

Cabinet

- Date and Time - **Monday 6 November 2023 – 6:30pm**
- Venue - **Council Chamber, Town Hall, Bexhill-on-Sea**
-

Councillors appointed to the Committee:

Councillor D.B. Oliver (Leader), C.A. Bayliss (Deputy Leader), S.M. Prochak, MBE (Deputy Leader), T.J.C. Byrne, S.J. Coleman, K.M. Field, A.K. Jeeawon, R.A. McCourt, A. Rathbone Ariel and H.L. Timpe

AGENDA

1. MINUTES

To authorise the Leader to sign the Minutes of the meeting held on 9 October 2023 as a correct record of the proceedings.

2. APOLOGIES FOR ABSENCE

3. ADDITIONAL AGENDA ITEMS

To consider such other items as the Leader decides are urgent and due notice of which has been given to the Head of Paid Service by 9:00am on the day of the meeting.

4. URGENT DECISIONS

The Leader to give details of those reports that have been referred to the Chairman of the Council to consider designating as urgent, in accordance with Rule 17 of the Overview and Scrutiny Procedure Rules contained within Part 4 of the Council Constitution, and to which the call-in procedure will not therefore apply.

5. DISCLOSURE OF INTERESTS

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.

6. MEDIUM TERM FINANCIAL PLAN 2024/25 TO 2028/29 (Pages 3 - 84)

At the discretion of the Leader, the order of the items set out in the agenda may be varied

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Rother District Council putting residents at the heart of everything we do.

7. **REFERENCE FROM THE OVERVIEW AND SCRUTINY COMMITTEE - DISCHARGE OF HOMELESSNESS DUTY TO A SUITABLE PRIVATE RENTED PROPERTY POLICY** (Pages 85 - 98)
8. **REFERENCE FROM THE OVERVIEW AND SCRUTINY COMMITTEE - COUNCIL TAX REDUCTION SCHEME** (Pages 99 - 136)
9. **REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING AS AT QUARTER 2 - 2023/24** (Pages 137 - 152)
10. **TREASURY MANAGEMENT UPDATE REPORT** (Pages 153 - 164)
11. **EAST SUSSEX COUNTY COUNCIL CIVIL PARKING ENFORCEMENT PARKING BOARD REPRESENTATION** (Pages 165 - 166)
12. **BLACKFRIARS HOUSING AND INFRASTRUCTURE PROJECT** (Pages 167 - 230)
13. **EXCLUSION OF PRESS AND PUBLIC (EXEMPT INFORMATION)**

The following item includes material which is exempt from publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and it is recommended that the press and public be excluded. The relevant paragraph of Schedule 12A indicating the nature of the exempt information is stated after the item and is reproduced in full at the end of the agenda. In all the circumstances of each case, it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
14. **BLACKFRIARS HOUSING AND INFRASTRUCTURE PROJECT - CONFIDENTIAL APPENDIX 5 (PARAGRAPH 3)** (Pages 231 - 236)

Lorna Ford
Chief Executive

Agenda Despatch Date: 27 October 2023

Extract from Schedule 12A of the Local Government Act 1972 (as amended)

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

* In accordance with Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, if Cabinet decides at the meeting that it will be necessary to go into confidential session to discuss the contents of the confidential appendix to Agenda Item 12, agreement will need to be obtained from, the Chairman of the Overview and Scrutiny Committee or the Chairman or Vice-Chairman of Council in attendance at the Cabinet meeting.

Rother District Council

Report to:	Cabinet
Date:	6 November 2023
Title:	Medium Term Financial Plan 2024/25 to 2027/28
Report of:	Duncan Ellis – Interim Deputy Chief Executive (s151)
Cabinet Member:	Councillor Jeeawon
Ward(s):	All
Purpose of Report:	To review the financial issues affecting the Council and their impact on the financial forecast for the four years ending 2027/28
Decision Type:	Key

Officer

Recommendation(s): It be **RESOLVED:** That:

- 1) the financial forecast and proposed way forward be noted;
- 2) the Council maintain its policy of maximising the annual increase in Council Tax within the Government's referendum limit;
- 3) the Council continues to be part of the East Sussex Business Rate pool in 2024/25 and that the Interim Deputy Chief Executive be granted delegated authority to finalise the necessary agreement with the Member authorities in consultation with the Cabinet Portfolio Holder for Finance and Governance if the pool remains financially beneficial;
- 4) Officers continue to develop proposals that will enable the Council to maintain or replenish its level of revenue Reserves to £5m;
- 5) approval is given to consult on;
 - (a) the draft savings proposals contained within Appendix 2 and (b) the draft fees and charges contained within Appendix 4;
- 6) the Interim Deputy Chief Executive be granted delegated authority, in conjunction with the Cabinet Portfolio Holder for Finance and Governance, to;
 - a) finalise the wording of the budget consultation literature; and
 - b) set and agree any fees and charges not covered by this report (excluding environmental health and licencing which go to a separate Committee); and
- 7) Consideration is given to the recommendations from the Overview and Scrutiny Committee.

Reasons for recommendations: If supported, the recommendations underpin some of the key assumptions within the financial forecast presented in this report. This provides the basis for the development of the detailed revenue budget for 2024/25 and the Capital Programme for approval in February 2024. The forecast also forms the basis of the public consultation on next year's budget and council tax.

1. Proposals

- 1.1 Given the timing of this report this is an interim step in the development of fully balanced budget proposals. The updated Medium Term Financial Strategy (MTFS) is attached at Appendix 1. It currently shows a gap of just under £0.5m which needs to be addressed to balance the 2024/25 budget. To close this gap, it is currently proposed to use reserves.
- 1.2 The savings and efficiencies totalling £3.3m that the Council has identified to help support the 2024/25 budget can be found within Appendix 2. The draft capital budget is included

within Appendix 3 while the fees and charges proposals for next year are covered by Appendix 4. Appendix 5 includes a risk assessment for next year's budget.

- 1.3 The assumptions that have currently been made in terms of future central Government funding will not be confirmed until the Provisional Settlement is announced, the date of which is currently anticipated to be around the end of December 2023 and as such are subject to change.

2. Alternative Options

- 1.4 Do nothing – this is not recommended as the Council is legally required to set a balanced budget. A further budget report will be submitted to Cabinet and Council in February 2024.

3. Consultation undertaken or proposed

- 1.5 Formal consultation with the business community will be undertaken. The Budget proposals contained in this report will be made available for comment on the Council's website from November 2023.

4. Overview and Scrutiny review

- 1.6 The draft MTFS was considered by the Overview and Scrutiny Committee at the meeting held on 16 October. An extract from the minutes of this meeting is provided within Appendix 7 and the recommendations made for consideration by Cabinet are as follows;

- 1) the Town Hall buildings currently not in use and in need of updating, be repurposed for use as temporary housing, using capital that had previously been set aside to purchase temporary accommodation;
- 2) the Council's commercial activities, such as parking enforcement, to be expanded further and the services marketed to others;
- 3) bulky waste charges remain the same and the service be promoted to residents via the MyAlerts system; and
- 4) the financial forecast and proposed way forward be noted.

- 1.7 If supported, the recommendations underpin some of the key assumptions within the financial forecast presented in this report. This provides the basis for the development of the detailed revenue budget for 2024/25 and the Capital Programme for approval in February 2024. The forecast also forms the basis of the public consultation on next year's budget and council tax.

- 1.8 Whilst it has not been considered necessary to deem this report as an urgent decision outside of the call-in arrangements, it is noted that as pre-scrutiny of the proposals contained within this report took place, any requests for a call-in of any of the proposals within this report would be declined. Any delay caused by the implementation of the call-in procedure would seriously prejudice the Council's or the public's interests in these matters.

5. Appendices

- 1.9 The following documents are to be published with this report and form part of the report:

- Appendix 1: Medium Term Financial Strategy (MTFS) – General Fund Summary Forecasts
- Appendix 2: Savings Summary
- Appendix 3: Capital Programme

- Appendix 4: Fees and Charges
- Appendix 5: Risk Assessment
- Appendix 6: Sensitivity and Scenario Planning
- Appendix 7: Extract from the Overview and Scrutiny meeting of 16 October 2023

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	Yes
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

Report Contact Officer:	Duncan Ellis
e-mail address:	Duncan.Ellis@rother.gov.uk
Appendices:	Appendix 1: Medium Term Financial Strategy (MTFS) – General Fund Summary Forecasts Appendix 2: Savings Summary Appendix 3: Capital Programme Appendix 4: Fees and Charges Appendix 5: Risk Assessment Appendix 6: Sensitivity and Scenario Planning Appendix 7: Extract from the Overview and Scrutiny meeting of 16 October 2023
Relevant Previous Minutes:	N/A
Background Papers:	None
Reference Documents:	N/A

Budget and Medium Term Financial Strategy 2024/25 to 2027/28

Rother District Council

Executive Summary

Rother District Council's Medium Term Financial Strategy (MTFS) is a strategic document that supports the delivery of the Corporate Plan. The MTFS sets out how Council's priorities will be achieved by establishing the framework within which resources are available to the Council over the medium term and the financial challenges facing the Council in terms of future funding gaps. It looks at the coming 4 years and considers what might happen to the Council's financial resources over that period, linking this to service plans and corporate priorities as part of the budget process.

The report sets out the draft 2024/25 revenue and capital budgets and MTFS. The context within which these budget forecasts is being made is as complex as it has ever been with continuing pressure around the Net Zero agenda, the war in Ukraine impacting on inflationary pressures which are feeding into a cost-of-living crisis, political turmoil nationally and an uncertain future for local government funding off the back of Covid recovery and Brexit, all of which make forecasting challenging.

The MTFS Aims to:

- provide a high-level assessment of the resources available and outlines the projections for the following four financial years;
- refresh the financial projections considering local, national, and global factors. These will include known spending pressures and commitments, along with forecast future funding reductions and the impact of the national economic outlook;
- provide preparatory work for the following year's budget;
- explore the demands on the capital programme both in terms of ambition and resources along with the impact on the revenue account and reserve levels held by the Council;
- address the sustainability of the Council's financial position.

The MTFS is fundamentally linked to the Corporate Plan 2020 - 2027, a summary of which can be found [here](#). The following diagram provides an overview of the financial processes undertaken by the Council to ensure value for money for the tax payers.



The updated high level funding forecasts in this strategy build on previous figures from the 2023/24 budget setting exercise, which were forecasting future year deficits in the region of £3.3m in 2023/24 (including Financial Stability Programme (FSP) savings) and £3.0m in 2024/25, reducing to an almost balanced position by 2027/28. This was however based on assumed recurring savings from the FSP of £1.9m.

The updated budget gap has improved significantly from previous forecasts as can be seen in the table below. In the main this is due to significant work having been undertaken on a revised savings programme to help offset significant economic inflationary pressures, delays to previous funding reviews and some key service pressures, all of which are impacting on the medium-term projections (Appendix 1).

Updated Funding Forecasts

	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)
Net Cost of Service	17,295	14,901	14,261	13,414	13,441
Special Expenses	(751)	0	0	0	0
Business Rates - retained share	(4,473)	(4,709)	(4,709)	(4,709)	(4,709)
Non-Specific Revenue Grants (Government)	(1,796)	(1,772)	(1,100)	(1,620)	(1,597)
Council Tax Requirement (Rother only)	(7,650)	(7,967)	(8,292)	(8,673)	(9,093)
(Surplus)/deficit	2,625	453	160	(1,588)	(1,958)
Previous 2023/24 MTFS	2,035	929	267	(160)	(194)
Movement	591	(476)	(107)	(1,428)	(1,764)

Following on from savings, income and efficiency proposals put forward by officers as part of the 2024/25 service planning exercise, a detailed budget review has taken place over previous months to identify efficiencies and additional income to help support frontline services and to balance the Council’s financial position. For next year this totals (£3.4m) (Appendix 2), supported by various proposed increases to fees and charges (Appendix 4). Based on current forecasts this leaves a deficit of just under £0.5m, which will need to be supported by reserves if further efficiencies cannot be identified. Based on the projections above and the spending estimates and use of reserves in the current year the reserves are forecast to drop just below the minimum recommended balance (£5m) in 2025/26 before recovering in future years.

The capital spending projections for future years (Appendix 3) are included and assume borrowing of £30m for the Housing Company and various other capital schemes. However, with the recent instability of the financial markets and increases to borrowing costs it will be necessary to fundamentally review schemes with borrowing requirements to ensure they remain affordable and still deliver the anticipated benefits and outcomes. In summary the key messages are as follows;

- Estimated budget gap of just under £0.5m for 2024/25 based on savings and fee increases
- We can deliver our statutory services with current income levels but nothing more
- To fund non-statutory services, we need to find more income/savings/reserves
- Our reserves will help set a balanced budget for the period of this MTFS
- Funding from reserves is not a sustainable way to manage our budget
- We need to identify more efficiencies and income to make the budget sustainable
- The current projections are based on multiple assumptions which can and do change

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Appendix 1: Medium Term Financial Strategy (MTFS) – General Fund Summary Forecasts
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Appendix 5: Risk Assessment
Appendix 6: Sensitivity and scenario planning

1. Medium Term Financial Strategy (MTFS)

[The document that guides the Council's strategic financial planning and forecasting]

1.1 Rother District Council's Medium Term Financial Strategy (MTFS) is a strategic document that supports the delivery of the Corporate Plan outcomes and helps ensure a focus on the Council's medium term budget position. The MTFS establishes how the Council's priorities will be achieved by setting out the framework within which resources are available over the medium term and the financial challenges facing the Council in terms of future funding gaps. It is the method by which the Council plans translates its long-term goals into action by considering;

- Where the Council is now
- Where the Council wants to be
- What the Council's plans are to get there

1.2 The MTFS helps to ensure that the Council is 'doing the right thing' while taking account of internal strengths/weaknesses and external threats/opportunities. It also provides a link between the Council's long-term service objectives and its financial capacity, which effectively asks the question 'can the strategic objectives be achieved within the available financial envelope?' The aim should be to provide a framework to support and inform the medium term planning considerations and the budget setting process. The MTFS should include consideration of a broad range of factors that influence the Council's long-term financial success.

The MTFS Aims to:

- Provide a high-level assessment of the resources available to support the Corporate Plan outcomes, outlining the high-level funding projections for the following four financial years (beyond the current year);
- Explore the financial context in which the Council operates, considering local, national, and increasingly, global factors. These will include known spending pressures and commitments, along with forecast future funding reductions and the impact of the national economic outlook;
- Explore the demands on the capital programme both in terms of ambition and resources along with the impact on the revenue account and reserve levels held by the Council;
- Highlight how the strategy links in with and supports other Council strategies and policies;
- Assess the risks on which the plan is based;
- Provide preparatory work for the following year's budget;
- Address the sustainability of the Council's financial position.

1.3 The MTFS is fundamentally linked to the Corporate Plan, a summary of which can be found on the Council's website [here](#).

1.4 The Council is currently projecting small deficits over the next 2 years with surpluses from 2026/27 onwards. Forecasting the deficit allows the Council time to plan mitigating actions more effectively, meaning we are more likely to be successful, enabling us to reduce the reliance on reserves to plug any budget gaps which is not a sustainable position. This strategy will explore some of the Council's plans for addressing this deficit and consider some of the assumptions included. Future year projections can be found within Appendix 1.

2. Corporate Plan 2020 - 2027

['To put residents at the heart of all we do']

- 1.5 The current Corporate Plan sets out the intent and ambition of the authority for the period 2020 – 2027, putting residents at the heart of all we do. The Plan details the Council's vision up until 2027, providing the framework and context for the Council's service provision, project interventions and resource allocation (financial and staffing) during that period. It reflects the essential needs and aspirations of our customers and communities and how we feel the Council can best use its resources to deliver services and outcomes that make a positive difference for everyone who lives in, works in, or visits the district of Rother.
- 1.6 Following the recent elections in May 2023, the Cabinet will be working on a new Corporate Plan, and this is expected to be in place by March 2024 and will therefore influence the financial planning from 2025/26 onwards.
- 1.7 Despite the district having several incredibly positive attributes we also have some big challenges: – responding to environmental change, increasing affordable housing supply, supporting economic growth and decent jobs, tackling deprivation, and ensuring the council is fit to deliver the best possible services within current budget constraints.

Our Purpose

- 1.8 To develop a long-term plan, every organisation needs to set an aspiration of where the organisation is aiming to be in the future – putting residents at the heart of all we do. This enables everyone to be united in a shared direction and purpose. [The Council's Corporate Plan](#) identifies six key priorities to respond to the challenges our district faces in the years to come as follows;



1.9 These six key themes result in in ten priority objectives as follows;

- *Climate emergency* – ensuring Rother is carbon neutral by 2030
- *Financial sustainability* – ensuring a sound financial footing by the end of 2025/26
- *Increasing the supply of affordable housing* - delivering 400 affordable rent homes by end 2023
- *Housing list reduction* - from 1,600 (as of December 2019) to 1,200 by the end of 2023
- *Housing* – achieve the 5-year land supply by the end of 2023
- *Empowered organisation* – create a clearer, more effective resident focused organisation by the end of 2023
- *A fairer society* – to promote acceptance and equality, collaborating with others to reduce poverty and hardship
- *Development of Rother's economy* - To lift the average indexed wage in the Rother District from the bottom of the national league table by the end of 2023
- *An open Council* - improve access to Council meetings, ensuring increased transparency, meaningful consultation, and better visibility by the end of 2023
- *A town council for Bexhill-on-Sea* - to form a Parish (Town) Council for Bexhill from 1 April 2021 with the first elections in May 2021

Investment in Priority Areas

- 1.10 Planning is challenging, especially given the broad range of services we provide, and the competing demands for increasingly scarce resources. All our services are committed to making improvements and finding savings, so that the Council remains efficient, effective and meets the day to day needs of the communities we serve. The purpose of the Corporate Plan is to focus on those priorities to which we need to give specific attention. It will help us better target our dwindling capital and revenue resources and help direct and focus any bids for external grant support. The Plan also provides a framework against which we can assess our progress to support the needs of our customers and communities.
- 1.11 Underpinning the Corporate Plan is the day-to-day business that departments undertake, and which will be reflected in departmental Service Plans. All Service Plans are linked to the Corporate Plan. These plans also include the performance measures by which the delivery of wider improvement activity can be managed. The priorities within the Corporate Plan were developed by talking with, and listening to, the community, Elected Members, staff, and other key stakeholders all of whom have helped to shape the content of the Plan.
- 1.12 Whilst the overall level of the Council's resources is decreasing it is important that a clear focus is maintained on matching funding to priorities. This will remain a key focus over the coming years to ensure the aspirations contained within the Corporate Plan are realised.

Our Values

- 1.13 The Council is currently working on a set of revised values which will represent the beliefs and expected behaviour of everyone working for Rother District Council and will support and enable delivery of quality services to our residents

3. Context

[Demographic and landscape issues that set the scene for the budget and financial strategy]

- 1.14 For the greater part, Rother is rural in character, forming the south-eastern part of the High Weald. However, it also embraces low-lying coastal areas at both the eastern and western ends of the district. The district covers some 200 square miles and, apart from Bexhill-on-Sea with its distinctive town centre and seaside character and the historic towns of Battle and Rye, the area is mainly rural.
- 1.15 Much of the countryside located within the district falls within the High Weald Area of Outstanding Natural Beauty. Rother has around 4,600 businesses, with small and micro businesses forming a fundamental part of the Rother economy with 88% of businesses in Rother employing less than 9 people.
- 1.16 Between the last two censuses (held in 2011 and 2021), the population of Rother increased by 2.8%, from just under 90,600 in 2011 to around 93,100 in 2021. This compares to a 7.5% South East average and 6.6% nationally, with residents dispersed across the rural area, but with half living in Bexhill.
- 1.17 The average (median) age of Rother increased by three years, from 50 to 53 years of age. The area had the highest average (median) age in the South East and a higher average (median) age than England (40 years).
- 1.18 The number of people aged 65 to 74 years rose by just over 2,900 (an increase of 23.8%), while the number of residents between 35 and 49 years fell by around 3,200 (19.3% decrease).
- 1.19 The 2019 Index of Multiple Deprivation gives an overall rank for Rother of 135 out of the 317 English local authorities, with the most deprived local authority ranked as 1. Rother has seen a slight improvement in the ranking since 2010, when Rother was higher in the ranking of most deprived local authorities at 132.
- 1.20 Rother has a much higher proportion of owner occupancy and a much lower proportion of social housing compared to the national, regional, and county averages. According to the 2021 Census, in Rother, 72.7% of households are owner-occupiers (down slightly from 73.5% in 2011). Just one in six households (16.2%) rented privately, compared with 14.0% in 2011. The percentage of Rother households that lived in a socially rented property decreased from 10.4% to 10.2%.
- 1.21 Although not a wealthy area relative to other more affluent parts of the South East, Rother is an attractive and safe place to live. It benefits from a blend of some of the most beautiful countryside and coastline in South East England and contains the historic market towns of Battle and Rye, the Victorian/Edwardian seaside town (and administrative centre) of Bexhill and many picturesque villages.
- 1.22 However, despite the district having several positive attributes we also have some big challenges; increasing affordable housing supply and reducing reliance on temporary accommodation, responding to environmental change, supporting economic growth and decent jobs, tackling deprivation, and ensuring the council is fit to deliver the best possible services within current budget constraints.

4. National and Global Pressures

Some financial pressures are driven nationally and indeed globally and are beyond the control of the Council. Some of these which impact Rother are shown below

Global issues

- 1.23 The Net Zero agenda represents a significant global issue, not just a national or local one and at the present time some of the emerging green technologies, which are undoubtedly the way to go for the future, can be significantly more expensive to deliver. The ongoing impact of the war in Ukraine, together with the highest inflation for the last 40 years, rising interest rates, uncertainties over government policy, and an uncertain economic outlook, continue to impact on the Council's business.

Political

- 1.24 Following Liz Truss' resignation Rishi Sunak was announced as the new Prime Minister in October 2022. During a period of instability and change, resources are redirected to other areas, particularly within the civil service and other priorities are reduced. There has been little progress with the Fair Funding Review and business rates retention, so we have no more clarity regarding local government funding than we did 4 or 5 years ago. The result of these changes will impact on Government spending priorities for future years but until these new policies are developed this is still unknown.

Central Government Funding

- 1.25 For the 2023/24 financial year we were hoping for a multi-year settlement, but this did not materialise, although a steer was provided in respect of 2024/25. It will be interesting to see what announcements are made as part of the Autumn Statement expected in November. While the government has signalled there will be no Fair Funding review implementation in this Spending Review period, this was under the previous Prime Minister, and this has not been formally confirmed. A business rates reset can technically be implemented without a Fair Funding review and the government's position on any likely future reset remains unclear, but we are anticipating the funding reforms now taking place in 2025-26 or later.

Inflation

- 1.26 Annual core CPI rose by 6.9% in the year to June 2023, down from 7.1% in May. The rate in May was the highest since March 1992. This puts pressure on the Council's finances and erodes spending power with several of the Council's largest contracts increasing in line with indices that are often index linked to inflation, so we are effectively having to pay more money just to stand still.

Covid-19 Recovery

- 1.27 We are still recovering both nationally and globally from the impacts of Covid and the country is working out what the 'new normal' is. The recovery does however offer opportunities as well as local government has demonstrated how well we are able to continue to operate services and indeed in some cases improve them during Lockdown. New Ways of Working can provide further opportunities in terms of efficiencies and working differently in the future, with more flexibility around remote and home working and less reliance on office space, travelling to meetings etc which also supports the Council's Net Zero ambitions.

5. Local Pressures

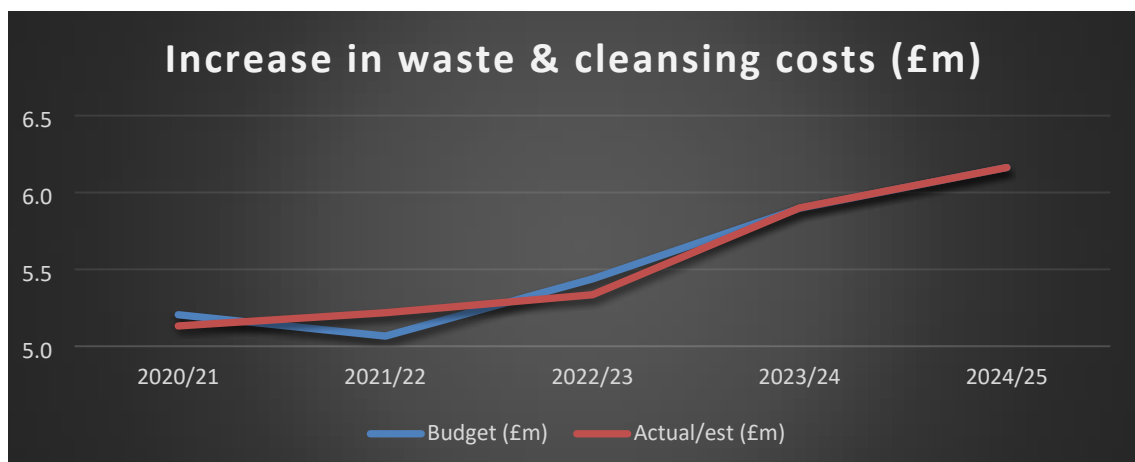
These arise from local circumstances and demand for services. The financial effects of these must be dealt with by the Council, as there is often no external funding

Local Economic changes

- 1.28 Rother derives significant sums of income from fees and charges for services such as car parking and planning. These will be affected by factors outside the Council's control, such as consumer confidence, the general health of the economy, the cost-of-living crisis, and the weather in the case of car parking income.

Waste Management

- 1.29 Waste management and street cleansing currently represent significant budget pressure with a contract cost of c£5.9m for the 2023/24 financial year. This rose due to inflationary pressures this year by nearly £0.6m (10.6%) compared to last year's outturn.
- 1.30 The various inflationary indices within the contract are linked to the levels as at June each year. The current assumption is for an inflationary increase of 4.5% which has been built in for 2024/25 equating to an additional full year cost of £0.2m. This is lower than the 7% assumption used as part of the 2023/24 MTFS so this provision has been reduced.
- 1.31 The 7-year contract commenced in June 2019 and ends on 30 June 2026. There is an option for a further 7-year extension as part of the contract terms although this is subject to agreement by both parties. The council would have the option to go out to the market again at this point if it chose to do so. At present there are no additional costs built into the MTFS from July 2026 to reflect higher contract costs other than inflation. The chart below shows how the contract costs have increased over recent years, with around an 18% increase since 2020/21.



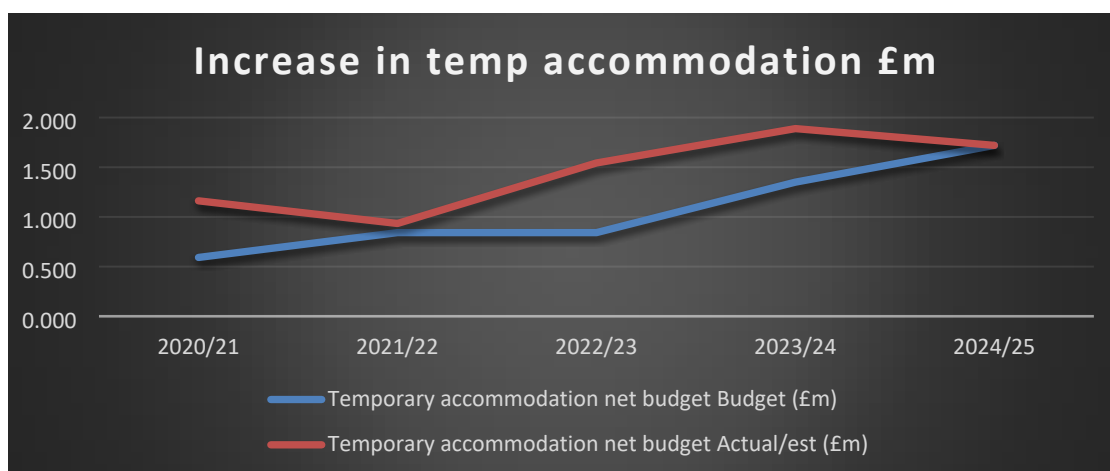
Temporary accommodation

- 1.32 The council has a duty to provide emergency/temporary accommodation (TA) for homeless households whilst assessing their case and/or ahead of securing more permanent accommodation. This pressure has been increasing over recent years across the country but particularly in the south east where increasing demand is putting significant pressure on budgets.
- 1.33 Whilst some of the costs of this accommodation are covered by housing benefit this is only payable up to 90% of the Local Housing Allowance (LHA) which is the amount set by government that can be covered by housing benefit. The difference between the actual cost and housing benefit levels is borne by the council.

1.34 A range of initiatives are in place to try and help manage this demand led pressure as follows;

- Over recent years the Council has used capital resources to invest in our own stock of temporary accommodation which now stands at 35 units. The total budget stands at just over £12m with a remaining balance of £7m;
- A new private sector leasing scheme has been introduced;
- The Housing Allocations policy is currently under review to help the Council ensure that the most vulnerable are supported and expectations are managed;
- We have recruited a Resettlement Team Leader to support the team
- Homelessness Prevention team collaborating with various partners
- Our Rough Sleeper Accommodation Programme (RSAP)

1.35 The projected outturn for 2023/24 is £1.9m, this cost has more than tripled over the last 4 years as per the table below. This cost equates to 11% of the Council's Net Revenue Budget. Whilst officers are working hard to try and reduce the requirement for and cost of temporary accommodation, we are at the present time still anticipating additional budget pressures of £0.5m in future years.



Council Tax Reduction (CTR) Scheme

1.36 The CTR scheme was implemented in April 2013 as a replacement for Council Tax Benefit. This change was part of wider welfare reforms to reduce expenditure, giving responsibility of the replacement scheme to Local Councils. CTR schemes should encourage people to work and be based on the ability to pay. Previously the Council Tax Benefit scheme was 100% funded through subsidies paid to the Council from the Department for Work and Pensions (DWP).

1.37 From April 2013 each billing authority was given the discretion to set their own scheme, although at the outset the government did stipulate that the scheme would not change the 100% maximum support for low-income pensioners i.e. they would receive the same level of support as they did under the system of Council Tax Benefit. Funding for CTR is no longer received as a separate subsidy grant but is now within the overall Local Government Funding system as non ring-fenced funding within baseline funding level. The local scheme for Rother has changed several times since the introduction of CTR in 2013/14. The local scheme means that those of working age previously entitled to 100% maximum council tax benefit are required to pay a minimum of 20% of their council tax liability.

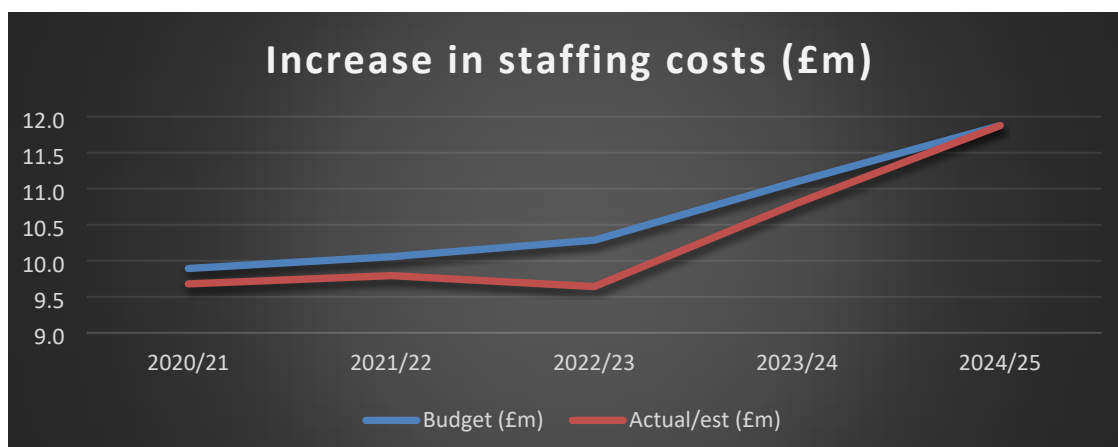
1.38 The Council is currently considering the scheme for 2024/25 and will be consulting on any proposed changes this winter. If any decisions are taken to change the scheme these will be built into the 2024/25 budget to be set in February 2025 but at present no changes have been built in to the current forecasts.

Internal Drainage Board (IDB) Levy

- 1.39 The IDB levy for 2023/24 is budgeted at £157k. This has been increased by 7% to £168k, there is however a risk that there will be a higher inflationary factor added by the Board and the Council has no control over the setting of this levy.

Workforce

- 1.40 We recognise that our staff are our most important resource at the heart of the services we provide. We currently have around 230 full-time equivalent posts and 260 actual members of staff. Our pay bill is our most significant area of direct spend and stands at £11.1m including pension contributions of £1.77m as per the 2023/24 budget. The paybill has increased by £2.0m since 2020/21, which is 20% and a significant pressure.



- 1.41 The pension fund is administered by East Sussex County Council (ESCC), employee contribution rates are set by the Government and range from 5.5% to 12.5%. The fund actuary Barnett Waddingham sets the employer contribution rate which is currently set at 24.85% (previously 25.85% – 17.6% primary rate, 7.5% secondary rate and 0.75% voluntary) and made up as follows;

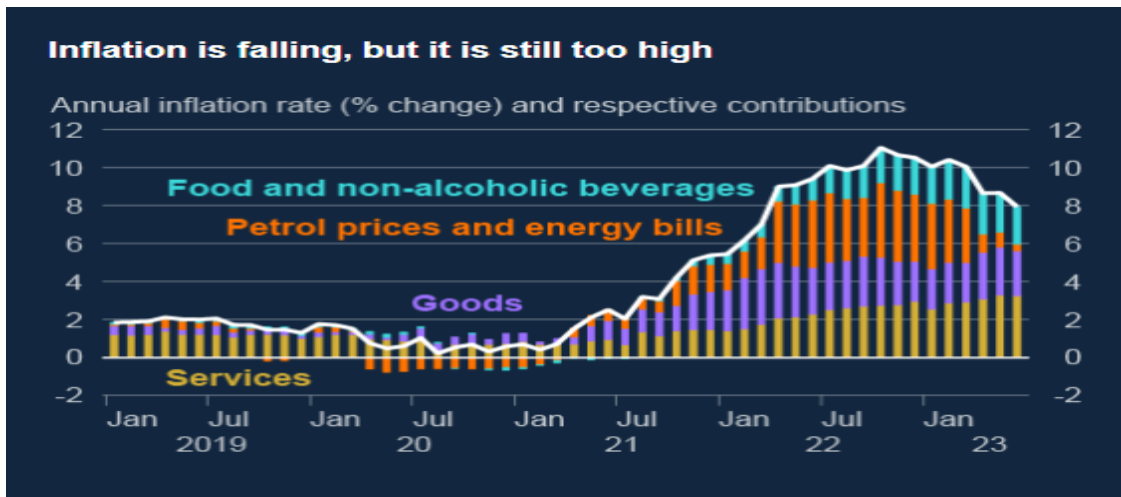
- Primary rate (20.0%) – this rate is the employer’s contribution towards the cost of benefits accruing in each of the three years beginning 1 April 2023
- Secondary rate (4.1%) – based on their circumstances and so individual adjustments are made for each employer
- Additional contributions (0.75%) - towards the costs of non-ill health retirements rather than when they arise, which gives a total contribution rate of 24.85%.

- 1.42 The Fund is valued once every three years and the valuation as of 31 March 2022 disclosed fund assets to cover 123% of the accrued liabilities as at 31 March 2022, an increase from 107% at the 2019 valuation. The last actuarial valuation took place on 31 March 2022 and the change in contribution rates because of that valuation took effect from 1 April 2023. The movement from the previous contribution rate to the new one reduced the contributions slightly by around £43k.

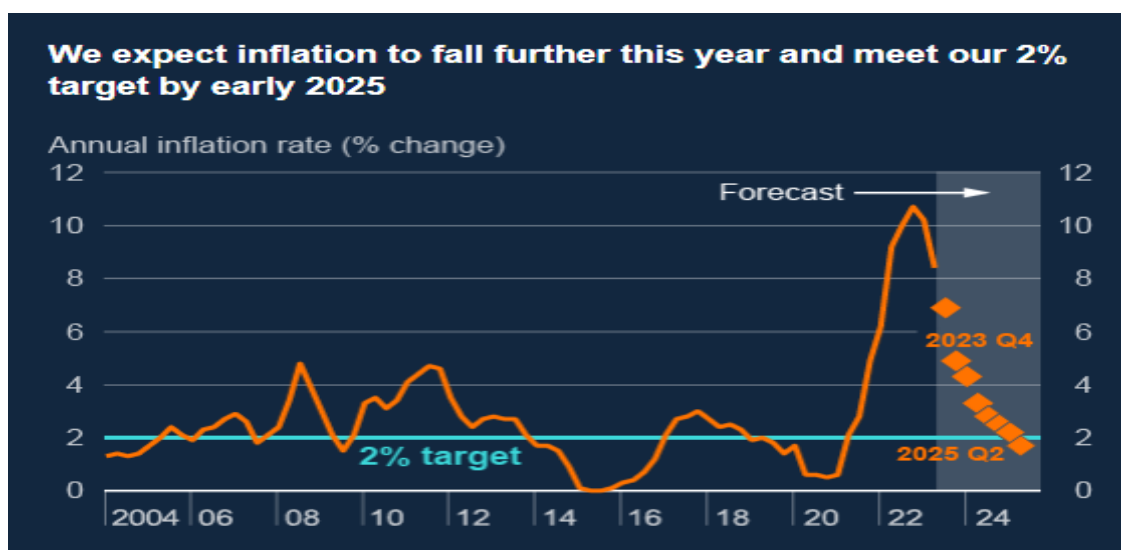
6. Inflation

[Inflation is the rate prices for goods and services the Council buys are expected to rise]

- 1.43 The ongoing impact on the UK from the war in Ukraine, together with the highest inflation for the last 40 years, rising interest rates, uncertainties over government policy and an uncertain economic outlook continue to impact on current treasury management activities. Inflation is significantly eroding the Council's spending power. The Bank of England's (BoE) Monetary Policy Committee's (MPC) latest projections show the annual CPI inflation rate falling back from its extremely high level, of around 10% since the summer of 2022 up to March 2023 to around 8.7% in May but the fall was not as sharp as previously hoped for.

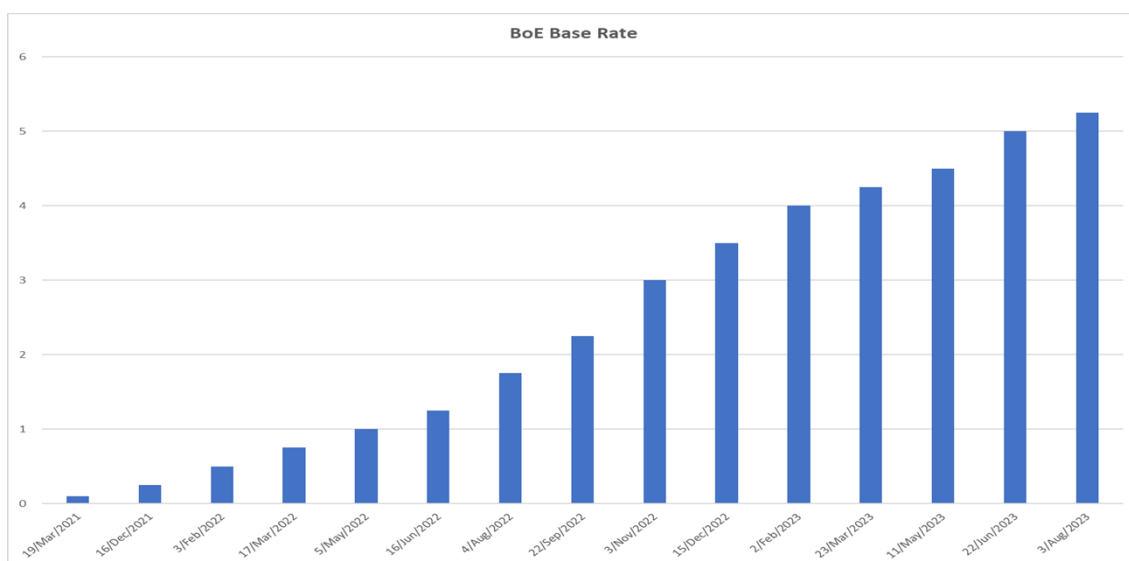


- 1.44 These charts are taken from the BoE's MPC report for August 2023. They are expecting inflation to continue to fall, to around 5% by the end of this year. The prices of things such as food are likely to rise faster than this, but energy bills should come down more as gas prices have fallen a lot recently. Higher interest rates will help to reduce the demand for goods and services in the economy. And this will help slow the rate of inflation down further, they expect inflation to keep falling next year and meet our 2% target by early 2025. That means prices would still be rising, but they would only be rising gradually.



- 1.45 At the meeting of the Bank of England's Monetary Policy Committee (MPC) in July 2023, it was agreed to increase the bank base rate by a further 0.25% to 5.25% to help control inflation, its highest rate in 15 years. For comparison, in December 2021 it was 0.1%. It was

the 14th rise in interest rates since then but was then frozen at 5.25% in September.



1.46 The UK economy grew by 0.1% between January and March 2023 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will be nil in the second quarter of the calendar year (back in February it was predicted to record a 0.7% decline) due to the squeeze on household income from stubbornly high energy costs and especially food prices. Some growth is then expected with predictions of 0.9% for Quarter 2 of 2024, 0.7% in 2025 and reaching 1.1% at the equivalent time in 2026 according to Monetary Policy Report May 2023.

1.47 Forecasting economic activity in the current climate is fraught with difficulties but the projections contained within this updated MTFS report have been updated with the best available information and forecasts available to us.

1.48 The impact on the Council of the above is higher costs of providing services, higher potential borrowing costs (PWL 50-year loan rate rose from under 2% at the end of 2021 to 5.5% at the time of writing) which may render some capital projects unviable and have a possible negative impact on council tax collection rates as the cost-of-living crisis hits thousands of families across the district.

1.49 There is however a positive effect in terms of the Council's investment income returns, which are increasing.

1.50 *Staff Pay* – the forecasts within the previous MTFS assumed a 3% pay award for 2023/24 and 2% in future years. The Council currently follows the National Joint Council (NJC) terms and conditions of employment but implements a local pay scheme. Apart from Wealden District Council (WDC), all other councils in East and West Sussex follow the national pay conditions. Any pay increases are set and agreed locally in negotiation with the Union and implemented in September each year. As a guide a 1% increase equates to approximately £0.1m annually. Therefore, should a higher pay award be agreed there will be an additional cost to be factored in.

1.51 At the meeting of the Human Resources Committee on 30 August 2023 Members considered the following pay proposal options;

Option 1 – Recommended 3% pay award cost to the Council would be £333,000 per annum. This has already been built into the forecasts contained within the MTFS.

Option 2 – £1,925 per annum or 3.88% to higher grades in line with the national NJC offer. Unison's proposal would cost in the region of £482,000 per annum approximately £150,000

over and above the recommended 3% and this additional funding would need to be identified to support the base budget.

- 1.52 Members voted for option 1 to approve a 3% pay award in-line with the assumptions built into the budget and MTFs although it should be noted that the Union has not accepted this position.
- 1.53 It is important to note these costs are calculated on a full-year basis and will have an ongoing impact on the Council's budget in future years as they will be built into the base budget.
- 1.54 *Income (fees and charges)* – the budget for fees and charges is increased in line with Consumer Price Index (CPI) inflation unless there have been specific reasons for higher or lower increases or alternatively the Council was not able to influence them. Due to the budgetary and inflationary pressures experienced at the end of last year, fees and charges for 2023/24 were increased by 10% in line with inflation. The recommendation for this year follows on a similar basis with a general increase proposed of 6.8% based on CPI as of July 2023 (just to note the rate was only marginally lower in August at 6.7%).
- 1.55 As part of next year's efficiency work to address the pressures on future year's budgets, the finance team will be working with service managers in the run up to the 2025/26 budget setting process to undertake a more fundamental review of fees and charges. This will involve more detailed work and analysis to ensure that we fully understand our cost base so that we can ensure our charges are covering this as a minimum.
- 1.56 The process for setting the charges for the 2024/25 financial year has changed from previous years when a separate report was taken to Committee. This year consideration of the charges is included as part of the main MTFs report so that these can be considered alongside the budget pressures in a more joined up way. The draft fees and charges for the 2024/25 financial year are now contained within appendix 4 and, subject to initial agreement, will be consulted upon over the winter prior to final approval.

7. Funding changes

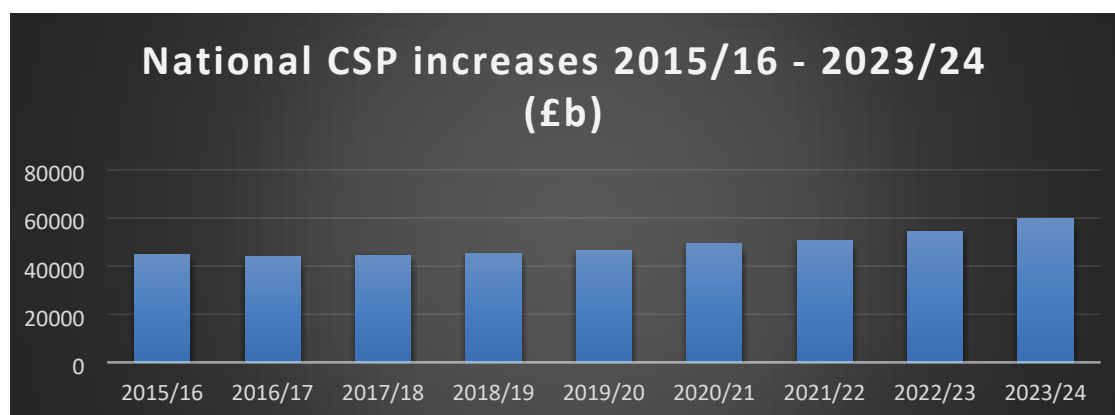
Local Government is currently going through a significant period of change in terms of the way it is funded and how this is to be calculated for the future

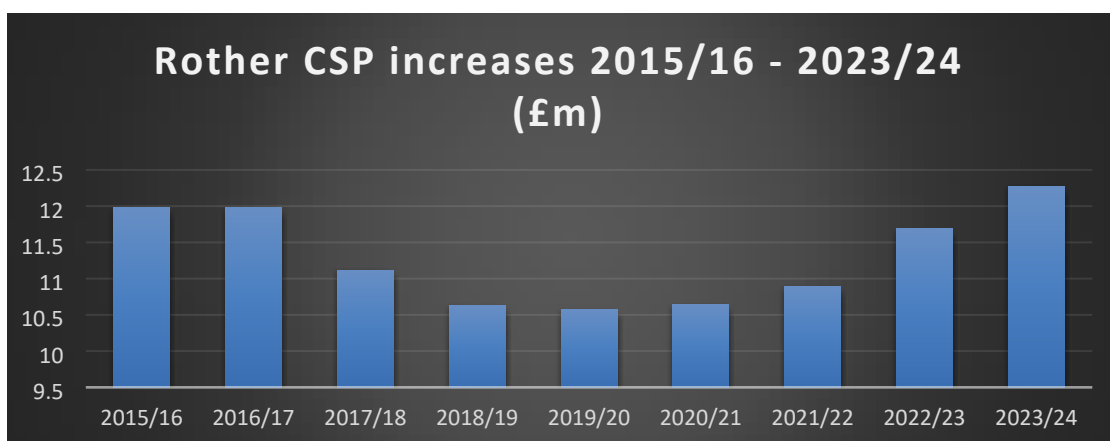
Local Government Funding Settlement Funding – last year’s forecasts

- 1.57 The settlement is issued by the Department for Levelling Up, Housing and Communities (DLUHC) and for Rother comprises several elements including New Homes Bonus (NHB), Baseline Funding Level (via the Business Rates Retention Scheme) and Council Tax (through the setting of referendum principles) but has more recently also included the Lower Tier Grant and Services Grant.
- 1.58 The Government had previously committed to undertake a Fair Funding review and a reset of the business rates system, but this was not addressed as part of this Spending Review. However, it has reaffirmed its commitment to do this in the next Parliament.
- 1.59 Despite previous indications coming from central government, the settlement was once again for one year only for district councils, which impacts on our ability to plan for the medium-term. The draft settlement was published on 19 December and announced some additional grant funding and a further year’s allocation of NHB.
- 1.60 A new one-off Funding Guarantee Grant was introduced, to ensure that local authorities received a 3% increase in core spending power before any increase in council tax levels although the 3% assumed that councils increased council tax by the maximum allowed under the referendum principles.
- 1.61 The government announced that it would review NHB ahead of the 2024/25 settlement to help council’s medium term financial planning.

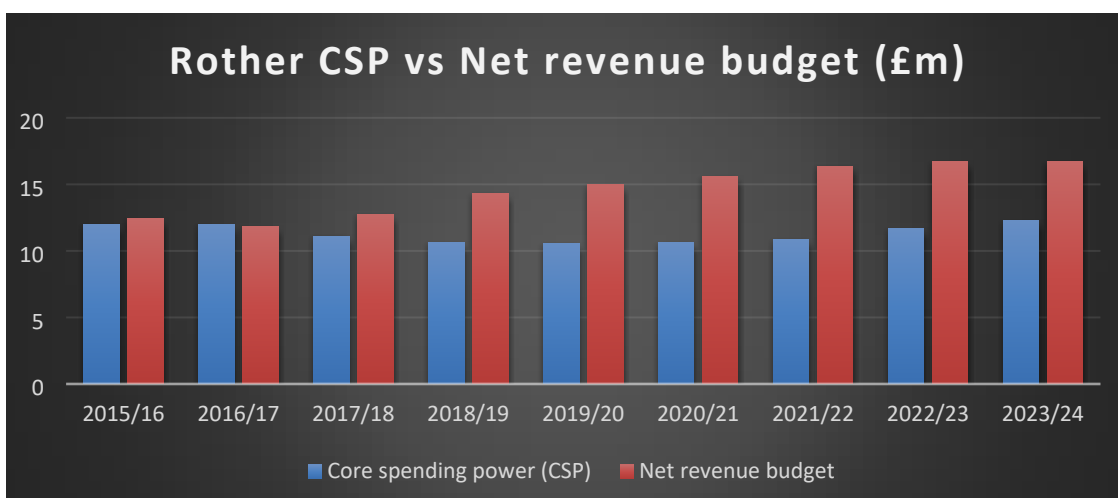
Core Spending Power (CSP)

- 1.62 Core Spending Power is measure of the resources available to local authorities to fund service delivery and sets out the money that has been made available through the Local Government Finance Settlement (LGFS).
- 1.63 Whilst funding nationally has increased between 2015/16 and 2023/24 by £14.8b (33%), Rother’s overall increase over that 8-year period has been just £0.3m (2.5%). This highlights some of the challenges district councils across the country have been facing as resources are directed towards the significant pressures being felt in adults and children’s services. This is highlighted in the two graphs below;





- 1.64 Rother's CSP assessment for 2023/24 saw an increase of £0.9m, or 5%, against a national increase of 9.4%.
- 1.65 Whilst upper tier authorities have been given significant additional social care precept flexibilities, this has not been reflected in district council's referendum thresholds to manage increasing demand led pressures from things like temporary accommodation. While there was a slight increase provided last year from 2% to 3% (or £5) this only resulted in an additional increase in income of around £24k.
- 1.66 This ongoing diversion of funding away from district authorities is leading to increasing gap between the central government CSP assessment and our net revenue budget, which can be seen in the graph below. The gap between these for 2023/24 is c£4.4m.



Extended Producer Responsibility for packaging (pEPR) scheme

- 1.67 As part of the provisional funding settlement government also announced a significant new funding stream from 2024/25, subject to the successful delivery of the Extended Producer Responsibility for packaging (pEPR) scheme. This assumed that local authorities could expect to receive additional income from the scheme whilst being asked to submit data relevant to their waste collection services. Alongside His Majesty's Treasury and the Department for Environment, Food and Rural Affairs (DEFRA), DLUHC were to assess the impact of additional pEPR income on the relative needs and resources of individual local authorities.
- 1.68 However, while this was originally set for October 2024, the implementation of EPR fees to local authorities is now scheduled to take place in October 2025. The government has said it will use the extra year to discuss the scheme's design with the supply chain and reduce costs wherever possible.

- 1.69 As the details behind the operation of this new scheme are still unknown, no additional income has been factored into the future projections at this point.

Updated forecasts as at September 2023

- 1.70 The Council uses the services of local government policy specialists LG Futures to help forecast government grant funding levels. Current forecasts indicate an increase of around of just over £0.2m, due to ongoing New Homes Bonus (NHB) payments. It should however that this will not be confirmed until the final Settlement is published in January 2024.

Settlement Funding – Spending Round 2022

- 1.71 On 17 November 2022, the Chancellor delivered [his Autumn Statement](#), alongside the Office for Budget Responsibility's (OBR's) [Economic and Fiscal Outlook forecasts](#). The Autumn Statement responded to the OBR forecasts, setting out the medium-term path for public finances. Several announcements were made in relation to taxation plans and social care funding but the key issues for Rother and district authorities in general are outlined below. The information for the 2024/25 budget will be reviewed and updated as appropriate following this year's Autumn Statement and an update will be provided to Members as part of the budget report.

Business Rates

- 1.71.1 A package of relief and support to help businesses was announced, worth £14bn over two years. The 2023 Revaluation went ahead as planned, and the measures were designed to help offset the impact of the revaluation as well as other financial pressures on businesses as follows;

- **Transitional relief scheme** (government funded) for the 2023 Revaluation (£1.2bn in 2023/24). This has no effect on billing authorities (like Rother), it simply makes the transitional support scheme more generous for businesses.
- **75% relief for Retail, Hospitality and Leisure (RHL) sectors** in 2023/24 (£2.3bn in 2023/24). Local authorities will be compensated in the usual way through section 31 grants.
- **3-year support for small businesses** (scheme for properties losing Small Business Rates Relief or Rural Rates Relief) equating to £190m per year for 3 years. Again, local authorities will be fully compensated.

- 1.71.2 The Council is currently part of the East Sussex Business Rate Pool, which means it retains the levy on business rate growth which would otherwise be returned to central government. The pooling arrangements are currently being reviewed, but it has previously been financially beneficial for the Council to remain in the pool so for the purpose of this forecast it is assumed that it will continue to do so. DLHUC has written to all Councils asking them to indicate their preference, subject to confirmation by the Secretary of State that pooling arrangements will continue in 2024/25.

- 1.71.3 As this work has not yet been completed by the members of the pool it is recommended that the Interim Deputy Chief Executive be given delegated authority to finalise the necessary agreement with the Member authorities in consultation with the Cabinet Portfolio Holder for Finance and Governance if the pool remains financially beneficial.

District Council Band D Increases

- 1.72 The Chancellor is using council tax increases to help manage the funding gap within local government. In previous years non-metropolitan districts (like Rother) were only able to

raise local council tax by 2% or £5 (whichever is greater) on a band D property, without the need for a referendum. However, this was increased slightly for the 2023/24 budgets as follows;

- **Core Band D threshold increased from 1.99% to 2.99%.** This applied to all classes of authority (we are assuming for 2023/24 only)
- Unfortunately, the £5 threshold was not increased

- 1.73 The council tax increase for Rother was finally agreed at £5.22 (2.7% excluding special expenses), resulting in a charge of £198.60 for 2023/24. This increase generated an additional £200k, which when coupled with the growth in the taxbase (293 properties @ £198.60 = £58k) equated to extra council tax income of £258k. The total income generated from council tax for the year was £7.65m, which represents 46% of the Council's net revenue budget. Whilst any increase to the referendum limits is welcome this change only generated Rother around £24k in additional income for the year.
- 1.74 For the purposes of these updated MTFS projections it has been assumed that the 3% threshold remains in place for the life of the projections. It should however be noted that, while this information will be used at this point for modelling purposes now, the council tax will not actually be agreed and set until the Full Council budget setting meeting in February 2024. Taxbase growth of 425.98 (1.09%) band D equivalent properties have also been built in to the projections (293.8 (0.76%) 2023/24).

8. Income

The Council derives a limited and reducing amount of funding from Central Government, the main sources of income are locally raised taxes, fees and charges and specific grants. This section focuses on how the Council is funded and how this will continue to change over the coming years

Business Rates Retention

- 1.75 Since the 2013/14 financial year, local government has been able to retain 50% of the growth in the local business rates income to support services. As part of a manifesto commitment, the Government pledged to allow Councils more control locally over their finances, and as part of this began to plan for an eventual system of 100% local retention of business rates growth. In exchange for this, Councils would have to forgo certain grants received from Central Government. Following the snap General Election in 2017 and a period of uncertainty around the new Business Rates Retention Scheme, MHCLG (as was) had previously confirmed a local 75% share from April 2020, however these potential changes continue to slip, and we are still no closer to having a revised scheme.
- 1.76 The income from the current system is shared based on 50% being returned to Central Government, 40% being retained by Rother with 10% going to the County. However, while technically Rother's share is projected to be around £12.5m for 2024/25 (£11.8m 2023/24), after the tariff and levy payments are made the net income to Rother reduces to around £4.7m for 2024/25 (£4.5m 2023/24). This is based on the assumptions contained within the previous Autumn Statement for 2022 and will be reviewed and updated once the 2023 Statement is issued.
- 1.77 We still do not know the timing of the business rates reset, and while we anticipate this will have a negative impact for Rother, we would expect some form of transitional grant relief which again at the current stage is unknown, so this issue continues to be monitored until we have greater clarity.

East Sussex Business Rates Pooling Arrangements

- 1.78 Local authorities can enter arrangements with other Councils to pool their business rates. Legislation allows councils to voluntarily enter a business rates retention pool. Councils within a pool are treated as a single entity with tariffs and top ups netted off and a single levy rate applied. In two tier areas this creates the potential for the levy paid by District/Borough Councils being reduced thus retaining more resources in the local area. Rother has been a member of the East Sussex Business Rates Pool since 2015/16, the pool must reapply to DLUHC each year for the arrangements to continue. There is still an option for the pool not to proceed up to 28 days after the Local Government Finance Settlement is received.

Revaluation Proposals

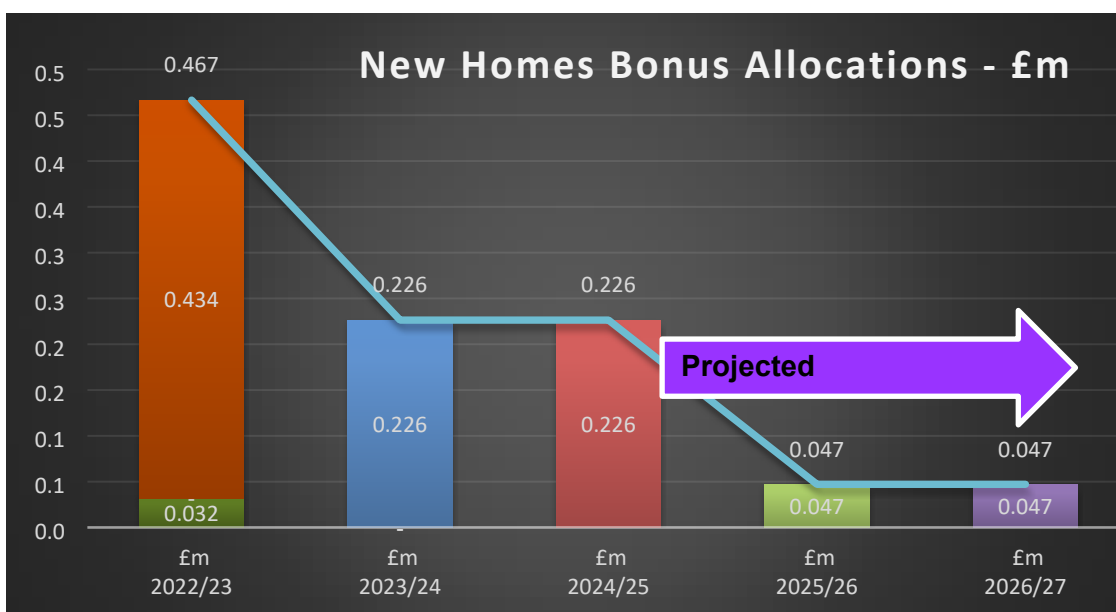
- 1.79 Business rates revaluations update rateable values, and therefore rates bills to reflect changes in the rental market. This helps ensure that shifts in economic activity which have driven changes in market values are fairly reflected in business rates liabilities. The final report of the government's Review of Business Rates announced that the frequency of revaluations would be increased to 3-yearly starting from 2023 revaluation. The next revaluation of properties for business rates therefore took effect from 1 April 2023 based on the rental market at 1 April 2021. The move to 3 yearly revaluations will make the system fairer and more responsive for all ratepayers, meaning bills will more closely reflect current rental values. Some stakeholders in the Business Rates Review also suggested that more frequent revaluations could reduce the need for and scope of future transitional arrangements.

1.80 DLUHC's consultation on the proposed revaluation changes was completed in September 2022, with new RV's introduced from 1 April 2023. Updates to local lists have now been made, replacing the previous lists from September 2017. Support for businesses announced as part of the Chancellors previous Autumn Statement are discussed above.

New Homes Bonus (NHB)

1.81 The New Homes Bonus was introduced in 2011/12 to incentivise and reward Councils and communities that build new homes in their area. The bonus was originally paid as an unringfenced grant for six years and was paid based on the net additional homes plus an additional supplement of £350 per affordable dwelling. The payment was then split between local authority tiers: 80% to lower tier (Rother) and 20% to upper tier (ESCC).

1.82 Since its initial introduction, the payment mechanism has undergone two fundamental changes which have significantly impacted on the income received by Rother. The first was the transition from payments rolled up over a 6-year period up to 2016/17 to 5 years in 2017/18 to the new 'floor' of 4 years from 2018/19 onwards. The second was in 2017/18 when a national baseline of 0.4% (based on district property numbers) was introduced which attracted no bonus funding. The chart below shows the current projections, but these won't be confirmed until the Settlement announcements at the end of the year although it should be noted that the previous MTFS projections assumed the NHB was completely removed from 2024/25 but the previous Settlement announcements indicated that this would continue at the same levels (£22k) for 2024/25 with residual payments (£47k) in the following 2 years.

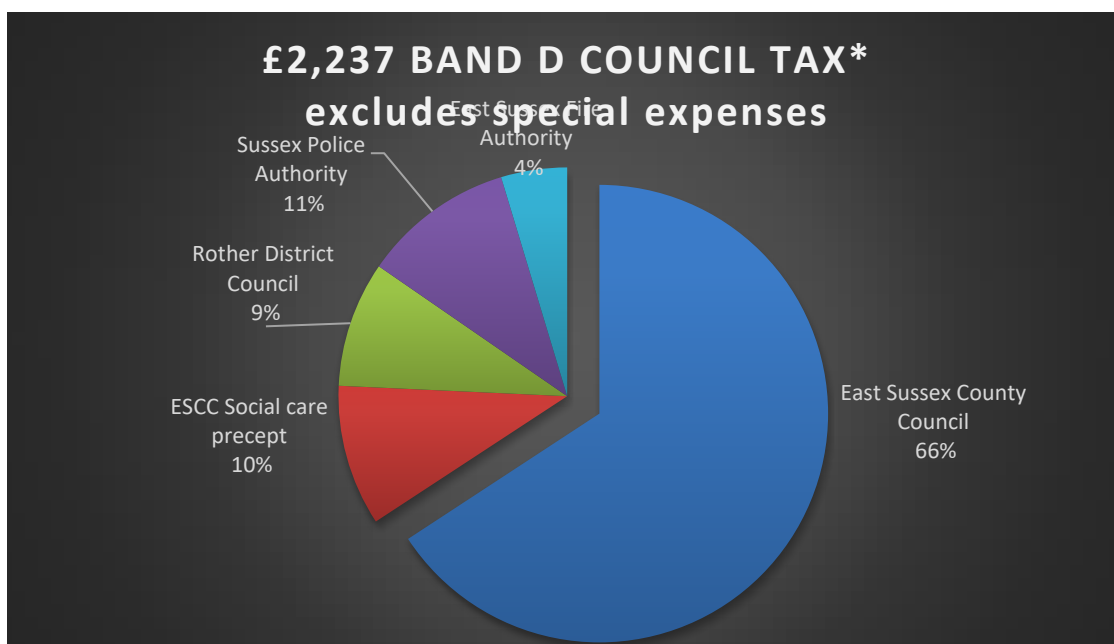


Council Tax

1.83 Rother is the billing authority for the district, this means that Rother send out the Council Tax bills to residents and collect the Council Tax, but most of this is then distributed to the County Council, Police and Fire Authorities, with a further element then going to town and parishes councils. The relative splits are shown within the chart below.

1.84 The charge on a Band D property which is retained by Rother is currently £198.60 (£193.38 2022/23) based on a tax base of 38,520.80 (38,227.0 2022/23). Any increases on this amount are restricted by a cap put in place by the Government, but as discussed above this has now increased from 2% or £5 to 3% or £5, whichever is the greater, without undertaking a referendum on the proposals. This generated an extra £258k (including tax base growth) over the 2022/23 income levels. For the 2024/25 budget forecasts this equates to an additional £0.3m including growth in the taxbase.

1.85 The chart below shows how the average band D charge of £2,237 for 2023/24 is allocated between the main preceptors. Rother's £198.60 represents only 8.9% of the total share, or 54 pence a day for the 60 services delivered by Rother District Council.



1.86 Within the MTFs, it is assumed that Rother will increase its precept by the maximum possible allowance for 2024/25 and future years (currently assumed at 2.99%), to partly offset the reduction in grant funding from Central Government. This table highlights the impact of the assumed increases and the income generated.

Council tax	2024/25	2025/26	2026/27	2027/28
Council taxbase	38,946.8	39,355.1	39,966.4	40,679.2
Band D (standard - £)	£204.56	£210.70	£217.02	£223.53
Total Band D (excl local precepts)	£7,966,932	£8,291,967	£8,673,388	£9,092,918

Fees and charges

1.87 The Council has limited means to charge for some of the services it provides. Some of these charges are set by central government, but the Council has discretion over the levels of others. Of the c£7.5m gross income included in the 2023/24 budget (£4.6m fees and charges and £2.9m rentals), the most significant fee income areas include waste and recycling £1.3m (£1.3m 2022/23) which includes things such as garden bins and bulky waste collection, car parking income £1.8m (£1.8m 2022/23) and planning and building control income £1.0m (£1.0m 2023/24). It should however be noted that there are also significant costs associated with generating some of this income, such as the car park maintenance and enforcement, the waste contract etc.

1.88 As part of next year's efficiency work to address the pressures on future year's budgets, the finance team will be working with service managers in the run up to the 2025/26 budget setting process to undertake a more fundamental review of fees and charges. This will involve more detailed work and analysis to ensure that we fully understand our cost base so that we can ensure our charges are covering this as a minimum while also looking to develop and increase income streams wherever possible to help make the budget position more sustainable in the medium to long term and to protect frontline services. The 2024/25 fees and charges proposals are contained within Appendix 4.

9. Links to other strategies

The MTFS is fundamentally linked to and underpins several the Council's key strategy and policy documents

- 1.89 The most significant link with the MTFS is with the Council's Corporate Plan and this is discussed in detail above. There are however several other strategies and policies supported by the MTFS.

Capital Strategy 2023/24

- 1.90 The Capital Strategy sets out the Council's approach and process to the deployment of capital resources in meeting the Council's overall aims and objectives ([link here](#)). It also provides a strategic framework for the effective management and monitoring of the capital programme, within which the Council will work in formulating strategies for individual services. It is a primary document for all capital decision making, together with the Corporate Plan and other strategies.
- 1.91 The Strategy is reviewed on an annual basis to reflect the changing needs and priorities of the Council including residents, businesses, and places. The aim of the Strategy is to provide a framework within which the Council's capital investment plans will be prioritised and delivered. The Strategy is the foundation of proper long-term planning of capital investment and how it is to be delivered.
- 1.92 The Strategy's principal objective is to deliver an affordable programme that is consistent with the Council's priorities and objectives. This Strategy is intended to be used by all stakeholders to show how the Council prioritises and makes decisions on capital investment and how this investment supports the Council's priorities and ambitions.

Treasury Management Strategy Statement 2023/24

- 1.93 The Council's Treasury Management Strategy Statement is intrinsically linked with the Capital Strategy and the capital programme and [can be found here](#). The Strategy manages the Council's investments, cash flows, banking, money market and capital market transactions.
- 1.94 The treasury management budget supports the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need, the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations and understands the revenue implications of all capital decisions.
- 1.95 This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. When it is prudent and economic, any debt previously incurred may be restructured to meet the Council's risk or cost objectives.
- 1.96 The Council receives and approves several reports each year;
- Before the start of the financial year, the updated Treasury Management Strategy Statement which includes the Minimum Revenue Provision (MRP) policy statement; how investments and borrowings are to be organised (including prudential indicators); and an Investment Strategy ([found here](#));
 - Quarterly treasury management assurance updates to the Audit and Standards committee; adherence to the Treasury Management Strategy and whether any policies require revision and;
 - At the end of the financial year, a treasury management outturn report to provide

details of actual indicators compared to the estimates within the Strategy.

Procurement Strategy

- 1.97 The Procurement Strategy establishes the Council's strategic approach to procurement and can be accessed [here](#). The Policy should be read in conjunction with the Finance Code of Practice, Contract Procedure Rules and Scheme of Delegation within the Council's Constitution [here](#). It emphasises the increasing importance of using procurement to support wider social, economic, and environmental objectives, in ways that offer long term benefit.
- 1.98 The Council recognises the importance of a strong and vibrant local economy and the role it can play in stimulating local markets. The website has been developed to provide potential suppliers with a host of information in relation to the Council's procurement processes, which includes a portal advertising all current tender opportunities. To deliver an agile service the Council uses an electronic tendering system.
- 1.99 The strategy provides a corporate focus for procurement, embracing the Council's commitment to strategic procurement and its alignment with corporate objectives and values. The document is not intended to be a "user manual", although the principles contained within the strategy should be applied to all facets of procurement activity. Additional detail regarding the Council's procurement processes can be found within the Contract Procedure Rules.
- 1.100 Social value is the positive impact an organisation has to the activities it carries out. These can be economic, social, and environmental impacts. The Council recognises that Social Value can significantly help it in meeting its priorities and aspirations for the borough by supporting good jobs, better incomes and wellbeing, increased skill levels, higher value economy and higher productivity levels. The Procurement Strategy is one of the underpinning strategies that supports the Council's priorities.
- 1.101 The Council is also part of the East Sussex Procurement Hub in collaboration with Wealden and Hastings, and a link to the website can be found [here](#).

Asset Management Strategy

- 1.102 The Council is in the process of developing an Asset Management Strategy to support and enable the Council's strategic priorities; it will seek to align and review the asset base with the Council's corporate goals and objectives.
- 1.103 The Strategy will provide the framework that will guide the Council's future strategic property decisions and ensure there is a consistent way of managing the Council's land and assets. The Strategy is likely to make recommendations regarding the rationalisation of the property portfolio, and to secure additional investment income from the let estate and property investments, and future budgets will reflect this. It is anticipated that the Strategy will be produced by 31 March 2024 along with an action plan.

People Strategy

- 1.104 The Council is also in the process of developing a People Strategy to consider the organisation's workforce planning needs for the future. Workforce Planning effectively aligns organisational needs and objectives with our People Strategy to ensure that we have enough of the right staff with the right skills to achieve the objectives set.
- 1.105 Part of the process is to analyse the current workforce, assess future needs and determine the gap between the two so that solutions can be developed to mitigate risks and deliver organisational objectives. It can help generate information, analysing it to inform future demand for people and skills, and translating that into a set of actions that will develop and build on the existing workforce to meet that demand. It will enable evidenced based decision

making through using the vast amounts of data we hold to better understand trends and issues to help better plan.

- 1.106 Off the back of Covid a vast amount of people have taken a step back to analyse their work/life balance across a large range of industries, which has resulted in a lot of very experienced and professionally qualified people retiring early or completely changing their lifestyles and careers. This has been amplified in the public sector and particularly with local authorities where we are experiencing a significant knowledge drain, with longstanding experienced staff leaving the sector as the average age increases with insufficient younger people joining the workforce to replace them. This then also impacts on things like succession planning. Even before Covid the sector was experiencing significant national staffing challenges, particularly in certain regions and certain professions such as planning and finance.
- 1.107 The fundamental principles are centred around having the right people, with the right skills, in the right place, at the right time, at the right cost and on the right contract to deliver the organisation's objectives over the short, medium, and long term.

10. Looking forward

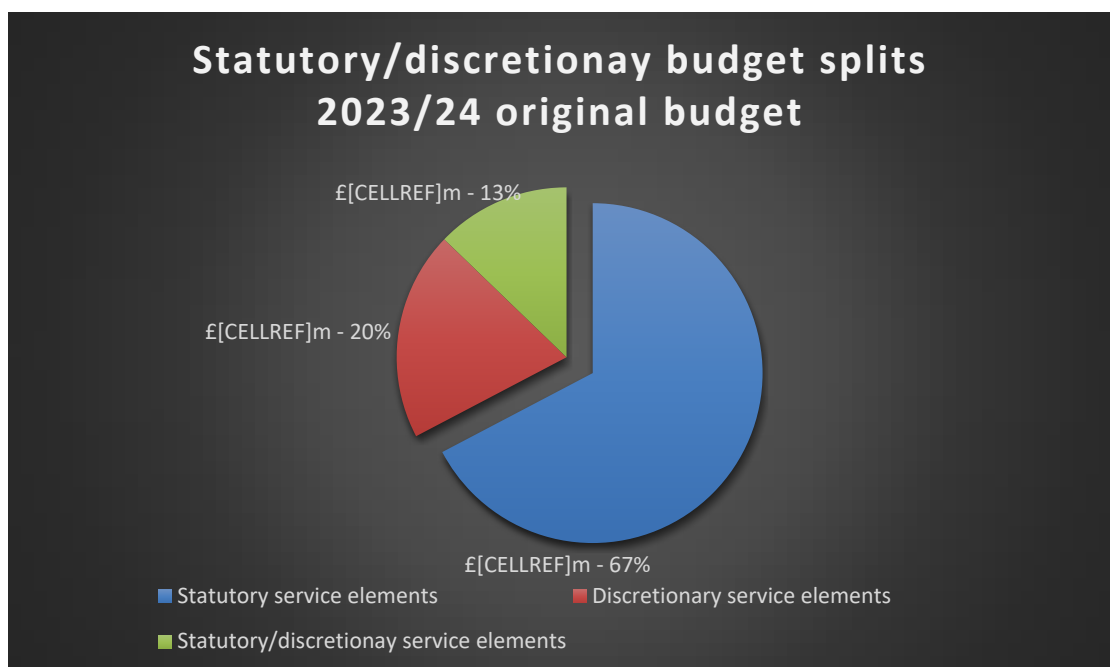
In the context of these pressures and reduced funding, the Council has produced a forecast for spend for Capital and Revenue purposes and anticipated use of Reserves

- 1.108 The resources position has been updated with the best information currently available against the previous budget forecasts below to provide an indicative guide to the future years budget deficit. It should be noted however that there is still much work to be undertaken on the detailed budget between now and February, so the position is expected to change between now and then for a variety of reasons as more work is completed on the forecasts and additional information becomes available, such as the referendum limits and Settlement figures. The table below highlights the Updated forecasts compared to the 2023/24 MTFS forecasts as they currently stand.

Updated Funding Forecasts	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)
Net Cost of Service	17,295	15,055	14,697	13,353	13,377
Special Expenses	(751)	0	0	0	0
Business Rates - retained share	(4,473)	(4,709)	(4,709)	(4,709)	(4,709)
Non-Specific Revenue Grants (Government)	(1,796)	(1,926)	(1,536)	(1,558)	(1,533)
Council Tax Requirement (Rother only)	(7,650)	(7,967)	(8,292)	(8,673)	(9,093)
(Surplus)/deficit	2,625	453	160	(1,588)	(1,958)
Previous 2023/24 MTFS	2,035	1,083	704	(223)	(259)
Movement	590	(630)	(544)	(1,365)	(1,699)

- 1.109 The additional cost pressures of £0.59m in 2023/24 relate mainly to housing and the ongoing temporary accommodation pressures and supporting homeless applications of £0.5m, removal of Financial Stability Savings (FSP) estimates which we no longer think can be achieved in the current financial year of £0.9m and other additional inflationary pressures that are being experienced, offset by around (£0.8m) of additional savings from treasury management (increased investment income and savings on estimated borrowing costs as a result of the pause and review of the capital programme).
- 1.110 In terms of 2024/25 onwards we have assumed that £0.33m pressure for temporary accommodation continues (offset by the new leasing scheme). We have completely removed the £1.9m savings estimated from the FSP to be replaced by the new 'Fit for the Future' financial resilience programme (discussed in more detail below) and a further £0.6m to cover cost pressures. A total of (£0.74m) has also been removed which related to anticipated income from schemes within the capital programme but these are currently on hold. Together these total £3.6m, which has been added to the previous forecasts. This has been offset by proposed savings of (£3.3m) and various other adjustments of around (£0.9m). The net impact of all these changes is a reduction of (£0.6m) compared with the previous 2023/24 MTFS forecasts for 2024/25.
- 1.111 The assumptions around central government grants have changed since the budget was set and have increased slightly as outlined above. It should be noted that the grant projections for 2024/25 are still subject to final agreement in January so there is still an element of risk around these, but it is the best information currently available.

1.112 This year officers have undertaken high level analysis of the cost of the statutory and non-statutory functions which the Council undertakes. Statutory functions include things such as waste collection and the payment of benefits, non-statutory areas include things such as the provision of public conveniences and leisure facilities. Very roughly the statutory and income generating services cost around £11.4m, with a mix of statutory/non-statutory totaling a further £2.2m and discretionary services costing an additional £3.4m as can be seen from the chart below.



1.113 The statutory and mixed statutory/discretionary elements total c£13.6m and the Council's grants and income (from business rates, council tax etc) is around the same level. The non-statutory areas then account for around a further £3.4m, which puts significant pressure on the affordability of the Council's medium-term financial position. The savings exercise that has been undertaken has however taken account of savings potential and efficiencies across the Council's entire budget.

Reserves

1.114 The Council holds several 'useable' reserves as at 31 March 2023, both for revenue (£12.8m) and capital purposes (£6.6m) which fall within one of the following categories:

- General Reserve (revenue) - £5.0m
- Earmarked Reserves (revenue) - £4.1
- Ringfenced Reserves (revenue) - £3.7

- Capital Receipts Reserve (capital) - £6.6m

1.115 The *General Reserve* is held for two main purposes:

- to provide a working balance to help cushion the impact of uneven cashflows and avoid temporary borrowing and;
- a contingency to help cushion the impact of unexpected events or emergencies (such as Covid).

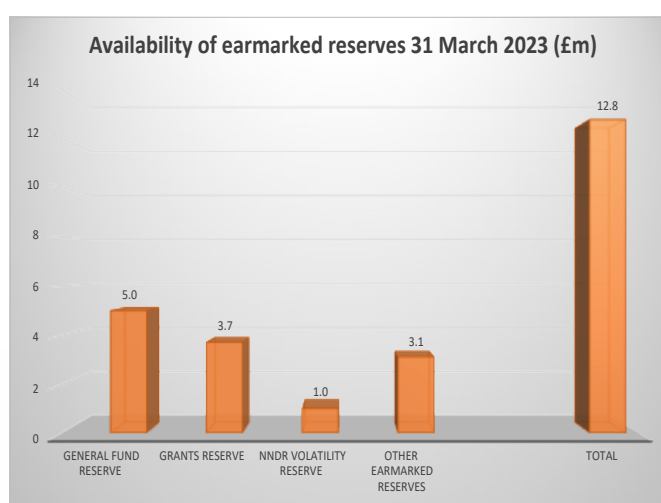
1.116 As part of setting the budget each year the adequacy of all reserves is assessed along with the optimum level of General Reserve that we should hold. The optimum level of the General Reserve considers a risk assessment of the budget and the context within which it has been prepared. This level is currently set at £5m.

- 1.117 *Earmarked Reserves* provide a means of building up funds to meet known or predicted liabilities and are typically used to set aside sums for major schemes, such as capital developments or asset purchases, or to fund restructuring. The Council also holds contingency reserves to reduce the impact on Council Tax payers of future uncertain events such as business rate appeals.
- 1.118 *Ringfenced Reserves* are reserves where funding is allocated for a specific or technical accounting purpose and can only be spent in line with the purpose of that funding and cannot be used to support wider council expenditure unlike our earmarked reserves. Several specific grants are held within these reserves, such as any balance remaining from Disabled Facilities Grants (DFG's).

Useable reserves – 31 March 2023

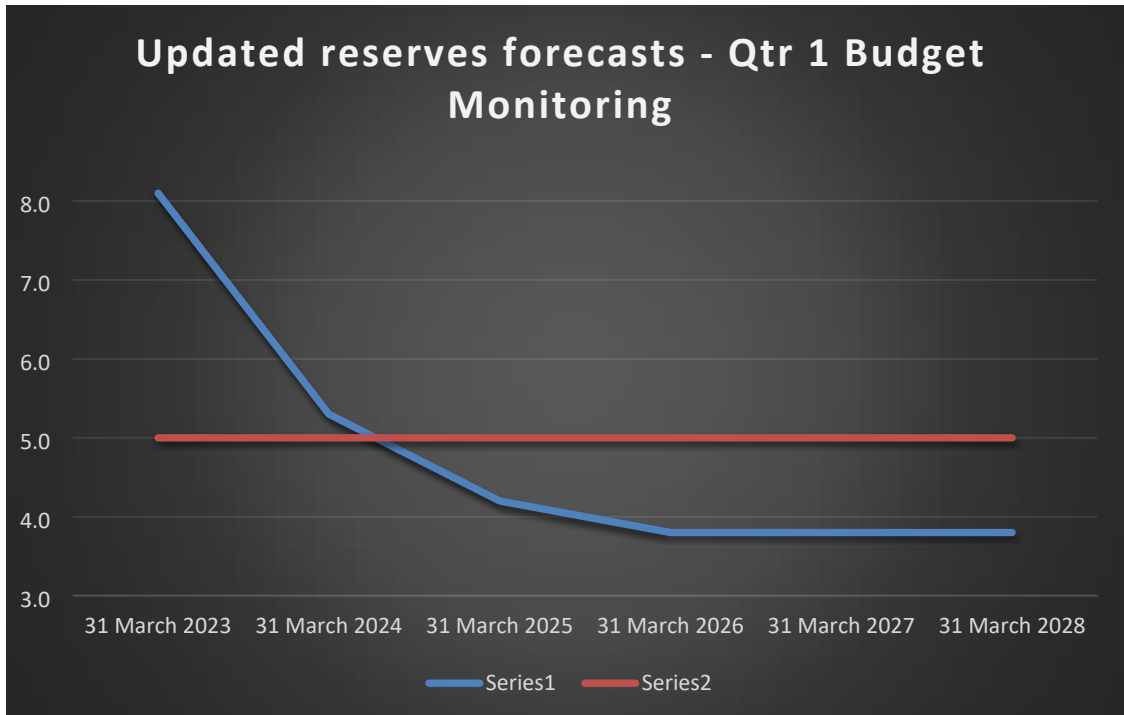


- 31 March 2023
£12.8m
- £5m GF minimum
- £3.7m ringfenced grants
- £1.0m NNDR
- Balance = £3.1m

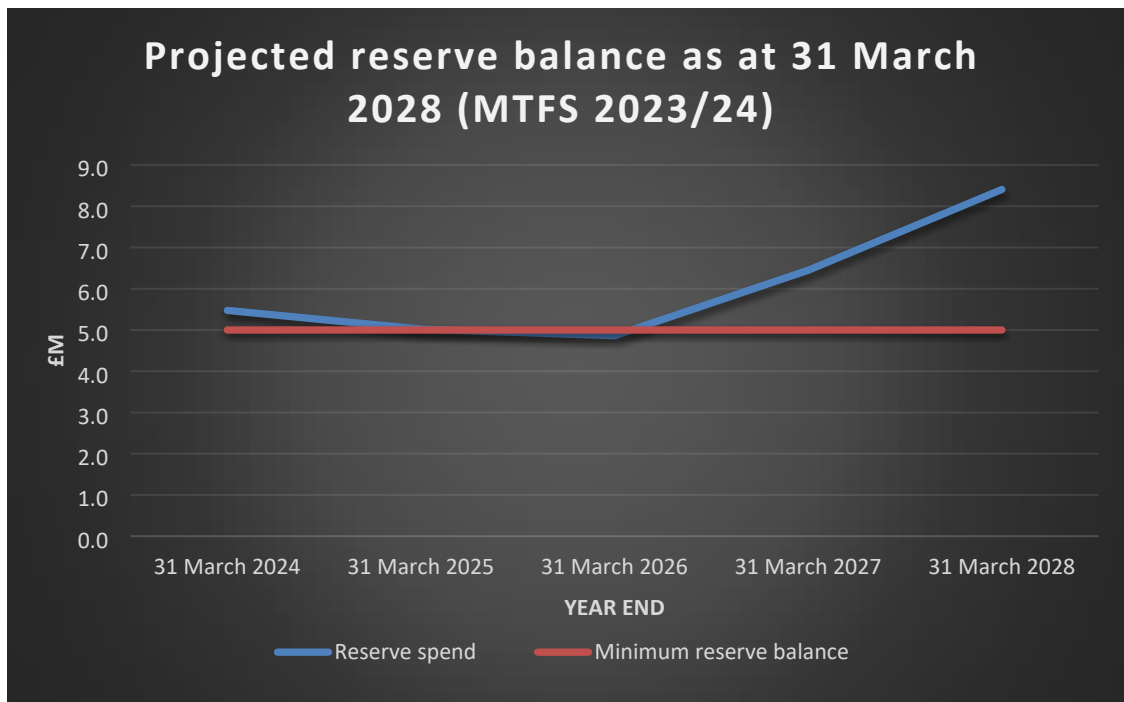


- 1.119 *Capital Receipts Reserve* holds the income generated from disposal of the Council's assets. These receipts cannot be used to help balance the Council's budget and can normally only be used to re-invest in capital purposes, such as acquiring land or buildings through the Capital Programme.
- 1.120 All reserves, general and earmarked, will be reviewed over the coming months as part of setting the budget for 2024/25, with a view that where commitments have not been identified and funds or reserve balances are no longer required these are re-allocated to specific reserves to support the overall budget position.
- 1.121 Use of reserves to balance a budget provides only a short-term solution as the funds can only be used once. They can however be used to smooth the impact of funding gaps over the short to medium term and to allow for planning and implementing projects and work streams that will deliver a longer-term financial benefit through reduced costs and/or additional income, such as those proposed below through the Council's new 'Fit for the Future' programme.
- 1.122 The balance of usable revenue reserves as of 1 April 2023 stood at £12.8m as per the chart above. However, the balance of the remaining earmarked reserves, which can be used to help balance the budget, equals £3.1m (excluding the NNDR volatility reserve).

1.123 The budgeted use of reserves for the 2023/24 financial year is currently £2.8m as per the quarter 1 budget monitoring report (£2.2m original forecast plus £0.6m additional projected budget pressures) which, if this does not change, only leaves a forecast balance as of 1 April 2024 of £0.3m (excluding the NNDR volatility reserve). Based on the previous medium term budget projections the Council was anticipating further use of reserves in 2024/25 of £1.1m which would not leave sufficient reserves to help address the budget gap without taking corrective action as per the chart below.

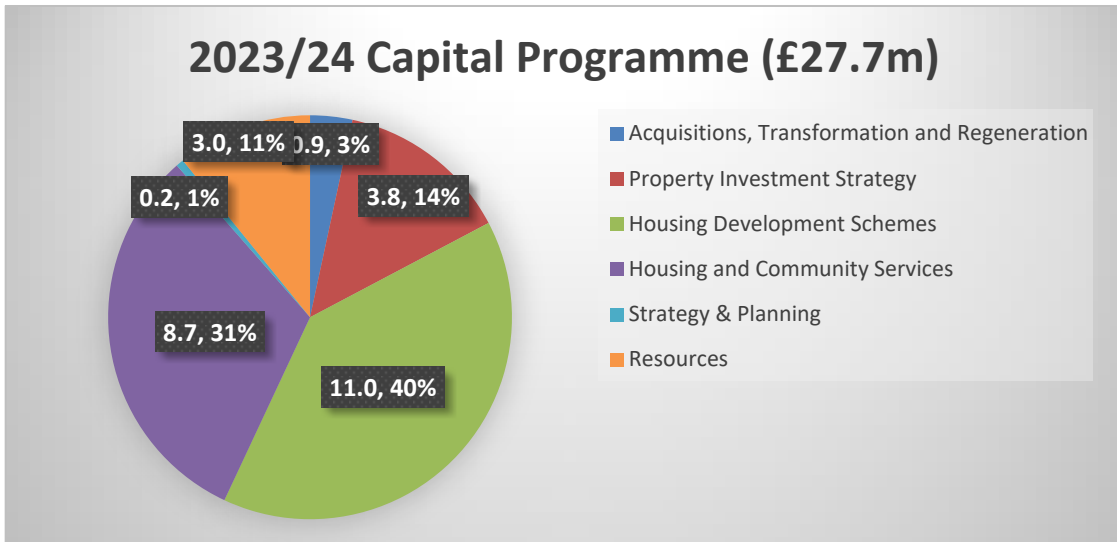


1.124 However based on the updated forecasts above for the future years the revised position is as outlined below, with reserves currently forecast to dip down slightly below the recommended levels in 2025/26 (before further corrective action) and replenishing reserves from 2026/27 onwards based on the current saving and income projections.

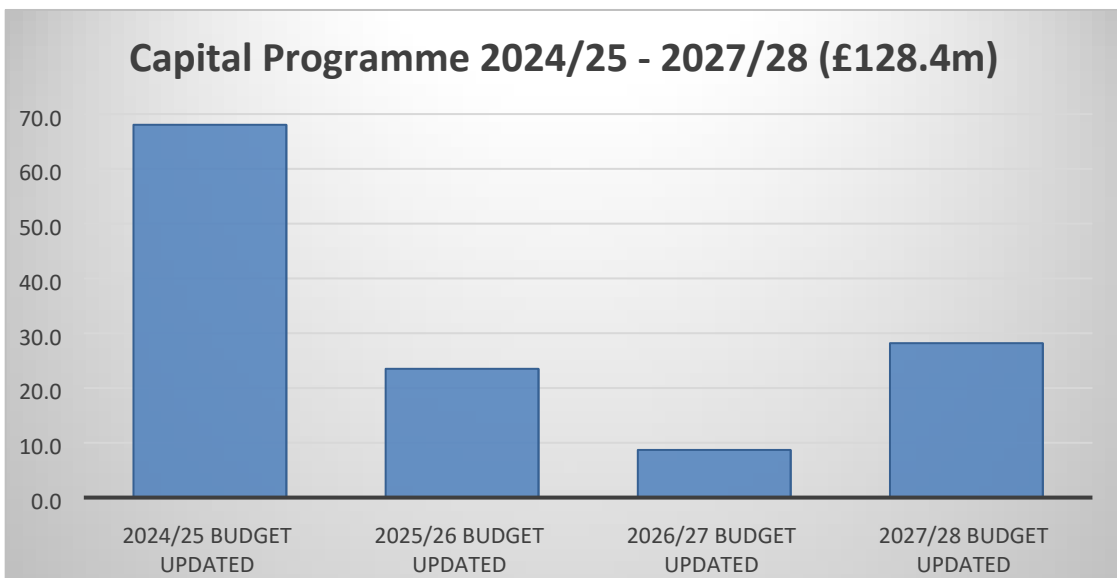


Capital

- 1.125 The capital programme (Appendix 3) shows what the Council intends to spend on purchasing new assets and improving its existing ones over the next four years. As capital expenditure is incurred, a source of finance must be identified through capital receipts, grants, and other revenue resources or alternatively through borrowing.
- 1.126 The chart below shows the value of spend and percentage across each of the main service areas. As can be seen housing development represents a significant proportion of the programme at 40%.



- 1.127 This chart shows the value of spend anticipated for future years and with the £27.7m projected for 2023/24 gives a total capital programme of around £156m.



- 1.128 Any expenditure that is financed through borrowing increases the Council's 'Capital Financing Requirement' (CFR). Each year a revenue charge called the Minimum Revenue Provision (MRP) is made to reflect the funding of the CFR by the taxpayer, it is required to be set aside to cover the repayment of debt caused by the need to borrow for capital purposes. As the need to borrow increases, the CFR and MRP also increase. If the Council has sufficient cash resources to meet the expenditure, it will not be necessary to borrow externally, and cash balances can be used to cover the expenditure. This is referred to as 'internal borrowing' and attracts an MRP charge in the same way that external borrowing

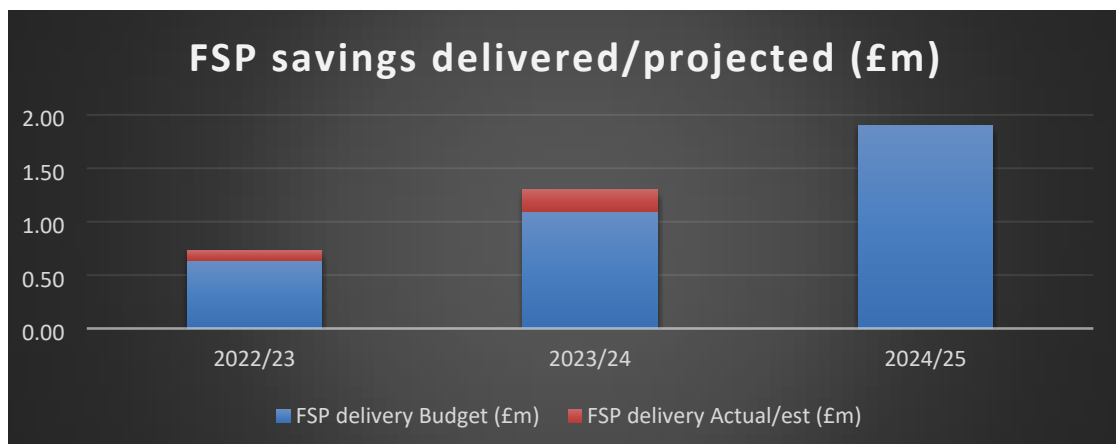
does.

- 1.129 New projects, which are included in the programme in the future, will need to be financed by MRP if no capital resources such as capital grants or capital receipts from future asset sales are available. Alternatively existing revenue reserves could be used to finance these projects through a revenue contribution to capital (RCCO) which would avoid the need to make an MRP charge.
- 1.130 The Council currently has borrowing of around £30m which has been used to finance the acquisition of capital assets, primarily as part of the Council's previous Property Investment Strategy (PIS). Whilst there is a further £30m anticipated to fund the future capital programme there is a fundamental review ongoing in relation to the Council's capital schemes due to the economic pressures and significant increase in borrowing rates; from around 2% 2 years ago to around 5.5% now. Based on borrowing £10m this would equate to around £3m more in interest costs over 10 years.
- 1.131 Any business cases which include borrowing will therefore need to be fundamentally reviewed before any borrowing takes place to ensure the schemes remain affordable and still deliver the anticipated benefits. This includes schemes that have previously been assessed as affordable based on earlier costs of borrowing. It is therefore unlikely that all of this will be required as the Council considers its options around several of the schemes which will focus on achieving outcomes, which could for example be delivered by the market, as opposed to direct delivery which bears considerable risk to the Council. External borrowing is also assumed to provide finance to Rother Housing Company, but this will be repaid by the company as the housing development progresses and disposals are made. The current year's capital programme is shown below (£27.7m) and the second shows the forecasts for future years.

11. Closing the Budget gap – Fit for the Future

The Council's strategy for reducing the budget gap covers several different work streams

- 1.132 Due to the budget pressures being experienced for not only the 2023/24 financial year but also the years following, the Council has had to fundamentally review what services it provides and how they are provided to try and identify savings to help achieve a balanced, sustainable, resilient budget for future years. While the Council has previously attempted to deliver savings under the Financial Stability Programme (FSP) the programme unfortunately has a history of under-delivery as highlighted by the graph below, with only 14 – 18% delivered over the last 2 years.



- 1.133 Given the Council's financial position it is important that any savings plan delivers for the future, it is therefore necessary to re-focus and re-prioritise delivery of the savings plan.

How do we change it? Financial Resilience - Agile Programme *Think the unthinkable*

- Detailed plan to support proposals
- Embedded within budgets
- Ownership and accountability
- Realistic and achievable
- Pragmatic phasing
- Transparent
- Statutory and discretionary services
- Members – red lines!



- 1.134 Medium-term sustainability of the Council's financial position is vital and underpins our new 'Fit for the Future' financial resilience programme. The main workstream areas are summarised below. As a result of this work the previous £1.9m annual FSP savings have been removed from future forecasts to be replaced with the Fit for the Futures workstream savings projections.

Rother: Fit for the future Programme



Financial Resilience Plan

- 1.135 As part of the production of these forecasts a detailed budget review has taken place to identify efficiencies, savings, and additional income to help support frontline services, to balance the budget, and make the Council's future financial position as resilient as possible. The draft proposals are contained within Appendix 2.
- 1.136 For next year, the proposed savings total £3.3m although, after taking account of growth pressures, a deficit of just under £0.5m which will need to be supported by reserves if no additional efficiencies can be identified. Equality Impact Assessments (EQIA) will be undertaken on the proposals where relevant and the Council will be consulting on the draft budget proposals until the end of December 2023.
- 1.137 The efficiencies, income and savings identified have come from several areas and include the following;
- Shared services
 - Investment income
 - Digital transformation and IT
 - Various operational savings – travel, subsistence, conferences etc
 - Contract savings from retendered contracts
 - Additional income from increased annual demand – car parks, planning etc
 - Increased fees and charges
 - Devolution

Fees & Charges Review

- 1.138 As detailed above this strategy is recommending an increase of 6.8% for most charges, which is in line with the inflationary increase in costs that the council is experiencing (see Appendix 4). As part of next year's efficiency work to address the pressures on future year's budgets, the finance team will be working with service managers in the run up to the 2025/26 budget setting process to undertake a more fundamental review of fees and charges. This will involve more detailed work and analysis to ensure that we fully understand our cost base so that we can ensure our charges are covering this as a minimum.
- 1.139 Proposals for higher increases to some fees and charges have been included where the

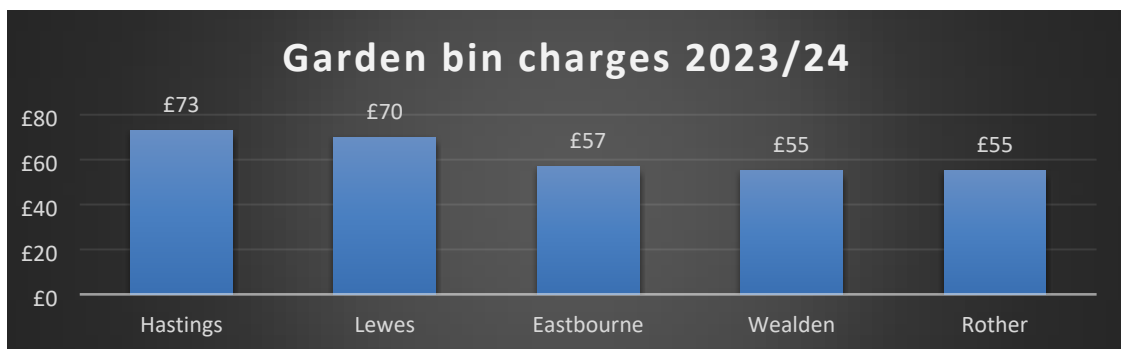
underlying costs have significantly increased; where previous charges have been below the statutory maximum charge and where market conditions support a higher charge.

Planning fees

- 1.140 Following the government's planning reform proposals in May 2022 new planning fees will be implemented in 2024/25. They are intended to increase major and minor application fees by 35% and 25% respectively.

Garden bin charges

- 1.141 Following a review of Council websites the chart below shows the current charges across East Sussex for the 2023/24 financial year for garden bins.



- 1.142 As can be seen from the chart, Rother have the joint lowest charge for the garden bin service. Given the financial challenges the Council is facing it is therefore proposed to increase this charge to match the Hastings charge at £73. Based on 20,000 customers every £5 increase would generate £0.1m in additional income to help protect frontline services. This increase would generate in the region of £0.36m in additional income per annum. The Council is also proposing to introduce a new discount scheme for any residents receiving more than 1 bin as all bins are currently charged at the same rate. If the new rate of £73 is approved, second bins would be charged at £60, representing a £13 saving (18%).

Car park charges

- 1.143 Most of the Council's car parks have not seen increases since 2015, which represents a period of 8 years, during which time the Council has faced significant increases in terms of cost pressures. Applying the annual consumer price index (CPI) inflation rates to these charges from 2016 to 2023 results in the £1.00 charge increasing to £1.30, with the £4.00 rate increasing to £5.10. It is also proposed to increase permit prices on a similar basis.
- 1.144 A trial was undertaken in Camber for this season to try and address the chronic parking issues that the town faces during the busy summer periods. An analysis of this trial can be found within Appendix 4 along with the other fees and charges proposals. A different charging regime is proposed to Camber compared to the proposals above and these are again contained within Appendix 4.

Our investment approach

- 1.145 There is an ever-increasing need for Councils to take a more commercial and business-like approach to all elements of their operations. A more commercial approach will directly support the Council's objective of becoming financially resilient for the future. Part of the strategy development process will involve the identification and prioritisation of several internal and external projects which will consider income generation, efficiency and doing things differently. The focus will be on making every pound count for our residents, improving efficiency, investment and increasing social value.

- 1.146 The Local Government Association (LGA) are encouraging Councils to move towards a more commercial culture as a way of developing sustainable self-funding streams that reflect Council's individual priorities and place shaping aspirations. Consequently, the Council needs to think about how it can maximise revenue and efficiency.

Property Investment and New Ways of Working

- 1.147 Opportunities for investment in property, whether direct or indirect, continue to be considered to achieve either a direct income stream from the asset or improved returns on investment. A programme of asset valuations and condition surveys are currently being considered alongside the development of the Council's new Asset Management Strategy. This will help us better understand the challenges faced in terms of maintaining and improving our asset base over the medium to long term to ensure that it remains fit for purpose, delivering income for the Council where appropriate.
- 1.148 Opportunities for the most efficient utilisation of the Council's assets and maximising returns where appropriate are vital. Indirect property investments via treasury instruments, such as the purchase of pooled property funds, can potentially provide a return in terms of a regular income and growth in the value of the investment. Under the Treasury Management Strategy, the Council has made the LAMIT Pooled Property Fund, which invests exclusively in various property assets with the aim of achieving a regular income and growth in the value of the investment.
- 1.149 The Council can choose to use its capital resources to finance a programme of asset investment which aims to deliver long-term revenue streams for the Council and work on an ongoing basis is required to identify the most appropriate projects. This strategy of direct property investment can ensure a secondary benefit to the district as it is possible to generate an economic growth benefit when the investment is located within the district. This is, however, more resource intensive to manage than externalising these investments.
- 1.150 Investment in the Council's asset portfolio can also make a significant contribution towards our Net Zero aspirations. Invest to save schemes can help to deliver reduced operational operating costs whilst at the same time reducing our carbon emissions.
- 1.151 The Council continues to progress its New Ways of Working and development of our People Strategy off the back of the Covid pandemic which again will bring opportunities in the future for new operating models and how the Council conducts its business in the future. With more staff working from home there will also be potential opportunities to rationalise office space and potentially share space with other partner organisations and indeed the private sector. There may also maybe opportunities to work with other partners under the government's [One Public Estate](#) agenda.

Digital Transformation

- 1.152 The Council needs to consider how digital transformation can support the business in the future and deliver more for our residents, identifying changes to service delivery from the implementation of new technology and changes to business processes. It is anticipated that the overall programme will be delivered over several years and as projects are rolled out there will be changes to working practices which will help to deliver efficiency.
- 1.153 The key to this work in the future should really focus on 'putting our customers at the heart of everything we do.' This will undoubtedly lead to efficiency and potential cashable savings, but the direction of travel should be to improve our services for our customers primarily because that is the right thing to do. It will also mean that staff can spend longer prioritising 'added value activities' rather than getting bogged down with inefficient paper-based processes.
- 1.154 Our digital channels should be the channels of choice. That is not to say we will be closing

face-to-face channels of communication as there will always be a need for this, particularly with our most vulnerable customers. Our digital channels will however enable self-service 365 days a year, 24 hours a day, releasing staff for more added value and complex cases and will be the focus of the emerging Digital Strategy.

Shared Services, collaboration and selling services

- 1.155 Creating efficiencies through shared services continues to be a priority for central government. Identifying such opportunities must therefore continue at a local level, ensuring that realistic and deliverable benefits can be achieved. This is an area which Rother is already heavily involved in, including activities like the joint waste partnership, Procurement Hub and shared environmental services service with Wealden but could involve a range of other joint opportunities, including contract procurement.
- 1.156 Identifying opportunities to work alongside other public sector partners and organisations to deliver services will continue to form an important part of our efficiency strategy. The savings proposals have a strong focus on this area over the coming years and will be fundamental to achieving a balanced budget.

Growing Business Rates and NHB

- 1.157 Under the previous allocation method was a direct financial benefit to the Council from growth in homes through the NHB funding and through increasing the council tax base and additional income generated from council tax. Whilst new housing growth has had an impact on the demand for local services, there will still be a net gain in terms of overall income for delivery while the NHB remains. We know however that the NHB system is due to be replaced although at the present time it is not clear what with or when it will be introduced so the life of any ongoing funding from NHB remains unclear.
- 1.158 For similar reasons growing the business rates base will have a direct impact on the level of business rates income retained locally. Equally, maintaining existing business rates remains a priority in that a decline in business rates will reduce the amount of income retained. However as with the NHB the reform and any localisation of business rates continues to be delayed along with the Fair Funding Review.

Council Tax

- 1.159 The increased flexibility around council tax discounts and increases following the removal of the tax freeze grant in 2016/17 provides a further potential income stream. Further review of the current level of discounts can also provide additional income, recommendations on the level of council tax discounts will be reported for approval as part of the budget reports for 2024/25. Legislation is expected to be approved over the coming year that would enable the Council to potentially double the charge for second homes and a paper will be coming forward to Committee to outline these proposals.

New opportunities

- 1.160 Given the current uncertainties around Covid recovery, the cost-of-living crisis, global events, and the economy in general following the political upheaval, Local Government funding and funding mechanisms are overdue for review and the outcome from this remains a significant risk for the Council's medium term financial assumptions. It will be essential to identify new opportunities to either increase income, increase efficiency through the redesign of services, explore new partnership models for service delivery etc and this will be one of the main challenges over the medium term.
- 1.161 While the Council's reserves do provide some level of comfort over the short term and have been used to address previous budget deficits this is not a sustainable financial strategy for the medium to long term. As mentioned earlier within the report the reserves are forecast to

be close to minimum recommended levels, so delivery of the identified savings is vital to ensure the Council's medium-term financial resilience.

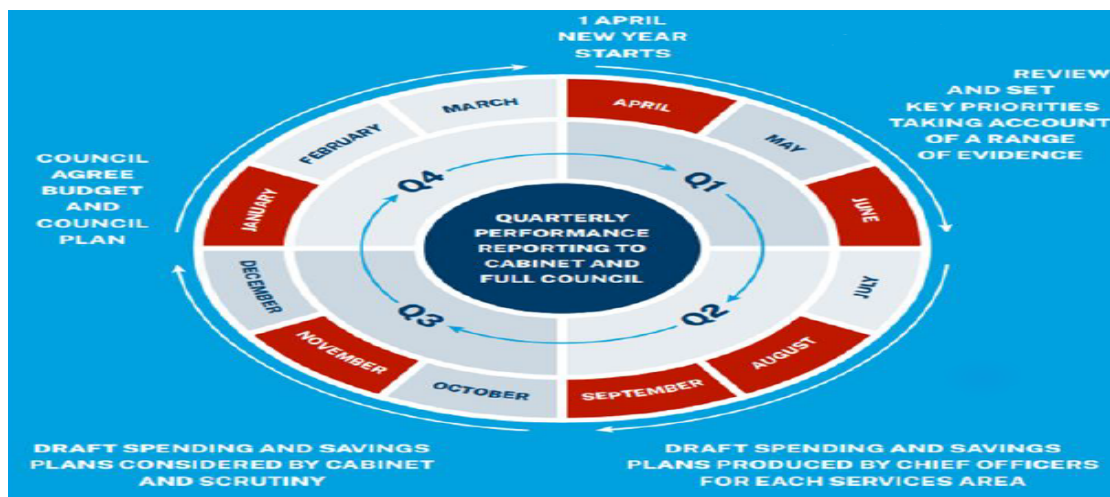
Lobbying and consultation

- 1.162 The Council will continue to lobby central government for increased funding allocations and continued relaxation/increased flexibility in terms of the council tax referendum principles which will be one of the things required if income raising and decision making is ever to be truly local. We will also continue to respond to all relevant consultations in relation to the business rates and Fair Funding reviews.
- 1.163 Members will need to support the efficiency agenda in future years and support officers to deliver a balanced budget position over the medium-term as use of one-off reserves to balance the budget deficit is not sustainable.

12. Consultation

[The Council’s consultation and budget planning cycle is outlined below.]

- 1.164 The budget cycle for 2024/25 is outlined below and will enable the Council to consult on the budget and savings proposals in November and December before considering the feedback in February ahead of setting the council tax.



- 1.165 Given the requirements to consult on the proposals, it is recommended that the call-in procedure not be accepted following the Cabinet discussions on 6th November on the basis that the report will have already undergone pre-scrutiny on 16th October. It is recommended that agreement of the final consultation wording be delegated to the Interim Deputy Chief Executive in conjunction with the Cabinet Portfolio Holder for Finance and Governance. A detailed timetable can be found below.

Budget timetable 2024/25



The following provides the key deadlines for completion of the 2024/25 budget process.

Budget timetable and process - 2024/25 budget							
Task	Lead	Date	Meeting	Committee reporting cycle			
				Meeting date	Report to Directors	Reports to Dem Services	Agenda dispatch
1 Review/update of 2024/25 Service Plan efficiencies	CMT/Anna Evett/Jo Harrison	18/08/2023					
2 Review/update of projects	CMT/Anna Evett	25/08/2023					
3 Share 2024/25 savings with Cabinet ahead of away day	Jo Harrison	28/08/2023					
4 Cabinet Away Day	SLT	13/09/2023					
5 Equality impact assessment of efficiency proposals	CMT	20/09/2023					
6 MTFS - including fees and charges & efficiency proposals	Finance/Duncan Ellis	22/09/2023	O&S	16/10/2023	22/09/2023	29/09/2023	06/10/2023
7 MTFS - including fees and charges & efficiency proposals	Finance/Duncan Ellis	13/10/2023	Cabinet	06/11/2023	13/10/2023	20/10/2023	27/10/2023
8 Issue consultation - efficiency proposals/fees and charges	Duncan Ellis/Nicola Mitchell	07/11/2023	Assumes no call in following pre-scrutiny on 16/10/23				
9 Consultation end date	Duncan Ellis/Nicola Mitchell	17/12/2023					
10 Analysis of consultation results	Duncan Ellis/Nicola Mitchell	21/12/2023					
11 Draft 2024/25 budget	Finance/Duncan Ellis	21/12/2023	O&S	22/01/2024	21/12/2023	05/01/2024	12/01/2024
12 Draft 2024/25 budget	Finance/Duncan Ellis	12/01/2024	Cabinet	05/02/2024	12/01/2024	19/01/2024	26/01/2024
13 2024/25 budget and council tax setting	Finance/Duncan Ellis	02/02/2024	Council	26/02/2024	02/02/2024	09/02/2024	16/02/2024

13. Risk, scenario, and sensitivity assessment

The Council's strategy for managing risk and assessing forecasting sensitivity

- 1.166 A comprehensive financial risk assessment is undertaken for the revenue and capital budget setting process to ensure that all risks and uncertainties affecting the Council's financial position are identified as far as is practical. These are reviewed each year as part of the refresh of the MTFS and future year's budget forecasts. The key strategic financial risks to be considered in developing the MTFS are included within Appendix 5.
- 1.167 Appendix 6 sets out for each of the Council's external funding streams the assumptions made when preparing the medium-term financial forecasts. The central case, the case on which the current budget projections are based, is explained, along with other alternatives scenarios and sensitivities considered. These central cases will be regularly reviewed considering Government announcements and consultation responses and are subject to change following those. An update will be provided when appropriate.
- 1.168 The fundamental assumptions underpinning the current 2024/25 forecasts are as follows;
- Inflation – for the 2023/24 budget a standard increase of 4.57% was applied to non-pay budgets except for contracts where specific indices applied. For 2024/25 this was assumed at 2.69% and 3.37% for future years, however as part of the MTFS and given the budget challenges being faced it is recommended that all future non-contractual inflation is frozen at current levels and effectively cash limited. This will avoid cost increases of £1.8m over the period of this updated MTFS. The projections have been adjusted to reflect these changes.
 - Salaries – an increase of 3% was assumed with effect from September 2023 for the 2023/24 budget with an allowance of 1% staff turnover. For 2024/25 onwards this increase is assumed at 2% and this has not changed. However, based on previous underspends within the salary budgets the turnover saving has been increased from 1 to 2%.
 - Transfers – the use of transfers between existing budgets has been applied to enable funding to be re-directed to priority areas.
 - Income – where applicable, income budgets have been increased in line with CPI inflation as of July 2023 (6.8%).
 - Interest rates – where borrowing has been undertaken to finance capital investment, the rates used to calculate the interest charges reflect the rate at the time the borrowing was undertaken. Due to high Public Work Loans Board (PWLB) rates, future forecasts are being assumed at around 5% - 5.5%, reducing over time in line with the BoE forecasts of inflation returning to 2% again by early 2025.
 - Investment Returns – returns on investment have been calculated using the following rates:
 - Bank current and deposit accounts – up to 5.35%;
 - Investments with other institutions/local authorities – up to 4.50%;
 - Property Fund investments – 4.00%.
 - Council Tax Base – growth numbers are based on the latest August 2023 forecast (425.98) and assume a collection rate of 98.3%.
 - Business rates – a collection rate of 98.3% is currently assumed again based on the latest August 2023 forecast.

14. Conclusions

[How will this help shape our future budget and financial projections?]

- 1.169 While the Council's reserves do provide some level of comfort over the short term and have been used to address budget deficits previously this is not a sustainable financial strategy for the medium to long term, and as mentioned earlier within the report the reserves will fall below the recommended £5m minimum level if ongoing savings are not delivered.
- 1.170 Previous budget forecasts made in February 2023 were made at a time of significant uncertainty in terms of future Government finances due to the Fair Funding and Business Rates Review. This uncertainty was further heightened by the ongoing recovery from Covid which added an additional level of complexity in terms of future forecasts and potential impacts on the economy, inflation, suppliers, contracts, Brexit implications etc.
- 1.171 The updated high level funding forecasts within the strategy build on previous figures from the 2023/24 budget setting exercise in February which were made within the above context. At this time we were forecasting a deficit of around £3.3m in the current financial year (FSP savings target of £1.1m and reserves use of £2.2m) and a similar deficit of around £3.0m for 2024/25 (£1.9m FSP and £1.1m reserves), with the deficit gradually decreasing over future years.
- 1.172 The updated forecasts now differ significantly from this, In the main this is due to substantial work having been undertaken through the budget savings exercise as part of the new Fit for the Future programme which is looking to ensure future resilience of the Council's finances and to replenish reserves to above minimum levels. This has helped to offset the significant spending pressures which the Council is experiencing in relation to homelessness, inflationary pressures and increasing uncertainty around future funding levels, all of which are impacting on the medium-term projections (Appendix 1).
- 1.173 The MTFs and budget forecasts at present are still based on last year's Autumn Statement and Settlement as these announcements have not yet been made for the next financial year. It should be noted therefore that several of the assumptions made will not be confirmed until the Provisional Settlement is announced, the date of which is currently anticipated to be made in December 2023, at which point the projections will be updated.
- 1.174 As part of the 2023/24 Settlement a provisional steer was given in relation to some of the non-specific revenue grants such as the New Homes Bonus and Funding Guarantee Grant. However the future of these beyond 2024/25 is far less certain and this represents a potential income risk of around £0.4m if these two grants were removed and not replaced with any alternative. We will not have any further clarity on these until the Provisional Settlement is announced later this year.
- 1.175 As part of the production of these forecasts a detailed budget review has taken place over previous months to identify efficiencies, savings, and additional income to help support frontline services and to balance the Council's financial position. For next year this totals around £3.3m (Appendix 2) and is supported by several increases in fees and charges (Appendix 4). Based on current forecasts this leaves a deficit of just under £0.5m which will need to be supported from reserves if additional efficiencies can't be identified.
- 1.176 The Council is still projecting a deficit position in the current 2023/24 financial year and a further deficit in 2024/25 but forecasting the future years deficits does allow the Council time to plan mitigating actions more effectively, meaning we are more likely to be successful. Delivering the proposed savings identified will be fundamental to this.

1.177 A comprehensive financial risk assessment is undertaken for the revenue and capital budget setting process to ensure that all risks and uncertainties affecting the Council's financial position are identified as far as is practical. These are reviewed each year as part of the refresh of the MTFS and future year's budget forecasts and are included within Appendix 5.

1.178 At the current time, the key messages are as follows;

- Estimated budget gap of just under £0.5m for 2024/25 based on savings and fee increases
- We can deliver our statutory services with current income levels but nothing more
- To fund non-statutory services, we need to find more income/savings/reserves
- Our reserves will help set a balanced budget for the period of this MTFS
- Funding from reserves is not a sustainable way to manage our budget
- We need to identify more efficiencies and income to make the budget sustainable
- The current projections are based on multiple assumptions which can and do change

1.179 In conclusion, it is still not clear how the various reviews and the ongoing economic pressures will impact on local government funding, but officers will continue working on the forecasts between now and the point at which the council tax is set in February 2023, by which time the Settlement figures will have been finalised.

App 1 - Medium Term Financial Strategy (MTFS) – General Fund Summary Forecasts

App 2 - Savings summary

App 3 - Capital programme

App 4 – Fees and charges

App 5 - Risk assessment

App 6 - Sensitivity and scenario planning

Appendix 1 - Medium Term Financial Strategy (MTFS) General Fund Summary Forecasts

2023/24-2027/28 Medium Term Financial Plan	UPDATED SEPTEMBER 2023				
	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)
Departmental Budgets					
Corporate Core	2,219	2,141	2,141	2,141	2,141
Environmental Services	676	674	674	674	674
Strategy and Planning	1,129	1,113	1,113	1,113	1,113
Acquisitions, Transformation and Regeneration	(310)	(1,075)	(1,791)	(1,835)	(1,809)
Housing, Community & Neighbourhood Services	9,285	8,686	8,674	8,664	8,847
Resources	3,868	3,964	3,964	3,964	3,964
Total Cost of Services	16,867	15,503	14,775	14,720	14,930
Net Financing Costs	744	1,301	1,448	1,427	1,535
Inflation and Staff turnover savings	0	306	345	345	345
Budget Contingency	200	200	200	200	200
Financial Stability Programme (FSP)	(1,106)	(1,917)	(1,917)	(1,917)	(1,917)
Removal of FSP	0	1,917	1,917	1,917	1,917
Removal of income from capital schemes currently on hold	0	744	1,460	1,504	1,478
Inflationary freeze (non-contractual)	0	(152)	(344)	(535)	(726)
Increase staff turnover rate from 1% to 2% to reflect forecasts	0	(123)	(123)	(123)	(123)
Fit for the Future - savings projections/service pressures	0	(3,340)	(3,891)	(4,443)	(4,495)
Adjustments to inflation assumptions for major contracts	0	(168)	(234)	(300)	(315)
General increases to fees and charges (excl parking, garden bins etc)	0	(100)	(100)	(100)	(100)
Additional cost pressures forecast	590	930	930	930	930
Additional ongoing income - as per Qtr 1 budget monitoring	0	(200)	(206)	(212)	(219)
Net Cost of Services	17,295	14,901	14,261	13,414	13,441
	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)
Special Expenses	(751)	0	0	0	0
Business Rates - retained share	(4,473)	(4,709)	(4,709)	(4,709)	(4,709)
Non-Specific Revenue Grants (Government)	(1,796)	(1,694)	(1,478)	(1,499)	(1,521)
Latest updates from LG Futures modelling	0	(77)	378	(120)	(75)
Council Tax Requirement (Rother only)	(7,650)	(8,061)	(8,396)	(8,728)	(9,057)
Taxbase/referendum adjustments	0	95	104	55	(36)
Collection Fund (Surplus)/Deficit	0	0	0	0	0
Total Income	(14,670)	(14,448)	(14,102)	(15,003)	(15,399)
Funding Gap	2,626	453	160	(1,588)	(1,958)

Appendix 2 - Savings Summary

Saving Classification	2024/25	2025/26	2026/27	2027/28	Total	Comments
Operational improvements and efficiencies						
All services	(101,000)	(101,000)	(101,000)	(101,000)	(404,000)	Various operational budgets (travel/subsistence/conferences etc)
Digital & Customer Services	(108,299)	(128,574)	(148,849)	(148,849)	(534,571)	Operational changes and savings
Neighbourhood Services	(190,000)	(190,000)	(190,000)	(190,000)	(760,000)	Operational and contract savings mainly already delivered
Democratic & Election Services	(18,330)	(18,330)	(18,330)	(18,330)	(73,320)	Minor reductions to operational budgets
Revenues & Benefits	(62,663)	(62,663)	(62,663)	(62,663)	(250,652)	Various operational savings, including reductions to external printing and stationery costs
Acquisitions, Transformation & Regen	(40,000)	(40,000)	(40,000)	(40,000)	(160,000)	Selling services and external contract savings
Housing & Community	(144,000)	(144,000)	(144,000)	(144,000)	(576,000)	Grant income to support with administration of Disabled Facilities Grants (DFGs)
Planning - Policy	(24,600)	(24,600)	(24,600)	(24,600)	(98,400)	Reduced spend on Local Plan production and additional income
Planning - Development	(49,000)	(49,000)	(49,000)	(49,000)	(196,000)	Reduced spend on agency staff and additional income
Finance	(55,000)	(55,000)	(55,000)	(55,000)	(220,000)	Reduced spend on agency staff and savings from banking contract
Human Resources	(2,180)	(2,180)	(2,180)	(2,180)	(8,720)	Non-renewal of corporate van
Treasury Management Activities						
Investment income	(650,000)	(600,000)	(550,000)	(500,000)	(2,300,000)	Additional income received from treasury management activities
Interest from borrowing	(419,356)	(417,461)	(415,566)	(413,671)	(1,666,052)	Savings from capital programme review and reduced borrowing costs
Grants & Contributions						
De La Warr Concessions fund	(12,000)	(12,000)	(12,000)	(12,000)	(48,000)	Removal of De La Warr Pavilion concessions fund
Contract adjustments						
Grounds maintenance	(297,000)	(445,500)	(594,000)	(594,000)	(1,930,500)	Savings from reductions in grounds maintenance specification
Waste	(50,000)	(75,000)	(100,000)	(100,000)	(325,000)	Savings from minor reconfiguration of waste collection routes
Insurance	(36,000)	(36,000)	(36,000)	(36,000)	(144,000)	Savings from re-tender and adjustment of insurance contract
CCTV	(20,000)	(20,000)	(20,000)	(20,000)	(80,000)	Potential service transfer
Fees and Charges						
Fees & charges	(498,725)	(602,437)	(706,260)	(810,198)	(2,617,619)	Detail contained within Appendix 4 of the main report (fees and charges)
Service reconfiguration and efficiencies						
Outreach services	(4,500)	(4,500)	(4,500)	(4,500)	(18,000)	Reduce outreach services in Battle and Rye
Shared services	(611,352)	(917,027)	(1,222,703)	(1,222,703)	(3,973,786)	Service transformation and potential shared service options
Savings total	(3,394,004)	(3,945,272)	(4,496,651)	(4,548,694)	(16,384,620)	

Appendix 3 - Capital programme Forecast

	Total scheme budget At 22/23 Outturn	Prior year spend	Total scheme budget increases/ (decreases) in Q1 23/24	Remaining scheme budget	2023/24 Budget Updated	Budgets profiled into 24/25-27/28
	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)
Acquisitions, Transformation and Regeneration						
Other Schemes						
Corporate Document Image Processing System	120	33	0	87	87	0
Rother Transformation ICT Investment	386	269	0	117	117	0
Community Grants	1,416	636	0	780	260	520
Development of Town Hall Bexhill	856	856	0	0	0	0
Ravenside Roundabout	200	0	0	200	0	200
UK Shared Prosperity Fund	131	0	0	131	131	0
CIL Scheme 1 Village Hall Energy Project	500	17	0	483	342	141
Property Investment Strategy						
Beeching Road Hotel and Foodstore Development	15,000	396	0	14,604	104	14,500
PIS - Beeching Park Estate	450	0	(22)	428	428	0
PIS - Beeching Road 18-40 (Creative Workspace)	1,235	1,235	0	0	0	0
Barnhorn Green GP Surgery and Industrial Development	9,741	1,486	0	8,255	3,313	4,942
PIS - Buckhurst Place	10,500	10,182	(318)	0	0	0
Housing Development Schemes						
Community Led Housing Scheme - CHF	327	327	0	0	0	0
Blackfriars Housing Development - infrastructure only	11,500	6,416	0	5,084	5,084	0
RDC Housing Company Ltd Investment	79,923	2,620	0	77,303	5,000	72,303
Development of council owned sites	270	57	0	213	213	0
King Offa Residential scheme	805	146	0	659	359	300
Mount View Street Development - Housing	4,493	4,493	0	0	0	0
Community Led Housing Schemes - Cemetery Lodge	200	0	0	200	200	0
Camber, Old Lydd Road	369	27	0	342	140	202
Housing and Community Services						
De La Warr Pavilion - Capital Grant	388	275	0	113	56	57
Bexhill Leisure Centre - site development	396	318	0	78	78	0
Fairlight Coastal Protection	291	74	0	217	67	150
Disabled Facilities Grant	14,223	6,098	0	8,125	1,625	6,500
Sidley Sports and Recreation	857	857	0	0	0	0
New bins	1,153	518	0	635	135	500
Bexhill Promenade - Protective Barriers	50	48	(2)	0	0	0
Housing - Temporary Accommodation Purchase	12,830	5,364	(355)	7,112	6,362	750
Bexhill Promenade - Shelter 1	71	59	(12)	0	0	0
Bexhill Promenade - Outfall pipe	200	9	0	191	191	0
Bexhill Leisure Centre - refurbishment	140	110	60	90	30	60
Capital - Sidley House Open Space Improvements - Parks LUF	75	4	0	71	71	0
Pebsham Toilets	54	0	0	54	54	0
Camber Conveniences	1,012	0	0	1,012	69	943
Strategy & Planning						
Payments to Parishes - CIL	211	40	0	171	171	0
Resources						
ICT Infrastructure Replacement Programme	137	137	0	0	0	0
New website development	31	23	0	8	8	0
Invest To Save initiatives (Financial Stability Prog)	750	45	0	705	705	0
LUF De La Warr Pavilion Project LUF Grant	23,203	9	885	24,079	2,021	22,058
Capital - LUF Programme	0	0	0	0	0	0
LUF Heart of Sidley Programme	2,692	2	406	3,096	271	2,825
Battle Train Station	1,000	0	0	1,000	0	1,000
Seddlescombe Traffic Calming Measured	74	0	0	74	0	74
Battle Sports Pavilion	400	0	0	400	0	400
Total Capital Programme	205,697	50,218	642	156,121	27,696	128,425
Funded By:						
Capital Receipts	3,192	1,092	0	2,100	2,100	0
Grants and contributions	55,280	16,011	1,486	40,755	9,752	30,756
CIL	3,978	57	0	3,921	513	3,655
Borrowing	60,360	29,384	(904)	30,072	8,998	21,074
Capital Expenditure Charged to Revenue	2,764	1,054	60	1,770	1,134	637
Borrowing and Loan for Rother DC Housing Company Ltd	79,923	2,620	0	77,303	5,000	72,303
Section 106	200	0	0	200	200	0
Total Funding	205,697	50,218	642	156,121	27,696	128,425

Appendix 4

15. Fees and charges

Increased income generation over future years to help meet increasing service cost pressures

- 1.180 This appendix contains the 2024/25 fees and charges proposals for a range of services provided by the Council. The Council regularly reviews and revises its rates for fees and charges so that either all or a proportion of the cost of service provision can be met and built into the Revenue Budget accordingly. In most cases, the recommended increases to fees and charges are in line with the current cost of inflation as based on the Consumer Price Index (CPI). While inflation remains high it is forecast to reduce over the coming years. The CPI rate as of July 2023 is 6.8% and this will be applied to our fees and charges unless otherwise identified. If approved following the consultation exercise, the new rates for fees and charges will be built into the draft Revenue Budget for 2024/25.
- 1.181 It should be noted that if the increases in charges are too high, income levels may drop due to customer resistance and affordability. Usage and uptake of services needs to continue at optimum levels to withstand the pressure of increasing service costs, including administration and contract uplifts where applicable. Failure to achieve sufficient income and thereby reduce subsidy on non-essential services may compromise the Council's ability to fund statutory services and savings may need to be made elsewhere in the budget to mitigate a loss of income.
- 1.182 It should also be considered that services delivered by third party contractors to support Council services are liable to additional increase in costs due to inflation and rising salary levels. It is therefore important to future proof the impact of these potential increased costs on service delivery.
- 1.183 The charges set out are inclusive of value added tax (VAT) at the current rate, where appropriate. Charges are rounded to the nearest 25p if under £50.00 or the nearest £1.00 if £50.00 or over, with the exception of certain car park charges, where these are rounded to the nearest £0.10.
- 1.184 This appendix identifies the majority of the fees and charges in place across the council and the proposed charges for 2024/25, with some exceptions:
- 1.184.1 Fees charged in respect of pre-planning advice, which enable prospective planning applications to engage with the Council, are under review, as officers wish to provide clear advice to the applicant as to the level of service that can be expected for the different activities and size of scheme. Officers are assessing the various inputs required to provide these services, with a view to quantifying the costs of providing these activities. The current fees are noted below, and the proposed fees for 2024/25 and descriptions of services provided may change when the current review is completed. In light of this, this report asks that delegation be given to the Interim Deputy Chief Executive to finalise the fees and charges for 2024/25 in conjunction with the Head of Service and the Cabinet Portfolio Holder for Finance and Governance;
- 1.184.2 The Licensing and General Purposes Committee has delegated authority to set fees and charges for the various activities carried out in respect of environmental services, licensing and community safety. These activities cover such things as hackney carriage and private hire, animal welfare, street trading and mobile homes. Many charges are set by statute and inflationary increases are not always possible, and some fees are set in consultation with licence holders, if required by statute. That said, fees are set to recover the full administrative costs of issuing the licences and costs associated with

ensuring compliance with the conditions attached to licences, but not the costs associated with the enforcement of unlicensed premises and activities. It is also noted that the council is unable to recover more than the costs associated with the activities. It is proposed that the Licensing and General Purposes Committee continue to approve these fees and charges; for this reason, these are not contained in this report.

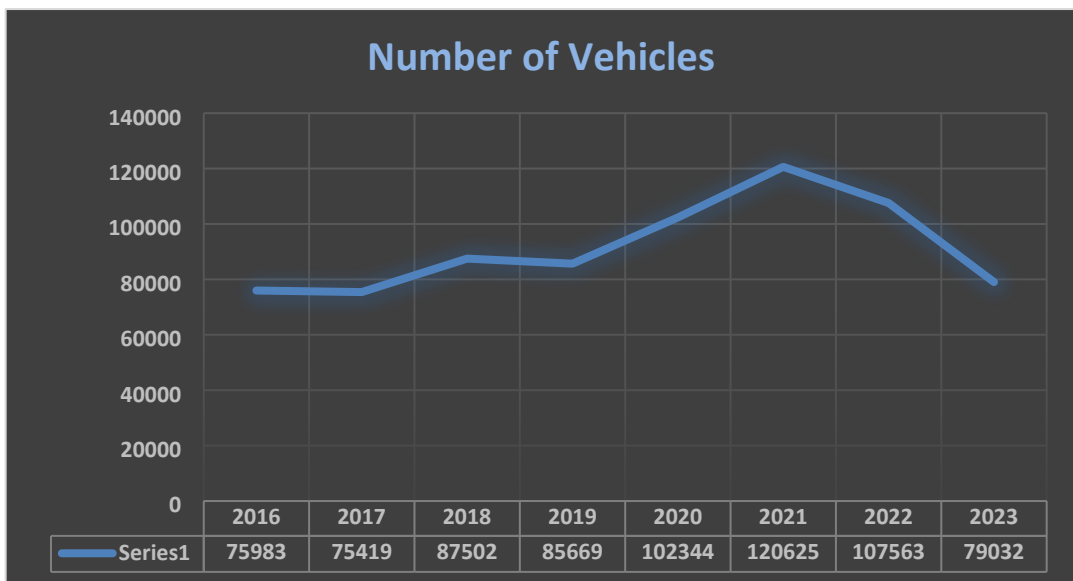
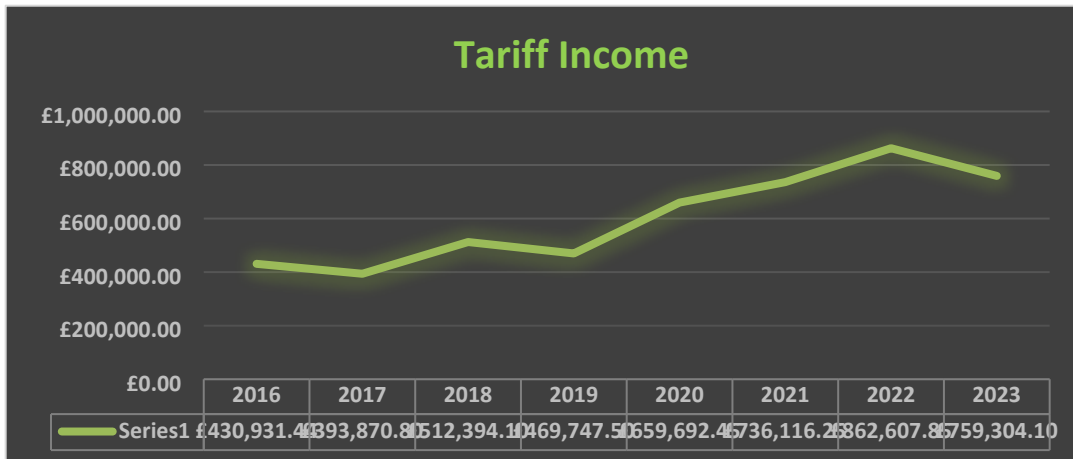
- 1.185 Many charges which the council makes are in the Place and Climate Change Directorate and relate to Neighbourhood Services activities. The tables below outline the proposals for changes to fees and charges and some explanations for change, but the background to certain proposals is explained in more detail below.

Camber Summer Parking Tariffs

- 1.186 During the summer of 2023, parking tariffs at Camber Sands were raised twice from 2022's prices, in April 2023 the hourly tariffs were increased by inflation at 10% and the "all day" rate was increased above inflation by 20% to ensure that it was not cheaper for customers to purchase a lower tariff and then top up during their visit. Charges at Western car park were then raised by a further 10% in June 2023, and a trial flat fee of £30 was introduced at Central and Old Lydd Road car parks. The flat fee parking rate was trialled for a nine-week period (3rd July-1st Sept inclusive). At the end of the trial, tariffs at all three car parks were set at the current Western car park rates. In October the charges for all three car parks will revert to the standard winter tariff which has remained the same since 2015 and will be increased in line with inflation for the 2024-25 winter season. The results and analysis of the £30 daily flat rate trial follow:

- 1.186.1 In July 2023, a trial flat fee of £30 was introduced at Central and Old Lydd Road car parks. The flat fee parking rate was trialled for a nine week period (3rd July-1st Sept inclusive). The below data shows the income from and number of vehicles visiting Camber car parks since 2016. This is followed by an analysis of the consultation conducted with Camber residents and business owners to assess the impact of the trial. The tariff income and number of vehicles for all Camber car parks from 2016-2023 can be seen within the table below. The following tables and graphs provide additional information regarding past years usage and performance across the three car parks.

	Total tariff income	Number of vehicles
2016	£430,931.44	75983
2017	£393,870.80	75419
2018	£512,394.10	87502
2019	£469,747.50	85669
2020	£659,692.45	102344
2021	£736,116.25	120625
2022	£862,607.85	107563
2023	£759,304.10	79032



Central Only

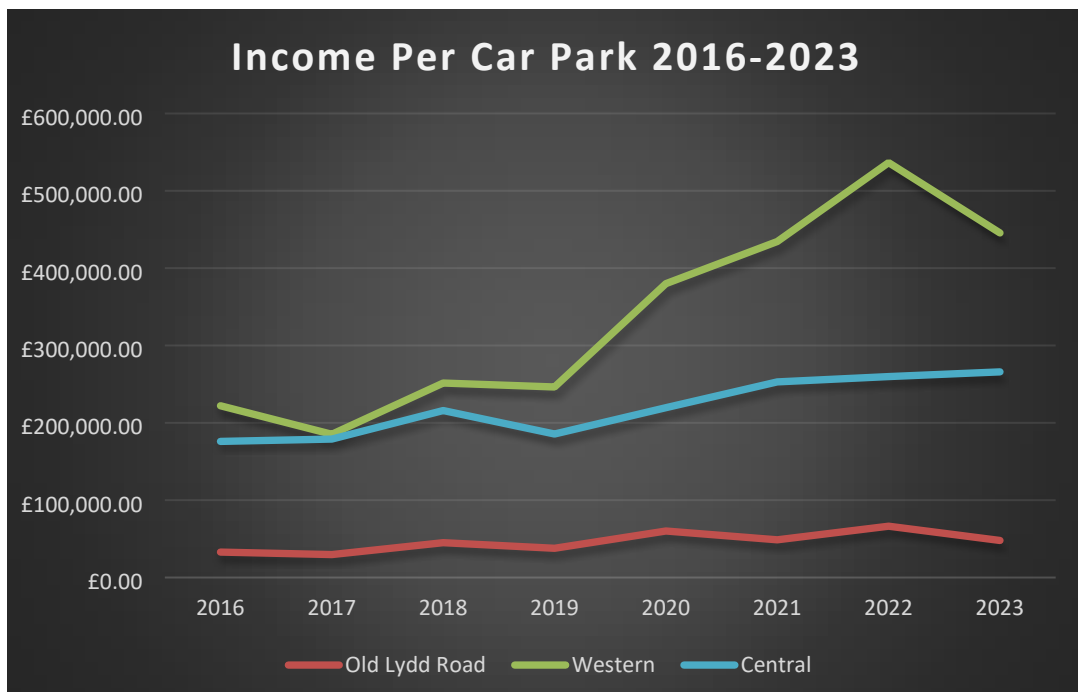
	Total tariff income	Number of vehicles
2016	£175,979.00	36802
2017	£179,001.50	36808
2018	£215,901.70	40487
2019	£185,561.70	36174
2020	£219,595.60	36305
2021	£252,928.70	45023
2022	£259,805.35	36902
2023	£265,887.15	25642

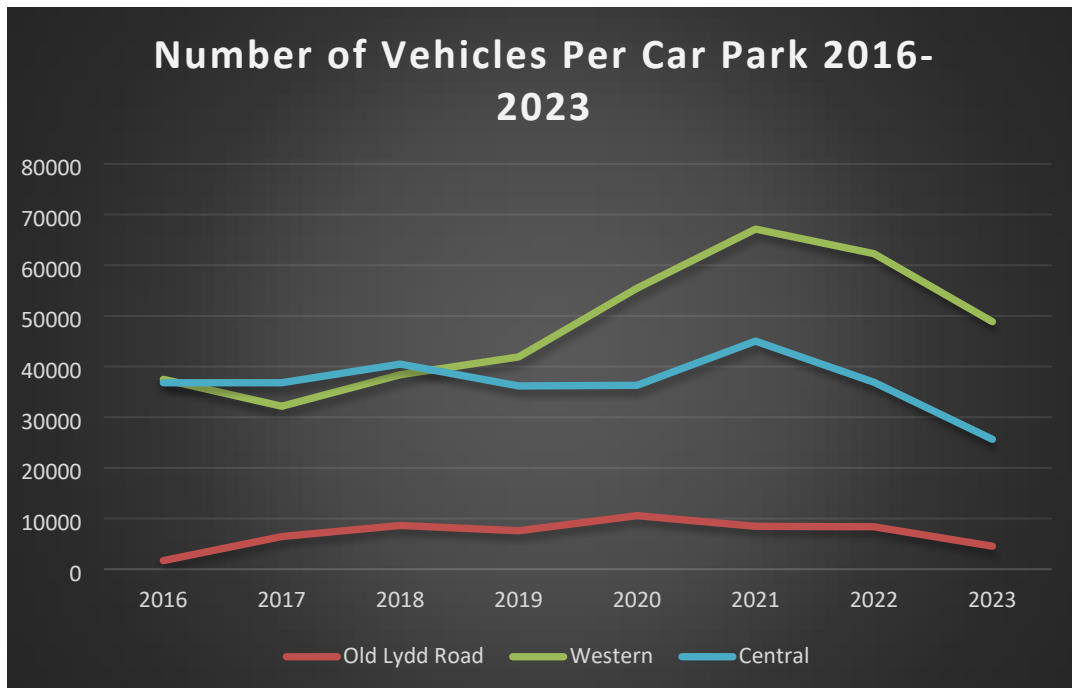
Western Only

	Total tariff income	Number of vehicles
2016	£222,068.70	37485
2017	£185,194.40	32164
2018	£251,449.05	38383
2019	£246,370.30	41905
2020	£379,955.90	55470
2021	£434,429.55	67136
2022	£536,443.90	62283
2023	£445,513.95	48850

Old Lydd Road Only

	Total tariff income	Number of vehicles
2016	£32,883.74	1696
2017	£29,674.90	6447
2018	£45,043.35	8632
2019	£37,815.50	7590
2020	£60,140.95	10569
2021	£48,758.00	8466
2022	£66,358.60	8378
2023	£47,903.00	4540





1.186.2 Analysis indicates that the number of visitors to Camber car parks has dropped since the “staycation” boom of 2021 but is broadly on par with the pre-pandemic numbers.

1.186.3 Income from Camber car parking tariffs has reduced during the summer 2023 season compared to the previous season however Camber is largely impacted by weather conditions and 2023 saw the 6th wettest July on record. This had a direct impact on the number of day-trippers visiting Camber. During the trial period, 27 days were recorded by onsite Coastal staff as wet, overcast, and windy. Coastal Officers forecast each day at Camber as red, amber, or green, assessing likely visitor numbers and resource requirements dependent on weather conditions and Camber did not experience any ‘red’ days during this trial period. There were 8 ‘red’ days during the same period in 2022

Summary of the survey responses regarding the summer changes at Camber car parks

1.186.4 **Objective One** – Respondents were asked if they agree with the objective to reduce the burden on the local taxpayer by ensuring visitors travelling a distance to spend the day at the beach make an appropriate contribution to the ever-increasing cost of running the beach, which includes but is not limited to toilets, car park attendants, coastal officers and beach patrol, litter and waste management.

1.186.5 Businesses did not agree with objective one. There were 10 businesses with a Camber postcode that responded and seven said they did not agree (70%). A further three businesses responded where the respondent did not give a Camber postcode. These businesses answered one did not agree (no) and two did agree (yes). Please note, we don’t have the names of the businesses or any category of business.

1.186.6 A small majority of residents disagreed with objective one. For all residents that responded 53% said no and 47% said yes. 176 residents answered this question. Responses suggests that those that agree with the objective do not necessarily agree with the £30 flat rate charge as a way to achieve that objective.

1.186.7 **Objective Two** – Respondents were asked if they agree with the objective to reduce traffic congestion in the centre of the village by placing signage at the entrance to the village indicating where the nearest all-day or hourly car parks are and signposting when

they become full, we hope to discourage other drivers from entering the village.

1.186.8 The majority of responding Camber businesses did not agree with objective two, with six answering no (60%) and four answering yes. Businesses that responded but did not give a Camber postcode answered with 1 in disagreement and 2 in agreement with the objective.

1.186.9 Residents were evenly split between agreement and disagreement with the objective. There were 176 responses and 49% agreed and 51% disagreed.

Conclusion from the survey on changes at Camber car parks

1.186.10

proposed to reintroduce a range of length of stay options at Camber Central and Old Lydd Road car parks for the summer 2024 season, but to charge lower rates at Western car park to encourage more visitors to use this car park and therefore reduce congestion in the village.

.It is

1.187 On street parking fines issued by East Sussex County Council Civil Enforcement Officers are £70, reduced to £35 if paid within 14 days. If car park charges are set too high, there is an increased risk that visitors will choose on-street parking or illegal parking and risk paying a £35 fine, especially if it means they can park closer to the beach. This may then increase anti-social behaviour requiring council intervention, impact local residents, place an additional burden on RDC staff, and add to health and safety issues through further restricting emergency services access into the village.

1.188 Prior to the 2023 summer season, all Camber car parks had the same tariffs. It is proposed not to repeat the flat fee trial at Camber Central and Old Lydd Road during the 2024 season, however the below tariffs would enable the Council to continue to promote Western car park as the lower priced option and encourage its usage, in order to reduce the number of vehicles driving through the village.

1.189 If we apply an inflationary increase to the 2023 Western tariffs only, we would reduce the difference in rates between Western and Central, making Western a less attractive option. If we were to apply a 6.8% inflationary increase to all Camber car parks against the 2023 rates, it would take the "all day" tariff at Camber Central and Old Lydd Road to £32, only £3 less than the on-street parking fine.

1.190 For 2024-25, the following Camber tariffs are proposed for the summer 2024 season:

Duration	Current summer 2023 charges	Proposed Central and Old Lydd Road summer 2024 charges	Proposed Western summer 2024 charges
Up to 1 hour	£4	£5	£4
1-3 hours	£8	£12	£8
3-6 hours	£16	£24	£16
6+ hours	£20	£30	£20

Car Parking Tariffs (all car parks excluding Camber summer tariffs)

- 1.191 Most car park tariffs have remained the same since 2015. It is recommended that they are increased in line with inflation from that date, which means that tariffs will increase by an average of 27% to 30%, for 2024-25. Permit fees have been increased by a similar amount, except for annual permits, to which an increase of 20% is proposed, to encourage take up.
- 1.192 There are costs associated with changing car parking tariffs, including payment machine reconfiguration, new signage, and communications. It is estimated that these costs will be between £15,000 and £20,000.

Garden Waste Subscriptions

- 1.193 The current number of properties in Rother with garden waste subscriptions is 20,658 properties with a total of 23,010 brown bins. The maximum number of properties we have seen within the Biffa contract (month end) was September 2021 (21,219 properties).

Analysis of Garden Waste Subscriptions

	2023-24	2024-25
Number of properties with a GW subscription	20,658	Estimate 20,000+
Number of GW bins collected fortnightly	23,010	Estimate 20,000+

Multiple bins analysis

Bin qty	no of properties	no of containers	% split
1	18,546	18,546	81
2	1,890	3,780	16
3	211	633	3
4	9	36	0
7	1	7	0
8	1	8	0
Total	20,658	23,010	

Note that, in general, the 1-3 bins are single dwelling properties. The 4,7,8 are communal properties who do not have a managing company onsite doing grounds maintenance

- 1.194 The Joint Waste Partnership office has suggested a predicted inflation rate of 4.5% uplift to the current waste collections, beach and street cleansing contract from 2024/2025, implemented from July 2024. All 2024-25 cost estimates are calculated on this percentage.
- 1.195 At £55 per annum per subscription, Rother District Council currently has the joint lowest charge for garden waste collections within East Sussex alongside Wealden District Council. It is recommended to increase the garden waste subscription to £73 in 2024-25 in line with Hastings Borough Council's charges. It is, however, acknowledged that many properties require more than one garden waste bin, and that the costs to the council for the collection of additional bins is less than for the first bin; consequently, a charge of £60 for additional bins is proposed.

Filming Charges

- 1.196 1066 Film Office (part of HBC) manages filming requests on behalf of RDC. The Film Office manages all enquiries, paperwork, including ensuring that risk assessments and public liability insurance are in place, granting licenses, and collecting payments from those carrying out still photography and filming on RDC land.
- 1.197 RDC is responsible for giving permission for filming to take place, checking documentation where required and any on site liaison with the film companies. 1066 Film Office take 10% of the revenue to cover their costs and RDC receives the remaining 90% up to £30,000 revenue and thereafter Hastings Borough Council receive 25% of the revenue. As such, Rother District Council would not be able to apply an inflationary increase to filming charges as part of this report, however the Council will liaise with Hastings Borough Council as part of their budget setting for filming.

Special Events

- 1.198 It is recommended that special events fees and charges have an inflationary increase of 6.8% applied in 2024-25 except for damage deposits. Many event organisers have been unable to pay damage deposits (currently set between £382 and £1,267 depending on the size of the event) as the organisers do not have the necessary cash flow. These damage deposits have therefore been waived for most events during recent years. It is therefore proposed to introduce new, lower damage deposits in 2024-25. The deposits will be returned to event organisers, if there is no damage, or used to offset the cost of rectifying any damages.
- 1.199 There have been no incidences of major damage to Council land in recent years following events. There have been minor issues on occasion, including turf damage and insufficient waste/litter management.
- 1.200 In view of the above, it is proposed that a refundable damage deposit of £50 for small events, £150 for medium events, and £250 for large events be required from event organisers. Whilst it is recognised that these charges are minimal, we wish them to be realistic and affordable and to focus event organisers on ensuring that damage is avoided. It is further recommended that event organisers should be advised that, if a damage deposit does not cover the level of damage, the event organiser will be asked to cover any outstanding costs.

		2023/24			2024/25			Commentary on proposed charges for 2024/25	Proposed Increase/ (Decrease)
		Charge	VAT	Total Charge	Charge	VAT	Total Charge		
		£	£	£			£	%	
Neighbourhood Services									
(D Keneally)									
Sports									
Football pitch	Adult (over 18)	93.50	0.00	93.50	100.00	0.00	100.00		7.00%
	Youth (12-18)	20.25	0.00	20.25	21.75	0.00	21.75		7.40%
	Under 12s	16.00	0.00	16.00	17.00	0.00	17.00		6.30%
Cricket pitch	Adult (over 18)	90.00	0.00	90.00	96.00	0.00	96.00		6.70%
	Colts	19.75	0.00	19.75	21.00	0.00	21.00		6.30%
Stoolball Pitch	Casual games	31.25	0.00	31.25	33.25	0.00	33.25		6.40%
	Additional charges								
	- Showers	32.5	0.00	32.50	34.75	0.00	34.75		6.90%
	- Closed Gate	55.00	0.00	55.00	59.00	0.00	59.00		7.30%
	- Cancellation	26.50	0.00	26.50	28.25	0.00	28.25		6.60%
Tennis (Egerton Park)	All courts (April to September)								
	Member of the public	1.75	0.00	1.75	1.75	0.00	1.75		0.00%
	Coach	2.25	0.00	2.25	2.50	0.00	2.50		11.10%
	Bexhill Tennis Club - additional courts	1.75	0.00	1.75	1.75	0.00	1.75		0.00%
	All courts (October to March)								
	Member of the public	0.75	0.00	0.75	0.75	0.00	0.75		0.00%
	Coach	1.00	0.00	1.00	1.00	0.00	1.00		0.00%
	Bexhill Tennis Club - additional courts	0.75	0.00	0.75	0.80	0.00	0.80		6.70%
	Coaches:								
	- Annual one-off administration fee	45.83	9.17	55.00	49.17	9.83	59.00		7.30%
Sports, fitness and activities sessions	Commercial sessions (hourly charge):								
	- Per session (up to 1 hour per day)	11.00	0.00	11.00	11.75	0.00	11.75		6.80%
	- Per session (more than 1 hour per day)	22.00	0.00	22.00	23.50	0.00	23.50		6.80%
	- Annual one-off administration fee	45.83	9.17	55.00	49.17	9.83	59.00		7.30%
	Charitable sessions (hourly charge):								
	- Per session (up to 1 hour per day)	3.25	0.00	3.25	3.50	0.00	3.50		7.70%
	- Per session (more than 1 hour per day)	5.50	0.00	5.50	5.75	0.00	5.75		4.50%
	- Annual one-off administration fee	9.17	1.83	11.00	9.79	1.96	11.75		6.80%

Adjusted (to nearest £0.25 if under £50, to nearest £1.00 if over £50) (Except car parking tariffs, which are to the nearest £0.10)

		2023/24			2024/25			Commentary on proposed charges for 2024/25	Proposed Increase/ (Decrease)
		Charge	VAT	Total Charge	Charge	VAT	Total Charge	Adjusted (to nearest £0.25 if under £50, to nearest £1.00 if over £50) (Except car parking tariffs, which are to the nearest £0.10)	%
		£	£	£			£		%
Neighbourhood Services									
(D Keneally)									
Parks and Seafront									
Events and Fairs	Commercial event - Small	111.67	22.33	134.00	119.17	23.83	143.00		6.70%
	Commercial event - Medium	332.5	66.50	399.00	355.00	71.00	426.00		6.80%
	Commercial event - Large (per day, 1-4 days)	623.33	124.67	748.00	665.83	133.17	799.00		6.80%
	Commercial event - Large (per day, more than 4 days)	479.17	95.83	575.00	511.67	102.33	614.00		6.80%
	Charitable/Not for Profit event - Small	59.58	11.92	71.50	63.33	12.67	76.00		6.30%
	Charitable/Not for Profit event - Medium	185.00	37.00	222.00	197.50	39.50	237.00		6.80%
	Charitable/Not for Profit - Large (per day, 1-4 days)	341.67	68.33	410.00	365.00	73.00	438.00		6.80%
	Charitable/Not for Profit - Large (per day, more than 4 days)	272.50	54.50	327.00	290.83	58.17	349.00		6.70%
	Damage deposits - Small events	318.33	63.67	382.00	41.67	8.33	50.00	Event organisers are often unable to provide deposits. Most	-86.90%
	Damage deposits - Medium events	528.33	105.67	634.00	125.00	25.00	150.00	damage deposits are unused, or with a limited sum retained. See	-76.30%
	Damage deposits - Large events	1055.83	211.17	1267.00	208.33	41.67	250.00	commentary from the Head of Neighbourhood Services	-80.30%

Grounds works (Bexhill cemetery)	Lawn sections - twice yearly planting with bedding plants	151.67	30.33	182.00	161.67	32.33	194.00		6.60%
	Lawn sections - for exclusive burial rights	2023.33	404.67	2428.00	2160.83	432.17	2593.00		6.80%
	Traditional sections - turfing of a grave space	206.00	0.00	206.00	220.00	0.00	220.00		6.80%
	Traditional sections - maintenance with twice yearly planting	544.00	0.00	544.00	581.00	0.00	581.00		6.80%
Memorials	Permission to erect a memorial (cemeteries only)	118.33	23.67	142.00	126.67	25.33	152.00		7.00%
	Permission to insert and additional inscription (cemeteries only)	47.50	9.50	57.00	50.83	10.17	61.00		7.00%
Commemorative Benches and Trees	Commemorative benches - 10-year scheme, including installation, plaque and 10-year maintenance	815.00	0.00	815.00	870.00	0.00	870.00		6.70%
	Cost of bench - current cost plus 5%								
	Replacement/Additional plaque (not including inscription)	0.00	0.00	0.00	0.00	0.00	0.00		0.00%
	Replacement/Additional plaque, including inscription (maximum four lines of text)	184.00	0.00	184.00	197.00	0.00	197.00		7.10%
	Commemorative trees - planting (including ground preparation, soil nourishment, stabilisation and protection of the sapling. Cost price plus 5% charge (excluding tree)	262.00	0.00	262.00	280.00	0.00	280.00		6.90%
	Cost of tree - current cost plus 5%								
	Commemorative trees - plaque (including four lines of inscription)	75.00	0.00	75.00	80.00	0.00	80.00		6.70%
	Commemorative trees - plaque installation and mount	220.00	0.00	220.00	235.00	0.00	235.00		6.80%
	Commemorative trees - additional line of engraving on plaque	8.50	0.00	8.50	9.00	0.00	9.00		5.90%
Book of Remembrance	Inscriptions (up to five lines)	251.25	50.25	301.50	268.33	53.67	322.00		6.80%
	Standard embellishments (extra)	381.67	76.33	458.00	407.50	81.50	489.00		6.80%

		2023/24			2024/25			Commentary on proposed charges for 2024/25	Proposed Increase/ (Decrease)
		Charge	VAT	Total Charge	Charge	VAT	Total Charge	Adjusted (to nearest £0.25 if under £50, to nearest £1.00 if over £50) (Except car parking tariffs, which are to the nearest £0.10)	%
		£	£	£			£		%
Neighbourhood Services									
(D Keneally)									
Beach and Coastal Management									
Beach Huts	Site licences - East/West Parade	541.67	108.33	650.00	578.33	115.67	694.00		6.80%
	Site licences - Glyne Gap	541.67	108.33	650.00	578.33	115.67	694.00		6.80%
	Site licences - Tents (seasonal, six months only)	373.33	74.67	448.00	398.33	79.67	478.00		6.70%
	Site transfer fee (£2,000 or 10% of sale price, whichever is higher)	2000.00	400.00	2400.00	2135.83	427.17	2563.00		6.80%
Foreshore licences	One boat site	70.83	14.17	85.00	75.83	15.17	91.00		7.10%
	Winches	41.67	8.33	50.00	44.17	8.83	53.00		6.00%
	Equipment box	41.67	8.33	50.00	44.17	8.83	53.00		6.00%
	Sailing/Angling boat site	46.67	9.33	56.00	50.00	10.00	60.00		7.10%
	Commercial fishing boat site	350.83	70.17	421.00	375.00	75.00	450.00		6.90%

		2023/24			2024/25			Commentary on proposed charges for 2024/25	Proposed Increase/ (Decrease)
		Charge	VAT	Total Charge	Charge	VAT	Total Charge		
		£	£	£			£	%	
Neighbourhood Services									
(D Keneally)									
Contracts									
Car Park Permits	Nominated Permit - One car - single, named car park (locations: De La Warr, Eversley Road, Galley Hill Top/Bottom, War Mamorial, Egerton Park, Manor Barn and Gardens, Mount Street, Bedford Place, Lucknow Place - per annum	416.67	83.33	500.00	500.00	100.00	600.00		20.00%
	Nominated Permit - One car - single, named car park - 6 months (182 days)	291.67	58.33	350.00	370.83	74.17	445.00		27.10%
	Nominated Permit - One car - single, named car park - 3 months (90 days)	166.67	33.33	200.00	211.67	42.33	254.00		27.00%
	Nominated Permit - One car - single, named car park - 1 Calendar month	62.50	12.50	75.00	79.17	15.83	95.00		26.70%
	Nominated Permit - One car - single, named car park - 1 week	16.67	3.33	20.00	21.25	4.25	25.50		27.50%
	Long stay permit - Wainwright Road, Lower Market, Gibbets Marsh, Little Common - per annum	291.67	58.33	350.00	370.83	74.17	445.00		27.10%
	Long stay permit - Wainwright Road, Lower Market, Gibbets Marsh, Little Common - 6 months	166.67	33.33	200.00	211.67	42.33	254.00		27.00%
	Long stay permit - Wainwright Road, Lower Market, Gibbets Marsh, Little Common - 3 months (90 days)	83.33	16.67	100.00	105.83	21.17	127.00		27.00%
	Long stay permit - Wainwright Road/Gibbets Marsh - 1 month	33.33	6.67	40.00	42.50	8.50	51.00		27.50%
	Long stay permit - Lower Market - 1 month	41.67	8.33	50.00	53.33	10.67	64.00		28.00%
	Long stay permit - Wainwright Road/Gibbets Marsh - 1 week	8.33	1.67	10.00	10.63	2.13	12.75		27.50%
	Long stay permit - Lower Market - 1 week	12.50	2.50	15.00	15.83	3.17	19.00		26.70%
	Annual Permit - Western Road, Bexhill	691.67	138.33	830.00	830.00	166.00	996.00		20.00%
	Annual - per car - The Strand, Rye	632.5	126.50	759.00	759.17	151.83	911.00		20.00%
	Annual - per car - Gun Gardens, Rye	1053.33	210.67	1264.00	1264.17	252.83	1517.00		20.00%
	Annual - per car - Camber Central, Rye	541.67	108.33	650.00	650.00	130.00	780.00		20.00%
	Concessionary Permit (eligibility criteria apply)	16.67	3.33	20.00	17.50	3.50	21.00		5.00%

		2023/24			2024/25			Commentary on proposed charges for 2024/25	Proposed Increase/ (Decrease)
		Charge	VAT	Total Charge	Charge	VAT	Total Charge	Adjusted (to nearest £0.25 if under £50, to nearest £1.00 if over £50) (Except car parking tariffs, which are to the nearest £0.10)	%
		£	£	£	£	£	£		
Car parking tariffs	Camber Summer Tariffs - Central and Old Lydd Road (1 April to 30 September):							Other tariffs and pay and display charges - see www.rother.gov.uk/carparks	
	- Up to 1 hour	3.33	0.67	4.00	5.00	1.00	6.00	See separate appendix on Camber Sands	50.00%
	- 1 to 3 hours	6.67	1.33	8.00	10.00	2.00	12.00		50.00%
	- 3 to 6 hours	13.33	2.67	16.00	20.00	4.00	24.00		50.00%
	- Over 6 hours	16.67	3.33	20.00	25.00	5.00	30.00		50.00%
	Camber Summer Tariffs - Western (1 April to 30 September):								
	- Up to 1 hour	3.33	0.67	4.00	3.33	0.67	4.00		0.00%
	- 1 to 3 hours	6.67	1.33	8.00	6.67	1.33	8.00		0.00%
	- 3 to 6 hours	13.33	2.67	16.00	13.33	2.67	16.00		0.00%
	- Over 6 hours	16.67	3.33	20.00	16.67	3.33	20.00		0.00%
	Mount Street (Battle), Egerton Park, Eversley Road, Galley Hill (Top and bottom), Manor Gardens, Town Hall (Front, weekends and bank holidays only), War Memorial (all Bexhill), Bedford Place and Luknow Place (all Rye)								
	- Up to 1 hour	0.83	0.17	1.00	1.08	0.22	1.30		30.00%
	- 1 to 2 hours	1.67	0.33	2.00	2.17	0.43	2.60		29.70%
	- 2 to 4 hours	3.33	0.67	4.00	4.25	0.85	5.10		27.60%
	- Over 4 hours	4.17	0.83	5.00	5.33	1.07	6.40		27.90%
	Upper Market (Short Stay) (Battle)								
	- Up to 1 hour	0.83	0.17	1.00	1.08	0.22	1.30		30.00%
	- 1 to 2 hours	1.67	0.33	2.00	2.17	0.43	2.60		30.00%
	- 2 to 4 hours	3.75	0.75	4.50	4.75	0.95	5.70		26.70%
	Lower Market (Long Stay) (Battle)								
	- All day	2.50	0.50	3.00	3.17	0.63	3.80		26.60%
	De La Warr Pavilion (Bexhill)								
	- Up to 1 hour	1.25	0.25	1.50	1.58	0.32	1.90		26.70%
	- 1 to 2 hours	2.08	0.42	2.50	2.67	0.53	3.20		28.00%
	- 2 to 3 hours	2.50	0.50	3.00	3.17	0.63	3.80		26.60%
	- 3 to 5 hours	3.75	0.75	4.50	4.75	0.95	5.70		26.70%
	- Over 5 hours	4.17	0.83	5.00	5.33	1.07	6.40		28.00%
	Little Common (Bexhill)								
	- Up to 4 hours	0.83	0.17	1.00	1.08	0.22	1.30		30.00%
	- Over 4 hours	1.67	0.33	2.00	2.17	0.43	2.60		30.00%

		2023/24			2024/25			Commentary on proposed charges for 2024/25 Adjusted (to nearest £0.25 if under £50, to nearest £1.00 if over £50) (Except car parking tariffs, which are to the nearest £0.10)	Proposed Increase/ (Decrease) %
		Charge	VAT	Total Charge	Charge	VAT	Total Charge		
		£	£	£	£	£	£		
	Cinque Ports and The Strand (Rye)								
	- Up to 1 hour	0.83	0.17	1.00	1.08	0.22	1.30	30.00%	
	- 1 to 2 hours	1.67	0.33	2.00	2.17	0.43	2.60	30.00%	
	- 2 to 4 hours	3.75	0.75	4.50	4.75	0.95	5.70	26.70%	
	- Over 4 hours	5.83	1.17	7.00	7.42	1.48	8.90	27.20%	
	Gibbet Marsh (Rye), Wainwright Road (Bexhill)								
	- All day	1.67	0.33	2.00	2.17	0.43	2.60	30.00%	
	Rye Sports Centre Car Park (Rye)								
	- Up to 1 hour	2.08	0.42	2.50	2.67	0.53	3.20	28.00%	
	- 1 to 2 hours	2.92	0.58	3.50	3.75	0.75	4.50	28.60%	
	- 2 to 4 hours	5.83	1.17	7.00	7.42	1.48	8.90	27.10%	
	- Over 4 hours	8.33	1.67	10.00	10.58	2.12	12.70	27.00%	
	Camber Central, Old Lydd Road and Western (Winter: 1 October to 31 March):								
	- Up to 1 hour	0.83	0.17	1.00	1.08	0.22	1.30	30.00%	
	- 1 to 3 hours	2.50	0.50	3.00	3.17	0.63	3.80	26.70%	
	- 3 to 6 hours	4.17	0.83	5.00	5.33	1.07	6.40	28.00%	
	- Over 6 hours	5.00	1.00	6.00	6.42	1.28	7.70	28.30%	
	Western (Rye) - Coaches								
	- Per hour	2.92	0.58	3.50	3.75	0.75	4.50	28.60%	

		2023/24			2024/25			Commentary on proposed charges for 2024/25	Proposed Increase/ (Decrease)
		Charge	VAT	Total Charge	Charge	VAT	Total Charge		
		£	£	£			£	%	
Neighbourhood Services (D Keneally)									
Beach and Coastal Management									
Filming - Still photography	All locations (except Camber Sands):						TBC	Filming charges are set by Hastings BC, who run the service on behalf of both councils (as the 1066 Film Office). The council will liaise with Hastings BC as part of their budget setting for filming. See separate report from the Head of Neighbourhood Services	
	- Student - per 12 hour day	50.00	10.00	60.00					
	- Small scale (unbranded editorial or small private/start up production company/photographer) - per 12 hour day	550.00	110.00	660.00					
	- Small scale (unbranded editorial or small private/start up production company/photographer) - per half day	325.00	65.00	390.00					
	- Medium scale (nationally known newspapers/magazines, mid-famous brands TV programmes and documentaries - per 12 hour day	850.00	170.00	1020.00					
	- Medium scale (nationally known newspapers/magazines, mid-famous brands TV programmes and documentaries - per half day	425.00	85.00	510.00					
	commercial for large famous brand) - per 12 hour day (Range between £1500 and £2500	2500.00	500.00	3000.00					
	- Large scale (major feature film, commercial for large famous brand) - as above, per half day	1250.00	250.00	1500.00					
	Camber Sands:								
	- Student - per 12 hour day	50.00	10.00	60.00					
	- Small scale (unbranded editorial or small private/start up production company/photographer) - per 12 hour day	600.00	120.00	720.00					
	- Small scale (unbranded editorial or small private/start up production company/photographer) - per half day	425.00	85.00	510.00					
	- Medium scale (nationally known newspapers/magazines, mid-famous brands TV programmes and documentaries - per 12 hour day	1000.00	200.00	1200.00					
	- Medium scale (nationally known newspapers/magazines, mid-famous brands TV programmes and documentaries - per half day	500.00	100.00	600.00					
	- Large scale (major feature film, commercial for large famous brand) - per day	3000.00	600.00	3600.00					
	- Large scale (major feature film, commercial for large famous brand) - as above, per half day	1500.00	300.00	1800.00					

		2023/24			2024/25			Commentary on proposed charges for 2024/25	Proposed Increase/ (Decrease) %
		Charge £	VAT £	Total Charge £	Charge	VAT	Total Charge £	Adjusted (to nearest £0.25 if under £50, to nearest £1.00 if over £50) (Except car parking tariffs, which are to the nearest £0.10)	
Live filming or video	All locations (except Camber Sands):						TBC	Filming charges are set by Hastings BC, who run the service on behalf of both councils (as the 1066 Film Office). The council will liaise with Hastings BC as part of their budget setting for filming. See separate report from the Head of Neighbourhood Services	
	- Student - per 12 hour day	50.00	10.00	60.00					
	- Small scale (unbranded editorial or small private/start up production company/photographer - per 12 hour day (Range £650-850 plus VAT; additional hours charged extra)	850.00	170.00	1020.00					
	- Small scale (unbranded editorial or small private/start up production company/photographer - per half day	325.00	65.00	390.00					
	- Medium scale (nationally known newspapers/magazines, mid-famous brands TV programmes and documentaries - per 12 hour day (Range £1000-£1700 plus VAT; additional hours charged extra)	1700.00	340.00	2040.00					
	- Medium scale (nationally known newspapers/magazines, mid-famous brands TV programmes and documentaries - per half day	500.00	100.00	600.00					
	- Large scale (major feature film, commercial for large famous brand) - per 12 hour day (Range £2000 to £5000 plus VAT; additional hours charged extra)	5000.00	1000.00	6000.00					
	- Large scale (major feature film, commercial for large famous brand) - as above, per half day	2500.00	500.00	3000.00					
	Camber Sands:								
	- Student - per 12 hour day	50.00	10.00	60.00					
	- Small scale (unbranded editorial or small private/start up production company/photographer - per 12 hour day	850.00	170.00	1020.00					
	- Small scale (unbranded editorial or small private/start up production company/photographer - per half day	425.00	85.00	510.00					
	- Medium scale (nationally known newspapers/magazines, mid-famous brands TV programmes and documentaries - per 12 hour day	1500.00	300.00	1800.00					
	- Medium scale (nationally known newspapers/magazines, mid-famous brands TV programmes and documentaries - per half day	850.00	170.00	1020.00					
	- Large scale (major feature film, commercial for large famous brand) - per 12 hour day (Range £3000 to £5000 plus VAT; additional hours charged extra)	5000.00	1000.00	6000.00					
	- Large scale (major feature film, commercial for large famous brand) - as above, per half day	2500.00	500.00	3000.00					

		2023/24			2024/25			Commentary on proposed charges for 2024/25	Proposed Increase/ (Decrease)
		Charge	VAT	Total Charge	Charge	VAT	Total Charge	Adjusted (to nearest £0.25 if under £50, to nearest £1.00 if over £50) (Except car parking tariffs, which are to the nearest £0.10)	%
		£	£	£			£		
Neighbourhood Services									
(D Keneally)									
Waste Charges									
Bulky waste	Up to 3 items	40.00	0.00	40.00	42.75	0.00	42.75		6.90%
	4-6 items	79.00	0.00	79.00	84.00	0.00	84.00		6.30%
	7-9 items	118.00	0.00	118.00	126.00	0.00	126.00		6.80%
	Additional items, per 3 items	40.00	0.00	40.00	42.75	0.00	42.75		6.90%
Garden waste	Annual charge (per container)	55.00	0.00	55.00	73.00	0.00	73.00	To bring this in line with neighbouring councils. See separate report from the Head of Neighbourhood Services	32.70%
	Annual charge (second bin)	55.00	0.00	55.00	60.00	0.00	60.00	To offer a discount for additional green waste bins to households who require more than one.	9.10%

		2023/24			2024/25			Commentary on proposed charges for 2024/25	Proposed Increase/ (Decrease)
		Charge	VAT	Total Charge	Charge	VAT	Total Charge		
		£	£	£			£	%	
Environmental Services, Licensing and Community Safety									
(R Parker-Harding)									
Food Safety									
Food Hygiene Rating Scheme (FHRS)	First request for an inspection for FHRS scoring within three months of a planned inspection	146.67	29.33	176.00	156.67	31.33	188.00		6.80%
	Futher request for an inspection for FHRS scoring within three months of a planned inspection	195.00	39.00	234.00	208.33	41.67	250.00		6.80%
	First request for an inspection for FHRS scoring after three months of a planned inspection			no charge				No charge is made for this service	0.00%
	Further request for an inspection for FHRS scoring after three months of a planned inspection	195.00	39.00	234.00	208.33	41.67	250.00		6.80%
	Replacement FHRS sticker	24.17	4.83	29.00	25.83	5.17	31.00		6.90%
Health certificates (for food exported)	Export health certificates for fish and molluscs (including inspection):								
	- first hour (minimum charge)	100.00	20.00	120.00	106.67	21.33	128.00		6.70%
	- subsequent hours (or part thereof)	83.33	16.67	100.00	89.17	17.83	107.00		7.00%
Health certificates (for other food exported)	First certificate issued	68.33	13.67	82.00	73.33	14.67	88.00		7.30%
	Subsequent certificates issued on the same working day (same batch)	16.67	3.33	20.00	17.71	3.54	21.25		6.20%
Administration	(Including withdrawn applications, photocopying and scanning)	25.00	5.00	30.00	26.67	5.33	32.00		6.70%
HMO Licences (5 years)	Initial (first) application fee	766.67	153.33	920.00	819.17	163.83	983.00		6.80%
	Initial issuing fee	41.67	8.33	50.00	44.17	8.83	53.00		6.00%
	Combined fee (if paid at same time)	791.67	158.33	950.00	845.83	169.17	1015.00		6.80%
	Additional fee if premises inspected and found not to be licensed	250.00	50.00	300.00	266.67	53.33	320.00		6.70%
	Renewal application fee	541.67	108.33	650.00	578.33	115.67	694.00		6.80%
	Renewal issuing fee	41.67	8.33	50.00	44.17	8.83	53.00		6.00%
	Renewal combined fee (if paid at the same time)	566.67	113.33	680.00	605.00	121.00	726.00		6.80%

Caravan Sites (Mobile Homes)	Annual fee - 2-5 units on site	0.00	0.00	0.00				no fee charged	0.00%
	Annual fee - 6-24 units on site	154.17	30.83	185.00	165.00	33.00	198.00		7.00%
	Annual fee - 25-99 units on site	179.17	35.83	215.00	191.67	38.33	230.00	Plus £0.50 per unit for registration of fit and proper person	7.00%
	Annual fee - 100+ units on site	237.50	47.50	285.00	253.33	50.67	304.00	Plus £0.50 per unit for registration of fit and proper person	6.70%
	Annual fee - Single unit and family sites	0.00	0.00	0.00				no fee charged	0.00%
	Initial application to be registered as fit and proper person	75.00	15.00	90.00	80.00	16.00	96.00		6.70%
Appointed manager fee	83.33	16.67	100.00	89.17	17.83	107.00		7.00%	
Scrap metal dealer licence (3 years)	New application	416.67	83.33	500.00	445.00	89.00	534.00		6.80%
	Renewal	333.33	66.67	400.00	355.83	71.17	427.00		6.80%
	Variation	58.33	11.67	70.00	62.50	12.50	75.00		7.10%
Other fees	Serving of Housing Act Notice	325.00	65.00	390.00	347.50	69.50	417.00		6.90%
	Temporary Road Closure (excluding Remembrance Day and additional bank holiday weekends associated with Royal events)	91.67	18.33	110.00	97.50	19.50	117.00		6.40%
	Environmental information request	87.50	17.50	105.00	93.33	18.67	112.00		6.70%
	Pavement licences	166.67	33.33	200.00	178.33	35.67	214.00		7.00%
	Administration fee if an application withdrawn (minimum)	83.33	16.67	100.00	89.17	17.83	107.00		7.00%

		2023/24			2024/25			Commentary on proposed charges for 2024/25	Proposed Increase/ (Decrease)
		Charge	VAT	Total Charge	Charge	VAT	Total Charge		
		£	£	£			£		%
Digital and Customer Services									
(M Adams)									
Customer Services									
Other fees	Proof of life verification for foreign pensions	20.83	4.17	25.00	20.83	4.17	25.00	With a limited number of requests (c 100 per annum) and evidence that the charge is higher than many other authorities, it is proposed that the charge remains unchanged at £25 in 2024/25.	0.00%

		2023/24			2024/25			Commentary on proposed charges for 2024/25	Proposed Increase/ (Decrease)
		Charge	VAT	Total Charge	Charge	VAT	Total Charge		
		£	£	£			£	%	
Planning Service									
(K Erifevieme)									
Development Management									
Planning Fees								Planning fees are set and reviewed annually by the Government. Current fees applicable can be accessed via the link below. A Guide to the Fees for Planning Applications in England (planningportal.co.uk)	
Community Infrastructure Levy (CIL)								The Adopted CIL Charging Schedule came into effect on 14 April 2016 and is indexed on 1 January each year according to the Royal Institution of Chartered Surveyors (RICS) CIL index. The indexation for 1 January 2024 will be published on or around 1 November 2023.	
	Residential - Zone 1 Battle, Rural north and west	258.18	0.00	258.18					
	Residential - Zone 1 Sheltered/Retirement homes (C3)	180.73	0.00	180.73					
	Residential - Zone 2 Rye, Hastings fringes and rural east	174.27	0.00	174.27					
	Residential - Zone 3 a) Bexhill - Urban	64.55	0.00	64.55					
	Residential - Zone 3 b) Bexhill - Rural	219.45	0.00	219.45					
	Residential - Zone 3 c) Bexhill - Strategic urban extensions	96.82	0.00	96.82					
	Extra care housing (throughout district)	32.27	0.00	32.27					
	Retail - in centre convenience	129.09	0.00	129.09					
	Retail - out of centre convenience	154.91	0.00	154.91					
	Retail - out of centre comparison	322.73	0.00	322.73					
	All other forms of development	0	0.00	0.00					

		2023/24			2024/25			Commentary on proposed charges for 2024/25	Proposed Increase/ (Decrease)
		Charge	VAT	Total Charge	Charge	VAT	Total Charge		
		£	£	£			£	%	
Planning Service (K Erifevieme)									
Land Charges									
Search fees (most frequently requested)	Full search - Forms LLC1 and CON29	125.67	25.13	150.80	154.17	30.83	185.00	Planning fees have not been regularly updated to reflect changes in the CPI since the early 2010's and have fallen behind the stated objective of recovering the costs of the associated activities. Consequently, CPI inflation increases of 24.4% are proposed in respect of local land charges (LLC1) and 22.3% in respect of CON29R and CON290 search enquiry charges. It should be noted that these increases take account of any one-off increases during the period when charges were not regularly reviewed, to avoid double-counting.	22.70%
	Form LLC1 only	24.20	0.00	24.20	30.00	0.00	30.00		24.00%
	Form CON29R only	105.50	21.10	126.60	129.17	25.83	155.00		22.40%
	Each optional enquiry in Form CON 290	25.50	5.10	30.60	31.25	6.25	37.50		22.50%
	Each additional enquiry	19.80	3.96	23.76	24.17	4.83	29.00		22.10%
	Each additional parcel of land - LLC1 and CON 29R	12.28	1.54	13.82	14.17	2.83	17.00		23.00%
	Each additional parcel of land - LLC1 only	4.58	0.00	4.58	5.75	0.00	5.75		25.50%
	Each additional parcel of land - CON 29R only	7.70	1.54	9.24	9.38	1.88	11.25		21.80%
Search fees -other	Inspection of documents filed under Rule 10 in respect of each parcel of land							price on application	
	Official search in any one part of the register	4.58	0.92	5.50	5.63	1.13	6.75	22.70%	
	Fees in respect of each additional parcel of land included in the same requisition	4.58	0.92	5.50	5.63	1.13	6.75	22.70%	
	Personal search of the whole or any part of the Register	0.00	0.00	0.00				no charge for this service	0.00%
	Official search of the Local Land Charges Register (including issue of an official certificate of search) in respect of one parcel of land in the whole of the Register	24.20	0.00	24.20	30.00	0.00	30.00	24.00%	
	Each additional enquiry	25.50	5.10	30.60	31.67	6.33	38.00	24.20%	

		2023/24			2024/25			Commentary on proposed charges for 2024/25	Proposed Increase/ (Decrease)
		Charge	VAT	Total Charge	Charge	VAT	Total Charge	Adjusted (to nearest £0.25 if under £50, to nearest £1.00 if over £50) (Except car parking tariffs, which are to the nearest £0.10)	%
		£	£	£			£		%
Planning Service									
(K Erifevieme)									
Land Charges									
Search fees - individual CON 29R enquiries									
	1.1 (a-i) Planning History	0.00	0.00	0.00				no charge for this service	0.00%
	1.1 (j-l) Building regulations	7.70	1.54	9.24	9.38	1.88	11.25		21.80%
	1.2 Planning designations and proposals	3.30	0.66	3.96	3.96	0.79	4.75		19.90%
	3.1 Land required for public purposes	2.00	0.40	2.40	2.50	0.50	3.00		25.00%
	3.5 (a,b) Nearby railway schemes	3.30	0.66	3.96	3.96	0.79	4.75		19.90%
	3.7 Outstanding notices	16.50	3.30	19.80	20.21	4.04	24.25		22.50%
	3.8 Contravention of building regulations	6.60	1.32	7.92	8.13	1.63	9.75		23.10%
	3.9 Notices, orders, directions and proceedings under planning acts	6.60	1.32	7.92	8.13	1.63	9.75		23.10%
	3.10 Community Infrastructure Levy (CIL)	13.20	2.64	15.84	16.04	3.21	19.25		21.50%
	3.11 (a,b) Conservation area	3.00	0.60	3.60	3.75	0.75	4.50		25.00%
	3.12 Compulsory purchase	6.00	1.20	7.20	7.29	1.46	8.75		21.50%
	3.13 (a,b,c) Contaminated land	3.30	0.66	3.96	3.96	0.79	4.75		19.90%
	3.14 Radon gas	3.30	0.66	3.96	3.96	0.79	4.75		19.90%
	3.15 Assets of community value	13.20	2.64	15.84	16.04	3.21	19.25		21.50%
Planning Service									
Building Control								The Building Control service is operated by the extended East Sussex Building Control Partnership, which serves the district councils of Wealden and Rother and the borough councils of Eastbourne and Hastings. Current fees and charges are available on their website: East Sussex Building Control Partnership	

Appendix 5

16. Risk assessment

[The Council takes a measured risk-based approach to the budget setting process]

- 1.201 A comprehensive financial risk assessment is undertaken for the revenue and capital budget setting process to ensure that all risks and uncertainties affecting the Council's financial position are identified as far as is practical. These are reviewed each year as part of the refresh of the MTFS and future year's budget forecasts. The key strategic financial risks to be considered in developing the MTFS are included within the table below.
- 1.202 Medium term financial planning, set against a backdrop of severe reductions in Government funding, the ongoing recovery from Covid and unprecedented economic challenges, both nationally and globally, carries with it a significant element of risk. Many factors may impact on the figures presented here and themes have been highlighted where appropriate. Most significant are the spending pressures (homelessness), the ongoing inflationary pressures the country is experiencing, uncertainty regarding the ongoing recovery from the Covid pandemic and the future funding position for local government following ongoing delays with things such as the Fair Funding Review and localisation of business rates. All these issues are placing further pressure on the council to deliver balanced budgets, without impacting on frontline services.
- 1.203 Brexit continues to impact, there are national delays for fleet, particularly in the waste sector, and increasing costs in terms of areas such as labour supply for certain areas, particularly in respect of the Council's capital programme.
- 1.204 A recession would present further risk, in particular significant areas of income such as lettings income, planning fees and car park income that are linked directly to economic demand.
- 1.205 Beyond this, further policy announcements from the Government under the leadership of the new Prime Minister and Cabinet will undoubtedly affect our finances in the coming years, but hopefully this will also bring some certainty in terms of medium-term announcements from the Spending Review for local government finances.
- 1.206 Despite these risks, we will continue to plan effectively to strengthen our culture of strong financial management so that the Council can continue to meet its Corporate Plan priorities and provide the best possible services to the district.

Risk	Likelihood	Impact	Risk Management
Future available resources less than assumed.	Possible	High	Annual review of reserves and reserves policy to identify future resources. Assumptions on funding for 2024/25 and beyond are based on the best estimates currently. A prudent approach has been adopted based on previous years' experience as well as using regional network contacts to inform modelling.

Inflation remains higher for longer than forecast reducing the Council's spending power	Possible	Medium	Regular updates from Council's treasury advisors Link. Prudent position adopted based on latest forecasts. Higher inflation likely to lead to higher interest rates which would have a beneficial impact on income levels from treasury investments.
Efficiency programme not delivered	Possible	High	The MTFS is currently forecasting significant budget gaps. Use of one-off reserves to help plug these gaps is not sustainable. Regular monitoring and reporting take place but the size of the funding cuts increase the likelihood of this risk. Non-achievement of savings would require compensating reductions in planned spending within services.
Covid-19 recovery continues you to adversely impact on the Council's budgets.	Possible	High	The MTFS seeks to address any known budget impacts as they are currently estimated. Ongoing budget monitoring of the position will help identify any issues.
Overreliance on reserve contributions supporting base budget deficits which is not a sustainable position.	Likely	High	Early preparation of 2024/25 MTFS to address the ongoing budget gap and deliver a sustainable base budget position.
Volatility of business rates funding given uncertainty around impact of appeals.	Likely	High	Volatility of funding stream outside of council control but impact mitigated by establishment of specific earmarked reserve and financial monitoring framework. Modelling of potential impacts is used to inform internal financial planning.
Pay Awards, fee increases and price inflation higher than assumed.	Possible	Medium	Impact of potential increases mitigated by central contingency budget for pay, price increases and fees. Where pay awards have been agreed these will be factored into the future estimates.
Future spending plans underestimated.	Possible	Medium	Service planning process identifies future budget pressures, and these will inform the indicative budget forecasts. An effective budget monitoring framework is in place to identify in year and potential future cost pressures.

Revenue implications of capital programmes not fully anticipated.	Unlikely	Low	Capital bid approval framework and project governance identifies revenue implications and links to Council priorities. Full analysis of revenue implications assessed and considered in scenario planning.
Income targets not achieved.	Possible	Medium	Current economic climate likely to impact. Regular monitoring and reporting take place.
Budget monitoring not effective.	Unlikely	High	Regular monitoring and reporting in line with corporate framework. Action plans developed to address problem areas.
Exit strategies for external funding ceasing/tapering not met.	Possible	Medium	Regular monitoring and reporting, medium-term planning, review of fixed term funding and posts completed.
Loss of principal deposit.	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which balance security of deposit over returns. Impact limited due to the strategy of a diverse portfolio with top rated institutions.
Interest rates lower than expected.	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2024/25 will be incorporated into the budget.
Collection rates for retained business rates and council tax lower than anticipated.	Possible	High	Impact mitigated by the review of bad debt provisions and availability of reserves. Monitoring of Collection Fund is formally incorporated into the revenue monitoring process.
All MTFS risks not adequately identified.	Unlikely	Low	Council's Risk Management Framework ensures all operational and strategic risks are identified as part of the annual service planning process.

Appendix 6

17. Sensitivity and Scenario Planning

The Council considers the sensitivity of the budget forecasts presented and potential scenarios which could impact on the robustness of the estimates

- 1.1 This Appendix sets out for each of the Council's external funding streams the assumptions made when preparing the medium-term financial forecasts. The central case, the case on which the current budget projections are based, is explained here, along with other alternative scenarios and sensitivities considered. These central cases will be regularly reviewed considering Government announcements and consultation responses and are subject to change following those. An update will be provided when appropriate.

New Homes Bonus

- 1.1 Central Case – NHB will continue in 2024/25 (£0.226m) with two further smaller payments of (£0.047m) over the next two years. There has been no indication of how a replacement scheme will operate, but DLUHC have committed to a continued incentive based scheme for housing delivery.

Alternatives considered;

- 1.2 The NHB could continue into future years given it has already been extended on several occasions, so there is a precedent for this. Previously Brexit negotiations and more recently the response to the COVID 19 pandemic had put plans for a new NHB system on hold. The timing of any consultation on a new system will give us a clearer indication as to how likely this will be.

New Homes Bonus scenarios - MTFS					
Scenario	(£000)				Probability
	2024/25	2025/26	2026/27	2027/28	
Central case	226	47	47	0	80%
Alternative 1 (higher ongoing rate)	226	226	226	226	10%
Alternative 2 (1 year only)	226	0	0	0	10%

Council Tax

- 1.3 Central Case – The District portion of the Council Tax will be increased by 3% in each year of the MTFS. The taxbase growth increases steadily over the next three years with a collection rate of 98.3%.

Alternatives considered;

- 1.1 No increase in Council Tax charges. Members may decide in the wake of the cost-of-living-crisis not to increase the district element of the Council Tax charge. This would further increase our funding deficits in future years. This option has not been recommended by officers.
- 1.2 Council Tax charge is increased by £10. The District Councils Network have lobbied for several years to allow District Councils to raise their charge by £10 rather than £5, a reflection of the fact that for many Councils a £5 increase does not generate significant amounts of income. This option is not considered likely as it would require

a change in referendum principles to allow the Council to do this without triggering a referendum.

Council tax scenarios - MTFS					
	(£000)				
Scenario	2024/25	2025/26	2026/27	2027/28	Probability
Central case	7,967	8,292	8,673	9,093	80%
Alternative 1 (council tax freeze)	7,735	7,816	7,937	8,079	10%
Alternative 2 (£10 ref limit)	8,035	8,415	8,805	9,190	10%

Funding Guarantee Grant

1.3 Central case – the Funding Guarantee Grant will continue in 2024/25 and at a lower rate in future years, eventually to be replaced by Retained Business Rates, and backed by new funding formulae as part of the Fair Funding Review.

Alternatives considered;

1.4 This grant stream could continue but DLUHC has committed to the Fair Funding Review and replacing generic grant funding with Retained Business Rates. The continuation of the grant is only likely in the case of further single year settlements.

Funding guarantee grant - MTFS					
	(£000)				
Scenario	2024/25	2025/26	2026/27	2027/28	Probability
Central case	631	400	400	400	70%
Alternative 1 (single year only)	631	0	0	0	30%

Rural Services Delivery Grant (RSDG)

1.5 Central Case – RSDG will continue for future years then replaced by Retained Business Rates and backed by new funding formulae as part of the Fair Funding Review.

Alternatives considered;

1.6 RSDG could continue, but DLUHC has committed to the Fair Funding Review and replacing generic grant funding with Retained Business Rates. The continuation of RSDG is only likely in the case of further single year settlements.

Rural Services Delivery Grant - MTFS					
	(£000)				
Scenario	2024/25	2025/26	2026/27	2027/28	Probability
Central case	72	72	72	72	70%
Alternative 1 (single year only)	72	0	0	0	30%

Retained Business Rates

1.7 Central case - We are assuming there will not be a full baseline reset in April 2024 due to the delays in Fair Funding Review and replacing generic grant funding with Retained Business Rates. Baseline resets act to redistribute above baseline growth, so high growth authorities (like District Councils) would do better from a system of partial resets rather than one of full resets. The Government are keen to reward Councils for growing their rates base, so this seems a reasonable position to take.

Alternatives considered;

- 1.8 Floating tariffs could be used rather than indexed ones. This would return every authority back to baseline and generate a surplus across the Business Rates Retention Scheme. It is likely that this surplus would be redistributed back to the sector pro rata to Baseline Funding Level. This would effectively remove the financial incentive for authorities to grow their rates base and invest in their local economy, so we consider this an unlikely scenario.
- 1.9 Subsequent baseline resets could also be full resets rather than partial ones. This would cause some uncertainty around future funding levels, which is contrary to what DLUHC are trying to achieve. The sector has lobbied heavily against the implementation of full resets. For these reasons we think this scenario is unlikely.
- 1.10 The figures in this table represent payments projected from the damping mechanism and form part of the Business Rates Retention income on the General Fund Summary.

Business Rates - MTFS					
Scenario	(£000)				Probability
	2024/25	2025/26	2026/27	2027/28	
Central case	0	0	0	0	70%
Alternative 1	0	100	100	100	30%

Appendix 7 – extract from the minutes of the Overview and Scrutiny Committee 16th October 2023

OSC23/30. **MEDIUM TERM FINANCIAL PLAN 2024/25 TO 2028/29** (7)

Members received the report of the Interim Deputy Chief Executive (Section 151) which outlined the financial issues affecting the Council and their impact on the financial forecast over the coming years, which would be considered by Cabinet at their meeting on 6 November 2023. The updated Medium Term Financial Strategy (MTFS) was attached at Appendix 1 to the report and currently showed a gap of just under £0.5m which needed to be addressed to balance the 2024/25 budget. To close this gap, it was currently proposed to use reserves.

The savings and efficiencies totalling £3.3m that the Council had identified to help support the 2024/25 budget could be found within Appendix 2 to the report. The draft capital budget was included within Appendix 3 to the report, while the fees and charge proposals for the next year were covered by Appendix 4. Appendix 5 to the report included a risk assessment for the next year's budget, along with a sensitivity and scenario analysis at Appendix 6.

Members noted that the assumptions that had been made in terms of future central Government funding would not be confirmed until the Provisional Settlement was announced, the date of which was currently anticipated to be around the end of December 2023 and as such were subject to change. A further budget report would be submitted to Cabinet and Council in February 2024.

The following salient points were noted:

- **MTFS:** supported the delivery of the Corporate Plan outcomes and helped ensure a focus on the Council's medium term budget position. The MTFS established how the Council's priorities would be achieved by setting out the framework within which resources were available over the medium term and the financial challenges facing the Council in terms of future funding gaps. The strategy explored some of the Council's plans for addressing the budget deficit and considered some of the assumptions included. The MTFS was linked to and underpinned several of the Council's key strategy and policy documents.
- **Corporate Plan 2020-2027:** set out the intent and ambition of the authority for the period 2020–2027. Following the recent elections in May 2023, the Cabinet was working on a new Corporate Plan, and this was expected to be in place by July 2024 and would therefore influence the financial planning from 2025/26 onwards.
- **National and Global Pressures:** financial pressures such as the Net Zero agenda, the ongoing impact of the war in Ukraine, the highest inflation for the last 40 years, rising interest rates, uncertainties over

Government policy and an uncertain economic outlook continued to impact on the Council's business.

- **Local Pressures:** a number of issues were affecting the Council's budget at a local level including the Council's largest contract (waste management and street cleansing), which had seen significant increases due to inflationary pressures and also temporary accommodation (TA) costs, which had tripled over the last 4 years.
- **Fees and Charges:** The budget for fees and charges was increased in line with CPI inflation, unless there had been specific reasons for higher or lower increases, or alternatively the Council was not able to influence them. Due to the budgetary and inflationary pressures experienced at the end of last year, fees and charges for 2023/24 were increased by 10% in line with inflation. The recommendation for 2024/25 followed on a similar basis with a general increase proposed of 6.8% based on CPI as of July 2023 and was included as part of the main MTFS report to be considered alongside the budget pressures in a more joined up way.
- **Funding Changes:** The Government had previously committed to undertaking a Fair Funding review and a reset of the business rates system, but this was not addressed as part of this Spending Review. However, it has reaffirmed its commitment to do this in the next Parliament. The settlement, issued by the Department for Levelling Up, Housing and Communities, was once again for one year only for district councils, which impacted on the Council's ability to plan for the medium-term.
- **Income:** The Council derived a limited and reducing amount of funding from Central Government; the main sources of income were locally raised taxes, fees and charges and specific grants.
- **Closing the Budget Gap:** Medium-term sustainability of the Council's financial position was vital and underpinned the new 'Fit for the Future' financial resilience programme. The main workstream areas were summarised in section 11 of the MTFS. As a result of this work, the previous £1.9m annual Financial Stability Programme (FSP) savings had been removed from future forecasts to be replaced with the Fit for the Futures workstream savings projections. A detailed budget review had taken place to identify efficiencies, savings, and additional income and draft proposals were contained within Appendix 2.
- **Consultation:** The budget cycle for 2024/25 was outlined in the report and would enable the Council to consult on the budget and savings proposals in November and December, before considering the feedback in February ahead of setting the council tax.
- **Risk, scenario, and sensitivity assessment:** A comprehensive financial risk assessment was undertaken for the revenue and capital budget setting process, to ensure that all risks and uncertainties affecting the Council's financial position were identified as far as was practical. These were reviewed each year as part of the refresh of the MTFS and future year's budget forecasts. The key strategic financial risks to be considered in developing the MTFS were included within Appendix 5.

Members were given the opportunity to ask questions and the following points were noted during the discussions:

- in order to help address increasing homelessness, Members agreed to recommend to Cabinet that the Town Hall buildings currently not in use and in need of updating, be repurposed for use as temporary housing, using capital that had previously been set aside to purchase TA;
- Members were disappointed to see a recommendation that there be a decrease in outreach services in Battle and Rye. Members were advised that data collected had shown a decline in footfall for these services and would be further explored when developing the Digital and Customer Services Strategy;
- the staff pay award of 2% built into the budget for future years was a continuation of previous projections. It was noted that the pay award was reviewed each year, but estimates and assumptions had to be made to inform the budget setting process;
- Members noted that tough decisions had to be made and stakeholders should be engaged with in order to ensure quality discretionary services could be maintained;
- further work was required on the increase in staffing costs. Staff vacancies were reviewed and their need challenged and new roles scrutinised. The incremental rises within pay grades also contributed to increasing costs;
- the Council was involved in a wide range of commercial activity, having already invested in a number of industrial properties. Further growth could be made in those activities that had been particularly successful, such as car parking, where the Council was often the only provider. Visitors and tourists to Rother were therefore contributing to the costs of services provided for the district through parking charges;
- the Council had many areas of expertise such as a parking enforcement team and in the provision of digital services. Members agreed and recommended to Cabinet that the Council should look to expand such services and market to others;
- the Council promoted and received income from filming in the district, which was a shared service with Hastings Borough Council;
- Members were pleased to note the revised car park charges in Camber;
- Members welcomed the increase in car park charges across the district, as charges had not been increased since 2016. Although smaller increases on an annual basis would be preferable, Members noted the cost of making smaller changes on a more regular basis;
- the fine for fly-tipping was set nationally at a maximum of £50k plus a potential prison sentence; and
- Members noted that the Council's bulky waste service, which offered very good value for money, required promotion to draw residents' attention and to help reduce the amount of fly-tipping across the

district. The Committee agreed to recommend to Cabinet that bulky waste charges remain the same and that the service be promoted to residents via the MyAlerts system.

Whilst the Council's reserves provided some level of comfort over the short term and had been used to address budget deficits previously, this was not a sustainable financial strategy for the medium to long term. The reserves would fall below the recommended £5m minimum level if ongoing savings were not delivered. Substantial work had been undertaken through the budget savings exercise as part of the new Fit for the Future programme, which was looking to ensure future resilience of the Council's finances and to replenish reserves to above minimum levels. This had helped to offset the significant spending pressures which the Council was experiencing in relation to homelessness, inflationary pressures and increasing uncertainty around future funding levels, all of which were impacting on the medium-term projections.

RESOLVED: That Cabinet be requested to consider that:

- 1) the Town Hall buildings currently not in use and in need of updating, be repurposed for use as temporary housing, using capital that had previously been set aside to purchase temporary accommodation;
- 2) the Council's commercial activities, such as parking enforcement, to be expanded further and the services marketed to others;
- 3) bulky waste charges remain the same and the service be promoted to residents via the MyAlerts system; and
- 4) the financial forecast and proposed way forward be noted.

(When it first became apparent, Councillor Maynard declared a personal Interest in this matter as an Executive Member of East Sussex County Council and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

Rother District Council

Report to: Cabinet

Date: 6 November 2023

Title: Discharge of Homelessness Duty to a Suitable Private Rented Property Policy

Report of: Joe Powell - Head of Service Housing and Regeneration

Cabinet Member: Councillor McCourt

Ward(s): All

Purpose of Report: To consider the recommendations arising from the Overview and Scrutiny Committee meeting held on 16 October 2023, regarding the Council's discharge of Homelessness Duty to a Suitable Private Rented Property Policy. The report and recommendations arising are reproduced below and the Minutes of that meeting (Appendix 2) should be read in conjunction with this report.

Decision Type: Non-Key

Overview and Scrutiny

Recommendation(s): It be **RESOLVED:** That Cabinet be requested to consider that:

- 1) the Discharge of Homelessness Duty to a Suitable Private Rented Property Policy be recommended to Council for adoption; and
- 2) the Head of Service for Housing and Regeneration be granted delegated authority to make any further changes that may be required to the Discharge of Homelessness Duty to a Suitable Private Rented Property Policy in the future.

Reason for

Recommendations: To propose the implementation of the Discharge of Homelessness Duty to a Suitable Private Rented Property Policy, so that the criteria for how offers of private sector accommodation are made, when discharging the Council's homelessness duties under the Housing Act 1996 (as amended) and Homelessness Reduction Act 2017.

Introduction

1. The Council can discharge its accommodation duties owed to homeless applicants by making an offer of social housing, suitable private sector accommodation or suitable supported accommodation.
2. In November 2012, amendments to the Housing Act 1996 (as amended) were made by the Localism Act 2011. This enabled local authorities to bring the main

housing duty to an end by securing a suitable offer of a tenancy in the private rented sector. The major change being it allowed authorities to discharge the main homeless duty without requiring the applicant's consent.

3. In 2022, the Council was able to nominate 185 households to accommodation managed by registered providers of social housing properties. As we currently have more than 2,000 households on the Housing Register waiting for accommodation, we have continued to explore other opportunities in the private sector for homeless applicants. We also currently have around 170 households in temporary accommodation (TA) who need to move on to longer term accommodation. To illustrate the demand this is an increase of over 100% in terms of the number of households in TA today compared to September 2021.

Discharge Policy

4. The Council is able to discharge its homelessness duties to customers owed the Prevention duty (s195 Housing Act 1996), customers owed the Relief duty (s189B Housing Act 1996) and customers owed the Main Duty (s193 Housing Act 1996) by making an offer of accommodation in the private sector.
5. The proposed Discharge of Homelessness Duty to a Suitable Private Rented Property Policy (DSPRP Policy) can be read in full at Appendix 1. To have a formal policy in place enables the Council to transparently make an offer of a private sector tenancy to all households where a suitable property has been identified and leaves it less open to formal appeal from customers.
6. There are a range of benefits to be gained from having an effective DSPRP Policy:
 - The Council will be better able to reduce the time households spend in TA by making a formal offer of accommodation which will end the duty owed to the customer on acceptance or refusal of the offer. This will also offer a reduction in TA costs.
 - Families will be able to avoid entering TA where an offer has been made and accepted in the private sector during the prevention duty.
 - The Council will be able to forge good relationships with local landlords and letting agents.
 - To widen the choice, both in terms of accommodation and areas for homeless customers.
7. Customers will be advised of the options that the Council has available to support them with securing accommodation from the outset of their housing journey. Customers will be given a clear idea of affordability in relation to rental costs for accommodation based on their personal circumstances.
8. All offers of accommodation will be made in writing and the customer will have the opportunity to view the property prior to accepting the offer. If following the viewing the Council can consider circumstances of which the Council were not aware and that may affect the suitability of the offer for the applicant. There is also a formal right of appeal against the suitability of all offers of accommodation

made by the Council and these will be detailed in the correspondence issued to the customer.

Conclusion

9. It is a requirement to make offers of private sector accommodation to all customers for whom the Council can secure a suitable offer, and we recommend that Members approve the proposed DSPRP Policy as proposed at Appendix 1, to allow the Council to do so more effectively.
10. In addition, it is recommended that authority is delegated to the Head of Service for Housing and Regeneration to make any changes that may be required to the DSPRP Policy in future.

Implications

Equalities and Diversity

11. An equality impact assessment has been completed and is available for review upon request. This assessment also includes the consideration of the Council's Socio-Economic duty.

Finance

12. If the Council are found to be offering accommodation that is unsuitable, the Council could be subjected to an internal review which will delay the offer being made and increase the time the household potentially spends in TA while this offer is reviewed. Should this review be upheld, there is the possibility that the applicant then appeals to the County Court which will also have a financial implication on the authority. Applicants can also complain to the Local Government and Social Care Ombudsman about the suitability of accommodation offered as part of a homeless application and financial compensation can be awarded.

Legal

13. The Council has a legal duty to ensure accommodation offered in the private sector is suitable. The Localism Act 2011, Suitability of Accommodation Order 2002, Housing Act 1996 and Homeless Reduction Act 2017 all define the legal duties the Council has when making offers of suitable accommodation. The recommendation will allow the Council to fulfil these duties more effectively.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	Yes
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

Chief Executive: Lorna Ford

Report Contact Officer:	Joe Powell
e-mail address:	joe.powell@rother.gov.uk
Appendices:	Appendix 1 Discharge of Homelessness Duty into the Private Rented Sector Appendix 2 – OSC Minutes
Relevant previous Minutes:	None
Background Papers:	None
Reference Documents:	None

Discharge of Homelessness Duty to a Suitable Private Rented Property Policy

Introduction

The Homelessness Reduction Act 2017 significantly updated homelessness legislation and placed duties on local authorities to intervene at an earlier stage to “prevent” homelessness and to provide assistance to anyone at risk of being without accommodation, not just those with a priority need as the legislation had previously worked. The amended legislation also introduced a new “Relief Duty”; under this duty a local authority must take reasonable steps to help all homeless eligible applicants to secure accommodation for at least six months. This approach gives local authorities greater opportunity to use the private rented sector to satisfy a households housing needs.

The Council has the following options available to discharge its accommodation duties:

1. Social housing
2. Supported Accommodation
3. Suitable Private Sector Accommodation

Scope

This policy applies to customers that are homeless or threatened with homelessness and provides a framework so the Council can assist them to access properties in the private rented sector.

This policy also covers the utilisation of the powers granted to local authorities by the commencement of the Localism Act 2011 and requirements of the Housing Act 1996 Part VII and the Homelessness Reduction Act 2017.

Purpose

The purpose of this policy is to set out the way in which the Council will control and manage private sector offers to homeless applicants that the Council has accepted a “Prevention”, “Relief” or “Main Duty” to under the Housing Act Part VII, as amended by the Homeless Reduction Act 2017. The latter is the duty on local housing authorities to secure accommodation for unintentionally homeless people in priority need. The duty is set out in the Housing Act 1996 Part VII Section 193.

The policy also sets out the criteria that will be used to determine suitability.

Aims and Objectives

- To make the best use of good quality private sector accommodation in the district.
- To build positive relations with private landlords.
- To widen the choice and housing options available to customers.
- To enable customers to find appropriate housing solutions more quickly by providing a more varied offer.
- To reduce reliance and pressure on temporary accommodation.
- To ensure movement and relieve pressure on the housing register.

Making a Private Sector Offer

Rother District Council will consider a “private sector offer” to prevent or relieve homelessness in all cases. If the Council considers that a private sector offer is appropriate to the needs of the applicant and if suitable accommodation can be secured, then such an offer will routinely be considered. This will usually be made as a direct offer to the applicant. The Council will advise those that are homeless or threatened with homelessness that they will be considered for properties that are either in social housing or as part of a private sector offer as part of their initial homeless interview.

The Council will consider the individual circumstances of each household when deciding whether to make a private sector offer. The Council will consider primarily whether the accommodation is affordable. The affordability assessment will give due considerations to the Housing Benefit or Universal Credit housing Element and Local Housing Allowance rates and the Benefit Cap that could be applied to the household.

The Council will attempt to secure twelve month assured shorthold tenancies (AST) with landlords for private sector offers. For applicants owed either the Prevention or Relief Duty where this is not possible the Council will secure a six month tenancy. Six months is the legal requirement under the homelessness legislation for applicants owed these (prevention or relief) duties by the Council.

The private sector offer can also be made in discharge of the Council’s accepted homeless duty. For these cases, the Council will secure an AST for a minimum of 12 months in accordance with the legalisation for applicants in this circumstance.

The Council will consider all of the applicants’ circumstances and the offer made will be reasonable and suitable to the applicants’ needs and therefore the offer will be made to discharge any accepted homeless duty. Applicants will have the right of review on the grounds of suitability of any offer made.

A Private Rented Sector Offer (PRSO) to end the prevention and relief duties is suitable if it:

1. It is an assured shorthold tenancy of at least 6 months.
2. It is made with the approval of the Council.
3. The Council considers the property to be affordable following an assessment of the household’s circumstances.
4. The suitability criteria are met (see Appendix A and also taking into account the Homeless Suitability of Accommodation Order 2012).
5. The property is not unsuitable.
6. The applicant is suitable for the accommodation.

The applicant has the right to request a review on the suitability of the accommodation

A Private Sector Offer (PRSO) is suitable for the Main duty if:

1. It is an assured shorthold tenancy of at least 12 months.
2. It is made with the approval of the Council.
3. The Council considers the property to be affordable following an assessment of the household’s circumstances, (practice guidance will help define how to assess “affordable”).
4. The suitability criteria are met (see Appendix A).
5. The property is not unsuitable (see Appendix B).
6. The applicant is suitable for the accommodation.

The applicant has the right to request a review on the suitability of the accommodation and of appeal to the county court.

If an applicant becomes homeless again and approaches the Council for assistance within two years of accepting a private rented sector offer under the Main Duty the section 193(2) duty will apply regardless of whether the applicant has a priority need if the applicant is eligible for assistance and has not become homeless intentionally.

The Council is required to assess whether accommodation is suitable for each household individually, and their case file should demonstrate that they have taken the statutory requirements into account in securing the accommodation, including general duties such as the Public-Sector Equality Duty.

The Council has a continuing obligation to keep the suitability of accommodation under review, and to respond to any relevant change in circumstances which may affect suitability, until such time as the accommodation duty is brought to an end.

Making the offer to discharge the homelessness duty

Officers will send a letter to the applicant when making an offer, setting out the following

1. The duty under which the offer is being made
2. Possible consequences of refusal or acceptance
3. The right to request a review of the suitability of accommodation
4. The Council is satisfied that the accommodation is suitable
5. That the Council regards itself as ceasing to be subject to the duty.

During the first year of a Private Rented Sector Tenancy, the Council will endeavour to provide some level of support to the applicant to help sustain the tenancy where there has been identified this would be necessary, subject to resources available and competing demand for services.

Where an offer of accommodation is made under a prevention duty and the offer is refused, this will not affect any further duties that may be owed to the applicant. However, it may be the case that the same accommodation may then be offered to an applicant under the relief duty where this is appropriate and suitable.

Where a final accommodation offer of a private sector tenancy is made (S189B) to discharge the Relief Duty, the application will close and the main duty will no longer be owed if the applicant refuses the property and a review is not requested. If necessary, the Council will provide the applicant with reasonable notice to vacate any temporary accommodation.

Where a private rented sector offer is made to discharge the Main Duty, the application will close if the applicant refuses the property, and a review is not requested. The Council will provide the applicant with reasonable notice to vacate any temporary accommodation.

The Council will look at the facts of the case, taking into account the circumstances of the applicant and their household. 28 days' notice is usually given for families and 14 days for single applicants or couples.

The Council will notify the receiving local authority where a suitable private sector offer is in another area within 14 days, as per s208 of the Housing Act 1996 of the accommodation becoming available.

The Council will ensure that an acceptable, written AST is used, clearly setting out the tenants and landlord's obligations, rent and charges, and is free from any unfair or unreasonable terms.

The Council assists households who are homeless or threatened with homelessness to access private rented accommodation. The Council, subject to the applicant's personal financial circumstances will also consider assisting with rent in advance and deposit payments. A procedure for the distribution of these funds with regards to loans and grants is currently being developed. They can also offer can include incentive payments to landlords to assist in securing the tenancy as well as rent and legal insurance and agreed support to the tenant by agreed check ins during the first year of the tenancy.

This policy will be reviewed every two years. It is not expected that there will be changes to regulation or legislation which will have an impact on the need to review this policy sooner.

Suitability of property location for a Private Sector Offer

In determining whether the property location is suitable, the Council will consider:

1. The significance of any disruption caused by the location from employment, caring responsibilities, or education of the household:
 - The location must be within a reasonable travel to work area for employed members of the household. Transport links must be frequent enough to enable this. Employment is usually taken to be at least 16 hours per week. An offer could still be suitable if it is further away from the place of work than the applicant's current location.
 - The location of the offer will need to be of sufficient proximity to enable an applicant to continue with their caring responsibilities. The Housing Needs Team will verify that the applicant is a carer for another person, who cannot readily withdraw this care without serious detriment to the well-being of the other party.
 - If any members of the household have special educational needs, i.e. as identified in an Education, Health and Care Plan or attend a special school, or are undertaking GCSEs or A levels at school (Years 10 to 13), then they should not be required to change schools.

2. The proximity to and accessibility of medical facilities and other support, which are used by, or essential to the well-being, of the household
 - If the applicant or any member of the household requires specialist medical treatment or support then the location will need to be of sufficient proximity to enable this.
 - The Council will also have regard to other medical treatment or support required by the applicant or any member of the household where it will be detrimental to change provider or location.

3. The proximity and accessibility to local services, amenities and transport
 - Regardless of location, the Council will seek to offer a home that is reasonably accessible to local services and amenities, especially for people on low incomes, and those reliant on public transport.
 - Due regard will be given to issues related to the Equality Act protected characteristics.

4. Offer outside of RDC area
The Council, where reasonably practicable, will seek to offer private sector accommodation within the local area, except:
 - When it considers it beneficial to move the household out of area, for example, to reduce the risk of domestic abuse, other violence, or harassment; or to assist persons in breaking away from detrimental situations, such as drug or alcohol abuse,
 - When the household requests to move away from the area, or
 - When the applicant consents to move away from the area,
 - When a person has a very limited / no local connection to area (for example, they may have approached having fled violence from another area).
 - When moving to a property in a neighbouring local authority will satisfy the suitability criteria set out above.

5. If a suitable home is not available within the area, a suitable private sector offer can be made in a neighbouring authority, normally an area in close proximity.
- It must be noted that in the case of most people who present to the Council that Hastings or St Leonards, for example are considerably closer than some of the other towns within Rother and therefore will be considered suitable subject points 1 to 3 above having been given consideration.
 - Any location must have reasonable facilities and transport links.
 - A record will be made of how a decision to place an applicant out of district has been reached, taking into account the household's collective and individual needs.

Accommodation unsuitable for a Private Rental Sector Offer

The Council will give due regard to Homelessness Code of Guidance 2018 Chapter 17 - Suitability of Accommodation when considering whether a property is unsuitable for a private rented sector offer.

Suitable size of a property according to the family make up is set out in the Council's Allocations Policy.

Supplementary to this, the Council will also use the following criteria to consider whether a property is unsuitable:

1. The accommodation is not in a reasonable physical condition. Council officers will either:
 - physically inspect all accommodation before it is offered; or
 - require a letting agent to physically inspect a property (usually requiring that agent to be a member of a suitable trade body); or
 - request another local authority advises if there are any concerns about the property,

The Council will also request copies of:

- Fire risk assessment for property (if required)
- Energy Performance Certificate and will not offer accommodation where the performance rating is lower than E
- Gas Safety Certificate (if required)
- Confirmation that smoke and CO alarms are in situ and have been tested recently
- Electrical Installation Condition Report issued in last 5 years

If these are not provided or are not compliant or valid then the offer would be considered unsuitable.

Properties are let unfurnished however if there are any furniture and furnishings supplied by the landlord they will be advised that they must comply with the Furniture and Furnishings (Fire Safety) Regulations 1988 (as amended).

2. Where the local housing authority are of the view that the landlord is not a fit and proper person to be a landlord the council will check their records for evidence that could indicate whether a landlord or agent is not a 'fit and proper' person.

When placing applicants outside of the Rother District area officers will liaise with the receiving district to check whether that authority has taken any enforcement activity against the landlord.

3. That the accommodation is a House in Multiple Occupation or HMO and is not licensed. HMO properties will not usually be used for private sector offers. Where they are checks will be carried out by the council to confirm that the property is properly licensed and compliant, particularly in respect of fire safety and management.

4. That the landlord has not provided a written Assured Shorthold tenancy agreement
5. The tenant's and landlord's obligations, rent and charges, and is free from any unfair or unreasonable terms. If this is not the case then the offer will not be considered suitable

Officers will also inform landlords of the requirements to use Tenancy Deposit Schemes prior to sign-ups.

Minutes of the Overview and Scrutiny Meeting – 16 October 2023**OSC23/29. DISCHARGE OF HOMELESSNESS DUTY TO A SUITABLE
(6) PRIVATE RENTED PROPERTY POLICY**

Members received the report of the Head of Housing and Regeneration which gave details of the proposed Discharge of Homelessness Duty to a Suitable Private Rented Property Policy. The policy outlined the criteria for how offers of private sector accommodation were made when discharging the Council's homelessness duties under the Housing Act 1996 (as amended) and Homelessness Reduction Act 2017.

Following amendments to the Housing Act 1996 (as amended) in November 2012 by the Localism Act 2011, the Council could discharge its accommodation duties owed to homeless applicants by making an offer of social housing, suitable private sector accommodation or suitable supported accommodation.

The proposed Discharge of Homelessness Duty to a Suitable Private Rented Property Policy (DSPRP Policy) was attached to the report at Appendix 1. To have a formal policy in place would enable the Council to transparently make an offer of a private sector tenancy inside or outside of the Rother District Council area to all households where a suitable property had been identified and leave it less open to formal appeal from customers.

Customers would be advised of the options that the Council had available to support them with securing accommodation from the outset of their housing journey and would be given a clear idea of affordability in relation to rental costs for accommodation based on their personal circumstances. All offers of accommodation would be made in writing and the customer would have the opportunity to view the property prior to accepting the offer.

The Committee was asked to recommend the proposed DSPRP Policy and to recommend that authority was delegated to the Head of Housing and Regeneration to make any changes that might be required to the DSPRP Policy in future.

Members were advised that any property offered to the Council for private rental was either inspected by officers or the landlord was verified as 'fit and proper' and confirmation received that all necessary safety certificates were in place.

Councillor McCourt, the Cabinet Portfolio Holder for Housing who was in attendance, explained that the Policy amalgamated and simplified the processes that were already in place. The numbers currently in temporary accommodation (TA) were continuing to increase, so the flexibility to discharge the Council's duty was welcomed. As a result, waiting times would be decreased, it would be more cost effective for the Council and reduce the cost of TA, which currently accounted for 11%

of the Council's budget. Councillor McCourt commended the Housing Needs Operations Manager and the rest of the team.

RESOLVED: That Cabinet be requested to consider that:

- 1) the Discharge of Homelessness Duty to a Suitable Private Rented Property Policy be recommended to Council for adoption; and
- 2) the Head of Housing and Regeneration be granted delegated authority to make any further changes that may be required to the Discharge of Homelessness Duty to a Suitable Private Rented Property Policy in the future.

Rother District Council

Report to:	Cabinet
Date:	6 November 2023
Title:	Council Tax Reduction Scheme
Report of:	Chris Watchman, Revenues and Benefits Manager
Cabinet Member:	Councillor Jeeawon
Ward(s):	All
Purpose of Report:	To consider the recommendations arising from the Overview and Scrutiny Committee meeting held on 16 October 2023, regarding the proposed changes to the Council Tax Reduction Scheme with effect from 1 April 2024. The report and recommendations arising are reproduced below and the Minutes of that meeting (Appendix C) should be read in conjunction with this report.
Decision Type:	Non-Key
Overview and Scrutiny Recommendation(s):	It be RESOLVED: That consultation with the public and Major Precepting Authorities on proposed changes to the Council Tax Reduction Scheme for working age applicants with effect from 1 April 2024 be approved.
Reason for Recommendations:	To request permission to undertake a consultation with both the public and the Major Precepting Authorities in respect of proposed changes to the Council's Council Tax Reduction Scheme with effect from 1 April 2024.

Introduction

1. The purpose of this report is to request permission to undertake a consultation with both the public and the Major Precepting Authorities in respect of proposed changes to the Council's Council Tax Reduction (CTR) Scheme with effect from 1 April 2024.
2. Each year, the Council is required to review its CTR Scheme in accordance with the requirements of the schedule 1A of the Local Government Finance Act 1992 and to either maintain the scheme or replace it.
3. As with many authorities within England, the District Council needs to consider making changes to the CTR scheme for working age applicants to improve the overall level of support to low income and vulnerable working age applicants.

Background

4. CTR was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme administered on behalf of the Department for Work and Pensions (DWP). As part of the introduction, the Government:
 - Placed the duty to create a local scheme for Working Age applicants with billing authorities.
 - Reduced initial funding by the equivalent of 10% from the levels paid through benefit subsidy to authorities under the previous Council Tax Benefit scheme; and
 - Prescribed that persons of Pension age would be dealt with under regulations set by Central Government and not the authorities' local scheme.
5. However, since that time, funding for the CTR scheme has been amalgamated into other central Government grants paid to local authorities and within the Business Rates Retention regime. It is now generally accepted that it is not possible to identify the amount of funding actually provided from central Government sources.
6. The current CTR scheme administered by the Council is divided into two schemes, with pension age applicants receiving support under the rules prescribed by central Government, and the scheme for working age applicants being determined solely by the local authority.
7. Pensioners, subject to their income, can receive up to 100% support towards their council tax. The Council has no power to change the level of support provided to pensioners and therefore any changes to the level of CTR can only be made to the working age scheme.
8. When CTR was introduced in 2013, for working age applicants, the Council broadly adopted the previous means tested Council Tax Benefit scheme as the basis of awarding support. However, due to the reduction in funding from central Government, the Council has, since 2016, also required working age applicants, even those on the lowest income, to pay a minimum payment of 20%.
9. Significant improvements have been made to the working age scheme with the introduction of a banded scheme in 2019, which has both simplified the scheme for applicants and reduced the administration burden caused by the introduction of Universal Credit.
10. Consideration of further changes is now required to improve the scheme further given the financial pressures being experienced by low-income households.

The issues with the current scheme

11. The key concern is the requirement for low-income households to pay a minimum of 20%, significantly increasing the financial pressure on low-income households, particularly given all the wider economic pressures around the cost-of-living crisis.

12. Since the introduction of CTR, most authorities have required all working age applicants to pay a minimum payment. Under the previous scheme (Council Tax Benefit) almost 75% of working age applicants would not have been required to pay any Council Tax and would have received full (100%) support.
13. At present, Rother and Eastbourne are the only Councils across East Sussex which have not reverted to a 100% scheme, so it is important that Members revisit the level of support provided, particularly following the COVID-19 pandemic and the cost-of-living crisis which have had a major effect on household incomes generally.
14. Whilst the principle of all working age households paying ‘something’ was initially thought to be an approach that would be central to the design of CTR, the reality is that, since its introduction, low-income taxpayers, the poorest households, have been unable to pay the balance leading to additional costs, court, enforcement action and, in some cases, the amounts demanded have been written off as uncollectable.
15. Whilst the overall level of Council Tax collection has remained relatively stable at around 98%, the collection levels for working age CTR applicants is significantly lower:

Table 1 – Collection Rates Working Age CTR applicants

Financial Year	2016	2017	2018	2019	2020*	2021*	2022 *
Collection Rate	84.1%	85.9%	83.9%	84.5%	79.3%	81%	82.5%

16. The collection rate over the last three years has also only been maintained primarily due to central Government initiatives such as the Council Tax Hardship Fund and the Council Tax Support Scheme. (* Indicates each of the years where government assistance has been given to taxpayers receiving Council Tax Reduction).
17. Without this additional support for those on low income, the collection rate for this cohort is expected to reduce further. This is significant and increases the cost to the collection fund by the need to increase the Council’s bad debt provision.
18. The Table 2 below shows 18.20% of all outstanding arrears since 2016 are for residents in receipt of working age CTR, with 63% of these arrears for residents receiving the maximum 80% support.
19. Therefore, with the difficulties in collection experienced, the relatively high level of arrears and the administration costs, it may no longer make the amounts economically viable to collect, notwithstanding the negative effects to those poorest households.
20. In addition, the costs of administration of these cases by the Council has increased significantly over the years. These costs are borne mainly by Rother District Council.

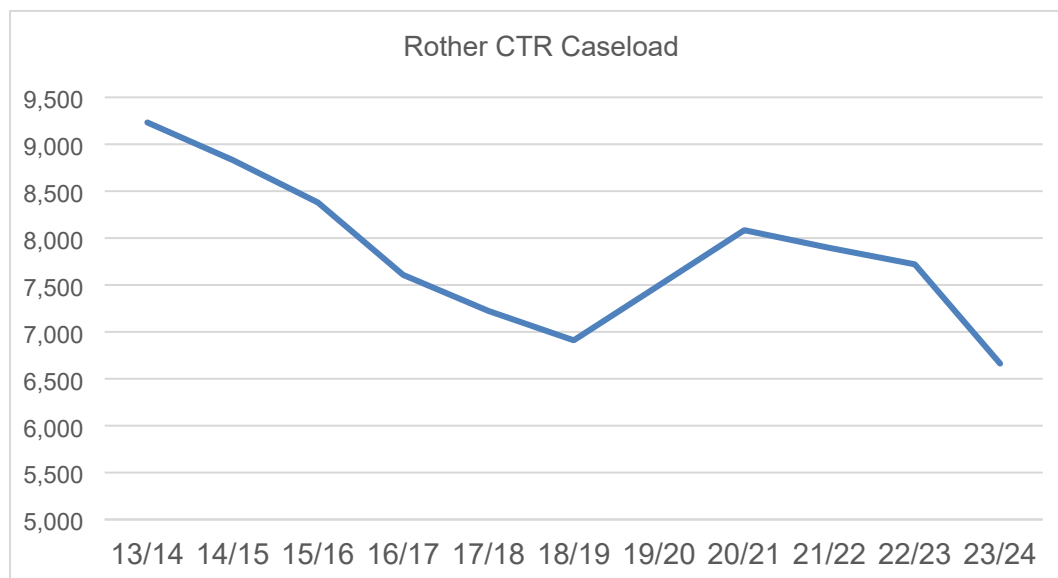
Table 2 – Outstanding Arrears

Arrears for all accounts		Working age CTR Recipients arrears		CTR recipients arrears as a % of total arrears	Arrears for accounts in receipt of 80% CTR as a % of all Working age CTR recipients arrears
2016/2017	137,988.92	2016/2017	14,985.02	10.86%	52%
2017/2018	197,058.62	2017/2018	27,080.27	13.74%	60%
2018/2019	281,837.59	2018/2019	44,582.72	15.82%	67%
2019/2020	466,365.99	2019/2020	83,347.64	17.87%	65%
2020/2021	740,379.15	2020/2021	122,516.04	16.55%	68%
2021/2022	832,846.26	2021/2022	173,942.61	20.89%	64%
2022/2023	1,401,800.31	2022/2023	272,105.25	19.41%	60%
Grand Total	4,058,276.84	Grand Total	738,559.55	18.20%	63%

The financial effect of Council Tax reduction on the taxbase

Table 3 – CTR Caseloads

	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
Pension Age	N/A	N/A	N/A	N/A	N/A	N/A	NA	N/A	N/A	N/A	3,853.
Working Age	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,809
Total	9,232	8,832	8,379	7,607	7,223	6,910	7,496	8,084	7,895	7,720	6,662



21. The above shows that the caseload has reduced year-on-year since 2013 and now stands at approximately 27% below the 2013 figure. This is mainly due to the continued decrease in pensioner cases which has been reflected nationally.
22. In the case of the working age cases, the numbers did increase temporarily due to the COVID-19 crisis, but they are also now reducing year-on-year.

23. The costs of the CTR scheme have reduced as a percentage of the Council Tax Base since its inception in 2013, due to both the changes in caseload and the change in Tax Base itself. Table 4 shows how the level of Council Tax Reduction, as a proportion of the Council Tax Base, has reduced each year whilst at the same time the actual base has increased:

Table 4 – CTR as a percentage of Council Tax Base

	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
Gross Tax Base	37,692	39,602	39,797	40,082	40,324	40,534	40,759	40,856	41,068	41,298
CTR	5,765	5,512	5,242	4,377	4,142	4,011	3,998	4,262	4,228	4,163
%age	15.3%	13.9%	13.2%	10.9%	10.35	9.9%	9.8%	10.4%	10.3%	10.1%

24. It can be seen that the tax base is increasing year-on-year and since 2013 has increased by 9.57%, whereas the effect of CTR on the base has reduced over the same period by 34%.

Proposed Changes

25. The proposed changes in the scheme for 2024/25 are to increase the working age maximum to 100% and to remove the £5 per week minimum payment.
26. The minimum payment is where any entitlement below £5 is not currently paid. When CTR was first introduced in 2013, this resulted in a significant cost reduction. However, with the introduction of Rother’s current scheme in 2019, it now effects very few CTR recipients and therefore should have been removed when the banded scheme was introduced.
27. The proposed 2024/25 discounts available based on current income thresholds will be as follows:

Current Discount %	Proposed Discount %	Single	Couple	Family with One Dependant	Family with Two (or more) Dependents
80%	100%	£0 to £112.39	£0.00 to £159.72	£0 to £218.89	£0 to £278.05
60%	60%	£112.40 to £171.55	£159.73 to £218.89	£218.90 to £278.05	£278.06 to £337.21
40%	40%	£171.56 to £230.72	£218.90 to £278.05	£278.06 to £337.21	£337.22 to £396.39
20%	20%	£230.73 to £289.90	£278.06 to £337.21	£337.22 to £396.39	£396.40 to £455.55

28. These changes will allow the lowest income applicants to benefit from the increased support in accordance with their income level.
29. Several different options have been modelled with the above proposal being the most cost effective without reducing the entitlement of CTR to recipients in the lower bands.
30. The current scheme costs the collection fund around £8.2m. The proposed changes, taking into account an estimated 5% overall increase in the Council Tax charge for 2024/25, will increase costs to around £9.48m.
31. For information, the costs of the scheme are borne directly in accordance with the percentage received from the collection fund. A comparison is shown below

(Table 5) as to the relative costs for both the current scheme and the proposed new scheme.

32. It should also be borne in mind that, whilst the District Council is responsible for the full administration costs of the scheme, the Council only receives a small percentage of the amount collected.
33. The proposals will increase the cost of the CTR scheme for 2024/25, however the general increase in the taxbase plus the potential additional income detailed later in the report allowed by new legislation may offset **all** the additional costs.

Table 5 - Increase in costs for proposed scheme (2023/24 & 2024/25 comparison)

	Percentage from collection fund	Cost of CTR scheme 2023	*Cost of proposed CTR scheme 2024	Difference (increase)
	%	£m	£m	£m
East Sussex County Council	74.45	6.11	7.07	0.96
Sussex Police	10.55	0.86	1.0	0.14
East Sussex Fire	4.59	0.38	0.42	0.04
Rother District Council	8.73	0.72	0.83	0.11
Parishes / Town (Example)	1.68	0.13	0.16	0.03
Total	100	8.2	9.48	1.28

Consultation

34. When changes to CTR are proposed, the Council is required to undertake a consultation with both the public and the Major Precepting Authorities. It is therefore proposed to run a six week consultation exercise during November and December.
35. The consultation will take the form of an online survey, asking stakeholders for their views on the proposal to increase the potential level of support to working age applicants to 100% and remove the minimum payment requirement (currently £5 per week). Details of the consultation documentation can be found at Appendix A.
36. The link to the questionnaire will be made available on the Council's website and will be sent to key stakeholders and groups working with residents effected by the changes. A paper version of the questionnaire will also be available on request.
37. Letters will also be sent to the Major Precepting Authorities asking for their formal response to the proposed changes.
38. Full details of the consultation results will be reported to Members during early 2024.

Additional Income from changes to the Council Tax premiums

39. With the imminent Royal Assent of the Levelling Up and Regeneration Bill, it is Government's intention to allow English billing authorities to:
- (a) reduce the minimum period for the implementation of a premium for empty premises from two years to one year; and
 - (b) to allow Councils to introduce a premium in respect of second homes (dwellings that are unoccupied but furnished), of up to 100%.
40. In the case of 39(a), the changes can be introduced with effect from 1 April 2024. In the case of the second homes premium as outlined within 39(b), based on the current Bill, this will require a notice period of one year and therefore the expected start date will be 1 April 2025.
41. Based on the current level of premises subject to an empty premium, the following additional income could be available to the Council and all preceptors, in line with their share of the collection fund. For information, the estimated additional income is based on the current income from premiums pro-rata to the increased number of dwellings in each category.

Table 6 - Empty premises premium

	2022/23	No of Dwellings 2022/23	Amount Charged 2022/23 £	2023/24	No of Dwellings 2023/24	Amount Charged 2023/24 £	Estimated No. of Dwellings 2024/25	Estimated Charge 2024/25 £	Additional income £
Premium Empty 1 yr.	100%	N/A	N/A	N/A	N/A	N/A	207	344,662	344,662
Premium Empty 2yr.	100%	64	70,875	100%	79	131,538	0	0	0
Premium Empty 5yr.	200%	32	97,410	200%	24	90,900	34	128,775	37,875
Premium Empty 10yr.	300%	15	74,942	300%	17	90,174	19	100,782	10,611
Total		111	243,227		120	312,612	260	786,393	393,148

42. Should the Council adopt the new premium regime offered by the Bill, a larger number of premises will be subject to the premiums. Based on current values, there could be an increase in income from empty property premiums of around £393k per annum with effect from 1 April 2024.

Second Home Premiums

43. As mentioned earlier, the Council may, if it resolves, also introduce premiums for second homes. If decided, the commencement date (in line with the legislation) will be 1 April 2025. Clearly the Council will need to be mindful of guidance to be provided by central Government on its implementation and the recent consultation on exceptions to the premiums. However, the following

table (Table 7 overleaf) shows the potential income that could be derived from this part of the new legislation.

Equality Impact Assessment

44. A detailed equality impact assessment on the proposed changes to the Council's CTR Scheme is shown at Appendix B.

Table 7 - Second Home Premiums

	No of Dwellings 2022/23	No of Dwellings 2023/24	No. of Dwellings subject to premium (est.) 2025/26	Estimated Additional Income Second Home Premium at 100% based on current Band D Council Tax £m
Second Homes - No one's sole or main residence but furnished. 28-day planning restriction ¹ (Class A)	50	46	40	Assume will be subject to exception
Second Homes (No one's sole or main residence but furnished. No planning restriction ² (Class B)	1,237	1,188	1,100	£2.460m

Conclusion

45. Moving to a 100% working age CTR scheme and the removal of the £5 per week minimum level, will inevitably lead to an increase in the cost to the tax base as outlined in paragraph 30.
46. However, the increase in the tax base generally (estimated at around £230k) and the change to the empty property premiums with effect from 1 April 2024 could offset the majority of the additional costs.
47. Details of the effects to the collection fund after changes to the CTR scheme, general increase in the taxbase, and implementation of 100% empty premises premium (after 1 year) from 1 April 2024 are shown below in Table 8.

Table 8 – Collection Fund changes (after 1 year) from 1 April 2024

Precepting Authority	Percentage from collection fund	Increase cost of Council Tax Reduction Scheme from 1 April 2024	Est. General increase in Taxbase 2024/25	Increase in liability due to changes in Empty Property Premiums 2024/25	Net increase 2024/25
	%	£m	£m	£m	£m
East Sussex County Council	74.45	0.96	0.171	0.293	0.496
Sussex Police	10.55	0.14	0.024	0.041	0.075
East Sussex Fire	4.59	0.04	0.011	0.018	0.011
Rother District Council	8.73	0.11	0.02	0.034	0.056
Parishes / Town (Example)	1.68	0.03	0.004	0.007	0.019
Total	100	1.28	0.23	0.393	0.657

48. In addition, the implementation of the second homes premium with effect from 1 April 2025 will significantly increase the level of income available to both the Council and major / local preceptors. A summary of the changes is shown below:

Table 9 - Net increase in tax after the implementation of second homes premium with effect from 1 April 2025.

	Percentage from collection fund	Increase in Gross Tax liability from 1 April 2025 due to second home premiums
	%	£m
East Sussex County Council	74.45	1.831
Sussex Police	10.55	0.260
East Sussex Fire	4.59	0.113
Rother District Council	8.73	0.215
Parishes / Town (Example)	1.68	0.041
Total	100	2.460

49. The estimated cumulative effect of the changes to premiums and the increase in the tax base generally should more than compensate for the increase in costs to the tax base through the proposed changes to the CTR scheme.
50. However, a Department for Levelling Up, Housing and Communities public consultation on proposals to either exempt categories of dwellings from the premiums entirely or delay the implementation for certain dwellings closed on 31 August 2023.
51. Although the results from the consultation are still unknown, it does give us an idea as to the types of dwellings that may be exempt. For example, Properties undergoing probate and properties being actively marketed for sale or let may be subject to a delay in the premium being implemented.

52. Therefore, as mentioned earlier in the report, the Council needs to be mindful of yet to be published guidance that may exempt certain categories of dwelling reducing any potential additional revenue.
53. Should Members approve this approach, the implementation of the changes to premiums will be subject to a separate report once the Levelling Up and Regeneration Bill has received Royal Assent and full guidance is known.

Financial Implications

54. Moving to a 100% working age CTR Scheme will lead to an increase in the cost to the tax base as outlined in the report. However, the increase in the tax base generally and the potential effects of the changes to premiums could offset the majority of this additional cost.

Equalities Implications

55. An equality impact assessment (EIA) has been completed on the proposed scheme changes and can be seen at Appendix B.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	Yes
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

Chief Executive:	Lorna Ford
Report Contact Officer:	Chris Watchman, Revenues and Benefits Manager
e-mail address:	chris.watchman@rother.gov.uk
Appendices:	A: Draft Consultation Document B: Equalities Impact Assessment C: OSC Minute Extract
Relevant Previous Minutes:	None.
Background Papers:	None.
Reference Documents:	None.

Minutes of the Overview and Scrutiny Meeting – 16 October 2023**OSC23/31. COUNCIL TAX REDUCTION SCHEME**

(8)

Members received the report of the Revenue and Benefits Manager which outlined a proposed consultation with both the public and the Major Precepting Authorities in respect of proposed changes to the Council's Council Tax Reduction (CTR) Scheme with effect from 1 April 2024.

The current CTR scheme administered by the Council was divided into two schemes, with pension age applicants receiving support under the rules prescribed by central Government, and the scheme for working age applicants being determined solely by the local authority. When CTR was introduced in 2013, for working age applicants, the Council broadly adopted the previous means tested Council Tax Benefit (CTB) scheme as the basis of awarding support. However, due to the reduction in funding from central Government, the Council had, since 2016, also required working age applicants, even those on the lowest income, to pay a minimum payment of 20%.

Significant improvements had been made to the working age scheme with the introduction of a banded scheme in 2019; consideration of further changes was now required to improve the scheme further, given the financial pressures being experienced by low-income households.

Under the CTB scheme, almost 75% of working age applicants would not have been required to pay any Council Tax and would have received full (100%) support. Since the CTR scheme's introduction, low-income taxpayers, the poorest households, had been unable to pay the balance leading to additional costs, court, enforcement action and, in some cases, the amounts demanded had been written off as uncollectable. Whilst the overall level of council tax collection had remained relatively stable at around 98%, the collection levels for working age CTR applicants was significantly lower.

With the difficulties in collection experienced, the relatively high level of arrears and the administration costs, it may have no longer made the amounts economically viable to collect, notwithstanding the negative effects to those poorest households. In addition, the costs of administration of these cases by the Council had increased significantly over the years; these costs were borne mainly by the Council.

The proposed changes in the scheme for 2024/25 were to increase the working age maximum to 100% and to remove the £5 per week minimum payment. The minimum payment was where any entitlement below £5 was not currently paid. When CTR was first introduced in 2013, this resulted in a significant cost reduction. However, with the introduction of Rother's current scheme in 2019, it now effected very few CTR recipients and therefore should have been removed when the banded scheme was introduced. The proposed 2024/25 discounts available based on current income thresholds were outlined in the report for Members' information.

The current scheme cost the collection fund around £8.2m. The proposed changes, taking into account an estimated 5% overall increase in the Council Tax charge for 2024/25, would increase costs to around £9.48m. The costs of the scheme were borne directly in accordance with the percentage received from the collection fund. The proposals would increase the cost of the CTR scheme for 2024/25, however the general increase in the taxbase plus the potential additional income allowed by new legislation (Levelling Up and Regeneration Bill) could offset all the additional costs.

The Council was required to undertake a consultation with both the public and the Major Precepting Authorities when changes to the CTR scheme were proposed. It was therefore proposed to run a six-week consultation exercise during November and December. The consultation would take the form of an online survey, asking stakeholders for their views on the proposal. Details of the consultation documentation were attached to the report at Appendix A and the consultation results would be reported to Members during early 2024.

With the imminent Royal Assent of the Levelling Up and Regeneration Bill, it was the Government's intention to allow English billing authorities to: reduce the minimum period for the implementation of a premium for empty premises from two years to one year; and to allow Councils to introduce a premium in respect of second homes (dwellings that are unoccupied but furnished), of up to 100%. The first could be introduced from 1 April 2024 and the second would require a notice period of one year and therefore the expected start date will be 1 April 2025. The estimated additional income was outlined in the report for Members' information.

Members had the opportunity to ask questions and the following points were noted during the discussions:

- it was suggested that all residents should pay a minimum rate of council tax, as the removal of such a requirement would have an adverse effect on all the preceptors;
- the consultation paper should explain the consequences of amending the scheme and offer alternative options;
- the estimated additional income that the Council could receive from introducing a premium for second homes should not be included in the consultation paper as a way to offset the reduction in council tax received, because this was yet to receive royal assent;
- any change to the scheme would affect all preceptors;
- the Council's Exceptional Hardship Fund and Household Support Fund were available to support residents experiencing financial difficulties, without the need to amend the scheme;
- the current economic climate and cost-of-living crisis disproportionately affected the vulnerable, resulting in many of those residents now not being able to afford to contribute. The Council had a duty to support its residents; and
- officers would provide Members with details of the costs involved with chasing unpaid bills after the meeting.

RESOLVED: That Cabinet be requested to consider that the Council consult with the public and Major Precepting Authorities on proposed changes to the Council Tax Reduction Scheme for working age applicants with effect from 1 April 2024.

(Councillor Clark declared a personal Interest in this matter as a Member of East Sussex County Council and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

(Councillor Maynard declared a personal Interest in this matter as an Executive Member of East Sussex County Council and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

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Rother District Council - Council Tax Reduction Scheme 2024/25 Consultation

1. Introduction to the Council Tax Reduction Consultation

Each year Rother District Council must decide whether to change the Council Tax Reduction scheme for working age applicants in its area. There are no changes for Pension Age applicants as they are part of the national scheme. This year the Council is deciding whether to significantly change the working age Council Tax Reduction Scheme.

We are legally required to consult on any proposed changes to the scheme and we're asking you to take part in this consultation to find out what you think about our proposed Council Tax Reduction Scheme, which would start from 1 April 2024. We want to essentially make two changes to the scheme for the coming financial year namely:

- provide up to 100% support for households on the lowest incomes; and
- remove the minimum award of £5 per week so that any amount of Council Tax Reduction will be payable.

Thank you for taking the time to share your views. It should take around 10 minutes to fill in this consultation.

2. Background to the Consultation

What is Council Tax Reduction?

Council Tax Reduction is a discount for Council Tax. The level of discount is based on the income of the household. Currently the maximum discount for Pension age households is 100% and for working age households 80% of Council Tax.

The Council can only make changes to the working age scheme as the Council Tax Reduction scheme for pensioners is prescribed by Government.

Why is a change to the Council Tax Reduction scheme being considered?

Councils are required to review their schemes each year and decide if they want to make any changes.

Before any changes can be implemented, they must be subject to public consultation.

Rother District Council is proposing two changes to its existing scheme. The Council has a duty

to consult you and provide you with the opportunity to tell us your views on the proposed changes to our Council Tax Reduction Scheme.

The Council is consulting on the following **changes** to its scheme for 2023/24 (more detail on the change proposals is given further in the consultation):

To increase the maximum level of support for working age applicants from 80% to 100% . This is designed to provide more support to low income households **(Part 1); and**

To remove the current minimum Council Tax Reduction level of £5 per week so that **any** amount of reduction will be payable **(Part 2)**.

All other parts of the existing scheme will remain unchanged.

In the Rother District Council area, 6401 people currently receive Council Tax Reduction. 3648 are working age and are therefore potentially affected by the proposed changes.

The gross cost of the scheme is c£8.2m which is spread across the County Council (74.45%), the District Council (8.73%), Fire (4.59%) and Police (10.55%), and 1.68% going to Parish Councils in accordance with the proportion of Council Tax which each organisation levies (which is shown in brackets).

Who will this affect?

Working age households in the Rother District Council area who currently receive or will apply for Council Tax Reduction.

Pension age households will not be affected as Central Government prescribes their scheme.

Are there any alternatives to changing the existing Council Tax Reduction Scheme?

We have considered continuing with the current scheme - this would provide less support for certain households. The Council feels that it is essential low income households are supported as much as possible at this time.

**1. I have read the background information about the Council Tax Reduction Scheme:
This question must be answered before you can continue. ***

Yes

No

3. Part 1 – Increasing the level of support within the Income Grid scheme for all applicants of working age

As explained in the background information, the Council is primarily consulting on the following proposals to change the existing Council Tax Reduction Scheme from 1st April 2024. This will provide increased support to those households on the lowest incomes.

Your responses are a part of this consultation.

The current 'income-grid' scheme for Council Tax Reduction was introduced on 1st April 2019 and it replaced the traditional means-tested scheme which had been in place since the introduction of Council Tax Reduction in 2013.

The introduction of the new scheme has been successful albeit that it maintained the maximum level of support for working age applicants at 80%. The scheme has however brought many advantages, not least that:

it assists a large number of households with payment of their Council Tax;

it is easy to understand for applicants; and

it is administratively efficient.

The Council now proposes to make changes to the scheme to provide more support, especially to those on lower incomes. The scheme will also be adjusted to some degree to allow for increases in income. The changes to the scheme are shown below:

Table 1 shows current scheme for working age applicants; and

Table 2 shows the proposed scheme for working age applicants.

Table 1. - The CURRENT scheme for working age applicants

Band	Discount	Passported	Single (weekly net income)	Couple (weekly net income)	Family with 1 child (weekly net income)	Family with more than 1 child (weekly net income)
1*	80%	Relevant Benefit	£0 to £112.39	£0.00 to £159.72	£0 to £218.89	£0 to £278.05
2	60%	N/A	£112.40 to £171.55	£159.73 to £218.89	£218.90 to £278.05	£278.06 to £337.21

3	40%	N/A	£171.56 to £230.72	£186.78 to £239.23	£278.06 to £337.21	£337.22 to £396.39
4	20%	N/A	£230.73 to £289.90	£278.06 to £337.21	£337.22 to £396.39	£396.40 to £455.55
5	0%	N/A	Over £289.90	Over £337.21	Over £396.39	Over £455.55

* 'Relevant Benefit' means that the applicant or partner is in receipt of Income Support; Income-Based Jobseeker's Allowance or Income Related Employment & Support Allowance

Table 2. - The PROPOSED scheme for working age applicants

Band	Discount	Passported	Single (weekly net income)	Couple (weekly net income £)	Family with 1 child (weekly net income £)	Family with more than 1 child (weekly net income £)
1*	100%	Relevant Benefit	£0 to £112.39	£0.00 to £159.72	£0 to £218.89	£0 to £278.05
2	60%	N/A	£112.40 to £171.55	£159.73 to £218.89	£218.90 to £278.05	£278.06 to £337.21
3	40%	N/A	£171.56 to £230.72	£218.90 to £278.05	£278.06 to £337.21	£337.22 to £396.39
4	20%	N/A	£230.73 to £289.90	£278.06 to £337.21	£337.22 to £396.39	£396.40 to £455.55
5	0%	N/A	Over £289.90	Over £337.21	Over £396.39	Over £455.55

* 'Relevant Benefit' means that the applicant or partner is in receipt of Income Support; Income-Based Jobseeker's Allowance or Income Related Employment & Support Allowance

It is anticipated that the majority of applicants will either receive the same level of support or see an increase in the support given and the Council is keen to protect as many applicants as possible.

The benefits of doing this are:

It provides more targeted support to those on the lowest incomes; and

It retains the advantages of the existing scheme design which is easily understood by all applicants;

The drawbacks of doing this are:

The scheme is more generous in some cases and therefore there may be an increase in scheme costs.

2. Do you agree with revising the income-based banded discount scheme? *

- Yes
- No
- Don't Know

3. If you disagree with revising the income-banded scheme please explain why and what alternative would you propose?

5. Part 2 - Removing the minimum Council Tax Reduction level of £5 per week

Under the current scheme, Council Tax Reduction is not paid where the amount to which an applicant would otherwise be entitled is less than £5.00 per reduction week (or £5.00 x 1/7 per day). It is the Council's intention to remove this limit so that **any** entitlement would be payable.

The benefit of this Part is:

The change will ensure that applicants receive **any** reduction they are entitled to.

The drawbacks of doing this are:

It will potentially increase the cost of the scheme

4. Do you agree with this change to the scheme? *

- Yes
- No
- Don't Know

5. If you disagree please explain why and what alternative would you propose?

7. Alternatives to changing the Council Tax Reduction Scheme

If the Council maintains the current scheme, it will be less supportive to low-income households and administratively more complex. The proposals set out in this consultation will deliver more targeted support and allow the scheme to be more flexible.

6. Please use this space to make any other comments on the proposed scheme.

7. Please use the space below if you would like the Council to consider any other options (please state).

8. If you have any further comments or questions to make regarding the Council Tax Reduction Scheme that you haven't had opportunity to raise elsewhere, please use the space below.

8. About You

We collect this information to help us understand the communities that we serve so that services and policies can be delivered to meet the needs of everybody. Please feel free to leave questions that you do not wish to answer. All of the information gathered in this questionnaire is confidential and anonymous.

Your personal information will not be passed on to anyone and your personal details will not be reported alongside your responses.

9. Are you completing this form on behalf of an organisation or group?

Yes

No

If yes, please tell us the name of the organisation/group and add any other comments you wish to make.

9. Questions for Individuals

Please answer the following questions.

10. Do you live in the Rother District Council area?

Yes

No

11. Are you currently receiving Council Tax Reduction?

Yes

No

Prefer not to say

Don't know

12. What is your current employment status? Please tick all that apply

Apprenticeship scheme/ training

Employed / self-employed

Employed fixed term

Not employed and looking for work

Not employed and not looking for work

Retired

- Student
- Unable to work
- Prefer not to say
- Other (please specify):

13. Are you liable to pay Council Tax?

- Yes
- No
- Don't know
- Prefer not to say

14. What is your sex?

- Female
- Male
- Prefer not to say
- Other (please specify):

15. What is your age?

- Under 18
- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65-74

- 75-84
- 85+
- Prefer not to say

16. Do you have an impairment, health condition or learning difference that has a substantial or long-term impact on your ability to carry out day-to-day activities? (tick all that apply)

- Yes
- No
- Prefer not to say

**17. If you have answered 'yes', please tick the box (s) that best describe your impairment(s).
(This information helps us improve access and remove barriers to our services).**

- Blind or visual impairment uncorrected by glasses
- Deaf or have a hearing impairment
- A long-standing illness or health condition e.g. cancer, HIV, diabetes, rheumatoid arthritis, chronic asthma, epilepsy, cardiovascular conditions, sickle cell anaemia, motor neurone disease, some forms of dementia
- A mental health difficulty, e.g. schizophrenia, depression, anxiety disorder, some forms of dementia
- A physical impairment or mobility issues, e.g. walking, dexterity, difficulty using your arms or using a wheelchair or crutches
- A social/ communication impairment, e.g. speech and language impairment or Asperger's syndrome/other autistic spectrum disorder
- A specific learning difficulty e.g. dyslexia, dyspraxia or AD(H)D
- An impairment, health condition or learning difference that is not listed above
- Prefer not to say

To which of these ethnic groups do you feel you belong?

- Asian or Asian British
- Black, Black British, Caribbean or African

- Mixed or multiple ethnic groups
- White
- Other Ethnic Group
- Prefer not to say

18. Asian or Asian British

- Indian
- Pakistani
- Bangladeshi
- Chinese
- Any other Asian background

19. Black, Black British, Caribbean or African

- Caribbean
- African
- Any other Black, Black British, or Caribbean background

20. Mixed or multiple ethnic groups

- White and Black Caribbean
- White and Black African
- White and Asian
- Any other Mixed or multiple background

21. White

- English, Welsh, Scottish, Northern Irish or British

- Irish
- Gypsy or Irish Traveller
- Roma
- Any other White background

22. Other ethnic group?

- Arab
- Any other ethnic group

23. Next steps....

Thank you for completing the questionnaire.

The consultation closes at midnight **dd/mmm/yyyy**

We will listen carefully to what you tell us and take the responses into consideration when making a final decision on the 2024/25 scheme.

Following the decision, the full results from the consultation will be available on the Council's website.

The new scheme will start on 1 April 2024. The Council will consider the impact of the scheme annually and consult again if it thinks further changes need to be made.

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EQUALITY IMPACT ASSESSMENT Part 1 & 2

Directorate	Deputy Chief Executive	Service Revenues and Benefits	Assessment carried out by	Chris Watchman		
Area being assessed	Draft Council Tax Reduction Scheme	Date of Assessment	September 2023	Is this a new or existing service/policy?	Existing	

PART 1 INITIAL ASSESSMENT

<p>1. What is the aim/ objective of the area being assessed?</p>	<p>Since 1st April 2013, the Council has maintained a local Council Tax Reduction scheme. This replaced the national Council Tax Benefit scheme, which ended on 31st March 2013. Council Tax Reduction helps provide support to Council Taxpayers who have a low income. It supports the taxpayers by providing a reduction in the actual amount in Council Tax payable.</p> <p>The Council has the ability to determine the level of support given to working age applicants only. The scheme for pension age applicants is determined by Central Government and therefore the ability of the Council to vary that part of the scheme is limited and can only enhance the national scheme in any event.</p> <p>The Current Scheme (2023/24)</p> <p>The current income banded scheme was introduced in 2019 and has been successful in that it is easy to understand and administer.</p> <p>All working age applicants are now required to pay a minimum of 20% towards their Council Tax and a minimum level has been set that prevents the granting of any reduction where the entitlement was less than £5 per week.</p> <p>Where applicants suffer exceptional hardship, they may apply for additional support under the Council's Exceptional Hardship Fund which can grant additional Council Tax Reduction.</p> <p>The current income banded scheme is shown below:</p>
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Band	Discount	Passported	Single (weekly net income)	Couple (weekly net income)	Family with 1 child (weekly net income)	Family with more than 1 child (weekly net income)
1*	80%	Relevant Benefit	£0 to £112.39	£0.00 to £159.72	£0 to £218.89	£0 to £278.05
2	60%	N/A	£112.40 to £171.55	£159.73 to £218.89	£218.90 to £278.05	£278.06 to £337.21
3	40%	N/A	£171.56 to £230.72	£186.78 to £239.23	£278.06 to £337.21	£337.22 to £396.39
4	20%	N/A	£230.73 to £289.90	£278.06 to £337.21	£337.22 to £396.39	£396.40 to £455.55
5	0%	N/A	Over £289.90	Over £337.21	Over £396.39	Over £455.55

The Proposed Scheme (2024/25)

The proposed scheme basically introduces two changes only:

- a. To increase the overall level of support to working age applicants (up to 100%); and
- b. To remove the minimum reduction level so that **any** amount of reduction is will payable.

The proposed scheme grid is shown below;

Band	Discount	Passported	Single (weekly net income)	Couple (weekly net income)	Family with 1 child (weekly net income)	Family with more than 1 child (weekly net income)
1*	100%	Relevant Benefit	£0 to £112.39	£0.00 to £159.72	£0 to £218.89	£0 to £278.05
2	60%	N/A	£112.40 to £171.55	£159.73 to £218.89	£218.90 to £278.05	£278.06 to £337.21
3	40%	N/A	£171.56 to £230.72	£186.78 to £239.23	£278.06 to £337.21	£337.22 to £396.39
4	20%	N/A	£230.73 to £289.90	£278.06 to £337.21	£337.22 to £396.39	£396.40 to £455.55
5	0%	N/A	Over £289.90	Over £337.21	Over £396.39	Over £455.55

2. Who is intended to benefit from it and how?

Both working age and pension age applicants, who have a low level of income will benefit from the scheme.

The scheme for pension age applicants is determined by Central Government however the new scheme for working age applicants provides a higher level of support to those who have a low-level income or are on a legacy benefit such as Income Support, Employment and Support Allowance (Income Related) or Job Seekers Allowance (Income Based).

The maximum will increase to 100% of the person's Council Tax liability for working age applicants. Pension age applicants will continue to receive up to 100% discount under the prescribed scheme set by Central Government.

All applicants will have a greater certainty of entitlement with the removal of the minimum reduction level.

	The scheme will still have, as an essential part, the provision to award additional support, where required, where exceptional hardship is proven.
3. If your service uses contractors, do you ensure that they comply with the Council's equal opportunities policy and relevant legislation?	N/A
4. Do you know who your service users are by age/ race/ disability/gender etc.?	<p>Information held on the database is limited to that needed to process a claim for either housing benefit, CTR or both. The age of claimants and their gender can be obtained but not their race or details of their disability as this is not relevant to entitlement.</p> <p>There are 46,491 banded dwellings in the Rother District (at September 2023). The total number of CTR claimants at September 2023 is 6401 of whom 3648 are of working age and 2753 are pensioners. In percentage terms, 13.76% of households in Rother are claiming council tax reduction and of these claimants, 56.99% are of working age.</p>
<p>5</p> <p>a. How are service users views gathered? (This could be through results of recent consultations or surveys, information from groups and agencies directly in touch with particular groups or analysis of complaints)</p> <p>b. How do you use this information?</p> <p>c. Do you publish the results, and where?</p>	<p>The legislation relating to Council Tax Reduction requires the authority to consult with major precepting authorities and the public.</p> <p>Both consultations will be used to determine the views of stakeholders.</p> <p>The consultations will take place w/c xxxxxx</p>

6. Could the area being assessed have a differential impact on racial groups?	No	<p>The Council Tax Reduction scheme does not preclude people from receiving support based on their race. Under the current and proposed new scheme, entitlement is solely based on the applicant's income, household composition and liability to pay Council Tax.</p> <p>The new proposed scheme will provide more support to low income households and to those who receive only a small amount of reduction.</p>
7. Could the area being assessed have a differential impact on people due to their gender?	No	The gender of the claimant is irrelevant when deciding a claim for and making an award of Council Tax Reduction.
8. Could the area being assessed have a differential impact on people due to their disability?	No	The revised Council Tax Reduction scheme applies the basic principles as the previous scheme in that it disregards any disability related income.
9. Could the area being assessed have a differential impact on people due to their sexual orientation?	No	The Council Tax Reduction scheme does not exclude claimants on the basis of their sexual orientation
10. Could the area being assessed have a differential impact on people due to their age	Yes	<p>The Council Tax Reduction scheme is essentially made up of two parts. The scheme for working age is determined by the Council and the scheme for Pension Age applicants is determined by Central Government.</p> <p>By design the Council Tax Reduction scheme for pension age applicants is based largely on the previous Council Tax Benefit scheme. As such pension age applicants are protected from any changes or reductions in entitlement.</p>
11. Could the area being assessed have a differential impact on people due to their religious or other belief?	No	The Council's Council Tax Reduction scheme does not preclude people from receiving support based on their religious belief. Under the scheme, entitlement is solely based on the claimant's income, household composition and liability to pay Council Tax.
12. Could the area being assessed have a differential impact on people due to them having dependants/caring responsibilities?	No	The proposed changes maintain the level of support to both households with dependants and to carers. In reality it may increase support levels by removing the minimum levels and increasing the maximum support levels.

13. Could the area being assessed have a differential impact on people due to them being transgendered or transsexual?	No	The Council's Council Tax Reduction scheme does not preclude transgendered or transsexual claimants from receiving help towards paying their council tax
14. Is there any evidence that people from different groups may have different expectations of the areas being assessed?	No	<p>The Council's Council Tax Reduction scheme applies to two distinct groups: pension age applicants and those of working age. The scheme for pension age applicant is determined by Central Government. The Council determines the level of income for working age applicants.</p> <p>It is possible that working age applicants may receive the same level of support as pensioner applicants.</p> <p>All current Council Tax Reduction applicants will be contacted prior to their migration to the new scheme to explain any differences and to offer help and advice.</p> <p>Details of the new scheme will be published on the Council's website.</p>
15. Is the policy likely to affect relations between certain groups, for example because it is seen as favouring a particular group or denying opportunities to another?	No	The proposed changes align the potential (total) level of support for both working age and pension age.
16. Is the policy likely to damage relations between any particular groups and the Council?	No	The Council will need to be aware that working age applicants may experience changes in their support from the current scheme. However, all changes proposed are positive.
17. Could the differential impact identified amount to there being the potential for adverse impact in this strategy/policy/service/procedure?	No	

<p>18. Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or any other reason?</p>	<p>N/A</p>	
<p>19. Do your staff know who the contact is for equalities issues within your directorate?</p>	<p>Yes</p>	
<p>20. Have all your staff attended an equality awareness training session?</p>	<p>Yes</p>	
<p>21. Have you set any equality performance indicators or objectives for your service?</p>	<p>Yes</p>	<p>The service will monitor the effect of the new scheme on a monthly basis through the first year of implementation and identify any potential unintended consequences</p>
<p>22. Actions arising from Part 1 of the Initial Assessment</p>	<p>No</p>	

23. Should this Initial Assessment proceed to Part 2?	Yes	
24a. As a result of Part 1, is a Full Assessment necessary?	No	
24b. If Yes, on what evidence should this assessment proceed to a Full Assessment?	N/A	
25a. Date on which Full Assessment to be started by	N/A	
25b. Date on which Full Assessment to be completed by	N/A	

Signed (Completing Officer): _____ Signed (Lead Officer): _____ Date: _____

PART 2 - INITIAL CONSULTATION AND RISK ASSESSMENT					
26. In what areas are there concerns that the strategy/policy/procedure could have a differential impact?	Race No	Gender NO	Disability NO	Sexual Orientation NO	Age YES
	Religion or Belief NO	Dependants/ caring responsibility NO	Transgendered or Transsexual NO		
27. What concerns are there that the area being assessed could have a differential impact on relevant groups? Please explain (continue on a separate sheet if necessary).	<p>As mentioned in Part 1, the changes relate to Working Age applicants only. Pension age applicants will continue to be assessed under the prescribe requirements set by Central Government.</p> <p>The level of discount potentially available to working age cases will increase to 100%.</p>				
28. What are the risks associated with the area being assessed in relation to differential impact?	There are no risks with the implementation of these changes.				
29. Are there any experts/relevant groups who you can approach to explore their views on the issues?	YES		30. Please list the relevant groups/ experts	Major Preceptors, the Public and the Advice Sector	

31. How will the views of these groups be obtained?	Letter Y Meetings Interviews <input type="checkbox"/> Telephone <input type="checkbox"/> Workshops <input type="checkbox"/> Forum Questionnaires Y Other Full Consultation	32. Date on which each group/expert was contacted	Dd/mm/yyyy
33. Please explain in detail the views of the relevant groups/experts on the issues involved (continue on a separate sheet if necessary).	To be completed		
34. Taking into account the views of the groups/experts and/or the available evidence, please clearly state the risks associated with the strategy/policy/procedure weighed against its benefits (continue on a separate sheet if necessary).	To be completed		
35. Actions arising from Part 2 of the Initial Assessment	To be completed		

36. As a result of Part 2, is a Full Assessment necessary?		NO (please sign below)	36a. Date on which Full Assessment to be started	N/A	36b. Date on which Full Assessment to be completed	N/A
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Signed (Completing Officer): _____ Signed (Lead Officer): _____ Date: _____

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Rother District Council

Report to: Cabinet

Date: 6 November 2023

Title: Revenue Budget and Capital Programme Monitoring as at Quarter 2 - 2023/24

Report of: Duncan Ellis – Interim Deputy Chief Executive and S151 Officer

Cabinet Member: Councillor Jeeawon

Ward(s): All

Purpose of Report: To note the estimated financial outturn for 2023/24 based on expenditure and income to the end of Quarter 2, 30 September 2023.

Decision Type: Non-key

Officer

Recommendation(s): **Recommendation to COUNCIL:** That:

- 1) the scheme to meet the potential costs of the Council's contributions towards dilapidations to Rye swimming pool and Bexhill Leisure Centre and Pool at a forecast cost of £60k in 2024/25 and £50k in 2025/26, to be funded from capital receipts, be approved; and
- 2) the changes to the capital programme budget as set out in paragraphs 16-20 as follows be approved: -
 - A new capital scheme be added to the capital programme in 2023/24 in respect of replacement boilers in administrative buildings, at a total cost of £95k, to be funded from revenue reserves (paragraph 16).
 - An increase of £161k to the current capital programme scheme in 2023/24 in respect of Disabled Facilities Grants, funded from an additional grant allocation from Government (DLUHC) (paragraph 19).
 - Transfer of £53k from Pebsham toilets and £68.5k from Camber toilets/Camber Sands Welcome Centre (the latter subject to formal approval from the funding body) to a new scheme at Egerton Park toilets in 2023/24, in respect of a Changing Places Toilets scheme, to be funded from a Government (DLUHC) grant (paragraph 20).
- 3) the acceptance of £128k revenue grant funding for Bexhill leisure pool and Rye swimming pool (subject to the notification of a formal offer) be approved.

AND

It be **RESOLVED:** That the report be noted.

Reasons for Recommendation:

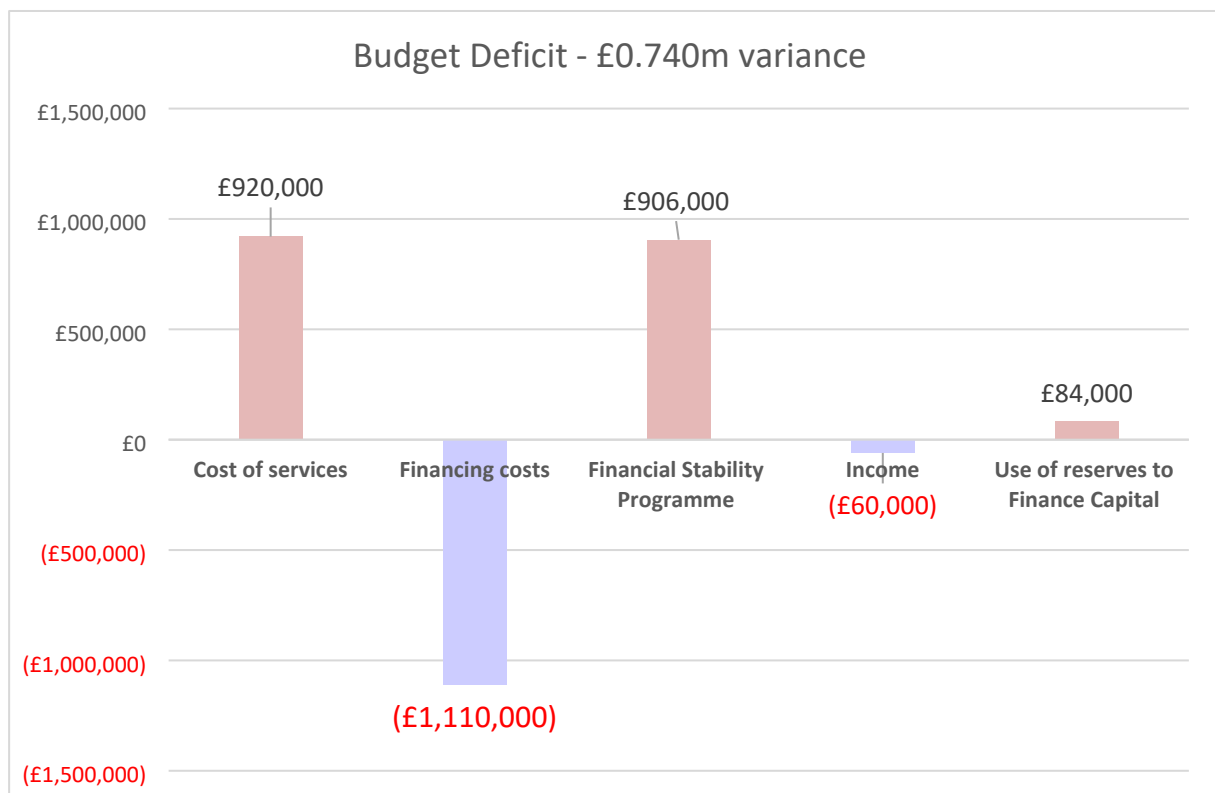
To update the capital programme and 2023/24 revenue budget to reflect changes in spending needs and grant allocations.

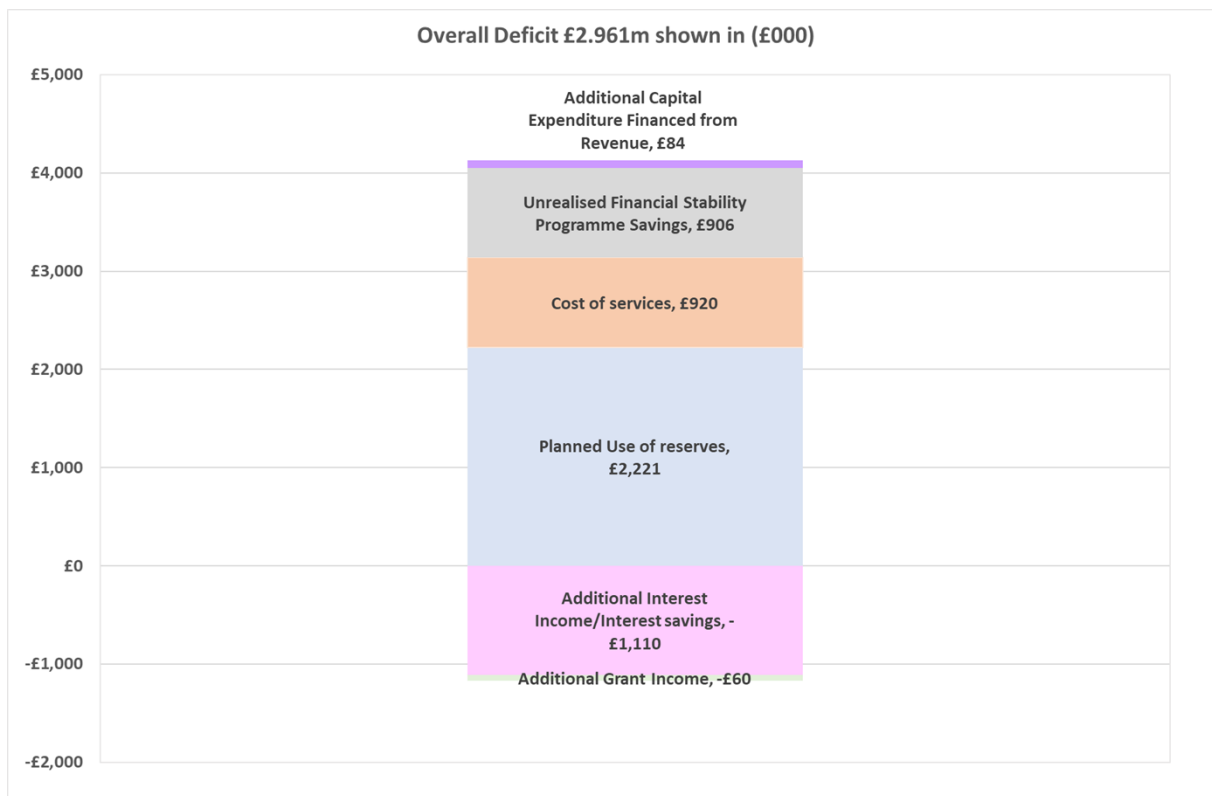
Introduction

- 1. This report updates Members on the Council’s financial position as at the 30 September 2023 and forecasts a provisional outturn for 2023/24. The revenue budget and capital programme statements are summarised in Appendices A and B respectively. The impact of the forecast on the Council’s reserves is summarised in Appendix C. The report also includes a brief update on the Collection Fund performance.
- 2. The presentation of the revenue budget reflects the revised management reporting structure.

Overall position

- 3. The forecast outturn for the 2023/24 financial year is based on the position as at 30 September 2023 and indicates a forecast deficit position of £2.961m at 31 March 2024, against a budgeted deficit of £2.221m which is a variance of £0.74m. The updated MTFs is looking to address the financial position of the Council. The first graph, below, shows the breakdown of the forecast variance to budget and the second graph shows the breakdown of the overall deficit.





Revenue Budget

4. The revenue budget forecast as at the 30 September 2023 indicates a deficit of £0.656m against the approved budgeted drawdown from Reserves of £2.045m resulting in a forecast reserve drawdown of £2.701m. The position is detailed in Appendix A and the main variances are summarised in the paragraphs below.

Cost of Services - £920,000 forecast deficit (£760,000 forecast deficit at Quarter 1). (Detailed below).

Chief Executive – forecast Deficit £569,000 (£334,000 forecast deficit at Quarter 1)

5. **Chief Executive** - £160k deficit (£43k forecast deficit at Quarter 1). The forecast includes spend in respect of one-off severance and recruitment costs along with agency cover for statutory officer posts to be funded from reserves. This is partly offset by a vacancy saving.

a. Chief Finance Officer – £27k deficit ((£43k) surplus at Quarter 1). Audit fees for the year have risen by £54k, which was agreed by the Public Sector Audit Appointments body (PSAA). There is an underspend of £100k in relation to the unfunded element of the corporate pension costs which is funding agency expenditure of £69k to cover interim appointments in key posts. An amount of £4k of additional expenditure on computer software has also been incurred.

b. Democratic Services and Elections - £345k deficit (£313k forecast deficit at Quarter 1). The movement from the previous quarter relates mainly to training, systems and unbudgeted software inflation costs.

c. Human Resources - £36k forecast deficit (£20k forecast deficit at Quarter 1). £10k of the deficit relates to unrealised anticipated savings on NNDR for the Town Hall and £10k on premises related costs, in addition, £10k of rental

income will not be realised. Net unrealised staff turnover £6k contribute further to the deficit.

Deputy Chief Executive – forecast Surplus (£9,000) ((£62,000) forecast surplus at Quarter 1)

6. **Deputy Chief Executive** – (£8k) forecast surplus ((£4k) forecast surplus at quarter 1). This is made up of additional income.

a. Environmental Services, Licencing and Community Safety – (£8k) forecast surplus ((£15k) forecast surplus at quarter 1). The surplus is due to additional income from fixed penalty notices (£33k) offset by a reduction of £3k on food export certificate income. In addition to unrealised salary turnover savings of £18k, which were reported in Quarter 1, in Quarter 2 backdated payments totalling £24k were made to officers in respect of car allowances.

b. Revenues and Benefits – (£62k) forecast surplus ((£73k) forecast surplus at Quarter 1). The surplus is due to an estimated net underspend on staff costs of (£76k) in respect of vacancies offset by backdated car allowances. In addition, increased IT costs are £23k.

c. Internal Audit – no forecast surplus/deficit (unchanged from Quarter 1).

d. Digital and Customer Services – (£15k) forecast surplus (£14k forecast deficit at Quarter 1). Forecast savings of £119k are partially offset by the £74k cost of a new post. Unbudgeted systems inflation costs of £5k will be incurred. Rother 2020 budgeted savings are £35k. These pressures have been offset by surplus income of (£13k) from printing services and the receipt of a grant of (£6k) in relation to e-government, for the Council achieving the gold standard. Other net costs total £9k.

e. Corporate Programme and Improvement - £21k forecast deficit (unchanged from Quarter 1). This is due to additional staffing costs.

f. Corporate Policy and Projects – £63k forecast deficit ((£5k) forecast surplus at quarter 1). The deficit is due to additional staffing costs which will be subject to monitoring and a further review in Quarter 3.

Director – Place and Climate Change – forecast Deficit £360,000 (£489,000 forecast deficit at Quarter 1)

7. **Director - Place and Climate Change** - £2k forecast deficit (unchanged from Quarter 1). The deficit relates to additional costs of attendance at conferences.

8.

a. Planning Development Management - £123k forecast deficit (£79k forecast deficit at Quarter 1). The deficit is due to £161k of staff-relating costs, which are net of salary savings, the costs of agency staff and unrealised staff turnover savings. There is a forecast £53k of additional systems costs and planning appeal costs awarded against the Council of £22k as well as additional expenditure of £9k on planning advice from East Sussex County Council (ESCC). On the fees and charges side, cost pressures have been partially offset by unbudgeted surplus income of (£145k) from planning performance agreements and planning applications but are reduced by a forecast deficit of £23k on land charges income.

b. Planning Policy - £35k forecast deficit (£63k forecast deficit at Quarter 1). Additional net staffing costs of £61k are forecast, comprising of net additional staffing costs and unrealised staff turnover savings. This is offset by an anticipated grant of (£27k) in respect of biodiversity net gains in conservation and preservation.

c. Neighbourhood Services – (£205k) forecast surplus ((£102k) forecast surplus at Quarter 1). The surplus is made up of a number of elements where savings have been made or income is expected to exceed the budget: savings on the grounds maintenance contract (£150k), unbudgeted car park income (£230k), additional filming rights income of (£12k) and additional waste collection income and additional savings on core waste contract due to new pricing starting in Quarter 2 (£141k). These savings and income increases are offset by additional costs of car park resurfacing works of £55k, unrealised anticipated savings from devolvement of public conveniences to parishes of £155k, an outstanding shortfall on recycling property numbers of £50k, £17k of costs relating to new air pumps at Bexhill Leisure Centre, a loss of £10k on cemetery fees income and unbudgeted health and safety electrical works of £18k in museums. There is also forecast a net overspend of £23k on unrealised budgeted staff turnover savings and backdated car allowance payments offset by a reduction in seasonal staffing costs, due to adverse summer weather.

d. Climate Change Strategy - £1k forecast deficit (£8k forecast deficit at Quarter 2). The deficit is due to additional training costs.

e. Housing - £433k forecast deficit (£400k forecast deficit at Quarter 1). The deficit is primarily due to estimated costs of temporary accommodation amounting to £540k reduced by (£43k) through proposed mitigating measures, which were reported in the Quarter 2 monitoring report, and net rental income of (£36k). Additionally, a housing benefit overpayment is forecast at £50k. Net staffing related costs of £78k are forecast which are mainly due to trying to manage the increasing demand led pressures and expectations of cost recovery changes in respect of time spent on disabled facilities grants and the housing company.

f. Regeneration - £29k surplus (£39k forecast deficit at Quarter 1). The surplus is due to unbudgeted income of (£53k) from PIS property rentals, lower than expected voids on properties, rent reviews, and saving on business rates where properties are leased. Savings on non-PIS properties are (£7k). Additional net income of (£21k) is forecast from maintenance services sold to third parties. Additional costs incurred at Beeching Road studios at £25k and £27k in respect of net additional staff costs and unrealised staff turnover savings partially offset the savings made.

Net Financing Costs – forecast Surplus (£1,110,000) (£1,090,000 forecast surplus at Quarter 1)

9. As reported in the previous quarter, the budget was calculated on the assumption that the pace of the Council's capital programme would accelerate significantly after the pandemic. However, due to the significant increase in borrowing rates over the last year a number of schemes within the capital programme are being fundamentally reviewed to ensure that they can still deliver the anticipated outcomes and remain affordable to the Council. As a result of this pause, the anticipated borrowing has not been required.

Consequently, interest due to be paid is lower than expected by (£471k). This is partially offset by the Minimum Revenue Provision (MRP) which is forecast to be £291k higher than anticipated. Members should note that financing costs will be subject to a detailed review as part of assessing the affordability of the capital programme. The review will be crucial in determining future programme deliverability, particularly in view of historically high inflation and high interest rates.

10. Interest income from investments is expected to yield an additional (£730k), of which (£530k) is in respect of an increased focus on treasury management activity and higher interest rates since the budget was calculated, and (£200k) due in interest on loans to the housing company.
11. The budgeted contingency is shown as a surplus for the purposes of the report.

Financial Stability Programme – forecast Deficit £906,000 (unchanged from Quarter 1)

12. Several small savings are being forecast by the end of the financial year, currently driven mainly by Neighbourhood Services and IT. However, more savings to the end of the year are not expected to be achieved in the current financial year. Overview and Scrutiny Committee Members received the updated Medium-Term Financial Strategy (MTFS) on 16 October 2023. The updated MTFS removes the current FSP and replaces it with a new 'Fit for the Future' financial resilience programme, which is designed to close the budget gap over the medium-term period through making efficiencies, savings and increasing income to help support frontline services.

Income – forecast Surplus (£60,000)

13. Since the budget was approved the Council have received several small grants totalling £60k from the Department of Levelling Up, Housing & Communities. The largest sum is a New Burdens grant of £34k.

Capital Programme

14. The Capital Programme comprises a range of strategic projects that span more than one year and many operate for several years or have recurrent investments. Projects that have not spent all their allocation in the year of inception have the remaining funding carried forward into future financial years, profiled based on the anticipated expenditure for the project. The Interim S151 Officer is working with Heads of Service and elected Members to undertake a fundamental review of capital schemes which currently amount to more than £157m. The table below shows the profiling of the capital programme as forecast as at 30 September 2023:

	23/24	24/25	25/26	26/27	27/28	Total
	£000	£000	£000	£000	£000	£000
Capital Expenditure	28,409	68,699	23,553	8,694	28,183	157,538
Funded by:						
Capital Receipts	2,100	60	50	0	0	2,210
Grants & contributions	10,371	7,209	14,927	7,589	1,625	41,721
CIL	513	1,484	1,321	850	0	4,168
Borrowing	8,997	20,699	125	125	125	30,071
Capital Expenditure Charged to Revenue	1,229	247	130	130	130	1,866
Borrowing & Loan for RDC Housing Company Ltd	5,000	39,000	7,000	0	26,303	77,303
Section 106	200	0	0	0	0	200
Total	28,409	68,699	23,553	8,694	28,183	157,538

15. The revised 2023/24 budgets (see Appendix B) have been derived from reviewing the project cashflows and assessing the expected position at this time. Up to £19.9m is forecast to be spent in this financial year. During Quarter 2 the following budget increases/decreases were applied to the capital programme:

Scheme	Increase £ (000)	(Decrease) £ (000)	Revised overall budget £ (000)	Reason for change
Disabled Facilities Grant	381		8,506	Additional grant award and budget adjustment for capitalised salaries
Rural England Prosperity Fund	230		604	Funding agreement with DLUHC, as agreed at Cabinet meeting on 17 July 2023
LTA Tennis Court Refurbishment – Egerton Park	105		105	Capital investment in site
Boiler Replacement in admin buildings	95		95	Capital investment in site
UK Shared Prosperity Fund		(98)	253	Reprofiled budget to match revised funding agreement and capital / revenue split
Bexhill Leisure Centre and Rye Swimming Pool	110		110	Capital investment (2024/25 and 2025/26)
Total Scheme increases/(decreases)	921	(98)		
Funding				
Grants and contributions	716	(98)		
Capital Expenditure Charged to Revenue	95			
Borrowing				
Capital Receipts	110			
Total Funding increases/(decreases)	921	(98)		

Additions to the Capital Programme

16. A new capital scheme has been added to the capital programme to meet the unexpected cost of two replacement boilers at the Town Hall, Bexhill, at a forecast cost of £95k. This scheme has already commenced, given the urgency of the works and the need to ensure that the property is maintained and is available for use, and the scheme will be funded from a contribution from revenue reserves.

17. At the meeting of the Cabinet on 4 September 2023, it was agreed to accept a grant from the Lawn Tennis Association (LTA) to refurbish five tennis courts and for the installation of two controlled access gates at Egerton Park, Bexhill, at a total cost of £104k. This has been added to the 2023/24 capital programme.
18. A new capital scheme has provisionally been added to the capital programme in 2024/25 (£60k) and 2025/26 (£50k) to meet potential payments in respect of contributions towards dilapidations at Rye Swimming Pool and Bexhill Leisure Centre and Pool. This has provisionally been funded from capital receipts and Members are asked to consider this scheme and to make a recommendation to Full Council for approval of the scheme and the funding from capital receipts in 2024/25 and 2025/26.
19. On 7 September 2023, the Government (DLUHC) announced that there would be an additional grant allocation of £161k in respect of Disabled Facilities Grants (DFGs) in 2023/24. This has been added to the capital programme. In addition, a technical change to the reporting of salaries in respect of administering the DFG programme, which are charged to the capital scheme has also made, increasing the programme by £220,000. This is funded from the initial DFG allocation and is a presentational change only.
20. Approval has been granted by DLUHC for the grant funding in respect of the Changing Places Toilets (CPT) scheme at Pebsham toilets to be transferred to Egerton Park toilets. This is a scheme which will provide facilities to assist those with profound and multiple disabilities to use toilets safely and comfortably. A further request to transfer the approved CPT grant funding from the Camber Sands conveniences/Camber Sands Welcome Centre is awaiting approval from DLUHC. If approved, the budget from Camber Sands (as part of the Welcome Centre project) will be moved to a new scheme at Egerton Park toilets and the CPT scheme at Camber will be closed.

Application for Revenue Grant funding

21. The Council has recently made an application for revenue grant funding for Bexhill leisure pool and Rye swimming pool, for a total grant of £128k. A request is made for Cabinet to recommend approval of this application, and the acceptance of any resulting grant, to Council.

Capital Programme - Forecast outturn 2023/24

22. The table at Appendix B notes a revised budget for the year of £28.4m. The forecast outturn for the year at Quarter 2 is £19.9m, a variance of (£8.5m) or 30% of the programme. Most of this forecast underspend is attributable to schemes which have progressed more slowly than expected or have been paused pending review, with only a small amount of savings forecast on schemes which have been completed. Forecast variances over £50k are shown in the table below:

Scheme	2023/24 capital programme budget	2023/24 forecast outturn	2023/24 forecast variance	Commentary
	£ (000)	£ (000)	£ (000)	
Corporate Document Image Processing System	87	1	(86)	When staffing resources allow, areas such as housing, planning and the estate will need to be progressed.
Rother Transformation ICT Investment	117	40	(77)	This scheme is mainly for the movement of the data centre. There is a requirement for additional hardware, which is not expected to be purchased until 2024/25.
Community Grants	260	130	(130)	The budget was increased by £130k in the 2022/23 outturn. There is a long lead time between a scheme being approved and works carried out. It is anticipated that £130k will be granted in the current financial year, with other approved grants likely to be advanced in 2024/25.
CIL Scheme 1 Village Hall Energy Project	342	200	(142)	There has been no spend to date on this scheme. Village halls have only just been asked to make a bid; they then have three months to bid and six months to complete the works. £200k is forecast for the remainder of the year, but this will be dependent upon the bids received, the time it takes to enter in agreements and when the work takes place (after which funding is advanced).
Beeching Road Hotel and Foodstore Development	104	30	(74)	This scheme is not going to go ahead in its current format, and alternatives are being reviewed by external consultants.
Barnhorn Green GP Surgery and Industrial Development	3,313	800	(2,513)	There has been slower progress than anticipated on this scheme. The scheme now has planning consent and has completed RIBA Stage 4. Construction is not expected until the second half of 2024/25.
RDC Housing Company Ltd Investment (RDC loans)	5,000	2,580	(2,420)	This is the funding from the Council to the RDC Housing Company. Drawdown of funds is only when required.
Development of Council owned sites	213	0	(213)	This is a budget which is held to finance suitable sites, which will have their own scheme.
King Offa Residential Scheme	359	181	(178)	This scheme is largely complete, with some residual works to clear the site, and prepare for possible disposal.
Community Led Housing Schemes - Cemetery Lodge	200	0	(200)	Difficult operating conditions in the residential development sector have impacted on the proposed scheme, which will delay the Council's own costs and transfer of the lodge and development land into 2024/25.
Camber – Old Lydd Road	140	12	(128)	There are some uncertainties about when this site will be disposed of, and the remaining costs in 2023/24 relate to legal fees of approximately £10k.

Scheme	2023/24 capital programme budget	2023/24 forecast outturn	2023/24 forecast variance	Commentary
	£ (000)	£ (000)	£ (000)	
Bexhill Leisure Centre – site development	78	0	(78)	This is linked to the King Offa site and the costs relating to this are under review.
Fairlight Coastal Protection	67	11	(56)	This scheme will be carried out in the spring when conditions are better.
Disabled Facilities Grants	2,006	1,949	(57)	An additional allocation of £161k for 2023//24 has been announced and is due to be received shortly. Expenditure on grants and payments in respect of occupational therapist advice, as well as a provision for administration costs means that the budget is forecast to be largely spent by the end of the financial year.
Housing – Temporary Accommodation Purchase	6,362	5,041	(1,321)	This scheme is progressing well, but there is a delay between identifying suitable properties and making and completing the purchase thereof.
Invest to Save Initiatives (Financial Stability Programme)	705	12	(693)	Limited schemes are in progress and will become part of the Fit for the Future initiative in the MTFs from 2024/25.
Payments to Parishes - CIL	171	85	(86)	The last payments have been made in respect of a CIL-funded scheme at Ticehurst village hall. No other schemes are in the pipeline for this financial year.
Pebsham Toilets	54	0	(54)	Approval was initially granted through DLUHC's Changing Places Toilets (CPT) scheme. Approval has been given to move this funding to a scheme at Egerton Park. In addition, a further change request has been submitted to move the CPT element from Camber Sands to Egerton Park. If approved, £69k budget will be moved from Camber Sands and a new scheme, totalling £123k, will be established at Egerton Park.
Camber Sands Welcome Centre	69	102	33	This scheme is progressing and is expected to spend more than its current allocation for the year, with reprofiling of future years' budget required to offset. An element of the existing budget relates to DLUHC funding in respect of a Changes Places Toilet facility for which authority is currently being sought to transfer this to a scheme at Egerton Park (see Pebsham Toilets, above).

Impact on Reserves

23. The forecast impact on Reserves is a drawdown of £2.701m for revenue, which is £0.656m higher than the planned use of £2.045m, and £0.260m for capital which is £84k higher than the planned use of reserves.

Collection Fund

24. The collection rate as at the 30 September 2023 for the Council Tax part of the Collection Fund was 57.10% of the collectable debit, which is 0.21% lower than the corresponding figure in 2022/23. The budgeted yield is 58.43%, which is 0.21% lower than the same period in 2022/23. Collection performance is shown below:

	2023/2024	Equivalent Period 2022/2023
Income Received	£91,707,931.88	£86,484,722.41
Income Received as a % of collectable debit	57.10%	57.31%
Budgeted yield (at 98.3% collection)	£89,626,816.94	£84,513,438.24
Income Received as a % of budgeted yield	58.43%	58.64%

25. The collection rate as at the 30 September 2023 for the Business Rates part of the Collection Fund was 58.62% of the collectable debit, which is 0.43% lower than the corresponding figure in 2022/23. Collection performance is shown below:

	2023/2024	Equivalent Period 2022/2023
Collectable debit	£16,928,968.18	£17,578,906.50
Income Received	£9,924,273.97	£10,397,735.53
Income Received as a % of collectable debit	58.62%	59.15%
Amount outstanding for year	£7,004,694.21	£7,181,170.97

26. Collection rates have held up well despite the squeeze on finances following the pandemic and the cost-of-living crisis. The current economic situation may well lead to a decline in future collection rates, which will have an adverse impact on the income that the Council receives from Council Tax and Business Rates.

Conclusion

27. The forecast outturn on the revenue budget at Quarter 2 2023/24 is a deficit of £2.961 million, which is £0.740m greater than the approved planned use of Reserves. The Interim S151 Officer will work closely with Heads of Services and Members to reduce areas of overspend and the impact on reserves.
28. The Council's capital programme has a forecast outturn of £19.9m.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

Chief Executive	Lorna Ford
Report Contact Officer:	Duncan Ellis
e-mail address:	Duncan.Ellis@rother.gov.uk
Appendices:	Appendix A Revenue Budget Forecast Appendix B Capital Programme Forecast Appendix C Reserves
Relevant Previous Minutes:	None.
Background Papers:	None.
Reference Documents:	None.

Revenue Budget 2023/24 Forecast as at 30 September 2023

Line	Rother District Council General Fund Summary	Revised Budget 2023/24 Q2 £ (000)	2023/24 Q2 Actual £ (000)	2023/24 Q2 Forecast £ (000)	2023/24 Q2 Variance £ (000)
1	Deputy Chief Executive	331	147	323	(8)
1a	Environmental Services, Licensing & Community Safety	676	490	668	(8)
1b	Revenues & Benefits	1,308	(2)	1,246	(62)
1c	Internal Audit	165	83	165	(0)
1d	Digital & Customer Services	1,899	662	1,884	(15)
1e	Corporate Programme & Improvement	94	51	115	21
1f	Corporate Policy & Projects	354	221	417	63
2	Chief Executive	354	231	514	160
2a	Chief Finance Officer	1,483	670	1,510	27
2b	Democratic Services	652	667	997	345
2c	Human Resources Services	512	270	548	36
3	Director Place and Climate Change	115	60	117	2
3a	Planning Development Management	658	270	781	123
3b	Planning Policy	471	413	506	35
3c	Neighbourhood Services	5,942	2,201	5,737	(205)
3d	Climate Change Strategy	120	26	121	1
3e	Housing	2,607	1,506	3,040	433
3f	Regeneration	(863)	(473)	(892)	(29)
4	Total Cost of Services	16,877	7,495	17,797	920
5	Interest from Investments	(586)	(381)	(1,316)	(730)
6	MRP	224	0	515	291
7	Interest payments	1,106	0	635	(471)
8	Budget Contingency	200	0	0	(200)
9	Salaries turnover	0	0	0	0
10	(i) Increase income - Property Investment Strategy				
11	(ii) Increase income (net) - other	(69)	0	0	69
12	(iii) Lean and Demand	(180)	0	0	180
13	(iv) Service Prioritisation	(762)	0	(200)	562
14	(v) Reduced Staffing Structure	(95)	0	0	95
15	Net Cost of Services	16,715	7,113	17,431	716
	Income				
16	Special Expenses	(751)		(751)	0
17	Net Business Rates and Section 31 Grants	(4,699)		(4,699)	0
18	Non-specific Revenue Grants	(1,570)		(1,630)	(60)
19	Council Tax Requirement (Rother only)	(7,650)		(7,650)	0
20	Total Income	(14,670)		(14,730)	(60)
21	Total revenue budget Surplus (-)/ Deficit (+)	2,045		2,701	656
22	Contribution from revenue to capital expenditure	176		260	84
23	Funding gap/(Surplus) - Amounts to be drawn from reserves (+) or Amounts to be contributed to reserves (-) to balance the budget	2,221		2,961	740

Impact on Reserves					
24	Opening Balance	12,828		12,828	0
	less reserves movement in year:				
25	Reserves funding for revenue purposes	(2,045)		(2,701)	(656)
26	Reserves funding for capital purposes	(176)		(260)	(84)
27	Total Reserves Funding in year	(2,221)		(2,961)	(740)
28	Closing Balance	10,607		9,867	(740)

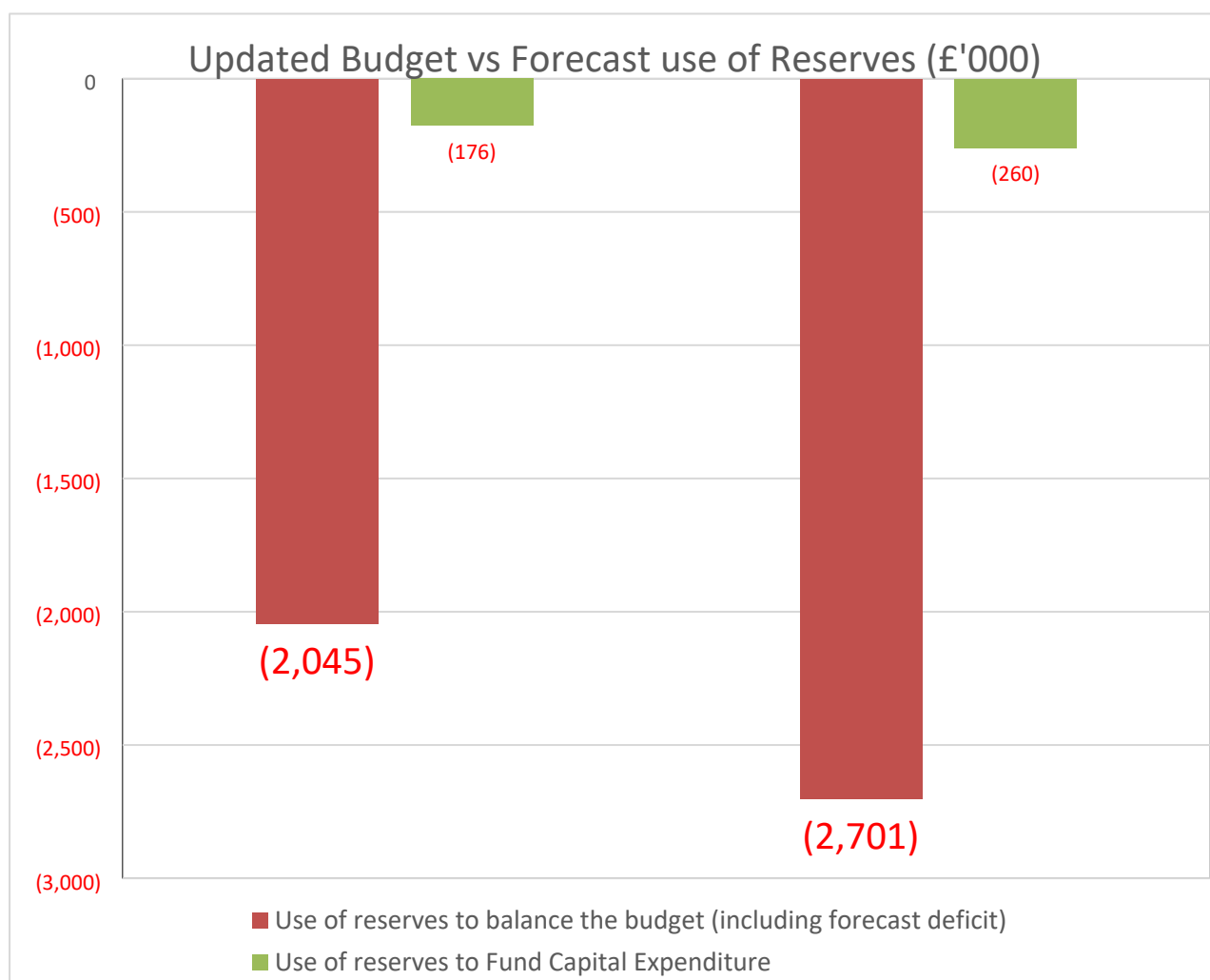
Capital Programme 2023/24 Forecast as at the 30 September 2023

	2023/24 Budget Updated	2023/24 Q2 Actual	2023/24 Q2 Variance	2023/24 Q2 Forecast Outturn	2023/24 Q2 Forecast Outturn Variance
	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)
Acquisitions, Transformation and Regeneration					
Other Schemes					
Corporate Document Image Processing System	87	1	(86)	1	(86)
Rother Transformation ICT Investment	117	0	(117)	40	(77)
Community Grants	260	25	(235)	130	(130)
Development of Town Hall Bexhill	0	1	1	(0)	0
Rural England Prosperity Fund	230	0	(230)	230	0
Ravenside Roundabout	0	0	0	0	0
UK Shared Prosperity Fund	33	18	(16)	34	0
CIL Scheme 1 Village Hall Energy Project	342	0	(342)	200	(142)
Property Investment Strategy					
Beeching Road Hotel and Foodstore Development	104	15	(89)	30	(74)
PIS - Beeching Park Estate	428	428	(0)	428	(0)
Barnhorn Green GP Surgery and Industrial Development	3,313	263	(3,050)	800	(2,513)
Housing Development Schemes					
Blackfriars Housing Development - infrastructure only	5,084	2,551	(2,533)	5,084	0
RDC Housing Company Ltd Investment (RDC loans)	5,000	0	(5,000)	2,580	(2,420)
Development of council owned sites	213	4	(209)	0	(213)
King Offa Residential scheme	359	151	(208)	181	(178)
Community Led Housing Schemes - Cemetery Lodge	200	0	(200)	0	(200)
Camber, Old Lydd Road	140	3	(138)	13	(128)
Housing and Community Services					
De La Warr Pavilion - Capital Grant	56	44	(12)	58	2
Bexhill Leisure Centre - site development	78	0	(78)	0	(78)
Fairlight Coastal Protection	67	0	(67)	11	(56)
Disabled Facilities Grant	2,006	761	(1,245)	1,949	(57)
Sidley Sports and Recreation	0	-11	(11)	0	(0)
New bins	135	41	(94)	157	22
Housing - Temporary Accommodation Purchase	6,362	1,541	(4,821)	5,041	(1,321)
Bexhill Promenade - Outfall pipe	191	0	(191)	191	(0)
Bexhill Leisure Centre - refurbishment	30	17	(14)	17	(14)
Bexhill Leisure Centre and Rye Swimming Pool - delapidations	0	0	0	0	0
Capital - Sidley House Open Space Improvements - Parks LUF	71	45	(26)	71	(0)
Pebsham Toilets	54	0	(54)	0	(54)
Camber Sands Welcome Centre	69	60	(9)	102	33
LTA Tennis Court Refurbishment - Egerton Park	105	0	(105)	105	0
Strategy & Planning					
Payments to Parishes - CIL	171	0	(171)	85	(86)
Resources					
New website development	8	3	(5)	8	(0)
Invest To Save initiatives (Financial Stability Prog)	705	12	(693)	12	(693)
LUF De La Warr Pavilion Project LUF Grant	2,021	99	(1,922)	2,021	0
Capital - LUF Programme	0	0	0	0	0
LUF Heart of Sidley Programme	271	29	(242)	271	0
Battle Train Station	0	0	0	0	0
Seddlescombe Traffic Calming Measured	0	0	0	0	0
Battle Sports Pavilion	0	0	0	0	0
Boiler replacements at admin buildings	95	0	(95)	80	(15)
Total Capital Programme	28,409	6,101	(22,308)	19,930	(8,479)
		21%		70%	30%
Funded By:					
Capital Receipts	2,100				
Grants and contributions	10,371				
CIL	513				
Borrowing	8,997				
Capital Expenditure Charged to Revenue	1,229				
Borrowing and Loan for Rother DC Housing Company Ltd	5,000				
Section 106	200				
Total Funding	28,409				

Reserves

Reserves forecast	2023/24 Updated Budget	Q2 Forecast	Variance
	£000	£000	£000
Opening Balance	12,828	12,828*	0
Use of reserves to balance the budget (including forecast deficit)	(2,045)	(2,701)	(656)
Use of reserves to Fund Capital Expenditure	(176)	(260)	(84)
Forecast balance	10,607	9,867*	(740)

*As per draft 2022/23 Outturn (of which £3.7m relates to the Grants Reserve and £1m to the NNDR Volatility reserve)



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Rother District Council

Report to:	Cabinet
Date:	6 November 2023
Title:	Treasury Management Update Report
Report of:	Aleksandra Janowicz – Interim Chief Finance Officer
Cabinet Member:	Cllr Jeeawon
Wards:	All
Purpose of Report:	To note the Council's treasury activities for the second financial quarter ending the 30 September 2023.
Officer Recommendation(s):	It be RESOLVED: That the report be noted.
Reasons for Recommendation:	To keep Members informed of treasury management activities.

Introduction

1. The Council's Investment Strategy requires regular reports to be presented to Cabinet on its treasury management activities. In managing these, the Council has implemented the Department of Levelling Up, Housing and Communities (DLUHC) investment guidance and followed the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management.
2. The investment activity to date conforms to the approved strategy and the Council has had no liquidity difficulties. Members are reminded that investment activity is also reported through the Members' Bulletin. This report focuses on the financial period ending the 30 September 2023 and is based on the latest available data.
3. Members will note that the figures quoted within the report are either actuals or estimates as stated and the outturn position at year end is draft subject to change following completion of the audit of 2022/23 accounts.

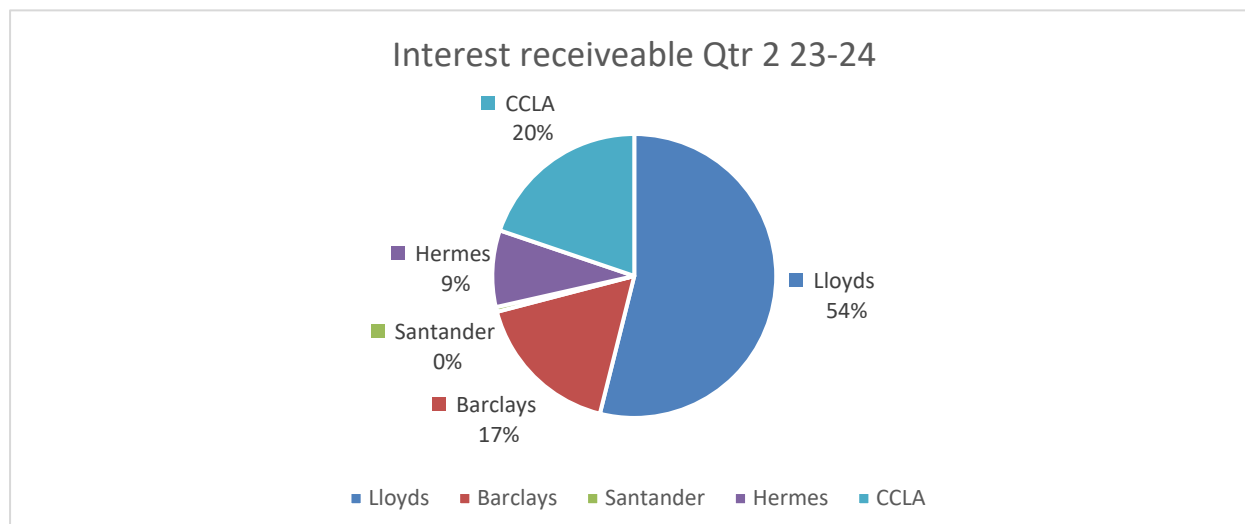
Financial Investments review

4. At 30 September 2023 the Council's total investments were around £28.6m with £20.6m invested in short term call accounts (£22.5m and £14.5m respectively at Quarter 1 2023/24) and £8 million in Property Funds (no change from Quarter 1). Funds managed internally are mainly in call accounts, but we are regularly reviewing rates available on the market to invest in fixed short term deposits to benefit from higher rates. We have engaged with the market via an online platform to open MMF (liquidity) funds and we are looking to start using them shortly. Members will note that a significant element of the £20.6m balance

relates to cash owed to public bodies, e.g. council tax precepts, shares of business rates.

5. The Council's investments are currently predicted to have yielded interest income of £555,000 in total in the first half of this financial year including income generated by the property funds (CCLA and Hermes). The budget for the year is £586,000 so we already achieved 94% of it. This is mainly due to an increased focus on treasury management activities and the incremental Bank of England (BoE) interest rates increases in previous months.
6. Forecasting into the future to arrive at the annual outturn figure is difficult as it depends on a variety of factors and assumptions. In terms of interest cash receipts, we are expecting a £530,000 surplus which is a significant positive contribution to our revenue budget monitoring position. We look to diversify our treasury deposits using available cash balances and invest excess cash daily keeping it liquid and we consider fixed term deposits when cashflows show we are able to put deposits away for a bit longer in exchange for additional yield. We are exploring and preparing for other products where we might place funds after assessment of the balance of risks and rewards associated with them.
7. The possible outcomes for the variance could change as they are dependant, among others, on:
 - any further movement in BoE rate and its impact on what banks are prepared to offer as a result. After many consecutive gradual rises in the Bank rate at the last MPC meeting in September 2023 the rate was kept at 5.25%. Until recently it was widely expected that the rate was going to go up by another 25 basis points, but our treasury advisers forecast that it has now reached its peak and will stay at this level until Qtr 3 2024.
 - the level of funds available to invest which will in turn be heavily dependent on cashflows relating to capital expenditure. As the capital programme is being reviewed and borrowing rates from Public Works Loan Board are at very elevated levels (5.64% interest rate for a new 50 year annuity loan as at September 2023) there is a high level of uncertainty around this. Due to high interest rates payable on loans we have been internally borrowing for the last two years for capital purposes. That is consistent with Link Treasury Services advice which continued to be to 'reappraise any capital expenditure plans/profiles and internally/temporarily borrow for any financing and re-financing'. However, as a result of this our cash balances are predicted to fall considerably by the end of the year. It means that we may need to temporarily borrow for operational purposes. It may not be necessary if Government capital grant funding flows into the authority at around the same time.
8. The total variance (surplus) estimated in the Revenue and Capital Monitoring report for Quarter 2 is £730,000 as it includes interest accruing on the Housing Company loan (estimated to be around £200,000 for the year). There is, however, a risk associated with it as the final draft of the loan agreement with the Housing Company has yet to be finalised and actuals cashflows resulting from this income may not be realised in the short term.

9. Officers will apply the principles of security, liquidity and yield in their treasury decisions both when continuing with the current products and exploring others. Advice will be sought from Link Treasury Services as appropriate.
10. The investment portfolio and Property Fund values as at Quarter 2 are detailed in Appendix A.
11. Estimated Quarter 2 interest receivable breakdown is depicted in the graph below:



Borrowing

12. The Council's Capital Financing Requirement (CFR) shows how much of its capital expenditure is financed by borrowing and is summarised in Appendix B. The capital programme budget has been reviewed during the first half of the financial year in view of the complexity of several of the proposed schemes and the rapidly changing financial landscape in terms of inflationary pressures, interest and borrowing rate changes. The CFR position compared to the budget has changed as a result. The forecast outturn for the year is £49.5m. Members will also note that the capital programme continues to be reviewed for affordability as part of ongoing monitoring of the capital programme and a revised budget for the CFR will be developed as part of this work.
13. The value of outstanding loans as at the 30 September 2023 was £31.8m and the borrowing portfolio is also shown in Appendix B. This is £11.6m lower than the CFR, which means the Council has 'under-borrowed' and effectively borrowed internally using up its cash balances rather than borrowing when interest rates are high.
14. Officers will continue to keep borrowing policy under review and use internal balances where possible to minimise borrowing costs.

Treasury and Prudential Indicators

15. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury

Management Strategy. During the financial year to date the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

16. The current prudential and treasury indicators such as the Council's Authorised and Operational external borrowing limits were approved by Cabinet on the 27 February 2023 as part of the Council's Treasury Management Strategy and are shown in Appendix C. Members will note that the current borrowing levels shown in Appendix B are comfortably within both limits. No amendments to the Treasury Management Strategy are proposed as a result of this report.
17. The ratio of Net Financing Costs (NFC) to the Net Revenue Stream in the original budget was to be 5.06% but is now predicted to be -1.15%. This is a welcome change as our investment income has exceeded financing cost. This is both due to the review of and subsequent delay in the capital programme delivery referred to above and the additional investment income received, which reduces the NFC. The Prudential Indicators are shown in Appendix C.

Non-Treasury Investments

18. The table below shows property rental income for the year against the approved budget and is split between existing assets and those purchased through the Property Investment Strategy (PIS).

Property Type	Net Budget 2023/24 (Rent income and expense)	Qtr 2 Estimate for annual Net Rent Income and expense	Variance	Return on Investment	Notional interest	Return on Investment after notional interest applied
	£000	£000	£000	%	£000	%
Non-PIS	(669)	(676)	(7)	5.34	n/a	5.34
PIS	(1,536)	(1,589)	(53)	5.36	586	3.38
Total	(2,205)	(2,265)	(60)	5.35 (ave)	586	4.36 (ave)

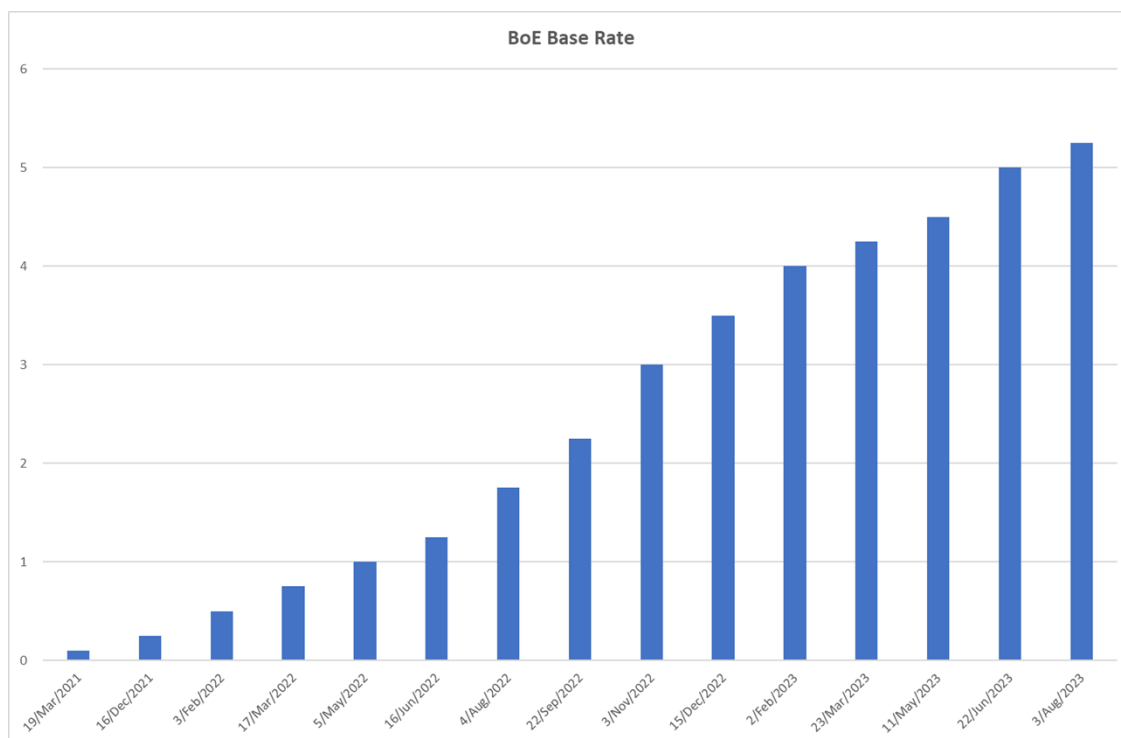
19. The above table shows the return on investment on all PIS properties, including notional borrowing costs. Appendix D shows detail including the total cost of purchase as well as net income predicted to be achieved by year end.

Economic Update and Outlook

20. The ongoing impact on the UK from the war in Ukraine, together with the highest inflation for the last 40 years, rising interest rates, uncertainties over government policy and an uncertain economic outlook continue to impact on current treasury management activities. There may also be adverse impacts from the recently reignited conflict in the Middle East.
21. Inflation is significantly eroding the Council's spending power. At its 20 September 2023 meeting the Bank of England's Monetary Policy Committee (MPC) has updated projections which show the annual CPI inflation rate falling

back from its very high level, of around 10% since the summer of 2022 up to March 2023 to around 7.9% in June, then 6.7% in August but the fall was not as sharp as previously hoped for. It is expected to fall significantly further in the near term thanks to lower annual energy inflation and further declines in food and core goods price inflation despite still elevated service price inflation. It is thought inflation held steady at 6.7% in September.

22. At the recent meeting of the Bank of England’s Monetary Policy Committee (MPC) in September 2023, it was agreed to keep the bank base rate at 5.25% to help control inflation. It was kept at this level after previously seeing 14 consecutive increases to it since December 2021 (see graph below).



The Council’s Treasury advisers currently predict that the Bank rate is likely to have peaked at 5.25% with the first decreases likely in Qtr 3 of 2024.

23. The UK economy grew by 0.2% between January and June 2023 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will grow by only 0.1% in Qtr 3 2023 compared with 0.4% increase incorporated in MPC’s August report. Apart from the impact of the tightening in monetary policy, the main factor behind the slowing in GDP was the lower levels of housing investment, falling house prices and a low level of property transactions. Also, although consumer confidence recovered in August and real labour incomes are now rising, corporate spending indicators have generally weakened over recent months. Market forecasts for 2024 are ranging between sluggish growth and possible moderate recession.
24. Forecasting economic activity in the current climate is fraught with difficulties, but best data and forecasts available have been used in the recent updated Medium Term Financial Strategy report presented to Overview and Scrutiny Committee Members on 16 October.

Other issues

25. The value of investments in Property Funds has decreased by £145,000 since the end of the last financial year and is £7.320m. It is currently £679,721 less than originally invested. Members will be reminded that any gains or losses on such long-term investments will only be realised at the point of withdrawal from the fund. Property funds still provide a healthy income stream in the form of quarterly distributions and are expected to contribute around £300,000 in the financial year to 31 March 2024.
26. It is also worth remembering that following a consultation on the IFRS9 statutory override the Government announced an extension of the override for a further two years until 25 March 2025. This allows councils to override fair value movements on pooled investments (like this Council's CCLA and Hermes) in order to protect themselves from market volatility. Such movements are still being reversed from the General Fund and into unusable reserves and as such, they do not have an impact on budget setting. Without the override negative movements in their value would cause a budget deficit and require more funds to be withdrawn from reserves. Officers will look to create a reserve to smooth such movements in due course. The values of investments will continue to be monitored closely.

Conclusion

27. The investment activity conforms to the approved strategy and the Council has no liquidity difficulties.

Financial Implications

28. As detailed in the report.

Legal Implications

29. None arising from this report.

Human Resources Implications

30. None arising from this report.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	No		

Chief Executive:	Lorna Ford
Report Contact Officer:	Aleksandra Janowicz
e-mail address:	Aleksandra.Janowicz@rother.gov.uk
Appendices:	Appendix A – Investments Portfolio Appendix B – Capital Financing Requirement & Borrowing Portfolio Appendix C – Prudential Indicators Appendix D – Performance of PIS properties

Relevant Previous Minutes:	None
Background Papers:	Capital, Investment and Treasury Management Strategy Report to Cabinet, 27 February 2023
Reference Documents:	None

Investments Portfolio

Deposit	Type of account	Maturity Date	Amount £	Interest Rate as at 30 September 2023	Share %
Lloyds - General (RFB)	Call	N/A	13,306	1.9	0.05%
Lloyds - Treasury Call Account	Call	N/A	13,433,492	5.14	46.91%
Lloyds Deposit	Term deposit	22/01/2024	1,000,000	5.60	3.49%
Lloyds Deposit	Term deposit	23/10/2023	1,000,000	5.35	3.49%
Bank of Scotland (RFB)	Call	N/A	46	1.90	0.00%
Barclays - Call Account (NRFB)	Call	N/A	187,940	3.85	0.66%
Barclays Fixed Term	Term deposit	09/10/2023	5,000,000	4.88	17.46%
Santander - Call Account	Call	N/A	214	3.43	0.00%
Santander - 31 Day Notice Account	31 Days Notice	N/A	0	4.55	0.00%
CCLA Local Authority Property Fund	Long Term	N/A	5,000,000	0	17.46%
HERMES Property Fund	Long Term	N/A	2,999,998	0	10.48%
Total			28,634,995		100.00%
Total managed in-house			20,634,998		
Total managed externally			7,999,998		
Total Treasury Investments			28,634,995		

Property Funds

Name of Property Fund	Original Investment Value	Value as at 31/03/2023	Value as at 30/09/2023	Change since start of financial year	Change since original investment made
	£			£	£
CCLA Local Authority Property Fund	5,000,000	4,733,177	4,671,277	-61,900	-328,723
HERMES Property Fund	2,999,998	2,732,630	2,649,000	-83,630	-350,998
Total	7,999,998	7,465,808	7,320,277	-145,531	-679,721

Capital Financing Requirement

Capital Financing Requirement (CFR)	2023/24 Original Budget	2023/24 Quarter 1 Forecast	2023/24 Quarter 2 Forecast
	£ (000)	£ (000)	£ (000)
Opening Balance	31,896	43,469	43,469
Add unfinanced capital expenditure	108,764	13,998	6,640
Less Minimum Revenue Provision (MRP)	(224)	(515)	(515)
Closing Balance	140,436	56,952	49,594

Capital programme – revised at Quarter 2

	2023/24	2024/25	2025/26	2026/27	2027/28	Total	23/24 spend forecast at Qtr 2
Capital Expenditure	28,408	68,699	23,553	8,694	28,183	157,523	19,930
Funded by:							
Capital Receipts	2,100	60	50	-	-	2,210	-
Grants and contributions	10,370	7,209	14,927	7,589	1,625	41,720	12,614
CIL	513	1,484	1,321	850	-	4,168	390
Borrowing	8,997	20,699	125	125	125	30,071	4,060
Capital Expenditure Charged to Revenue	1,229	247	130	130	130	1,851	286
Borrowing and Loan for RDC Housing Company Ltd	5,000	39,000	7,000	-	26,303	77,303	2,580
Section 106	200	-	-	-	-	200	-
Total	28,408	68,699	23,553	8,694	28,183	157,523	19,930

Current Borrowing Portfolio

Borrowing position at 30 September 2023					
Properties	Amount o/s	Interest Rate	Term	Type	Full Year Repayments (capital and interest)
PWLB 507499	£426,423	2.59%	50	Annuity	£16,102
PWLB 507503	£426,358	2.58%	50	Annuity	£16,070
PWLB 509130	£1,577,860	2.39%	50	Annuity	£56,729
PWLB 509131	£1,000,000	2.24%	50	Maturity	£22,400
PWLB 509165	£8,137,470	2.48%	50	Annuity	£297,572
PWLB 387276	£6,140,560	1.78%	50	Annuity	£190,804
PWLB 455425	£9,117,859	1.65%	50	Annuity	£273,881
Market	£5,000,000	1.70%	2	Maturity	£85,349*
Total Borrowing	£31,826,529				£958,907

Treasury Indicators (Borrowing Limits)

Treasury Indicators	2023/2024 £ (000)
Authorised Limit for External Debt	192,833
Operational boundary for External Debt	183,833
Gross External Debt (actual) at Quarter 1	31,827
Remaining Authorised Limit for External Debt	161,006

Prudential Indicators

Prudential Indicators	2023/24 Original Budget	2023/24 Quarter 2 Forecast
	£ (000)	£ (000)
Capital Financing Requirement (CFR)	140,436	49,594
Annual Change in CFR	108,540	6,125
In-Year Borrowing Requirements	108,764	6,640
Ratio of Financing costs to Net Revenue Stream (%)	5.06	-1.15

Properties purchased through the Property Investment Strategy

Property Investment strategy	Total Cost of Purchase £	Budgeted Net Surplus 2023/24 £	Forecast Net Surplus as at Qtr 2 £	Variance £
14 Terminus Road Petrol filling station	887,605	(79,800)	(66,000)	13,800
14 Terminus Road Garage and showroom				0
16A Beeching Road	861,000	(32,350)	(32,350)	0
16B Beeching Road	0	(56,350)	(56,350)	0
18-40 Beeching Road	861,000	(78,850)	(80,850)	(2,000)
1-7, Wainwright Road	407,305	0	(3,798)	(3,798)
Glovers House, Bexhill	7,843,952	(473,820)	(473,820)	0
Land at Barnhorn Green, Bexhill	1,640,309			0
Market Square, Battle	3,256,184	(194,980)	(194,980)	0
35, Beeching Road, Bexhill (headlease)	695,359	50	(66,614)	(66,664)
64, Ninfield Road, Sidley	121,945	(8,960)	(8,960)	0
Sainsburys, Buckhurst Place	10,182,055	577,900	(572,600)	5,300
Land at Mount View Street, Bexhill	4,492,599	1,000	1,000	0
16 Beeching park estate	427,875	(17,500)	(17,500)	0
18 Beeching park estate		(17,000)	(17,000)	0
Total	31,677,188	(1,536,460)	(1,589,822)	(53,362)

Rother District Council

Report to:	Cabinet
Date:	6 November 2023
Title:	East Sussex County Council (ESCC) Civil Parking Enforcement (CPE) Parking Board Representation
Report of:	Deborah Kenneally, Head of Neighbourhood Services
Cabinet Member:	Councillor Timpe
Ward(s):	ALL
Purpose of Report:	To advise on the formulation of a CPE Parking Board and agree the Council's representative.
Decision Type:	Non-Key
Officer	
Recommendation(s):	It be RESOLVED : That the Cabinet Portfolio Holder for Parking, Councillor Timpe, be appointed to the East Sussex County Council's Civil Parking Enforcement Parking Board.
Reasons for Recommendation:	To ensure that Rother District Council is represented on the ESCC CPE Parking Board to ensure the ethos under which the CPE scheme is operated takes account of local circumstances and needs and keeps the Cabinet informed on relevant matters.

Introduction

1. As Members may be aware, across East Sussex there are four areas of Civil Parking Enforcement (CPE) which were introduced several years apart; Hastings Borough 1999, Lewes District 2004, Eastbourne Borough 2008 and Rother District joining most recently in 2020.
2. Initially East Sussex County Council (ESCC) established two separate Joint Parking Boards that met twice a year with Hastings Borough and Lewes District Councils.
3. With the introduction of CPE into Rother District in September 2020 and Eastbourne Borough requesting to establish a Parking Board, ESCC are creating one Parking Board to include all areas with CPE. This will ensure that ESCC look at the county as a whole, where appropriate, have a consistent approach across all areas and make best use of the time of all those attending.
4. The boards are comprised of County, District, and Borough Councillors and officers, although they do not have any executive decision-making powers.

5. The Council is therefore invited to confirm its representative on the Parking Board and it is recommended that this be the Cabinet Portfolio Holder for Parking, currently Councillor Timpe.

Supporting Information

6. The initial role of the Joint Parking Boards was to ensure the ethos under which the CPE scheme is operated takes account of local circumstances and needs, ensure the appropriate public and stakeholder consultation is undertaken where relevant and to keep the relevant executives of both Councils informed on relevant matters.
7. The legislation that covers CPE is the Traffic Management Act 2004. In the statutory Guidance for local authorities on enforcing parking restrictions it emphasises the importance of dialogue and joint activities with other authorities and services. ESCC is committed to open dialogue and receiving suggestions from the borough and district councils for improvements to ESCC's on-street parking schemes.
8. Joint parking boards also give the councils attending the opportunity to update each other about changes in their area, national legislation, developments in enforcement and innovations to services.
9. It is proposed to hold one collective meeting for all CPE areas, twice a year (May and November) with representatives from all four CPE areas in attendance. The meeting in May will receive service updates and enforcement activity reports and November will include a review of the Annual Parking Report and financial performance, starting in 2024.
10. Having one collective meeting will maintain ESCC's engagement with borough and district councils and allow for consistent scrutiny of all the parking schemes. Whilst also making the most efficient use of Members' and officer time.

Conclusion

11. Cabinet is requested to approve that the Cabinet Portfolio Holder for Parking, currently Councillor Timpe, be confirmed as this Council's appointed representative to the ESCC Parking Board.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

Report Contact Officer:	Deborah Kenneally
e-mail address:	Deborah.kenneally@rother.gov.uk
Appendices:	
Relevant Previous Minutes:	N/A
Background Papers:	N/A
Reference Documents:	N/A

Rother District Council

Report to: Cabinet

Date: 6 November 2023

Title: Blackfriars Housing and Infrastructure Project

Report of: Director – Place and Climate Change / Deputy Chief Executive (interim)

Cabinet Member: Cllr McCourt / Cllr Jeeawon

Ward(s): All

Append

Purpose of Report: This report provides an update to Members on the progress of the Blackfriars Infrastructure project and the latest financial position. Members are also being asked to consider some recommended amendments to the Shareholders Agreement between the Council and Rother District Council Housing Company Ltd (the Company) and the Company Articles of Association.

Decision Type: Key

Officer

Recommendation(s): **Recommendation to COUNCIL:** That

- 1) the updated capital budget requirement for the Blackfriars Infrastructure scheme of £21m be approved, to be funded as outlined within paragraph 15 of the exempt report (exempt Appendix 5); and
- 2) the Council's Chief Executive be granted delegated authority in their capacity as the Company Shareholder Representative to finalise and agree the proposed amendments to Rother District Council Housing Company Ltd Articles of Association and Shareholder Agreement proposed in Appendices 2 and 3.

AND

It be **RESOLVED** That:

- 3) the position in respect of the Service Level Agreement (SLA) and Working Capital Agreement (WCA) be noted;
- 4) the recent Housing Company Board decision to apply to the Planning Committee for removal of the s106 planning obligation and to deliver 200 market homes and the potential impact this has on the scheme financing be noted.

Reasons for recommendations:

- The Blackfriars Programme continues to be financially challenging due to the marginally viable status. The infrastructure costs are now more established, and the increased budget requirement requires regularising to complete this first phase of the project;
- The Company, as a private entity, must ensure the housing scheme generates some level of surplus to provide continued business justification to proceed. The report sets out the latest financial position of the Company. Based on current costs and values, the only viable option available to proceed with at this time, is to deliver the 200 homes as open market sale; and

- To agree amendments to the Articles of Association and Shareholder Agreement included for consideration within this report along with an update regarding the status of the draft Service Level Agreement (SLA) and draft Working Capital Agreement (WCA).
-

Introduction

1. The purpose of this report is to update Members on;
 - Progress of the Blackfriars Infrastructure project following the July Cabinet report and recommend to Council the updated budget position;
 - The latest overall financial position (including the housing scheme) following progress of the redesign and negotiation with Wates;
 - The housing delivery options recently considered by the Board of Rother District Council Housing Company Ltd (the Company) to proceed with a viable housing scheme; and
 - The latest progress in respect of agreeing the SLA and WCA with the Company.
2. To summarise, the report demonstrates positive progress of the infrastructure project and redesign of the housing scheme, afforded by the delay of construction of the road. The biggest risk to the Blackfriars Programme continues to be the marginally viable status of this historically stalled site and the increased infrastructure costs necessary to deliver a scheme, against a backdrop of challenging market conditions, threatening the success to achieve the principal aim to deliver 200 homes, as committed in the Rother District Council Housing Company (The Company) business plan (2022-2025) and the aspiration to deliver additional housing within the Corporate Plan.
3. At the time of reporting, the preferred housing delivery option previously approved by the Company Board, to include 130 affordable homes and 70 as open market sale, is not viable, generating a significant deficit as summarised in the report. In this scenario, there would be no surplus available to help absorb the deficit on the infrastructure delivery or to manage the ongoing project risk of further cost increases. Whilst it is expected a development appraisal will fluctuate over the lifetime of a programme of this scale, the deficit is considerable, and the position is not currently sustainable for the Company to proceed on this basis.
4. The Company has considered various options to demonstrate a profit-making scheme required of a commercial entity. This has included revisiting the earlier baseline position of delivering a policy compliant number of affordable homes (70 affordable homes). This is also insufficient to close the viability gap. In conclusion, the only viable option to provide sufficient business justification to continue the housing project at this stage, is to remove the s106 planning obligation, with the view to delivering 100% open market sale. This will increase the value of the site enabling the Company to proceed with a scheme and to secure the necessary loan funding arrangements for continued business justification and to achieve the business aim of increasing supply of housing.
5. Concurrently, the Company has undergone a review and refresh of previously agreed governance documents from 2018. As part of this review, a small number of amendments have been agreed by Officers, in principle, to incorporate in the Shareholder Agreement and Articles of Association. The changes have been reviewed by both the Company and Council's respective legal teams, and the intention is to update the current governance documents with the proposed amendments summarised in appendix 1 with the updated documents contained within appendix 2 and 3, subject to Member approval.

Background

6. Members are aware that Blackfriars has been a marginally viable high-risk project from the outset, and that position enabled the Council to successfully apply for Homes England Housing Infrastructure Funding (HIF) in 2018.
7. Considerable progress has been made on the infrastructure project since this time, led by the Council. This includes ecology surveys/mitigation work, archaeology, ground investigation surveys and Compulsory Purchase of the housing land required to deliver 200 new homes and deliver a road from the north of the site at Harrier Lane to the Spinney at the south. The construction of the road followed onsite in April 2022. The Housing Company is responsible for the delivery of the Housing phase and has been working with its main contractor Wates, to revise the existing scheme, add sales values, and reduce costs to support the viability of the overall Blackfriars Programme.

Road Update

8. Despite the challenges relating to increased costs and delays of the infrastructure project previously reported in July, the road and infrastructure is progressing, with a significant element of the road now built. Construction of the major embankment at the Spinney is due to commence in October, providing the second access to the south of the site. Despite some initial delays caused by the housing redesign, the infrastructure redesign elements have all progressed and there are minimal changes required to the road and drainage. The biggest impact of change is on the design and statutory approval processes relating to the major embankment in field 1, which has been agreed in principle.
9. By March 2024, the road and drainage will be completed, with only the remaining embankment work to complete. The current programme assumes completion of the road by September 2024, with a return visit expected post completion of the housing, to avoid damage to the topcoat of the new road.

Housing Update

10. The Company decided to progress with a redesign in February 2023 during the pause period afforded by the delay of the infrastructure project. The redesign is expected to improve the commerciality of the housing scheme, primarily achieved by reducing the size of dwellings in line with nationally approved space standards and increasing the number of bedrooms/houses to provide a better mix of housing to meet current need. It should be noted however, that no option considered at the time provided a commercial profit level normally expected of a scheme, and still carried considerable risk for this reason.
11. Following several pre-planning meetings and a public consultation event in June, the final redesign was submitted to planning in July 2023. RIBA Stage 3 designs are complete, and progress has been made on RIBA Stage 4 designs, dealing with the main technical design element of the process. There is still work to be done to progress the planning application before determination is expected by January next year. At the end of this process the Company will hold a comprehensive set of designs, should the Board decide a retender is required pending the outcome of negotiations with Wates to deliver the new scheme, as the preferred route, subject to delivering a viable scheme. The Company's view is that a retender will not delay a start on site for a housing contractor because the road must be suitably progressed in any event.

Market Conditions

12. There continues to be financial challenges for residential development as seen in the wider market, with increased labour and materials costs; rising interest rates and levels of inflation impacting on affordability. This has had an adverse effect on the Blackfriars

housing project, reducing the market values previously assumed in the February 2023 appraisals used to inform the decision to proceed with a redesign. Registered Providers (RPs) are also reducing their development programmes, being more cautious about where they spend their resources and how much they spend on existing stock and new development, resulting in reduced bids compared with previous offers received.

13. The Company continues to engage RPs, and new offers have been sought on several options included in this report. Namely selling 100 of the homes for affordable housing or 130 as previously approved by the Board. It must be noted that of the three RPs who engaged with the process, none were interested in acquiring the policy compliant 70 nil grant homes only. They require a minimum of 100 homes and only one of the three parties would be interested in buying less than the 130 homes previously on offer.

Financial Update

14. The projected cost of the infrastructure project remains a significant risk challenging the success of this project.
15. However, whilst the increase of infrastructure costs and delays to the road project have been the principal reason for movement, from a marginally viable scheme to projected deficit, the situation is now further complicated by the current preferred housing scheme (to deliver 130 affordable homes) no longer generating the surpluses (or at least breaking even) required by the Company to proceed as previously envisaged. This is a consequence of the national picture, including the downturn in market conditions, increased labour, and materials costs, borrowing rates and inflationary impact on build costs.
16. Since the July 2023 Cabinet report the impact on the financial appraisal can be summarised as follows;

Rother District Council – Infrastructure Project

- Additional contingency of £1.1m, increasing the estimated cost reported to Members in July from £19.9m to £21.0m. It should be noted that this represents a 5.5% contingency and is based on the recommendation of the Employers Agent (EA) and may not be fully realised.

Housing Company – Housing Project

- A reduction in open market sales values and reduced affordable housing offer included in the s106 planning obligation;
- An increase in the projected contract costs with Wates;
- Following the recent changes to subsidy control requirements, the Council as sole funder has had to revise the anticipated interest charge for the loan, with future forecasts using an estimate of 9% as part of progressing the Working Capital Agreement (WCA) and Development Funding Agreement. It should be noted however, that the Council is currently seeking further external advice regarding this element, and it is therefore still subject to change and final agreement; and
- As part of the planning application, the Company must also assume responsibility of the Community Infrastructure Levy (CIL) liability, with payments triggered by commencement of the phased housing scheme, adding further cost to the housing scheme.

Improving the financial position

17. The Council and Company continues to work collaboratively to improve the overall financial performance of the project. Below summarises key activities and resource involved in this process;

- ✓ Improved Cost control; The road and housing scheme both have a new Employers Agent (EA) to improve contract, risk, cost, and programme management;
- ✓ Resource from the Council's Capital Finance Team providing oversight and scrutiny;
- ✓ Additional HIF funding request has been submitted to Homes England for consideration, alongside a request to extend key project milestones;
- ✓ Exploring other funding opportunities;
- ✓ Exploring other cost saving opportunities to include; removing external works from the housing contract to be delivered by civil engineers;
- ✓ Requesting updated RP offers with and without the s106 planning obligation;
- ✓ Fixing the new contract sum reducing risk;
- ✓ Company review of housing delivery options (outlined below);
- ✓ Financial Viability Assessment to remove the s106 planning obligation to demonstrate a viable scheme to continue with at this time;
- ✓ Improved programme management to manage the interface between the housing and road contracts;
- ✓ Recruitment of Non-Executive Directors to the Company Board to further strengthen the strategic leadership expertise required by a commercial entity; and
- ✓ Having the appropriate development expertise employed by the Company to robustly challenge costs and navigate the Company through complex negotiations.

Options Appraisal - Housing Delivery

18. The Company has continued to review various housing delivery options to achieve as many Company business objectives as possible, summarised below, notwithstanding the principal aim; **to increase supply of new housing in Rother.**

- Delivery of new housing supply
- Construct the homes to high environmental standards
- Deliver minimum policy requirements of affordable housing
- Quality of homes (Nationally Described Space Standards)
- Provide a return to the Company for future schemes

19. The options considered by the Company have focussed on those that are currently deliverable in practice in the scope of the Business Plan and within the required programme period. Due to the commercial sensitivity of the financial appraisals, a summary outcome of the Options is included in the table below and financial data is included in the attached confidential Appendix 5. Members should note that the risk appraisal below is that which has been considered by the Company Board in its decision to proceed with Option 2 and is not an assessment of the Council.

Option	Affordable Housing	Open Market Sales	RED = Not Viable/deliverable AMBER = Marginally Viable GREEN = Commercially viable
Option 1) Preferred Option Redesign	130	70	
Option 2) 100% OMS Redesign Redesign	N/A	200	

Option 3) 50:50 Open Market Sales and affordable Redesign	100	100	
Option 4) Planning Policy Compliant – Redesign	70	130	
Option 5) Planning Policy Compliant - Consented scheme	70	130	
Option 6) Abort Project (Road and Housing)	0	0	

20. The first four options (1 – 4) are based on delivering the redesign that remains subject to planning approval. This follows the Company Board’s approval to proceed with the option to redesign the scheme earlier this year. Option 5 revisits the project baseline, to include the former consented scheme and delivery of a policy compliant level of affordable housing (70 affordable homes). As with all options appraisal, the option to do nothing must be weighted in the balance of continuing to proceed with a project, included under Option 6.
21. The outcome of this assessment is clear, demonstrating there is currently only one marginally viable option to proceed with at this stage of the project, that being Option 2; to allow the project to continue on the basis all 200 homes can be delivered as open market sale. All remaining options currently fail to generate a scheme surplus required for the Company Board to approve the scheme and for the Council to minimise its losses on the road project. This is based on the best available data known at the time of reporting.
22. Whilst Option 2 produces what is the Company (and Councils’) least preferred option, due to the loss of affordable housing, the Company, as a private entity, is required to ensure it is delivering a viable scheme to achieve its core aim to increase housing supply in Rother. This option is currently the ‘best worst-case’ scenario to proceed with at this time, that will provide sufficient business justification to;
- ✓ Continue to deliver the project to achieve delivery of 200 good quality new homes in Rother;
 - ✓ Secure the loan facility required to deliver the housing scheme; and
 - ✓ Opportunity to review market conditions and the financial appraisal to further assess the potential for inclusion of affordable housing post planning determination.

Former Consented Scheme (Option 5)

23. As part of reviewing the options to proceed with a redesign, the Company considered the impact of delivering the formally consented scheme (the project baseline). This option was previously discounted by the Company Board because the redesign continues to outperform the old scheme, despite the recent viability challenges and the consented scheme is financially worse off compared with the new scheme. The inflationary impact caused by the delayed start (from May 2022) is a significant contributory factor to the deficit projected on delivering the former consented scheme, that must be factored into the appraisal. See also Appendix 5, Option 5.
24. In summary, the redesign is the preferred option because;

- The redesign is more viable and is expected to achieve at least £3.4m additional sales value compared to the old scheme;
- The housing mix has been updated to better align with current local need for both market and housing need;
- The previous dwelling sizes were oversized above national space standards, meaning the cost to value ratio was high; and
- There have been omissions identified in the existing contract signed with Wates, meaning considerable, yet unquantified, additional costs incurred to deliver the previous scheme to the standards required

25. It is also important to note that planning approval for the revised scheme has not yet been determined and this report is without prejudice of the statutory planning process and will be the subject of separate consideration by Planning Committee.

Abort Project /Sell the site (Option 6)

26. The Blackfriars housing site has been stalled for some 60 years, demonstrating successive market failure. Despite Council investment of the road infrastructure, the site is not capable of generating a return typically required by traditional commercial developers, where the strategic driver is profit over supply. In practice, if the land were to be sold this would normally result in either the site becoming stalled again (if sold at all) or delivered as 100% open market sales (OMS) with no prospect of delivering affordable housing because the Council has no influence over a third-party developer (without further reducing land value). There is the added risk that the £8.7m Homes England HIF grant funding would be withdrawn, if the project stalls or is left to the market to deliver at some unknown time, failing to unlock the 200 new homes predicated in the grant funding agreement.

27. If a local authority owned company is unable to deliver a policy compliant scheme, where supply of new homes is the priority over profit margins (notwithstanding the need for a private entity to make some level of surplus), it is probable that a standard developer would have already challenged this. Even when market conditions improve, once an affordable housing planning obligation is omitted successfully, there is rarely a requirement for a developer to revisit this. A review mechanism is often requested and can result in a commuted sum provision towards delivery of affordable housing offsite. A key benefit of the Company delivering this scheme, is that affordable housing will remain a priority objective as committed in the adopted Business Plan and regardless of the planning obligation being omitted or not.

28. In practice if the site were to be sold, current valuations suggest a potential site value could be achieved of up to £2.2m. This is likely to be a speculative value only and would not recover the costs already expended and committed on the project as demonstrated by Option 6 included in Appendix 5. Leaving the Council (and Company) in deficit, with no further opportunity to realise any value from the site to recover those costs, and no control over how, or if the site will ever be delivered.

Direct Council Investment in Affordable Housing Provision

29. The Council may choose to explore at a future date, the possibility of investing in social housing stock at Blackfriars. This could be achieved by the Council acquiring homes from the Company directly, using its existing RP status and, for example, entering an SLA with a preferred RP to manage the homes.

30. To deliver a policy compliant number of affordable homes, this would require a bid submission of at least c£30m to deliver 70 affordable homes, and additional funding required to reconcile the wider programme finances. This is obviously a significant risk for the Council to commit to in addition to delivery of an already high-risk infrastructure project and at a time where wider Council finances are already under significant pressures from a £3.8m revenue budget deficit projected for 2024/25.

31. For these reasons, it is recommended that currently, the Company will continue to engage with the RP's showing an active interest in delivering affordable housing provision at Blackfriars, whilst progressing removal of the s106 planning risk. This is with the aim of incorporating some affordable housing provision where finances permit, revisiting the housing schemes included for example, under **Options 1, 3 and 4** as outlined in this report.

Risk

32. Proceeding with Option 2 is not without risk, indicated by the amber rating in the above table, confirming this scheme is only marginally viable. The conservative assumptions used to inform the financial appraisals will help to offset some of this risk, that can be refined at a later stage where key risks to delivery are reduced/omitted increasing project certainty (i.e. once Wates commence on site). Added to this, the Company will review phasing options, to limit the increased sales risk, and to improve the cashflow assumptions.
33. As reported above, market conditions are notably challenging at this current time and do not necessarily reflect the economic situation in two to three years' time, when homes are due to complete and be sold. Based on the UK Housing Market Update (October 2023) Savills reports that '...the medium-term outlook has improved, with a sense of finely balanced economic stability'. The Mainstream house price forecast suggests a 6.5% increase during 2026, when the homes are currently expected to complete (noting a 3% increase assumed over 5 years from 2023 to 2027). The Council has also absorbed a significant level of risk associated with delivering the housing project, by investing in the major onsite infrastructure requirements which is steadily completing now.
34. The overall project risks are covered in more detailed in the attached risk register at Appendix 4.

Governance Update

35. Following a governance progress update reported to Audit & Standards Committee in December 2022 several recommendations were approved (minute AS22/42 refers), aimed to refine and improve the overall governance arrangements of the Company. This work has progressed in conjunction with delivery of the Blackfriars housing scheme. In response to this report a company governance health check review was undertaken and several actions have progressed as outlined below.
36. In addition, the Company has been an established entity for some 3 years and it is considered good practise to undertake a review of governance arrangements periodically to ensure these comply with any amendments to legislation and relevant case law.
37. Consequently, several amendments were advised to be made to the Articles of Association and Shareholder Agreement, consistent with businesses run as a private legal entity, as described in the existing Share Holder Agreement (SHA). The changes proposed have been reviewed by both respective legal teams. Officer's view is that the changes now mutually agreed by both legal teams should be agreed and remain consistent with the purpose of the Company to operate as a commercial entity, as described in the founding SHA.
38. The proposed amendments are summarised in appendix 1 while appendices 2 and 3 reflect the recommended changes for consideration. The ultimate aim is to strike an appropriate balance between allowing a company the freedom to manage its activities and ensuring that it is accountable for its actions.

39. Further to this, as part of the Audit and Standards Committee’s Annual Report to Full Council on 23rd September 2023 it was also noted and agreed that;

9. The Committee must also be aware of the Shareholder Representative’s role and ensure that is being performed satisfactorily. There is a balance to be struck between ensuring that the company has enough freedom and flexibility to operate commercially to achieve its objectives whilst at the same time providing Members with assurance that there is sufficient oversight to protect the Council’s investment.

10. The first report in relation to the RDCHC’s governance arrangements was considered by the Committee in July 2022. To ensure that these arrangements continue to receive the focus they deserve the Committee is proposing to request an Annual Report from the Shareholders Representative Group, to provide the Committee with a high-level update regarding progress, governance arrangements and improvements in March of each year. Internal Audit are due to present their findings from the first governance audit on the Company later this year so a follow up report from the Shareholders Representative Group in March will be timely and enable an update to be provided at that point.

40. The Council and the Company are working on finalising a Working Capital Agreement (WCA) and wider Development Funding Agreement with our legal advisors and this provides a further opportunity to review and assess governance arrangements.

41. The Service Level Agreement (SLA) is in the process of being finalised. The draft WCA has also now been shared with the Company and it is hoped that this can be agreed and signed off by both parties by the end of the year and a previous delegation is being sought as part of this report to enable the Deputy Chief Executive (interim) to finalise the terms of this with the Company.

Recommendations

42. As summarised by the financial performance above and included within confidential Appendix 5, the preferred housing scheme (Option 1) is projected to generate a significant project deficit. Option 2 provides a viable housing scheme the Company has approved to proceed with, capable of generating some level of surplus that could be used to reduce the wider infrastructure project deficit, in addition to the net interest received by the Council.

43. It is recommended that the Council approves the updated Blackfriars Infrastructure budget and notes the housing delivery scheme (Option 2) to remove the affordable housing s106 planning obligation without prejudice of the planning determination process. This will ensure the core aim of the project is achieved, to deliver 200 new homes in Rother whilst minimising the deficit on the project, as far as possible and based on today’s market conditions. This is on condition the affordable housing provision will remain under review by the Company and Council.

44. Following the Company governance review, several updates to the existing Articles and Shareholder Agreement are deemed necessary and have been agreed between the Council and the Housing Company as summarised in Appendix 1.

Next steps

45. Below summarises the next key stages of the project plan over the coming year, until commencement of the housing scheme and completion of the road (to base coat and permanent kerb stones).

	High Level Project Plan	Expected Completion Date
1)	Review housing and infrastructure programme costs and values	October to November 2023

2)	Cabinet Meeting - Blackfriars report	
3)	Housing Company to submit a Financial Viability Assessment	
4)	Full Council – to approve infrastructure budget	December 2023 to January 2024
5)	Homes England update (not confirmed)	
6)	Determination of s73 Planning application	
7)	Contract negotiation/retender complete	
8)	Register Provider Tender – review bids and update appraisals	February to March 2024
9)	Field 1– construction of the major embankment begins	
10)	RIBA Stage 4 Designs – continued	
11)	Preplanning commencement conditions	April to June 2023
12)	Housing Contractor mobilisation period	
13)	Field 3 - Access opens at the Spinney	
14)	Completion of embankment Fields 1	July to September 2024
15)	Completion of Road (phase 1)	
16)	Unencumbered access available to Field 1 - Construction of Housing to commence	

Conclusion

46. Despite the increased value generated by the redesign, it is not currently viable to deliver a policy compliant level of affordable housing at Blackfriars and provide the surpluses needed to close the viability gap, required to return the programme to breakeven position as envisaged from the outset.
47. The increased infrastructure costs continue to challenge the viability of the scheme and further Homes England funding has been applied for in attempt to improve this position. In the meantime, the total budget for the road has been reviewed together with outstanding risks to delivery. The budget now requires regularising in order that the infrastructure works can complete.
48. The delay to the housing scheme, combined with increased build costs and change in market conditions reducing the values expected, has compelled the Company to take a more commercial view of the housing delivery option to proceed with at this time. As outlined in the report, only one option currently demonstrates a viable position to achieve the core business aim, to deliver 200 new homes in Rother.
49. This requires the omission of the s106 planning obligation risk, that could enable the site to be delivered as 100% open market sale, should this be required to optimise the total gross value of the site. The outcome of the redesign planning application remains a separate decision to be considered by the Planning Committee.
50. The Company remains committed to work with the Council to review the market conditions and provision of affordable housing as the scheme processes, subject to being able to demonstrate to its Company Board and Council as Shareholder (and sole funder of the scheme) a viable scheme that generates some level of surplus (or at the very least a break even position) needed to justify continuation of the programme.

Schedule of Proposed Amendments

This paper considers the results of the recent review of the Rother Housing Company documents undertaken to update the documents and ensure they are still fit for purpose in supporting both the Council and the Company to strike an appropriate balance between allowing a company the freedom to manage its activities and ensuring that it is accountable for its actions. The review was conducted by Bevan Brittan (BB) from Rother District Council's position and Trowers and Hamlins (T&H) from the Rother Housing Company perspective.

An assessment of the proposed amendments and proposed recommendations is contained below along with officer's comments for further consideration and agreement.

The documents reviewed include the following;

**Appendix 2 – Articles of Association; and
Appendix 3 – Shareholder Agreement**

Appendix X – Articles of Association Summary of all proposed amendments				
Clause	Author	Proposed Amendment	Risk mitigation	Agreed Y/N
14.3	Trowers	If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision to request that the parent appoints such number of further directors as are required to make up the board under articles 20 and 21.	The shareholder retains appointment rights of up to half the board. See 22.1	Yes
15.1	Bevan Brittan	The board shall appoint a director to chair the directors' meetings, such director be a director appointed by the parent.	The proposed amend at Article 21.1 below means that the Council directors will be in a minority where there are an odd number of directors in office. This proposed amend to Article 15.1 will equalize the voting power of the directors as the Chair (per Article 16.1) has a casting vote in the case of deadlock.	Yes
21.0	Bevan Brittan	Unless otherwise determined by ordinary resolution, the maximum number of directors is not subject to any maximumeight and the minimum number is three.	Updated to align with clause 4 of the SHA	Yes
21.1	Trowers & Bevan Brittan	No more than half of the directors appointed at any time may be appointed by the parent. Directors not appointed by the parent shall be appointed by an ordinary resolution of a resolution of the board.	The term “ordinary resolution” refers to resolutions passed by a simple majority of shareholders, rather than directors. This limit on Council directors is reasonable as the Council still holds sufficient power in its role as shareholder through the reserved matters in the SHA. The shareholder can also remove a Director at any point. See below clause 21.2	Yes

21.2	Trowers	Notwithstanding any other provision of these articles, the holder or holders of a majority in nominal value of the issued ordinary shares in the capital of the company may at any time and from time to time: appoint any person to be a director (provided that any such appointment does not cause the number of directors to exceed a number fixed by or in accordance with these articles as the maximum number of directors); or remove any director from office.	To align with amended clause 22.1. Shareholder still retains power to remove any director from office at any time.	Yes
21.3	Trowers	Every such appointment or removal shall be effected by notice in writing to the company which shall take effect immediately (or on such later date, if any, specified in the notice) and the notice of appointment or removal may consist of several documents in similar form, each signed by or on behalf of one or more holders.	To align with amended clause 21.2. Shareholder still retains power to remove any director from office at any time as per clause 21.2	Yes
22.2	Bevan Brittan	<u>If at any time the number of directors appointed by the parent is more than half of the Directors, the parent shall give written notice to the Company in accordance with Article 22.4, to remove the requisite number of directors appointed by it to ensure that the requirements of Article 22.1 are satisfied.</u>	To allow compliance with 21.1	Yes

Appendix X – Shareholder Agreement Summary of all proposed amendments				
Clause	Author	Proposed amendment	Risk mitigation	Agreed Y/N
1.0	Trowers	Financial Model means the financial model set out in [file name to follow] and initialled by way of identification by the signatories to this Agreement as amended from time to time with Shareholder Consent;	Definition not required. Removed from Shareholder Consent Matters Part B Relevant to the Development Funding Agreement/Working Capital Agreement??	Yes
2.1.3	Bevan Brittan	developments within the Rother District (subject to any variation of the geographical extent of the Company's activities agreed pursuant to clause 2.5) which it will sell at market or shared equity or shared ownership terms or	See 2.5	Yes
2.2	Bevan Brittan	The Company shall conduct the Business with a view to generating sufficient profits from the Business to invest in the future provision of new homes within the Rother District.	The Company Business and Business Plan should allow it the autonomy to act independently	Yes

2.3	Trowers	<p>The first Business Plan of the Company is to be agreed by Full Council once the company commences trading. Subsequently, the Company shall circulate the Business Plan to the Shareholder by the end of November in each year and invite the Shareholder to provide comments on the proposed Business Plan or to provide Shareholder Consent. The Shareholder will use reasonable endeavours to respond by the end of the following February. Subject to the receipt of Shareholder Consent, before the end of each Accounting Period the Directors shall (in accordance with this Agreement) consider and, if appropriate, adopt an updated and revised Business Plan. No adoption, variation or replacement of any Business Plan shall take effect unless such adoption, variation or replacement has received Shareholder Consent.</p>	<p>There will need to be a mechanism for approving the first Business Plan as otherwise a Business Plan will not be adopted until the start of the next Accounting Period. BB suggest <i>“The first Business Plan of the Company will be adopted upon receiving Shareholder Consent and the Company and the Shareholder shall co-operate in good faith with a view to adopting the first Business Plan as soon as practicable after the Company commences trading.”</i> This does not give the Council any more rights than it already has in relation to the Business Plans.</p>	Yes
2.5	Trowers	<p>The Company shall not acquire any property or otherwise trade outside of the Rother District without Shareholder Consent.</p>	<p>The Housing Company needs the autonomy to act independently and therefore this clause should be removed. In any event, the Council has the right to approve each Business Plan of the Company and any such proposal to trade outside of the Rother District should be contained in a Business Plan.</p>	Yes
4.1 4.2 4.3	Trowers	<p>Subject to the Articles, there shall be a minimum of three Directors and a maximum of not more than eight Directors, which:</p> <p>4.1.1—shall be appointed by the Council in accordance with clause 4.2;</p> <p>The board shall be comprised of such number of executive or non-executive Directors as are required to ensure that the board of the Company has the appropriate skills and experience to deliver the objectives set out in clause 2.1.</p> <p>No more than half of the Directors appointed at any one time may be appointed by the Council. the Council shall see fit; </p>	<p>The Council is happy with these amends. The wording at clause 4.2 is standard commercial wording and clause 4.3 aligns with the Articles.</p>	Yes

5	Bevan Brittan	<p><u>Finance</u></p> <p><u>The Board shall procure that:</u></p> <p><u>5.1.1 all payments due to the Council pursuant to Finance Documents entered into by the Company prior to the date of this Agreement are made on standard market terms and on the basis of standard market rates; and</u></p> <p><u>5.1.2 all Finance Documents entered into by the Company on or after the date of this Agreement are entered into on standard market-terms.</u></p>	To underline the current practice for financial agreements between the Company and the Council are on commercial terms.	Yes
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Schedule 1 – Shareholder Consent Matters

8	Trowers	<p>engage in any business other than as contemplated by the Business Plan or defray any monies other than in good faith for the purposes of or in connection with the carrying on of such business; or</p>	Officers recommend that this is re-instated as its deletion detracts from the Council’s rights to approve each Business Plan; there is little point the Council having the right to approve each Business Plan if the Company is free to stray from it.	No
Page 182 & 10	Trowers	<p>form any Subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not); or</p>	This is a standard right for a majority shareholder and should be re-instated.	No
10	Trowers	<p>close down any business operation, or dispose of or dilute its interest in any of its Subsidiaries for the time being, or dispose of any material asset unless in each case such closure or disposal is expressly contemplated by the Business Plan; or</p>	Majority shareholder right under the Articles to give directions to the Board and right under the SHA to approve each Business Plan. The Council should ensure it does not manage or supervise the Company and strike an appropriate balance between allowing a company the freedom to manage its activities and ensuring that it is accountable for its actions.	Yes
14 & 15	Trowers	<p>enter into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms; or </p> <p>enter into, as lessor or as lessee, any finance lease; or</p>	Majority shareholder right under the Articles to give directions to the Board and right under the SHA to approve each Business Plan. The Council should ensure it does not manage or supervise the	Yes

			Company and strike an appropriate balance between allowing a company the freedom to manage its activities and ensuring that it is accountable for its actions.	
17	Trowers	adopt or amend its annual Business Plan; or	As above the officer recommendation is that this clause should be reinstated as its deletion contradicts the Council's rights to approve each Business Plan.	No
	Bevan Brittan	factor or assign any of its book debts; or	The Company Business and Business Plan should allow it the autonomy to act independently	Yes
21	Trowers	give any guarantee, suretyship or indemnity to secure the liability of any person or assume the obligations of any person outside the scope of its Business Plan; or	The Housing Company needs the autonomy to act independently and therefore this clause should be removed.	Yes
183	Trowers	establish or amend any profit-sharing, share option, bonus or other incentive scheme of any nature for directors, officers or employees (but for the avoidance of doubt, this will not prevent any Group Company from awarding a discretionary cash bonus to directors, officers or employees); or	Majority shareholder right under the Articles to give directions to the Board and right under the SHA to approve each Business Plan. The Council should ensure it does not manage or supervise the Company and strike an appropriate balance between allowing a company the freedom to manage its activities and ensuring that it is accountable for its actions.	Yes
24	Trowers	establish or amend any pension scheme or grant any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family; or	Majority shareholder right under the Articles to give directions to the Board and right under the SHA to approve each Business Plan. The Council should ensure it does not manage or supervise the Company and strike an appropriate balance between allowing a company the freedom to manage its activities and ensuring that it is accountable for its actions.	Yes

25	Trowers	dismiss any director	The Council has the right to remove directors pursuant to Article 22 of the Articles.	Yes
26	Trowers	adopt or amend its Remuneration Policy;	The Housing Company needs the autonomy to act independently and therefore this clause should be removed.	Yes
27	Trowers	agree to remunerate (by payment of salary, bonus, the provision of benefits in kind or otherwise) or to increase the remuneration of any employee, officer or consultant to the Company unless the annual aggregate amount of such remuneration (by payment of salary, bonus, the provision of benefits in kind or otherwise) is in accordance with the Company's current Remuneration Policy or Business Plan; or	Majority shareholder right under the Articles to give directions to the Board and right under the SHA to approve each Business Plan. The Council should ensure it does not manage or supervise the Company and strike an appropriate balance between allowing a company the freedom to manage its activities and ensuring that it is accountable for its actions.	Yes
28	Trowers	institute, settle or compromise any material legal proceedings (other than debt recovery proceedings in the ordinary course of business or where the Value of such claim is reasonably believed by the Company to be less than £100,000) instituted or threatened against it or submit to arbitration or alternative dispute resolution any dispute if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan; or	This term is fairly standard, and the officer recommendation is that it should be reinstated.	No
29	Trowers	Make any agreement with any revenue or tax authorities or make any claim, disclaimer, election or consent for tax purposes in relation to the Group Company or its business if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan.	Majority shareholder right under the Articles to give directions to the Board and right under the SHA to approve each Business Plan. The Council should ensure it does not manage or supervise the Company and strike an appropriate balance between allowing a company the freedom to manage its activities and ensuring that it is accountable for its actions.	
30	Trowers	Enter into any contract with a value in excess of £10,000,000.	This term is fairly standard, and the officer recommendation is that it should be reinstated.	No

Shareholder Consent Matters Part B (Operational Matters)				
N/A	Trowers	The Company and any Group Company shall not unless it has Shareholder Consent make any amendments to the Financial Model or to its Remuneration Policy	Majority shareholder right under the Articles to give directions to the Board and right under the SHA to approve each Business Plan. The Council should ensure it does not manage or supervise the Company and strike an appropriate balance between allowing a company the freedom to manage its activities and ensuring that it is accountable for its actions.	Yes
Schedule 2 – Company Covenants				
1.	Trowers	To only acquire land or a dwelling if the acquisition is in accordance with the Financial Model.	Not flagged as a concern by Bevan Brittan. Subject to Development Funding Agreement terms.	Yes

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Memorandum of association of

[COMPANY NAME]

Each subscriber to this memorandum of association wishes to form a company under the Companies Act 2006 and agrees to become a member of the company and to take at least one share.

Name of each subscriber	Authentication by each subscriber
Rother District Council	
Dated [DATE] 2020	

[COMPANY NAME]

Articles of association

Company number:

Private company limited by shares

Articles of association of

[COMPANY NAME]

1 Model articles not to apply

The model articles of association for private companies limited by shares contained in Schedule 1 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these Articles shall not apply to the company. References to **the articles** shall be to the following articles of association as amended from time.

2 Defined terms

In the articles, unless the context requires otherwise:

bankruptcy includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

board means the board of directors of the company from time to time;

chair has the meaning given in article 15;

chair of the meeting has the meaning given in article 47;

Companies Acts means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

council means Rother District Council or any successor body thereto;

director means a director of the company, and includes any person occupying the position of director, by whatever name called;

distribution recipient has the meaning given in article 39;

document includes, unless otherwise specified, any document sent or supplied in electronic form;

elected member means an elected member of the council who is appointed as a director.

electronic form has the meaning given in section 1168 of the Companies Act 2006;

fully paid in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

hard copy form has the meaning given in section 1168 of the Companies Act 2006;

holder in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

instrument means a document in hard copy form;

ordinary resolution has the meaning given in section 282 of the Companies Act 2006;

paid means paid or credited as paid;

parent means the council;

participate, in relation to a directors' meeting, has the meaning given in article 13;

proxy notice has the meaning given in article 54;

shareholder means a person who is the holder of a share;

shares means shares in the company;

special resolution has the meaning given in section 283 of the Companies Act 2006;

subsidiary has the meaning given in section 1159 of the Companies Act 2006;

transmittee means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

writing means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

3 **Liability of members**

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

4 **Objects clause**

The company's objects are unrestricted.

5 **Change of name**

The company may change its name by resolution of the board.

6 **Directors' general authority**

Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

7 Shareholders' reserve power

7.1 The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.

7.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

8 Directors may delegate

8.1 Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles:

8.1.1 to such person or committee;

8.1.2 by such means (including by power of attorney);

8.1.3 to such an extent;

8.1.4 in relation to such matters or territories; and

8.1.5 on such terms and conditions;

as they think fit.

8.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

8.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

9 Committees

9.1 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.

9.2 The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

10 Directors to take decisions collectively

10.1 The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 11.

10.2 If:

10.2.1 the company only has one director; and

10.2.2 no provision of the articles requires it to have more than one director,

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

11 **Unanimous decisions**

11.1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.

11.2 Such a decision may take the form of a resolution in writing, which may consist of several copies each signed by one or more eligible directors or to which the eligible directors have otherwise indicated agreement in writing.

11.3 References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.

11.4 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

12 **Calling a directors' meeting**

12.1 Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.

12.2 Notice of any directors' meeting must indicate:

12.2.1 its proposed date and time;

12.2.2 where it is to take place; and

12.2.3 if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

12.3 Notice of a directors' meeting must be given to each director, but need not be in writing.

12.4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting. A director may waive the requirement that notice of a meeting of the directors or of a committee of the directors be given to him at any time before or after the date on which the meeting is held by notifying the company to that effect. Where a director gives such notice after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

13 **Participation in directors' meetings**

13.1 Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when:

13.1.1 the meeting has been called and takes place in accordance with the articles, and

13.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

13.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

13.3 If all the directors participating in a meeting are not in the same place, the meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chair of the meeting is.

14 **Quorum for directors' meetings**

14.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

14.2 The quorum for the transaction of business of the directors shall be three and at least one elected member must be present.

14.3 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision to appoint such number of further directors as are required to make up the board under articles 20 and 21.

15 **Chairing of directors' meetings**

15.1 The board shall appoint a director to chair the directors' meetings, such director be a director appointed by the parent.

15.2 The person so appointed for the time being is known as the chair.

15.3 The parent may require the directors to terminate the chair's appointment at any time upon giving written notice to the company.

15.4 If the chair is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

16 **Casting vote**

16.1 If the numbers of votes for and against a proposal are equal, the chair or other director chairing the meeting has a casting vote.

16.2 But this does not apply if, in accordance with the articles, the chair or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

17 **Conflicts of interest**

17.1 If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, then provided that the director has disclosed his interest in such actual or proposed transaction or arrangement with the company in accordance with the Companies Acts or the provisions of these articles, he may nevertheless be counted as participating in the decision-making process for quorum and voting purposes in respect of any such matter in which the director is in any way interested, and shall not, save as otherwise agreed, be accountable to the company for any benefit which he derives under or in consequence of any such transaction or arrangement.

17.2 For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

- 17.3 Subject to article 17.4, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chair whose ruling in relation to any director other than the chair is to be final and conclusive.
- 17.4 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chair, the question is to be decided by a decision of the directors at that meeting, for which purpose the chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.
- 18 **Authorisation of directors' conflicts of interest**
- 18.1 For the purposes of section 175 of the Companies Act 2006, as amended, consolidated or re-enacted from time to time (the **2006 Act**), the directors shall have the power to authorise any relationship, situation or other matter which would or might otherwise constitute or give rise to a breach by a director of the duty to avoid conflicts of interest set out in that section of the 2006 Act (a **Conflict Situation**). Any reference in these articles to a conflict of interest includes a conflict of interest and duty and a conflict of duties.
- 18.2 For the purposes of sections 175 and 180(4) of the 2006 Act and for all other purposes, it is acknowledged that a director may be or become subject to a Conflict Situation or Conflict Situations as a result of his also being or having been (or being party to an agreement or arrangement or understanding or circumstances under which he may become) an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or a direct or indirect investor in and/or otherwise involved with or interested in, any of the council, the company, its subsidiaries, any of its holding companies or any subsidiary of any of its holding companies (as such terms are defined in section 1159 of the 2006 Act) or any of its shareholders.
- 18.3 No director shall be in breach of the duty to avoid conflicts of interest in section 175 of the Act as a result of, and no authorisation is required in respect of, any Conflict Situation envisaged by article 18.2 having arisen or existing in relation to him.
- 18.4 Authorisation of a matter under this article 18 shall be effective only if:
- 18.4.1 the matter in question shall have been proposed in writing for consideration by the directors, or in such other manner as the directors may determine;
- 18.4.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director (together, the **interested directors**); and
- 18.4.3 the matter was agreed to without the interested directors voting or would have been agreed to if the votes of the interested directors had not been counted.
- 18.5 Unless otherwise determined by the directors (excluding the interested directors), any authorisation of a matter under this article 18 shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised.
- 18.6 Any authorisation of a matter under this article 18 shall be on such terms and/or conditions as the directors (excluding the interested directors) may determine, whether at the time such

authorisation is given or subsequently and may be varied or terminated by the directors (excluding the interested directors) at any time. Such terms or conditions may include (without limitation) terms and conditions as to the duration, renewal and/or revocation of the authorisation, and/or the exclusion of the interested directors from all information and discussion of the matter in question. A director shall comply with any obligations imposed on him by the directors (excluding the interested directors) pursuant to any such authorisation.

18.7 If a director receives or has received any information otherwise than by virtue of his position as a director of the company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to:

18.7.1 disclose any such information to the company, the directors or any other director or employee of the company; or

18.7.2 use or apply any such information in connection with the performance of his duties as a director;

provided that to the extent that such duty of confidentiality arises out of a situation or relationship which would or might otherwise constitute or give rise to a breach by the director of the duty to avoid conflicts of interest set out in section 175 of the 2006 Act, this article 18.7 shall apply only if such situation or relationship has been authorised by the directors under this article 18.

18.8 A director shall not, save as otherwise agreed by him, be accountable to the company for any benefit which he (or a person connected with him) derives from any matter authorised by the directors under this article and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.

19 **Records of decisions to be kept**

The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

20 **Directors' discretion to make further rules**

Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

21 **The board**

Unless otherwise determined by ordinary resolution, the maximum number of directors is eight and the minimum number is three.

22 **Appointment and Removal of Directors**

22.1 No more than half of the directors appointed at any time may be appointed by the parent. Directors not appointed by the parent shall be appointed by a resolution of the board.

22.2 If at any time the number of directors appointed by the parent is more than half of the Directors, the parent shall give written notice to the Company in accordance with Article 22.4, to remove the requisite number of directors appointed by it to ensure that the requirements of Article 22.1 are satisfied.

- 22.3 Notwithstanding any other provision of these articles, the holder or holders of a majority in nominal value of the issued ordinary shares in the capital of the company may at any time remove any director from office.
- 22.4 Every such removal shall be effected by notice in writing to the company and shall take effect immediately (or on such later date, if any, specified in the notice). Any such notice of removal may consist of several documents in similar form, each signed by or on behalf of one or more holders.
- 22.5 In any case where, as a result of bankruptcy, the company has no shareholders and no directors, the trustee in bankruptcy or other transmittee(s) of the last shareholder to have a bankruptcy order made against him has the right, by notice in writing, to appoint a natural person (including himself) who is willing to act and is permitted to do so to be a director.

23 Termination of director's appointment

A person shall be ineligible for appointment to the board and if already appointed ceases to be a director as soon as:

- 23.1 that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- 23.2 that person has for more than six consecutive months been absent without permission of the directors from meetings of directors held during that period and the directors resolve that person's office be vacated;
- 23.3 a bankruptcy order is made against that person;
- 23.4 a composition is made with that person's creditors generally in satisfaction of that person's debts;
- 23.5 a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- 23.6 notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;
- 23.7 that person is an employee of any shareholder in the company and ceases to be employed as such for any reason;
- 23.8 that person is removed by the parent by a notice in writing to the company;
- 23.9 that person is or becomes a person disqualified from elected membership of a local authority;

24 Directors' remuneration

Directors may undertake any services for the company that the directors decide **provided that** no sum shall be paid to a director who is an elected member of the council.

25 Directors' expenses

- 25.1 The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at:
- 25.1.1 meetings of directors or committees of directors;
- 25.1.2 general meetings; or
- 25.1.3 separate meetings of the holders of any class of shares or of debentures of the

company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company **provided that**, no sum shall be paid to a director who is an elected member of the council.

26 Company secretary

The directors may appoint a company secretary for such term, at such remuneration and upon such conditions as they think fit. Any company secretary may be removed or replaced by the directors.

27 Nil- or partly-paid shares permitted

If the company at any time has nil or partly-paid shares in issue, articles 52 to 62 (inclusive) of the model articles of association for public companies contained in Schedule 3 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these articles, shall apply to the company and form part of these articles as if the text of such provisions was set out in full in these articles.

28 Allotment of shares

28.1 Save as authorised from time to time by an ordinary resolution of the shareholders, the directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the company.

28.2 Sections 561 and 562 of the Companies Act 2006 shall not apply to any allotment of equity securities (as defined in section 560 of the Companies Act 2006) by the company.

29 Powers to issue different classes of share

29.1 Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

29.2 The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

30 Company not bound by less than absolute interests

Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company

is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

31 **Share certificates**

31.1 The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

31.2 Every certificate must specify:

31.2.1 in respect of how many shares, of what class, it is issued;

31.2.2 the nominal value of those shares;

31.2.3 the amount paid up on the shares to which it relates; and

31.2.4 any distinguishing numbers assigned to them.

31.3 No certificate may be issued in respect of shares of more than one class.

31.4 If more than one person holds a share, only one certificate may be issued in respect of it.

31.5 Certificates must:

31.5.1 have affixed to them the company's common seal, or

31.5.2 be otherwise executed in accordance with the Companies Acts.

32 **Replacement share certificates**

32.1 If a certificate issued in respect of a shareholder's shares is:

32.1.1 damaged or defaced; or

32.1.2 said to be lost, stolen or destroyed,

that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

32.2 A shareholder exercising the right to be issued with such a replacement certificate:

32.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;

32.2.2 must return the certificate which is to be replaced to the company if it is damaged or defaced; and

32.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

33 **Share transfers**

33.1 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.

33.2 The instrument of transfer of any share taken on formation of the company by a subscriber to the company's memorandum of association need not be executed by or on behalf of the transferee even where the share is not fully paid.

33.3 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

33.4 The company may retain any instrument of transfer which is registered.

33.5 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

33.6 The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

34 **Transmission of shares**

34.1 If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.

34.2 A transmittee who produces such evidence of entitlement to shares as the directors may properly require:

34.2.1 may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person; and

34.2.2 subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.

34.3 But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

35 **Exercise of transmittees' rights**

35.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.

35.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.

35.3 Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

36 **Transmittees bound by prior notices**

If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

37 **Procedure for declaring dividends**

- 37.1 The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- 37.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- 37.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 37.4 Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- 37.5 If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.
- 37.6 The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 37.7 If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

38 **Calculation of dividends**

- 38.1 Except as otherwise provided by these articles or the rights attached to shares, all dividends must be:
- 38.1.1 declared and paid according to the amounts paid up on the shares on which the dividend is paid; and
 - 38.1.2 apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
- 38.2 If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly. For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

39 **Payment of dividends and other distributions**

- 39.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
- 39.1.1 transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
 - 39.1.2 sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address

specified by the distribution recipient either in writing or as the directors may otherwise decide;

39.1.3 sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or

39.1.4 any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.

39.2 In these articles, the **distribution recipient** means, in respect of a share in respect of which a dividend or other sum is payable:

39.2.1 the holder of the share; or

39.2.2 if the share has two or more joint holders, whichever of them is named first in the register of members; or

39.2.3 if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

40 **No interest on distributions**

The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

40.1 the terms on which the share was issued, or

40.2 the provisions of another agreement between the holder of that share and the company.

41 **Unclaimed distributions**

41.1 All dividends or other sums which are:

41.1.1 payable in respect of shares; and

41.1.2 unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

41.2 The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.

41.3 If:

41.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment; and

41.3.2 the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

42 **Non-cash distributions**

42.1 Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

42.2 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

42.2.1 fixing the value of any assets;

42.2.2 paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and

42.2.3 vesting any assets in trustees.

43 **Waiver of distributions**

Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if:

43.1 the share has more than one holder; or

43.2 more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

44 **Authority to capitalise and appropriation of capitalised sums**

44.1 Subject to the articles, the directors may, if they are so authorised by an ordinary resolution:

44.1.1 decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and

44.1.2 appropriate any sum which they so decide to capitalise (a **capitalised sum**) to the persons who would have been entitled to it if it were distributed by way of dividend (the **persons entitled**) and in the same proportions.

44.2 Capitalised sums must be applied:

44.2.1 on behalf of the persons entitled; and

44.2.2 in the same proportions as a dividend would have been distributed to them.

44.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

44.4 A capitalised sum which was appropriated from profits available for distribution may be applied in or towards:

44.4.1 paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct;

44.4.2 paying up any amounts unpaid on existing shares held by the persons entitled.

44.5 Subject to the articles the directors may:

44.5.1 apply capitalised sums in accordance with paragraphs 44.3 and 44.4 partly in one way and partly in another;

44.5.2 make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and

44.5.3 authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

45 **Attendance and speaking at general meetings**

45.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

45.2 A person is able to exercise the right to vote at a general meeting when:

45.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

45.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

45.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

45.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

45.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

46 **Quorum for general meetings**

No business other than the appointment of the chair of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum. The presence of a duly authorised representative of the parent shall be a quorum.

47 **Chairing general meetings**

47.1 If the directors have appointed a chair, the chair shall chair general meetings if present and willing to do so.

47.2 If the directors have not appointed a chair, or if the chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

47.2.1 the directors present; or

47.2.2 (if no directors are present), the meeting,

must appoint a director or shareholder to chair the meeting, and the appointment of the chair of the meeting must be the first business of the meeting.

47.3 The person chairing a meeting in accordance with this article is referred to as **the chair of the meeting**.

48 **Attendance and speaking by directors and non-shareholders**

48.1 Directors may attend and speak at general meetings, whether or not they are shareholders.

48.2 The chair of the meeting may permit other persons who are not:

48.2.1 shareholders of the company; or

48.2.2 otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

49 **Adjournment**

49.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chair of the meeting must adjourn it.

49.2 The chair of the meeting may adjourn a general meeting at which a quorum is present if:

49.2.1 the meeting consents to an adjournment; or

49.2.2 it appears to the chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

49.3 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.

49.4 When adjourning a general meeting, the chair of the meeting must:

49.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and

49.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

49.5 If a general meeting is adjourned, then notice of the time and place to which it is adjourned shall be given:

49.5.1 to the same persons to whom notice of the company's general meetings is required to be given; and

49.5.2 containing the same information which such notice is required to contain.

49.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

50 **Voting: general**

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

51 **Errors and disputes**

51.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

51.2 Any such objection must be referred to the chair of the meeting, whose decision is final.

52 **Poll votes**

52.1 A poll on a resolution may be demanded:

52.1.1 in advance of the general meeting where it is to be put to the vote, or

52.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

52.2 A poll may be demanded by:

52.2.1 the chair of the meeting;

52.2.2 the directors;

52.2.3 any member (present in person or by proxy) having the right to attend and vote at the meeting or by a duly authorised representative of a corporation.

52.2.4 A demand for a poll may, before the poll is taken, be withdrawn. A demand so withdrawn shall not invalidate the result of a vote on a show of hands declared before the demand was made.

52.3 Polls must be taken immediately and in such manner as the chair of the meeting directs.

53 **Content of proxy notices**

53.1 Proxies may only validly be appointed by a notice in writing (a **proxy notice**) which:

53.1.1 states the name and address of the shareholder appointing the proxy;

- 53.1.2 identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;
 - 53.1.3 is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
 - 53.1.4 is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
- 53.2 The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- 53.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 53.4 Unless a proxy notice indicates otherwise, it must be treated as:
- 53.4.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
 - 53.4.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

54 **Delivery of proxy notices**

- 54.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- 54.2 An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- 54.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 54.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

55 **Proxies and corporate representatives**

The failure of any proxy or corporate representative to vote in accordance with any instructions given by the member by whom such proxy or corporate representative is appointed shall not invalidate the result of any vote in which the proxy or corporate representative has participated and the company and the directors shall be under no duty to enquire as to the instructions given to any such proxy or corporate representative.

56 **Amendments to resolutions**

- 56.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:

- 56.1.1 notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chair of the meeting may determine); and
- 56.1.2 the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.
- 56.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- 56.2.1 the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
- 56.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 56.3 If the chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.
- 57 **Written resolutions and decisions of the Parent**
- 57.1 A proposed written resolution of the members of the company (or of a class of members) shall lapse if it is not passed before the end of the period of six months beginning with the circulation date of such resolution (as defined in section 290 of the Companies Act 2006).
- 57.2 If the parent makes a decision which is required to be taken in a general meeting or by means of a written resolution, that decision shall be valid and effectual as if agreed by the Company in general meeting. Any decision taken by the parent pursuant to this Article 57 shall be recorded in writing and delivered by the parent to the Company for entry in the Company's minute book.
- 58 **Means of communication to be used**
- 58.1 Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- 58.2 Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- 58.3 A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.
- 58.4 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- 58.4.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five working days

after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five working days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);

58.4.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;

58.4.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and

58.4.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a working day.

58.5 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Companies Act 2006.

59 **Company seals**

59.1 Any common seal may only be used by the authority of the directors.

59.2 The directors may decide by what means and in what form any common seal is to be used.

59.3 Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

59.4 For the purposes of this article, an authorised person is:

59.4.1 any director of the company;

59.4.2 the company secretary (if any); or

59.4.3 any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

60 **No right to inspect accounts and other records**

Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder.

61 **Provision for employees on cessation of business**

The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director

or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

62 **Indemnity**

62.1 The company may indemnify any relevant officer out of the assets of the company from and against any loss, liability or expense incurred by him or them in relation to the company (including any liability incurred in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006)) **provided that** this article shall have effect, and any indemnity provided by or pursuant to it shall apply, only to the extent permitted by, and subject to the restrictions of, the Companies Act 2006. This article does not allow for or provide (to any extent) an indemnity which is more extensive than as permitted by the Companies Act 2006 and any such indemnity is limited accordingly. This article is also without prejudice to any indemnity to which any person may otherwise be entitled.

62.2 To the extent permitted by, and subject to the restrictions in, the Companies Act 2006 and without prejudice to any indemnity to which he may otherwise be entitled, the board shall have the power to provide funds to meet any expenditure incurred or to be incurred by any relevant officer in defending any criminal or civil (including regulatory) proceedings, or in connection with an application under the Companies Act 2006, or to enable him to avoid incurring such expenditure.

62.3 Without prejudice to the provisions of article 63, the directors may exercise all the powers of the company to purchase and maintain insurance for the benefit of any person who is a relevant officer or an employee or former employee of the company or any associated company or who is or was a trustee of a retirement benefits scheme or another trust in which a relevant officer or an employee or former employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against by the company.

62.4 In these articles:

62.4.1 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate;

62.4.2 **relevant officer** means any current or former director, secretary or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006)), other than any person (whether an officer or not) engaged by the company (or associated company) as an auditor, to the extent he acts as an auditor.

63 **Insurance**

63.1 The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

63.2 In this article:

- 63.2.1 a **relevant director** means any director or former director of the company or an associated company;
- 63.2.2 a **relevant loss** means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company; and
- 63.2.3 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

Deed Dated

Rother District Council

and

[Company Name]

Shareholders' Agreement

in respect of [Company Name]

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Shareholders' Agreement

Deed dated

Parties

- (1) **Rother District Council** of Town Hall, London Road, Bexhill-on-Sea, East Sussex, TN39 3JX (the **Council**)
- (2) **[company name]** (company no [company number]) whose registered office is at [registered address] (the **Company**).

Introduction

- (A) The Company was incorporated in England under the Companies Act 2006 on [date of incorporation] and, at the date of this Agreement, [number of shares on incorporation] Shares are in issue and are registered in the name of and are beneficially owned by the Council.
- (B) The Company has been established for the commercial purpose of increasing the supply of housing across a range of tenures including for sale (on market or shared ownership or shared equity terms) and rent (at a market or at sub-market rent).
- (C) This Agreement sets out the terms upon which the Council will participate in the Company as its shareholder.

Agreed Terms

1 Definitions and Interpretation

1.1 In this Agreement:

Agreed Form means a form agreed between the Shareholder from time to time, a copy of which has been initialled for the purpose of identification by or on behalf of the Shareholder;

Articles means the articles of association of the Company;

Business means the business of the Company as set out in clause 2;

Business Day means a day (other than a Saturday or Sunday) on which the banks in the City of London are open for business;

Business Plan means the operational business plan and budget of the Company as adopted and amended in accordance with clause 2.

CA2006 means the Companies Act 2006;

Director means a director of the Company;

Dwelling means any dwelling owned by the Company from time to time;

Environmental Information Regulations means the Environmental Information Regulations 2004;

Finance Documents means a development facility agreement to be entered into by the Company and the Council on or about the date of this Agreement, a loan note instrument to be entered into by the Company on or about the date of this Agreement, and any other funding and security documentation which is entered into by the Company relating to the provision of funding for the Business from the Council;

FOIA means the Freedom of Information Act 2000;

Group means the Company and its subsidiary undertakings from time to time, or any of them as the context requires and **Group Company** shall be construed accordingly;

Information has the meaning given to it under section 84 of the FOIA;

Remuneration Policy means a policy adopted by the Company (following receipt of Shareholder Consent) in relation to the provision of remuneration (including salary, bonus, the provision of benefits-in-kind or otherwise) for its employees, officers and consultants;

Request for Information has the meaning set out in the FOIA or any apparent request for information made under the FOIA or the Environment Information Regulations;

Shareholder means any holder of any Share(s) from time to time, being the Council at the date of this Agreement;

Shareholder Consent means consent of the Shareholder in accordance with clause 3.6;

Shareholder Consent Matters means those matters listed in schedule 1;

Shares means the ordinary shares of £[value] each in the issued share capital of the Company;

Subsidiary has the meaning given in the CA2006; and

United Kingdom means the geographical area of the United Kingdom of Great Britain and Northern Ireland as at the date of this Agreement.

Rother District means the Council's administrative area as at the date of this Agreement;

1.2 A reference to a statutory provision includes a reference to:

1.2.1 a statutory amendment, consolidation or re-enactment (whether before or after the date of this Agreement),

1.2.2 statutory instruments or subordinate legislation (as defined in section 21(1) of the Interpretation Act 1978) or orders made under the statutory provision (whether made before or after the date of this Agreement), and

- 1.2.3 statutory provisions of which the statutory provision is an amendment, consolidation or re-enactment.
- 1.3 Reference to:
- 1.3.1 a person includes a legal or natural person, partnership, trust, company, government or local authority department or other body (whether corporate or unincorporate),
- 1.3.2 a statutory or regulatory body shall include its successors and any substituted body,
- 1.3.3 an individual includes, where appropriate, his personal representatives,
- 1.3.4 the singular includes the plural and vice versa, and
- 1.3.5 one gender includes all genders.
- 1.4 Unless otherwise stated, a reference to a clause or schedule is a reference to a clause or schedule to this Agreement and a reference to this Agreement includes its schedules.
- 1.5 Clause headings in this Agreement are for ease of reference only and do not affect its construction.
- 1.6 In construing this Agreement the so-called ejusdem generis rule does not apply and accordingly the interpretation of general words shall not be restricted by words indicating a particular class or particular examples.
- 1.7 For the purposes of this Agreement **Party** means a party to this Agreement and reference to **Parties** shall be to all or more than one of them as applicable.
- 1.8 Where a provision of this agreement imposes an obligation, cost or liability on two or more Parties, that obligation, costs or liability shall be construed as being against those Parties jointly and severally, and where a provision of this Agreement gives a claim, benefit or right to two or more Parties, that claim, benefit or right attaches to those Parties jointly.
- 1.9 Where a consent and/or permission is required under this Agreement from one Party to the other that consent and/or permission should not be unreasonably withheld or delayed.

2 **Business**

- 2.1 The Business of the Company shall be:
- 2.1.1 to operate as a commercial company;
- 2.1.2 to purchase land and property within the Rother District from either the Council or on the open market; and
- 2.1.3 to acquire, develop, construct and/or refurbish residential homes or mixed use developments within the Rother District which it will sell at market or shared equity or shared ownership terms or rent (either on the open market or at a sub-market rent).

together with any activities reasonably incidental to the above.

- 2.2 The Company shall conduct the Business with a view to generating sufficient profits from the Business to invest in the future provision of new homes within the Rother District.
- 2.3 The Company shall circulate the Business Plan to the Shareholder by the end of November in each year and invite the Shareholder to provide comments on the proposed Business Plan or to provide Shareholder Consent. The Shareholder will use reasonable endeavours to respond by the end of the following February. Subject to the receipt of Shareholder Consent, before the end of each Accounting Period the Directors shall (in accordance with this Agreement) consider and, if appropriate, adopt an updated and revised Business Plan. No adoption, variation or replacement of any Business Plan shall take effect unless such adoption, variation or replacement has received Shareholder Consent.
- 2.4 Each Business Plan shall be substantially in the format of the first Business Plan and shall be for a three year period, unless the Shareholder consents otherwise.
- 2.5 Notwithstanding any other provision of this clause 2, following the requisite approval by the Directors of a new proposed Business Plan or an amended or updated and revised Business Plan, such draft Business Plan shall become, or such amended or updated Business Plan shall become, the Business Plan for the relevant Accounting Periods. For any period when a proposed Business Plan presented under clause 2.3 has not been approved and adopted by the Directors in accordance with this Agreement the relevant existing Business Plan shall continue to be the Business Plan of the Company.

3 Conduct of the Company's Affairs

- 3.1 Meetings of the Directors shall be held no less than four times in every year and at not more than three monthly intervals.
- 3.2 With the exception of those matters requiring Shareholder Consent pursuant to clause 3.6, the management of the Company shall be vested in the Directors. The Directors may appoint a chief operating officer on such terms as they may think fit who shall be responsible for the day to day management of the Business within the terms of the Business Plan and this Agreement and perform such duties as may be delegated to them by the Directors. The Directors may also remove such chief operating officer and appoint a replacement, on such terms as it may think fit providing that no appointment to the post of chief operating officer shall be made without Shareholder Consent.
- 3.3 Without prejudice to the generality of the foregoing, the Directors will determine the general policies of the Company and the manner in which the Business is to be carried out, subject to the Business Plan, to those matters requiring Shareholder Consent pursuant to clause 3.6 and to any other express provisions of this Agreement. In particular, but without limitation to the generality of the foregoing, the Directors shall exercise all voting rights and other powers of control available to them in relation to the Company so as to procure (in so far as they are able in the exercise of such rights and power) that, at all times during the term of this Agreement, the Company shall:

- 3.3.1 carry on and conduct its business and affairs in a proper and efficient manner, for its own benefit and in accordance with the Business Plan and with good business practices, and
- 3.3.2 transact all its business on arm's length terms.
- 3.4 The Company shall not carry out any activity which would render the holding of Shares by any Shareholder unlawful provided that where a proposed change of law would render such shareholding unlawful such Shareholder will use its reasonable endeavours to take such steps as are necessary to allow it to continue lawfully to hold its Shares.
- 3.5 The Company will if it requires any approval, consent or licence for the carrying on of its Business in the manner in which it is from time to time carried on or proposed to be carried on, obtain and maintain the same in full force and effect.
- 3.6 The Company shall ensure that none of the Shareholder Consent Matters shall be carried out without the prior consent in writing of Shareholder holding in aggregate between them a majority of the Shares then in issue.
- 3.7 The Company shall permit any Director to discuss the affairs, finances and accounts of the Company and its subsidiaries with any Shareholder's designated officers and executives at any time. All books, records, accounts and documents relating to the business and the affairs of the Company and its subsidiaries shall be open to the inspection of any such person, who shall be entitled to make any copies thereof as he or she deems appropriate to keep the relevant Shareholder properly informed about the business and affairs of the Company or to protect its interests as a Shareholder. Any information secured as a consequence of such discussions and examinations shall be kept confidential by the requesting Shareholder and its designated officers and executives in accordance with the terms of clause 7.
- 3.8 The Company agrees with the Shareholder that it will maintain effective and appropriate control systems in relation to the financial, accounting and record-keeping functions of the Group and will generally keep the Shareholder informed of the progress of each Group Company's business and affairs and in particular will procure that each Shareholder is given such information and such access to the officers, employees and premises of the Group as it may reasonably require for the purposes of enabling it to monitor its investment in the Group.
- 3.9 The Company shall not breach nor cause the Council to be in breach of the Local Authorities (Companies) Order 1995.

4 **Board**

- 4.1 Subject to the Articles, there shall be a minimum of three Directors and a maximum of not more than eight Directors.
- 4.2 The board shall be comprised of such number of executive or non-executive Directors as are required to ensure that the board of the Company has the appropriate skills and experience to deliver the objectives set out in clause 2.1.
- 4.3 No more than half of the Directors appointed at any one time may be appointed by the Council.
- 4.4 For the avoidance of doubt, no Directors shall be:

4.4.1 an elected member of the Council who is the Council Leader, the Chairman of the Audit and Standards Committee, has responsibility for planning or is appointed to the Council's Cabinet; or

4.4.2 an officer of the Council who has responsibility for undertaking a statutory monitoring officer role or an executive director.

4.5 Subject to the Articles, any appointment(s) or termination(s) of a Director made under this clause 4 shall be effected by the Council by giving notice in writing to the Company, on the date on which the notice from the Council is received by the Company, or if a later date is specified in the notice, on that date.

5 **Finance**

5.1 The Board shall procure that:

5.1.1 all payments due to the Council pursuant to Finance Documents entered into by the Company prior to the date of this Agreement are made on standard market terms and on the basis of standard market rates; and

5.1.2 all Finance Documents entered into by the Company on or after the date of this Agreement are entered into on standard market-terms.

6 **Covenants**

The Company covenants to the Council in accordance with the terms of Schedule 2.

7 **Termination**

7.1 This Agreement shall terminate upon

7.1.1 the written agreement of the Parties in accordance with the terms agreed; or

7.1.2 when a resolution is passed by the Shareholder or creditors of the Company, or any order made by a court or other competent body or person instituting a process that shall lead to the Company being wound up and its assets being distributed among the creditors, Shareholder or other contributors,

but shall cease and determine in respect of a Shareholder (without prejudice to that Shareholder's accrued rights, obligations or liabilities) upon that Shareholder ceasing to hold Shares in the Company.

8 **Confidentiality**

8.1 Each Party undertakes that it shall not at any time disclose to any person any confidential information concerning the business, affairs, customers, clients or suppliers of the other party or of any member of the group of companies to which the other Party belongs, except as permitted by clause 7.2.

8.2 Each Party may disclose the other Party's confidential information:

8.2.1 to its employees, officers, representatives or advisers who need to know such information for the purposes of carrying out the Party's obligations under this Agreement. Each Party shall ensure that its employees, officers, representatives or advisers to whom it discloses the other Party's confidential information comply

with this clause 7; or

8.2.2 as may be required by law, court order or any governmental or regulatory authority.

8.3 Each Party acknowledges that the other Party is subject to the requirements of the FOIA and the Environmental Information Regulations, and shall facilitate the other Party's compliance with its Information disclosure requirements pursuant to and in the manner provided for in clauses 7.4 and 7.7.

8.4 If either Party (the **Recipient**) receives a Request for Information in relation to Information that the other Party is holding and which the Recipient does not hold itself, the Recipient shall refer to the other Party such Request for Information as soon as practicable and in any event within five (5) Business Days of receiving a Request for Information, and the other Party shall:

8.4.1 provide the Recipient with a copy of all such Information in the form that the Recipient requires as soon as practicable and in any event within 10 Business Days (or such other period as the Recipient acting reasonably may specify) of the Recipient's request; and

8.4.2 Provide all necessary assistance as reasonably requested by the Recipient to enable the Recipient to respond to a Request for Information within the time for compliance set out in Section 10 of the FOIA or Regulation 5 of the Environmental Information Regulations.

8.5 Following notification under 7.4, and up until such time as the other Party has provided the Recipient with all the Information specified in clause 7.4, the other Party may make representations to the Recipient as to whether or not or on what basis Information requested should be disclosed, and whether further information should reasonably be provided in order to identify and locate the information requested, provided always that the Recipient shall be responsible for determining, at its absolute discretion:

8.5.1 whether Information is exempt from disclosure under the FOIA and the Environmental Information Regulations; and

8.5.2 whether Information is to be disclosed in response to a Request for Information, and in no event shall the other Party respond directly to a Request for Information unless the Request for Information is addressed to it.

8.6 The Parties acknowledge that (notwithstanding the provisions of clause 7.1) the Recipient may, acting in accordance with the Department of Constitutional Affairs' Code of Practice on the Discharge of Functions of Public Authorities under part I of the Freedom of Information Act 2000, be obliged under the FOIA or the Environmental Information Regulations to disclose Information concerning the other Party:

8.6.1 in certain circumstances without consulting with the other Party; or

8.6.2 following consultation with the other Party and having taken their views into account.

8.7 Each Party shall transfer to the other Party any Request for Information which it receives but is addressed to the other Party as soon as practicable and in any event within 3 Business Days of receiving it.

8.8 The Parties acknowledge that any lists provided which list or outline Confidential Information are of indicative value only and that a Recipient may nevertheless be obliged to disclose

Confidential Information in accordance with clause 7.6.

9 **No Partnership**

Nothing in this Agreement gives rise to a partnership between the Parties or constitutes one Party the agent of another.

10 **Contracts (Rights of Third Parties) Act 1999**

10.1 Unless the right of enforcement is expressly granted, it is not intended that a third party, other than a lawful successor in title or a lawful assignee, should have the right to enforce a provision of this Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999.

10.2 The Parties may rescind or vary this Agreement without the consent of a third party to whom an express right to enforce any of its terms has been provided.

11 **Costs of this Agreement**

Each party shall pay its own costs in connection with the negotiation, preparation, execution and performance of this Agreement and of each department referred to in it.

12 **Waiver**

12.1 The rights of each of the Parties in respect of a breach of this Agreement shall not be affected by completion, by its rescinding, or failing to rescind, this Agreement, or failing to exercise, or delaying in exercising, a right or remedy, or by anything else, except a specific authorised written waiver or release. A single or partial exercise of a right or remedy provided by this Agreement or by law does not prevent its further exercise or the exercise of another right or remedy.

12.2 Waiver of a breach of a term of this Agreement, or of a default under it, does not constitute a waiver of another breach or default nor affect the other terms of this Agreement.

12.3 The rights and remedies provided in this Agreement are cumulative and not exclusive of any other rights or remedies.

13 **Variation**

A purported variation of this Agreement is not effective unless in writing and signed by or on behalf of each of the Parties.

14 **Invalidity**

If a provision of this Agreement is held to be illegal or unenforceable, in whole or in part, under an enactment or rule of law, it shall to that extent be deemed not to form part of this Agreement and the enforceability of the remainder of this Agreement shall not be affected. The Parties agree to negotiate in good faith to agree the terms of a mutually satisfactory provision to be substituted for the provision found to be illegal or unenforceable.

15 **Entire Agreement**

15.1 This Agreement (together with any documents entered into under it or at the same time as it) supersedes all prior understandings and agreements between the Parties (whether written or oral) relating to its subject matter and contains the entire agreement between the Parties relating to its subject matter.

15.2 Each Party acknowledges that it does not enter into this Agreement on the basis of, and does not rely on, warranties or representations made, or agreed to, by any person (whether a party to this Agreement or not).

15.3 Each Party waives its rights against the others in respect of warranties and representations (whether written or oral) not expressly set out or referred to in this Agreement.

15.4 Nothing in this clause 14 limits or excludes liability for fraud.

15.5 The Parties acknowledge that they have had the benefit of legal advice on the effects of this clause 14 and confirm that they consider this clause 14 to be reasonable in all circumstances of this Agreement.

16 **Status of this Agreement**

16.1 In the event of any ambiguity or discrepancy between the provisions of this Agreement and the Articles, then it is the intention of the Shareholder that the provisions of this Agreement shall prevail. Accordingly, each Shareholder (so far as each is able) shall take all such steps and do all such acts and things as may be necessary or desirable, including, without limitation, exercising all voting and other rights and powers of control available to it in relation to the Company, so as to give effect to the provisions of this Agreement and shall further if necessary procure (insofar as it is able to do so by the exercise of those rights and powers) any required amendment to the Articles.

17 **Consents**

17.1 Consents, notices, approvals or agreements to be given by the Shareholder under this Agreement shall be given in writing.

17.2 Where this Agreement provides that a matter is subject to the consent, approval or Agreement of any Party then (except as expressly provided otherwise), it shall be in the absolute discretion of the Party concerned as to whether (and if so, on what terms and conditions) the consent, approval or agreement is made.

18 **Communications**

18.1 Any notice or other communication under or in connection with this Agreement shall be in writing and shall be delivered personally or sent by first-class post (and by air mail if overseas) or by facsimile or by email as follows:

18.1.1 if to the Council, to:

Address: Town Hall, London Road, Bexhill-on-Sea, East Sussex, TN39 3JX

Email: [name]@rother.gov.uk

marked for the attention of: [name] [position]

18.1.2 if to the Company, to:

Address: [name and address]

Email: [email address]

marked for the attention of: The Chief Operating Officer;

or to such other person, address, or fax number or email as any Party may specify by notice in writing to the other.

18.2 In the absence of evidence of earlier receipt, any notice or other communication shall be deemed to have been duly given:

18.2.1 if delivered personally, when left at the address referred to in clause 17.1;

18.2.2 if sent by mail, other than airmail, two Business Days after posting it;

18.2.3 if sent by fax, on completion of its legible transmission; and

18.2.4 if sent by email, when sent and there has been no communication by the recipient to the senders that the email has not been received,

provided always that a notice given in accordance with the above but received on a day which is not a Business Day or after business hours on a Business Day will only be deemed to be given on the next Business Day.

18.3 The original of any notice or other communication by fax shall be forwarded to the recipient(s) but the non-arrival of that original shall not affect the validity of the notice or other communication by fax.

19 Counterparts

19.1 This Agreement may be executed in a number of counterparts and by the Parties on different counterparts, but shall not be effective until each Party has executed at least one counterpart.

19.2 Each counterpart, when executed, shall be an original, but all the counterparts together constitute the same document.

20 Governing Law and Jurisdiction

20.1 This Agreement and the rights and obligations of the Parties shall be governed by and construed in accordance with the laws of England and Wales.

20.2 The Parties irrevocably submit to the exclusive jurisdiction of the courts of England and Wales in respect of any dispute or claim arising out of or in connection with this Agreement or any of the documents to be executed pursuant to this Agreement or their subject matter or formation (including non-contractual disputes or claims). This Deed has been executed as a deed and delivered on the date stated at the beginning of this Deed.

Schedule 1

Shareholder Consent Matters – Part A (Corporate Matters)

The Company and any Group Company shall not, unless it has Shareholder Consent:

1. vary in any respect its articles of association or the rights attaching to any of its shares; or
2. permit the registration (upon subscription or transfer) of any person as a member of the Company other than the Shareholder in accordance with the terms of this Agreement and/or any permitted transferees, or permit the registration (upon subscription or transfer) of any person as a member of any other Group Company save for the Company; or
3. increase the amount of its issued share capital except as provided in this agreement, grant any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeem or purchase any of its own shares or effect any other reorganisation of its share capital; or
4. issue any loan capital or enter into any commitment with any person with respect to the issue of any loan capital; or
5. make any borrowing other than under the Finance Documents; or
6. apply for the listing or trading of any shares or debt securities on any stock exchange or market; or
7. pass any resolution for its winding up or present any petition for its administration (unless it has become insolvent); or
8. amalgamate or merge with any other company or business undertaking; or
9. alter its name or registered office; or
10. enter into any transaction or arrangement of any nature whatsoever (including, for the avoidance of doubt, a service contract) with any of its directors or any person who is connected (within the meaning of sections 1122 and 1123 of the Corporation Tax Act 2010) to any of its directors whether or not any other person shall be party to such transaction or arrangement; or

11. create or permit to be created any mortgage, charge, encumbrance or other security interest whatsoever on any material asset or its business in whole or in part or any of its shares other than:
 - (a) the Finance Documents;
 - (b) liens arising in the ordinary course of business; or
 - (c) any charge arising by the operation or purported operation of title retention clauses and in the ordinary course of business; or

12. change either:
 - (a) its statutory auditors; or
 - (b) its financial year end; or

13. make or permit to be made any material change in the accounting policies and principles adopted by the Company in the preparation of its accounts except as may be required to ensure compliance with relevant accounting standards under the Companies Act 2006 or any other generally accepted accounting principles in the United Kingdom; or

14. make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity (other than in the normal course of trading); or

- 15.

Schedule 2

Company Covenants

The Company covenants to the Shareholder as follows:

1. To appoint the Council's auditors as its statutory auditors and to maintain the Council's financial year and as its financial year end.

In witness whereof the parties have executed this Agreement as a deed.

Executed as a deed by
affixing the common seal of
Rother District Council
in the presence of:



.....
Director

.....
Member

executed as a deed by)

[Company Name])

)

acting by:)

a director in the presence of:
Director

Witness signature

Name

Address

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Risk		Likelihood	Impact	Risk management
Infrastructure (RDC)				
1	Budget increases – Final delivery cost exceeds new budget approval.	High	High	£1.1m project contingency – close liaison with Employers’ Agent and infrastructure contractor (Breheny). Road embankment designs with East Sussex County Council for consideration and approval.
2	Delays - Delays (weather etc) leading to further inflationary cost increases.	Medium	Medium	£1.1m project contingency. Slight delays due to impact of new housing scheme now realised. Completion of phase 1 moved from July to September 24.
3	Project resources - Overall programme resource and oversight not being in place leading to issues being overlooked and not adequately addressed in a timely manner.	Low	Medium	Overall programme resource (to encompass the entire scheme and Blackfriars housing delivery) considered by the Senior Leadership Team and addressed. New Employers Agent RDC Programme Manager in place
4	External grant funding - Homes England Funding change request not accepted resulting in no future drawdowns.	Low	High	Extended milestones and additional HIF funding formally requested and under consideration. Continuous engagement with Homes England.
5	Outcomes - The original outcomes anticipated from this scheme are not met.	High	High	Given the increased costs forecast for completion of the infrastructure scheme and the wider housing delivery there will be a cost to the Council as opposed to any financial return. The programme will unlock a stalled site to deliver 200 new homes built to high environmental standards. The risk is that the scheme may not deliver any affordable housing due to the viability issues. The housing scheme and market conditions remains under review.
6	Scheme changes - Company housing scheme redesign leads to additional changes to infrastructure scheme and a resultant increase in costs.	Medium	Medium	All aspects of the redesign impact on the road have been progressed. Ongoing dialogue with the Council’s officers and Employers Agent and various parties from the Company to continue.
7	Support - That political support for the scheme to progress is not provided, resulting in abortive costs and reputational damage.	Medium	High	There is ongoing engagement with Cabinet and the wider membership regarding the progression of the scheme and the challenges being faced to include the recent decision by the housing company to apply to remove the s106 affordable housing planning obligation.

8	Reputation - The Council's reputation is negatively impacted if the infrastructure scheme is not delivered.	Low	Low	The infrastructure project has significantly progressed onsite reducing this risk. The recommendations contained within this report should enable the completion of the infrastructure element of the project.
9	Land transfer/Land value - The required land transfer/disposal is not completed, preventing the Company from commencing construction -The Council is required to seek best value for the sale of the land to the company.	Low	High	Officers are aware of this requirement and are currently considering the timing of the transfer. The Council will continue to seek legal and audit advice to demonstrate best value of the land disposal
10	Clawback of funding - The additional funding request to deliver the infrastructure element of the scheme is not approved and a loss is incurred on the expenditure to date, with the Homes England funding being withdrawn.	Medium	Low	Whilst there is currently a deficit forecast on the infrastructure element of the scheme this is less than the Housing Infrastructure Fund (HIF) grant allocation (£8.7m).
11	Loan facility - There are risks to the Council in providing a loan funding facility to a company that currently holds no assets.	Low	Medium	The Housing Company has demonstrated a viable scheme to proceed with. A Capital Funding Agreement and Loan Funding Agreement is the final stages of being agreed by both parties, drafted by the Council's solicitors Bevan Brittan, this will be back up by a debenture that provides the Council with security over the lenders assets once developed.
	Housing Company			
12	Income receipts - Registered Provider receipt not realised.	Medium	High	Ongoing engagement with RP's interested in delivering affordable housing provision with and without the s106 planning obligation to achieve best value
13	Income receipts - Open market sales receipt not realised.	Medium	High	Ongoing monitoring of projected receipts based on current market forecasts. Alternative sales options being explored
14	Budget increases - Final delivery cost exceeds budget forecasts.	High	High	Updated cost forecasts based on the revised design plans have been received from the housing contractor. These are currently being assessed and challenged before a final budget is approved.

15	Revised planning approval - Delay in achieving new planning approval leads to additional inflationary costs.	Low	Medium	Aiming for December 23 or January 24 planning committee. This will allow a start by May/June 24 should progress on the road permit an earlier start.
16	Delays - Delays (weather, planning decision) etc) leading to further inflationary cost increases.	Medium	Medium	An appropriate contingency budget has been allowed for this. This will be reviewed against delivery risks.
17	Planning rejected - Failure to achieve new planning approval resulting in lower income generation.	High	High	Pre-planning consultation completed, public consultation in June. Ongoing engagement with planning to ensure a policy compliant scheme can be demonstrated.
18	Liquidation - Failure of the Company .	Low	High	Ongoing Company and cashflow monitoring.
	Lack of loan funding Loan funding agreement - agreement resulting in cashflow and funding uncertainty for the HCo.	Low	Medium	Working Capital Agreement progressed and in final stages of approval, to be supported by the more detailed Loan Funding Agreement by the end of the year.
19	Interest rates - Borrowing costs continuing to increase, further impacting on viability.	High	High	This risk has been realised and has been incorporated in the housing company appraisals accordingly. Company to proceed with Option 2) 100% open market sales to ensure a scheme can generate a surplus
20	Abortive costs - If the scheme does not progress-	Low	High	The recommendations contained within this report should enable completion of the infrastructure element of the project and a viable housing scheme to proceed with
21	Lack of overall viability – the Directors have a duty to not act recklessly and only act in the best interests of the Company. If the scheme is not viable from a Company perspective the scheme will not progress.	Medium	High	The Company has approved to proceed with Option 2) as outlined in this report to help mitigate this risk

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