems, which have a key role to play in the overall national response	20.000	n/a	
Well-Being Fund	Support to help charities and others who require additional capacity to work with at-risk people who may be worst affected by the crisis, including homeless people and those experiencing fuel poverty.	50.000	n/a	Funding will be provided directly to third sector
Supporting Communities Fund	Funds used to support community efforts at a local level which will be vital to national resilience, including supporting people at risk because of age, isolation, carers, homeless people and asylum seekers and signposting people to sources of help such as applying for benefits.	40.000	n/a	Funding will be provided directly to community groups
Unallocated funding	Represents sums to be kept in reserve to allow swift and flexible responses to rapidly-changing circumstances.	25.000	n/a	
		<b>175.000</b>	<b>-</b>	
<b>Overall Total</b>		<b>2,727.600</b>	<b>35.347</b>	

