

Summary

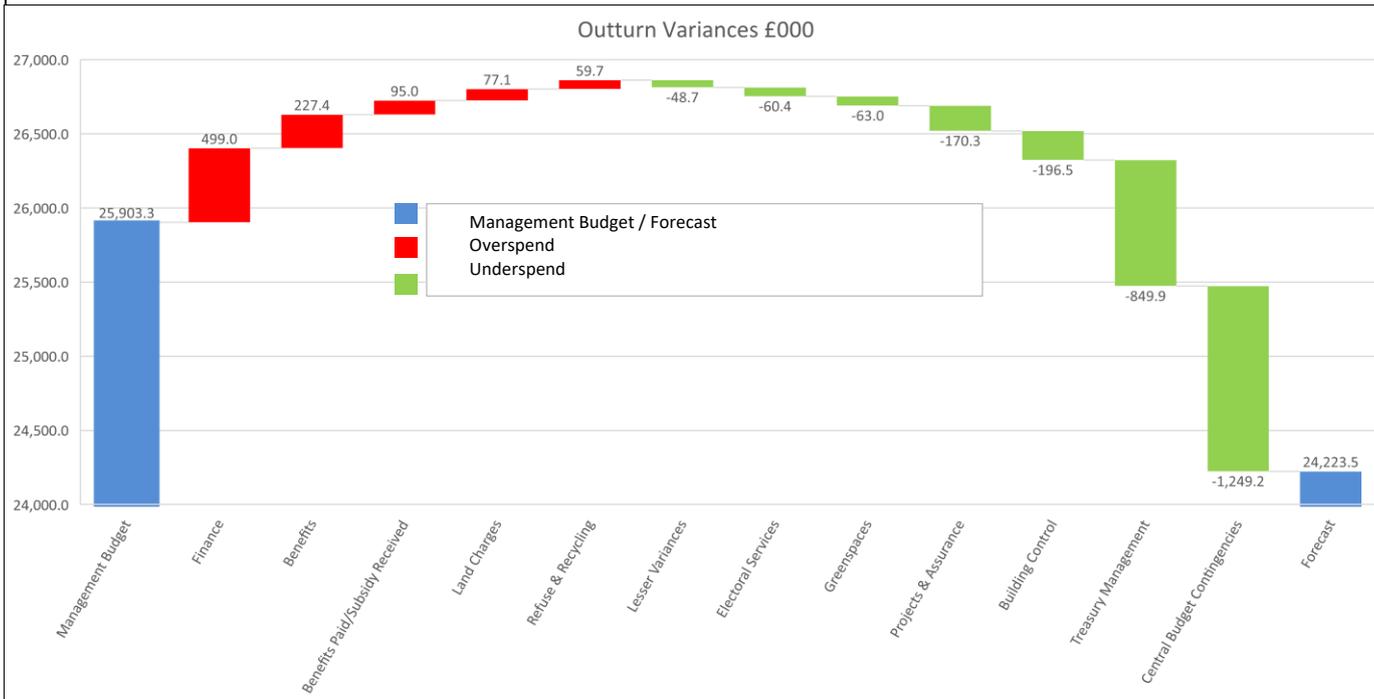
The full year forecast at the end of Period 3 for Service budgets is £0.380m (2.5%) higher than the management budget; the Central budgets are reporting £2.060m (21.7%) lower than budget, resulting in an overall forecast of £1.680m (6.5%) lower than budget.

Reconciliation of Original Budget to Management Budget for 2020-21

	£000	£000
Original Budget		24,459.6
Transfers from Reserves:		
Corporate Plan Delivery Fund	221.0	
Feasibility Studies (Commercial Ventures) Reserve	1,222.7	
CIL Funds	<u>0.0</u>	
		1,443.7
Management Budget		<u><u>25,903.3</u></u>

Headline Revenue Budget information 2020-21

	£000
Management Budget	25,903.3
Year End Forecast	<u>24,223.5</u>
Projected underspend	<u><u>(1,679.8)</u></u> (or -6.5% of the budget)



Forecast for Services is £380k over budget:

- Finance: £499k overspend is mostly attributable to the costs of interim staff covering vacant posts and additional support for the closure of accounts and advising on development projects. Permanent staff recruitment has now been completed with three of the permanent staff already in post and two expected to commence in August and October. The forecast includes some overlap to ensure adequate handover to permanent staff. The Head of Finance post is still covered on an interim basis. Other overspends relate to £60k increased cost of financial software and £23k transactional related charges from the Council's banking provider. These pressures will be addressed during 2021/22 Service & Financial Planning.
- Benefits Team and Benefits Paid/Subsidy Received: Combined forecast (excluding COVID-19 cost implication) is £322k over budget. The Head of Service currently expects around £219k of pressures to arise directly as a result of COVID-19 [reported separately within the COVID-19 section of this report]. A £95K reduction in Housing Benefit subsidy is expected due to an increase in private supported accommodation in the borough, for which the Council does not get fully reimbursed by the government. The subsidy rate on all Housing Benefit expenditure is expected to be 99.3% of net expenditure, less than the usual rate of 99.6% that was received in the years leading up to 2019/20. £155k of Printing & Software related cost pressures are expected to continue from 2019/20. This budget is being reviewed as part of the 2021/22 Service and Financial Planning process. Services carried out for other local authorities and some private entities are expected to make a net loss in 2020/21 as the service continues to build its contract base. This loss is currently forecast at £172k of which £80k is directly related to COVID-19 [reported separately within the COVID-19 section of this report] and £92k relates to the underlying trading position. Losses will reduce as more work is brought on stream and additional contracts are confirmed.
- Land Charges: Is reporting a £77k overspend. Levels of income from Land charges are subject to seasonal variation. There is a hope that income levels will increase as the year progresses but current forecasts indicate this may be optimistic.
- Refuse and Recycling: Expenditure: COVID-19 has resulted in £50k of additional expenditure and £43k of reduced income in this service area [reported separately within the COVID-19 section of this report]. The £59.7k overspend reported here is due to expected overspend on temporary staff amounting to approximately £55k and £4k of other minor variances.
- Electoral Services: Is reporting a £60k underspend. Elections will no longer take place in 2020/21 due to COVID-19 - the unspent budget will be carried forward to 2021/22.
- Greenspaces: COVID-19 is likely to result in around £91k of lost income [reported separately within the COVID-19 section of this report]. The underlying service area is likely to underspend by £63k, £54k of which is due to several vacant operative posts. It is anticipated that these vacancies will be filled in a few months.
- Projects and Assurance: £170k underspend is attributable to three vacant posts
- Building Control: Approximately £425k of COVID-19 pressures have arisen within this budget, largely relating to a reduction in forecast Planning Fee income [reported separately within the COVID-19 section of this report]. The underlying service forecast underspend of £146.9k is made up of £120k underspend on salaries (vacancies & maternity leave) offset by £180k of Consultancy to cover these posts and a forecast £197k Building Control underspend. The Building Control underspend relates to the provision in the budget for a partnership loss that is not currently expected to be drawn upon this year.

Forecast for Central items is £2.060m under budget

- Treasury Management: The £850k forecast underspend is due to the net effect of reduced income on-lending and investments. Includes interest on the second loan to Greensand Holdings Limited (for the purchase of land at Horley) that was not included in the budget forecast.
- New Posts Budget: £99k underspend, there are no plans to use the budget at this time
- Budget Contingencies: £1.15m underspend is forecast. There are no plans to use the budget at this time. Any shortfall in Government funding support for COVID-19 expenditure or income losses (Annex 3) or other significant unbudgeted costs will result on a call on this budget in 2020/21.

COVID-19 Budget Impacts

The Revenue Budget for 2020/21 that was approved in February 2020, was agreed before the impacts of the COVID-19 pandemic on the UK became apparent. It does not therefore consider the significant additional financial impacts that are now faced during 2020/21 on service income and expenditure budgets and on Collection Fund income forecasts for council tax and business rates.

In summary the financial impacts are forecast to be (details at Annex 3):

	£000
Additional grant support from Government and other funding contributions	(1.614)
Forecast additional expenditure	0.889
Forecasts income reductions compared to 2020/21 budget forecasts	3.749
Net financial impact if no further Government funding support is received	<u>3.024</u>

In July 2020 the Government announced additional support for councils experiencing income losses. This is subject to further validation as the details of how the funding will be allocated but is expected to result in further funding support that will offset up to 70% of income losses.

Options for Mitigation of COVID-19 Financial Impacts

The main options for mitigating the financial impacts of COVID-19 include:

- Continue to lobby Central Government for additional funding in recognition of the impacts on district Councils and their ability to deliver services. The Council is actively working with other councils and networks on this.
- Look to make offsetting savings and efficiencies where possible before calling on the Headroom Contingency Budget of £1.0m that is built into the 2020/21 Revenue Budget. This in turn would require a call on the General Fund Balance to release the resources to do so.
- Make use of other Earmarked Revenue Reserves to close the gap. This has implications for the projects and services that were intended to be funded from these resources.
- Potentially apply capitalisation to some of the costs and financial impacts to enable the Council to borrow and fund them on a long-term basis. Local authorities are lobbying for greater flexibility from Government in this area. This may include using capitalisation flexibilities to cover costs from forecast future capital receipts and could include making targeted asset sales to support this.

Further details on the potential impacts of COVID-19 on Council finances are presented in the Medium Term Finance Strategy 2021/22 which was reported to Executive on 27 July 2020.

1. General Fund Reserve

The General Fund Reserve acts as a buffer against unpredicted budget pressures

	£000	£000
Balance at start of year		8,949.0
Less: Transfers out for Pension Fund Lump Sum		4,693.0
Add Projected 2020/21 underspend		1,679.8
Anticipated balance at end of year before Reserves Review/Reallocations *		5,935.8
*Minimum General Fund Balance Required (15% of total Management Budget)	3,885.5	

2. Corporate Plan Delivery Fund (CPDF) Reserve

The Corporate Plan Delivery Fund Reserve provides time-limited funding to deliver key priorities, Corporate Plan objectives and invest-to-save initiatives, including investment in new technology.

		£000	£000
Balance at start of year			1,000.0
20-01 Principal Development Manager post	Place	68.0	
20-09 c/f Data Protection Compliance	Housing Services	15.6	
20-09 c/f Customer Relationship Management	I.C.T	8.8	
20-10 c/f Salaries	Community Centres	118.6	
20-11 Environmental Sustainability Strategy	Corporate Policy	10.0	221.0
<u>Capital</u>			
None			
Balance before any further transfers in year			779.0

3. Feasibility Studies (Commercial Ventures) Reserve

The Feasibility Studies (Commercial Ventures) Reserve is established to ensure that funding is available to prepare business cases and obtain external professional advice for new initiatives designed to deliver new capital schemes, including new sources of sustainable commercial income streams. Once a Capital scheme is approved by Executive, the costs can be capitalised and the funds will recycle back to the Feasibility Studies (Commercial Ventures) Reserve.

		£000	£000
Balance at start of year			1,934.4
FS 20-01 Feasibility work Horley High Street Car Park	Place	103.4	
FS 20-02 Delivering Change in Horley Town Centre	Place	83.3	
FS 20-03 Charitable Community Benefit Society feasibility study costs	Property & Facilities	8.5	
FS 20-04 Site appraisal costs	Property & Facilities	7.4	
FS 20-05 Property appraisal costs	Property & Facilities	37.2	239.7
<u>Capital</u>			
Project Baseball	Property & Facilities	983.0	983.0
			711.7

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Commentary
Simon Bland	Economic Prosperity	397.2	9.0	406.2	404.5	(1.7)	A small underspend is expected on salaries as one member of staff is currently filling a full-time post on a part-time basis. The current forecast assumes that the postholder will be full-time in the Autumn but the situation will continue to be monitored.
Kate Brown	Human Resources	764.4	0.0	764.4	764.4	0.0	While the forecast is currently in line with the budget the HR support requirements of the organisation are being assessed; the future forecast may be amended later in the year based on outcome if additional HR resources have to be brought in.
Richard Robinson	Housing Services	1,009.4	15.6	1,025.0	1,018.5	(6.5)	Small underspends at Q1. The nature of Bed & Breakfast and Temporary Accommodation spend is highly volatile so this forecast is subject to change as the year continues.
Doula Pont	Senior Management Team	1,127.4	(90.0)	1,037.4	1,029.6	(7.8)	Small underspend across multiple areas notably expenditure on travel fees and conference expenses
	Projects & Assurance	624.6	0.0	624.6	454.3	(170.3)	Underspends attributable to three vacant posts
	Corporate Support	182.0	0.0	182.0	139.7	(42.3)	In the first quarter there has been significantly lower demand for the purchase of office stationery and demands on postage. The current forecast expects these levels to have picked up and returned to normal by the end of the financial year.
Justine Chatfield	Community Development	406.2	0.0	406.2	416.5	10.3	£10k overspend, relates to expiry of third party grant income that has not yet been reflected in the service budget. This will be addressed during Service & financial Planning 2021/22.
	Partnerships	419.3	0.0	419.3	419.3	0.0	
	Community Centres	407.5	(9.6)	397.9	356.4	(41.5)	Forecast income has reduced by £261k compared to the original budget forecast due to closure of the centres during the COVID-19 pandemic. Other underspend relates to a reduction in cost of services (catering and activities) as a result of the closure with a predicted phased reopening of the Centres in September 2020.
	Voluntary Sector Support	295.1	0.0	295.1	295.1	0.0	
Peter Boarder	Place Delivery	292.8	274.7	567.5	565.8	(1.7)	
Morag Williams	Fleet	860.9	0.0	860.9	878.4	17.5	MOT income is predicted to reduce by £54k as a result of COVID-19 [reported separately within the COVID-19 section of this report]. The ageing fleet of waste vehicles gives rise to the £17.5k overspend and until they are replaced they will require increasing levels of expenditure on spare parts. These vehicles are planned to be replaced over a three year period beginning this year.
	Refuse & Recycling	1,211.3	0.0	1,211.3	1,271.0	59.7	COVID-19 has resulted in £50k of additional expenditure and £43k of reduced income in this service area [reported separately within the COVID-19 section of this report]. The £59.7k overspend reported here is due to expected overspend on temporary staff amounting to approximately £55k and £4k of other minor variances.
	Engineering & Construction	109.2	(50.0)	59.2	58.1	(1.1)	
	Environmental Health & JET	1,066.5	0.0	1,066.5	1,060.8	(5.7)	
	Environmental Licencing	(212.8)	0.0	(212.8)	(209.3)	3.5	£27.9k forecast reduction of Temporary Events Notices, Vehicles and Drivers licensing income due to COVID-19 is forecast [reported separately within the COVID-19 section of this report].
	Greenspaces	1,410.9	0.0	1,410.9	1,347.9	(63.0)	COVID-19 is likely to result in around £91k of lost income [reported separately within the COVID-19 section of this report]. The underlying service area is likely to underspend by £63k, £54k of which is due to several vacant operative posts. It is anticipated that these vacancies will be filled in a few months.
	Car Parking	(2,036.7)	0.0	(2,036.7)	(2,036.7)	0.0	COVID-19 is expected to have a material adverse impact on the income receipts this year. The service manager currently expects the loss to amount to £1.62m [reported separately within the COVID-19 section of this report]. No variance is expected in the underlying service area.
	Street Cleansing	991.9	0.0	991.9	988.7	(3.2)	

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Commentary
Catherine Rose	Corporate Policy	0.0	150.0	150.0	127.0	(23.0)	Underspend attributable to part year vacancy
Duane Kirkland	Supporting People Supporting Families Harlequin	157.5 90.0 351.4	0.0 0.0 0.0	157.5 90.0 351.4	157.5 90.0 327.6	0.0 0.0 (23.8)	£365k of income is 'at risk' due to COVID-19 [reported separately within the COVID-19 section of this report] It is expected that there will be some income received when the venue reopens but the Harlequin team reports that demand for tickets is currently low. Underspend reflects the reduction in budgeted levels of casual staff.
	Leisure Services	(93.3)	0.0	(93.3)	(117.2)	(23.9)	Forecast reflects the reduction in costs due to activities (e.g. Summer Programs for Kids, Run Reigate and Star For a Night) that will not be going ahead due to COVID-19. Waiver of the GLL leisure services management fee has been agreed until centres are allowed to reopen [reported separately within the COVID-19 section of this report]
Andrew Benson	Building Control Development Services Planning Policy	221.5 211.4 362.8	0.0 0.0 0.0	221.5 211.4 362.8	25.0 254.0 369.8	(196.5) 42.6 7.0	Approximately £425k of COVID-19 pressures have arisen within this budget, largely relating to a reduction in forecast Planning Fee income [reported separately within the COVID-19 section of this report] The underlying service forecast underspend of £146.9k is made up of £120k underspend on salaries (vacancies & maternity leave) offset by £180k of Consultancy to cover these posts and a forecast £197k Building Control underspend. The Building Control underspend relates to the provision in the budget for a partnership loss that is not currently expected to be drawn upon this year.
Carys Jones	Communications Customer Contact	609.9 389.1	(53.6) 0.0	556.3 389.1	539.6 372.9	(16.7) (16.2)	Underspend is attributable to a difference between budgeted and actual salary costs. Also a reduction in the cost of publishing Borough News Underspend is attributable to a difference between budgeted and actual salary costs.
Darren Wray	Information & Communications Technology	1,778.9	62.4	1,841.3	1,832.0	(9.3)	
Caroline Waterworth	Democratic Services Electoral Services Legal Services Land Charges Property & Facilities	850.1 442.7 792.2 (107.8) (1,691.0)	0.0 0.0 0.0 0.0 1,164.2	850.1 442.7 792.2 (107.8) (526.8)	843.1 382.3 829.6 (30.7) (501.4)	(7.0) (60.4) 37.4 77.1 25.4	Elections will no longer take place in 2020/21 due to COVID-19 - the unspent budget will be carried forward to 2021/22. The £37k overspend relates to the budgeted income target for advising on Section 106 which is now unachievable due to the work being outsourced to external providers. There are significant changes expected to recruitment and outsourcing, which are currently excluded from the forecast due to unavailability of accurate data at the moment. Levels of income from Land charges are subject to seasonal variation. There is a hope that income levels will increase as the year progresses but current forecasts indicate this may be optimistic. £237k of forecast rental income pressures as a direct result of COVID-19 [reported separately within the COVID-19 section of this report] An additional £34k of Rates costs is expected to be incurred on several properties as a result of RBBC taking over the management of community centres from Staywell from 1st April 2020.
Pat Main	Finance	1,159.5	0.0	1,159.5	1,658.5	499.0	Overspend is mostly attributable to the costs of interim staff covering vacant posts and additional support for the closure of accounts and advising on development projects. Permanent staff recruitment has now been completed with three of the permanent staff already in post and two expected to commence in August and October. The forecast includes some overlap to ensure adequate handover to permanent staff. The Head of Finance post is still covered on an interim basis. Other overspends relate to £60k increased cost of financial software and £23k transactional related charges from the Council's banking provider. These pressures will be addressed during 2021/22 Service & Financial Planning.

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Commentary
Simon Rosser	Benefits Paid/Subsidy Received	342.8	125.2	468.0	563.0	95.0	The Head of Service currently expects around £219k of pressures to arise directly as a result of COVID-19 [reported separately within the COVID-19 section of this report] The underlying service is currently forecast to overspend by £322k. A £95K reduction in Housing Benefit subsidy is expected due to an increase in private supported accommodation in the borough, for which the Council does not get fully reimbursed by the Government. The subsidy rate on all Housing Benefit expenditure is expected to be 99.3% of net expenditure, less than the usual rate of 99.6% that was received in the years leading up to 2019/20. £155k of Printing & Software related cost pressures are expected to continue from 2019/20. This budget is being reviewed as part of the 2021/22 Service and Financial Planning process. Services carried out for other local authorities and some private entities are expected to make a net loss in 2020/21 as the service continues to build its contract base. This loss is currently forecast at £172k of which £80k is directly related to COVID-19 [reported separately within the COVID-19 section of this report] and £92k relates to the underlying trading position. Losses will reduce as more work is brought on stream and additional contracts are confirmed.
	Benefits	(295.3)	(94.4)	(389.7)	(162.3)	227.4	
Total Services		14,899.5	1,503.5	16,403.0	16,783.3	380.3	2.3%
CENTRAL BUDGETS							
Pat Main Central Items	Insurance	482.1	0.0	482.1	495.3	13.2	Insurance contract cost are higher rate than anticipated when setting the budget due to late notification of the charges. This will be addressed during service & Financial Planning 2021/22.
	Treasury Management - Interest on Investments	(582.0)	0.0	(582.0)	(1,291.9)	(709.9)	Forecasts are based on current interest rates for on-lending and investments. Includes interest on the second loan to Greensand Holdings Limited (for the purchase of land at Horley) that was not included in the budget forecast.
	Treasury Management - Interest on Borrowing	922.0	0.0	922.0	818.0	(104.1)	Forecasts are based on interest payments relating to borrowing required to implement the capital program. Current Capital slippage is estimated at 21% therefore borrowing requirement is lower than originally forecast when this budget was set.
	Treasury Management - Interest on Trust Funds	36.0	0.0	36.0	0.0	(36.0)	Budgeted investment return unlikely to be achieved due to low interest in balances.
	Treasury Management - Minimum Revenue Provision	528.0	0.0	528.0	528.0	0.0	
	Employer Pension costs	6,579.0	0.0	6,579.0	6,579.0	0.0	This budget represent the three years' employer pension costs that have been paid in advance in 2020/21
	Apprenticeship Levy	71.4	0.0	71.4	71.4	0.0	
	Recruitment Expenses	40.0	0.0	40.0	40.0	0.0	Recruitment to five finance posts means that the budget allocation is already committed. Further recruitment spend will result in an overspend though at this time those costs are not confirmed.
	Corporate Human Resources Expenses	66.8	0.0	66.8	67.8	1.0	The level of spend on occupational health and training is forecast to rise as a result of COVID-19 [reported separately within the COVID-19 section of this report]. Other minor variances within the Corporate HR expenses make up the variance.
	Central Budget Contingencies	1,207.7	0.0	1,207.7	57.5	(1,150.2)	See analysis below.
	New Posts Budget	158.8	(59.8)	99.0	0.0	(99.0)	There are no plans to use the budget at this time
	External Audit Fees	50.3	0.0	50.3	75.1	24.8	Forecast is based on notified fees
Total Central Items excluding COVID-19		9,560.1	(59.8)	9,500.3	7,440.2	(2,060.1)	(21.7%)
Total Central Items		9,560.1	(59.8)	9,500.3	7,440.2	(2,060.1)	
Grand Total		24,459.6	1,443.7	25,903.3	24,223.5	(1,679.8)	(6.5%)

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Commentary
	Central Budget Contingencies						
	Miscellaneous salaries	150.2	0.0	150.2	0.0	(150.2)	There are no plans to use the budget at this time
	Headroom Contingency Budget	1,000.0	0.0	1,000.0	0.0	(1,000.0)	There are no plans to use the budget at this time
	Preceptor Grants	57.5	0.0	57.5	57.5	0.0	Any shortfall in Government funding support for COVID-19 expenditure or income losses (Annex 3) or other significant unbudgeted costs will result on a call on this budget in 2020/21.
	Central Budget Contingencies	1,207.7	0.0	1,207.7	57.5	(1,150.2)	

The Revenue Budget for 2020/21 that was approved in February 2020, was agreed before the impacts of the COVID-19 pandemic on the UK became apparent. It does not therefore consider the significant additional financial impacts that are now faced during 2020/21 on service income and expenditure budgets and on Collection Fund income forecasts for council tax and business rates.

Additional COVID-19 Income & Grants

At the time of preparing this report the Government allocated the following additional funding to support the authority in delivery of its COVID-19 Response and to help mitigate the impacts of income losses. In addition contributions have been received from other sources including Surrey County Council.

COVID-19 Sources of Funding		
COVID-19 Funding Received to Date	Actual @ P3 £m	Funding Description
MHCLG Emergency Grants - Allocation 1 (March 2020)	(0.042)	Equates to 64p per household
- Allocation 2 (May 2020)	(1.481)	Equates to £22.70 per household
Other Grants & Contributions	(0.091)	Includes: - Surrey County Council contribution towards accommodation for Rough Sleepers - Raven Housing Trust Donation towards Foodbank - Renewed Hope Trust contribution towards Foodbank - Mayor's Trust Fund Contribution - Income from Temporary accommodation - Other income relating to Food Packs - Income from Temporary Accommodation
Total	(1.614)	

COVID-19 Expenditure

Since the outset of the pandemic the Finance Team has been tracking the financial impacts of the Council's COVID-19 response. New cost codes have been established to identify expenditure and an income and expenditure impacts model has been set up.

The financial impacts have been modelled based on lockdown restrictions lasting for four months from April to July 2020 in line with the parameters specified in the MHCLG's monthly COVID-19 financial impacts monitoring return. These assumptions are subject to regular review. The figures quoted in this report for cost and income pressures are based on actual figures and full-year forecasts at the time of preparing the 31 July MHCLG return.

The forecast additional expenditure for 2020/21 is summarised in the table below which follows the categories specified by MHCLG for the monthly financial data return:

MHCLG Expenditure Category	Forecast @ P3 £m	Expenditure Details
Housing Rough Sleepers	0.184	- Temporary Accommodation - B&B and Donyngs Accommodation
Environment & Regulatory - Waste Management	0.034	- Vehicle Hire
Finance & Corporate	0.511	- Staff redeployment to Support Relief Work - Staff remote working – IT systems and support - Health and Wellbeing support for Staff - Data Team support for response and recovery work - Staff Overtime
Other - PPE (non-Adult Social Care)	0.063	- PPE purchases
Other	0.098	- Support for Shielded Residents – including welfare calls, visits, foodbank and meals - Publicity materials – e.g. social distancing banners
Total Expenditure	0.889	

MHCLG Income Category	Forecast @ P3 £m	Income Details
Cultural & Related Sales, Fees & Charges income	0.570	- Harlequin – income reduction - Community Centre – income reduction - Leisure Services Provider Management Fees Waiver
Planning & Development	0.425	- Reduction in Planning Fee income
Other Sales, Fees & Charges income	1.892	- Reduction in Car Parking Income - Reduction in Rev and Bens Income from 3rd Party Clients - Reduction in Land Charges Income
Commercial Income	0.317	- Reduction in Rev and Ben income from external clients - Reduced rent income from Travelodge - Reduced rent income from other tenants
Other Income losses	0.545	- Trade Waste Income Shortfall - Green Spaces Related Losses
Total	3.749	

COVID-19 Agency Payments - Business Grants

In April 2020 the Government (Department for Business, Energy, Industrial Strategy) paid £23.8 million to the Council to administer the business support grant scheme followed by a further £0.422m in June - £24.222 million in total.

To the end of June (P3) £21.940 million has been paid to local businesses through the first round of grants which was only available to companies on the rating list at mid-March 2020.

The Government subsequently announced an extension to the scheme (up to £1.156 million) for those businesses who may pay rent to a landlord, which includes rent and a contribution to rates. For that reason, they would not appear on the rating list. To date over £0.800million has been paid.

Any residual unallocated funds when the scheme ends on 28 August are to be repaid to Government. These funds are administered on an 'agency' basis for Government therefore the grants have no impact on Council budgets other than receipt of a £0.130 million grant towards the costs of administering the scheme.

COVID-19 - Collection Fund Impacts

The in-year cash flow impact of business rate and council tax income shortfalls will be accounted for through the Collection Fund and eventually impact on the budgets of all precepting authorities (the County Council, the Police & Crime Commissioner and the Government), as well as this Council in 2021/22 onwards.

The main risks to income levels relate to the ability of households and businesses to pay their taxes during a post-COVID-19 economic downturn. Over the short-term the Government has provided £0.737 million additional hardship funding for council taxpayers and £19.391 million additional business rates reliefs which have mitigated many of the immediate impacts. Over the medium to longer term it is difficult at present to forecast the impacts on collection rates. The Government has announced that recovery of 2020/21 Collection Fund deficits can be spread over three financial years and has indicated that funding may be made available to offset some of this loss but the details are yet to be confirmed.

At the July 2020 MHCLG return the forecast risk to the Collection Fund from COVID-19 was £10.137 million, comprising £3.4 million in potential business rate bad debts and £6.2 million council tax losses. However the actual position will not be known until much later in the year.