

Rother District Council

Report to:	Overview and Scrutiny Committee
Date:	23 November 2020
Title:	Medium Term Financial Plan 2021/22 to 2025/26
Report of:	Robin Vennard, Assistant Director Resources
Ward(s):	All
Purpose of Report:	To review the financial issues affecting the Council and their impact on the financial forecast for the five years ending 2025/26.
Decision Type:	Non-key
Officer	
Recommendation(s):	It be RESOLVED: That the report be noted.

This report, considered by Cabinet on 2 November 2020, has been referred to this Committee for Members' information. The recommendations approved by Cabinet and the report, as submitted, have been reproduced below.

RECOMMENDED to COUNCIL: That the:

- 1) current Council Tax Reduction Scheme be affirmed and continue for the 2021/22 financial year; and
- 2) Treasury Management Strategy be updated with regard to borrowing as outlined in the report.

AND

RESOLVED: That:

- 1) the financial forecast and proposed way forward be noted.
- 2) Council maintain its policy of maximising the annual increase in Council Tax within the Government's referendum limit;
- 3) any additional funding from New Homes Bonus Grant be used to reduce the amount of reserves being applied to support the Revenue Budget;
- 4) the Assistant Director Resources be authorised to finalise the wording of the consultation literature in conjunction with the Cabinet Portfolio holder for Finance and Performance Management; and
- 5) the Council continues to be part of the East Sussex Business Rate pool in 2021/22 and that the Assistant Director Resources be granted delegated authority to finalise the necessary agreement with the Member authorities in

Introduction

1. Members will be aware that since 2010, the Council has made significant savings to enable it to manage increased demand for vital services such as homelessness and central Government's continued real terms reduction in funding across local government.
2. The current lack of certainty to the national funding of local government is limiting the ability to produce reliable financial forecasts for the Medium Term Financial Plan (MTFP). The uncertainty around future Government funding, particularly for Business Rate income and potentially negative Revenue Support Grant, together with the economic impacts of COVID-19 and BREXIT mean the Council's income is very difficult to predict with any certainty. In contrast, the cost pressures on Council services remain relentless and the expectations of the public remain high. The following report describes the key financial pressures and some of the measures the Council is implementing to help alleviate these. What is clear however is that the scale of the challenge is beyond the scope of the Council's reserves. The Council will be required to take actions to achieve a balanced budget as required by law. A balanced budget is where the Council's expenditure can be met from its income. This includes the use of reserves where appropriate, to help meet this expenditure.
3. Members should note that the financial forecast at Appendix A is a work in progress and some of the issues discussed in this report have yet to be fully quantified.

Budget Process

4. The budget process follows three main phases. The first phase is to update the MTFP which sets out the areas of budgetary pressure and estimates the size of the budget deficit over the next five years.
5. The second phase of the budget process will be the detailed draft budget report to Cabinet in January 2021, which will bring forward further details of the proposals to deliver a balanced Revenue Budget over the next five years.
6. The third phase will commence in January 2021, once the Government settlement has been announced. Any proposed savings will need to be agreed and the Capital Strategy and Revised Capital Programme will be prepared and incorporated into the MTFP for approval by Cabinet and full Council in February 2021.

Local Government Settlement 2021/22 and beyond

7. To remind Members, since 2010, the Council has seen a substantial fall in funding. Taking both Revenue Support Grant and share of business rates, this was at £6.6m in 2010. The Council no longer receives Revenue Support Grant and is budgeting for a net retained income from business rates for 2020/21 of £3.5m. This is a fall of £3.1m in cash terms and ignores the effects of inflation on the Council's costs.

8. In July, the Government launched their comprehensive spending review, the outcome of which is yet to be published. The actual financial settlement for 2021/22 is expected in December 2020.

Non-Domestic Rates (Business Rates)

9. The Council is currently part of the East Sussex 50% Business Rate Pool. The Pool enables the normal Government levy on business rate growth to be retained in the East Sussex area. Ahead of the business rate reset, for the purposes of this report it has been assumed that the current pooling arrangements will continue.
10. The financial forecast also assumes that the Council's share in the growth of business rate income since 2013/14 continues. There is however, no certainty that this income growth will continue to be kept in part or its entirety, when the Government resets how Business Rates is shared between councils from 2021/22. It is expected that as a minimum, there will be some redistribution to the county councils to help support the cost of social care. If growth is reset to the 2020/21 business rate baseline this would result in a reduction of income in excess of £1m per annum.

New Homes Bonus Grant

11. The New Homes Bonus grant (NHB) was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas and is funded through a top slice of non-domestic rate income. In December 2016, the Government announced a reduction of the number of years NHB is paid to five in 2017-18 and four in 2018-19. They also introduced a national baseline for growth of 0.4% of council tax base and payments of NHB would only be made above this level. No recent information has been announced regarding the future of NHB. However, the five year forecast currently assumes that the Council will not achieve any additional grant and that reliance on this funding will be removed from the base Revenue Budget. Should further funds be received it is proposed that they be used to reduce the amount of reserves used to balance the Revenue Budget.

Council Tax and Council Tax Base

12. As Council Tax is a major source of income to the Council, the MTFP assumes that the Council will increase Council Tax by the maximum allowed before a referendum is required. The forecast currently assumes an annual increase of 2% which based on the 2020/21 taxbase would have generated additional income of £140,000. However, at the time of writing this report, the number of households claiming council tax relief (CTR) had risen since the taxbase was last set. With the ending of the furlough scheme, over the coming months it is expected that the number of CTR claimants will continue to rise as people are made redundant. For the purposes of the financial forecast, it is assumed that the taxbase will fall by 750 Band D equivalent properties in 2021/22 but will improve over the two subsequent years to pre-pandemic levels by 2024/25. If the taxbase falls in this way, the additional amount of Council Tax income raised by the 2% rise would halve to around £70,000.

13. The Anti-Poverty Task and Finish Group are also considering options regarding a future CTR scheme from April 2022. It is too early to predict the outcome of this work or the impact on the scheme costs, should the Council approve any changes. It does however represent a financial risk to the Council should the total cost of the scheme rise. Given that any changes to the CTR scheme will not take effect until April 2022, it is necessary to request full Council to confirm that the current CTR scheme will carry forward into 2021/22.

Cost Pressures

14. **Homelessness demands** – the Council continues to experience pressure on this budget as a result of an increase in the number of cases and a projected £648,000 overspend in 2020/21 has been reported to Cabinet. High levels of demand are expected to continue into 2021/22 although Members will be aware that the Council is trying to hold costs through the purchase of high-quality temporary accommodation. This is designed to alleviate budget pressure by reducing the use of more expensive private rented accommodation. It is expected that cost savings will be generated in 2020/21 and these have been reflected in the five year forecast.
15. **Staffing Costs** – the forecast assumes an increase of 2% each year for the annual pay award, estimated to add £190,000 to the overall budget requirement. Staff budgets are calculated at 100% of the total cost per post including on costs, but a decrease of 3% has also been applied to the overall cost of salaries, which allows for staff turnover. This reduces the budget requirement by £288,000 each year.
16. **Service Contracts – Non-Pay Inflation** – a global increase of 2% has been applied to major service contracts which is estimated to add a further £51,000 annually to the budget.
17. **COVID-19 impact** – there are a number of areas that have potential to increase costs or reduce income through the ongoing impact of COVID-19. These include:
 - a. Commercial Tenants – the Council supported its commercial tenants through the COVID-19 lockdown period by deferring their rental payments. The ongoing trading difficulties now suggests that part of this income will be foregone and potentially there will be protracted period of voids with some of the Council's older commercial property stock.
 - b. Council Tax Reduction Support Scheme (CTRS) – the increase in the number of claimants of CTRS so far has been around 400 to 500 households. This is expected to continue to rise as Government financial support schemes for business start to unwind. The impact on this will mean a decline in the Council's taxbase as discussed above.
 - c. Leisure, Swimming Centres, Cultural Services – the Council largely delivers these through two charitable trusts, Freedom Leisure is focused on Sports and the De La Warr Pavilion Trust is focused on the arts and culture. The Council has committed significant resources to supporting these two organisations. Should COVID-19 restrictions continue into 2021/22 then this will severely curtail their recovery and would require the Council to maintain a level of financial support, even if to only ensure buildings and

plant are adequately maintained. In 2020/21 this is expected to cost the Council approximately £730,000.

18. **Corporate Plan** – the Council is in the process of developing its next Corporate Plan. There is expected to be an emphasis within the plan to:
 - a. Accelerate the development of new housing in Rother, both market and affordable.
 - b. Deliver on the commitment to be a carbon neutral district by 2030.
 - c. Regenerate the local economy through investment.
19. To deliver on these ambitions will cause the Council's borrowing commitment to increase substantially and this brings a risk to the Revenue Budget if the projects fail to cover their costs and deliver the returns expected. The financial framework that will underpin the Corporate Plan is currently being developed.

Estimated Revenue Budget 2021/22

20. The table overleaf shows how the overall Revenue Budget position for 2021/22 has moved from that expected when the last MTFP was adopted in February 2020. This takes into account the budget pressures detailed above and possible changes to council tax, business rates and grant income.
21. The table also shows the significant increase in the funding gap that the Council faces. This also assumes the delivery of substantial income generation and savings plans. There will however be a need to deliver new income and savings over the coming five years which are discussed below.

Line		2021/22 Forecast as at Feb 20 £'000	2021/22 Forecast as at Oct 20 £'000	Change £'000
	Head of Service Departmental Budgets			
1	Executive Directors & Corporate Core	2,042	1,888	(154)
2	Environmental Services	698	596	(102)
3	Strategy and Planning	993	1,176	183
4	Acquisitions, Transformation and Regeneration	(228)	(261)	(33)
5	Housing and Community Services	8,344	8,922	578
6	Resources	3,356	3,126	(230)
7	Non-Pay & Income Inflation at 2%	51	51	0
8	Salaries pay award inflation @ 2% of 2019/20 Base Budget	188	188	0
9	Salaries turnover @ 3% of 2019/20 Base Budget	(288)	(288)	0
10	Total Cost of Services	15,156	15,398	242
11	Interest from Investments	(169)	(326)	(157)
12	Capital Expenditure Charged to Revenue	291	184	(107)
13	MRP and interest payments	1,227	2,263	1,036
				0
	Savings and Income generation			0
14	(i) Increase income - Property Investment Strategy	(605)	(74)	531
15	(ii) Increase income (net) – other	(107)	(107)	0
16	(iii) Business Transformation (previously Lean and Demand)	(180)	(180)	0
17	(iv) Devolvement and Service Prioritisation	(1,600)	(250)	1,350
18	(vi) Reduced Staffing Structure	(500)	(78)	422
19	(vii) Shared Services	TBD	0	0
20	Net Cost of Services	13,513	16,830	3,317
21	Special Expenses	0	(687)	(687)
22	Business Rates			
23	Local Share of business rates 44% 2019/20 and 40% thereafter	(7,101)	(7,043)	58
24	Section 31 Grants	(1,892)	(2,019)	(127)
25	Tariff	5,121	5,152	31
26	Levy	195	195	0
				0
27	Non-Specific Revenue Grants			0
28	New Homes Bonus Grant	(12)	(12)	0
29	Rural services delivery grant	(50)	(31)	19
30	Local Council tax Support Grant	(104)	(104)	(0)
31	Benefits Administration Grant	(223)	(215)	8
32	New Burdens Grant & other non-specific Grants	0	0	0
33	Homelessness Grant - New Burdens	(126)	(129)	(3)
34	Flexible Homeless Support Grant	(275)	(281)	(6)
35	Council Tax Requirement (Rother only)	(7,199)	(7,090)	109
36	Other Financing			0
37	Collection Fund (Surplus)/Deficit	0	110	110
38	Contribution from reserves to fund capital expenditure	(346)	(184)	162
39	Contributions to/(from) General Fund Balance and Reserves	0	0	0
40	Total Income	(12,012)	(12,337)	(325)
41	Funding Gap	1,501	4,493	2,992

Cost Saving and Income Generation (Rother 2025)

22. There are five main workstreams designed to deliver the income and savings required and minimise the amount of reserves used to balance the budget over the next five years:
- 1) **Business Transformation Programme** – this workstream builds on the previous work of the Lean and Demand programme. The work is looking to delivery improved service efficiency and greater customer focus of services.
 - 2) **Devolvement and Service Prioritisation** – this workstream is looking at how each service supports the Council's aims and objectives and will need to align with the new Corporate Plan. This workstream is not necessarily looking to stop services being provided, but will consider who is best to deliver them and review the scope of services (statutory/non statutory/quality). This may include new partnerships and devolvement of services to parish and town councils, including the new Bexhill Town Council. An important part of this work is to consider the implications on users of these services if they are no longer provided by the Council.
 - 3) **Income generation** – the forecast includes income from the Council's Property Investment Strategy (PIS). This represents a significant challenge based on progress to date. Most of the projects involve new construction or refurbishment and will deliver income towards the end of the financial planning time horizon. There is a risk therefore that additional income will be difficult to deliver for 2021/22 and 2022/23. The forecast assumes an increase in fees and charges income, primarily through increased garden waste income from increasing the annual charge by £5 from 2021/22 for the subsequent two years. This will mean the charge per bin per property will reach £50 by 2024/25. Income from off-street carparks is forecast to increase by £150,000 (gross of increased operating costs) following on from the decriminalisation of on-street parking offences in Rother. However, this is largely dependent on how driver behaviour changes as a result of decriminalisation and will need to be monitored closely.
 - 4) **Reduced Staffing structure** – As part of the Council's Rother 2020 programme ongoing service based savings were to be delivered through a contraction of the workforce. A number of voluntary redundancies were agreed with ongoing savings achieved. Some of these savings were attributable to the outcome of the lean and demand reviews and greater efficiency through investment in software. Further contraction of the workforce maybe needed over the next three to five years. In addition to support the aspirations of the Council's new Corporate Plan and through the devolvement and service prioritisation workstream, redirection of staff resources may be required.
 - 5) **Shared Services** – sharing the provision of services with other local authorities can reduce costs, largely through the sharing of management. The savings can, however, be modest in reality and will in the early stages be offset by an investment requirement, e.g. in harmonising IT software. Sharing services does however build service resilience and its appropriateness will be considered as part of the service prioritisation process. A specific target saving has not been set at this stage for new shared services. Any savings achieved would help reduce the funding gap.

23. The expected savings from each of the work streams is summarised in the table below:

	2021/22 Budget £ (000)	2022/23 Budget £ (000)	2023/24 Budget £ (000)	2024/25 Budget £ (000)	2025/26 Budget £ (000)
(i) Increase income - Property Investment Strategy (gross of cost of borrowing)	(73)	(1,716)	(2,995)	(3,353)	(3,449)
(ii) Increase income (net) - other	(107)	(202)	(202)	(202)	(202)
(iii) Council Transformation	(180)	(180)	(180)	(180)	(180)
(iv) Service Prioritisation and Devolvment	(250)	(1,600)	(1,660)	(1,720)	(1,720)
(v) Reduced Staffing Structure	(78)	(78)	(78)	(78)	(78)
(vi) Shared Services	0	0	0	0	0
Total	(688)	(3,776)	(5,115)	(5,533)	(5,629)

Revenue Reserves and General Fund Balance

24. The latest financial monitoring for 2020/21 suggests there will be an overspend by £1.9m at outturn and if this happens then revenue reserves will fall to 12.7m after the use of reserves to fund capital expenditure. The MTFP estimates that £11.5m of reserves would be needed to support the Revenue Budget over the next five years which includes £2.3m to support the Capital Programme. The Capital Programme and its funding have been reviewed and it has significantly reduced its reliance on reserve funding. The reserve funding has largely been replaced with borrowing. The forecast shows that Capital Receipts will be expended by 2023, but no assumption has been made for future receipts, save for receipts from Alliance Homes (Rother) Ltd following disposals/sales of residential properties.
25. By the end of the five year forecast revenue reserves and balances would be approximately £3.5m depending on the final outturn for 2020/21. Should the Council's share of Business Rates fall to the current baseline from 2021/22, then unless there is growth in business rates or additional savings in excess of £1m per annum are delivered, Reserves will be completely depleted by the end of 2024/25.
26. The following table summarises the expected use of reserves and further detail is given at Appendix B:

Potential Use of Reserves	2021/22 Budget £ (000)	2022/23 Budget £ (000)	2023/24 Budget £ (000)	2024/25 Budget £ (000)	2025/26 Budget £ (000)
Earmarked Reserves and General Reserves	(12,694)	(8,017)	(5,795)	(4,541)	(3,985)
Use of Reserves	4,677	2,221	1,254	557	523
Total Reserves	(8,017)	(5,795)	(4,541)	(3,985)	(3,462)

Capital Programme

27. Members will recognise that over the last year there has been a radical change to the scale and ambition of capital investment the Council intends to make in the district. The draft Capital Programme at Appendix C totals some £180m

and includes £80m for housing development through the new housing company. The majority of the investment supports the economic and social regeneration of the district through both commercial and residential development. The residential development will be delivered through the Councils newly formed Housing Company, Alliance Homes (Rother) Ltd. At this point, the funding of the development programme is to be determined but it is expected that it will be a mix of loan and grant. The £80m reflects the business plan previously approved by Members. The programme now includes the development of offices at North East Bexhill. This development is expected to cost £45m and will deliver security to 1,800 jobs and a net income to the Council of approximately £230,000 per annum.

28. The scale of the investment will increase the Council's exposure to borrowing significantly albeit some will be short term (less than five years). This will need to be reflected in the Council's Treasury Management Strategy. It is important that the Council maximises the security of income from either rentals or capital receipts from disposals in order to minimise the risk to the Revenue Budget in meeting the debt and interest repayments. It also needs to maintain sufficient reserves in order to mitigate the risks associated with delays in delivering the new properties and in future meeting the impact of long-term voids if they occur. Taking account of the forecast Revenue Budget, this will be difficult to achieve and further emphasises the need to deliver the extra income and savings on time.
29. On 18 July, the Ministry of Housing, Communities and Local Government (MHCLG) announced new funding for the Next Steps Accommodation Programme (NSAP). The programme and fund have been created to ensure no return to rough sleeping for the nearly 15,000 people brought into Temporary Accommodation (TA) during the COVID-19 outbreak. The fund includes capital match funding to secure accommodation that provides longer-term solutions for rough sleepers. The East Sussex Rough Sleeping Initiative (RSI) has submitted a joint bid to the NSAP to support its Housing First accommodation initiative. The Council has received positive feedback to its bid and we are working with the MHCLG to finalise the award of £430,000 in capital grant to provide 60% match funding for four units of Housing First accommodation in Rother during 2020/21. The outstanding capital contribution required from the Council of 40% equates to £285,000. The investment is seen a good value for the Council as it will secure 60% match funding from the NSAP, improve outcomes for rough sleepers and avoid the cost of otherwise having to accommodate these clients in TA. It is proposed that the provision in the approved Capital Programme for Housing purchases of TA be used to meet the Council's contribution to the purchase of these units.

Treasury Management

30. As a result of the increase in the capital spend and associated borrowing there is a need to update the current Treasury Management Strategy. The level of borrowing will increase substantially over the forecast period and is likely to peak at around £93m excluding the housing development. The current operational and authorised borrowing limits of £52m and £57.4m respectively. The table overleaf proposes the increases to these limits including an allowance for temporary and cashflow borrowing of up to £30m:

	2020/21 limit	2021/22 limit	2022/23 limit	2023/24 limit	2024/25 limit	2025/26 Limit
	£'000	£'000	£'000	£'000	£'000	£'000
Operational Boundary - total external debt	61,370	89,960	113,980	117,480	117,330	117,070
Authorised limit – total external debt	66,370	94,960	118,980	122,480	122,330	122,070

31. In addition, Members need to recognise the increased risk associated with the level of borrowing, particularly as a significant proportion relates to assets that deliver an income to the Council. The following table indicates the percentage of the Council's revenue income that the repayment of the debt reflects:

	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
	£'000	£'000	£'000	£'000	£'000	£'000
Interest on Borrowing	610	1,716	1,693	1,670	1,647	1,622
Interest on Investments	-252	-400	-400	-400	-400	-400
MRP	242	548	880	1,236	1,395	1,519
	600	1,864	2,173	2,506	2,642	2,741
Net Revenue Stream	-15,415	-12,263	-11,698	-11,882	-12,121	-12,366
Proportion of Net Revenue Stream	3.89%	15.20%	18.58%	21.09%	21.79%	22.17%

Budget Consultation

32. The Council is required to consult on its budget and council tax proposals with its residents and local businesses. The opinions of residents, partner organisations, businesses and other interested parties are an important part of the budget setting process. It is planned to consult between 1 December 2020 and 31 January 2021. An interim report on the consultation will be reported to the Overview and Scrutiny Committee on the 25 January 2021.
33. In addition to the likely Council Tax proposals, the consultation will need to highlight the scale of the financial challenge and the Council's response for dealing with it. It is proposed that delegation be given to the Assistant Director Resources to finalise the wording of the consultation literature in conjunction with the Cabinet Portfolio holder for Finance and Performance Management.

Conclusion

34. Despite the many pressures, the Council has been able to deliver a balanced budget via sound financial management and an imaginative programme to deliver extra income and cost savings. However, this programme has slowed as a result of the COVID-19 pandemic with resources redirected on supporting the community. New impetus is required to ensure the organisation is sufficiently focused on delivering this programme. In addition, the resources of the Council will need to be reorganised to reflect the new priorities and ambitions set out in the Corporate Plan. With the level of reserves and a

commitment to sensible borrowing in line with CIPFA's Prudential Code, the Council has created an ability to invest in its area, transform the delivery of its services and find new ways of working to create a sustainable budget. However, this report shows that to meet the latest challenge, the Council does have to commit to delivering the income and savings set out in this report. In addition, it is important in relation to the delivery of day to day services, the Council has now to operate each financial year within a cash limit set by the forecast to prevent further unplanned calls on reserves. Failure to do so will impact on the Council's ability to meet its statutory obligations.

Human Resources Implications

35. The report highlights the possibility of further changes to staffing over the period of the financial forecast. The Council would need to follow its established procedures for this including consultation with the relevant Unions and Staff Side.

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

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Appendices:	A – Financial Forecast.
Relevant Previous Minutes:	None.
Background Papers:	None.
Reference Documents:	None.

Appendix A

**ROTHER DISTRICT COUNCIL
2020/21-2024/25 MEDIUM TERM FINANCIAL PLAN**

	Original 2020/21 Budget £ (000)	Revised 2020/21 Budget £ (000)	2021/22 Budget £ (000)	2022/23 Budget £ (000)	2023/24 Budget £ (000)	2024/25 Budget £ (000)	2025/26 Budget £ (000)
1 Departmental Budgets							
2 Executive Directors & Corporate Core	2,042	1,999	1,999	1,999	1,999	1,999	1,999
3 Environmental Services	698	575	575	575	575	575	575
4 Strategy and Planning	993	950	950	950	950	950	950
5 Acquisitions, Transformation and Regeneration	(188)	(321)	(321)	(321)	(321)	(321)	(321)
6 Housing and Community Services	8,374	8,262	8,262	8,262	8,262	8,262	8,262
7 Resources	3,402	3,152	3,152	3,152	3,152	3,152	3,152
8 Total Cost of Services	15,321	14,617	14,617	14,617	14,617	14,617	14,617
9 Interest from Investments	(400)	(400)	(400)	(400)	(400)	(400)	(400)
10 Capital Expenditure Charged to Revenue	1,359	1,359	184	185	186	187	184
11 MRP	242	242	see budget changes				
12 Interest payments	610	610	see budget changes				
13 Non-Pay & Income Inflation at 2%	0	0	51	102	153	204	255
14 Salaries pay award inflation @ 2% of 2019/20 Base Budget	0	0	188	376	564	752	940
15 Salaries turnover	(282)	0	(288)	(299)	(316)	(338)	(366)
16 Growth							
17 Council Transformation	0	0	0	0	0	0	0
18 Corporate Plan	0	0	0	0	0	0	0
19 Savings and Income generation							
20 (i) Increase income - Property Investment Strategy	(544)	(544)	see budget changes				
21 (ii) Increase income (net) - other	(14)	(14)	(107)	(202)	(202)	(202)	(202)
22 (iii) Lean and Demand	(90)	(90)	(180)	(180)	(180)	(180)	(180)
23 (iv) Service Prioritisation/Devolvement	(100)	(100)	(250)	(1,600)	(1,660)	(1,720)	(1,720)
24 (v) Reduced Staffing Structure	(500)	(78)	(78)	(78)	(78)	(78)	(78)
25 (vi) Shared Services	0	0	0	0	0	0	0
26 See Budget Changes tab	0	0	3,203	1,398	452	(165)	(161)
27 Net Cost of Services	15,602	15,602	16,940	13,919	13,136	12,677	12,889

	Original 2020/21 Budget £ (000)	Revised 2020/21 Budget £ (000)	2021/22 Budget £ (000)	2022/23 Budget £ (000)	2023/24 Budget £ (000)	2024/25 Budget £ (000)	2025/26 Budget £ (000)
28 Special Expenses	(687)	(687)	(687)	0	0	0	0
29 Business Rates							
30 Local Share of business rates 44% 2019/20 and 40% thereafter	(7,157)	(7,157)	(7,043)	(7,043)	(7,043)	(7,043)	(7,043)
31 Section 31 Grants	(1,892)	(1,892)	(2,019)	(2,019)	(2,019)	(2,019)	(2,019)
32 Tariff	5,121	5,121	5,152	5,152	5,152	5,152	5,152
33 Levy	195	195	195	195	195	195	195
34 Non-Specific Revenue Grants							
35 New Homes Bonus Grant	(247)	(247)	(12)	0	0	0	0
36 Rural services delivery grant	(50)	(50)	(31)	(32)	(32)	(33)	(34)
37 Local Council tax Support Grant	(102)	(102)	(104)	(106)	(108)	(110)	(113)
38 Benefits Administration Grant	(238)	(238)	(215)	(219)	(224)	(228)	(233)
39 New Burdens Grant & other non-specific Grants	0	0	0	0	0	0	0
40 Homelessness Grant - New Burdens	(126)	(126)	(129)	(131)	(134)	(136)	(139)
41 Homelessness Grant - Preventions	0	0	0	0	0	0	0
42 Flexible Homeless Support Grant	(275)	(275)	(281)	(286)	(292)	(298)	(304)
43 Council Tax Requirement (Rother only)	(7,019)	(7,019)	(7,090)	(7,208)	(7,377)	(7,600)	(7,829)
44 Other Financing							
45 Collection Fund (Surplus)/Deficit	(849)	(849)	0	0	0	0	0
46 Contribution from reserves to fund capital expenditure	(1,359)	(1,359)	(184)	(185)	(186)	(187)	(184)
47 Contributions to/(from) General Fund Balance and Reserves	0	0	0	0	0	0	0
48 Total Income	(14,685)	(14,685)	(12,447)	(11,883)	(12,068)	(12,308)	(12,550)
49 Funding Gap	917	917	4,493	2,036	1,068	370	339
50 Council Tax Base - Properties per CTR form	38,124.60	38,124.60	37,755.80	37,633.40	37,759.70	38,137.30	38,518.70
51 Average Council Tax Charge (Band D)	184.10	184.10	187.78	191.54	195.37	199.28	203.26

Appendix A Cont'd

Budget Change		2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000
Executive Directors & Corporate Core						
1	Savings from Senior Staff Restructure	(111)	(111)	(111)	(111)	(111)
Environmental Services						
2	Licensing income downturn	13	5	5	5	5
3	Pest Control income downturn	0	0	0	0	0
4	Training Income	8	3	3	3	3
Strategy and Planning						
5	Planning Fees	105	42	42	42	42
6	Land Charges	21	8	8	8	8
Acquisitions, Transformation and Regeneration						
7	NE Bexhill Development - new PIS	(10)	(821)	(1,669)	(1,669)	(1,669)
8	Barnhorn Green - Little Common/Old Town surgeries - new PIS	0	(133)	(133)	(133)	(53)
9	Mount View - Retail & Employment development - new PIS	0	0	(597)	(597)	(597)
10	35, Beeching Road - Skinner's sheds - new PIS	(64)	(64)	37	(144)	(320)
11	Property Rents changes - existing PIS portfolio	0	(699)	(633)	(810)	(810)
12	Property Rents downturn - non PIS	100	40	40	40	40
13	Consultancy costs to develop the Environmental Sustainability Strategy	(40)	(40)	(40)	(40)	(40)
Housing and Community Services						
14	Bexhill Leisure Centre contract extension cost to March 2024	285	285	285	0	0
15	Concession Income in Bexhill Parks	12	5	5	5	5
16	Camber Beach & Foreshore Rents (Net)	5	2	2	2	2
17	Bexhill Promenade & Foreshore	2	1	1	1	1
18	Garden Waste income	93	0	0	0	0
19	Recycling income	21	21	21	21	21
20	Car Parking Income	70	28	28	28	28
21	Temporary Accommodation - longer client stays	92	37	37	37	37
22	Rough Sleepers	0	0	0	0	0
23	Housing Benefits under recovery from clients	110	44	44	44	44

Budget Change		2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000
24	Local Housing Company	(30)	(30)	(30)	(30)	(30)
Resources						
25	Printing Income from 3rd parties	21	8	8	8	8
26	Costs of interim staff to support technical projects	(46)	(46)	(46)	(46)	(46)
Centrally Held Budgets						
27	Investment Income	74	30	30	30	30
28	Minimum Revenue Provision (MRP)	548	880	1,236	1,395	1,519
29	Interest - existing PWLB portfolio	291	288	285	282	278
30	Interest - new Borrowing	1,425	1,405	1,385	1,365	1,344
31	Planning Appeals provision	100	100	100	100	100
Centrally Held Income						
33	Collection Fund surplus/deficit - NNDR - Impact of COVID-19 on	12	12	12	0	0
34	Collection Fund surplus/deficit - Council Tax - Impact of COVID-19 on	98	98	98	0	0
Total Budget Changes		3,203	1,398	452	(165)	(161)

GENERAL FUND BALANCE AND EARMARKED RESERVES

Name of Reserve	Balance 31 March 2020	Balance 31 March 2021	Balance 31 March 2022	Balance 31 March 2023	Balance 31 March 2024	Balance 31 March 2025	Balance 31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Medium Term Financial Strategy Reserve	(1,164)	(1,164)	0	0	0	0	0
Economic Development Fund	(319)	0	0	0	0	0	0
Risk Management Fund	(195)	0	0	0	0	0	0
Repairs and Renewals Reserve	(943)	(901)	0	0	0	0	0
Affordable Housing Reserve	(921)	0	0	0	0	0	0
Corporate Development Reserve	(345)	0	0	0	0	0	0
Planning Improvement & LDF Reserve	(240)	0	0	0	0	0	0
Homelessness Reserve	(214)	0	0	0	0	0	0
Grants Reserve	(2,612)	(2,612)	(2,612)	(2,612)	(2,612)	(2,612)	(2,612)
Treasury Investment Reserve	(7,017)	(7,017)	(4,405)	(2,184)	(930)	(373)	0
Total	(13,970)	(11,694)	(7,017)	(4,796)	(3,542)	(2,985)	(2,612)
General Fund Balance	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(850)
Total Usable Reserves	(14,970)	(12,694)	(8,017)	(5,796)	(4,542)	(3,985)	(3,462)

**ROTHER DISTRICT COUNCIL
CAPITAL PROGRAMME SUMMARY**

	Revised 2020/21 £ (000)	2021/22 Budget £ (000)	2022/23 Budget £ (000)	2023/24 Budget £ (000)	2024/25 Budget £ (000)	2025/26 Budget £ (000)	Total £ (000)
1 Acquisitions, Transformation and Regeneration							
2 Other Schemes							
3 Community Grants	130	130	130	130	130	130	780
4 Cemetery Entrance	233						233
5 Rother Transformation ICT Investment Corporate Document Image Processing System	384						384
6	435						435
7 1066 Pathways	93						93
8 Ravenside Roundabout	200						200
9							
10 Property Investment Strategy							
11 Property Investment Strategy - uncommitted	0						0
12 Office Development NE Bexhill Mount View Street Development - Public/Commercial	10,611	15,737	19,496				45,844
13	964						964
14 PIS - Beeching Road/Wainwright Road	3,000						3,000
15 PIS - Barnhorn Road	995	8,495	500				9,990
16 PIS - Beeching Road 18-40	944						944
17 PIS - 35 Beeching Road	675						675
18							
19 Housing Development Schemes							
20 Community Led Housing Schemes	450	150					600
21 Blackfriars Housing Development	11,325						11,325
22 Mount View Street Development - Housing	3,286	3,657	3,657	3,482			14,082
23 Former Bexhill High School site - Housing	0						
24 Alliance Homes (Rother) Ltd	0	25,000	37,000	18,000			80,000

		Revised 2020/21 £ (000)	2021/22 Budget £ (000)	2022/23 Budget £ (000)	2023/24 Budget £ (000)	2024/25 Budget £ (000)	2025/26 Budget £ (000)	Total £ (000)
25								
26	<u>Housing and Community Services</u>							
27	De La Warr Pavilion - Capital Grant	54	54	55	56	57		276
28	Sidley Sports and Recreation	300						300
29	Land Swap re Former High School Site	1,085						1,085
30	Bexhill Leisure Centre - site development	536						536
31	Disabled Facilities Grant	1,625	1,625	1,625	1,625	1,625	1,625	9,750
32	New bins	183	125	125	125	125	125	808
33	Bexhill Promenade - Outflow pipe	100						100
34	Bexhill Promenade - Protective Barriers	50						50
35	Housing (purchases - temp accommodation)	3,000						3,000
36								
37	Strategy & Planning							
38	Highways Work - London Road - Bexhill	300						300
39	Grants to Parishes - CIL	163						163
40								
41	Executive Directors & Corporate Core							
42	Accommodation Strategy	75						75
43	Lift for Amherst Road Offices	100						100
44								
45	Resources							
46	ICT Infrastructure – Ongoing Upgrade Programme	140						140
47								
48	Total Capital Programme	41,436	54,973	62,588	23,418	1,937	1,880	186,232

		Revised 2020/21 for COVID Impact £ (000)	2021/22 Budget £ (000)	2022/23 Budget £ (000)	2023/24 Budget £ (000)	2024/25 Budget £ (000)	2025/26 Budget £ (000)	Total £ (000)
49	Funded By:							
50	Capital Receipts	1,085	0	0	0	0	0	1,085
51	Grants and contributions	14,487	1,775	1,625	1,625	1,625	1,625	22,762
52	CIL	613	0	0	0	0	0	613
53	Borrowing	23,412	28,014	23,778	3,607	125	125	79,061
54	Capital Expenditure Charged to Revenue	1,839	184	185	186	187	130	2,711
55	Unfunded	0	25,000	37,000	18,000	0	0	80,000
56	Total Funding	41,436	54,973	62,588	23,418	1,937	1,880	186,232