Referrals report of recommendations from Cabinet

Report number:	**COU/WS/20/015**	
Report to and date:	**Council**	15 December 2020
Documents attached:	**None**	

A. Referrals from Cabinet: 10 November 2020

1. West Suffolk Local Council Tax Reduction Scheme (LCTRS) 2021 to 2022

Portfolio holder: Councillor Sarah Broughton

Report number: CAB/WS/20/067

Recommended: That

1. **The review of the Local Council Tax Reduction Scheme (LCTRS) for 2020 to 2021, as outlined in Report number CAB/WS/20/067, be noted; and**

2. **The retention of the existing Local Council Tax Reduction Scheme (LCTRS) for 2021 to 2022, be agreed.**

1.1 Each year the Council is required to review its Local Council Tax Reduction Scheme (LCTRS). This report provides an annual review of the 2020 to 2021 scheme and proposes to maintain the current scheme for 2021 to 2022.

1.2 Councils are required to review their LCTRS schemes annually and consider whether any changes need to be made. Where it is determined to retain the existing scheme, this must be decided by 11 March of the preceding financial year.

1.3 The current West Suffolk Working Age LCTRS scheme provides a maximum benefit of 91.5 per cent for working age claimants and the scheme also fully protects war pensioners. The aim in designing the scheme was to achieve a balance in charging an amount of Council Tax to encourage customers back into work whilst setting the amount charged at an affordable and recoverable level during the year. A separate statutory scheme applies to pensioners who can receive up to a maximum 100 per cent reduction of their council tax bill.

1.4 Report number CAB/WS/20/067 set out the various considerations with regard to the application of the scheme in 2021 to 2022. Given these considerations, it was being recommended to continue with the current scheme in 2021 to 2022, before undertaking a fuller review early next year that takes into account learning from COVID-19. At this point a range of options may be considered for possible consultation. This will also bring stability to customers' household budgets as they recover or manage the impact of COVID-19.

1.5 For information, set out below is the link to the current West Suffolk Local Council Tax Reduction Scheme. The final Scheme will be confirmed following the statutory changes and confirmation of the Council's decision to continue with the 2021 Scheme.

https://www.angliarevenues.gov.uk/services/counciltax/reductions/what-is-ctax-reduction/upload/S13a-WS-CTRS-Scheme-2020-21.pdf

2. Council Tax Technical Changes 2021 to 2022

Portfolio holder: Councillor Sarah Broughton

Report number: CAB/WS/20/068

Recommended:

That the continuation of the West Suffolk Council Tax Technical Changes Scheme, as set out in Section 2 of Report number CAB/WS/20/068, be approved, and, that the Special Provision Discounts and Premiums continue to apply until such time as any amendments are made.

2.1 Since April 2013, councils have the discretion to charge up to 100 per cent for some previously exempt properties, to charge up to 100 per cent in respect of furnished empty properties (usually referred to as holiday homes), to charge up to 100 per cent in respect of second homes and to charge up to 50 per cent (100 per cent from April 2019) empty homes premium for properties that had been empty for over two years. These discretions, which are provided under sections 11a and 11b of the Local Government Finance Act 1992, are described in this and previous council reports as the 'Council Tax Technical Changes'.

2.2 The following table, which is contained within Section 2 of Report number CAB/WS/20/068, sets out the current scheme for West Suffolk Council, for continuation from April 2021.

West Suffolk Scheme	
Empty, substantially unfurnished	100 per cent discount for 1 week (fluctuates between 45 to 65 per week)
Empty, unfurnished and undergoing major repairs to render habitable	10 per cent discount for 12 months (27 currently)
Second homes	0 per cent discount (522 currently)
Empty homes premium – property empty for 2 years but less than 5 years (from April 2019)	100 per cent premium - overall council tax charge 200 per cent (135 currently)
Empty homes premium – property empty for 5 years but less than 10 years (from April 2020)	200 per cent premium - overall council tax charge 300 per cent (45 currently)
Empty homes premium – property empty for 10 years or more (from April 2021)	300 per cent premium - overall council tax charge 400 per cent (25 currently)

2.3 Properties that fall into the following categories do not attract the empty homes premium:

- A property which is purchased through land registry at market value and where the new owners are unable to reside in the property due to its condition, where evidence of this situation by the new owners is produced – the premium will be waived for a maximum of 12 months from the date of purchase before reverting back to the appropriate level of premium prior to the waiver period.
- Where a property is actively being marketed for sale at market value the premium will be waived for a maximum of 24 months.
- Where a property has been inherited and the new owners are unable to reside in the property due to its condition, where evidence of this situation by the new owners is produced – the premium will be waived for a maximum of 12 months from the date of ownership before reverting back to the appropriate level of premium prior to the waiver period.
- Properties that are empty because of specific circumstances such as the owner being in care, prison or being the executor of an estate where probate has been granted (time limited).

3. Council Tax Base for Tax Setting Purposes 2021 to 2022

Portfolio holder: Councillor Sarah Broughton
Report number: CAB/WS/20/069 **Appendix 1 to Report number:** CAB/WS/20/069 **Appendix 2 to Report number:** CAB/WS/20/069 **Appendix 3 to Report number:** CAB/WS/20/069

Recommended: That

1. **The tax base for 2021 to 2022, for the whole of West Suffolk be 55,339.97 equivalent Band D dwellings, and for each of the predecessor areas be: Forest Heath 18,572.56 and St Edmundsbury 36,767.41, as detailed in paragraph 2.6 of Report number CAB/WS/20/069.**

2. **The tax base for 2021 to 2022 for the different parts of its area, as defined by parish or special expense area boundaries, be as shown in Appendix 3 of Report number CAB/WS/20/069.**

3. **The Assistant Director (Resources and Performance) be given delegated responsibility to make changes to the tax base figures as a result of any Government announcements pertaining to local council tax support as detailed in paragraph 2.5 of Report number CAB/WS/20/069.**

3.1 The council tax base is the total taxable value at a point in time of all the domestic properties in the council's area. It is a yearly calculation and represents the estimated number of chargeable dwellings after allowing for exemptions and discounts, projected changes in the property base and after applying an estimated collection rate.

3.2 The council tax base is used in the calculation of council tax. Each authority divides the total council tax income it needs to meet its budget requirement by the tax base of its area to arrive at its band D council tax. The same fractions referred to in the previous paragraph are then used to work out the council tax for properties in each of the other bands.

3.3 Orders have been laid allowing West Suffolk to harmonise the council tax of Forest Heath and St Edmundsbury over a period not exceeding seven years. Because of this, it is also necessary to calculate tax base figures for the areas formerly covered by Forest Heath District Council and St Edmundsbury Borough Council (the 'predecessor areas').

3.4 The Band D properties figure as at 5 October 2020 of 57,333.8 had been updated as at 31 October 2020, as set out in paragraph 2.4 of Report number CAB/WS/20/069. Paragraph 2.5 of the report explained that working age claimants of LCTS have increased by 15 per cent (as at September 2020) since March 2020 and are projected to increase further and at a faster pace, given the planned changes to the current government job retention support (furlough) scheme, throughout the remaining six months of the current financial year. For the tax base calculation, it is assumed there will be a 60 per cent increase on March 2020 levels for the period 2021 to 2022. This increase in LCTS follows a national trend and representations have been made to central government for support. At this stage it has been assumed that no support will be given, and the tax base has been calculated on that basis. However, if the Government does announce some support, it may be necessary to revisit and amend the tax base calculation accordingly. The statutory deadline for determining the tax base is January 2021, and it is proposed that if any Government announcements are made prior to that date, then the Assistant Director (Resources and Performance) is given delegated responsibility to make any consequent changes to the tax base figures.

3.5 The resulting tax base figures for council tax collection purposes, expressed in terms of the number of Band D equivalent properties, had been calculated in the following table:

	2020 to 2021	**2021 to 2022**	**Decrease**
Former Forest Heath area	18,879.62	**18,572.56**	-307.06
Former St Edmundsbury area	37,258.52	**36,767.41**	-491.11
West Suffolk	56,138.14	**55,339.97**	-798.17

3.6 The tax base figure was analysed further across individual town and parish councils to form their tax base figures for the purpose of budget setting and determining the parish band D tax levels in each of those areas. The town/parish figures were set out in Appendix 3 to Report number CAB/WS/20/069.

B. Referrals from Cabinet: 8 December 2020

(These referrals have been compiled before the meeting of Cabinet on 8 December 2020 and are based on the recommendations contained within each of the reports listed below. Any amendments made by the Cabinet to the recommendations within these reports will be notified to members in advance of the meeting accordingly.)

1. Delivering a Sustainable Medium-Term Budget

Portfolio holder: Councillor Sarah Broughton **Cabinet Report number:** CAB/WS/20/076 **Performance and Audit Scrutiny Committee Report number:** PAS/WS/20/019

Recommended: **That the proposals as detailed in Section 2 and Table 1 of Report number PAS/WS/20/019, be included in the medium-term financial plans.**

1.1 In July 2020, Cabinet had agreed proposed next steps and principles for future financial planning across the medium term (Report number: CAB/WS/20/043). The approach was designed to enable the Council to respond effectively to changing circumstances while maintaining a medium-term focus on the Council's financial sustainability.

1.2 The Performance and Audit Scrutiny Committee (PASC) on 19 November 2020, received an update on the development of that flexible and responsive recovery plan, a plan that would continue to follow (the test) our agreed financial strategy and six key medium-term financial strategy themes, and the proposed key budget assumptions were set out in Section 2 of the PASC report (PAS/WS/20/019) (and below).

1.3 **Extract from Report number: PAS/WS/20/019: (Section 2 and Table 1)**

1.3.1 **2. Proposals and Budget Assumptions**

2.1 We will not understand the full impact of COVID-19 on the financial position of the Council for a long time, especially as we are still in the pandemic, and it is likely to come in phases. At this point in the development of our 2021 to 2022 budget and medium-term plans we need to establish some key assumptions to build the foundations of our financial projections. However, our approach needs to be flexible and responsive to the COVID-19 recovery. Therefore, we will constantly review these assumptions, in response to further data and intelligence.

2.2 The key budget assumptions proposed in the development of the 2021 to 2022 budget and medium-term plans and the rationale behind those assumptions are as set out below. The financial implications of those assumptions compared to the in-principle budget envelope detailed in the February 2020 Budget papers for 2021 to 2022 and beyond, are summarised in section 3 of this report.

Government funding

2.3 As part of the response to the COVID-19 pandemic, the Government has confirmed that the planned reforms to local government finance relating to the Fairer Funding Review and 75 per cent Business Rates Retention will no longer be implemented in 2021 to 2022.

2.4 On 21 October 2020, the Chancellor Rishi Sunak MP, announced his decision to conduct a one-year spending review in order to prioritise the response to COVID-19, and the Government's focus on supporting jobs. The date for the review is confirmed for 25 November 2020, with the provisional settlement likely about 2 to 3 weeks afterwards.

2.5 The financial impact of the COVID-19 pandemic has introduced considerable uncertainty in predicting the Government's approach to financial resources for local government in the current year and future years. Therefore, the following resource assumptions should be treated with caution and will be updated as further Government announcements are made.

2.6 For the 2021 to 2022 budget we are assuming the following in respect of Government funding:

- That the core funding settlement, through the Business Rates Retention Scheme (BRRS), will simply roll forward from the current year 2020 to 2021 as it did from 2019 to 2020 and that there will be no time or appetite from Central Government to conduct any form of baseline reset within the scheme for 2021 to 2022.

- That Suffolk authorities will remain in a business rates pool for 2021 to 2022, retaining additional BRRS income for Suffolk than that of individual authorities.

- It is assumed that no Revenue Support Grant allocation will be rolled forward into 2021 to 2022 as it was always the Government's intention to phase out this grant stream.

- The Government provided a one-year extension to the New Homes Bonus (NHB) scheme for 2020 to 2021 and intended to explore how to incentivise housing growth effectively going forward from 2021 to 2022. The planned consultation on the future of this incentive was due earlier this year but is now assumed to be put on hold. The Government may extend the scheme for a further year. However, given the uncertainty involved, it is assumed that the phasing out of the NHB payment scheme will continue as planned from April 2023.

- The budget estimates assume a continuation of the 10 per cent reductions in the centrally held un-ringfenced grants budget for 2021 to 2022 in line with previous Government funding reductions. This includes grants such as Housing Benefit Administration.

2.7 In previous years we have been prudent in our financial planning enabling us to retain a proportion of these Government grants in reserves, in support of incremental strategic projects and financial initiatives. However, given the financial strain on the council finances as a direct result of COVID-19 and to ensure the protection of essential and valued services to our residents, it is proposed that all Government grants received in 2021 to 2022 are retained in full within the revenue day to day budget. Table 1 at paragraph 3.2 sets out the financial implications of these assumptions.

Pay Inflation

2.8 In August 2020 agreement was reached between the National Employers and the National Joint Council (NJC) trade union on rates of pay applicable from 1 April 2020. The pay agreement was centred around a 2.75 per cent pay award from 1 April 2020. The 2020 to 2021 budget was developed on the assumption of a 2.0 per cent pay award, consequently our financial plans will need to be updated to reflect this agreed position and will impact on the baseline salary budgets going into 2021 to 2022. The pay award assumption for 2021 to 2022 and across our medium-term plans is assumed, unchanged, at two per cent and will be subject to regional negotiation. However, this assumption is in line with many of our local authority peers.

Pensions

2.9 The last triennial review of the Suffolk Pension Scheme covered the period 2020 to 2023 and showed year on year stabilisation in the employer contribution rates. Across the three years, the assumed employer rate is 32.3 per cent. The Pension Fund will have been affected by volatile world financial markets during the pandemic which could give rise to changes in the employer rates to ensure financial stability. However, the fund projections are based on a 20-year horizon and therefore the planning assumption is that the agreed employer contribution rates will not change.

Other income assumptions

2.10 The Council currently receives around £29 million in fees, charges and rental income through a number of different avenues. The impact of COVID-19 on these income streams for 2020 to 2021 is expected to be circa £7.5 million, with monthly impacts expected on average of £0.5 million during the last quarter of 2020 to 2021.

2.11 Work is currently in progress to review the 2021 to 2022 budget assumptions across a best, base and worst-case scenario in an attempt to be able to model the impact of COVID-19 on these assumptions, to feed into development of the 2021 to 2022 budget and medium-term plans. There is expected to be a greater level of volatility in these income assumptions given the relationship between recovery and income generation for the council. This volatility will need to be closely monitored and reflected in the Section 151 report to members on the robustness of estimates and balances as part of the budget process. For this reason, it is anticipated that there will be very limited, if any, growth in those already assumed income assumptions for 2021 to 2022.

2.12 Instead it is assumed at this stage, to be reviewed once the detail assumption review detailed above is concluded, that the income levels will reduce by at least £1.0 million for 2021 to 2022. The outcome of the income assumptions review work will feed into the next performance and audit scrutiny budget update report and concluded as part of the main budget report in February 2021.

Expenditure assumptions

2.13 Known expenditure assumption changes, such as the investing in our growth agenda capacity review and growth have been included at table 1 below.

2.14 The £0.8 million investing in our growth agenda capacity review pressure in table 1 below, assumes that the establishment capacity agreed back in February 2018 continues across the medium-term plans. However, Leadership Team are currently conducting a review of this capacity and the context of the budget will feed into that review. The work around the key expenditure assumption will be provided at the next performance and audit scrutiny committee meeting and concluded as part of the main budget report in February 2021.

Council Tax Collection Fund deficit 2020 to 2021

2.15 West Suffolk is responsible for collecting council tax within its area on behalf of itself, Suffolk County Council and Suffolk Police (the precepting authorities). The collection of the council tax as well as the payment to the precepting authorities is managed through the collection fund which is a statutory account.

2.16 The amount of council tax payable from the collection fund to the precepting authorities for each financial year is fixed based on the estimated amount collectable and each authority's precept for the year. However, the actual amount of council tax collected will either be more or less than this because of changes to the debt throughout the year (property growth, changes to discounts and exemptions and the number of local council tax support claimants) as well as other factors such as collection rates.

2.17 As a result, there will be either a surplus or deficit on the collection fund at the end of each financial year. This balance has to be estimated in January of the year in question, and either paid to or reclaimed from the precepting authorities in the following year (see paragraph 2.20 for one off change for 2021 to 2022).

2.18 The collection fund has faced particular challenges this year due to COVID-19. Collection rates are down in comparison to normal years due in part to the suspension of debt recovery measures. In addition, the economic impact of the COVID-19 pandemic has seen a steady increase in the number of working age claimants of local council tax support (a reduction in the council tax due).

2.19 At September 2020, numbers under the local council tax support scheme had increased by 15 per cent compared to March 2020 and are projected to increase further and at a faster pace, given the planned changes to the current Government job retention support (furlough) scheme, throughout the remaining 6 months of the current financial year. It is anticipated that the level could increase by around 60 per cent compared to March 2020.

2.20 As a result, it is currently estimated (at September 2020) that there will be a £1.334 million deficit on the collection fund. This deficit will be shared by the major precepting authorities based on their precepts. West Suffolk's share is around 14 per cent and will be £0.187 million based on current predictions. The final estimate does not have to be made until January 2021 and the position will be monitored monthly in the meantime. It should be noted that the Government is intending to amend regulations to make it mandatory for councils to spread this deficit across three years from 2021 to 2024 in order to reduce the impact of COVID-19 on the 2021 to 2022 budget.

Council Tax Base 2021 to 2022

2.21 The council tax base is the number of properties liable to pay council tax after adjusting for discounts and exemptions, local council tax support reductions, property growth and anticipated collection rate, and expressed in terms of band D properties. The tax base is usually calculated in October of the financial year preceding budget, but the statutory deadline is January of the financial year preceding budget. The tax base figure is multiplied by the band D council tax in order to determine the amount of council tax income to include in the medium-term plans.

2.22 The increase in working age local council tax support claimants, as set out in the previous section, has had an adverse impact on the tax base for both the current year and that estimated for 2021 to 2022. For the tax base calculation, it has been assumed that there will be a 60 per cent increase on March 2020 local council tax support levels for the period 2021 to 2022.

2.23 Our medium-term plans currently assume that the tax base will increase by 1 per cent per year due to growth in the property base. However, the impact of additional local council tax support means that the tax base estimate for 2021 to 2022 has decreased by 1.4 per cent compared to the current year, and by 2.4 per cent compared to what was assumed in the medium-term plans. The resulting budget pressure for West Suffolk is £0.247 million.

Business Rates Collection Fund deficit 2020 to 2021

2.24 West Suffolk holds the statutory duty to collect business rates on behalf of itself, Central Government and Suffolk County Council. Like council tax, this process is also managed through the collection fund and similar rules apply to the distribution of estimated surpluses and deficits at the year end.

2.25 The Government has introduced a number of measures to support businesses through the pandemic including 100 per cent business rates relief for those businesses in the retail, hospitality and leisure, and nursery sectors. For businesses in West Suffolk this has resulted in a reduction of £38.938 million in our collectable business rates for 2020 to 2021. In addition, other factors such as business closures, increased bad debts and increases in appeals submitted mean that the estimated deficit on the collection fund currently stands at £40.823 million (as at September 2020). West Suffolk's share of this deficit is £16.329 million (40 per cent statutory share). As for council tax, proposed regulation changes will make it mandatory to spread this across three financial years.

2.26 The Government will compensate councils for that part of the deficit relating to the 100 per cent COVID-19 reliefs, through Section 31 grants payable in the current financial year. It is anticipated that West Suffolk will receive in the region of £15.048 million and it is proposed to transfer this sum to the Business Rates Equalisation Reserve to fund the deficit impact in part in 2021 to 2024. The net impact of £1.281m (£16.329m less £15.048m) is assumed to be funded from the business rates equalisation reserve.

Business rates estimate for 2021 to 2022

2.27 It is very difficult to predict the ongoing impact of COVID-19 on businesses within the district and the impact this may have on the level of business rates income. In 2020 to 2021 Government announced significant retail reliefs to support business through the pandemic. For 2021 to 2022, the assumption is that the retail reliefs revert to the pre-pandemic levels.

2.28 The projections for 2021 to 2022 have been amended to remove any assumed tax base growth and the inflation assumption has been reduced to 0.5 per cent to reflect reductions in the Consumer Prices Index (CPI). A further allowance has been incorporated for reduced business rates income that could arise from business failures and bad debts. Business rate forecasts continue to be an area of financial risk which is heightened by the unknown ongoing impacts of the pandemic on businesses and these estimates could change significantly. The council has created a Busines Rates equalisation reserve to manage this risk.

Replenishment of the general fund balance and review of earmarked reserves.

2.29 As part of the current year's 2020 to 2021 financial forecasts and associated financial impact of COVID-19, it is anticipated that circa £1.2 million will be utilised from the council's general fund balance (contingency fund). The general fund balance will need to be replenished, recognising that the fund provides an essential contingency for in-year budget variations so plans for its replenishment will need to feature within the 2021 to 2022 budget.

2.30 A detailed review of all the council's earmarked reserves is in progress and will feed into the in the Section 151 report to members on the robustness of estimates and balances as part of the budget process. At this stage of the review it is anticipated that £0.5 million of the Business Rates Equalisation reserve can be made available to replenish the general fund balance in 2021 to 2022.

3. Forecast position for the 2021 to 2022 budget and medium-term plans

3.1 The in-principle medium term budget envelope, detailed in the February 2020 Budget papers for 2021 to 2022 beyond, already included the need to make significant savings across the medium-term financial plans. The impact of COVID-19 and the key budget assumption changes set out above are in addition to these saving requirements and had we not experienced COVID-19, this committee would have still been receiving a report setting out the key assumptions and approach to addressing those savings requirements. The difference now being the scale of the saving requirements as a direct result of CVOID-19 and the local and national recovery impacts.

3.2 The net impact of the key assumption changes set out above in addition to the saving requirements discussed in paragraph 3.1, are set out in table 1 below. The changes give rise to a budget gap of circa £1.0 million for 2021 to 2022, £2.0 million for 2022 to 2023, £3.0 million for 2023 to 2024 and £3.4 million for 2024 to 2025

These changes are set out in table 1 below:

Impact - Pressure/(Saving)	2021/22 £m's	2022/23 £m's	2023/24 £m's	2023/24 £m's
Savings Requirement - Feb 2020 Budget process	0.70	1.10	1.40	1.80
Assumption Changes / Pressures				
Pay Inflation Assumption Update 2020 to 2021	0.30	0.30	0.35	0.35
Income Assumption changes	1.00	0.50	0.30	0.30
Additional housing growth waste service delivery costs	0.15	0.15	0.15	0.15
Investing in our growth agenda capacity (last year reserve funding 2021 to 2022)		0.80	0.80	0.80
General Fund replenishment	1.20			
Council Tax 2020 to 2021 Impact - Assume recovered in 2021 to 2022	0.19			
Council Tax Base Reduction	0.25			
Business Rates 2020 to 2021 Impact - Assumed recovered in 2021 to 2022 (Funded from Business Rates equalisation reserve)	1.20			
Settlement (Assume roll forward of 2020 to 2021)				
Use of New Homes Bonus	(0.70)	(0.50)		
Use of Business Rates Retention Scheme Growth above baseline funding	(1.50)	(0.30)		
Use of Reserves				
Use of Business Rates Retention Scheme equalisation reserve to replenish General Fund Balance	(1.70)			
Total Estimated Budget Gap/ Savings Requirement	**1.08**	**2.05**	**3.00**	**3.40**

1.5 The Cabinet will consider these proposals as recommendations from PASC on 8 December 2020. Should Cabinet make any changes and/or recommend further proposals, Council will be notified before the meeting on 15 December 2020.

1.6 The recommendations considered and subsequently approved by Council on 15 December 2020, together with any further recommendations emanating from PASC and Cabinet in the coming weeks, will be incorporated into the budget setting process, the composite report for which will be considered by Cabinet and Council in February 2021.

2. Financial Resilience (September 2020)

Portfolio holder: Councillor Sarah Broughton

Cabinet Report number: CAB/WS/20/077
Financial Resilience Sub-Committee Report number: FRS/WS/20/003

Recommended:

That the Financial Resilience Report (September 2020), as contained in Report number: FRS/WS/20/003, be approved.

2.1 **Investment Activity 1 April to 30 September 2020**

Following the Financial Resilience Sub-Committee's consideration of Report number: FRS/WS/20/003 on 9 November 2020, the Service Manager (Resources and Performance) verbally report on the Sub-Committee's consideration of the report.

2.2 The total amount invested at 1 April 2020 was £29,900,000 and at 30 September 2020 £27,900,000.

2.3 The 2020 to 2021 Annual Treasury Management and Investment Strategy sets out the Council's projections for the current financial year. The budget for investment income in 2020 to 2021 was £142,141 which is based on a 0.65 per cent target interest rate of return on investments.

2.4 As at the end of September 2020, interest earned during the second quarter of the financial year amounted to £54,297.81 against a profiled budget for the period of £71,070; a budgetary deficit of £16,772.69. The budgetary deficit relates to continued low interest rates as a result of the Covid-19 pandemic which started in mid-March 2020.

2.5 The report also included a summary of the capital borrowing budget 2020 to 2021; borrowing and income – proportionality; borrowing and asset yields; borrowing and temporary loans and other market considerations.

2.6 As at the end of September 2020, the Council had not had any additional external borrowing or temporary loans over the long-term £4 million loan.

2.7 The Sub-Committee scrutinised the investment activity for 1 April 2020 to 30 September 2020, and asked questions to which responses were provided. In particular, the Sub-Committee discussed the low interest rates currently available and debt collection relating to industrial and retail units.

2.8 The Performance and Audit Scrutiny Committee supported its Sub-Committee's recommendation and this was subsequently put forward to Cabinet for consideration.