

From: Peter Oakford, Deputy Leader and Cabinet Member for Finance,
Corporate and Traded Services
Zena Cooke, Corporate Director of Finance

To: Policy & Resources Cabinet Committee 29th July 2020

Subject: Financial Update

Classification: Unrestricted

Summary:

This report provides an update on the financial impact of the Covid-19 outbreak and subsequent economic fallout, including the additional funding provided by central Government (including a further tranche of un-ring-fenced Emergency Grant), the Council's estimated costs for the emergency response, and the potential loss of income and delays to savings plans. These have been assessed against the approved 2020-21 revenue budget together with an initial assessment of other issues arising from the first month's budget monitoring.

The overall assessment is that there is still a significant forecast shortfall in the emergency grant received to date resulting in a substantial projected overspend. The magnitude of the variances is such that it is proposed to undertake a review of both the revenue budget and capital programme which will require an amendment to the budget to be put to County Council in September. This could include revised operating budgets for individual services, including revised savings plans and the use of reserves.

Recommendations:

- a) Policy and Resources Cabinet Committee is asked to note that the magnitude of the impact is such that the Council needs to consider and approve an amendment to the budget in September to rebalance the 2020-21 budget.
- b) Policy and Resources Cabinet Committee is asked to note that the position remains highly uncertain and could change significantly during the Autumn pending resolution of the 2020-21 budget amendment, the Government's Spending Review, further analysis of the impact on local tax yields, and progress towards balancing 2021-22 budget.

1. Background

1.1 The 2020-21 revenue budget and 2020-23 capital programme were approved by County Council on 13th February 2020. The approved net revenue budget requirement was £1.064bn. This was funded £0.753bn from council tax¹,

¹ based on estimated net band D equivalent tax base of 554,625.61 properties, band D tax charge of £1,351.26 (including £118.62 social care levy), and collection fund surplus

£0.252bn un-ring-fenced government grants, and £0.059bn retained business rates. The capital programme included planned spending of £1.014bn over the three years (£0.472bn in 2020-21) with £0.621bn funded from external sources and government grants, and £0.393bn from KCC resources and borrowing (with consequential financing impact on current and future revenue budgets).

- 1.2 On 11th March the Covid-19 outbreak was declared a pandemic. On the same day the Chancellor announced the March 2020 Budget. The Budget was in two parts, the first part dealt with the immediate response to the emergency, and the second part was the typical presentation of medium-term tax and spending plans. The economic forecasts (and therefore the medium-term spending, tax and borrowing projections) were before the effects of the additional Covid-19 measures. Effectively these were out of date even at the time of publication. The Chancellor of the Exchequer has made a number of subsequent announcements on additional spending to tackle the outbreak and measures to support the economy which means they are now further out of date.
- 1.3 The Council had to act quickly in response to the pandemic and on 18th March staff were told to work from home wherever possible. This was in advance of announcements on 20th March closing schools, restaurants, pubs, indoor entertainment venues and leisure centres, and the more substantial lockdown imposed on 23rd March banning all non-essential travel and contact outside the home.
- 1.4 The Council's response has focussed on protecting the safety and wellbeing of all Kent residents, especially the most vulnerable as well as supporting its principal suppliers in line with government guidelines. Some of the main aspects of the response has included making additional payments to all residential, nursing, homecare and day care adult social care providers towards additional costs they are incurring during the emergency; procurement and distribution of additional personal protective equipment (PPE) to both staff and care providers; maintaining payments to early years and childcare providers even where they have had to close down; maintaining payments to bus companies and home to school transport providers to sustain the market during the slump in journeys during lockdown and school closures; securing additional temporary mortuary provision.
- 1.5 Inevitably some of the Council's own facilities have also had to close such as children's centres, country parks, libraries, waste disposal and recycling facilities, etc. In the main the Council has continued to incur contractual and staffing costs for these services even though facilities were closed.
- 1.6 It is important to emphasise that at this stage all forecasts are only an initial assessment of the potential impact of the Covid-19 outbreak on the council's revenue and capital budgets for 2020-21 and 2021-22 based on the latest available information. This is a unique situation and whilst the Council has responded incredibly well, there remains a significant amount of uncertainty that makes financial planning far more challenging than would usually be the case. A key part of the uncertainty is how much funding the Government will

provide and whether this will cover all the costs incurred by the Council as well as the losses in income. Furthermore, the forecasts can only be based on some high-level assumptions about the impact of on-going social distancing requirements and other measures as we move into recovery phase and do not include any assumptions about a second wave of infections.

2. Cost Estimates

- 2.1 As soon as the pandemic was announced arrangements were made to capture information about the additional costs the Council would incur. In March 2020 a total of £1.705m of additional spending and lost income associated with the Covid-19 response was accounted for within the final 2019-20 accounts. This included distress payments to bus providers, PPE purchases, and IT equipment and licences to support home working. The first tranche of Emergency Grant funding of £39m was received on 27th March, this was used to offset this expenditure with the remaining £37.3m transferred to a specific reserve to be drawn down to support spend in 2020-21.
- 2.2 Initially there was very little guidance on the expectations on local authorities. The Government did issue three Procurement Policy Notes (PPN) although these related to suspending aspects of procurement procedure rather than guidance on the type of expenditure the government anticipated local authorities would incur. The Council produced local guidance on the expenditure and income to be captured. This included:
- Additional costs incurred in response to the initial emergency e.g. temporary mortuary, procurement of PPE, etc.
 - Additional costs to support market sustainability e.g. payments to support social care providers in meeting Covid-19 related additional costs, payments to home to school transport providers even though no service has been provided due to closures, etc.
 - Future demand increases e.g. adult social care where the Council has to assume responsibility following hospital discharges, children's social care due to increased demand following the easing of lockdown restrictions etc.
 - Delays in delivering savings
 - Loss of income
 - Workforce pressures associated with demand increases
- 2.3 The Ministry of Housing, Communities and Local Government (MHCLG) has asked local councils to provide a monthly return setting out estimates of the impact of the Covid-19 pandemic. Three returns have been submitted to date setting out estimates of additional spending, delayed savings and potential lost income. A fourth return will need to be submitted by the end of July.
- 2.4 The latest return submitted in June asked for information on the amount of emergency grant allocated to services to date. The return showed a total forecast spending/delayed savings of £96.6m and £20.0m potential loss of income. This includes the actual spending/loss of income in 2019-20, actuals for 2020-21 year to date, and forecasts for the remainder of 2020-21. This results in a forecast shortfall of £50.7m compared to the total Emergency Grant announced in tranche 1 in March and tranche 2 in May.

- 2.5 Income losses for KCC do not include the impact of additional council tax discounts for households facing a decline in income, or collection losses for other households unable to pay, or losses on business rate collection for business not in receipt of additional Covid-19 reliefs. At this stage these income losses will be borne by billing authorities (districts and boroughs in Kent) in 2020-21 with precepts for upper tier authorities unchanged from the amounts built into 2020-21 budget. There will be an impact on the distribution of funds from the Kent business rate pool in 2020-21, but this has yet to be fully quantified pending confirmation of Section 31 grants for additional Covid-19 related business rate reliefs and has not been included in MHCLG return.
- 2.6 The first budget monitoring report setting out the overall financial position for 2020-21 revenue and capital budgets as the end of May was reported to Cabinet on 20th July. This report only includes forecast spending and income in 2020-21 and thus excludes the £1.7m of Covid-19 spending and lost income in 2019-20 and consequently identifies the balance of £65.2m of Emergency Grant in the Covid-19 Reserve available to fund additional costs and income losses in 2020-21.
- 2.7 The budget monitoring report identifies a forecast net revenue overspend in 2020-21 of £11.2m related to the shortfall in Covid-19 reserve and forecast £14.6m revenue overspend for non Covid-19 related issues. The budget monitoring for 2020-21 includes a forecast of the additional revenue spending, delays in savings and income losses of £97.9m, and a forecast underspend £21.5m compared to base budget due to Covid-19 related issues. These underspends are not included in the MHCLG return which sought information on total additional spending and income losses related to Covid-19 and not whether any of the spending had base budget provision e.g. continuity payments to home to school transport providers. The MHCLG return also included the £1.7m of spending in 2019-20 and £18m of potential financial risks which are not yet included in budget monitoring report. Table 1 shows the reconciliation between the 2020-21 budget monitoring and the total potential impact included in the MHCLG return. Costs and income loss estimates will continue to be refined in light of further evidence.

Table 1

| | 2020-21 £m | 2019-20 £m | Total (MHCLG return) £m |
|--|---------------|---------------|----------------------------------|
| Potential Risks (not included in revenue monitoring at this stage) | | | 18.0 |
| Additional Spending | 72.8 | 1.7 | 74.5 |
| Delayed Savings | 6.1 | | 6.1 |
| Loss of Income | 19.0 | | 19.0 |
| Gross Impact | 97.9 | | 117.6 |
| Base budget underspends (not in Covid-19 return) | -21.5 | | |
| Drawdown from Covid-19 Reserve | -65.2 | -1.7 | -66.9 |
| Net Covid-19 Overspend | 11.2 | | 50.7 |

2.8 It is important to note that the cost estimates at this stage do not include any impact of a second wave of infections or changes in spending for the recovery phase. There is also no assumption of costs that could be recovered through furloughing of staff through the Government's Job Retention Scheme other than those employed through trading companies that have suffered a loss of income.

3. Government Funding Allocations

3.1 MHCLG has made £3.2 billion available to support local authorities through an emergency grant in March and May. A further tranche of £500m was announced on 2nd July to support additional spending and individual authority allocations were announced on 16th July. This funding is un-ringfenced on the basis that councils are best placed to determine the specific needs of their local communities. The emergency grant to date has been paid in two tranches in March and May which total £66.9m for the council, with a further £10.3m announced on 16th July taking KCC's total grant to £77.3m. It should be noted that each of the tranches of emergency grant funding were distributed using different methodologies which meant that the Council received significantly less in the second tranche of funding than the first. A further £6m of tranche 3 is still to be allocated to a small number of authorities facing acute pressures from Unaccompanied Asylum Seeking Children (UASC) although we have no further details about which authorities will receive this element or how much over what period at this stage.

3.2 The Government also announced advance payments of social care grants and grants to compensate for existing business rate discounts before the additional discounts announced since the Covid-19 outbreak. These grants were already built into the Council's 2020-21 budget and therefore do not constitute extra funding towards additional costs and loss of savings, they merely represent an advance to assist cashflow. The Council's share of these grants is £33.4m.

3.3 On 13th May the Government announced an additional £600m grant to be paid to adult social care authorities to help manage infection control in care homes. This is in addition to the emergency grant and advance of existing grants outlined in paragraphs 3.1 and 3.2. This grant amounting to £18.9m for KCC is

specifically aimed at preventing and controlling COVID-19 in all registered care homes, 75% must be paid to all registered providers as an amount per bed (irrespective of whether they have any KCC clients) and is subject to each home signing a grant agreement. The remaining 25% must also be passed onto care providers although the Council has discretion over individual allocations. This grant is included in this report for completeness but as this is ring-fenced it is not included in the additional spending analysis. It is possible that as a result of this grant some of the future cost risks included in the MHCLG submissions do not now materialise, but given the restricted grant criteria any amount is not likely to be significant. The local NHS are also in receipt of their share of £1.3bn government funding, to support the hospital discharge process and to avoid hospital admissions. The Council is currently negotiating a pooled fund which would enable some of the Council's costs related to admission avoidance to be met from the NHS allocation.

- 3.4 The Government has also announced a ring-fenced £300m grant which will be paid to local authorities to support the consequence management of local Covid-19 outbreaks (including the provision of infrastructure) by upper and lower tier Authorities. Kent's share has been confirmed as £6.3m. This grant is ring-fenced and as with Infection Control this expenditure is not included within the additional spending analysis. The Government has also announced £167m of funding to support bus operators and councils over a 12 week period, with up to £21.5m to be paid to local councils. Again there is very limited detail at this time. It is possible that some of the support already provided to bus companies and included in the additional spending analysis can be funded from this grant.
- 3.5 The government has also confirmed an additional £63 million for local authorities in England to help those families who are struggling to afford food and other essentials due to coronavirus. The Council's share of this grant is approximately £1.7m to be used from July 2020. Some of this support has been included in the additional spending analysis and should help to reduce the shortfall in MHCLG emergency grant.
- 3.6 Details of all the funding announcements to date for KCC are set out in table 2 overleaf.

Table 2

| Table 2 Government Grant allocations | Department | £000s | Comments |
|---|------------|--------|--|
| Additional un-ring-fenced Grants | | | |
| Emergency Grant tranche 1 | MHCLG | 39,012 | KCC's share of the additional £1.6bn first announced in 11th March Budget and paid on 27th March |
| Emergency Grant tranche 2 | MHCLG | 27,934 | KCC's share of the further additional £1.6bn announced 18th April and to be paid on 14th May |
| Emergency Grant tranche 3 | MHCLG | 10,312 | KCC's share of further £500m announced 2nd July. Awaiting details of individual allocations |
| Sub-total MHCLG un-ring-fenced Grants | | 77,258 | |
| Local Welfare Assistance Fund | DEFRA | 1,669 | KCC's share of £63m hardship fund announced on 11th June to help authorities support families struggling with cost of food and other essentials during the crisis. Individual allocations confirmed 10th July |
| NHS Hospital Discharges | DHSC | | Subject to joint bid with Heath authorities |
| Total Additional un-ring-fenced Grants | | 78,927 | |
| Additional Specific Grants | | | |
| Social Care Infection Control Grant | DHSC | 18,878 | KCC's share of £600m announced on 14th May. It is expected that each care home should receive an amount per CQC registered bed, representing 75% of the funding. The remaining 25% to be allocated by the local authority to care homes or domiciliary care providers and support wider workforce resilience |
| Test and Trace Grant | DHSC | 6,311 | KCC's share of £300m announced on 22nd May and paid 19th June. In 2-tier areas, this grant is conditional on upper tier authorities working closely with their lower tier partners and pay sufficient resources to lower tier authorities |
| Emergency Active Travel Fund | DfT | 470 | KCC's share of initial tranche of additional revenue funding (plus a further £1.13m capital funding) to develop active travel schemes in response to Covid-19 emergency |
| Bus Service Support Grant | DfT | 1,343 | Announced on 3rd April and paid in three instalments (to date we have only been notified of first 2 instalments). This is to be used to make additional payments to bus operators to maintain routes. It cannot be used to replace existing subsidies |
| Total Specific Grants | | 27,002 | |
| Advance of Grants already in Settlement and Approved Budget (not new money, only eases cashflow) | | | |
| Business Rate Compensation Grant | MHCLG | 12,662 | Grant we would normally have received in monthly instalments throughout 2020-21 and already built into 2020-21 budget but paid in full on 27th March |
| Social Care Support Grant and Improved Better Care Fund | MHCLG | 20,728 | Grants we would normally have received in monthly instalments throughout 2020-21 and already built into 2020-21 budget. 1/4 of the grant was paid in April and the remaining 3/4 to be paid in nine monthly instalments from July |
| Total Early Advances | | 33,390 | |

3.6 The 2nd July announcement also included a separate compensation of $\frac{3}{4}$ of losses on income from sales fees and charges in excess of 5% of total income. At this stage we are awaiting further details of how this will be assessed but we anticipate KCC's losses are not yet sufficient to exceed this 5% threshold. The announcement also included provision for authorities to spread business rates and collection fund losses over 3 years rather than one. There are no details of how this would be funded pending the Spending Review announcements covering future years' settlements later this year.

4. 2020-21 Budget Amendment

4.1 Cabinet on 22nd June endorsed a recommendation for a review of the 2020-21 revenue budget and 2020-23 capital programme in light of the significant changes since the budget was approved in February 2020. This review will result in Cabinet proposing an amendment to the 2020-21 revenue budget and 2020-23 capital programme to County Council on 10th September. This amendment will take into account the following:

- Changes to revenue budget due to the response to the Covid-19 pandemic and subsequent recovery, and projected losses of income

- Inclusion of additional funding towards the Net Revenue Requirement from the allocation of the Covid-19 emergency grant from MHCLG and other un-ring-fenced grants
- One-off savings that have already arisen during lockdown e.g. reduced staff and member travel claims
- Other material non Covid-19 related changes to forecast expenditure and income from original approved budget
- Proposed additional savings and management action/use of reserves to close any gap between revised spending plans and available funding
- Options regarding the remainder of £3.5m approved in the original budget for Strategic Statement priorities
- Inclusion of additional spending and grant income from additional ring-fenced specific grants for Covid-19 activities (Infection Control etc.)
- Changes to spending and income from other ring-fenced specific grants confirmed since the budget was originally approved e.g. Public Health, Asylum

5. Medium Term Impact

- 5.1 A significant proportion of the additional costs and losses on income will be one-off in 2020-21. However, if billing authorities are not compensated for tax collection losses in 2020-21 the Council will have to bear its share through collection fund deficit that has to be included in future year's budgets (pending confirmation of the ability and funding to spread losses over 3 years). If the recession lasts longer throughout 2020-21 and into 2021-22 there could also be an impact on the tax base for future years' budgets.
- 5.2 There is no detail of when the Spending Review planned for 2020 will take place. The Government have confirmed that the move to 75% business rate retention and reforms to funding distribution through Fair Funding reform and reforms to business rate retention will not go ahead for next year. Some potential scenarios have been modelled, which start with a presumption of another roll forward settlement based on similar principles to 2020-21 i.e. Government grants are repeated but only increased for inflationary uplift where funded from the annual uplift in business rates. It is assumed that Council Tax continues to be subject to referendum limits on excessive increases.
- 5.3 Spending projections in these range from a low of +5% to a higher +7% for the usual factors associated with increased demand due to demographic changes, increased prices due to inflation, etc. These spending demands are before any ongoing impact of Covid-19 beyond 2020-21. The impact of these projections on the net budget are shown in table 3 below.

Table 3

| Scenarios | 2020-21 Net Budget £m | 2021-22 Net Additional Spending £m | 2022-23 Net Additional Spending £m | 2023-24 Net Additional Spending £m |
|--------------------|--------------------------------|--|--|--|
| Lower Case | 1,063.7 | 1,116.8 | 1,172.7 | 1,231.3 |
| Higher Case | | 1,152.6 | 1,233.3 | 1,319.6 |

- 5.4 The most straightforward funding scenario is to assume a similar rollforward settlement for future years to 2020-21. Under this scenario it is assumed the same 4% council tax increase is permitted (2% referendum threshold plus 2% social care), growth in tax base is similar to previous years, and government grants continue at the same level with uplifts in line with CPI for those grants funded from business rates. Under the roll forward funding scenario these projections based on the lower +5% spending projections would leave a gap of between £17.6m in 2020-21 (and up to £53.4m based on the higher +7% spending projection), and further gaps of between £12m to £40m in subsequent years compared to spending projections as shown in table 4 below.

Table 4

| | 2020-21 £m | 2021-22 £m | 2022-23 £m | 2023-24 £m |
|------------------------------------|----------------|----------------|----------------|----------------|
| Council Tax | 749.4 | 787.2 | 826.9 | 868.6 |
| Retained Business Rates | 55.9 | 57.0 | 58.1 | 59.2 |
| Government Grants | 251.8 | 255.0 | 258.3 | 261.6 |
| Collection Funds | 6.5 | | | |
| Total Funding | 1,063.7 | 1,099.2 | 1,143.3 | 1,189.4 |
| Savings Requirement Lower case | | -17.6 | -29.4 | -41.9 |
| Savings Requirement Higher case | | -53.4 | -90.0 | -130.2 |

- 5.5 If the council tax referendum threshold were increased (and the Council was willing to raise council tax), each 1% increase would reduce the gaps by £7.5m.
- 5.6 If the recession is short with a bounce back during 2020-21 there would be little medium term impact. There would be an impact if billing authorities are not fully compensated for additional discounts and collection losses this year. Council tax losses in 2020-21 would arise from a combination of additional claimants for discounts under local council tax reduction schemes (LCTRS) where additional households are in receipt of welfare benefits/substantially reduced incomes, and higher losses on collection. Business rates losses would arise from those businesses that have seen significant decline in trading activity but do not benefit from the additional reliefs granted to retail/leisure/hospitality premises and nurseries. This is the first recession where local authorities would suffer tax losses following the introduction of business rate retention and

localisation of council tax benefit. If a combined 2% unfunded deficit is assumed in 2020-21 this would increase the gap for 2021-22 to between £33.7m to £69.5m as shown in table 5 below (although we anticipate some of the collection fund losses can be deferred into later years pending confirmation of the 3 year extension). The scale of collection fund deficits in 2020-21 will not be known for some time and 2% is only shown for illustrative purposes. This would be a one-off impact and have no lasting effect on future years' gaps.

Table 5

| | 2020-21 £m | 2021-22 £m | 2022-23 £m | 2023-24 £m |
|--------------------------|----------------|----------------|----------------|----------------|
| Council Tax | 749.4 | 787.2 | 826.9 | 868.6 |
| Retained Business Rates | 55.9 | 57.0 | 58.1 | 59.2 |
| Government Grants | 251.8 | 255.0 | 258.3 | 261.6 |
| Collection Funds | 6.5 | -16.1 | 0.0 | 0.0 |
| Total Funding | 1,063.7 | 1,083.1 | 1,143.3 | 1,189.4 |
| Savings Requirement Low | | -33.7 | -29.4 | -41.9 |
| Savings Requirement High | | -69.5 | -90.0 | -130.2 |

5.7 If the recession is deeper and lasts longer there could be a significant medium term impact. If an unfunded collection fund deficit of 5% is assumed throughout 2020-21 and reductions in the council tax and business rate tax bases into 2021-22 are of a similar magnitude, the gap in 2021-22 increases to £116.8m to £152.6m as shown in table 6 below. As with a short recession some of the collection fund losses could be deferred into later years pending confirmation of the revised arrangements.

Table 6

| | 2020-21 £m | 2021-22 £m | 2022-23 £m | 2023-24 £m |
|--------------------------|----------------|----------------|----------------|----------------|
| Council Tax | 749.4 | 740.5 | 770.1 | 848.9 |
| Retained Business Rates | 55.9 | 47.6 | 49.1 | 51.0 |
| Government Grants | 251.8 | 255.0 | 258.3 | 261.6 |
| Collection Funds | 6.5 | -43.1 | 0.0 | 0.0 |
| Total Funding | 1,063.7 | 1,000.0 | 1,077.4 | 1,161.6 |
| Savings Requirement Low | | -116.8 | -95.2 | -69.7 |
| Savings Requirement High | | -152.6 | -155.8 | -158.0 |

5.8 A longer recession is also more likely to increase spending demands into future years. An additional £30m of spending due to higher demands for Council services could increase the upper end of the gap projection to £180m.

- 5.9 It is important to understand that for many years the Council's budget challenge has been eased through the notification of in-year collection fund surpluses and higher than predicted tax base estimates. This flexibility is not available for the amended 2020-21 budget and seems likely not to be part of the solution for 2021-22 and later years. This means that the Council will need to challenge any requests for spending growth even more than in recent years, and could have to find further substantial savings in order to reduce spending and balance the budget.

6. Capital Programme

- 6.1 The approved capital programme identifies £1,014m investment in infrastructure over the 3 years 2020-21 to 2022-23, this includes £121m of new schemes not included in previous programmes including a significant investment in highways asset management and priority remedial works. Capital investments are funded by a combination of government grants, developer contributions, external funding, capital receipts and borrowing. The approved programme included a preliminary figure for the 2019 schools commissioning plan together with assumed basic need grant but was still subject to confirmation at that time.
- 6.2 A fundamental review of the capital programme is being undertaken as the funding sources (borrowing, capital receipts, developer contributions, etc.) will also be impacted by Covid-19. It should be noted that avoiding borrowing would only reduce the revenue costs of borrowing and the Minimum Revenue Provision and would not impact until 2021-22. Capital receipts flexibility can still be used to support revenue transformation spending although our ability to attract receipts is limited in the current circumstances.

7. Financial Assessment of Impact and Resilience

- 7.1 At this stage it seems more than likely there will be a substantial gap in 2020-21 between revised spending/income projections and available funding. With so much uncertain we are still quantifying this gap and options to ensure the Council continues to plan for a balanced budget. More detail will be available when the County Council papers are published on 2nd September. As part of preparation for the Council meeting on 10th September we are planning an all member briefing in advance of the meeting.
- 7.2 The estimates will continue to be refined and changed as actual expenditure is recorded and more information becomes available. The shortfall in funding has significant implications for the Council's budget for 2020-21 and 2021-22. Concerns regarding the funding shortfall have been put in writing and raised with MHCLG directly by the Council and through Kent Leaders, the Kent Finance Officers' Group, the County Councils Network and the Society of County Treasurers.
- 7.3 At this stage the Corporate Director of Finance is satisfied that the Council can address the potential shortfall in 2020-21 and does not need to consider issuing a s114 notice. However, this position could change in the autumn and will depend on the Council agreeing a revised balanced budget for 2020-21 in

September, the outcome of the Spending Review later in the year, further evidence on council tax and business rate collection and future tax base estimates, and progress on developing proposals for 2021-22 budget.

8. Recommendations

- a) Policy and Resources Cabinet Committee is asked to note that the magnitude of the impact is such that the Council needs to consider and approve an amendment to the budget in September to rebalance the 2020-21 budget.
- b) Policy and Resources Cabinet Committee is asked to note that the position remains highly uncertain and could change significantly during the Autumn pending resolution of the 2020-21 budget amendment, the Government's Spending Review, further analysis of the impact on local tax yields, and progress towards balancing 2021-22 budget.

9. Background Documents

9.1 KCC's Budget webpage

<https://www.kent.gov.uk/about-the-council/finance-and-budget>

9.2 KCC's approved 2020-21 Budget

9.3 Emergency Grant Notifications

9.4 Other Additional Grant Notifications

10. Contact details

Report Authors

- Cath Head (Head of Finance Operations)
- Dave Shipton (Head of Finance Policy, Planning and Strategy)
- 03000 419418
- dave.shipton@kent.gov.uk

Relevant Corporate Director:

- Zena Cooke
- 03000 416854
- zena.cooke@kent.gov.uk