

Briefing Note: Overview & Scrutiny Committee

21 January 2021

Budget 2021/22 and Capital Programme 2021 to 2016

Summary of Significant Budget Changes Since the November 2020 Budget Report

1. Service Budgets

1.1 Final growth and savings proposals:

- Confirmation of deleted vacant posts – final position: 8.0 FTE - £300k saving in total
- Outcome of Revenues & Benefits service budget review – 2.0 FTE new posts (debt recovery and fraud) created offset by other post deletions; increased budget for casual staff; commercial income re-baselined; minor non-pay budget savings
- Communications Team – small budget increase for e-mail marketing technology
- Place Delivery – small final adjustment for reduction in forecast external funding support.

2. Central Budgets

- 2.1 Outcome of Treasury Management budget review – significantly lower than originally forecast - reflects a revised spending/borrowing profile, reduced interest rates and income from interest on company loans
- 2.2 Central provision for salary increases - £695k in total – including the agreed 1.3% rise
- 2.3 Other minor budget adjustments.

3. Council Tax & Business Rates (NNDR)

3.1 Forecasts have been more complex than in previous years:

- The COVID-19 pandemic will impact on taxbase forecasts – mainly through the increased number of claims for support
- Also the impact of previous years' Collection Fund deficit (after Government support) has to be taken into account in 21/22 income forecasts

- Recovery performance is likely to be lower than in previous years
- Offset in part by additional Government grants for 21/22

4. **Call on Reserves**

4.1 £235k call on the General Fund which is lower than the £530k forecast in November and significantly less than £1.256m in 2020/21.

4.2 Plus:

- drawing £104k – Government Funding Risks Reserve – to address Housing Benefit subsidy reduction
- drawing £138k – Commercial Risks Reserve – Travelodge rent shortfall and Revenues & Benefits external income reduction

5. **Provisional Settlement Announcement – COVID-19 Support**

5.1 COVID-19 pressures in 20/21 are currently forecast to be virtually 100% offset by Government grants and Fees & Charges claims; but the final position will not be confirmed until year-end.

5.2 There will be ongoing COVID-19 pressures for 21/22 – mainly income pressures (parking, waste, rents) and homelessness support costs.

5.3 Additional COVID-19 grant (£0.638m) and some Fees & Charges support has been announced for 21/22.

6. **Final Revenue Budget Summary**

Table 1	2020/21	2021/22	Budget Movement
Service Budgets	14.209	14.903	+0.695
Central Budgets	4.048	2.492	(1.557)
Net Budget Requirement	18.256	17.399	(0.862)
Council Tax	14.100	14.365	+0.265
NNDR	2.900	1.819	(0.348)
New Grants		0.734	
Earmarked Reserves	-	0.242	0.242
General Fund Contribution	1.256	0.235	(1.021)

Table 1	2020/21	2021/22	Budget Movement
Net Funding	18.256	17.399	(0.862)

7. Net Revenue Budget Reduction – Summary

Table 2	2021/22 £m	New Posts FTE
Services - Pay	0.101	+8.0/(8.0)
Services - Non-Pay	0.704	
Services - Income reductions	(0.110)	
Central Budgets – <i>including deletion of Headroom Contingency, central provision for Pay Award and outcome of Treasury Management review</i>	(1.552)	
Net Budget Reduction	(0.862)	-

8. Net Revenue Budget Funding Reduction – Summary

Table 3	21/22 £m
Council Tax – net income increase	0.265
Business Rates & Government Grants – net income reduction	(0.347)
Government Funding Risks reserve	0.104
Commercial Risks Reserve	0.138
Reduced Call on the General Fund Reserve	(1.022)
Net Funding Movement	0.862

9. 2021/22 COVID-19 Pandemic - Forecast Impacts & Funding

Table 4	21/22 £m
Estimated Income Losses	

Table 4	21/22 £m
COVID-19 – estimated 2021/22 income impacts <ul style="list-style-type: none"> Community Centres - £0.200m Harlequin - £0.050m Parking - £1.200m Commercial Waste - £0.160m Property Rents - £0.269m (new) COVID-19 – estimated 2021/22 income impacts <ul style="list-style-type: none"> Homelessness prevention - £0.100m 	1.879
Extra Government Support – Announced December 2020	
<ul style="list-style-type: none"> COVID-19 Grant funding (new) Q1 income claims – est (new) 	(0.638) (0.750)
Residual Income Losses to be funded by calling on the Government Funding Risks and Commercial Risks reserves (if no more Government Funding announced)	(0.591)

10. Forecast Reserves Balances at 31 March 2021

Table 6	Forecast Balance ¹ at 31 March 2021 £m
General Fund Balance	3.246
Other Earmarked Reserves	34.509
TOTAL	37.755²

NOTE

- Final balance depends on draw down of funds from Earmarked Reserves during the remainder of 2020/21
- Excludes new Reserve to be created for COVID-19 funding (balance to be confirmed at year-end)

11. Capital Programme – Additional Growth Proposals 2021/22 to 2025/26

Table 5	Growth 21/22 £m	Growth 22/23 £m	Growth 23/24 £m	Growth 24/25 £m	Growth 25/26 £m	Total
ORGANISATION SERVICES <ul style="list-style-type: none"> Corporate Resources – new technology projects ICT – disaster recovery 	0.300 0.200	- -	- -	- -	- -	0.300 0.200
PEOPLE SERVICES <ul style="list-style-type: none"> Harlequin – facilities 	0.100	0.100	0.100	0.100	0.140	0.540
TOTAL CAPITAL GROWTH	0.600	0.100	0.100	0.100	0.140	1.040

End.