

## **Rother District Council**

Report to	-	Council
Date	-	26 February 2024
Report of the	-	Cabinet
Subject	-	References from Cabinet Meetings

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The Council is asked to consider recommendations arising from the Cabinet meeting held on 5 February 2024 (the meeting scheduled for 8 January 2024 was cancelled) as set out below.

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### **CABINET – 5 FEBRUARY 2024**

#### **CB23/61. DRAFT REVENUE BUDGET 2024/25 PROPOSALS**

Consideration was given to the report of the Interim Deputy Chief Executive and Section 151 Officer on the draft Revenue Budget for 2024/25. The budget had been scrutinised by the Overview and Scrutiny Committee (OSC) on 22 January 2024 and a copy of the Minutes arising from the OSC meeting had been appended to the report for Cabinet's consideration. Also appended to the report were details of the summary draft Revenue Budget, the summary information for each service area, main changes from the updated 2023/24 budget, Capital Programme, summary of the budget consultation responses, proposals for new Council Tax premiums, consideration of the Council Tax Reduction Scheme (CTRS) for 2024/25, summary of cashless car parking consultation and fees and charges.

The following key issues were highlighted:

- the overall financial position had improved since the report to the OSC by £442k, taking the forecast drawdown from reserves down from £626k to £185k, the reasons for this were detailed in the report;
- the draft Local Government Finance Settlement (LGFS) applied to 2024/25 did not guarantee any future funding streams beyond the following year and was again a further single year settlement;
- the Council's Core Spending Power (CSP) had been set at £12.9m, an increase of £0.6m from 2023/24, equating to 5.1%;
- the small Business Rates Multiplier for 2024/25 would remain frozen again at 49.9p, but councils would be compensated for any reduction in income because of this decision;
- the Department for Levelling Up, Housing & Communities had increased the overall Revenue Support Grant (RSG) in line with Consumer Price Index inflation, however the Council effectively had a negative RSG, but would not be required to pay over negative RSG;
- for 2024/25, to ensure the Council remained within the referendum limit, it was assumed that a Council Tax increase of 3% to £204.56 would be agreed for a Band D property, subject to any final decision regarding special expenses;
- the detailed precept budgets from Rye and Bexhill-on-Sea Town Councils had not been received at the time of drafting the report so it

had not been possible to undertake an assessment of special expenses. It was recommended that the Deputy Chief Executive be granted delegated authority in consultation with the Cabinet Portfolio Holder for Finance and Governance, to make any final changes necessary in respect of special expenses once the position had been reviewed and reported to full Council on 26 February 2024;

- the Council would receive several government grants, including New Homes Bonus (£136k), Rural Services Delivery Grant (£72k), CSP Minimum Funding Guarantee (£778k), Services Grant (£15k) and New Burdens Grant (awaiting further details) although these were pending the final settlement announcement;
- the Benefits Administration, Local Council Tax Support and Homelessness Prevention grants did not form part of the CSP calculation and were still subject to confirmation;
- the Medium Term Financial Strategy forecast, reported to Cabinet on 6 November 2023 which outlined several cost pressures that might affect the Council's budget, had been reviewed and were discussed within the report;
- the Council's 'Fit for the Future' programme proposed a total of £3.3m savings to be made through efficiencies, income and savings identified from several areas, which were detailed within the report. Total savings of £3.1m had been included within the provisional budget figures;
- the amount of Reserves required to fund the Revenue Budget in 2024/25 equated to £0.2m; and
- a fundamental review of the Capital Programme was being undertaken to ensure capital schemes remained affordable and continued to deliver the outcomes originally anticipated. No new proposals or capital growth items had been included within the updated programme, except for any recent Committee decisions.

The budget consultation closed on 17 December 2023 and 694 responses had been received, the highest level of response the Council had ever had to a budget consultation. A summary of the results was attached to the report at Appendix E. It was noted that in general terms, respondents were supportive of the proposals.

Following the introduction of the Levelling Up and Regeneration Act 2023, there were opportunities for the Council to consider changes to its approach relating to certain discretionary areas of the Council Tax, concerning empty properties and second homes; the former could be introduced by April 2024, the latter required the decision to be taken at least 12 months before the financial year to which it would apply, so would therefore not take effect until the 2025/26 financial year. (Full details could be found at Appendix F to the report.)

It was proposed to change the CTRS for the 2024/25 financial year, to introduce a new, 100% funded scheme from April 2024. The proposed changes would improve the overall maximum level of support to 100% for the lowest income and most vulnerable working age applicants and remove the £5 per week minimum payment. (Full details was contained within Appendix G to the report.)

During the debate, the following points were noted:

- Members acknowledged the 582 respondents to the cashless car parking consultation and noted that issues raised would be discussed with the Head of Neighbourhood Services;
- Members thanked the Interim Deputy Chief Executive and the Cabinet Portfolio Holder for Finance and Governance for their work in developing the budget and acknowledged the limits which had to be worked within;
- Members were satisfied that an extra 1% had been added to the staff pay award budget;
- Members agreed that the level of reserves be kept at a higher level than that recommended by the Council's external auditor, Grant Thornton; and
- Members were pleased to see the changes proposed to the CTRS.

The draft Revenue Budget had been balanced for 2024/25 by the planned use of just under £0.2m from Usable Revenue Reserves, which would reduce Reserves to £5.2m by 31 March 2025. From 2025/26, onwards the projections saw contributions going back into reserves, which would take reserve levels back up to around £8.0m by 2027/28. The Council's ability to deliver a balanced budget was even more dependent on strong financial management and the delivery of the 'Fit for the Future' financial resilience programme.

**RECOMMENDED:** That:

- 1) the expenditure and budget for 2024/25 as detailed in Appendix A to the report be approved along with the anticipated use of reserves;
- 2) the updated Capital Programme set out in Appendix D to the report be approved;
- 3) the Council Tax for 2024/25 at Band D be increased by £5.94 (2.99%) and set at £204.54 (subject to any changes to special expenses yet to be confirmed);
- 4) the proposals contained within Appendix F to the report regarding council tax premiums for empty homes and second homes be agreed as follows;
  - empty homes - the application of the current premium of 100% for all dwellings which are unoccupied and substantially unfurnished (empty dwellings) is reduced from a period of two years to one year with effect from 1 April 2024;
  - second homes - the application of a premium of 100% for all dwellings which are unoccupied but substantially furnished (second homes) be applied with effect from 1 April 2025;
  - that the Deputy Chief Executive be authorised to agree with the major preceptors the funding of any award under Section 13A (1)(C) of the Local Government Finance Act 1992 (reduction in liability) from the Collection Fund; and
  - that the Deputy Chief Executive be granted delegated authority in consultation with the Cabinet Portfolio Holder for Finance and Governance to make any necessary changes to the policy in line

with the Council's requirements and any guidance given by the Secretary of State or regulation;

- 5) the proposed changes to the Council Tax Reduction Scheme be approved for 2024/25 with a move from an 80% funded scheme to a 100% funded scheme;
- 6) the fees and charges contained within Appendix J to the report be approved and the Deputy Chief Executive be granted delegated authority in consultation with the Cabinet Portfolio Holder for Finance and Governance to make any necessary changes; and
- 7) the Deputy Chief Executive be granted delegated authority in consultation with the Cabinet Portfolio Holder for Finance and Governance to make any final changes necessary in respect of special expenses once the position has been reviewed.

(Councillor Field declared an Other Registrable Interest in this matter in so far as she was a Member of East Sussex County Council (ESCC) and as the matter directly related to the finances of the ESCC, in accordance with the Members' Code of Conduct left the meeting during the consideration thereof.)

(Councillor Timpe declared an Other Registrable Interest in this matter in so far as she was a Member of Bexhill-on-Sea Town Council and involved with the Manor Barn, Bexhill and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof.)

(Cabinet Agenda Item 5)

## CB23/62. **NEW HOUSING ALLOCATIONS POLICY**

Cabinet received Minute OSC23/45 arising from the meeting of the Overview and Scrutiny Committee held on 22 January 2024 that had considered a report on the New Housing Allocations Policy (HAP) 2024. The HAP provided a framework for the equitable, effective and accountable allocation of social housing across the district and met the Council's statutory obligations under Section 166A(1) of the Housing Act 1996. The Housing Needs Operations Manager advised that an eight-week public consultation had been held from 7 July 2023 to 4 September 2023; 111 responses were received. It was noted that most of the proposed changes were agreed, however, to adopt the new HAP, it would be necessary to reassess all existing households that were on the register. It was the intention to review the Policy annually.

Cabinet was fully supportive of the new HAP and recommended formal approval and adoption. It was also recommended that delegated authority be granted to the Head of Housing and Regeneration, in consultation with the Cabinet Portfolio Holder for Housing to adopt the HAP 2024 at the end of the implementation period and make any further minor amendments, if required.

**RECOMMENDED:** That:

- 1) the new Housing Allocations Policy 2024 be approved and adopted;
- 2) delegated authority be granted to the Head of Housing and Regeneration to formally adopt the Housing Allocations Policy 2024, in consultation with the Cabinet Portfolio Holder for Housing, following the conclusion of the implementation period; and
- 3) delegated authority be granted to the Head of Housing and Regeneration to make any further minor amendments to the Housing Allocations Policy 2024, in consultation with the Cabinet Portfolio Holder for Housing.

(Cabinet Agenda Item 8)

CB23/63. **REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING AS AT QUARTER 3 - 2023/24**

Cabinet received and considered the report of the Interim Deputy Chief Executive and Section 151 Officer on the Revenue Budget and Capital Programme Monitoring Quarter 3 2023/24. The report updated Members on the Council's finances as at the end of December 2023 and projected provisional outturn for 2023/24. The Revenue Budget, Capital Programme Statements and impact of the forecast on the Council's reserves were summarised at Appendices A, B and C to the report respectively. The report also included a brief update on the Collection Fund performance.

The forecast outturn for the 2023/24 financial year was based on the position as at 31 December 2023 and indicated a forecast deficit position of £2.709m at 31 March 2024, against a budgeted deficit of £2.221m, which was a variance of £488k.

The report detailed the material variances and the forecast was summarised at Appendix A to the report.

Several small savings were being forecast by the end of the financial year, with no more being achieved. The Medium Term Financial Strategy (MTFS) removed the current Financial Stability Programme and replaced it with a new 'Fit for the Future' financial resilience programme, which was designed to close the budget gap over the medium-term period through making efficiencies, savings and increasing income to help support frontline services. The forecast deficit had increased by £200k since the previous quarterly report, as these savings were being made in the services directly and not in this part of the statement.

Since the 2023/24 budget was approved, several small, unbudgeted, grants from the Department for Levelling Up, Housing and Communities had been received, mainly in respect of New Burdens grants and additional Section 31 Grants.

The Interim Section 151 Officer was continuing to work with Heads of Service and elected Members to undertake a fundamental review of capital schemes within the Capital Programme, which currently amounted to more than £157m. The revised 2023/24 budget was

£28.5m (Appendix B to the report) and the forecast outturn for the year at Quarter 2 was £20.1m, a variance of (£8.3m) or 29% of the programme. Most of the forecast underspend was attributable to schemes which had progressed more slowly than expected or had been paused pending review, with only a small amount of savings forecast on schemes which had been completed. An external consultant had been employed to undertake the review, which would be completed within the next six to twelve months.

The Mount View Street Development scheme was completed in 2020/21; at that time, no accruals were made for outstanding expenditure. Subsequently, in 2023, a payment was made in respect of valuation work, at a cost of £42.5k. To enable this to be financed, it was requested that Council approve the reinstatement of the scheme to the Capital Programme and the additional budget of £42.5k, to be funded from borrowing.

The forecast impact on reserves was a drawdown of £2.449m for revenue, which was £404k higher than the planned use of £2.045m, and £0.260m for capital which was £84k higher than the planned use of reserves.

The Council Tax collection rate at the end of Quarter 3 was 84.20% of the collectable debit, 0.07% higher than the corresponding figure in 2022/23. The Business Rates collection rate at the end of Quarter 3 was 83.31% of the collectable debit, 1.26% lower than the corresponding figure in 2022/23. It was noted that the collection rates continued to hold well despite the squeeze on finances following the pandemic and the cost-of-living crisis, although business rates were showing a larger, adverse difference in the income received as a percentage of collectable debt, when compared to the previous year.

The forecast outturn on the Revenue Budget at Quarter 3 2023/24 was a deficit of £2.709m, which was £488k greater than the approved planned use of Reserves. The Council's Capital Programme had a forecast outturn of £20.1m.

**RECOMMENDED:** That a budget in respect of residual costs on the Mount View Street Development scheme, be added to the capital programme in 2023/24, at a cost of £42.5k, to be financed from borrowing;

Cabinet also **RESOLVED** to note the report.

(Cabinet Agenda Item 9)

#### CB23/64. **MEMBERS' ALLOWANCE SCHEME 2024-2027**

In accordance with the Members Allowances Regulations 2003, before the Council could make any amendments to its allowance scheme, the Council had to have regard to the recommendations made by an Independent Remuneration Panel (IRP). In February 2023, the Council set its allowances to apply for the current civic year only (2023-24) and agreed that the IRP be reconvened in the subsequent autumn / winter to

carry out a further review and make recommendations for the allowances to apply for the remainder of the current Council administration (2024-27).

The IRP reconvened in November 2023, met with the Leader of the Council, received relevant information to inform their review and received comments from elected Members, and a copy of their further recommendations was attached at Appendix 1 to the report.

The IRP had made a total of eight recommendations, with the key recommendations as follows:

- the Basic Allowance be increased by 3% for 2024/25 only;
- the IRP meet annually during this administration in light of the current local and national economic position;
- the Special Responsibility Allowances (SRA) be increased by the same amount each year agreed for the Basic Allowance;
- the SRA for the Chair of the Human Resources Committee be a 0.33 ratio of the Basic Allowance (same as Audit and Standards and Licensing and General Purposes Committee Chairs);
- the allowances for the “co-optees” be increased each year in line with that agreed for Members; and
- the subsistence allowances, breakfast, lunch, tea and dinner remain the same for the period 2023-27.

Given the Council’s current financial position, Cabinet was not supportive of an increase on the Members’ Allowances (IRP Recommendation 1) and agreed that all other allowances should remain the same; it was noted that should Members not support an increase there would be a modest budget saving in the region of £16k.

The Leader of the Council acknowledged the work of the IRP and thanked the Panel for their thorough report.

**RECOMMENDED:** That:

- 1) the Members’ Basic Allowance remain the same and not be increased in line with the staff pay award and that consequently all other Allowances remain the same;
- 2) consideration be given to the remaining Independent Remuneration Panel’s recommendations as set out at Appendix A at full Council; and
- 3) the Chief Executive be authorised to amend the Scheme within the Constitution, following approval by full Council of the allowances to be paid.

(Cabinet Agenda Item 11)

Councillor D.B. Oliver  
Leader of the Council

## Appendix A

**Recommendation 1:** That the Members' Basic Allowance **NOT** be increased by 3%, in line with the staff pay award for 2024-2025.

**Recommendation 2:** That the IRP meet annually to review the Basic Allowance until Autumn 2026 when the next full review is due to take place.

**Recommendation 3:** That the amounts are rounded either up or down to the nearest full pound.

**Recommendation 4:** That the value of the SRAs is determined by any increases made to the Basic Allowance. **[NO PROPOSED INCREASE 24/25]**

**Recommendation 5:** That the IRP review and make recommendations on the ratios of SRAs to Basic Allowances as part of the review process.

**Recommendation 6:** That a SRA for the Chair of the Human Resources Committee be applied at a 0.33 ratio of the Basic Allowance. **[NOTE: THIS IS THE SAME SRA AS PAID TO CHAIR OF LICENSING AND GENERAL PURPOSES AND AUDIT AND STANDARDS]**

**Recommendation 7:** That the allowances paid to the "co-optees" be increased in line with increases agreed for Members' Basic Allowance between 2024-2027. **[NO PROPOSED INCREASE 24/25]**

**Recommendation 8:** That the subsistence rates remain unchanged until 2027.