

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	2 February 2022
Subject:	Budget 2022/23 – Note of Amendments
Report of:	Head of Finance and Asset Management
Corporate Lead:	Head of Finance and Asset Management
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	None

1.0 INTRODUCTION/BACKGROUND

- 1.1** Following the printing and publication of the Budget 2022-2023 report, clarification has been received in respect of the accounting treatment relating to the new Covid-19 Additional Relief Fund (CARF).
- 1.2** The CARF scheme was confirmed by the Government in mid December following its initial unveiling in March 2021. The scheme is aimed at providing business rates relief for businesses who could not benefit from funding packages available during the pandemic. At the same time, the government will cancel all appeals made by businesses in relation to a Material Change in Circumstances (MCC) as a result of covid.
- 1.3** To support the CARF scheme, the government have awarded Councils additional s31 grant funding. For Tewkesbury, the total funding is £2,340,291 with the share attributable to the Borough Council's part of the retention scheme being £936,116 (40%).
- 1.4** The scheme to deliver the CARF support is likely to run from February through to the 30 September and will result in reliefs being applied against 2021/22 business rates. This will reduce business rates income in 2021/22 creating a larger collection fund deficit at year end. This deficit will then be met by the s31 grant allocation from government so that there is no impact on the net position of the budget.
- 1.5** The increased deficit on the collection fund, £936,116, and the use of the s31 grant to meet the deficit, through the establishment and use of a reserve, are not included in the original figures within the budget report. The following paragraphs highlight the minor changes necessary within the budget report.

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2.0 AMENDMENTS TO BUDGET REPORT

2.1 Paragraph 4.5 – amended commentary on the collection fund deficit

In addition to the budgeted in year retention, the Council budgets for the surplus or deficit arising on the Business Rates Collection Fund in the previous year. Given the impact of the pandemic and the Government's rate relief programme in 2020/21, there was a substantial deficit within the collection fund of which Tewkesbury's share totalled £4.65m resulting in a significant negative impact on our 2021/22 base budget position. This impact was however, matched off within our budget by a business rates reserve funded from s31 Government grant intended to meet the cost of the retail relief provided.

For the coming year, the position is of a similar nature with a significant deficit arising on the business rates collection fund to be matched off with the creation and use of a new reserve funded from s31 grant. The collection fund deficit included in the 2022/23 budget stands at £978,735, including a deficit of £936,116 relating to the Covid-19 Additional Relief Fund (CARF), whilst the transfer to or from reserves is adjusted by a similar amount to leave no net impact on the budget.

2.2 Paragraph 6.5 table 5 – amended figures for retained business rates and transfer from reserves

Financing stream	2021/22 Budget	2022/23 Budget	Variance (£)	Variance (%)
Revenue Support Grant	-£23,285	-£23,990	-£705	3.03%
Rural Services Delivery Grant	-£14,459	-£14,459	£0	0.00%
Business Rates Baseline	-£1,846,233	-£1,846,233	£0	0.00%
Retained Business Rates	£4,519,103	-£382,993	-£4,902,096	108.47%
New Homes Bonus	-£2,508,861	-£1,633,094	£875,767	-34.91%
Collection Fund surplus	-£24,832	-£98,009	-£73,177	294.69%
Minimum Revenue Provision	£882,413	£905,359	£22,946	2.60%
Net Transfer to / (from) reserves	-£4,649,020	-£443,883	£4,205,137	-90.45%
Council Tax Hardship Fund	-£93,201	£0	£93,201	-100.00%
Lower Tier Services Grant	-£932,465	-£1,345,362	-£412,897	44.28%
Services Grant	£0	-£127,275	-£127,275	100.00%
Total	-£4,690,840	-£5,009,939	-£319,099	6.80%
Service Expenditure b/fwd	£9,270,575	£9,821,535	£550,959	5.94%
Balance to be funded by Tax Payers	£4,579,735	£4,811,596	£231,860	5.06%

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2.3 Paragraph 6.7 – amended commentary on transfer from reserves figures

Also included within the financing streams are:

- An increase in the Minimum Revenue Provision of £22,946 reflecting the annuity method of calculation used.
- Contributions to the vehicle replacement reserve and commercial property reserve of £500,000 and £225,000 respectively offset with the use of £100,000 from the open spaces reserve to fund the enhanced resource requirement in grounds maintenance, the use of £936,116 CARF reserve to support the deficit on the business rates collection fund and other contributions from specific reserves giving a total net transfer from reserves of £443,883.
- A council tax collection fund surplus of £98,009.