

Addendum to 2020/21 budget funding – updated 1 February 2021

Since the 2021/22 budget papers were compiled for the Cabinet meeting on 28 January 2021, a change has been made affecting the funding. There is a small change to the projected surplus in 2021/22 and MTFs. The changes are highlighted in blue italics and explained below.

Table 1: MTFs	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
Current net expenditure	11,201	<i>13,072</i>	13,835	14,100	14,450
<i>Income / savings to deliver through transformation</i>		<i>Included</i>	<i>To be worked on in 2021</i>		
<i>Net Covid-19 overspend</i>	5,526	-	-	-	-
Expected net expenditure after transformation	16,727	<i>13,072</i>	13,835	14,100	14,450
Funding: Council Tax	(9,922)	(10,251)	(10,315)	(10,420)	(10,550)
Baseline Business Rates	(2,052)	(2,052)	(1,750)	(1,500)	(1,250)
Collection Fund (surplus) / deficit	(53)	<i>(209)</i>	30	30	0
NDR Collection Fund surplus topping back up the earmarked NDR reserve		<i>197</i>			
One-off extra CTS funding	-	(146)	-	-	-
Total Funding	(12,027)	(12,461)	(12,035)	(11,890)	(11,800)
Net Deficit	4,700	611	1,800	2,210	2,650
One-off government grant	(4,600)	(571)	-	-	-
Final Net deficit	100	40	1,800	2,210	2,650

Net expenditure for 2021/22 has increased by £33k to extend a key role in Property and Facilities which is required in order to deliver an effective service across the portfolio of assets, at a time when there is so much economic uncertainty.

The completion of the National Non-Domestic Rates return (NDR1) on 29 January 2021 using the latest data available has resulted in a change to the Collection Fund surplus.

The NDR element of the collection fund position results in a £197k surplus for the Council. However, this is partly as a result of the changes in percentages used to distribute the in-year deficit and prior-year surplus, following the ending of the local pooling arrangements. In 2020/21, the reverse of this situation occurred, and £661k was drawn down from the earmarked NDR reserve to fund it. Therefore, the £197k will be put back into the earmarked NDR reserve. The earmarked NDR reserve was set up to smooth out such timings and issues. The earmarked NDR reserve is likely to be needed in future years as a result of the likelihood of a further changes to the percentages in the future under business rate localisation and fair funding reviews.

The Council tax surplus element of the collection fund position was also re-run and changed from a small deficit of £1k to a £12k surplus, as the estimated in-year deficit was slightly smaller than previously calculated.

As a result of these three changes, the final net deficit in 2021/22 has increased slightly from a £20k net deficit to a £40k net deficit.

The addendum above changes recommendation ii) from Cabinet:

- ii) That the net revenue budget set out in Appendix A for 2021/22 of £13.072m is approved.