

Report to	-	Cabinet
Date	-	6 November 2017
Report of the	-	Executive Director of Resources
Subject	-	2018/19 Revenue Budget and Council Tax Consultation

Recommendation: It be **RESOLVED:** That the Executive Director of Resources be authorised to finalise the wording of the draft 2018/19 Revenue Budget and Council Tax Consultation shown at Appendix A to the report, in consultation with the Cabinet Portfolio Holder for Finance, Resources and Value for Money.

Service Manager: Robin Vennard
Lead Cabinet Member: Councillor Lord Ampthill

Introduction

1. The Council has a statutory duty to consult on its revenue budget and Council Tax proposals each year. As with last year it is proposed to commence the consultation in November. This is possible as the Council is already aware of the proposed grant settlements until 2019/20. By consulting in November, Members of Cabinet and Scrutiny will have earlier sight of the results of the consultation in making their decisions for the 2018/19 Revenue Budget.

Draft Consultation

2. The draft consultation is shown at Appendix A. It builds on the consultation undertaken last year which asked the public and businesses about their service priorities. This supports the work of the Rother 2020 programme and the recently adopted Sustainability and Efficiency Plan.
3. The financial issues facing the Council are reported elsewhere on this agenda. This sets out the financial forecast for the next five years including estimated Council Tax charges. It is therefore proposed that this forms the basis of the financial information included in the consultation.
4. Of particular relevance will be any proposed increase in Council Tax. Due to the complete loss of Government grant (£1.8m) by 2019/20, the Medium Term Financial Strategy (MTFS) assumes that some of this will be met locally through increased Council Tax charges. The MTFS models an annual increase of £5 which will mean Rother stays below the referendum limit which currently is £5 or 2% whichever is the higher. This will see Rother's Council Tax rise from its current £169.32 to £194.32 by 2021/22. This increase equates to additional annual income in the region of £1m per annum based on the 2017/18 taxbase.

Consultation Process

5. The consultation will be promoted in a number of ways including:

- a. through the Council's website, press releases, MyAlerts and Social Media;
 - b. via the Rother Citizens Panel; and
 - c. direct contact with the Chambers of Commerce and Federation of Small Businesses.
6. The results of the consultation will be analysed and reported to Members. An interim update will be reported to Cabinet at its December meeting and the final position reported to Overview and Scrutiny Committee at its January 2018 meeting. The consultation will last for eight weeks commencing on the 10 November 2017 and concluding on the 5 January 2018.

Malcolm Johnston
Executive Director of Resources

Risk Assessment Statement

There are no direct risks arising from this report.

2018/19 REVENUE BUDGET AND COUNCIL TAX CONSULTATION Consultation Document

Consultation opens: Friday 10 November 2017.

Consultation closes: Friday 5 January 2018.

Duration: Nine weeks.

Your invitation to have your say

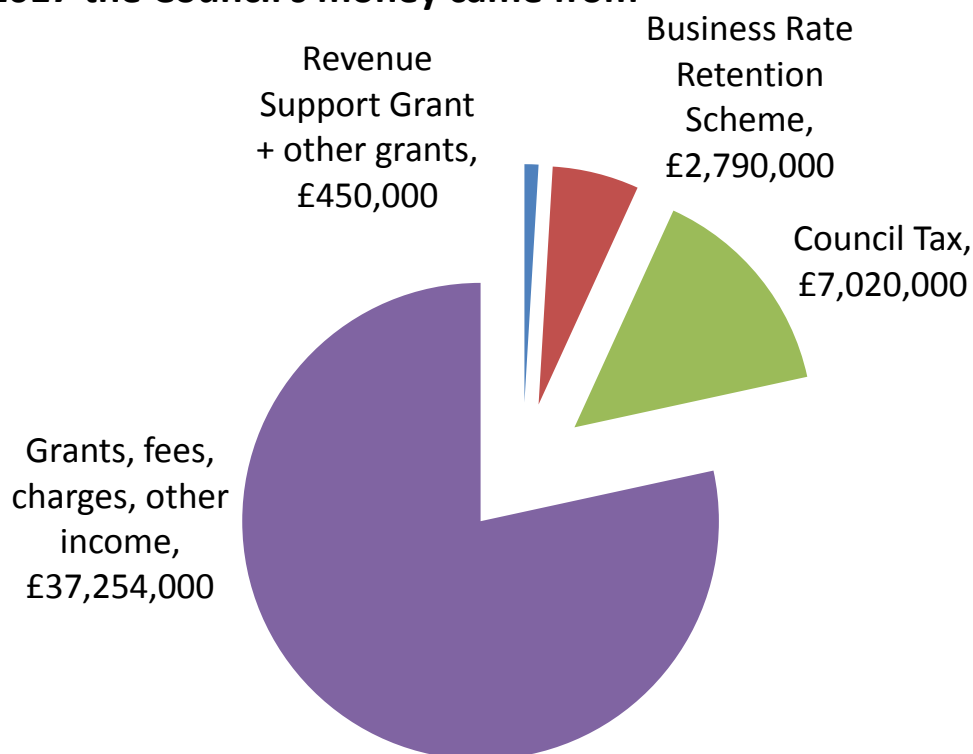
Rother District Council invites residents and businesses in Rother to have their say on the Council's budgets and Council Tax for the financial year 2018/19.

In particular, the Council needs to decide on the amount of Council Tax to charge residents in 2018/19. What you tell us will help us make our final decision.

We are consulting on our revenue budget. Our revenue budget is the money that is used to deliver our day-to-day services such as waste collection, street cleaning, leisure, planning and many more services. The budget covers the running costs in delivering these services such as staff, buildings, paying suppliers and contractors and other operating costs.

Since 2011, the Government has cut its general grant to Rother District Council by over £6 million. The grant used to be the main source of income to help pay for the costs in providing council services. Now, most of the Council's services are paid partly from Council Tax, a small portion of the business rates we collect but mostly from other fees, charges and income sources.

In 2017 the Council's money came from



In 2016/17, the Government general grant was £1.073 million and in 2017/18 the grant was cut to £450,000. The Government has told us Rother District Council's general grant in 2018/19 will be just £72,500. By 2020, the Government will not pay us any general grant. We may be allowed to keep some more of the local business rates that we currently collect and send to the Government. We do not know when that will happen or how much money we may be able to keep, so we are not relying on it.

Our capital budgets are used to fund major projects and investments plus services such as aids and adaptations to the homes of disabled residents. We are not consulting on our capital budget mainly because it is not directly funded by Council Tax and Government grant, like the revenue budget.

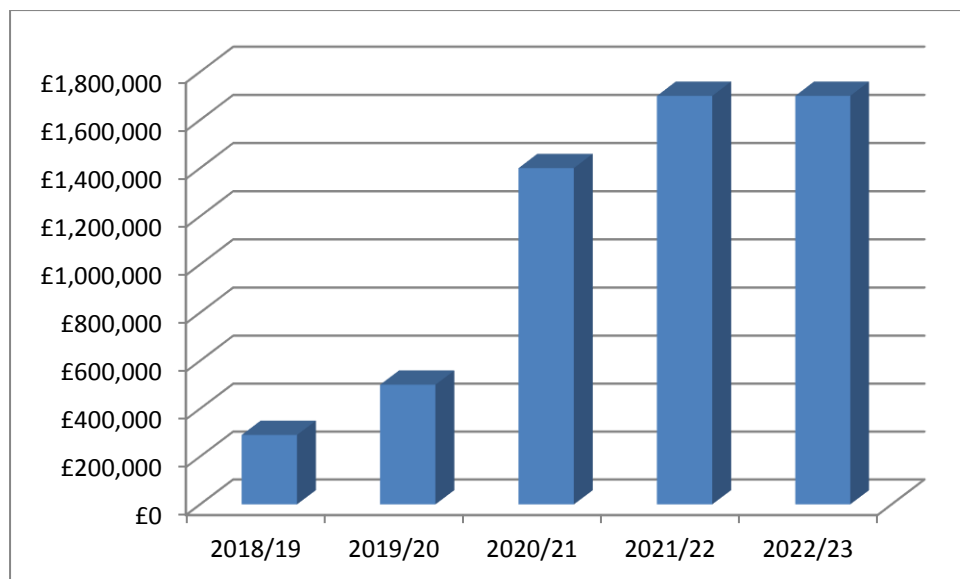
What happened as a result of last year's consultation?

When we consulted the public and businesses for the 2017/18 Budget, you told us you were prepared to see Council Tax go up because you wanted to keep local services. We raised Council Tax by £5 a year, based on an average Band D property. You can read about the consultation and what people told us on the consultation website and the outcome in the report to Cabinet in February 2017 (<http://www.rother.gov.uk/CHttpHandler.ashx?id=27278&p=0>).

We have also taken account of your views about what's important to you in developing the Council's [Sustainability and Efficiency Plan](#). This includes deciding which services we will be prioritising over the next three years and looking at how the services with a lower priority might be delivered in future.

Funding Gap over the next three years

When we take into account other changes to our spending and income generated from other sources, we expect there to be a shortfall in our income peaking at £1.7m in 2021. The chart below shows the funding gap each year.



We are trying to protect your services

Rother District Council has worked hard to keep delivering the services our residents say are important to them. So far, we have managed to fill our funding gaps through efficiency savings, new partnerships and reducing waste and inefficiency. We have reduced our staff by one third and our offices by half, since 2011. We have sold land and property that we do not need. We have handed over some things we do to others such as allotment associations and parish councils so that they can be run and paid for by local people.

We will continue with this approach. We are finding new sources of income, investing in technology so that people who can help themselves have the tools to do so and looking to others to help us deliver those services of a lower priority.

Our [Medium Term Financial Strategy](#) gives more detailed information about the Council's finances. This document will be updated in February 2018 to reflect the decisions of the Council.

Council Tax Options

As we have said, income from Council Tax is very important to help fund the services we deliver. The Council's share of the overall Council Tax for the Rother area is around £7m (10%) of the total £70m we collect. The rest (£63m) goes to East Sussex County Council, Sussex Police and Crime Commissioner, East Sussex Fire Authority and the parish and town councils. To continue to help to protect services, the Council is considering its options concerning Council Tax. The options include:

Continue to Raise the Council Tax each year by £5 based on a Band D Property. For 2018/19 this would increase the Rother charge from £169.32 to £174.32. It would help meet some of the funding gap.

Freeze the Council Tax at its current level. That would mean we would have to find all the additional savings from the services we deliver to meet the funding gap.

Raise the Council Tax by less than £5. It would fill some the funding gap but not as much as raising by £5 as above and therefore we would have to find additional savings from the services we deliver.

If we want to increase the Council Tax more than £5, then we will need to hold a referendum of the residents of Rother. It is not our intention to do so.

The Council's preferred option is to fill some of the funding gap by increasing the Council Tax by £5 for a Band D property. That amount will be less than £5 for lower band properties (A to C) and more than £5 for higher band properties (E and higher). Raising the Council Tax by an average of £5 will increase income by £186,000.

We are only consulting on the part of the Council Tax that comes to Rother District Council. The Council collects the Tax on behalf of all the precepting authorities (East Sussex County Council, Sussex Police and Crime Commissioner, East Sussex Fire Authority). If you wish to see what those organisations propose, please go to their websites:

<https://www.eastsussex.gov.uk/>
<https://www.sussex-pcc.gov.uk/>
<http://www.esfrs.org/about-us/east-sussex-fire-authority/>

How to take part:

We would like to know:

- What do you think of our proposed budget for 2018/19?
- Which option on Council Tax do you prefer and why?
- Are there any services you would like the Council to stop, in order to make savings, and why?

Send in your response using our online survey

Email consultations@rother.gov.uk

Write to Budget Consultation for 2018, Rother District Council, Town Hall, Bexhill on Sea, TN39 3JX

We will keep you informed on progress and answer any questions on our website and through our Twitter accounts @RDCConsult and @RotherDC and on Facebook at <https://www.facebook.com/RotherDC/>

What happens next:

A progress report on what we have heard so far will be presented to our Cabinet on Monday, 18 December 2017.

The final report on the consultation and the budget for 2018/19 will be debated at Overview and Scrutiny Committee on 29 January 2018.