

REPORT TO THE EXECUTIVE



DATE	15th February 2021
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	Howard Hamilton-Smith
TEL NO	(01282) 477173
EMAIL	Hhamilton-smith@burnley.gov.uk

Revenue Budget 2021/22

PURPOSE

1. To consider the estimates of revenue income and expenditure for 2021/22 and to make recommendations to full Council about next year's Revenue Budget.

RECOMMENDATION

2. The Executive is recommended to adopt the following resolution:

That Full Council be recommended to:

- i) Endorse the approach that has been adopted in developing budget proposals that reflect the Council's Strategic Objectives for 2021/22;
- ii) Approve the proposals contained in this report;
- iii) Set a Council Tax Requirement of £7,266,131 for the financial year 2021/22;
- iv) Set a Net Budget Requirement of £15,415,612 for 2021/22;
- v) Receive and consider the statutory report issued by the Head of Finance and Property under the Local Government Act, 2003;
- vi) Authorise the Chief Operating Officer/Heads of Service to progress action plans to deliver the 2021/22 budget;
- vii) Approve a Council Tax (Band D) figure of £312.28 for this Council for the year commencing 1st April 2021 and adopt the statutory resolution to set the full Council Tax for the year. This is equivalent to a 1.99% Council tax increase.

REASONS FOR RECOMMENDATION

3. To fulfil the Council's statutory obligation to calculate its Council Tax requirement as set out in Section 31A of the Local Government Act 1992 (as amended by section 74 of the Localism Act 2011).
4. To set a balanced budget for the financial year 2021/22 that ensures the viability of the Council and aligns resources to the Council's strategic priorities.

SUMMARY OF KEY POINTS

BACKGROUND

5. This report summarises the key issues that elected Members will need to consider when finalising the Revenue Budget 2021/22. Under the constitution it is the Executive's duty to present detailed recommendations for Full Council to consider. The following appendices are related to the report.

Appendix 1	General Fund Revenue Summary 2021/22
Appendix 2	Growth
Appendix 3	Further Savings
Appendix 4	Equality Impact Assessment

6. The schedule of proposed fees & charges, which forms an integral part of the budget process, was approved at the meeting of Full Council on 16th December 2020.
7. The proposals contained within this report have been developed as a result of discussions and presentations at various Member and officer forums.
8. The Local Government Act 2003 sets out the requirements for sound financial management. Section 25 is particularly relevant when the budget and Council Tax for the coming year are being set. It requires the Chief Financial Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. This report is contained elsewhere on your agenda.
9. This budget has been developed following the principles set out in the Council's Medium-Term Financial Strategy. The strategy emphasises the need to focus on the use of the Council's resources towards achieving the Council's stated objectives.
10. The Council has adopted an approach to producing the budget based upon the relative priority of all the services. However, at the heart of the Council's financial planning is a savings plan aligned to strategic intent.
11. In view of the tight financial constraints within which the Council has operated in recent years, there is little scope for growth in service provision. Appendix 2 shows further limited growth proposals.

SUMMARY OF THE REVENUE BUDGET POSITION 2021/22

12. The proposed net revenue budget for 2021/22 is as set out in the table below:

SUMMARY OF THE REVENUE BUDGET POSITION 2021/22		
Net Revenue Budget - original 2020/21		15,693
Savings approved at previous Council Meetings		79
Proposed Growth - Appendix 2		731
Savings on the re-tender of insurance services		(75)
Increase to MRP payable based upon capital schemes		233
Additional PWLB interest payable based upon planned future borrowing		162
Additional Investment income		(90)
Income pressures		31
Additional Fees & Charges income generation		(11)
Movements in Earmarked Reserves		(1,361)
Further Savings Proposed - Appendix 3		(102)
Increase to salary savings target		(20)
Increase to non salary savings target		(20)
Parish Precepts*		166
Net Budget Requirement		15,416
<u>Government Settlement Funding Assessment</u>		
Revenue Support Grant		1,649
Business Rates Baseline		4,265
New Homes Bonus		564
Council Tax Yield		7,266
Collection Fund Deficit - Council Tax		(41)
Collection Fund Deficit - NNDR		(591)
Council Tax - Parish Precepts*		166
<u>Business Rates in addition to Baseline Funding</u>		
Additional Business Rates above baseline	1,219	
Renewable Energy	248	1,467
Business Rates Multiplier Inflation Cap		222
Lower Tier Services Grant		182
Council Tax Support Grant		267
		15,416

- Please note that the Parish Precept figure is provisional. Any changes to this figure will not affect the Net Budget Requirement of the Council as the council acts as an agent in collecting the precept income and distributing it to Parish Councils.

13. **LOCAL GOVERNMENT PROVISIONAL SETTLEMENT**

The local government provisional settlement was announced in December 2020 and is likely to be confirmed February 2021. Any settlement figures included within this report are based upon the provisional settlement figures.

15. Spending Power
The calculation of Spending Power only includes Revenue Support Grant, Business Rates, New Homes Bonus and Council Tax. The Council's Spending Power will increase by 2.6% in 2021/22 (3.5% increase in 2020/21). This compares to an England average of 4.5%.
16. Settlement Funding Assessment (SFA)
SFA is set by the Government and comprises Revenue Support Grant (RSG - the general grant funding to local authorities) and the Baseline Funding Level for business rates income. The Council was a member of the 50% Lancashire Business Rate Pool in 2020/21 and will continue to be a member in 2021/22.
14. New Homes Bonus
In the 2017/18 finance settlement the Government reduced the funding period for NHB from six years to five years and then to four years in 2018/19 onwards for existing and new awards commencing in 2017/18 which will accelerate the rate at which this grant reduces.
15. In addition, from 2017/18 the Government set a baseline for housing growth of 0.4% of a Council's existing tax base below which no NHB grant is payable. The baseline has remained at 0.4% for 2021/22.
16. As announced in the 2020/21 finance settlement, the New Homes Bonus allocation for 2020/21 was for one year only, rather than for a period of four years. This change in policy remains unchanged for 2021/22, with the 2021/22 allocation being for one year only also.

BUDGET SAVINGS IDENTIFIED

17. Following the announcement of the provisional local government finance settlement for 2021/22 further budget savings have, as is usual, been identified. It is expected the final finance settlement for 2021/22 will be announced by Government in February 2021. Appendix 3 shows the savings identified to balance the 2021/22 budget based on the provisional settlement.

GROWTH PROPOSALS

18. Given the continuing and sustained budget pressures being faced, there is very little scope for continuing growth unless the Council's priorities demand new spending in key areas. A balanced approach needs to be taken to ensure priority issues are achieved.
19. Consequently, five items of revenue budget growth are included within the proposals for 2021/22. The growth items are shown in Appendix 2 for information and have been included within the revenue budget for 2021/22. Details of each growth item can be seen below:
 - Repairs & Maintenance Budget Increase – increase to the general repairs & maintenance budget by £20k for 2021/22, with an additional £10k increase in 2022/23. This is the second year of the three-year agreement to increase the general repairs and maintenance budget, with the year one (2020/21) increase being £15k. This is required to continue to maintain the Council's large and diverse estate of buildings to keep them in good repair and to be able to carry out further preventative repairs and maintenance where needed.
 - Software maintenance costs – annual software maintenance costs of £11k following the purchase of a cloud-based case management system within Legal Services.

- Climate Change Emergency - The Council is well all aware of the requirements on all stakeholders to ensure that they contribute towards combating the climate crisis. As well as the existing initiatives that the Council has introduced or will be introducing as part of this budget, a further £50k has been set aside towards any in-year proposals.
- Community Recovery Fund – to set aside £100k to continue to support the Community Recovery Plan. A key focus of the Community Recovery Plan has been the development of the Burnley Together Hub which has been operating since the start of the Covid-19 pandemic. The Community Recovery Plan will complement Economic Recovery and Growth Strategy.
- Business Hardship Fund – to create a fund of £500k which will be open to businesses in key sectors that either provide an important service to the borough or provide a significant economic/employment benefit and are facing significant and potentially longer-term financial difficulties due to the COVID 19 pandemic.
- Streetscene Initiatives - to set aside a flexible fund of £50,000 for 2021/22 to target issues aimed at maintaining clean streets within the borough (this could include (without limitation) additional cleansing or targeted enforcement activities). This will help the Council achieve one of its strategic objectives to maintain a clean, safe, attractive and environmentally friendly borough.

COUNCIL TAX

20. The proposals in this paper assume that the Council's Band D council tax will increase by 1.99% from the 2020/21 level of £306.19 to £312.28. This level of charge will yield an estimated total income of £7,266,131.
21. Guidance has been received from central government on the criteria for council tax increases that would trigger a local referendum. This guidance indicates that "if an authority's relevant basic amount of council tax is excessive a referendum must be held in relation to that amount". For 2021/22, the relevant basic amount of council tax of a shire district Council is excessive if the authority's relevant basic amount of council tax for 2021/22 is 2%, or more than 2%, greater than its relevant basic amount of council tax for 2012/21.
22. The financial impact each year of not increasing Council Tax at all is an additional pressure of around £142k, assuming a 1.99% rise is foregone. Over the five-year Medium Term Financial Strategy period this would result in loss of income of £746k. The increase is required to protect the services provided by the Council, to fund economic and community recovery initiatives required as a result of Covid-19 and the impact of ongoing financial pressures resulting from the pandemic faced by the Council.

BUSINESS RATES

23. The expected amount of business rates to assist in funding the Council's spending next year is included as part of the Government's 2021/22 funding provisional settlement. The business rates multiplier has been frozen for 2021/22 which means that the three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remain at 2020/21 levels, which is £4.265m (please see paragraph 29 for further details). It is also expected that the Council will receive Business Rates in excess of the announced figure – an extra £1.219m, as can be seen in the table at paragraph 12.

24. The indicative figure from the Government for business rates relates to the system of business rates retention involving a distribution of rates collected to the Council, the County Council, the Combined Fire Authority and Central Government. Some elements of business rates are however fully credited to this Council. One element of business rates which falls within this category is sustainable energy. A sum of £248k is estimated to be receivable next year in respect of sustainable energy business rates which are a significant factor in balancing the revenue budget in 2021/22 and future years. This is the same amount that was received in 2020/21.
25. For 2021/22 Burnley remains a member of the Lancashire Business Rates Pool which was formed in 2020/21 and allows constituent members to come together and be treated as a single member of a business rate pool to combine their funding calculations under the business rate scheme, effectively adding their numbers together for all elements of the funding calculation, such as the tariff and top-ups. The benefit to be gained is that collectively, it produces a lower percentage levy calculation. Each authority continues to retain the growth in its business rates income that it would have retained as an individual authority outside of the pool. However, as part of a pool the Council would no longer be required to pay any levy to Central Government. The Lancashire application sets out what the tier splits would be for each member.
26. As part of the ongoing consultation around the new business rate retention proposals, the Government is proposing a reset, or partial reset, of the amount of Business Rates each Council expects to receive. A reset would mean that any previous growth in business rate income above the expected amount, achieved under the existing system, would be lost. This would mean an additional pressure on Council's that had used any excess Business Rates income when balancing their annual budgets. It is expected that the new system of accounting for Business Rates will come into effect in 2023 and will be based on property values as at 1st April 2021. However, details at this stage of how funding will affect Burnley is not yet known.

COLLECTION FUND DEFICIT

27. Council Tax Element

A surplus or deficit can arise for two reasons, namely:

- i) The Council's share of a variation in the amount of Council tax that is actually due and charged for the year in question compared with the figure assessed when the Council tax base for the year is calculated.
- ii) The Council's share of a variation in the amount that needs to be provided for taxes that the Council is unable to recover in each financial year.

Due to the impact of the Covid-19 pandemic on the local economy, this year's calculation has produced an overall deficit figure of £845k of which this Council's share is £133k. This is 15.7% as a proportion of the overall total. As mentioned in paragraph 35 the Government has announced that the deficit can be spread over three years (rather than 2 years as present). This reduces the deficit for 21/22 to £44k. Due to a prior year surplus the total deficit charge for 21/22 is £41k.

As part of the provisional settlement the Government announced the 75% Collection Fund Compensation Scheme which will compensate local authorities for 75% of irrecoverable

collection find losses. Local authorities will fund the balancing 25%. Council tax irrecoverable losses relate to 2020/21 only. Please see paragraph 37 for further details.

28. **NNDR Element**

A surplus or deficit can arise for three reasons, namely:

- i) NNDR base is larger or smaller than originally anticipated (reasons include properties coming on and off the valuation list (e.g. as a result of redevelopments), appeals by businesses to rating valuations.
- ii) In year collection rates are higher or lower than expected,
- iii) Arrears collection rates are higher or lower than expected

Again, due to the impact of the Covid-19 pandemic on the local economy, this year's calculation has produced an overall deficit figure of £964k of which this Council's share is £386k. As mentioned in paragraph 35 the Government has announced that the deficit can be spread over three years (rather than 2 years as present). This reduces the deficit for 21/22 to £129k. Due to a prior year deficit the total deficit charge for 21/22 is £591k.

29. As part of the provisional settlement the Government announced the 75% Collection Fund Compensation Scheme which will compensate local authorities for 75% of irrecoverable collection find losses relating to 2020/21. Local authorities will fund the balancing 25%. Further details of the scheme can be found in paragraphs 37 – 40.

BUSINESS RATES UNDER-INDEXING MULTIPLIER GRANT

30. As mentioned in paragraph 23, the business rates multiplier has been frozen for 2021/22 remaining at 49.9p which means that the three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remain at 2020/21 levels (£4.265m). To compensate, the under-indexing multiplier grant has been increased, in order that local authorities do not lose what would have been the increase to the business rate multiplier. The grant awarded to Burnley is £222k.

LOWER TIER SERVICES GRANT

31. A new un-ringfenced lower tier services grant of £111m was announced as part of the Spending Review to ensure that no authority has a total Core Spending Power less than in 2020/21. This is a one-off grant for 2021/22 year only of which Burnley is to receive £182k. The grant has been allocated using shares of lower tier funding within the 2013/14 Settlement Funding Assessment levels (£86m) along with a funding floor (£25m) to ensure no authority has a total Core Spending Power less than in 2020/21.

COUNCIL TAX SUPPORT GRANT

32. An un-ringfenced grant aimed directly at supporting councils to meet the anticipated additional costs of providing Local Council Tax Support in 2021/22, resulting from increased unemployment was announced as part of the Spending Review. Funding of £670m is to be allocated to individual billing and precepting authorities based on two factors, the average number of working age claimants at Q1 and Q2 for 2020/21 and

average council tax levels. The funding is not trying to replicate what will be the eventual cost of any increase to claimant numbers (which could be higher or lower nationally and locally). Burnley's grant allocation is £267k.

COMMERCIAL STRATEGY & FEES AND CHARGES

33. The Council has developed and approved a commercial strategy. This is intended to promote a more commercial approach to the Council's business and finances and reflects the changed environment in which the Council now operates with the establishment of major contracts for service delivery including the strategic partnership with Liberata. Part of this commercial approach is linked to maximising where possible the income which the Council receives from fees and charges. Further work will be undertaken in 2021/22 in this area.
34. During the budget process, it has been assumed that income budgets would increase in 2021/22 reflecting a corresponding increase, where practicable, in fees and charges levied. Heads of Service were therefore asked to review their fees and charges in the context of an assumed minimum overall increase of 2.5% in income generated except in areas where it was considered that no increase should take place. It was decided that the increase should take effect from 1st April 2021, rather than 1st January as in previous years. The tariff of fees and charges mainly effective from 1st April 2021 was approved by Full Council on 16th December 2020. The estimated additional increase in income in 2021/22 as a consequence of the approved increases is £11k.

COVID-19 PANDEMIC

35. The impact of the Covid-19 pandemic on the 2021/22 budget and future years is unknown. The extension of the furlough scheme to April 2021 and the ongoing financial support given to local businesses is helping to support the local economy, however it is unclear what the impact will be once these support packages end. A Covid-19 reserve has been set up using financial support received from Central Government in 2020/21 into which is it forecast £860k will be deposited during 2020/21. The reserve can be called upon when required to fund any related additional expenditure or loss of income and to provide funding for recovery initiatives.

The Government has introduced a series of financial measures to assist local authorities and their residents/businesses during 2021/22. These consist of:

Collection Fund Deficit

36. The Government has announced an intention to allow 2020/21 collection fund deficits to be spread over three years (currently two years).

Presently the estimated surplus/deficit on the collection fund for the 2020/21 financial year (calculated as at January 2021) will be recovered in 2021/22 and the variance between the estimate and final outturn recovered in 2022/23.

Under the new proposals the estimated surplus/deficit calculated as at January 2021 will be spread over three financial years in equal proportions. The variance between the estimated surplus/deficit and the final outturn will continue to be recovered in 2022/23.

Authorities do not have the discretion to opt out of this scheme and it is compulsory to spread any deficit.

75% Collection Fund Compensation Scheme

37. As part of the November 2020 spending review the Government announced an intention to compensate local authorities for 75% of irrecoverable collection fund losses, with local authorities funding 25% of the loss.
38. The compensation guarantee for council tax will predominantly cover expected council tax liability at the time of budget setting for 2020-21, which did not materialise. The compensation will be for net collectable debt adjustments relating to 2020/21 only which may have occurred for example, due to an increase in local council tax support costs or unachieved council tax base growth.
39. The compensation guarantee for NDR includes the movement in bad debt provision between NNDR 1 estimate and NNDR 3 actual and will also include any prior year adjustments effected in 2020/21.
40. Central Government expects billing authorities to continue appropriate collection and enforcement action for outstanding collection fund debt in the usual way. The final amount of compensation will be based on the 2020/21 Quarter 4 Return of Council Taxes, National Non-Domestic Rates (NNDR) & Localised Council Tax Support (LCTS).

Fees and Charges Compensation Scheme

41. The fees and charges compensation scheme was introduced in 2020/21 and has been extended for the first quarter of 2021/22. Where income losses are more than 5% of a council's planned income from sales, fees and charges, the Government will cover them for 75p in every pound lost.

STRATEGIC EARMARKED RESERVES AND GENERAL FUND RESERVE

42. It is important that, when considering the Revenue Budget, due consideration is given to the levels of strategic earmarked reserves that are available and held for future liabilities. The General Fund reserve is held to provide a working balance to help cushion the impact of unexpected emergencies and uneven cash flow.
43. The table below shows the anticipated use of strategic reserves for 2021/22 and later years. The overall forecast position on reserves is shown in the table below. This includes all strategic earmarked and general reserves. The forecast below includes current approved and future commitments, future anticipated spend and future anticipated income into the reserves. This table excludes any reserves held for specific operational reasons:

	Strategic Earmarked Reserves £'000	General Fund Reserve £'000	Revenue Support Reserve £'000	Total £'000
Balance as at 01/04/20	3,932	1,379	404	5,715
Approved use to Q3 2020/21	(902)	0	130	(772)
Balance available after approvals as at Q3	3,030	1,379	534	4,943
Future commitments and risk	(2,713)	0	1,084	(1,629)
Balance remaining as at 31/03/26	317	1,379	1,618	3,314

44. The Revenue Support Reserve is essential to provide resilience for the Council in light of reduced funding. As the authority adjusts to meet the pressures of reductions in Government funding, it has become increasingly challenging to produce savings annually as the authority contracts in resource and size. Savings proposals will carry more risk of successful implementation, whether they are income or expenditure related. The Revenue Support Reserve will be required to provide temporary mitigation for some of these risks. However, the purpose of the reserve is also to temporarily provide for unanticipated reductions in income, provide for unexpected revenue spend and to support shortfalls in major capital projects beyond their business cases and after their allocated reserves are exhausted. There is a 10-year programme to build-up this reserve from the General Fund. However, for clarity only 5 years of this programme is shown in the above table to align with the timeframe of this MTFS.

RISK ASSESSMENT

45. A risk assessment has been carried out on key areas of income and expenditure and ways of monitoring and mitigating the risk have been identified where possible.
46. As reported to Full Council in December 2018 this Authority commissioned two significant capital projects, namely the Pioneer Place development and the Sandygate Square Student Accommodation scheme. A revised Pioneer Place scheme was later approved at Full Council in November 2020. The Student Accommodation development is complete and opened in time for the 2020/21 academic year. This scheme has been incorporated into the MTFS. Both of these schemes represent significant long-term costs for the Council and will require a material amount of borrowing over 30 to 50 years, with payback dependent on the success of the schemes. This carries significant financial risk for the authority and is an important element of the financial horizon of this Council. As part of mitigation strategies for these schemes a revenue support reserve has been set up with ongoing budget commitment to build up a balance over 10 years to somewhat protect the Council from shortfalls in income relating to this scheme or generally to support and budgetary shortfalls.

47. Any additional capital project under consideration require funding. If there is a shortfall in capital finance for these projects, then pursuing them and using borrowing will significantly increase the revenue budget. The revenue implications will be considered as part of the monitoring of the capital programme.
48. An important issue to consider is the extent to which the Council will be utilising earmarked reserves and non-recurring income when setting the budget. Initiatives that are to be funded from earmarked reserves do not have assumed ongoing funding and the Council must therefore plan in future years to discontinue these activities or approve growth if they are to continue. The latter course of action would add to the savings requirement. It is not considered that the extent of funding from earmarked reserves factored into the 2021/22 revenue budget is unduly onerous and the levels of reserves forecast will be sufficient in accordance with the medium-term financial strategy (MTFS).
49. The Government is in the process of revising the methodology for allocating funding to Councils from 2023/24 onwards. This includes changes to the current business rates system together with a Fair Funding Review.
50. It is uncertain at this stage how changes to Local Government funding will impact on the Council's funding in future years. The government announced in October 2020 that the Spending Review proposed for 2021/22 - 2023/24 will be delayed with a one-year spending round to be carried out for 2021/22.
51. Declining levels of income also continue to be a significant risk area and although substantial reductions in income receivable have been made to reflect current economic conditions there may be a further decrease in income levels supporting the revenue budget. This will be closely monitored as part of budget monitoring for 2021/22.
52. Pay inflation has been increased by 1.5% in 2021/22 due to the Government's announcement to introduce a pay freeze for 2021/22 with the exception of those earning below £24,000 who are to receive a minimum £250 increase. An increase of 2.5% has been applied in future years. However, if pay negotiations take place the actual increase may differ to that estimated. A +/-1% fluctuation in the pay award will equate to +/- £82k. There is little price inflation included within the estimates for non-salary budgets. However, general levels of inflation as measured in the retail prices index and the consumer prices index will increase in the future and this may lead to demands for higher pay and an increase in the prices of goods and services which the Council has to meet. The risk of any increase in inflation is considered likely in the existing climate and will be closely monitored.
53. Following the Bank of England's decision to cut the base rate to 0.25% and then 0.1% in March 2020 interest rates remain at a historically low level. Due to the current Covid-19 pandemic it is not expected that there will be any increases in the base rate during the 2021/22 and 2022/23 financial years. This will impact on the Council's revenue budget in these years as lower investment interest income will be received. As part of the spending review the Chancellor announced that the 1% increase in PWLB rates that took place in October 2019 would be reversed following the outcome of the Government's consultation process. This reversal took effect from 9am on the 26th November 2020. The reversal of the 1% increase in PWLB rates is beneficial to this authority due to the long-term borrowing required for Pioneer Place.

54. Significant savings have been achieved by operating the Council's leisure services as a charitable company since its incorporation. Work has been undertaken in partnership with the Trust during this period to enable the Leisure Trust to become more self-sufficient. The Covid-19 pandemic has had a significant financial impact on the Leisure Trust during the 2020/21 financial year. The Trust has worked hard to find the savings and funding required to balance the budget in 2020/21. However, the future financial impact remains uncertain and the Council will continue to work with the Leisure Trust to help to minimise this risk. To help ensure that risk is minimised there will continue to be regular monitoring of activity and financial performance in 2021/22 and beyond.
55. The Council entered into a contract with Liberata as our external service provider for around a third of Council services from 1st January 2016. The financial planning assumptions provided for a significant saving on previous in-house provision. It will be necessary to ensure that these savings are being delivered whilst maintaining service quality and standards. Procedures have been drawn up to enable the partnership to operate effectively. Nevertheless, this is a significant savings area which is currently and will continue to be, actively managed.
56. Uncertainty around the impact of Brexit and the Covid-19 pandemic on the UK economy, especially around interest rates, the local economy, income generation and further spending pressures which may have an impact on future years budgets. The estimated shortfall in sales, fees and charges income for 2020/21 is £1.5m, of which compensation of £1.0m is estimated to be received. It is assumed that this shortfall will be replicated in 2021/22. Government assurance has been received that compensation will be received for lost sales, fees and charges income for quarter 1 of 2021/22, however no assurances have been received that compensation will be received after this time. In addition, an increase to the provision for bad debts may be required to compensate for non-payment of debts. Any shortfall that can't be met by Government intervention will need to be met from reserves.
57. In summary, after taking consideration of the issues in this report and the risks referred to above, the 2021/22 revenue budget may be approved. Also, the assumed level of Council Tax that should be set in order to achieve a balanced budget as set out above should be confirmed.
58. The final decision that Members of the Council take will need to reflect the statutory (Section 25) report of the Chief Finance Officer as to the robustness of the assumptions that have been made in compiling the budget.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

59. As shown in the body of the report and appendices.

POLICY IMPLICATIONS

60. The revenue budget determines the extent to which the Council's strategic objectives can be pursued and achieved.

61. Community Impact Assessment and Equality Impact Assessments have been completed for the additional savings proposals that are contained within Appendix 3. The Assessments are included as Appendix 4.

DETAILS OF CONSULTATION

62. None.

BACKGROUND PAPERS

63. None.

FURTHER INFORMATION	
PLEASE CONTACT:	Howard Hamilton-Smith – Head of Finance and Property
ALSO:	Amy Johnson – Finance Manager