

<b>Report to:</b>	Executive Committee
<b>Date of Meeting:</b>	2 February 2022
<b>Subject:</b>	Budget 2022/2023 – Note of Amendments – 2 <sup>nd</sup> change
<b>Report of:</b>	Head of Finance and Asset Management
<b>Corporate Lead:</b>	Head of Finance and Asset Management
<b>Lead Member:</b>	Lead Member for Finance and Asset Management

## **1.0 INTRODUCTION/BACKGROUND**

- 1.1** Following the printing and publication of the Budget 2022/2023 report, a second amendment to the budget papers is necessary as a result of an offer made by the Valuation Office Agency (VOA) to settle the outstanding appeal by Virgin Media against one of their current appeals.
- 1.2** The offer, notification of which was received by the Council on 31 January, is to reduce the rateable value of the hereditament from £4.0m to £2.97m with effect from April 2017. This is a reduction of 25.5% and is in excess of the specific provisions made for this appeal, although substantial general provisions do exist.
- 1.3** Given the size of the reduction offered by the VOA, the Council's NNDR1 return, which details business rates retention estimates for the forthcoming year, to DLUHC has been amended to reflect this latest position. In turn, the Council's proposed budget also needs to be amended.
- 1.4** The reduction in rateable value of £1.03m for this hereditament impacts on many elements of the retention calculation including the net rates collectable, the levy, the multiplier cap and the collection fund deficit and will see our level of retention fall by £342,046 overall.
- 1.5** In order to balance the budget, it will be necessary to draw on reserves. In this instance, the Council can call upon an equivalent sum of s31 retail relief support awarded by the government and received in 2021/22 to form the necessary additional reserve. The original intention was not to require the use of this grant and to allow the full grant to form a budget surplus in 2021/22. However, it is now necessary to utilise £342,046 of that funding to form the reserve which will be used to balance the budget. Significant grant remains in the current year which will support a surplus outturn position and the betterment of our reserves in general.
- 1.6** Whilst the budget for 2022/23 can be balanced without any impact on the growth items included in the proposals, it should be noted that this offer by the VOA has an ongoing impact on the Council's retained business rates position of circa £142,000.

## 2.0 AMENDMENTS TO BUDGET REPORT

2.1 The following amendments, inclusive of the amendments in the previous paper, are made to the original budget report.

### Paragraph 4.4

The calculation of business rates due and therefore retained by the Council is contained within our NNDR1 return to DLUHC and is based on the standstill position highlighted in the preceding paragraph, the compensation due highlighted at 4.2, the underlying growth of the business community within the Borough and the reassessment of provisions made for appeals and bad debts. The calculation also includes the recently announced reduction in rateable value associated with one specific Virgin Media hereditament. The resultant level of expected business rates retention for Tewkesbury Borough Council is £1,220,552 for 2022/23.

### 2.2 Paragraph 4.5

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 £1,179,606, including a deficit relating to the change in Virgin Media's hereditament valuation and 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.

### 2.3 Paragraph 6.5 table 5

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	-£40,947	-£4,560,050	100.91%
New Homes Bonus	-£2,508,861	-£1,633,094	£875,767	-34.91%
Council Tax 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	-£785,929	£3,863,091	-83.09%
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%
<b>Total</b>	<b>-£4,690,840</b>	<b>-£5,009,939</b>	<b>-£319,099</b>	<b>6.80%</b>
Service Expenditure b/fwd	£9,270,575	£9,821,535	£550,959	5.94%
<b>Balance to be funded by Tax Payers</b>	<b>£4,579,735</b>	<b>£4,811,596</b>	<b>£231,860</b>	<b>5.06%</b>

## 2.4 Paragraph 6.7

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 and £342,046 retail relief 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 £785,929.
- A council tax collection fund surplus of £98,009.