

Minutes of the Cabinet Meeting – 10 January 2022**CB21/67. DRAFT REVENUE BUDGET 2022/23 PROPOSALS**

Consideration was given to the report of the Chief Finance Officer on the preparation of the draft Revenue Budget for 2022/23. The report outlined the likely financial position, cost pressures and key issues that Members needed to consider as part of the budget setting process. Appended to the report were details of the summary draft Revenue Budget, the summary information for each service area, main changes from the 2022/23 budget, the Council's revenue reserves and identified savings and additional income.

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

- inflation of between 1.8% and 2% had been applied except for contracts where specific indices were applied;
- salaries had been assumed to increase by 1% from September 2022;
- the use of transfers between existing budgets had been applied enabling funding to be re-directed into priority areas; and
- increased income in line with increases agreed by Cabinet on 9 November 2021.

The following key issues were highlighted:

- the draft Local Government Finance Settlement announced by Government in December applied to 2022/23 only and did not guarantee any future funding streams; the Council's Core Spending Power had been set at £11.4m, an increase of £0.7m from 2021/22;
- an additional £738k in various one-off grants and New Homes Bonus that had not been expected had been announced; the Government had stated a commitment to address these grants (with the exception of the Services Grant of £164k) going forward as part of its Fair Funding Review;
- the East Sussex Business Rates Pool for 2022/23 would be retained;
- the 2022/23 council tax base had been calculated at 38,626.8 and showed an increase of 1,020 Band D equivalents mostly due to an increase in chargeable dwellings, new developments and reduction in Council Tax Reduction Scheme claimants;
- 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 2022/23, to ensure the Council remained within the referendum limit, it was assumed that an increase of £4.67 to £193.38 would be agreed for a Band D property, resulting in additional income of £373,000;

- it would be essential to deliver the savings identified as part of the Financial Stability Programme (FSP), or risk the increased use of reserves, cutting statutory services and stopping providing some non-statutory services altogether; and
- £3.670m of reserves would be used in order to meet specific costs (capital and service expenditure).

The cost pressures that may affect the Council's finances were highlighted within the report and these included homelessness demands, planning appeals, staffing costs, non-pay inflation and the continued impact of COVID-19.

It was proposed to establish a budget contingency of £200,000 for 2022/23 to be controlled by the Chief Finance Officer in consultation with the Chief Executive and used to fund unexpected events that had not been included in the 2022/23, i.e. further significant inflation increases, judicial reviews and emergency building maintenance works.

The budget consultation was currently ongoing and due to close on 31 January 2022 and 91 responses had been received to date; interim results would be reported to the Overview and Scrutiny Committee at their meeting on the 24 January 2022.

Members were keen to ensure that the FSP was delivered in order to protect discretionary services, which included the devolvement of services to parish and town councils across the district; it was essential that this work commenced as soon as possible to enable savings to be made in 2023/24. There were other items such as support to the Bexhill Town Forum that could be removed from the 2022/23 Budget and these would be considered and proposed in the final budget report to Cabinet in February.

(Cabinet Agenda Item 6).