

**To all Members of the Council**

14 February 2020

You are hereby summoned to attend a Meeting of Rother District Council to be on **Monday 24 February 2020** at 6:30pm at the Council Chamber, Town Hall, Bexhill-on-Sea, when it is proposed to transact the business stated below.

At 6:25pm, prior to the commencement of the meeting, you are invited to join the Chairman in prayer which will be led by his Chaplain, Father Michael Bailey.

1. To approve as a correct record and to authorise the Chairman to sign the Minutes of the Council meetings held on 16 December 2019
2. To receive apologies for absence.
3. Disclosure of Interest  
To receive any disclosure by Members of personal and disclosable pecuniary interests in matters on the agenda, the nature of any interest and whether the Member regards the personal interest as prejudicial under the terms of the Code of Conduct. Members are reminded of the need to repeat their declaration immediately prior to the commencement of the item in question.
4. To receive the Chairman's communications.
5. To answer questions from members of the public, if any, in accordance with paragraph 10 of the Council Procedure Rules (\*time limit 30 minutes).
6. To answer questions from Members of the Council, if any, in accordance with paragraph 11 of the Council Procedure Rules (\*time limit 30 minutes).
7. To receive the report of the Cabinet on matters for determination by full Council at its meetings held on 13 January and 10 February 2020, as under: (Pages 1 - 76)

**13 January 2020**

- The Progression Of The Rother District Public Realm Strategic Framework (CB19/81)
- South East Charter For Elected Member Development (CB19/82)

**10 February 2020**

- Housing Allocation Policy (CB19/90)
- Draft Revenue Budget Proposals 2020/21 (CB19/91) (See Agenda Item 9)
- Capital Programme 2020/21 To 2024/25 Capital Strategy (CB19/92)
- Treasury Management Strategy Statement And Annual Investment

**For details of the Council, its elected representatives and meetings visit the Rother District Council Website [www.rother.gov.uk](http://www.rother.gov.uk)**

Strategy (CB19/93)

➤ Camber Western Car Park Management (CB19/94)

8. To receive the report of the Head of Paid Service

In accordance with paragraph 17a of the Overview and Scrutiny Procedure Rules and paragraph 4 of the Budget and Policy Framework Procedure Rules, of any urgent decisions taken at the Cabinet meetings held on 13 January and 10 February 2020.

9. Budget 2020/21 (Pages 77 - 90)

To consider and if thought fit, to pass a resolution in the terms set out in the report. In accordance with Council Procedure Rule 17.5 (b) a recorded vote will be taken on this matter.

10. To consider nominations received for the appointment of Chairman and Vice-Chairman of the Council and, if necessary, to determine those nominations by secret ballot in accordance with Council Procedure Rule 17.4.

(In accordance with normal practice, this process is intended to determine the names to be put forward at the Annual Council Meeting).



Dr Anthony Leonard  
Executive Director

Town Hall  
Bexhill-on-Sea  
East Sussex, TN39 3JX

*\* Any supplementary verbal questions put will be audio recorded for ease of reproducing the minutes of the meeting*

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## Rother District Council

Report to	-	Council
Date	-	24 February 2020
Report of the	-	Cabinet
Subject	-	References from Cabinet Meetings

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The Council is asked to consider recommendations arising from the Cabinet meetings held on 13 January and 10 February 2020, as set out below.

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### **CABINET – 13 January 2020**

**CB19/81. THE PROGRESSION OF THE ROTHER DISTRICT PUBLIC REALM STRATEGIC FRAMEWORK**

Cabinet received and considered Minute OSC19/38 arising from the meeting of the Overview and Scrutiny Committee (OSC) held on 25 November 2019 regarding the progression of the Rother District Public Realm Strategic Framework (PRSF). The OSC had requested a number of minor amendments that had been incorporated into the draft in respect of Strategic Objective 3, promoting the natural environment and climate change references.

Further to the OSC's suggestion to discuss the strategic framework at the forthcoming Parish Conference it was noted that the Agenda for this was already quite full and there was no guarantee that this could be included. The PRSF would be promoted to the Parish and Town Councils across the district in any event, once adopted.

The introduction of a PRSF would help drive a cultural step change to embed the goal of achieving a quality public realm in Rother, support planning policies in the Rother District Core Strategy, and the Corporate Plan Vision, including the delivery of a number of the Broad Outcomes of the Corporate Plan. It would encourage a more co-ordinated and consistent approach to public realm design, quality and appearance throughout the district and promote local distinctiveness, helping to deliver community and civic pride in the environment, and economic prosperity and regeneration initiatives.

Whilst Cabinet was supportive of the PRSF in principle, it was considered that quite often it was the small things that contributed to a communities' well-being and sense of pride for their town / village and these should not be lost in the bigger picture.

Subject to the current review of the Corporate Plan it was likely that the delivery of the PRSF would be a priority project in the new Corporate Plan. It was requested and agreed that Strategic Objective 1 also be amended to incorporate the unique 15<sup>th</sup> century historical landscape which was a major heritage asset. Cabinet paid tribute to the work that had gone into the production of the PRSF and was pleased to recommend its adoption to Council, as amended.

**RECOMMENDED:** That the Rother District Realm Strategic Framework be approved and adopted, as amended.

(Link to Framework:

<https://rother.moderngov.co.uk/documents/s1889/Appendix%201%20-%20Public%20Realm%20Strategic%20Framework.pdf>

(Cabinet Agenda Item 8)

CB19/82. **SOUTH EAST CHARTER FOR ELECTED MEMBER DEVELOPMENT**

Cabinet received and considered Minute 7 arising from the Member Development Task Groups' (MDTG) last meeting that had considered the Council's recommitment to the South East Employers (SEE) Charter for Elected Member Development. The Council's current SEE Charter for Elected Member Development status would expire in March 2021 and the Council needed to recommit in January 2020 to ensure adequate time for renewal.

Cabinet acknowledged the high level training and development offer at the Council and noted that the introduction of the Charter back in 2007 had been instrumental to the current success. However, as a culture of continuous learning and development for Members was now well embedded, the renewal fee (confirmed as £2,000) could be put to better use and used to fund training and development. It was therefore agreed by Cabinet to recommend to Council that the Council should not re-apply for Charter Status.

Members were reassured that retention of the Charter was not the key driver for the current standard and level of training and support provided to Members; moving forward it would be for Members to ensure that the Council maintained the offer at the current levels.

**RECOMMENDED:** That the Council does not recommit to renewing the South East Charter for Elected Member development when it expires in March 2021.

(Cabinet Agenda Item 11)

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**Cabinet – 10 February 2020**

CB19/90. **HOUSING ALLOCATIONS POLICY**

Cabinet received and considered Minute OSC19/49 arising from the meeting of the Overview and Scrutiny Committee (OSC) held on 27 January 2020 that had considered the revised Housing Allocations Policy that had been subject to consultation.

The purpose of the policy review and consultation was to ensure that the draft Housing Allocations Policy continued to effectively support the Council to promote socially, economically and demographically balanced communities. A revised Allocations Policy also allowed the

Council to ensure it was compliant with new legislation and guidance that had been introduced since the inception of the existing policy.

The benefits to the new policy included more sensitive and responsive criteria and it incentivised clients to work with the Council to secure accommodation in the private rented sector as well as pursue social housing options. It was noted that residents who had a council or housing debt of £1,000 and who were not making any attempt to repay the debt were disqualified from making an application. Members were reassured that residents in this position were given guidance and support and signposted to relevant support agencies.

**RECOMMENDED:** That the new Housing Allocations Policy be approved and adopted, as submitted.

(Attached as Appendix 1 to this report)

(Cabinet Agenda Item 9)

CB19/91. **DRAFT REVENUE BUDGET PROPOSALS 2020/21**

Members gave consideration to the Executive Directors' comprehensive report and appendices on the draft Revenue Budget proposals for 2020/21. The budget proposals had been scrutinised by the Overview and Scrutiny Committee (OSC) on 27 January 2020 and a copy of the Minutes arising from the OSC meeting had been appended to the report for Cabinet's consideration. It was noted that the budget had been prepared ahead of the finalisation of the Council's new Corporate Plan and it was likely that the Council's finances, staffing and physical resources may need to be redirected into new priorities and services over the coming months. Appendix A to the report summarised the draft Revenue Budget; Appendix B to the report showed the detailed budgets over the various services the Council provided and Appendix C to the report detailed the proposed Special Expenses for 2020/21.

Since publication of the report and following the outcome of a detailed review of the likely outturn of the 2019/20 non-domestic rates (NNDR) there was expected to be a surplus of approximately £1.8m with Rother's share equating to some £758,000. This additional income would be a one-off change in 2020/21. This figure reduced the amount of reserves required to support the Revenue Budget and a revised Budget Summary (Appendix A to the report) and projected Reserves and Balances (Appendix D to the report) had been circulated to all Members prior to the meeting.

Members were reminded that the Council no longer received any Revenue Support Grant from the Government and would be wholly reliant on revenue from business rates, council tax, charges for services and income generation. Other Government grants included £247,100 New Homes Bonus and approximately £125,000 relating to the impact of the Homelessness Act which whilst not ring-fenced, would be targeted towards homelessness.

The Council Tax and Referendum Limit that applied to the Council for 2020/21 allowed an increase of up to 2% or £5 whichever was the greater. To ensure the Council remained within this limit (after taking account of the increase in Special Expenses), the budget assumed an increase of £4.65 (2.6%) to £184.10 at Council Tax Band D for 2020/21. This brought an additional income of £177,000 based on the 2020/21 taxbase. Changes brought about through the Housing, Homelessness and Rough Sleeping Strategy, in accordance with legislation to increase the Council Tax premiums for empty homes from 2020/21 may also increase revenue.

The Council's Capital Programme totalled some £62.7m with £11.8m currently without secured funding. A significant part of the programme related to the Council's approved Property Investment Strategy, a review of which was underway and would be presented to a future Cabinet meeting. It was noted that the Council was not able to borrow to invest in property funds; this could only be financed by cash. Whilst the investments in property funds yielded a higher return, the funds may need to be drawn back to reserves to balance the budget but would be kept in the property funds for as long as possible to maximise the return.

The net Revenue Budget before Government grants and other funding was expected to be £15.602m. This included revenue support for the Capital Programme of £1.359m funded from reserves. The underlying revenue spend was therefore £14.243m. In preparing the draft Revenue Budget a number of financial issues were still uncertain, as follows:

- Income generation – the draft budget included the need to deliver an additional £558,000 of income over that already achieved.
- Managing homelessness – homelessness continued to be a considerable social and financial challenge for the Council.
- Waste Collection and Street Cleaning contract – the new waste collection and street cleaning contract saw an increase in contract cost of £1.5m in a full year.
- Delivering efficiencies identified through lean and demand project – realisation of the savings identified through this work had produced both cash and time savings and further work was continuing.
- Voluntary Redundancies – a total of 18 posts had been identified and accepted; it was likely that this number would reduce as the process progressed. The likely total cost of the redundancies was between £400-£500k and would be funded from reserves.

The draft Revenue Budget for 2020/21 utilised a total of £3m of earmarked reserves (net of contributions to reserves) to meet specific costs including supporting the Capital Programme. Some £1.6m of this was estimated to be used to balance the overall Revenue Budget. Details of the use and contributions to reserves were set out in Appendix D, as amended, to the report.

The Council's budget and council tax consultation with residents and businesses closed on the 31 January 2020; the results of the

consultation showed a small majority of support for raising Council Tax by £5 based on a Band D property.

The five year financial forecast included a number of assumptions, the main one being the future delivery of recurring savings of £1.3m in 2020/21 rising to around £3m per annum from 2022/23. For the purposes of the forecast, the taxbase had also been projected to increase over the period by 2% per annum. In addition, the forecast assumed an annual 2% increase in Council Tax each year from 2021/22. The devolvement of services and the potential establishment of a Bexhill Town Council and subsequent reduction of Special Expenses for Rother District Council were merely assumptions as no decisions had yet been taken.

Assuming the Council was able to deliver the identified savings, the forecast showed that over the five years, nearly £9m of reserves would be used including £2.5m to support the Capital Programme. If further savings or income could be achieved over the period then this would reduce the call on reserves. It was proposed that the Council's Medium Term Financial Strategy be updated to reflect the latest financial forecast.

The draft Revenue Budget had been balanced for 2020/21. To achieve this, the Council had set itself ambitious but achievable savings and additional income targets. Without action, the financial forecast showed Reserves would be under considerable pressure and may fall below acceptable levels over the next five years. This also increases the Council's vulnerability to being able to cope with unexpected costs that arise.

**RECOMMENDED:** That:

- 1) the level of special expenses as set out in Appendix C to the report, be approved;
- 2) a net expenditure level for 2020/21 of £15,602,000 be approved;
- 3) the amount of earmarked reserves set out at Appendix D, as amended, be approved; and
- 4) a Council Tax for 2020/21 at Band D be increased by £4.65 (2.6%) and set at £184.10.

(Cabinet Agenda Item 10)

CB19/92. **CAPITAL PROGRAMME 2020/21 TO 2024/25 CAPITAL STRATEGY**

In accordance with the CIPFA 2017 codes for Prudential and Treasury Management, the Council was now required to have a Capital Strategy. The draft Capital Strategy was attached at Appendix A to the report and gave a high-level overview of how capital expenditure, capital financing and treasury management activities contributed to the provision of local public services, along with an overview of how

associated risk was managed and the implications for future financial sustainability.

The Council's Capital Programme at Appendix B to the report totalled some £62.7m, although £11.8m was currently unfunded and showed the investment in approved schemes over the next five years. A significant part of this related to the Council's approved Property Investment Strategy (PIS). To date £28.2m had been expended or committed on seven properties / sites with income in excess of £900,000 per annum secured, with a further £800,000 expected once other developments were delivered.

The draft Capital Programme also sought to minimise the use of Revenue (including Revenue Reserves) to fund capital expenditure. For 2020/21 some £1.359m was planned to be used, reducing to £291,000 thereafter.

The Programme was broadly the same as that reported in November 2019, save for the re-phasing of expenditure in line with the latest information. The Programme also now reflected the cost of the replacement water feature on Bexhill Seafront (£350,000) and the acquisition of Market Square in Battle at a cost of £3.256m including fees. It was noted that this was the interim position subject to the emergence of the new Corporate Plan and would need to be reviewed in the summer.

**RECOMMENDED:** That:

- 1) the Capital Strategy at Appendix A to the report be approved and adopted; and
- 2) the revised Capital Programme at Appendix B to the report be approved.

(Attached as Appendix 2 to this report)

(Cabinet Agenda Item 11)

CB19/93. **TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY**

The Treasury Management Statement set out the Council's treasury issues and looked to ensure that the Council met its spending obligations. The Council was required to receive and approve a minimum of three main reports each year to include:

- 1) Prudential and Treasury Indicators and the Treasury Strategy;
- 2) a Mid-Year Treasury Management Report; and
- 3) an Annual Treasury Report.

These reports incorporated a number of policies, estimates and actuals which were scrutinised by the Audit and Standards Committee prior to making recommendations to Council.

The Treasury Management Strategy detailed the Council's capital issues and reviewed the position regarding investments, borrowing strategy, economic outlook and policies on the creditworthiness of counterparties.

The Annual Investment Strategy detailed the Council's investment priorities, promoting security, liquidity and investment return. In order to minimise risks, the Council stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list.

The 2020/21 draft Revenue Budget presumed an income of £400,000 from treasury activities which assumed a return of 1.2% from deposit type investments and 3.8% return from property fund investments. The forecast for the next five years saw returns fall, based on the forecast use of cash reserves to support the Revenue Budget. The expectation was that 2020/21 would remain a very difficult investment environment, however the strategies proposed in the report, together with the interest rates forecast, were in line with the assumptions made when preparing the 2020/21 Revenue Budget. It was noted that this was the interim position subject to the emergence of the new Corporate Plan and these would need to be reviewed in the summer.

**RECOMMENDED:** That the:

- 1) Treasury Management Strategy as set out at Appendix A to the report be approved and adopted;
- 2) Annual Investment Strategy as set out at Appendix B to the report be approved and adopted;
- 3) Minimum Revenue Provision Policy Statement 2020/21 be approved;
- 4) Prudential and Treasury Indicators as set out in Appendix A to the report be approved; and
- 5) authorised limits in the report be approved.

(Attached as Appendix 3 to this report)

(Cabinet Agenda Item 12)

CB19/94. **CAMBER WESTERN CAR PARK MANAGEMENT**

Consideration was given to the report of the Executive Director that provided the background and history to the management and operational issues at Camber Western Car Park. The car park was located on the outskirts of Camber village and during the summer months provided up to 1,500 parking spaces.

As a result of a traffic management report commissioned in 2017 SmartParking was appointed to manage the car park using an automatic number plate recognition (ANPR) system on a trial basis. The trial had demonstrated that the system was not suitable in the

long-term as the system only led to the car park becoming full more quickly and did not reduce congestion.

Currently there was no operating process in place for the management and enforcement of Camber Western Car Park for the summer season 2020/21. The report outlined two proposals for the future management of the car park: Proposal 1 was to bring back in house the management of the car park using pay and display; or Proposal 2 to bring back in-house the management of the car park using automatic entry and exit barriers. The pros and cons for each proposal were detailed in the report together with a SWOT analysis at Appendix A to the report.

The total capital costs associated with Proposal 1 amounted to an approximate cost of £55,000 for the provision and installation of 10 solar powered payment machines and in addition there would be annual revenue costs of £35,000 in respect of staffing and maintenance.

The total capital costs associated with Proposal 2 amounted to £64,000 for the provision and installation of four ticket machines and barriers and the provision of electricity and in addition there would be annual revenue costs of £41,900 in respect of call handling system, staffing, maintenance and back office costs.

Whilst both proposals met the objectives for managing Camber Western Car Park effectively Proposal 1 was the preferred option as it required less capital investment and would cost less to operate annually as it could be delivered from within existing staffing budgets. There was also less risk of mechanical failure with a barrier free system and the flow of traffic would be smoother without a barrier to navigate. The Council would also be able to maximise income by having an enforcement presence on the ground while also being able to advise and assist the public as required.

Cabinet supported the implementation of Proposal 1 as this offered the best cost solution to maintain the objectives and deliver effective enforcement and management of the car park. Members requested that a profit and loss account of the car parking operation at Camber, taking into account the revenue and running costs, including beach cleaning, be provided to Members in due course.

**RECOMMENDED:** That the proposal to operate Camber Western Car Park, using in-house Rother District Council officers through the use of pay and display machines as described within Proposal 1 within the report, be adopted.

(Cabinet Agenda Item 15)

Councillor D.B. Oliver  
Leader of the Council

## **FULL COUNCIL – MONDAY 24 FEBRUARY AGENDA ITEM 7 - APPENDIX 1**

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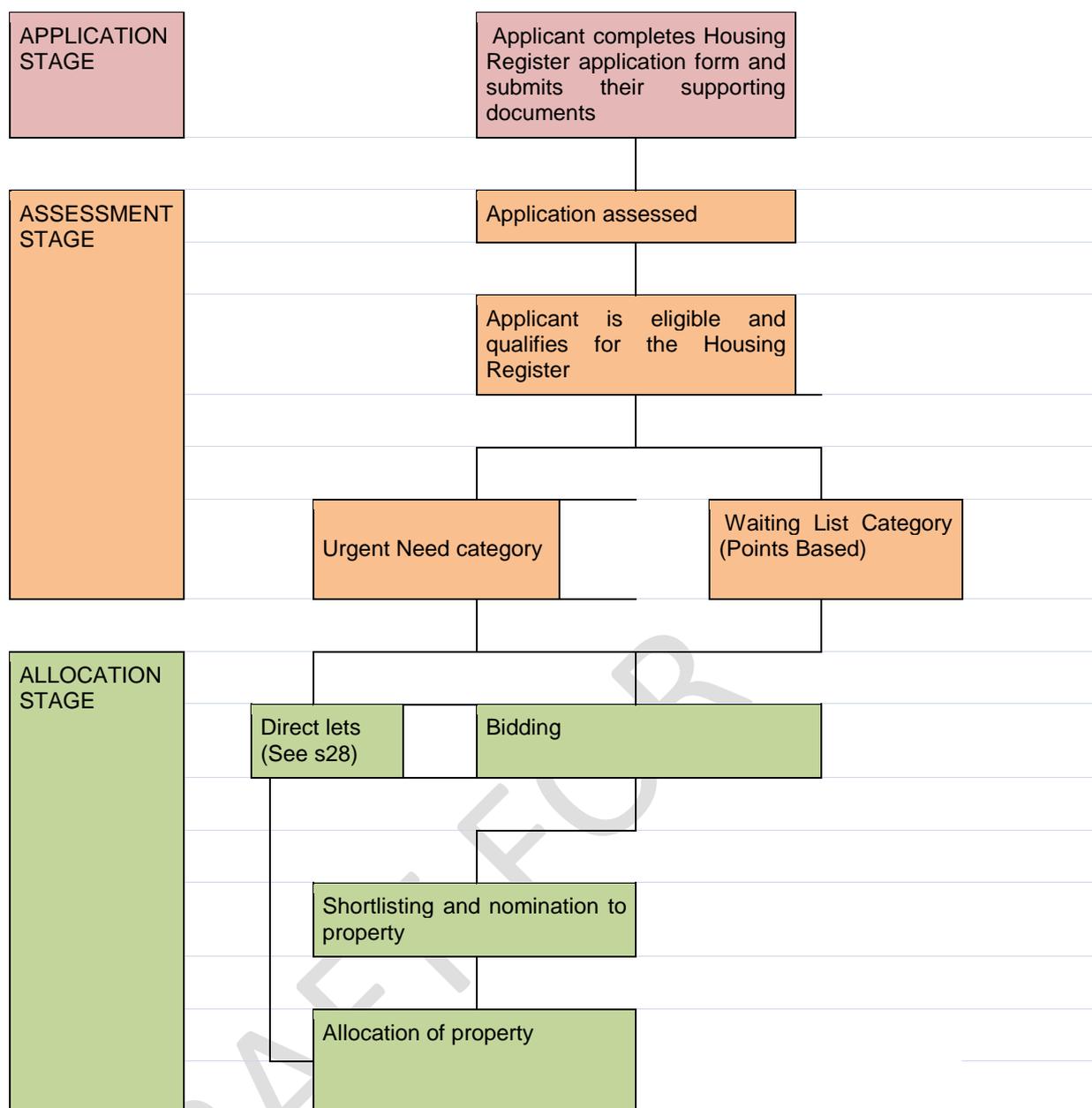
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## 1. Introduction

- 1a The overall aim of the Allocations Policy is to provide a framework for the equitable, effective and accountable allocation of affordable housing in Rother. We have designed this policy to help us meet the following objectives:
- Ensure the allocation of social housing contributes towards socially, economically and demographically balanced communities
  - Maximise the use of social housing stock in the district
  - Assist Rother District Council and its partners in meeting statutory duties, particularly in relation to ensuring reasonable preference to priority groups
  - Reduce temporary accommodation use
  - Prevent people becoming statutorily homeless
  - Allocate social landlords accommodation fairly and in an open and transparent way
  - Minimise property void periods
  - Promote social inclusion
  - Promote and achieve equality of opportunity
- 1b It must be recognised that the demand for social housing within the district of Rother is very high and cannot be met from the available resources. Only those in the highest housing need are likely to obtain social housing in Rother. In certain cases where applicants have the same level of priority the applicant with a local connection to the area (parish cluster) will take priority. This policy will help us to prioritise those in the highest housing need, and to do this we must exclude those who are able to access housing in the private sector (whether rented or ownership) from the highest need category.

### The Customer Journey

- 1c The flow chart below sets out the expected customer journey from making the initial application to join the Council's housing register, to successful allocation of social housing.



## 2. Background

- 2a Rother District Council (the Council) transferred its social housing stock in 1996 and no longer owns any ‘council’ housing. It has nomination rights to some of the social housing stock in Rother owned by social landlords when the property becomes vacant. Primarily, this policy document sets out how we use those nominations rights.
- 2b The purpose of this document is to set out the Council’s policy for:
- Who can apply to the Council’s Housing Register
  - How the Council assesses applications to the Council’s Housing Register

- How the Council allocates homes in the Rother district owned by the Council's social landlord partners, and for which the Council has nomination rights
  - How the Council will deal with requests for a review of decisions made
- 2c The Council and its partner social landlords use a choice based lettings scheme called Sussex Homemove and available properties are advertised through this scheme. All applicants who apply for social housing become members of Sussex Homemove and can search and 'bid' for properties that they are interested in. The 'bidder' with the highest level of priority will be offered the property, in accordance with this allocations policy.
- 2d Optivo own and manage the majority of Rother's social housing stock, following large scale voluntary transfer (LSVT) in 1996. The Council has a 100% nomination right to access Optivo's new build social housing stock and 75% of relets. The Council also generally has up to 75% nomination arrangements with other social landlords operating in the Rother district that are administered by Rother District Council through the Housing Register function. Social housing stock in Rother equates to approximately 9.7% of total housing stock in the district. This compares to the national average of 17.4% of all housing stock. The following social landlords have social housing stock within Rother:
- Clarion [www.clarion.com](http://www.clarion.com)
  - English Rural Housing Association [www.englishrural.org.uk](http://www.englishrural.org.uk)
  - Five Villages Housing Association [www.fivevillages.org.uk](http://www.fivevillages.org.uk)
  - Hastoe Housing Association [www.hastoe.com](http://www.hastoe.com)
  - Optivo Housing Association [www.optivo.org.uk](http://www.optivo.org.uk)
  - Orbit Housing Association [www.orbit.org.uk](http://www.orbit.org.uk)
  - Sanctuary Housing [www.sanctuary-housing.co.uk](http://www.sanctuary-housing.co.uk)
  - Southern Housing Group [www.shgroup.org.uk](http://www.shgroup.org.uk)
  - Sussex Housing and Care [www.sussexhousing.org.uk](http://www.sussexhousing.org.uk)
- 2e All nominations and lettings dealt with under this policy are for social and affordable rented properties, however, single nomination agreements are in place for supported housing and these are dealt with by East Sussex County Council - Adult Social Care Services. The current schemes dealt with in this way are:
- The Orangery, Bexhill
  - Newington Court, Ticehurst
  - St Bartholomew's Court, Rye Foreign
- 2f The following supported accommodation is subject to direct letting:
- 181a London Road, Bexhill  
Pathways, Bexhill

- 2g In many instances supported housing will have additional qualification criteria. If the applicant feels they require this type of property they should contact the Council's Housing Needs team for further advice.
- 2h Shared ownership homes are not dealt with under this policy. Details can be found at: Homebuy - <https://www.helptobuyese.org.uk/>

### 3. Equality

- 3a The Council will ensure its policies and practices are non-discriminatory and will promote equality by preventing and eliminating discrimination on the grounds of race, disability, gender, age, sexual orientation, religion, pregnancy, or marriage status. The scheme will be accessible, responsive and sensitive to the diverse needs of individuals. The Council's aim is to create an environment where equality is at the heart of everything we do.
- 3b The impact of this policy on the diverse range of groups within our community will be monitored to ensure it promotes equality to everyone. In order to achieve this, all applicants will be asked to provide details of their circumstances and any personal information when they apply to join the housing register.
- 3c The Council will ensure all eligible and qualifying applicants have equality of information about the service and equal opportunity to apply, express an interest in and receive offers of accommodation.
- 3d To ensure that vulnerable groups are not disadvantaged in applying to the housing register, the Council will offer assistance to complete the online form if the applicant is unable to use a computer and has no friend, relative or advocate assisting them. When this is not possible the Council may refer the applicant to an outside organisation who will assist the applicant to submit an application.

### 4. Legal Framework

- 4a The Council is required by law to have an allocation scheme for determining priorities and for defining the procedures to be followed when allocating social housing.
- 4b Although the Council no longer has a statutory duty to administer a formal Housing Register, (i.e. it is able to contract out this function) it has made a policy decision to retain the register as a means of identifying needs, prioritising applicants and informing the Housing, Homelessness and Rough Sleeping Strategy for the district. This policy has been produced to ensure that the Council meets its legal obligations.

## 5. Deliberately Withholding Information or Providing False Information

- 5a Fraudulent behaviour is not acceptable and appropriate action will be taken.
- 5b It is a criminal offence if a person, in connection with the exercise by the Council of the allocation of housing accommodation:
- knowingly or recklessly makes a statement which is false; or
  - knowingly withholds information which the authority has reasonably required from that person in connection with the allocation of housing
- 5c The Council decides when these offences apply and when to institute criminal proceedings.
- 5d The Council may bring a criminal prosecution of this offence, which on conviction would result in a maximum fine of up to £5000.
- 5e In addition, where the applicant has been allocated accommodation, civil proceedings may be brought to enable the landlord to repossess the applicant's home.
- 5f The Council may request supporting documentation in relation to any application from any member of the household to determine if a person is an eligible or qualifying person. It may request details in order to assess the application. This may include information including financial, medical, employment, property ownership or information relating to the disposal of a property or any other material that may be required from time to time to allow the council to reach a decision under the policy.
- 5g Failure to provide the requested information may lead to an application being suspended for a period. Continued failure to provide any information will lead to an application being cancelled. Any applicant or third party person submitting information under this policy may be liable to prosecution.
- 5h Any person found to have supplied false or misleading information will have their application cancelled.

## 6. Members of the Council, Staff and their Relatives

- 6a So that the council can be seen to be acting transparently and equitably, the following rules apply:

### Applications

- 6b Any housing register applicant, including existing housing association tenants, must tell the council when they apply to the housing register if they are:

- An elected member of the Council; or
- A council member of staff; or
- A board member of a partner social landlord; or
- A relative of any of the above

6c All applications in any group set out above will be identified on the council's computer systems to show their status under this section of the Allocations Policy.

6d Where an applicant fails to disclose the above information but it subsequently comes to the council's attention, the Housing Register application will be cancelled.

### **Lettings**

6e The approval of the Council's Housing Needs Manager is required for any lettings made to all applicants in any group set out above.

## **7. Confidentiality, Data Use, and Data Protection**

7a All information held on the Housing Register is confidential and will be used for the purposes of allocating social housing.

7b By signing the Housing Register application form (including electronic signatures where relevant), applicants give their consent for the Council to disclose information about them that is necessary in order to assess their application. Data will also be used for the purposes of identifying types of housing needs across the district and appropriate information will be disclosed to our housing association partners

7c Information about Housing Register applicants is only disclosed without an applicant's consent in the following defined circumstances:

- In accordance with s115 of the Crime and Disorder Act 1998 as part of a criminal investigation;
- Where there is a serious threat to the applicant themselves or to another party's staff or contractors if the information is not disclosed;
- Where information is relevant to the management or support duties of a proposed landlord or support organisation to ensure the health and safety of the applicant, a member of his or her household, or a member of staff.

## **8. Access to Personal Files**

8a An applicant is entitled to see the entry on the Housing Register relating to them and receive a copy of the details held. An applicant will be notified of any status or priority change to their entry on the Housing Register.

# APPLYING TO THE HOUSING REGISTER

## 9. Eligibility and Qualification

9a When assessing applications to join the register we will ascertain whether an applicant is eligible to register and if they qualify for an allocation of accommodation.

### 9.1 Eligibility

By law, the Council is only allowed to allocate accommodation to an applicant who is eligible for an allocation. Whether an applicant is eligible or not is set out in legislation and, in very broad terms, will be determined by their immigration status and whether they have made their usual home in the UK.

*Joint tenancies:* Where two or more people apply and one of them is not eligible, the Council may allocate to the person who is eligible.

*Existing tenants:* The eligibility provisions do not apply to applicants who are already secure, assured or introductory tenants.

If this section applies to you and you require further assistance please contact a member of the Housing Needs Team who will be able to advise you.

### 9.2 Qualification Criteria

9.2a Applicants who meet the following criteria are able to apply to join the housing register:

- are aged 18 or over
- have a local connection to Rother or are exempt from having a local connection with Rother as set out in Appendix 2.

9.2b In order to qualify as having a local connection in order to join the housing register, applicants must meet at least one or more criteria relating to the following:

1. Residing in the District

The applicant or joint applicant has lived in the district, by choice, in their only home for a period of at least three years out of the last five years. Applicants will be awarded local connection to the parish cluster where this applies.

2. Family in the District

The applicant or joint applicant has close relatives who reside in a parish or ward in the Rother area as their only or principal home and have done so for at least the previous five years. Close relatives are defined as parents, adult children or brothers or sisters, including corresponding step relationships. Applicants will be awarded local connection to the parish cluster where this applies.

Relatives who are not considered to grant a local connection are grandparents, grandchildren, aunts or uncles, carers and non-adult children. These persons will only be used to establish a local connection where the Council considers that it is necessary for the applicant to be accommodated within the parish or ward in order to provide or receive medical or social care to/from the relative and at the discretion of the Council.

3. Employment in the District

The applicant or joint applicant has permanent paid employment (or a confirmed offer of such in the district). This must be for a minimum of 16 hours per week but will not include seasonal or temporary contracts.

A person carrying out work on a self-employed basis must be able to demonstrate that on average they work at least 16 hours per week and the majority of the work carried out is undertaken within the district. Applicants must be able to demonstrate that their work is not marginal or ancillary. Local connection will be awarded to the parish cluster where the majority of this employment is carried out.

4. Military Personnel

**Military personnel as defined in the Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations 2012:**

Former and serving members of the Armed Forces (defined as those who left the armed forces within 5 years of the date they make an application for housing) will be given local connection to the Rother District and will be eligible for vacancies in all areas if they meet the following criteria:

- a) Serving members of the regular armed forces who need to move because of a serious injury, illness or disability attributable wholly or partly to their service;
- b) Former members of the regular armed forces;
- c) People who ceased, or will cease, to be entitled to live in Ministry of Defence accommodation following the death in service of their armed forces spouse or civil partner;

5. Care Leavers

If an applicant is (or was) a 'child in care' and has been placed in the district by an out of district care authority, the applicant will qualify under local connection providing they have been resident in the district for three out of the last five years.

6. Fleeing Violence

Those fleeing violence will be given local connection, providing evidence can be provided that they are unable to return to their place of origin due to fear of further violence.

7. Refugees

Refugees who were dispersed to and are living in the Rother district and who have been granted leave to remain within the last six months will be given local connection.

9.2c Additionally, a person will not qualify to join the housing register if they:

- have Council or housing related debt that is in arrears, owed to a social or private landlord
- are currently in prison
- have provided false or misleading information or have withheld information that has been reasonably requested
- have been rehoused into social housing by the Council in the preceding 12 months
- have caused unacceptable or anti-social behaviour
- are a home owner or have sufficient means to afford alternative accommodation in the private sector
- have deliberately worsened their housing circumstances

9.2d See below for details:

**Housing or Council Related Debt**

Applicants with social housing or Council related debt in arrears in excess of £1000 will be ineligible until evidence has been provided that the debt has been paid or the applicant has maintained a payment agreement for at least the last six months. Applicants with outstanding debts with our housing association partners are likely to be rejected for properties by the housing association until the debt has been paid in full.

**People Currently in Prison**

People who are currently in prison are invited to contact us upon leaving prison, or shortly prior to release with the support of prison support staff, using the duty to refer protocol on the full range of housing options available to them.

**People Giving False or Misleading Information**

People giving false or misleading information or withholding information that has been reasonably requested will not qualify to join the Housing Register.

**People Who Have Been Housed Recently**

Applicants who have been rehoused into social housing by Rother District Council within the last 12 months unless there has been a significant change to their circumstances and the accommodation is no longer suitable for their needs. This will only include cases where there is a significant need to move on medical grounds or the household composition has changed and the household is under or over occupying social housing accommodation.

### **Anti-Social Behaviour**

An applicant or member of their household who the Council has identified as being involved in anti-social behaviour will not qualify for social housing until they have sustained 12 months with no reported issues of anti-social behaviour against them.

### **Home Owners and Those with Sufficient Means**

Applicants with sufficient financial means to secure their own accommodation will not qualify. This will include:

- a) Homeowners - Applicants that own or part own a property that the Council considers they could reasonably reside in (even if they are not currently living in it) or where if the property were sold, the equity could be used to purchase alternative suitable accommodation elsewhere in the district.

If an applicant owns a share in a property but is unable to live there, for example as a result of a relationship breakdown, the Council will consider if the value of the share is above the savings limit of £16,000 (in line with the upper threshold for Universal Credit qualification, as they are deemed to have enough financial resources to rent in the private sector). The Council will consider this to be above the threshold for financial resources, regardless of any other outstanding debts and the applicant will not qualify.

In certain circumstances where a homeowner has specific medical needs the Council will take into consideration the supply of accommodation suitable for the applicants specific needs and if the applicants housing need can be met in the Rother area. Where the Council agrees to assist a homeowner with rehousing the applicant must place their property on the open market immediately.

- b) Applicants with an income in excess of £35,000 or a combined gross joint income of over £60,000 (disregarding disability benefits) will not qualify because they are deemed to have sufficient financial resources to enable the applicant and their household to find alternative accommodation in the private sector.

The figures are set as of April 2020 and will be reviewed three yearly to take account of inflationary changes.

- c) Any applicant with savings over £16,000 (in line with the upper threshold for Universal Credit qualification) will not qualify as they are deemed to have enough financial resources to rent in the private sector. Any deliberate disposal of assets (for example giving money away) in order to qualify will disqualify the applicant.

Applicants are required to disclose any savings they may have and failure to do so may result in the applicant being removed from the register.

### **Deliberately Worsening Housing Circumstances**

Where the Council is satisfied that a housing applicant has either acted unreasonably or has deliberately worsened their housing circumstances, in the last 12 months, in order to qualify for a higher priority or to qualify for the Housing Register, then the applicant will not qualify to join the Housing Register for a period of 12 months. Examples of this include:

- Selling a property that is affordable and suitable for the applicant's needs
- Moving from a secure tenancy or settled accommodation to insecure or less settled or overcrowded accommodation
- Requesting or colluding with a landlord or family member to issue them with a Notice to Quit

- 9.3 Any applicant found to be 'ineligible' or 'non-qualifying' will be excluded from joining the Housing Register unless they become 'eligible' or 'qualifying'. The Council will write to all applicants found ineligible or non-qualifying, advising them of the reason.
- 9.4 Applicants can request a review of the decision to exclude them and the review procedure is set out on Page 29.
- 9.5 If an applicant becomes 'eligible' or 'qualifying' they must reapply using the online form and provide supporting evidence which confirms they are now 'eligible' or 'qualifying'.
- 9.6 Please note these categories may be updated if new legislation, guidance or regulations are introduced or if existing legislation, guidance or regulations are changed.

## 1. Who can be Included on an Application

10a An applicant can only include as part of their application members of their immediate family who live with them (or it is reasonable to expect would live with them) or other people who have an extenuating need to live with them. These include:

- Applicant's spouse, civil partner or a person with whom the applicant resides as their spouse or as if they were civil partners.
- Dependent children (children under 16, and children aged 16-18 who are in, or about to begin, full time education or training or who for other reasons are unable to support themselves and who live at home) who live with the applicant or who might reasonably be expected to live with them, where the applicant is the parent or guardian and is in receipt of Child Benefit. Applicants with contact arrangements for children will not normally be eligible for family type accommodation where the children have accommodation available to them with the other parent or guardian.
- Any other non-dependant adult who can demonstrate they are normally permanently resident with the applicant or have a clear need to be so. This will not include lodgers or anyone subletting from the applicant.
- Dependant Relatives – a relative who has joined or needs to join the household because they are unable to live independently will be included on the application only if there are no other housing options. Evidence from an appropriate social care professional will be required.
- A carer can be included on the application where it can be demonstrated that;
  - a) a live-in carer is essential on a 24 hour, daily and continuing basis; and
  - b) a live-in carer has been identified and has moved in with the household or is ready to do so when accommodation is made available; and
  - c) if the applicant were to claim Housing benefit the extra bedroom would be awarded, in conjunction with Housing Benefit regulations.

10b Receipt of carers allowance does not necessarily mean that it is necessary for the carer to live with the person being cared for. In all cases, regardless of whether or not the carer is in receipt of carer's allowance, it will be necessary for the applicant to provide evidence that they receive disability benefits and supporting medical evidence to show the need for a live in carer.

## 1. Who Cannot Be Included on an Application

11a The following individuals cannot be included on an application

### **Family members not currently living with the applicant**

The Council will not include in Housing Register applications, any family members who are not resident in the UK at the time an application is submitted. These household members will only be considered once the family has been reunited in the UK and can clearly demonstrate that the family member added to the application for social housing is residing in the UK lawfully.

### **Others who cannot be included on an application**

- Family members who already have an existing housing application
- People sharing a property who are not in a relationship with the applicant

## 2. Applying for Medical or Welfare Priority

12a Applicants wishing to apply for medical priority must complete the medical section of the online form and provide supporting medical evidence which detail the diagnosis, symptoms and prognosis. If additional information is required a medical assessment form will be sent to the applicant.

12b Applicants wishing to apply for medical priority after their application has been assessed must request a Medical Assessment Form from the Homemove team.

12c It is highly unlikely that a GPs letter which simply states the applicant's medical condition and their wish to move will be enough evidence to constitute proof of a medical need to move. The Council requires evidence that a person's medical condition makes their current housing circumstances unsuitable and that options to support an applicant to remain in their home have been exhausted. Further information about how medical priority is assessed is detailed in section 19.

## 3. Change in Circumstances

13a Applicants will be required to inform the Council immediately as soon as practicable normally with 28 days of any change in their circumstances which may affect their qualification to join the Housing Register or priority for housing.

13b A change in circumstances includes:

- A change of address for the applicant or any other person on their application
- Any additions to the household or any other person the applicant would like included in the application, for example, the birth of a baby. The Council will

decide whether the additional person can be included in the application, through application of the Allocations Policy

- Any member included in the Housing Register application who has moved out of the applicant's current home
- Any change in income, assets or savings, where these are above the thresholds set out in section 9.2
- A decline or improvement in a household member's medical condition
- Death of a household member

- 13c When the Council is informed of an applicant's change in circumstances, their Housing Register application is reassessed to take into account the new information. The Council will confirm in writing whether they are still eligible to remain on the Housing Register and whether there is a change to their priority for social housing.

## **14. Renewal of Housing Applications**

- 14a All applicants will be required to re-register their application every year. Applicants will be advised when they are required to re-register. Failure to respond to the request to re-register will result in the application being cancelled. The Council reserves the right to ask for additional supporting information that is required to re-assess the application.

# ASSESSING AND PRIORITISING HOUSING APPLICATIONS

## Housing Needs Assessment

### 15. Housing Need Categories

- 15a All successful applicants to the Housing Register will be placed into one of two categories. These categories are known as Urgent Need category and Waiting List category.

#### Urgent Need Category

- 15b Applicants who meet the Urgent Need category criteria outlined below will be placed in the Urgent Need category and will be awarded the same level of priority as other applicants in that category.
- 15c **Please note, applicants in the Urgent Need category (other than those currently renting social housing which does not meet their needs) will only be placed on this list if they are assessed by the Council as having particular difficulty accessing other forms of housing in the private sector.** The decision to place an applicant in the Urgent Need category is entirely at the Council's discretion. The Council will work closely with all households on the Housing Register - and the agencies assisting them - to access private sector accommodation. It is likely that the Council will need to be satisfied that a household has made genuine and repeated attempts to secure private sector accommodation before it will use its discretion to place an applicant in the Urgent Need category.

#### Urgent Need Category Criteria

- Transfer applicant releasing a property already adapted for disabled persons.
- Applicant considered being in severe housing need as a result of housing conditions presenting an immediate threat of serious injury or if life threatening as assessed by an appropriate qualified professional.
- Applicant accepted as homeless and who has been considered as having particular difficulty accessing other forms of housing in the private sector.
- Applicant is at risk of homelessness within 56 days and has been assessed as having particular difficulty accessing other forms of housing in the private sector.

- Applicant is required to move on from care or supported accommodation from authorised partnership schemes where the applicant has been assessed as ready to move to independent living, and where a move on report has been provided. Information on authorised partnership schemes can be obtained from the Housing Needs team on request.
- An existing housing association tenant under-occupying family sized accommodation.
- Severe and immediate medical priority. Awarded after advice from the Council’s medical advisor or county council occupational therapist, where there is an urgent need to move and where the housing conditions are having a severe and immediate adverse effect on the medical condition of the applicant or member of the current household. This may include the following:
  - The applicant or member of household is at significant risk of falls or injury in current accommodation
  - The applicant or member of household is unable to access essential facilities and evidence is provided by relevant social care provider(s).
  - The layout of the property prevents the delivery of essential care services and evidence is provided by relevant social care provider(s).

## **Waiting List Category**

16. Applicants who are placed in the Waiting List category will be awarded a points value to indicate their level of need against the criteria outlined below.

### **Waiting List Category Criteria**

#### **Homelessness**

- Applicant accepted as homeless but has been assessed by the Council as having no particular difficulty accessing other forms of housing in the private sector. 10 points

Cases that are considered within the reasonable preference categories, These are:-

1. People who are owed a duty by a local authority under s190(2), 193(2) or 195(2) or under ss 65(2) or ss 68(2) Housing act 1985 or are under occupying the property secured by the authority under s192 (3) 10 points
2. People who need to move to a particular locality in the authority's area where failure to do so would cause hardship

### **Overcrowding** (see section 17 – bedroom eligibility)

- Households currently lacking one bedroom 5 points
- Households currently lacking 2 bedrooms 10 points

### **Current housing conditions**

(See Section 22 – Unsatisfactory housing conditions)

- Housing conditions assessed as unsatisfactory by the Council's Environmental Housing team, where enforcement action has not resolved the situation as agreed with a qualified Environmental Health Officer 10 points

### **Medical** (See section 19 – medical assessments)

- Medium medical priority awarded by the assessor after advice from the Council's medical advisor or county council occupational therapist – where there is a need to move and the housing conditions are having a significant adverse effect on the medical condition of the applicant or member of the current household. This will include where there are significant difficulties with access to essential facilities within the property and/or access to the property. 15 points
- Low medical priority as assessed by the Council's medical advisor or county council occupational therapist where there is some need to move and the current housing conditions are having an adverse effect on the medical condition of the applicant or member of the household. 5 points
- Property is largely suitable but there are difficulties with accessibility due to being located in a hilly location 5 points

**Welfare** (See section 20 – welfare assessments)

- Applicant meeting the Military Personnel Regulations (see section 9.2 (4)). 3 points
- Rural isolation – at risk of isolation due to rural location and lack of transportation 3 points
- Anti-social behaviour (ASB) – experiencing ongoing issues of ASB verified by police or appropriate qualified professional 5 points
- Applicant granted permission to adopt or foster and lacking bedroom 3 points
- Move on from drugs or alcohol rehabilitation 5 points
- Requires sheltered accommodation 3 points
- Move on from Care 5 points
- Young adult with learning disability wishing to live independently 3 points
- Verified rough sleeper 10 points
- Applicants found to be intentionally homeless 5 points

**Insecurity of tenure**

- Applicant is residing in insecure accommodation with dependent children and lacking or sharing facilities 5 points
- Applicant is living apart from partner or family because there is no suitable accommodation available to them 5 points

**Other**

- Transfer applicants with a Right to Move (See appendix 2) 5 points

## 17. Bedroom Eligibility

- 17a The number of bedrooms an applicant is awarded is based on the Local Housing Allowance (LHA) criteria where one bedroom is allocated to each of the following:

<b>Single Person/couple</b>	<b>1 bedroom</b>
<b>Two children under 16 of the same sex</b>	<b>1 bedroom</b>
<b>Two children under 10 of the same or opposite sex</b>	<b>1 bedroom</b>
<b>Any other child or person aged 16 or over</b>	<b>1 bedroom</b>
<b>An overnight carer</b>	<b>1 bedroom</b>

- 17b Please note a second reception room will be considered available for use as a bedroom. For larger households who require four or more bedrooms, the prevailing housing stock in the district could mean that the provision of accommodation may not be achievable.

- 17c An additional bedroom for a child or partner can only be considered in certain circumstances. Our social landlord partners will not offer accommodation to applicants who would be considered to have too many bedrooms for the size of their household. Applicants requesting an extra bedroom for a child, a non-dependent or their partner can only be considered where the household member is unable to share a bedroom on medical grounds and the additional bedroom can be afforded by the household. This will need to be formally agreed by the Council's Independent Medical Advisor and the Council's Housing Benefit department. Only applicants where the need for an extra bedroom is agreed by both parties will one be awarded.

- 17d An additional bedroom will be considered where the applicant is able to demonstrate that:

- care has been arranged
- an extra bedroom has not already been provided for a non-resident overnight carer (or team of carers) in the same household

- 17e In addition, the disabled child or non-dependent adult must be in receipt of:

- middle or higher rate care component of Disability Living Allowance (DLA)
- Attendance Allowance (AA)

- the daily living component of Personal Independence Payment (PIP) or
- the Armed Forces Independence Payment (AFIP)

## 18. Deciding the Effective Date

- 18a Priority within the Urgent Need category will usually be based on date order, according to the date the applicant was placed into that category. In some cases, however, where multiple applicants in the Urgent Need category bid for a property that is in a rural area the applicant who has a local connection to the relevant parish cluster will be prioritised over those households who may have been waiting longer and do not have a local connection to the relevant parish cluster. This will not apply to persons that have fled domestic abusive as we cannot apply local connection to these cases. Please refer to Appendix 1 for more information on parish clusters.
- 18b An applicant's priority date on the Waiting List category will be the date that their application was made live.
- 18c If an applicant's category changes then their priority date changes to the date the applicant was moved into the higher category. If an applicant is removed from the Urgent Need category the priority date will be the date the original application was made live.

## 19. Medical Assessments

- 19a Medical priority under the Urgent Need category is only awarded in circumstances where there is a severe and immediate adverse effect and a move to alternative accommodation would significantly improve the health or quality of life of the applicant or a member of their household.
- 19b Medical priority is not awarded because an applicant has a medical condition or disability. Priority is awarded when it can be evidenced that the current accommodation is having an adverse impact on the health of the applicant or member of the household. Some applicants with medical conditions or disabilities will not be awarded any medical priority if their housing is adequate for their needs, despite the seriousness of any condition
- 19c Therefore, it is important to note that conditions which are not adversely affected by a person's housing conditions or where the condition is temporary are unlikely to receive medical priority under this scheme.

## 20. Welfare Assessments

20a Priority awarded on welfare grounds will cover a wide range of needs, including the need to:

- Provide a secure base from which a care leaver can build a stable life.
- Provide a secure base from which a person who is moving on from a drug or alcohol recovery programme can build a stable life.
- Provide accommodation, with appropriate care and support, for those who could not be expected to find their own accommodation, such as young adults with learning disabilities who wish to live independently in the community. The Council will work collaboratively with East Sussex County Council in these circumstances.
- Provide or receive care or support – this would include foster carers, those approved to adopt, or those being assessed for approval to foster or adopt, who need to move to a larger home in order to accommodate a looked after child or a child who was previously looked after by a local authority.

## 21. Mobility Groups

21a Applicants with medical issues will be assessed to determine if they have mobility issues and/ or require a certain type of property.

21b Properties suitable for applicants with mobility needs or who require adaptations will be advertised with a mobility classification as below and priority will be given to those with a matching need.

**Mobility Group 1** – Typically suitable for a person who uses a wheelchair full time, i.e. indoors and outdoors. The property will provide full wheelchair access throughout.

**Mobility Group 2** – Typically suitable for a person with restricted walking ability and for those that may need to use a wheelchair some of the time. The property will have internal and external level or ramped access, but some parts of the property may not be fully wheelchair accessible.

**Mobility Group 3** – Typically suitable for a person able to manage two or three steps, may use a wheelchair but not full time, or may be unable to manage steep gradients. The property may have adaptations to assist people with limited mobility.

21c Properties will also be advertised with notes where the potential for adaptations or further adaptations exists and any further restrictions applicable.

- 21d Where a disabled applicant applies for accommodation that does not meet his or her access needs the Council will take into account whether it is reasonable and practicable to adapt that property to meet the applicant's housing need.
- 21e On occasion, accommodation offers may be withdrawn from a case where the housing need would not be met.
- 21f Applicants with mobility needs will be prioritised for ground floor or lifted accommodation, where appropriate, and for bungalows.

## 22. Unsatisfactory Housing Conditions

- 22a The Housing Needs team may refer an application to the Council's Environmental Housing Team where there are major issues with regards to the condition of the applicant's existing property or an applicant raises issues of disrepair.
- 22b A case will only be referred if the person agrees to work with the Environmental Housing Team and any recommendations that are made. These referrals will require the Environmental Housing Team to make contact with the relevant landlord or managing agent who is responsible for the property. Any applicant who withholds consent for the Environmental Housing Team to contact the landlord or Agent will not be eligible for a banding assessment under this policy. No additional priority for issues such as damp and mould can be awarded without the case first being assessed by the Environmental Housing Team and the Council will only award additional priority where this is recommended.
- 22c Following any inspection of the applicant's property if there is any required intervention and there is no prospect of this being completed within six months the following banding awards will apply:
- Unsatisfactory housing conditions as confirmed after a visit from the Environmental Housing Team and classed as a category 1 hazard(s) that cannot be rectified within six months (as assessed by the Council's Environmental Housing Team using the HHSRS (Housing Health and Safety Rating System (HA 2004, Part 1)) will be given priority pointing. If the works required are completed before an offer of accommodation is made then this priority award will be removed. Awards in this category will be removed if it is considered that the applicant has moved into accommodation that is not suitable to meet their needs or if the applicant refuses to cooperate with any works required.
  - If the Environmental Housing Team has assessed the property as uninhabitable, the Housing Needs Team will treat the household under Part 7 of the Housing Act (Homelessness).

# ALLOCATION OF HOMES

## 23. Choice Based Lettings

- 23a Choice based lettings is a way of allocating social housing. It gives people seeking accommodation with a social landlord the choice to bid for accommodation as it becomes available. The Council operates a choice based lettings scheme through Sussex Homemove.
- 23b Applicants can use Sussex Homemove if applicants are an existing tenant seeking a transfer within their council's area or a home seeker applying for the first time. The scheme covers all the available housing association homes, including sheltered housing.

### 23.1 Exemptions

23.1a Sussex Homemove does not include vacancies for the following accommodation:

- Extra care housing
- Specialist supported housing
- Shared ownership housing
- Some properties which may, in exceptional circumstances, be let directly

23.1b Applicants should contact the Council's Housing Needs team if they require any of the housing options set out above.

### 23.2 Finding a Home

23.2a All available properties are advertised fortnightly on the Sussex Homemove website: [www.sussexhomemove.org.uk](http://www.sussexhomemove.org.uk)

23.2b The advertisements will give information about each vacant property.

23.2c Properties will be advertised for transfer applicants or home seekers, or both with other eligibility criteria for the property, including:

- a. The minimum and maximum number of persons in the household
- b. If there are age limits for households
- c. The mobility group, if applicable
- d. Whether the property has a social or affordable rent
- e. If persons require a care or support need
- f. If the property has a local lettings agreement or local lettings plan

#### How to bid for properties

23.2d In every bidding cycle, applicants may bid for up to three properties that they are both eligible and qualify for.

- 23.2e Bids can be made online at [sussexhome.org.uk](http://sussexhome.org.uk) or you can call 01424 787000 and the Council will be able to place a bid on your behalf.
- 23.2f All bids are checked against the eligibility and qualification rules, for example age restrictions or size of property. Bids from applicants who are ineligible or do not qualify for will not be considered.
- 23.2g Except in the case of a direct let or urgent accepted case, an applicant who does not bid will not be considered for a property.
- 23.2h If a bid is made by an applicant and the bid is successful, the applicant will be offered the property as an offer of 'suitable accommodation'. At this stage, if relevant, Rother District Council will discharge any duty under homelessness legislation.
- 23.2i Once an applicant is re-housed via the Housing Register their application is automatically cancelled

#### **23.4 Direct Lettings**

- 23.4a The Council needs to retain some flexibility in order to deal with exceptional circumstances and, in conjunction with the relevant housing association and a senior officer, reserves the right to let properties directly to suitable applicants. These properties will not usually be advertised via the Sussex Homemove scheme.
- 23.4b If an applicant refuses a direct let they must give their reasons for refusing in writing. The property will not be held empty while the refusal is reviewed but will be let to another applicant.
- 23.4c Further information on direct lettings is available at section 28.

#### **24. Shortlisting**

- 24a The Council have agreed shortlisting priorities when allocating housing to households. These priorities (set out below, in order of priority) provide the framework for how households will be prioritised for the allocation of available social housing.
1. Priority need for housing
  2. Local connection to parish cluster
  3. Priority date of urgent need and time on list of waiting list category

- 24b The way properties are allocated, using the priorities set out above, may need to be changed in the future to respond to external factors such as increasing numbers of urgent need assessments. To ensure this does not have a detrimental impact on the way in which homes are allocated, property allocations will be reviewed on an annual basis. This may lead to minor changes to this policy, for example through the design of a lettings plan which ensures fair allocation from both the Urgent Need and Waiting List categories.

## **25. Offer of Accommodation**

- 25a Up to three applicants will be shortlisted for each vacancy. Only successful applicants will be contacted.
- 25b The Council is unable to tell applicants what priority they are during the short-listing process, but feedback is provided on the Sussex Homemove website. The ranking shown may be subject to change pending verification of the shortlist.
- 25c The successful applicant will be offered the property and asked to sign the tenancy or make a decision to accept the property within 3 working days.
- 25d Applicants viewing housing association properties will be subject to housing association checks and will also be asked to provide documentation in support of their application.
- 25e All household members will be required to prove:
- a. Identity and status
  - b. Local connection to Rother and local connection at parish or ward level
  - c. Residency
  - d. Income and capital
- 25f Other supporting documentation may be requested as appropriate.

## **26. Refusing an Offer of Accommodation**

- 26a If an applicant refuses an offer of a home from a housing association, Rother District Council will note the reasons for the refusal and the next applicant on the shortlist will be selected for the offer.
- 26b If the applicant who refused the offer has been placed in the Urgent Need category or has been given a full housing duty, with the exception of transfer tenants under-occupying accommodation, the Council will assess the reason the property was refused. If the property is deemed to be suitable and of the right size the Council may decide to remove the household from the Urgent Need category and/or discharge its homeless duty.

- 26c In all cases the Council will also consider the availability and housing stock within the district when making its decision on suitability.

## **27. Failing to Respond to an Offer of Accommodation**

- 27a If an applicant fails to respond to a written offer of accommodation within the timescales specified, without good reason, they will be considered to have refused that offer of accommodation.

## **28. Direct Lets**

- 28a The Council needs to retain some flexibility in order to deal with exceptional circumstances and, in conjunction with the relevant housing association and the Housing Needs Manager, reserves the right to let properties directly to suitable applicants. These properties will not usually be advertised via Sussex Homemove scheme.
- 28b Direct lets may be considered for the following:
- To comply with a court order
  - To fulfil an urgent statutory or legal duty
  - Child protection and public protection issues
  - Specially adapted properties
  - Where a local lettings plan is in place (see section below)
  - Where a delay in providing an applicant with suitable housing is likely to prove costly to the Council
  - Homeless households in temporary accommodation who have not bid for one cycle on a suitable property.
- 28c If an applicant to whom the Council has a statutory duty refuses a direct let they must give their reasons for refusing in writing. The property will not be held empty while the refusal is reviewed but will be let to another applicant.

## **29. Local Lettings Plans**

- 29a The statutory basis for the use of local lettings plans is Section 166A (6)(b) of the 1996 Act; this allows local authorities to allocate particular accommodation to people of a particular description, whether or not they fall within the reasonable preference categories, in order to achieve a wide variety of housing management and policy objectives. In partnership with social landlords, the Council occasionally uses local lettings plans (LLP) to respond to local conditions.

29b The following are examples of criteria that could be used in LLPs covering an area or new build housing scheme:

- Age restrictions
- Giving priority to transfer applicants with a positive tenancy history
- Giving priority to working households where there is already a concentration of tenants/residents with tenancy support needs
- Giving priority to residents with a local connection to the area (in particular villages where community sustainability is a concern).

29c The following conditions will apply to an LLP:

- They may be developed to meet the particular needs of a local area
- There must be a clear, evidence based need, for example, to deal with recurring anti-social behaviour issues, or to meet rural needs and create more sustainable communities
- They will set out how applicants will be prioritised for the housing relevant to the LLP
- Equality impact assessment will be completed.

29d The use of local letting plans will usually be considered during the planning process for new build housing schemes, and will be consulted on separately. Any local lettings plan which is agreed subsequently to the adoption of this Policy, having been agreed after consultation, will be appended to this document in future updates.

# REQUESTING REVIEWS AND MAKING COMPLAINTS

## 30 Request for review

30a An applicant has the right to a review of:

- Any decision about facts of their case which is likely to be, or has been, taken into account in considering whether to allocate housing accommodation to them; and
- Any decision as to whether they are eligible or qualify for an allocation.
- Any decision with regard to priority of housing need

30b The applicant should put in writing to the Council, within 21 days of their decision, their request for a review of a decision made by the Council, with details of the reason for the review request.

30c A senior officer not involved in the original decision, in consultation with the legal department, will consider the facts of the case and decide whether or not to reverse or uphold the original decision.

30d We will advise applicants in writing of the decision of the review within 28 days. The 28 days begins from the review receipt.

30e An applicant will be advised of their right to seek independent advice and other remedies.

30f Decisions made under Part 7 of the Housing Act 1996 (Homelessness) will be decided in accordance with the legislation and its guidance.

30g The Council needs to retain some flexibility in order to deal with exceptional circumstances and reserves the right to apply its discretion when establishing eligibility and/or priority for housing.

## 31 Complaints

31a Any applicant wishing to make a formal complaint about any aspect of their application must follow the Council's formal complaints procedure that can be found on the Council's website at [www.rother.gov.uk/complaints](http://www.rother.gov.uk/complaints).

## Appendix 1: Local Connection Criteria: Parish Groups

### Parish Clusters for Local Connection Priority

1. Housing applicants in local parishes must be housed in accordance with their needs and the availability of the existing social housing stock. In some parishes few homes become vacant so the Council must make sure it makes the best use of the available social housing stock to house those in the most housing need.
2. For the purposes of this policy vacancies in Bexhill-on-Sea will be available to all applicants and is not defined as a parish cluster. The parish clusters are as follows:

#### 1. Battle Parish Cluster

Battle	Netherfield	Bodiam
Ashburnham	Ewhurst	Penhurst
Brightling	Catsfield	Crowhurst
Dallington	Mountfield	Whatlington
Salehurst	Westfield	Sedlescombe

#### 2. Rye and Rye Rural Parish Cluster

Rye	Brede	Camber
East Guildeford	Guestling	Icklesham
Fairlight	Iden	Beckley
Northiam	Peasmarsh	Pett
Playden	Rye Foreign	Udimore

**3. Ticehurst Rural - including:**

Burwash	Etchingham	Hurst Green	Ticehurst
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## Appendix 2: Applicants with a Right to Move

- 1 The Allocation of Housing (Qualification Criteria for Right to Move) (England) Regulations 2015 (SI 2015/967) ('the qualification regulations 2015') came into force on 20 April 2015. These provide that local authorities must not disqualify certain persons on the grounds that they do not have a local connection with the authority's district. Specifically, a local connection may not be applied to existing social tenants seeking to transfer from another local authority district in England who:
  - have reasonable preference under s.166A(3) because of a need to move to the local authority's district to avoid hardship, and
  - 
  - need to move because the tenant works in the district, or need to move to take up an offer of work.
  -
- 2 This will ensure that existing tenants who are seeking to move between local authority areas in England in order to be closer to their work, or to take up an offer of work (hereafter referred to together as 'work related reasons'), will not be disadvantaged.
- 3 In order to qualify for an exemption of the local connection criteria the following will be taken into account in assessing if an exemption applies. The Right to Move qualification regulations 2015 (statutory guidance on social housing allocations for local housing authorities in England 2015) only apply if work is not short-term or marginal in nature, nor ancillary to work in another district. Voluntary work is also excluded.

### Short-term Work

- 4 In determining whether work is short-term, the following are relevant considerations:
  - Whether work is regular or intermittent (This is likely to be particularly relevant in the case of the self-employed)
  - The period of employment and whether or not work was intended to be short-term or long-term at the outset
  - If a contract of employment that was intended to last for less than 12 months would be considered to be short-term.

### Marginal Work

- 5 The following considerations would be relevant in determining whether work is marginal:
  - The number of hours worked. If less than 16 hours a week could be

considered to be marginal in nature. This is the threshold below which a person may be able to claim Income Support and the threshold for a single person's entitlement to Working Tax Credit. The fact that a tenant only works 15 hours a week, for example, may not be determinative if they are able to demonstrate that the work is regular and the remuneration is substantial.

- The level of earnings.

## **Ancillary**

- 6 Ancillary work must not be ancillary to work in another local authority's district. This means that, if the person works occasionally in the local authority's district, even if the pattern of work is regular, but their main place of work is in a different local authority's district, the work is excluded for the purposes of this policy.
- 7 A further relevant consideration would also be whether the tenant is expected eventually to return to work in the original local authority district. If a local authority has reason to believe this is the case, they should seek verification from the tenant's employer. A person who seeks to move to Rother to be closer to work in a neighbouring authority – for example, where the transport links are better in the first local are also excluded from the right to work

## **Voluntary work**

- 8 Regulations exclude voluntary work. Voluntary work means work where no payment is received or the only payment is in respect of any expenses reasonably incurred.

## **Apprenticeship**

- 9 The term 'work' includes an apprenticeship. This is because an apprenticeship normally takes place under an apprenticeship agreement which is an employment contract (specifically a contract of service).

## **Genuine intention to take up an offer of work**

- 10 Where the tenant has been offered a job and needs to move to take it up, they must be able to demonstrate to the local authority's satisfaction that they have a genuine intention to take up the offer.

## **Verification and evidence**

- 11 In all cases the Council will want verification and evidence that the work or job-offer is genuine and therefore the following documentary evidence will be required:
  - A contract of employment
  - Wage or salary slips covering a certain period of time, or bank statements (this is likely to be particularly relevant in the case of zero-hours contracts)

- Tax and benefits information – e.g. proof that the applicant is in receipt of working tax credit (if eligible), P60 or other information related to the employment.
- A formal offer letter and letter of acceptance.
- The employer to verify the position.
- Letters should be on company headed paper.

12 Applicant must qualify for an allocation under the right to move both at the time of the initial application and when considering making an allocation. This means that proof will have to be provided that the person's circumstances have not changed. Any applicant that is suspected of attempting to supply false or misleading statements in order to obtain accommodation with the Council commits an offence and may be prosecuted. If a property is allocated following false or misleading statements a person may face eviction. Section 166A provides that the Council must frame the housing allocations policy to ensure that reasonable preference is given to move to the area, where failure to meet that need would cause hardship to themselves or others. Reasonable preference for the Right to Move Scheme has been set within the Waiting List category.

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## **Appendix 3: Housing First Pathway**

Applicants who require specialist housing will not be included in this allocations scheme. This includes single, homeless, non-priority; entrenched rough sleepers who will be assessed for the Council's 'Housing First' pathway.

The Council's Housing First Pathway is currently in development.

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## Appendix 4: Glossary

### **Bidding cycle**

A bidding cycle is the period you have to bid upon a property which has been advertised on Sussex Homemove. You can choose to "bid" on any property that meets the criteria established when your place on the housing register has been confirmed.

The bidding cycle runs from 00.01am on Thursday to 23.59 the following Wednesday.

### **Choice Based Lettings**

Most council and housing association homes are now let through local choice-based lettings (CBL) schemes rather than allocation through a local council. This allows you to make choices about which properties you would like to bid on.

### **Direct lets**

Direct lets are homes which we, with agreement from the social landlord partner, allocate directly to an applicant, usually in the Urgent Need category of the Housing Register.

### **Entrenched rough sleeper**

Entrenched rough sleepers have a long history of sleeping rough. Entrenched rough sleepers are more likely to develop additional physical and mental health needs and substance misuse issues. This can make it a lot harder for them to engage with support services, to leave the streets and to rebuild their lives

### **Local lettings plan**

A local lettings plan (LLP) is an additional criterion for a specific area, estate or block of apartments. It means that the LLP properties affected will be allocated in a different way to the usual approach.

### **Shared ownership**

A system by which the occupier of a dwelling buys a proportion of the property and pays rent on the remainder, typically to a housing association.

### **Social inclusion**

Social inclusion is the act of making all groups of people within a society feel valued and important.

### **Social Landlords**

The general name for not-for-profit housing providers approved and regulated by Government through Homes England. The vast majority of registered social landlords are also known as housing associations.

### **Transfer applicant/transfer tenant**

A transfer applicant or tenant is the name given to a housing register applicant who is already a housing association tenant.

### **Void periods**

A void period is the period of time that a property is empty before a new tenancy is assigned.

**Voids**

Voids is the name given to a vacant property.

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Capital Strategy 2020/21 to 2024/25

Introduction

1. This Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activities contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

Capital Expenditure and Financing

2. Capital expenditure is where the Council spends money on assets, such as property or major equipment that will be used for more than one year. In local government this includes spending on assets owned by other bodies or individuals (e.g. disabled adaptations) and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not normally capitalised and are charged to revenue in year. Further details of the Council’s policies on capital expenditure are contained in its annual Statement of Accounts.
3. In 2020/21, the Council is planning capital expenditure of £20.1m, as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £’000

	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	2024/25 budget
General Fund Serv	5,322	9,328	2,204	6,209	7,209	718
Regen Investments	11,923	10,820	8,495	500		
<b>TOTAL</b>	<b>17,245</b>	<b>20,148</b>	<b>10,699</b>	<b>6,709</b>	<b>7,209</b>	<b>718</b>

4. The main capital projects in 2020/21 include the Property Investment Strategy, £10.8m, temporary accommodation purchases, £2m and Blackfriars housing development, £3m. At this stage the programme does not reflect the grant awarded from Homes England. As the project is developed and costs become clearer the Programme will be updated.
5. In terms of governance around new capital items, Services have two main opportunities to bid for projects to be included in the Council’s Capital Programme, mid-year at the time of the Medium Term Financial Strategy Review and at year end when setting the following years’ budgets. Depending on circumstances bids can come forward at other times of the year. The Strategic Management Team appraises all bids and now that the Capital Programme is not fully funded, will assess their relevant priority against other schemes and the affordability of any associated financing costs. This then forms part of the financial reporting to Cabinet for approval and recommendation to full Council.
6. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council’s own resources

(revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The Council is currently reviewing its financing of those schemes where funding is yet to be identified. This is shown as unfunded in the table below. The planned financing of the above expenditure is as follows:

*Table 2: Capital financing in £'000*

	<b>2019/20 Forecast</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>	<b>2022/23 budget</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>
Own Resources	1,073	2,599	1,828	291	291	291
External Resources	2,859	4,262	359	1,948	0	0
Debt	13,263	12,820	8,495	500	0	0
Unfunded	50	467	17	3,970	6,918	427
<b>TOTAL</b>	<b>17,245</b>	<b>20,148</b>	<b>10,699</b>	<b>6,709</b>	<b>7,209</b>	<b>718</b>

7. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as the minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

*Table 3: Replacement of debt finance in £'000*

	<b>2019/20 Forecast</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>	<b>2022/23 budget</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>
MRP	111	242	353	407	420	431

8. The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to £30.6m during 2020/21. Based on the above figures for expenditure (excluding unfinanced) and financing, the Council's estimated CFR moves as follows:

*Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £'000*

	<b>2019/20 Forecast</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>	<b>2022/23 budget</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>
General Fund services#	2,422	4,395	4,349	4,301	4,252	4,202
Regen Investments	15,536	26,209	34,420	34,584	34,235	33,877
<b>TOTAL</b>	<b>17,958</b>	<b>30,604</b>	<b>38,769</b>	<b>38,885</b>	<b>38,487</b>	<b>38,079</b>

#including adjustment "A" £1.091m

### **Asset management**

9. To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place. This ensures that capital assets continue to be of long-term use, and the Council has an Asset Management Plan in place. This sets out the Council's strategy for acquisitions, disposals, and development to meet its corporate plan objectives and statutory requirements. It includes taking a proactive approach to acquisitions to invest

in the local economy and generate income to the Council, in accordance with the Council's Property Investment Strategy. It sets out the Council's approach to maintaining its assets in a useable state of repair, and towards the management of data. The Asset Management Plan also addresses issues relating to governance, risk management, performance management and monitoring.

### Asset disposals

10. When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted (but no plans to do so) to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council has a number of small potential disposals in 2020/21. However, it is prudent not to rely on these until the sale is agreed.

### Treasury Management

11. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by short term borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

### Borrowing strategy

12. The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between short-term loans (currently available at around 2.49%) and long-term fixed rate loans where the future cost is known but higher (currently 3.09%). It is worth noting that the spread between short and long term financing through the PWLB is considerably tighter than last year.
13. Projected levels of the Council's total outstanding debt is shown below, compared with the capital financing requirement (see above).

*Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £'000*

	<b>31.3.20 forecast</b>	<b>31.3.21 budget</b>	<b>31.3.22 budget</b>	<b>31.3.23 budget</b>	<b>31.3.24 budget</b>	<b>31.3.25 budget</b>
Gross Debt (incl. PFI & leases)	16,867	29,513	37,678	37,794	37,396	36,988
Capital Financing Requirement	17,958	30,604	38,769	38,885	38,487	38,079

14. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from Table 6, the Council expects to comply with this in the medium term.

## Affordable borrowing limit

15. The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

*Table 6: Prudential Indicators: Authorised limit and operational boundary for external debt in £'000*

	2019/20 limit £'000	2020/21 limit £'000	2021/22 limit £'000	2022/23 limit £'000	2023/24 limit £'000	2024/25 limit £'000
Authorised limit – total external debt	57,400	57,400	57,400	57,400	57,400	57,400
Operational boundary – total external debt	52,000	52,000	52,000	52,000	52,000	52,000

16. Further details on the borrowing strategy is contained in the Council’s treasury management strategy.

## Other Liabilities

17. In addition to the debt detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £25.3m as at 31 March 2019). It has also set aside provision to cover risks to business rate income from appeals. The Council is also at risk of having to pay for a share of any unfunded liabilities of the Councils’ former insurer Municipal Mutual Insurance Ltd (MMI) but has not put aside any money because the amount of any payment is uncertain. This is common to all local authorities insuring with MMI prior to 1993. Further details on liabilities and guarantees are shown in the 2018/19 statement of accounts.

## Investment strategy

18. Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
19. The Council’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the Government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 7: Treasury management investments in £'000

	<b>31.3.20 forecast</b>	<b>31.3.21 budget</b>	<b>31.3.22 budget</b>	<b>31.3.23 budget</b>	<b>31.3.24 budget</b>	<b>31.3.25 budget</b>
Near-term investments	12,043	7,677	8,012	6,913	6,800	6,800
Longer-term investments	8,000	8,000	5,000	5,000	3,801	2,607
<b>TOTAL</b>	<b>20,043</b>	<b>15,677</b>	<b>13,012</b>	<b>11,913</b>	<b>10,601</b>	<b>9,407</b>

20. Further details on treasury investments are contained in the Council's Treasury Management Strategy.
21. In terms of governance around treasury activities, decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Executive Director and relevant staff, who must act in line with the treasury management strategy approved by Cabinet each year. Regular reports on treasury management activity are presented to the Audit and Standards Committee who scrutinise treasury management decisions.

### **Investment in Commercial Property**

22. The Council currently invests in existing and developing new commercial property in its area. Due to the low net returns (in the region of 2% after all costs), the main driver for the activity is to support the areas economic sustainability by retaining employment space and delivering new employment opportunities. This activity is driven through the Council's Property Investment Strategy. This current activity is in addition to historic investments the Council has made to providing commercial work space in its area.
23. With this type of investment the Council accepts higher risk on commercial investment than with treasury investments. In relation to the reacquisition of the Beeching Road head leases the principal risk exposure relates to long term vacancies and the cost of any necessary improvements to the properties. Long term vacancies also feature as the main risk to the Council's finances with the remainder of the properties. These risks are actively managed by the Council. In order that commercial investments remain proportionate to the size of the authority, these are subject to an overall maximum investment limit of £35m and contingency plans are in place, which include disposing of assets and restructuring debt arrangements, should expected yields not materialise.
24. Decisions on commercial investments are made by the relevant Executive Director subject to the support of the Property Investment Panel. The Panel comprises 5 Members and 4 officers. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the Capital Programme.

### **Investments for Service Purposes**

25. In the past, the Council has made on occasion investments through loans to assist local public services, such as the Hastings Furniture Service. In light of the public service objective, the Council can, if it wishes, take more risk than with treasury investments, however it still should ensure such investments break even after all costs. Decisions on service investments are made by

Cabinet and Council. Most loans will be treated as capital expenditure and therefore will also be approved as part of the Capital Programme.

## Revenue Budget Implications

26. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 8: Prudential Indicator: Proportion of financing costs to net revenue stream £'000

	2019/20 Forecast	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	2024/25 budget
Financing costs (£'000)	318	852	1,227	1,451	1,460	1,459
Proportion of net revenue stream	2.7%	6.9%	10.5%	12.3%	12.1%	11.9%

27. Further details on the revenue implications of capital expenditure are contained in the 2020/21 revenue budget.
28. Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Section 151 Officer is satisfied that the proposed Capital Programme is prudent, affordable and sustainable because borrowing is linked to assets that will make a financial return sufficient to meet these costs.

## Knowledge and Skills

29. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Section 151 Officer is a qualified accountant with 29 years' post qualification experience and the Property Investment and Regeneration Manager is a qualified Chartered Surveyor with approximately 30 years post qualification experience, and is supported by a team which includes RICS and CIH qualified staff. The Council has access to specialist legal, valuation, surveying and procurement advice services. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA, AAT, RICS and other relevant qualifications.
30. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Link Asset Services as treasury management advisers and Savills. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

## Conclusion

31. This strategy sets out the Councils' approach to its Capital spending and its treasury activities including borrowing. It should be read in conjunction with the Council's revenue budget and the Treasury Management Strategy.

## Capital Programme 2019/20 to 2024/25

Line	2019/20 Budget £ (000)	2020/21 Budget £ (000)	2021/22 Budget £ (000)	2022/23 Budget £ (000)	2023/24 Budget £ (000)	2024/25 Budget £ (000)	Total £ (000)
<b>1 Acquisitions, Transformation and Regeneration</b>							
2 Community Grants	130	130	130	130	130	130	780
3 East Parade - project A - Bexhill East Beach		288					288
4 East Parade - project B - Shelters & Heritage Hub	32						32
5 Cemetery Entrance	240						240
6 Community Led Housing Schemes		450	150				600
7 Blackfriars Housing Development		3,052					3,052
8 1066 Pathways	164						164
9 Property Investment Strategy - uncommitted	0	6,820					6,820
10 Market Square, Battle	3,256						3,256
11 PIS - Beeching Road/Wainwright Road	250	3,000					3,250
12 PIS - Glovers House	7,812						7,812
13 PIS - Barnhorn Road	605	1,000	8,495	500			10,600
14 PIS - Beeching Road 18-40	500	460					960
15 Rother Transformation ICT Investment	45	345					390
16 Corporate Document Image Processing System		435					435
<b>17 Housing and Community Services</b>							
18 De La Warr Pavilion - Capital Grant	53	53	53	53	53	53	318
19 Bexhill Seafront - fountain		350					350
20 Fairlight Coastal Protection	70						70
21 Sidley Sports and Recreation		300					300
22 Land Swap re Former High School Site		1,085					1,085
23 Bexhill Leisure Centre - site development	415	155	1,746	5,901	6,901	410	15,528
24 Disabled Facilities Grant	1,625						1,625
25 New bins	121	125	125	125	125	125	746
26 Bexhill Promenade - Outflow pipe		100					100
27 Bexhill Promenade - Protective Barriers	50						50
28 Housing (purchases - temp accommodation)	1,000	2,000					3,000
<b>29 Strategy &amp; Planning</b>							
30 Highways Work - London Road - Bexhill	300						300
31 Grants to Parishes - CIL	200						200
<b>32 Executive Directors &amp; Corporate Core</b>							
33 Accommodation Strategy	75						75
34 Lift for Amherst Road Offices	100						100
<b>35 Resources</b>							
36 Enterprise Resource Planning System upgrade	36						36
37 ICT Infrastructure – Ongoing Upgrade Programme	166						166
<b>38 Total Capital Programme</b>	<b>17,245</b>	<b>20,148</b>	<b>10,699</b>	<b>6,709</b>	<b>7,209</b>	<b>718</b>	<b>62,728</b>

**Appendix B Cont'd**

	<b>2019/20 Budget £ (000)</b>	<b>2020/21 Budget £ (000)</b>	<b>2021/22 Budget £ (000)</b>	<b>2022/23 Budget £ (000)</b>	<b>2023/24 Budget £ (000)</b>	<b>2024/25 Budget £ (000)</b>	<b>Total £ (000)</b>
39 <b>Funded By:</b>							
40 Capital Receipts	415	1,240	1,537				<b>3,192</b>
41 Grants and contributions	2,859	4,262	359	1,948	0	0	<b>9,428</b>
42 CIL							<b>0</b>
43 Borrowing	13,263	12,820	8,495	500	0	0	<b>35,078</b>
44 Capital Expenditure Charged to Revenue	658	1,359	291	291	291	291	<b>3,181</b>
45 Unfunded	50	467	17	3,970	6,918	427	<b>11,849</b>
46 <b>Total Funding</b>	<b>17,245</b>	<b>20,148</b>	<b>10,699</b>	<b>6,709</b>	<b>7,209</b>	<b>718</b>	<b>62,728</b>

### Treasury Management Strategy for 2020/21

1. The strategy for 2020/21 covers two main areas:
  - a. **Capital issues**
    - the capital expenditure plans and the associated prudential indicators;
    - the minimum revenue provision (MRP) policy.
  - b. **Treasury management issues**
    - the current treasury position;
    - treasury indicators which limit the treasury risk and activities of the Council;
    - prospects for interest rates;
    - the borrowing strategy;
    - policy on borrowing in advance of need;
    - debt rescheduling;
    - the investment strategy;
    - creditworthiness policy; and
    - the policy on use of external service providers.
2. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Ministry of Housing, Communities and Local Government (MHCLG) Minimum Revenue Provision (MRP) Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

### Training

3. The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny of the treasury management function. Training has been undertaken by Members during 2019/20 on the legislation and treasury activities of the Council. The training needs of treasury management officers are periodically reviewed.

### Treasury management consultants

4. The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors.
5. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.
6. It also recognised that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

7. The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties in support of its Property Investment Strategy. The commercial type investments require specialist advisers, and the Council uses appropriately qualified companies in relation to this activity.

### The Capital Prudential Indicators

8. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

### Capital expenditure

9. This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

	<b>2019/20 forecast</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>	<b>2022/23 budget</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Services	5,322	9,328	2,204	6,209	7,209	718
Regeneration Investments	11,923	10,820	8,495	500		
<b>TOTAL</b>	<b>17,245</b>	<b>20,148</b>	<b>10,699</b>	<b>6,709</b>	<b>7,209</b>	<b>718</b>

10. The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

	<b>2019/20 forecast</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>	<b>2022/23 budget</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>
	£'000	£'000	£'000	£'000	£'000	£'000
External Sources	1,073	2,599	1,828	291	291	291
Own Resources	2,859	4,262	359	1,948	0	0
Borrowing	13,263	12,820	8,495	500	0	0
Unfunded	50	467	17	3,970	6,918	427
<b>TOTAL</b>	<b>17,245</b>	<b>20,148</b>	<b>10,699</b>	<b>6,709</b>	<b>7,209</b>	<b>718</b>

### The Council's borrowing need (the Capital Financing Requirement)

11. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.
12. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

13. The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council currently does not have any such schemes within the CFR.

14. The CFR projections are shown below:

	<b>31.3.20 forecast</b>	<b>31.3.21 budget</b>	<b>31.3.22 budget</b>	<b>31.3.23 budget</b>	<b>31.3.24 budget</b>	<b>31.3.25 budget</b>
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Services#	2,422	4,395	4,349	4,301	4,252	4,202
Regen Investments	15,536	26,209	34,420	34,584	34,235	33,877
<b>TOTAL</b>	<b>17,958</b>	<b>30,604</b>	<b>38,769</b>	<b>38,885</b>	<b>38,487</b>	<b>38,079</b>

#including adjustment "A" £1.091m

#### **Movement in CFR**

	<b>31.3.20 forecast</b>	<b>31.3.21 budget</b>	<b>31.3.22 budget</b>	<b>31.3.23 budget</b>	<b>31.3.24 budget</b>	<b>31.3.25 budget</b>
	£'000	£'000	£'000	£'000	£'000	£'000
Net financing need for the year (above)	17,958	30,604	38,769	38,885	38,487	38,079
Less MRP/VRP and other financing movements	111	242	353	407	420	431
<b>Movement in CFR</b>	<b>17,847</b>	<b>30,362</b>	<b>38,416</b>	<b>38,478</b>	<b>38,067</b>	<b>37,648</b>

15. A key aspect of the regulatory and professional guidance is that elected Members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in above and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Authority's remaining activity.

#### **Affordability Prudential Indicator**

16. Prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

## Ratio of Financing Costs to Net Revenue Stream

17. This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	2024/25 budget
Financing costs (£000)	318	852	1,227	1,451	1,460	1,459
Proportion of net revenue stream	2.7%	6.9%	10.5%	12.3%	12.1%	11.9%

18. The table shows that the proportion of the Council's net revenue stream (Council Tax, share of business rates and grants) at risk increases to 11.9% which is largely due to the investments made under the Property Investment Strategy.

## Incremental Impact of Capital Investment Decisions on Band D Council Tax

19. This indicator identifies the revenue costs associated with proposed changes to the capital programme less treasury investment returns, compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a five year period.

2019/20 Forecast	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
£(5.10)	11.86	27.60	33.26	33.31	33.10

## Core Funds and Expected Investment Balances

20. The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the Revenue Budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	2024/25 budget
	£'000	£'000	£'000	£'000	£'000	£'000
Fund balances / reserves	13,883	10,757	9,339	8,240	6,928	5,734
Capital receipts	2,487	1,247				
Provisions	1,873	1,873	1,873	1,873	1,873	1,873
<b>Total core funds</b>	<b>18,243</b>	<b>13,877</b>	<b>11,212</b>	<b>10,113</b>	<b>8,801</b>	<b>7,607</b>
Working capital	1,800	1,800	1,800	1,800	1,800	1,800
<b>Expected investments</b>	<b>20,043</b>	<b>15,677</b>	<b>13,012</b>	<b>11,913</b>	<b>10,601</b>	<b>9,407</b>

Working capital balances shown are estimated year-end; these may be higher mid-year

## Minimum Revenue Provision (MRP) Policy Statement

21. The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).
22. MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:
23. From 1 April 2008 for all unsupported borrowing (including PFI and finance leases if entered into) the MRP policy will be:

**Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations; this provides for a reduction in the borrowing need over approximately the assets' life. Note that for the Council's commercial type investments in support of the Council's Property Investment Strategy MRP will be based on an annuity based method over the assets life.

**MRP Overpayments** - A change introduced by the revised MHCLG MRP Guidance made allowance for any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, to be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2019 the total VRP overpayments were nil.

## Borrowing

24. The capital expenditure plans set out above provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

	Actual £'000 31.3.19	Actual % 31.3.19	Actual £'000 20.1.20	Actual % 20.1.20
<b>Treasury investments</b>	£	%	£	%
National Westminster Bank	2,000,000	10.64%	0	0.00%
Lloyds Bank	3,500,000	18.61%	7,000,000	34.16%
Bank of Scotland	5,300,036	28.19%	4,500,006	21.96%
Santander UK Bank	1,646	0.01%	991,653	4.84%
Barclays Bank	1,060	0.01%	1,065	0.01%
<b>Total managed funds in house</b>	<b>10,802,742</b>	<b>57.45%</b>	<b>12,492,724</b>	<b>60.96%</b>
Property Funds	7,999,998	42.55%	7,999,998	39.04%
<b>Total managed externally</b>	<b>7,999,998</b>	<b>42.55%</b>	<b>7,999,998</b>	<b>39.04%</b>
<b>Total treasury investments</b>	<b>18,802,740</b>	<b>100.00%</b>	<b>20,492,722</b>	<b>100.00%</b>

25. The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	31.3.20 forecast	31.3.21 budget	31.3.22 budget	31.3.23 budget	31.3.24 budget	31.3.25 budget
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Debt	16,867	29,513	37,678	37,794	37,396	36,988
Capital Financing Requirement	17,958	30,604	38,769	38,885	38,487	38,079

26. Within the above figures the level of debt relating to commercial activities / non-financial investment is:

	31.3.20 forecast	31.3.21 budget	31.3.22 budget	31.3.23 budget	31.3.24 budget	31.3.25 budget
	£'000	£'000	£'000	£'000	£'000	£'000
<b>External Debt for commercial activities / non-financial investments</b>						
Actual debt at 31 March	16,867	29,513	37,678	37,794	37,396	36,988
Percentage of total external debt %	93.9%	96.4%	97.2%	97.2%	97.2%	97.1%

27. Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

28. The Assistant Director, Resources (Chief Finance Officer) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the budget proposals.

### Treasury Indicators: limits to borrowing activity

29. **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

	2019/20 limit	2020/21 limit	2021/22 limit	2022/23 limit	2023/24 limit	2024/25 limit
	£'000	£'000	£'000	£'000	£'000	£'000
Operational Boundary - total external debt	52,000	52,000	52,000	52,000	52,000	52,000

30. **The authorised limit for external debt.** This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
31. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all council's plans, or those of a specific council, although this power has not yet been exercised.
32. The Council is asked to approve the following authorised limit:

	2019/20 limit	2020/21 limit	2021/22 limit	2022/23 limit	2023/24 limit	2024/25 limit
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Authorised limit – total external debt</b>	57,400	57,400	57,400	57,400	57,400	57,400

### Prospects for interest rates

33. The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view (as at November 2019).

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	%	%	%	%	%	%
Bank Rate	0.75	0.75	0.75	0.75	0.75	1.00
3 Month LIBID	0.70	0.70	0.70	0.70	0.70	0.80
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30
5 Year PWLB	2.30	2.40	2.40	2.50	2.50	2.60
10 Year PWLB	2.60	2.70	2.70	2.70	2.80	2.90
25 Year PWLB	3.20	3.30	3.40	3.40	3.50	3.60
50 Year PWLB	3.10	3.20	3.30	3.30	3.40	3.50

### Investment and borrowing rates

34. Investment returns are likely to remain low during 2020/21 with little prospect for significant improvement. Borrowing interest rates have been very low but in October HM Treasury increased rates by 1% across the board in response to the amount of debt local government was taking on. The spread of rates between short term borrowing and long term borrowing is very narrow making decisions regarding borrowing strategy very difficult. When an opportunity arises regarding the non treasury investments consideration will also need to be given to sourcing funding at cheaper rates from the following:
- a. Local authorities (primarily shorter dated maturities)
  - b. Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
  - c. Municipal Bonds Agency
35. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt. There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

### Borrowing Strategy

36. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.
37. Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Assistant Director,

Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

38. Any decisions will be reported to Cabinet and the Audit and Standards Committee at the next available opportunity.

### **Policy on borrowing in advance of need**

39. The Prudential Code and CIPFA guidance says that the Council must not borrow more than or in advance of their needs purely to profit from the investment of the extra sums borrowed. On the latter point it should be remembered that this is guidance and the Council can rely on relevant legislation in order to invest in commercial activities to deliver a financial return to support the delivery of services if it so chooses. At present the Council's current Property Investment Strategy is focused on the delivery of economic sustainability and regeneration and is not solely based on financial return. However, the Council will be reviewing its investment strategies in order to secure sustainable income streams to replace lost government grant income. Consideration of the Code and guidance will need to be included with the review.

40. The Council has some flexibility to borrow funds in advance of need for use in future years. The Assistant Director, Resources (Section 151 Officer) may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Section 151 Officer will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved Capital Programme or to fund future debt maturities.

41. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### **Debt rescheduling**

42. If short-term borrowing rates are considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will

need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

43. The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings;
  - helping to fulfil the treasury strategy;
  - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
44. Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All rescheduling will be reported to Cabinet and the Audit and Standards Committee at the earliest meeting following its action. At present this is not required as the Council has only recently entered into its only loan with PWLB.

### **Proportionality**

45. The Council will consider the concept of proportionality, alongside that of affordability needs when analysing funding projects through borrowing. The costs and risks associated with that borrowing will be examined as part of the whole financial position of the council, so that the Council does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources. The Council needs to be aware of the scale and relationship with the asset base and revenue delivery to inform decision making.

## Appendix B

### ANNUAL INVESTMENT STRATEGY

#### Investment policy – management of risk

1. The Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).
2. The Council’s investment policy has regard to the following: -
  - MHCLG’s Guidance on Local Government Investments (“the Guidance”)
  - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
  - CIPFA Treasury Management Guidance Notes 2018
3. The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return).
4. The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -
  - a. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
  - b. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
  - c. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
  - d. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in Appendix 1 under the categories of ‘specified’ and ‘non-specified’ investments.
    - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.

- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by Members and officers before being authorised for use.
- e. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as shown in Appendix 1,
  - f. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table below
  - g. **Transaction limits** are set for each type of investment.
  - h. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**.
  - i. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**.
  - j. This authority has engaged **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
  - k. All investments will be denominated in **sterling**.
  - l. As a result of the change in accounting standards for 2018/19 under **IFRS 9**, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)
5. However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

### **Creditworthiness policy**

6. This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:
  - credit watches and credit outlooks from credit rating agencies;
  - CDS spreads to give early warning of likely changes in credit ratings;
  - sovereign ratings to select counterparties from only the most creditworthy countries.

7. This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:
- Yellow 5 years
  - Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
  - Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
  - Purple 2 years
  - Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
  - Orange 1 year
  - Red 6 months
  - Green 100 days
  - No colour not to be used
8. The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.
9. Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalent) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
10. All credit ratings are monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service. If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately. In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list. Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

	Colour	£limit or % of Fund Limit	Time Limit
Banks and Building Societies – part nationalised	Blue	30%	1 yr
Banks and Building Societies	Red	50%	6 months
Banks and Building Societies	Green	50%	100 days
Banks and Building Societies	No colour	Not to be used	N/A
Council's banker	Not applicable	Unlimited/ 100%	1 day

### UK banks – ring fencing

11. The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1 January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.
12. Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.
13. While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

### Country limits

14. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 2. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.
15. The Council's available funds will be spread among different counterparties in order to minimise the risk of loss.

## **Use of additional information other than credit ratings**

16. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

## **Investment Strategy**

17. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While part of the cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed. If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable. Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

## **Investment returns expectations**

18. Bank Rate is forecast to increase steadily but slowly over the next few years to reach 1.25% by 2022/23. Bank Rate forecasts for financial year ends (March) are:

2019/20 - 0.75%

2020/21 - 1.00%

2021/22 - 1.00%

2022/23 - 1.25%

19. The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2019/20 - 0.75%

2020/21 - 0.75%

2021/22 - 1.00%

2022/23 - 1.25%

2023/24 - 1.50%

2024/25 – 1.75%

20. The overall balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

21. **Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit:

<b>Maximum principal sums invested &gt; 365 days</b>			
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Principal sums invested > 365 days	£10,000,000	£10,000,000	£10,000,000

22. For its cash flow generated balances, the Council will seek to utilise its instant access and notice accounts, money market funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

### **Investment risk benchmarking**

23. This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day rate for cash deposit investments.

### **End of year investment report**

24. At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

### **Policy on the use of external service providers**

25. The Council uses Link Asset Services as its external treasury management advisors.
26. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
27. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

### **Scheme of delegation**

28. Please see Appendix 3.

### **Role of the Section 151 Officer**

29. Please see Appendix 4.

**TREASURY MANAGEMENT PRACTICE – CREDIT AND COUNTERPARTY RISK**

**Specified Investments:**

1. All such investments will be sterling denominated, with maturities up to maximum of one year, meeting the minimum ‘high’ quality criteria where applicable.
2. A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the following categories shown below:

	<b>Minimum credit criteria / colour band</b>	<b>** Max % of total investments/ £ limit per institution</b>	<b>Max. maturity period</b>
<b>DMADF – UK Government</b>	N/A	<b>100%</b>	<b>6 months</b>
UK Government gilts	UK sovereign rating	50%	1 year subject to guidance
UK Government Treasury bills	UK sovereign rating	20%	1 year subject to guidance
Bonds issued by multilateral development banks	AAA	20%	1 year subject to guidance
Money Market Funds CNAV	AAA	20%	Liquid
Money Market Funds LVAV	AAA	20%	Liquid
Money Market Funds VNAV	AAA	20%	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	20%	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	20%	Liquid
Local authorities	N/A	50%/ £2M	12 months
UK Banks and building societies	Refer to Creditworthiness Policy	100%, Unlimited with Council’s own banker, £5m limit in UK banks and building societies other than the Council’s subsidiaries where is £10m	1 year
Term deposits with banks and building societies	Refer to Creditworthiness Policy	100%, £5m limit in UK banks and building societies other than the Council’s own banker. £10 m in the Council’s own bank and its subsidiaries, £2m in foreign banks	1 year
CDs or corporate bonds with banks and building societies	Refer to Creditworthiness Policy	20%	1 year

**Non-specified investments:** – are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	<b>Non Specified Investment Category</b>	<b>Limit (£ or %)</b>
	<p>Supranational bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds – these are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. National Rail, the Guaranteed Export Finance Company [GEFCO])</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	AAA long term ratings (or other of your choice)
	The Council’s own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	
	Certificates of deposit issued by banks and building societies. Refer to Creditworthiness Policy	£3m – 10% of fund
	Property funds – the use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.	Specific authorisation required from Members
	Property purchases. The criteria for any purchase of property for investment purposes will meet the following broad criteria in the approved Property Investment Strategy (PIS). Appropriate due diligence will also be undertaken before investment of this type is undertaken.	In accordance with the PIS governance arrangements

**NOTE 1:** The Council will seek further advice on the appropriateness and associated risks with investments in these categories.

**APPROVED COUNTRIES FOR INVESTMENTS**

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services credit worthiness service.

***Based on lowest available rating***

## AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

## AA+

- Finland
- U.S.A.

## AA

- Abu Dhabi (UAE)
- Hong Kong
- France
- U.K.

## AA-

- Belgium
- Qatar

AS AT 3.1.20

**Treasury Management Scheme of Delegation****1. Full Council**

- receiving and reviewing reports on treasury management policies, practices and activities; and
- approval of annual strategy.

**2. Cabinet**

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities; and
- approving the selection of external service providers and agreeing terms of appointment.

**3. Audit and Standards Committee**

- reviewing the treasury management policy and procedures and making recommendations to the responsible body; and
- receiving and reviewing regular monitoring reports and acting on recommendations.

**4. Executive Directors, and Assistant Director, Resources (Section 151 Officer)**

- In the event that a counterparty, subsequent to an investment being made, falls below the minimum ratings required the following action is delegated to the Executive Directors or in his absence the Section 151 Officer;
- Fixed term deposits – allow the investment to mature and not withdraw its funding unless advised otherwise by the Council's treasury advisors; and
- In all situations the Section 151 Officer, Executive Directors will take the best course of action to protect the value of the investment based on advice received from the Council's treasury advisors.

## THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer duties include:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees.
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:
  - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
  - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
  - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
  - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken; and
  - Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

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## Rother District Council

Report to	-	Council
Date	-	24 February 2020
Report of the	-	Executive Directors
Subject	-	Budget 2020/21

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**Recommendation:** It be **RESOLVED:** That the formal Council Tax Resolution at Appendix A be approved.

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### Introduction

1. The Localism Act 2011 requires the billing authority to calculate a Council Tax requirement for the year, not its budget requirement as previously.
2. The precept levels of other precepting bodies have all now been received. These are detailed below:

### Town and Parish Councils

3. The Town and Parish Council Precepts (including Special Expenses for Bexhill and Rye) for 2020/21 are detailed in Appendix B and total £2,460,703 (2019/20 £2,330,405). The increase results in an average Band D Council Tax figure of £64.54 for 2020/21.

### East Sussex County Council

4. East Sussex County Council met on 11 February 2020 and set their precept at £56,882,666 (2019/20 £54,599,262) for the area of Rother. This results in a Band D Council Tax of £1,492.02 (2019/20 £1,434.78). This includes the Adult Social Care Precept of £129.60 at Band D in Council Tax.

### Sussex Police and Crime Commissioner

5. Sussex Police and Crime Commissioner met on 7 February 2020 and set their precept at £7,621,488.79 (2019/20 £7,226,854.13) for the area of Rother. This results in a Band D Council Tax of £199.91 (2019/20 £189.91).

### East Sussex Fire Authority

6. East Sussex Fire Authority met on 13 February 2020 and set their precept at £3,642,043 (2019/20 £3,564,528) for the area of Rother. This results in a Band D Council Tax of £95.53 (2019/20 £93.67).

### Excessive Council Tax increases

7. The Localism Act 2011 introduced a requirement for a local authority to determine whether its basic amount of Council Tax for a financial year is excessive, in which case a local referendum would be needed. Schedule 5 of the Localism Act 2011 has inserted a new chapter 4ZA into part 1 of the Local Government Finance Act 1992. Section 52ZB sets out the steps needed to determine the level of tax which would be 'excessive'. These steps are in effect

to compare the level of increase in Council Tax with principles set out by the Secretary of State. The Secretary of State has indicated that, for 2020/21, an increase up to 3% or more than £5 and above in a District Council's Council Tax would be excessive. This includes the impact of changes in charges from levying bodies, in Rother's case the Internal Drainage Boards.

8. Cabinet have recommended Rother District Council's basic amount of tax for 2020/21 to be increased to £184.10 (£4.65 or 2.59%); within the Secretary of State's guidelines and is therefore not excessive.

### Budget Consultation

9. At the time of writing the Council had received 448 responses to the budget consultation, 58% of whom were supportive of a rise of £5 or going to referendum for a higher amount. A summary of the results are detailed in Appendix C, the full responses will be made available in the Members' Room.

### Conclusions

10. The recommendations of the Cabinet are set out in the formal Council Tax Resolution in Appendix A. If the formal Council Tax Resolution at Appendix A is approved, the total Band D Council Tax will be as follows:

	<b>2019/20</b>	<b>2020/21</b>	<b>Increase</b>
	<b>£</b>	<b>£</b>	<b>%</b>
Rother District Council	179.45	184.10	2.6%
<i>East Sussex County Council</i>	1333.80	1362.42	
<i>East Sussex County Council – social care precept</i>	100.98	129.60	
Total East Sussex County Council	1,434.78	1,492.02	4.0%
East Sussex Fire Authority	93.67	95.53	2.0%
Sussex Police Authority	189.91	199.91	5.3%
<b>Sub-total</b>	<b>1,897.81</b>	<b>1,971.56</b>	<b>3.9%</b>
Town and Parish Council (average)	61.24	64.54	5.4%
<b>TOTAL</b>	<b>1,959.05</b>	<b>2,036.10</b>	<b>3.9%</b>

Malcolm Johnston  
Executive Director

Dr Anthony Leonard  
Executive Director

**Budget 2020/21**

**DRAFT RESOLUTION**

To consider and, if thought fit, to pass a resolution in the following terms: -

1. (a) That Council approves the Rother District Council General Fund Council Tax Requirement of £7,018,739 for 2020/21 and the resultant Band D tax of £184.10 as set out in this report.
  - (b) The expenses incurred by the Council, set out in the minutes of the Cabinet of 10 February 2020 in the sum of £624,080 in respect of Bexhill and £62,680 in respect of Rye, be approved as the Special Expenses chargeable to residents of Bexhill and Rye respectively. All other expenses incurred by the Council (excluding Parish Precepts) be approved as general expenditure for the purposes of section 35 of the Local Government Finance Act 1992. (This resolution will be reviewed annually).
2. That it be noted, the following amounts for the year 2020/21 in accordance with Regulation 3 of the Local Authorities (Calculation of Tax Base) Regulations 1992, made under section 33 (5) of the Local Government Finance Act 1992:-
    - (a) 38,124.6 being the amount calculated by the Council in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012, as its Council Tax base for the year.

(b)

Ashburnham & Penhurst	192.20	Etchingham	422.10	Rye Foreign	175.40
Battle	2,699.30	Ewhurst	540.10	Salehurst & Robertsbridge	1,041.30
Beckley	554.90	Fairlight	891.00	Sedlescombe	678.50
Bexhill	16,701.70	Guestling	636.20	Ticehurst	1,640.30
Bodiam	159.00	Hurst Green	589.20	Udimore	187.10
Brede	859.60	Icklesham	1,228.90	Westfield	1,124.10
Brightling	201.00	Iden	238.60	Whatlington	157.40
Burwash	1,260.40	Mountfield	199.40	Rye Foreign	175.40
Camber	679.90	Northiam	1,057.30	Salehurst & Robertsbridge	1,041.30
Catsfield	355.10	Peasmarsh	514.00	Sedlescombe	678.50
Crowhurst	368.00	Pett	471.80	Ticehurst	1,640.30
Dallington	174.30	Playden	163.50	Udimore	187.10
East Guldeford	32.80	Rye	1,930.20	Westfield	1,124.10

being the amounts calculated by the Council in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.

3. That the following amounts be now calculated by the Council for the year 2020/21 in accordance with sections 32 to 38 of the Local Government and Finance Act 1992 as amended: -

- a. £45,927,233 Being the aggregate of the amounts which the Council estimates for the items set out in section 32(2)(a) to (e) of the Act. (this amount is the Council's gross expenditure including the Parish Council Precepts and the Special Expenses for Bexhill and Rye).
- b. -£36,447,791 Being the aggregate of the amounts which the Council estimates for the items set out in section 32(3)(a) to (c) of the Act.
- c. £9,479,442 Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with section 32(4) of the Act, as its council tax requirement for the year.
- d. £248.64 being the amount at 3(c) divided by the amount at 2 above (Item T), calculated by the Council, in accordance with section 33(1) of the Act, as the basic amount of its council tax for the year.
- e. £2,460,703 Being the aggregate amount of all special items referred to in section 35(1) of the Act
- f. £184.10 Being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by the amount at 2(a) above, calculated by the Council, in accordance with section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates.

g.

<b><u>PARISH COUNCIL AREA</u></b>	<b>BAND D</b>
	£
Ashburnham & Penhurst	249.69
Battle	322.89
Beckley	225.55
Bexhill	222.29
Bodiam	248.88
Brede	228.11
Brightling	221.18
Burwash	250.72
Camber	286.52
Catsfield	247.27
Crowhurst	261.11
Dallington	232.49
East Guldeford	184.10
Etchingham	314.40
Ewhurst	310.79
Fairlight	254.81
Guestling	196.83
Hurst Green	262.77
Icklesham	276.44
Iden	251.16
Mountfield	249.80
Northiam	278.68
Peasmarsh	256.08
Pett	232.85
Playden	214.68
Rye	308.45
Rye Foreign	195.50
Salehurst	276.87
Sedlescombe	268.38
Ticehurst	273.35
Udimore	206.55
Westfield	221.80
Whatlington	229.21

being the amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the Council, in accordance with section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

h.

<b>LOCAL TAX AREA</b>	<b>Valuation Bands</b>							
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
	£	£	£	£	£	£	£	£
Ashburnham & Penhurst	166.46	194.20	221.94	249.69	305.18	360.66	416.15	499.38
Battle	215.26	251.14	287.01	322.89	394.64	466.39	538.15	645.78
Beckley	150.36	175.43	200.48	225.55	275.67	325.79	375.91	451.10
Bexhill	148.19	172.90	197.59	222.29	271.68	321.08	370.48	444.58
Bodiam	165.92	193.57	221.22	248.88	304.19	359.49	414.80	497.76
Brede	152.07	177.42	202.76	228.11	278.80	329.49	380.18	456.22
Brightling	147.45	172.03	196.60	221.18	270.33	319.48	368.63	442.36
Burwash	167.14	195.01	222.86	250.72	306.43	362.15	417.86	501.44
Camber	191.01	222.85	254.68	286.52	350.19	413.86	477.53	573.04
Catsfield	164.84	192.32	219.79	247.27	302.22	357.17	412.11	494.54
Crowhurst	174.07	203.09	232.09	261.11	319.13	377.16	435.18	522.22
Dallington East	154.99	180.83	206.65	232.49	284.15	335.82	387.48	464.98
Guldeford	122.73	143.19	163.64	184.10	225.01	265.92	306.83	368.20
Etchingham	209.60	244.53	279.46	314.40	384.27	454.13	524.00	628.80
Ewhurst	207.19	241.73	276.25	310.79	379.85	448.92	517.98	621.58
Fairlight	169.87	198.19	226.49	254.81	311.43	368.06	424.68	509.62
Guestling	131.22	153.09	174.96	196.83	240.57	284.31	328.05	393.66
Hurst Green	175.18	204.38	233.57	262.77	321.16	379.55	437.95	525.54
Icklesham	184.29	215.01	245.72	276.44	337.87	399.30	460.73	552.88
Iden	167.44	195.35	223.25	251.16	306.97	362.78	418.60	502.32
Mountfield	166.53	194.29	222.04	249.80	305.31	360.82	416.33	499.60
Northiam	185.78	216.75	247.71	278.68	340.61	402.54	464.46	557.36
Peasmarsh	170.72	199.17	227.62	256.08	312.99	369.89	426.80	512.16
Pett	155.23	181.11	206.97	232.85	284.59	336.34	388.08	465.70
Playden	143.12	166.97	190.82	214.68	262.39	310.09	357.80	429.36
Rye	205.63	239.90	274.17	308.45	377.00	445.54	514.08	616.90
Rye Foreign	130.33	152.06	173.77	195.50	238.94	282.39	325.83	391.00
Salehurst	184.58	215.34	246.10	276.87	338.40	399.92	461.45	553.74
Sedlescombe	178.92	208.74	238.56	268.38	328.02	387.66	447.30	536.76
Ticehurst	182.23	212.61	242.97	273.35	334.09	394.84	455.58	546.70
Udimore	137.70	160.65	183.60	206.55	252.45	298.35	344.25	413.10
Westfield	147.86	172.51	197.15	221.80	271.09	320.38	369.66	443.60
Whatlington	152.80	178.28	203.74	229.21	280.14	331.08	382.01	458.42

being the amounts given by multiplying the amounts at 3(g) above by the number which, in the proportion set out in section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band "D", calculated by the Council, in accordance with section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different Valuation Bands.

- That the Council notes that for the year 2020/21 East Sussex County Council the Sussex Police and Crime Commissioner and the East Sussex Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below: -

<u>Precepting Authority</u>	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
ESCC	994.68	1,160.46	1,326.24	1,492.02	1,823.58	2,155.14	2,486.70	2,984.04
<i>ESCC Council Tax</i>	<i>908.28</i>	<i>1,059.66</i>	<i>1,211.04</i>	<i>1,362.42</i>	<i>1,665.18</i>	<i>1,967.94</i>	<i>2,270.70</i>	<i>2,724.84</i>
<i>ESCC Social Care Precept</i>	<i>86.40</i>	<i>100.80</i>	<i>115.20</i>	<i>129.60</i>	<i>158.40</i>	<i>187.20</i>	<i>216.00</i>	<i>259.20</i>
SPCC	133.27	155.49	177.70	199.91	244.33	288.76	333.18	399.82
ES Fire	63.69	74.30	84.92	95.53	116.76	137.99	159.22	191.06

5. That, having calculated the aggregate each case of the amounts at 3(h) and 4 above, the Council, in accordance with section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2020/21 for each of the categories of dwellings shown below: -

Valuation Bands								
<u>LOCAL TAX AREA</u>	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Ashburnham & Penhurst	1,358.10	1,584.45	1,810.80	2,037.15	2,489.85	2,942.55	3,395.25	4,074.30
Battle	1,406.90	1,641.39	1,875.87	2,110.35	2,579.31	3,048.28	3,517.25	4,220.70
Beckley	1,342.00	1,565.68	1,789.34	2,013.01	2,460.34	2,907.68	3,355.01	4,026.02
Bexhill	1,339.83	1,563.15	1,786.45	2,009.75	2,456.35	2,902.97	3,349.58	4,019.50
Bodiam	1,357.56	1,583.82	1,810.08	2,036.34	2,488.86	2,941.38	3,393.90	4,072.68
Brede	1,343.71	1,567.67	1,791.62	2,015.57	2,463.47	2,911.38	3,359.28	4,031.14
Brightling	1,339.09	1,562.28	1,785.46	2,008.64	2,455.00	2,901.37	3,347.73	4,017.28
Burwash	1,358.78	1,585.26	1,811.72	2,038.18	2,491.10	2,944.04	3,396.96	4,076.36
Camber	1,382.65	1,613.10	1,843.54	2,073.98	2,534.86	2,995.75	3,456.63	4,147.96
Catsfield	1,356.48	1,582.57	1,808.65	2,034.73	2,486.89	2,939.06	3,391.21	4,069.46
Crowhurst	1,365.71	1,593.34	1,820.95	2,048.57	2,503.80	2,959.05	3,414.28	4,097.14
Dallington East	1,346.63	1,571.08	1,795.51	2,019.95	2,468.82	2,917.71	3,366.58	4,039.90
Guldeford	1,314.37	1,533.44	1,752.50	1,971.56	2,409.68	2,847.81	3,285.93	3,943.12
Etchingam	1,401.24	1,634.78	1,868.32	2,101.86	2,568.94	3,036.02	3,503.10	4,203.72
Ewhurst	1,398.83	1,631.98	1,865.11	2,098.25	2,564.52	3,030.81	3,497.08	4,196.50
Fairlight	1,361.51	1,588.44	1,815.35	2,042.27	2,496.10	2,949.95	3,403.78	4,084.54
Guestling	1,322.86	1,543.34	1,763.82	1,984.29	2,425.24	2,866.20	3,307.15	3,968.58
Hurst Green	1,366.82	1,594.63	1,822.43	2,050.23	2,505.83	2,961.44	3,417.05	4,100.46
Icklesham	1,375.93	1,605.26	1,834.58	2,063.90	2,522.54	2,981.19	3,439.83	4,127.80
Iden	1,359.08	1,585.60	1,812.11	2,038.62	2,491.64	2,944.67	3,397.70	4,077.24
Mountfield	1,358.17	1,584.54	1,810.90	2,037.26	2,489.98	2,942.71	3,395.43	4,074.52
Northiam	1,377.42	1,607.00	1,836.57	2,066.14	2,525.28	2,984.43	3,443.56	4,132.28
Peasmarsh	1,362.36	1,589.42	1,816.48	2,043.54	2,497.66	2,951.78	3,405.90	4,087.08
Pett	1,346.87	1,571.36	1,795.83	2,020.31	2,469.26	2,918.23	3,367.18	4,040.62
Playden	1,334.76	1,557.22	1,779.68	2,002.14	2,447.06	2,891.98	3,336.90	4,004.28
Rye	1,397.27	1,630.15	1,863.03	2,095.91	2,561.67	3,027.43	3,493.18	4,191.82
Rye Foreign	1,321.97	1,542.31	1,762.63	1,982.96	2,423.61	2,864.28	3,304.93	3,965.92
Salehurst	1,376.22	1,605.59	1,834.96	2,064.33	2,523.07	2,981.81	3,440.55	4,128.66
Sedlescombe	1,370.56	1,598.99	1,827.42	2,055.84	2,512.69	2,969.55	3,426.40	4,111.68
Ticehurst	1,373.87	1,602.86	1,831.83	2,060.81	2,518.76	2,976.73	3,434.68	4,121.62
Udimore	1,329.34	1,550.90	1,772.46	1,994.01	2,437.12	2,880.24	3,323.35	3,988.02
Westfield	1,339.50	1,562.76	1,786.01	2,009.26	2,455.76	2,902.27	3,348.76	4,018.52
Whatlington	1,344.44	1,568.53	1,792.60	2,016.67	2,464.81	2,912.97	3,361.11	4,033.34

6. The Assistant Director, Resources as Section 151 Officer be authorised to authenticate and serve all notices etc. required in connection with the Council Tax and National Non Domestic Rate.

**Assessment as to whether change in Council Tax is excessive**

7. That the Council's relevant basic amount of Council Tax for 2020/21 is not excessive in accordance with the principles approved under section 52B(3) of the Local Government Act 1992.

LOCAL TAX AREA	2020/21			2019/20			COUNCIL TAX INCREASE
	LOCAL PRECEPT	divided by LOCAL TAX BASE	gives LOCAL BAND D COUNCIL TAX	LOCAL PRECEPT	divided by LOCAL TAX BASE	gives LOCAL BAND D COUNCIL TAX	
	£	no.	£	£	no.	£	£
Ashburnham & Penhurst	12,607	192.20	65.59	12,300.00	189.20	65.01	0.89%
Battle	374,644	2,699.30	138.79	374,644.00	2,722.50	137.61	0.86%
Beckley	23,000	554.90	41.45	23,000.00	543.10	42.35	-2.13%
Bexhill (note 1)	637,730	16,701.70	38.19	627,255.00	16,609.50	37.76	1.14%
Bodiam	10,300	159.00	64.78	9,900.00	159.80	61.95	4.57%
Brede	37,830	859.60	44.01	35,954.00	863.00	41.66	5.64%
Brightling	7,454	201.00	37.08	7,375.00	201.00	36.69	1.06%
Burwash	83,962	1,260.40	66.62	65,000.00	1,261.20	51.54	29.26%
Camber	69,635	679.90	102.42	68,269.00	682.90	99.97	2.45%
Catsfield	22,433	355.10	63.17	22,432.61	350.40	64.02	-1.33%
Crowhurst	28,338	368.00	77.01	28,338.00	364.40	77.77	-0.98%
Dallington	8,435	174.30	48.39	8,435.00	175.20	48.14	0.52%
East Guldeford	0	32.80	0.00	0.00	32.00	0.00	0.00%
Etchingham	55,000	422.10	130.30	52,000.00	411.80	126.27	3.19%
Ewhurst	68,423	540.10	126.69	66,430.00	538.00	123.48	2.60%
Fairlight	63,000	891.00	70.71	53,000.00	891.40	59.46	18.92%
Guestling	8,096	636.20	12.73	8,095.80	628.10	12.89	-1.24%
Hurst Green	46,350	589.20	78.67	41,960.00	589.40	71.19	10.51%
Icklesham	113,474	1,228.90	92.34	111,248.00	1,229.70	90.47	2.07%
Iden	16,000	238.60	67.06	14,000.00	241.60	57.95	15.72%
Mountfield	13,100	199.40	65.70	13,100.00	202.10	64.82	1.36%
Northiam	100,000	1,057.30	94.58	50,000.00	1,051.20	47.56	98.86%
Peasmarsh	37,000	514.00	71.98	35,000.00	528.10	66.28	8.60%
Pett	23,000	471.80	48.75	23,000.00	475.90	48.33	0.87%
Playden	5,000	163.50	30.58	5,000.00	163.90	30.51	0.23%

LOCAL TAX AREA	2020/21			2019/20			COUNCIL TAX INCREASE
	LOCAL PRECEPT	divided by LOCAL TAX BASE	gives LOCAL BAND D COUNCIL TAX	LOCAL PRECEPT	divided by LOCAL TAX BASE	gives LOCAL BAND D COUNCIL TAX	
Rye (note 2)	240,027	1,930.20	124.35	202,921	1,941.20	121.60	2.26%
Rye Foreign	2,000	175.40	11.40	2,000.00	179.60	11.14	2.33%
Salehurst	96,606	1,041.30	92.77	95,560.00	1,033.80	92.44	0.36%
Sedlescombe	57,184	678.50	84.28	51,314.00	674.70	76.05	10.82%
Ticehurst	146,400	1,640.30	89.25	139,950.00	1,655.80	84.52	5.60%
Udimore	4,200	187.10	22.45	4,200.00	183.20	22.93	-2.09%
Westfield	42,375	1,124.10	37.70	38,500.00	1,119.50	34.39	9.62%
Whatlington	7,100	157.40	45.11	7,100.00	160.90	44.13	2.22%

Note 1

Bexhill local precept shown above comprises

: Bexhill Charter Trustees Precept	13,650	16,701.7	0.82
: Bexhill Special Expenses	624,080	16,701.7	37.37
	<b>637,730</b>		<b>38.19</b>

Note 2

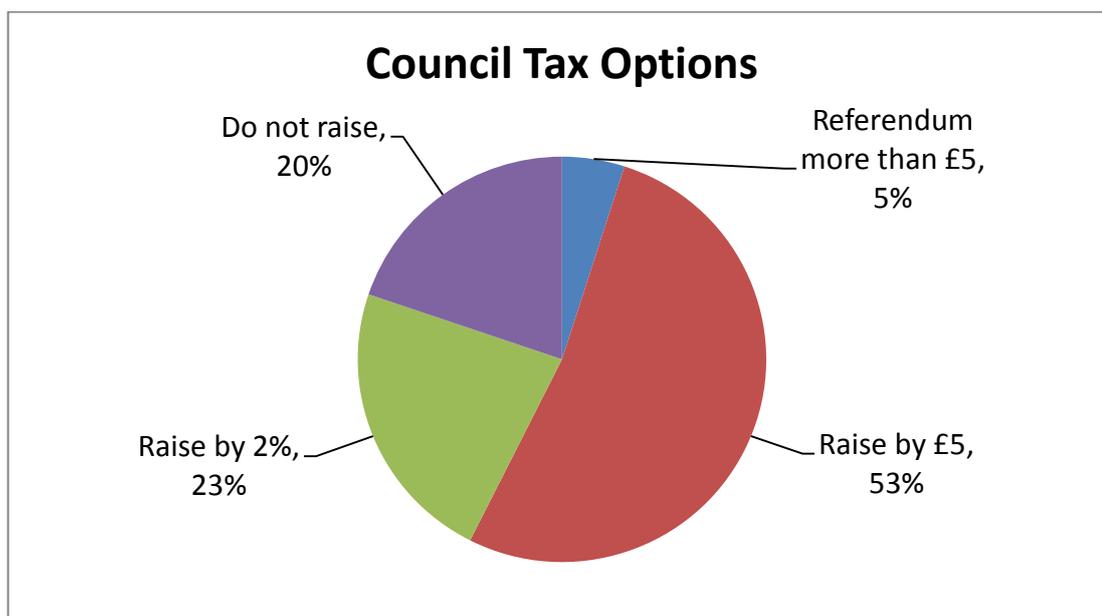
Rye local precept shown above comprises

: Rye Town Council Precept	177,347	1,930.2	91.88
: Rye Special Expenses	62,680	1,930.2	32.47
	<b>240,027</b>		<b>124.35</b>

# Consultation Report on the Draft Budget and Council Tax proposals for 2020/21 Consultation Held 3 December 2019 to 31 January 2020

## Executive Summary

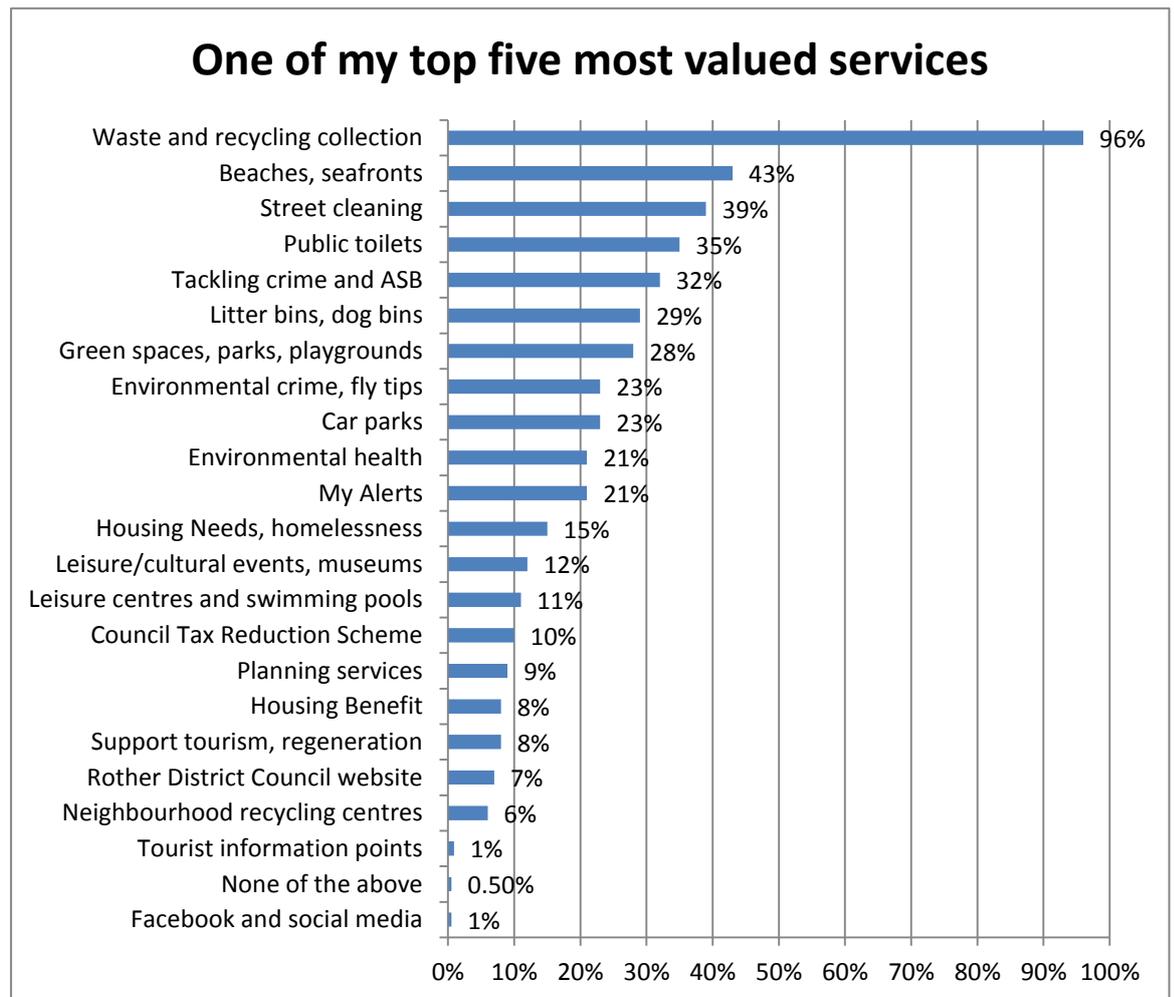
1. We received 448 responses between 3 December 2019 and 31 January made up of 10 responses from local organisations, 433 responses from residents and five visitors to the district. Most respondents used the online questionnaire. We received two emails from residents and six emails from organisations. We requested organisations to respond by email by preference. We would like to thank all respondents for their time and attention. We would also like to thank the town and parish councils and other local organisations that helped communicate the opportunity to consult.
2. **Summary results**  
81% of respondents supported a rise in Council Tax by some amount. Just over half of respondents supported the Council raising Council Tax by £5. A further 5% supported the Council going to referendum with a view to raising Council Tax by more than £5. 23% of respondents supported the Council raising Council Tax by 2% (less than £5). The remaining 20% did not support any rise in Council Tax.



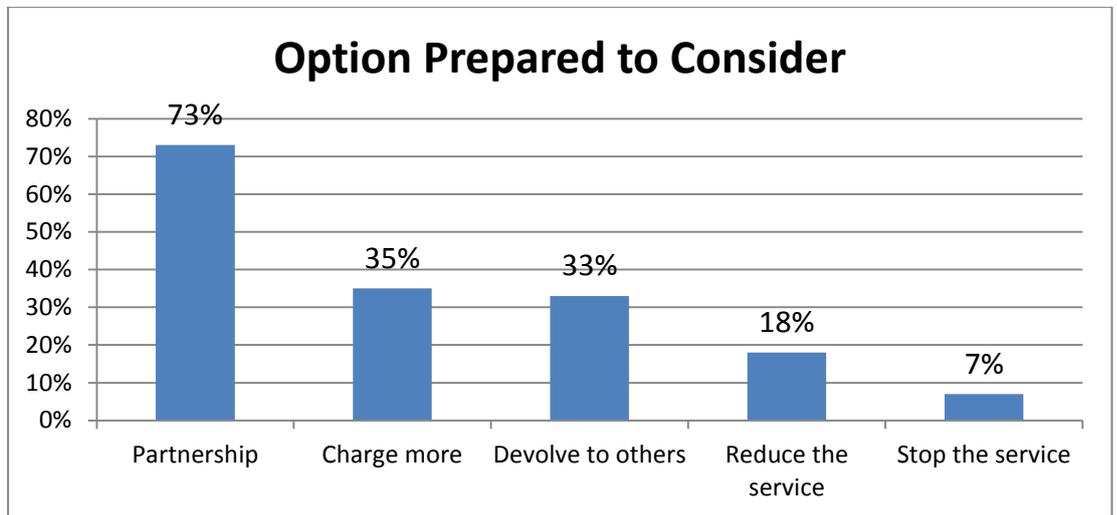
3. A summary on the budget consultation findings:
  - a. Those that supported a Council Tax rise did so in order to protect services and to see them continue.
  - b. Those that did not support a Council Tax rise were concerned about their own budgets and their ability to pay. This is mostly combined with comments such as having no rise in household income and other expenses continuing to go up as well.
  - c. Although we have a high majority support for raising Council Tax there is less support for higher level rises than it has been for the previous

three years. This suggests some residents have started to reach their tolerance threshold for higher Council Tax rises. We have fewer people supporting a £5 rise and more people supporting a rise below £5. This is the main difference from previous budget consultations.

- d. There is no change in the numbers who want Council Tax frozen, which has been about 20% respondents for four years.
- e. We asked which services residents benefited from and which they valued the most. Waste and recycling collection came out at the top of both lists.



- f. We asked about respondent's initial preferences if the Council decided services might be reconfigured to reduce costs and balance future budgets. The clear preference was for partnership service delivery along the lines of our Environmental Health service. This was followed by putting up fees and charges where possible and devolving services to other organisations. At least one parish council felt there was no room for further devolvement of local facilities and didn't want the devolvement of what they felt should be Rother-wide services such as supporting tourism and regeneration. Some of our partner organisations had concerns about the impact on the ability of Planning, housing and other services to respond to their concerns if there is a reduction in service or if partnership or devolvement meant a loss of control.



- g. It should be noted we were asking for views in principal. Obviously, this is a starting point for further work and specific options are subject to stakeholder consultations.
- h. We asked about applying the options to all our service areas. Partnership continued to feature as the first choice. More information is shown in the full report in the Members room.
- i. We have received a number of suggestions about where the Council might find further savings or improve efficiency. Unfortunately, a large number of suggestions either applied to other organisations or were measures the Council had already taken or was in the process of taking. However, suggestions and analysis are in the full consultation report.

Programme Office & Policy  
 Acquisitions, Transformation and Regeneration  
 Rother District Council  
 12 February 2020

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