

Appendix B

Balancing 2021/22 Budget

		£000 (Reduction)/ Increase in Budget Gap
2021/22 Budget Gap (as presented to Finance Council in February 2020)		2,784
INCOME		
Business Rates:		(1,460)
Comprising:		
<i>Increase in Grant - the assumption at Feb 2020 was that a new Business Rates Retention Scheme would be in place, by which 75% of business rates would be retained locally, offset by a corresponding reduction in grant funding (i.e. a reduction in RSG and Top-up Grant). As a new scheme is not yet in place, the actual retention rate remains at 50% and as such the actual government grant funding is correspondingly higher than that assumed at this point last year</i>	(10,822)	
<i>Reduction in Business Rates retained locally - as described above, this is due to the Business Rates Retention Scheme remaining unchanged at 50%</i>	10,430	
<i>Business Rates Collection Fund Deficit 2020/21- mainly due to Business Rates Reliefs introduced by Govt</i>	7,345	
<i>Section 31 Government Grant provided in 2020/21 to offset the element of the Collection Fund Business Rates Deficit due to Business Rates Reliefs awarded</i>	(8,413)	
Council Tax:		772
Comprising:		
<i>The increase in the budget gap reflects the reduction in the amount of Council Tax income expected in 21/22 due to; an increase in the number of Council Tax Support Claimants and a 1% reduction in collection rate, compared to the assumption made in February 2020</i>	1,331	
<i>Council Tax Collection Fund Deficit 2020/21</i>	538	
<i>Adult Social Care Precept - Government has introduced the option for Councils to apply an Adult Social Care Precept of 3% in 21/22. Given the economic climate, the recommendation is for Council to apply a 2% precept in 21/22 and the balance of 1% in 22/23. This will be applied to offset the increase in costs in ASC.</i>	(1,097)	
Other Grants:		(2,349)
Comprising:		
<i>New Lower Tier Services Grant - a non-recurring grant provided by Government in 21/22 to support the costs of areas such as leisure and environment.</i>	(317)	
<i>The Council has received a share of £300million made available nationally to be spent in 21/22 on adults and childrens social care.</i>	(1,645)	
<i>New Homes Bonus - the increase is above the level forecast for 21/22 back in February 2020.</i>	(167)	
<i>Other grants</i>	(220)	
Support provided and retained in Ear-marked Reserves for future use		0
Comprising:		
<i>Covid-19 Grant - this is the 5th tranche of general government support for the additional costs / loss of income due to the pandemic provided for 2021/22</i>	(5,125)	
<i>Covid-19 funding transferred to ear-marked reserves for allocation against costs and losses of income over the course of 2021/22</i>	5,125	
<i>Grant to support the losses in council tax income due to the increase of Local Council Tax Support claimants</i>	(2,126)	
<i>Local Council Tax Support Scheme funding transferred to ear-marked reserves to fund an increase costs in this area and to provide support to residents in financial hardship</i>	2,126	
Revised Budget Gap for 2021/22		(253)
EXPENDITURE		
<i>Reductions in the level of contingency funding held</i>		(4,330)
<i>Inflationary uplifts in costs (incl National Living Wage), pension contributions and the increase in the pay awards compared to the level budgeted for in 2020/21</i>		6,251
<i>Decrease in the revenue costs of funding the capital programme following a review of Treasury Management borrowing requirements and in the accounting policy in respect of the Minimum Revenue Provision</i>		1,661
<i>Financing for capital schemes from Section106 contributions and other earmarked reserves</i>		(3,381)
<i>Replenishment of Unallocated Reserves</i>		52
2021/22 Budget Gap/(Surplus)		0

The table above summarises the way in which the Budget Gap for 2021/22 (as presented in the MTFs to Finance Council back in February 2020) has changed over the past 12 months to produce a balanced budget as required by statute.