

Rother District Council

Report to: Cabinet

Date: 8 February 2021

Title: Draft Revenue Budget 2021/22

Report of: Finance Manager

Cabinet Member: Councillor Dixon

Ward(s): All

Purpose of Report: To present the draft Revenue Budget 2021/22 for approval

Decision Type: Key

Officer

Recommendation(s):

Recommendation to COUNCIL: That consequent to the deliberations of the Overview and Scrutiny Committee:

- (1) the level of Special Expenses as set out in Appendix C be approved;
- (2) the net expenditure of £16,374,225 for 2021/22 be approved;
- (3) the amount of reserves set out in Appendix D be approved, and;
- (4) the Council Tax for 2021/22 at Band D be increased by £4.61 (2.5%) and set at £188.71.

Reasons for

Recommendations: To agree the draft Revenue Budget 2021/22 and propose the 2021/22 Council Tax and Special Expenses to Council for approval.

Introduction

1. This report updates Members on the draft Revenue Budget 2021/22 following its consideration at the meeting of the Overview and Scrutiny Committee on the 25 January 2021. The Minutes of that meeting (Appendix E) should be read in conjunction with this report. Details of the responses to the budget consultation are also outlined in the report. The report contains a number of Appendices as follows:

Appendix A – Revenue Budget Summary
Appendix B – Detailed Budgets for each service
Appendix C – Special Expenses
Appendix D – Earmarked Reserves
Appendix E – Minutes of the Overview and Scrutiny Committee
Appendix F – Budget consultation report

2. This budget has been prepared ahead of the finalisation of the Council's new Corporate Plan. As such whilst the estimates reflect current commitments and policies, it is likely that the Council's financial, staffing and physical resources may need to be redirected into new priorities and services over the coming months and this will need to be reflected in its financial plans.

Revenue Support Grant and Other Government Grants

3. To remind Members, the Council no longer receives any Revenue Support Grant from the Government and will be wholly reliant on revenue from business rates, council tax, charges for services, income generation and specific grants for discreet services. Whilst at the time of writing the settlement is still draft, it is not anticipated that it will change when it is finalised.
4. The draft settlement did however confirm a specific additional COVID-19 grant of £519,000 to support the ongoing effects of the pandemic in 2021/22. The announcement also included grant to extend the help for residents through the Council Tax Reduction Support scheme (CTRS). Based on the provisional numbers, this is approximately £146,000 for Rother, £1.46m in total including preceptors. This funding only effects the Collection Fund and does not meet the loss of income due to the increase in the number of households claiming CTRS.
5. As previously reported, New Homes Bonus grant of £271,770 was also confirmed for Rother which is higher than in the previous forecast. In line with the previous agreement of Cabinet, this has been incorporated into the draft budget to reduce the use of reserves. However, as this is a one-year grant, no ongoing reliance of this income can be assumed, pending the outcome of the review of this grant.

Business Rates

6. The Council remains in the East Sussex 50% Business Rate pooling arrangement for 2020/21. An assessment has been undertaken of the risk due to the financial impact of the pandemic on the local economy and on balance it is expected that it will still benefit the County as a whole to remain pooled. This assessment included a break-even scenario where four of the five councils saw a 10% loss of income and one Council a 25% loss of income. If the Government extend the current increase in business rate reliefs, then the financial risk to the pool is substantially reduced.

Council Tax and Referendum Limit

7. The Council's Medium Term Financial Strategy relies on increasing locally generated income in order to help mitigate the loss of central government funding. Council Tax generates over £7m of income annually, twice as much as retained business rates, and therefore forms an essential part of the Council's income. Council Tax is also a relatively stable source of income for the Council and relatively cost effective to collect.
8. The 2021/22 referendum principles allow for an increase for Shire Districts of up to 2% or £5 whichever is the greater. To ensure the Council remains within this limit (after taking account of the increase in Special Expenses), Appendix

A assumes an increase of £4.61 (2.5%) to £188.71 at Council Tax Band D for 2020/21. This brings a total Council Tax income for the Council of £7.1m.

Impact of Capital Programme on the Revenue Budget

9. The Council's capital programme (reported elsewhere on this Agenda) totals some £187m although £80m is yet to have funding secured. A significant part of the programme relates to the Council's approved Property Investment Strategy. To date £14.8m has been expended or committed on seven properties/sites. Income secured to date is in excess of £911,000 per annum with a further £846,00 expected once developments at Beeching Road and Barnhorn Green are delivered.
10. In response to the financial challenges the Council is managing, the draft Capital Programme also seeks to reduce the use of Revenue (including Revenue Reserves) to fund capital expenditure. For 2021/22 some £619,000 of reserves is planned to be used. This is higher than previously forecast due to slippage in the 2020/21 Capital Programme and therefore does not represent an overall increase in the use of reserves.
11. Appendix A shows the impact of borrowing on the revenue budget based on the draft Capital Programme. The cost including providing for the repayment of the debt and interest is forecast to peak at £2.4m per annum in 2023/24.

Final Draft Budget

12. The net Revenue Budget before Government grants and other funding is expected to be £16.374m. This includes revenue support for the capital programme of £619,000 which, as identified above, is funded from reserves. The underlying revenue spend is therefore £15.755m. The draft Revenue Budget includes inflation and necessary growth.
13. In preparing the draft Revenue Budget there are several financial issues that are still uncertain. These include:
 - a. Other savings/income– the draft budget includes a target to deliver an additional £632,000 of income and savings over that already achieved.
 - b. Managing homelessness – homelessness continues to be a considerable social and financial challenge for the Council. The measures put in place for homeless prevention plus the investment in the direct ownership of temporary accommodation are planned to control costs. However, the Council will struggle to influence demand for the services of the Council which is dependent on many factors including Government benefit policy and national economics.
 - c. Delivering efficiencies – the realisation of savings identified through the work of the Financial Stability Programme (see below) is essential. It is likely that to release savings will require investment in technology and ultimately this may enable a reduction in the workforce.
14. Currently for the Council Tax part of the Collection Fund, a deficit is predicted for 2020/21 with the Council's share estimated to be £81,000. As a result of the Government extending the amount of business rate relief during 2020/21

there is an £11.5m deficit predicted for Business Rates in 2020/21. However, after taking account of the additional compensating grant funding received from the Government, the Council's share is estimated to be £322,000. As these losses are greatly affected by the pandemic, the Government has also allowed Councils to spread the impact over three years. For Council Tax this equates to a Rother share of £27,000 per annum and for Business Rates this is £107,000 per annum. This has been reflected in Appendix A.

15. Appendix A to the report summarises the draft Revenue Budget. Appendix B to the report shows the detailed budgets over the various services the Council provides. Appendix C to the report details the proposed Special Expenses for 2021/22.

Reserves

16. The draft Revenue Budget for 2021/22 utilises a total of £3.3m of earmarked reserves to meet specific costs including supporting the Capital Programme. Some £2.7m of this is estimated to be used to balance the overall Revenue Budget. Details of the use and contributions to reserves are set out in Appendix D.
17. The total predicted Earmarked Reserves, by the end of March 2022 is estimated to be £7m before accounting, although this may change depending on the final outturn for 2020/21. Until the current financial year the Council has been able to maintain and increase its reserve levels through operating a robust financial regime and increasing its income levels. However, the financial forecast predicts that earmarked reserves will reduce to £4m by 2025/26. If the income and savings targets are not delivered, then the level of reserves would fall further.

Budget Consultation

18. The Council budget and council tax consultation with residents and businesses closed on the 18 January 2021. There was a total of 343 responses, of which 333 were from residents. A summary of the results is shown at Appendix F. The full detail and analysis of the consultation will be available to Members separately.

Revenue Budget - Financial Forecast

19. The five year financial forecast to 31 March 2026 has been updated and is included as part of Appendix A. The forecast includes a number of assumptions, the main one being the future delivery of recurring savings of £632,000 in 2021/22 rising to around £2.2m per annum from 2024/25.
20. For the purposes of the forecast, the taxbase has also been projected to increase over the period by 2% per annum. This may be optimistic and the actual change largely depends on the delivery of new developments in the north of Bexhill. This will continue to be monitored closely and the financial forecasts updated as necessary. The forecast does, however, assume that the New Homes Bonus will be phased out by 2022/23. In addition, the forecast assumes an annual 2% increase in Council Tax each year from 2022/23. Clearly this is affected by local and central government policy and therefore may not be achievable.

21. Assuming the Council is able to deliver the above savings, the forecast shows that over the five years, nearly £7.4m of reserves will be used including £1.5m to support the Capital Programme. However, if delivery of income and savings is achieved in line with the forecast (both timing and amount), by 2024/25 it will be possible to make small contributions to reserves. If further savings or income can be achieved over the period, then this will reduce the call on reserves. It is proposed that the Council's Medium Term Financial Plan be updated to reflect the latest financial forecast.

Financial Stability Programme

22. To ensure organisational focus is maintained on the delivery of extra income and cost savings, a financial stability programme is being finalised. This replaces the previous Rother 2020 Programme and will be supported by a small board of Members and Officers to consider proposals, oversee progress and to manage any hurdles to achieving the Corporate Plan objective of financial stability for the Council by March 2026 financial year. The programme board will report progress regularly to Cabinet.

Conclusion

23. The draft Revenue Budget has been balanced for 2021/22. To achieve this, the Council has set itself ambitious but achievable savings and additional income targets. However, in addition £2.7m of reserves are expected to be needed to achieve a balanced budget. Due to the significant cost pressures on the Council the amount of savings required has also increased. Without action, the financial forecast shows Reserves will be under considerable pressure and may fall below acceptable levels over the next five years. This also increases the Council's vulnerability to being able to cope with unexpected costs that arise.
24. There are many dependencies and uncertainties within the budget, in particular the risks around the impact of the Fair Funding Review from 2022/23, the delivery of planned income and cost savings and the income from business rates. Delivering a sustainable future for the Council remains challenging if the Council is to maintain delivery of essential services to the public.

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		

25.

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Appendices:	Appendix A - 2021/22 Revenue Budget Summary and Five-Year Forecast Appendix B - Revenue Budget Summary - Cost of Services Appendix C – Special Expenses Appendix D - Earmarked Reserves

Appendix E - Minutes of the Overview and Scrutiny
Committee
Appendix F- Budget Consultation report

Relevant Previous Minutes: None

Background Papers: Local Government Settlement 2021/22

Reference Documents: None

Revenue Budget 2021/22 and Forecast to 2025/26

	Projected 2020/21 Outturn £ (000)	2021/22 Budget £ (000)	2022/23 Budget £ (000)	2023/24 Budget £ (000)	2024/25 Budget £ (000)	2025/26 Budget £ (000)
Chief Executive & Corporate Core	2,136	2,034	1,870	1,870	1,870	1,870
Environmental Services	680	658	513	513	513	513
Strategy and Planning	1,198	1,090	1,121	1,121	1,121	1,121
Acquisitions, Transformation and Regeneration	55	(297)	(888)	(2,303)	(3,454)	(3,630)
Housing and Community Services	9,799	8,739	8,308	8,308	8,308	8,308
Resources	4,361	3,350	3,140	3,140	3,140	3,140
Total Cost of Services	18,229	15,574	14,065	12,650	11,498	11,323
Pay Inflation	0	0	102	153	204	255
Non-Pay Inflation	0	0	376	564	752	940
Vacancy Provision	0	(288)	(299)	(316)	(338)	(366)
Interest from Investments	(302)	(326)	(370)	(370)	(370)	(370)
Capital Expenditure Charged to Revenue	1,839	619	378	188	187	130
MRP and Interest - Property Investment Strategy	160	513	837	1,196	1,202	1,157
MRP and Interest - Other	368	914	1,281	1,236	1,133	1,115
Savings and Income generation						
(i) Increase income - Property Investment Strategy	0	0	0	0	0	0
(ii) Increase income (net) - other	0	(107)	(202)	(202)	(202)	(202)
(iii) Lean and Demand	0	(180)	(180)	(180)	(180)	(180)
(iv) Service Prioritisation/Devolution	0	(250)	(1,600)	(1,660)	(1,720)	(1,720)
(v) Reduced Staffing Structure	0	(95)	(95)	(95)	(95)	(95)
(vi) Shared Services	0	0	0	0	0	0
Net Cost of Services	20,294	16,374	14,293	13,163	12,070	11,986

Revenue Budget 2021/22 and Forecast to 2025/26

	Projected 2020/21 Outturn £ (000)	2021/22 Budget £ (000)	2022/23 Budget £ (000)	2023/24 Budget £ (000)	2024/25 Budget £ (000)	2025/26 Budget £ (000)
Special Expenses	(687)	(692)	0	0	0	0
Business Rates						
Local Share of business rates 44% 2019/20 and 40% thereafter	(2,868)	(7,043)	(7,043)	(7,043)	(7,043)	(7,043)
s31 Grants	(6,161)	(2,020)	(2,020)	(2,020)	(2,020)	(2,020)
Tariff	5,121	5,121	5,121	5,121	5,121	5,121
Pooling Levy	195	195	195	195	195	195
					0	
Non-Specific Revenue Grants					0	
New Homes Bonus Grant	(247)	(272)	0	0	0	0
Rural services delivery grant	(31)	(31)	(32)	(32)	(33)	(34)
Local Council tax Support Grant	(102)	(146)	(149)	(152)	(155)	(158)
Benefits Administration Grant	(215)	(223)	(227)	(232)	(237)	(241)
New Burdens Grant & other non-specific Grants	(30)	0	0	0	0	0
Homelessness Grant - New Burdens	(126)	0	0	0	0	0
Homelessness Grant - Preventions	0	(462)	(471)	(481)	(490)	(500)
Flexible Homeless Support Grant	(276)	0	0	0	0	0
Covid Support Grants	(2,372)	(519)	0	0	0	0
Council Tax Requirement (Rother only)	(7,019)	(7,097)	(7,215)	(7,384)	(7,607)	(7,836)
Other Financing					0	0
Collection Fund (Surplus)/Deficit	(849)	134	134	134	0	0
Contribution from reserves to fund capital expenditure	(1,839)	(619)	(378)	(188)	(187)	(130)
Total Income	(17,506)	(13,673)	(12,085)	(12,082)	(12,456)	(12,647)
Contribution from Reserves/Funding Gap	2,788	2,700	2,207	1,082	(386)	(661)

Revenue Budget Summary – Cost of Services

Revenue Budget Summary - Cost of Services	Revised Budget 2020/21	Budget 2021/22		
		Gross Expenditure	Income	Net Expenditure
	£	£	£	£
Acquisition, Transformation and Regeneration	(313,000)	1,771,015	(2,068,165)	(297,150)
Chief Executive and Corporate Core	1,980,930	2,155,190	(120,870)	2,034,320
Environmental Services, Licensing and Community Safety	505,390	969,400	(311,900)	657,500
Housing and Community Resources	8,312,070	12,726,400	(3,987,465)	8,738,935
Strategy and Planning	3,177,250	22,683,750	(19,334,240)	3,349,510
	970,610	2,080,110	(990,000)	1,090,110
Total	14,633,250	42,385,865	(26,812,640)	15,573,225

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	Revised Budget 2020/21	Budget 2021/22		
		Gross Expenditure	Income	Net Expenditure
Acquisitions, Transformation and Regeneration				
	£	£	£	£
Ancient Monuments & Gazebo	4,810	25,930	0	25,930
Business Improvement	304,870	316,580	0	316,580
Committee Property Account	(70,750)	41,700	(98,920)	(57,220)
Community Strategy	8,470	8,200	0	8,200
Cultural Development	23,340	23,350	0	23,350
Economic Development	251,250	326,340	(47,500)	278,840
Elva Business Centre, Bexhill	(163,250)	86,440	(235,100)	(148,660)
Environment Sustainability Strategy	42,500	42,500	0	42,500
Head of Service Acquisitions, Transformation and Regeneration	89,080	97,180	0	97,180
Housing Development Team	0	110,420	(62,080)	48,340
Housing Policy, Strategy & Development	31,300	6,795	0	6,795
Investment properties	(146,240)	17,580	(187,700)	(170,120)
Major Projects unit	61,540	169,970	(55,000)	114,970
Miscellaneous Land & Buildings	(12,020)	8,690	(16,970)	(8,280)
NLPG - E-Government	(18,000)	9,000	(20,000)	(11,000)
Peasmarsh Workshops	(11,520)	11,500	(22,120)	(10,620)
Performance Management	14,110	13,900	0	13,900
Programme and Policy Office	241,280	174,250	0	174,250
Property Investment Strategy	(847,300)	56,270	(983,530)	(927,260)
Property Management	62,900	8,750	0	8,750
Regeneration	54,440	57,240	(2,800)	54,440
Residual Housing Land	(240)	0	(125)	(125)
Tourism	127,850	125,750	0	125,750
Udimore Workshops	(3,660)	3,310	(7,090)	(3,780)
Watch Oak Estate	(39,500)	500	(40,000)	(39,500)
West Trading Estate	(318,260)	28,870	(289,230)	(260,360)
Total	(313,000)	1,771,015	(2,068,165)	(297,150)

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	Revised Budget 2020/21	Budget 2021/22		
		Gross Expenditure	Income	Net Expenditure
Chief Executive and Corporate Core				
	£	£	£	£
Administrative Offices - Print Room	12,650	13,450	0	13,450
Administrative Offices - Rear Depot	2,330	2,380	0	2,380
Administrative Offices - T.H. Annex (NOT CHP)	(45,870)	44,000	(85,970)	(41,970)
Administrative Offices - Town Hall	195,390	195,920	0	195,920
Committee Service General Exp	173,870	175,180	0	175,180
Communications	50,810	51,490	0	51,490
Communications-Postages	67,510	62,200	0	62,200
Corporate Policy Making	4,330	4,550	0	4,550
District Council Elections	7,220	7,240	0	7,240
Electoral Registration	172,440	187,670	(8,500)	179,170
Emergency Planning	35,980	32,490	0	32,490
Chief Executive/Executive Directors	280,810	236,140	0	236,140
Facilities Management	126,740	132,450	0	132,450
Human Resources	271,970	324,050	(26,400)	297,650
Internal Audit	148,650	155,360	0	155,360
Joint Waste Contract Client Unit including contract procurement	(45,440)	0	0	0
Legal Services	265,600	265,600	0	265,600
Public Accountability C/Ex	700	980	0	980
Representing Local Interest	256,900	264,040	0	264,040
Sussex Training Partnership	(1,660)	0	0	0
Total	1,980,930	2,155,190	(120,870)	2,034,320

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	Revised Budget 2020/21	Budget 2021/22		
		Gross Expenditure	Income	Net Expenditure
Environmental Services, Licensing and Community Safety				
	£	£	£	£
Alcohol Licencing	(19,580)	68,760	(89,000)	(20,240)
Animal Welfare	1,170	1,160	0	1,160
Caravan Licences & Travellers	18,100	18,100	0	18,100
Community Safety	17,260	191,780	(20,000)	171,780
Crime and Disorder Initiatives	8,300	31,750	(23,450)	8,300
Dog Control	35,530	35,560	0	35,560
Environmental Services-Admin	20,190	47,000	(31,550)	15,450
Food and Safety Team	(40,850)	0	0	0
Food Hyg/Idc/Water Purity	127,920	133,450	(900)	132,550
Health & Safety and ID's	91,680	91,030	0	91,030
Houses Multiple Occupation	(1,000)	0	(1,000)	(1,000)
Licences and Registration	34,540	69,770	(37,000)	32,770
Licensing Team	(34,340)	0	0	0
Pest Control	2,990	20,770	(18,000)	2,770
Pollution	269,370	203,830	(8,000)	195,830
Private Sector Housing	650	650	0	650
Sub Standard Housing	230	230	0	230
Taxi & Private Hire Licences	(27,970)	55,060	(83,000)	(27,940)
Watercourses, Ditches & Drains	1,200	500	0	500
Total	505,390	969,400	(311,900)	657,500

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	Revised Budget 2020/21	Budget 2021/22		
		Gross Expenditure	Income	Net Expenditure
Housing and Community				
	£	£	£	£
Abandoned Vehicles	2,770	2,820	0	2,820
Allotments - Bexhill	1,350	2,980	(1,630)	1,350
Administration Account	550	0	0	0
Battle Community Help Point	5,270	5,270	0	5,270
Battle Sports Centre	6,000	6,000	0	6,000
Bexhill Leisure Centre	11,500	142,930	(1,520)	141,410
Bexhill Leisure Pool	12,450	41,520	(29,500)	12,020
Bexhill Parks & Open Spaces	814,790	874,950	(55,500)	819,450
Bexhill Promenade & Foreshore	21,600	107,060	(100,000)	7,060
Camber Beach & Foreshore	102,590	132,140	(25,660)	106,480
Car Parks	(1,180,530)	573,750	(1,624,450)	(1,050,700)
Care in The Community	5,100	5,100	0	5,100
Cemeteries	(14,880)	146,970	(160,800)	(13,830)
Churchyards	10,060	10,580	0	10,580
Coast Protection	38,860	42,190	(3,000)	39,190
Customer Services and Development	475,070	526,290	0	526,290
De La Warr Pav - Client	485,120	485,890	0	485,890
Head of Service Housing and Community Services	90,220	91,750	0	91,750
Housing Administration Account	560,130	615,580	(76,270)	539,310
Housing Loans Account	0	86,000	(86,000)	0
Housing Needs - Housing Benefit	792,800	1,550,800	(508,000)	1,042,800
Maintenance Services	35,330	37,510	0	37,510
Neighbourhood Services	786,990	806,090	0	806,090
Property Maintenance Team	213,840	215,930	0	215,930
Public Conveniences	417,270	424,950	(5,000)	419,950
Recycling	(21,300)	1,700	(7,200)	(5,500)

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Housing and Community (Continued)	Revised Budget 2020/21	Budget 2021/22		
		Gross Expenditure	Income	Net Expenditure
	£	£	£	£
Refuse Collection	3,120,840	3,927,090	(970,000)	2,957,090
Residual Highway Services	20,810	20,520	(3,000)	17,520
Rother Museum Services	26,680	32,790	(5,700)	27,090
Rother Tenant Finder (prev Rother Letting Service)	135,040	137,030	0	137,030
Rough Sleeping Initiative	0	69,290	(69,290)	0
Rural Open Spaces & Amenities	33,810	34,880	(95)	34,785
Rye Area Parks & Gardens	87,760	98,390	(7,620)	90,770
Rye Community Help Point	10,180	10,200	0	10,200
Rye Sports Centre & Pool	6,030	9,560	(3,240)	6,320
Sports Development	(3,400)	42,870	(45,490)	(2,620)
Street & Beach Cleansing	1,201,370	1,184,350	(24,000)	1,160,350
Syrian Refugees Support	0	137,230	(140,000)	(2,770)
Temporary Accommodation Properties	0	85,450	(34,500)	50,950
Total	8,312,070	12,726,400	(3,987,465)	8,738,935

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Resources	Revised Budget 2020/21	Budget 2021/22		
		Gross Expenditure	Income	Net Expenditure
	£	£	£	£
Accountancy	446,350	526,490	(9,060)	517,430
Benefit Investigation	(12,290)	0	(12,290)	(12,290)
Communications - Phones	80,000	65,530	0	65,530
Computer Services	763,370	790,840	0	790,840
Corporate Management	116,390	129,390	0	129,390
Cost of Collection	(156,660)	245,620	(402,280)	(156,660)
Financial Services	0	0	0	0
Internal Drainage Boards	130,000	130,000	0	130,000
Printing Services	62,580	141,260	(75,200)	66,060
Procurement	25,000	25,000	0	25,000
Public Accountability - Resources	6,000	6,000	0	6,000
Reliefs & Benefits - Council Tax Benefit	74,140	67,800	0	67,800
Reliefs & Benefits - Housing Benefit	(402,290)	18,438,120	(18,835,410)	(397,290)
Revenue and Benefits	1,043,520	1,164,130	0	1,164,130
Risk Management/Insurance	0	0	0	0
Service Manager Finance and Welfare	112,340	114,770	0	114,770
Stationery	0	0	0	0
Support to Elected Bodies/Grant	140,300	140,300	0	140,300
Treasury Management	8,500	8,500	0	8,500
Unapportion Central Overheads	740,000	690,000	0	690,000
Total	3,177,250	22,683,750	(19,334,240)	3,349,510

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	Revised Budget 2020/21	Budget 2021/22		
		Gross Expenditure	Income	Net Expenditure
Strategy and Planning				
	£	£	£	£
Building Control	48,290	56,540	0	56,540
Complaints, Compliance, Enforcement	111,200	115,000	0	115,000
Conservation & Preservation	11,200	11,200	0	11,200
General Planning Expenses	0	9,330	0	9,330
Land Charges	(99,010)	81,610	(180,000)	(98,390)
Local Development Framework	150,000	150,000	0	150,000
Planning Appeals	4,500	4,500	0	4,500
Planning Applications	196,880	933,370	(710,000)	223,370
Planning Business Support	220,300	246,850	(10,000)	236,850
Planning Dept E-Government	4,000	4,000	0	4,000
Planning Enquiries	(42,000)	13,200	(50,000)	(36,800)
Planning Policy	267,370	362,920	(40,000)	322,920
Service Manager Strategy and Planning	97,880	91,590	0	91,590
Total	970,610	2,080,110	(990,000)	1,090,110

Special Expenses 2021/22

	2020/21 £	2021/22 £
Bexhill		
Bexhill Parks	578,830	587,510
Bexhill Allotments	1,780	0
Christmas Lighting	15,000	15,000
Bexhill Museum	9,540	9,540
Bus Shelters	14,660	11,780
Bexhill Town Forum	4,270	4,270
Special Expenses for Bexhill	624,080	628,100
Rye		
Rye Parks and Games	60,200	61,100
Christmas Lighting	1,500	1,500
Rye Museum	640	640
Bus Shelters	340	270
Special Expenses for Rye	62,680	63,510
Total Special Expenses	686,760	691,610

Appendix D

Reserves	Quarter 2 2020/21 Forecast £ (000)	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	14,970	10,343	7,024	4,438	3,169	3,367
Use of Reserves	(4,627)	(3,319)	(2,585)	(1,270)	0	0
Contribution to Reserves	0	0	0	0	199	531
Total Reserves	10,343	7,024	4,438	3,169	3,367	3,898
<u>Use of/Contribution to Reserves</u>						
To fund Capital Expenditure	(1,839)	(619)	(378)	(188)	(187)	(130)
To balance the Revenue Budget	(2,788)	(2,700)	(2,207)	(1,082)	386	661
Total	(4,627)	(3,319)	(2,585)	(1,270)	199	531

Minutes of the Overview and Scrutiny Committee – 25 January 2021**OSC20/40. DRAFT REVENUE BUDGET 2021/22**

(5)

Members gave consideration to the report of the Assistant Director Resources on the draft Revenue Budget, which outlined the likely financial position and key issues that Members needed to consider as part of the budget setting process. The Committee had been requested to consider the draft budget and make recommendations to Cabinet, to be considered at its meeting on 8 February 2021.

Appended to the report were details of the summary draft Revenue Budget (Appendix A), the summary information for each service area (Appendix B), main changes from the 2021/22 budget (Appendix C), the Council's revenue reserves and identified savings and additional income (Appendix D).

All budgets were shown as "Net Operational Expenditure Levels" which excluded capital charges, central costs and support service recharges. In addition, budgets were shown on a departmental basis which provided Members with a clear identifiable cost for each service.

The following key issues were highlighted:

- as the Council no longer received any Revenue Support Grant it was wholly reliant on revenue from business rates, council tax, specific grants, charges for services and income generation in meeting its net budget;
- the draft settlement announced by Government in December confirmed that the Council's share of business rates remained unchanged from 2020/21, a specific additional COVID-19 grant of £519,000 to support the ongoing effects of the pandemic in 2021/22 would be received and additional support to extend the extra support for residents through the Council Tax Reduction Support Scheme (CTRS) amounting to approximately £146,000;
- New Homes Bonus grant was expected to be £271,770 and would be incorporated into the draft budget to reduce the use of reserves, with no ongoing reliance;
- further work to refine the business rate estimate in time for the final approval of the Revenue Budget in February was on-going;
- the 2021/22 council tax base had been calculated at 37,606.6 and showed a reduction of 518 Band D equivalents, mostly due to an increase in the number of CTRS claimants expected in 2021/22 as a result of the pandemic; the in-year recovery rate for Council Tax had reduced to 98.2% from 98.5%, taking into account the increased risk of non-payment due to the effects of the pandemic on employment;
- the council tax referendum principle for Rother would allow an increase in council tax of £5 or 2% whichever was the highest; it had been assumed that the Council would increase Council Tax by the maximum allowed before a referendum was required;
- for 2021/22, to ensure the Council remained within the referendum limit, it was assumed that an increase of £4.94 to £189.04 would be

- agreed for a Band D property, resulting in additional income of £90,000; and
- the Chartered Institute of Public Finance and Accountancy (CIPFA) considered an authority to be at high risk if the reserves were at less than 5% of net spend; the Council was a long way from this position.

The financial risks that may affect the Council's finances were highlighted within the report and these included homelessness demands, staffing costs, the impact of COVID-19 on the Council's commercial tenants, leisure, swimming centres, cultural services delivered through two charitable trusts (Freedom Leisure and the De La Warr Pavilion Trust) and the emerging new Corporate Plan, which aspired to accelerate the development of new housing in Rother, both market and affordable, deliver on the commitment to be a carbon neutral district by 2030 and regeneration of the local economy through investment.

The following assumptions had also been made in calculating the draft Revenue Budget:

- a. inflation of up to 1.5% had been applied, except for contracts where specific indices were applied;
- b. salaries had been assumed to increase by 2% from September 2021;
- c. Appendix C to the report included details of any growth built into the base budget;
- d. the use of transfers between existing budgets had been encouraged to help enable funding to be re-directed into priority areas; and
- e. where the Council had discretion to increase income, increases should be in line with the increase in costs.

The net Revenue Budget before Government grants, use of reserves and other funding was expected to be £16.206m, an increase of £604,000 over the revised 2020/21 Revenue Budget. There had been a positive change of £1.6m between the financial forecast presented to Cabinet on the 2 November and the latest forecast, which was welcome.

The draft Revenue Budget for 2021/22 utilised £3.2m of reserves in order to meet specific costs (capital and service expenditure). Savings and increased income of £0.956m (excluding the reduction in use of revenue reserves to fund capital) had been assumed and if these were not delivered, further use of reserves may be required to balance the budget. Over the five-year financial forecast, earmarked reserves were predicted to fall to a minimum of £3.2m, rising to £3.8m by 2025/26, in excess of the minimum level of cash backed reserves and balances promoted by the Council's external auditors. However, it was below the minimum level previously agreed by Members at £5m and did not provide for any revenue reserves required to support the future Corporate Plan.

Members had an opportunity to put forward questions and the following points were noted during the discussion:

- concerns were raised that the homelessness budget had been underestimated when assuming an increase of £299k over the current year budget;

- there was a £3m scheme in the Capital Programme to purchase properties which would offset the cost of temporary accommodation, which explained the homelessness budget figure. Several properties had already been purchased;
- the 2% assumed salary increase was yet to be agreed. The Government had announced a pay freeze of public sector salaries for 2021/22, but the Council was not part of the national pay negotiations and could set its own pay award. Discussions with UNISON and the Licensing and General Purposes Committee would take place later in the year;
- applications for business grants were in the final stages of being processed and payments had commenced the previous week. All three grants were being combined into one payment;
- Members requested a breakdown of COVID related costs which the Finance Manager agreed to circulate after the meeting;
- the Community Led Housing project had been ceased as this had been a one-off payment paid over two years to kick-start the project; and
- it was noted that in the table at paragraph 17 on page 9 of the Agenda, the column 'Draft Budget 2021/22' for 'Other' should have read 62 not N/A.

In conclusion, it was noted that the Revenue Budget included a number of assumptions relating to income generation and savings, which if not delivered, would result in an increased call on reserves. Members would work with officers to look at service budgets line by line to identify potential savings, some of which would be difficult to deliver.

RESOLVED: That the comments of the Overview and Scrutiny Committee be considered by Cabinet when setting the 2021/22 Draft Revenue Budget at its meeting on 8 February 2021.

Budget consultation report - Summary

1. This consultation ran from 30 November 2020 to 18 January 2021.
2. We had a total of 343 responses, of which 340 used the online questionnaire. We have responses from 10 named local organisation, including four town and parish councils.
3. In terms of residents' responses:
 - a. 51% lived in Bexhill, 10% lived in Battle, 4% lived in Rye and 34% lived in a Rother village or the countryside.
 - b. 49% were male and 48% were female, the remainder did not wish to answer or identified another way.
 - c. 38% were aged 65 to 79 and this age group was over-represented. We had no under 18s respond. Only 7% of respondents were aged 18 to 34 and this age group was under-represented.
 - d. 16% were disabled or had a long-term illness or condition
 - e. 92% were White British descent, 5% had another White background and 2% had another background, mainly various mixed heritages.

Section One: Local Issues and Priorities

4. We asked respondents what is the most important issue facing Rother right now. Local organisations said:
 - a. The pandemic, housing and homelessness and the environment and climate change. These three issues were selected by three organisations each.
 - b. Economy, healthcare, individual's behaviour, social care provision, which were each selected by one organisation.
5. For the most important issue residents said, in order of frequency of selection, the top six selections only:
 - a. Coronavirus and the pandemic
 - b. Economy and economic situation
 - c. Environment and climate change
 - d. Social care provision and NHS and healthcare (equal fourth)
 - e. Poverty and inequality.
6. We asked for the next three most important issues facing the area. Organisations gave these responses (most selected responses):
 - a. Housing and poverty and inequality, selected by five local organisations
 - b. Economy and education and schools, selected by four organisations
 - c. Coronavirus and pandemics, the NHS and healthcare and aging population, selected by three local organisations.
7. We asked the most important factors that contribute to their quality of life. The top five response from residents were:
 - a. Being healthy
 - b. Being financially independent

- c. Feeling safe
 - d. Having a nice place to live
 - e. Children having good opportunities to succeed.
8. When asked what is the single challenge or priority that residents were most concerned about (top six responses in order of most selected first):
- a. My physical health and fitness
 - b. Anti-social behaviour in my community
 - c. Climate change
 - d. My mental health and wellbeing
 - e. Local environment or pollution
 - f. Housing affordability
9. When asked to select three further concerns that they are most concerned about residents responded (in order of most selected, top six selections):
- a. Local environment and pollution
 - b. Anti-social behaviour in my community
 - c. Cleanliness of street and local area
 - d. My physical health and fitness
 - e. Climate change
 - f. Public transport

Section Two: Rother District Council Responses and Services

10. We asked how much respondents agreed or disagreed with actions the council could take when faced with financial pressure.
11. Organisations agreed the most with (top three in order of highest percentage that said agree or agree strongly):
- a. Streamlining services so that we can deliver the same outcomes
 - b. Prioritising spending to protect services for the most vulnerable and those without choice
 - c. Help people to help themselves more so they have less reliance on publicly funded services
12. Residents agreed the most with (top three in order of highest agreement):
- a. Prioritise spending to protect services for the most vulnerable
 - b. Use or partner with other organisations to provide services
 - c. Help people to help themselves more
13. We asked when the council should consider increases in Council Tax. Organisations and residents most supported the conditions (top three in order of most agreement):
- a. To protect services for the most vulnerable and those without choice
 - b. Only when opportunities to streamline services have been exhausted
 - c. When the alternative is to stop delivering some services
14. We asked which five of Rother District Council's should be top priority for 2021. Residents said (top 10 in order of most selected):
- a. Waste collection and recycling

- b. Community safety
 - c. Attracting inward investment (businesses, jobs)
 - d. Economic regeneration
 - e. Covid-19 outbreak management
 - f. Homelessness services
 - g. Provision of social housing
 - h. Climate change and reducing carbon footprint
 - i. Aids and adaptations in homes to help residents stay at home
15. Local organisations said their top five are (in order of most selected, top 11 because last four were selected by same number of organisations):
- a. Waste collection and recycling
 - b. Climate change and reducing carbon footprint
 - c. Enforcement of planning regulations
 - d. Provision of social housing
 - e. Economic regeneration
 - f. Investing in Rother's digital infrastructure
 - g. Homelessness services
 - h. Planning application process, development control
 - i. Covid-19 outbreak management
 - j. Attracting inward investment (businesses, jobs)
16. All except one organisation said that they would be affected by budget setting decisions by the council to some extent and 79% of residents felt they would be affected by any decisions.
17. We asked how well informed respondents felt about financial challenges facing councils. In total, 56% felt very or fairly well informed. However, 41% felt not very well informed or not informed at all.
18. We asked how interested respondents were to be better informed about the council's financial challenges. All the responding organisations had some interest in being better informed. For residents, 96% expressed an interest in being better informed with 26% being very interested and 47% being interested. 4.5% had little or no interest in being better informed.
19. We asked how respondents like to be informed and the most popular method for both local organisations and residents were as follows.
- a. My Alerts
 - b. Going direct to the council's website
 - c. Through the post (leaflets, letters)
 - d. Social media
 - e. Local newspapers
20. Further analysis and included comments are in the main report. All comments will be provided to Members.