

Council Meeting

**Wednesday, 21st
February, 2024**

HASTINGS BOROUGH COUNCIL

Dear Councillor

You are hereby summoned to attend a meeting of the Hastings Borough Council to be held in the Council Chamber, Muriel Matters House, Breeds Place, Hastings, East Sussex, TN34 3UY, on Wednesday, 21st February, 2024 at 6.00 pm at which meeting the business specified below is proposed to be transacted.

Yours sincerely,

Chief Legal Officer

Muriel Matters House
Breeds Place
Hastings

13 February 2024

AGENDA

1. Apologies for Absence
2. To approve as a correct record the minutes of the last meeting
3. Declarations of Interest
4. Reports of Committees
 - a) To resolve that the public be excluded from the meeting during the discussion of any items considered while the public were excluded by the relevant committee because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in the respective paragraphs of Schedule 12A to the Local Government Act 1972 referred to in the minutes of the relevant committee.
 - b) To receive and consider the recommendations and any decisions of the following committees.

Minute No.	Subject	Cabinet Member / Chair
CABINET – 12 FEBRUARY 2024		
41.(C)	Revenue Budget 2024/25, and Capital Programme 2024/25 to 2026/27	Barnett
42.	Cabinet appointments to committees, working groups and partnerships	Hilton

Notes:

1. The Mayor will call over the minutes and members will rise and indicate those items which they wish to have discussed.
 2. No discussion shall take place at this stage upon part II minutes covered by the resolution 4a) above. Any such discussion shall be deferred to item 5 on the agenda.
5. To consider the recommendations and decisions of committees (if any) which the Council has resolved should be discussed after the exclusion of the public from the meeting.

Note: Nothing contained in this agenda or in the attached reports and minutes of committees constitutes an offer or acceptance of an offer or an undertaking or contract by the Borough Council

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Agenda Item 2 Public Document Pack

FULL COUNCIL

17 JANUARY 2024

Present: Councillors O'Callaghan (Mayor), Bishop (Deputy Mayor), Bacon, Barnett, Batsford, Beaney, Beaver, Cannan, Carr, Collins, Cooke, Edwards, Evans, Fernando, Foster, Haffenden, Hay, Hilton, Jobson, Marlow-Eastwood, Patmore, Pragnell, Roark, Sinden, Turner, Webb, and Williams.

In attendance: Jane Hartnell (Chief Executive), and Mary Kilner (Chief Legal Officer).

40. APOLOGIES FOR ABSENCE

Apologies for absence received from Councillors Arthur, Rankin, Roberts, Rogers, and Willis

41. DECLARATIONS OF INTEREST

None received.

42. MOTION OF NO CONFIDENCE IN THE LEADER OF THE COUNCIL, DEPUTY LEADER OF THE COUNCIL AND CABINET

The Chief Legal Officer informed the meeting that the Leader of the Council, Deputy Leader of the Council, and the remaining Cabinet members had submitted written resignations prior to the meeting.

Councillor Bishop withdrew the motion of no confidence and the meeting proceeded to the next item of business.

43. ELECTION OF LEADER OF THE COUNCIL

The Mayor called for nominations for Leader of the Council.

Councillor Collins proposed that Councillor Hilton be elected Leader of the Council, seconded by Councillor Sinden.

There were no further nominations.

RESOLVED (by 11 votes for, to 2 against, with 14 abstentions) that Councillor Hilton be elected Leader of the Council until the Annual Council meeting in May 2024.

(The Mayor declared the meeting closed at 6.07pm)

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FULL COUNCIL

24 JANUARY 2024

Present: Councillors O'Callaghan (Mayor), Bishop (Deputy Mayor), Arthur, Bacon, Barnett, Batsford, Beaney, Beaver, Cannan, Carr, Collins, Edwards, Evans, Foster, Haffenden, Hay, Hilton, Jobson, Marlow-Eastwood, Patmore, Pragnell, Rankin, Roark, Rogers, Sinden, Turner, Webb, Williams and Willis.

In attendance: Jane Hartnell (Chief Executive), and Mary Kilner (Chief Legal Officer).

44. APOLOGIES FOR ABSENCE

Apologies for absence received from Councillors Cooke, Fernando and Roberts.

45. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE LAST MEETING

RESOLVED that the minutes of the Full Council meeting held on 13th December 2023 be signed by the Mayor as a correct record of the proceedings.

46. DECLARATIONS OF INTEREST

None received.

47. ANNOUNCEMENTS FROM THE MAYOR AND LEADER

The Mayor announced that she had recently visited the local Fire Service to present a Mayor's Award in recognition of their response to the flooding in the town centre.

The Leader of the Council announced the membership of Cabinet and allocation of portfolios as below:

- Cllr Hilton, Regeneration, Culture, Tourism, Climate Change and Local Plan
- Cllr Haffenden, Community Safety, Environment, Health and Equalities
- Cllr Willis, Housing
- Cllr Barnett, Finance
- Cllr Roark, Chair of the Charity Committee

There will also be four advisory committees of Cabinet with deputy chairs who will engage with the public on the local plan, culture, tourism and climate change.

The Leader also updated the Council on a recent meeting with Southern Water, attended by the previous Leader and Deputy Leader. There was agreement from Southern Water that a full modelling of the sewage system in Hastings through the park and town will be undertaken to inform long-term flood prevention.

48. QUESTIONS (IF ANY) FROM:

FULL COUNCIL

24 JANUARY 2024

48a Members of the public under Rule 11

A written question was received from Sarah Dadson and a written reply supplied by Councillor Hilton.

A written question was received from Ronald Hayward and a written reply supplied by Councillor Haffenden.

A written question was received from Christopher Hurrell and a written reply supplied by Councillor Barnett.

A written question was received from Natalie Gaimster and a written reply supplied by Councillor Haffenden.

48b Councillors under Rule 12

Questioner	Question	Reply given by
Councillor Patmore	<p><u>Cornwallis Street Hotel</u> – Will you ensure there is a public discussion of this report at the upcoming Cabinet meeting?</p> <p>Councillor Hilton replied that there would be a public discussion on this report at Cabinet.</p>	Councillor Hilton
Councillor Bishop	<p><u>Cabinet advisory committees</u> – Are you concerned that these new cabinet committees will only be ornamental and how will they add value to the Council?</p> <p>Councillor Hilton replied that she had hoped for a cross-party unity administration but that wasn't possible as the Conservative and Labour groups felt unable to take part. The cabinet committees are a solution to get cross-party input to decision making.</p>	Councillor Hilton
Councillor Carr	<p><u>Cabinet advisory committees</u> – We were previously told there was no capacity for new projects, where has the capacity come from for these committees, and can we please have the councillor ideas form back?</p> <p>Councillor Hilton replied that working in a Council in no overall control requires more work from officers, as there has to be consensus for decisions. This is about finding new ways of working to seek consensus on decisions and share information. Councillor Hilton said she felt the ideas form didn't work very well and there needs to be a better way of feeding ideas into decision making.</p>	Councillor Hilton
Councillor	<p><u>Porters Grove</u> - Bellway Homes are currently</p>	Councillor

FULL COUNCIL

24 JANUARY 2024

<p>Beaney</p>	<p>developing the Porters Grove site at Darwell Close. As part of the planning application the previous Multi Use Games Area (MUGA) was to be removed and relocated within the site to provide a much needed play area for the new homes. I believe you met with representatives from Bellway Homes in November. Can you assure residents of West St Leonards that you did not have any conversations about relocating the MUGA in Hollington?</p> <p>Councillor Barnett replied that he was aware that Bellway had undertaken their own study as to how best to meet the planning conditions. They had identified several sites across the Borough for the MUGA, including in Hollington, which is why he met with them at their invitation as the ward Councillor to view the site.</p>	<p>Barnett</p>
<p>Councillor Webb</p>	<p><u>Hastings Housing Company</u> – I’ve been reassured in the past that proposals for Hastings Housing Company would be with us in January. Could you please tell us of any proposals and any progress in repaying what the Hastings Housing Company owes the Council?</p> <p>Councillor Willis replied that it is a complex matter, and a report is close to completion.</p>	<p>Councillor Willis</p>
<p>Councillor Collins</p>	<p><u>Al-Mawasi</u> – Given the high level of engagement in recent months by members of the Hastings community in campaigning for a ceasefire in Gaza can you explain why the Council has been silent on this issue and what the Council intends to do to show support for friends in Al-Mawasi?</p> <p>Councillor Hilton replied that the issue hasn’t been debated so there isn’t an agreed Council opinion. Councillor Hilton said she hasn’t yet been briefed on the process for twinning with Al-Mawasi but personally she was in principle in favour.</p>	<p>Councillor Hilton</p>
<p>Councillor Rogers</p>	<p><u>St Mary in the Castle</u> – Can you assure us that St Mary in the Castle is in good order and what are the plans for keeping the building operational?</p> <p>Councillor Hilton replied that there will be briefings on St Mary in the Castle very shortly. The sooner there is a solution the better, and one of the new cabinet committees will be</p>	<p>Councillor Hilton</p>

FULL COUNCIL

24 JANUARY 2024

working on this.

The Mayor adjourned the meeting at 6.24pm in order for Councillors to receive the final allocations and nominations for committee membership. The meeting reconvened at 6.33pm.

49. REVIEW OF POLITICAL BALANCE, COMMITTEE ALLOCATIONS AND MEMBERSHIP OF COMMITTEES

Councillor Hilton proposed approval of the recommendations in the report, seconded by Councillor Barnett. Councillor Hilton announced that for continuity until Annual Council there would be consistency of representation on committees.

The Mayor called a vote to determine the appointment of the chair of the Audit Committee, having received two nominations for the position. Councillor Foster received 18 votes, and Councillor Rogers received 11 votes.

Councillor Bishop proposed Councillor Rogers be appointed vice-chair of the Audit Committee, which was agreed without further nominations being received.

RESOLVED (unanimously):

1. Following a review of the political balance on the Council, that the seats on the committees of the Council be allocated to political groups, and Councillors be appointed to those committees, in accordance with the nominations of the political groups, as shown in appendix A

2. The Council appoints Chairs and Vice-Chairs of the committees as shown in appendix A

Reasons:

1. The Council has a duty to review political balance on an annual basis and when there is a change in membership of political groups.
2. The Council has a duty, so far as reasonably practicable, to allocate committee seats to the political groups in line with the principles set out in Section 15(5) of the Local Government and Housing Act 1989.

(The Mayor declared the meeting closed at 6.39pm)

Committee	Seats	Allocation to political groups				Appointments as of 24.01.24				Notes
		CON	HIG	LAB	GRN	Conservative	Hastings Independent	Labour	Green	
Licensing Committee	15	5	4	3	3	1. Paul Foster (VC) 2. Mike Edwards 3. Andy Patmore 4. Peter Pragnell 5. Graeme Williams	1. Andy Batsford 2. Nigel Sinden 3. John Cannan 4. Mike Turner (Chair)	1. Heather Bishop 2. Judy Rogers 3. James Bacon	1. Tony Collins 2. Amanda Jobson 3.	Cabinet portfolio holders may not sit on this Committee. No more than 7 members of the Planning Committee may sit on this Committee for 2023/24. Chair and Vice-Chair may not be members of the Planning Committee
Overview and Scrutiny Committee	11	4	3	2	2	1. Andy Patmore (Chair) 2. Paul Foster 3. Rob Cooke 4. Alan Hay	1. Nigel Sinden (VC) 2. Andy Batsford 3. Maya Evans	1. Trevor Webb 2. James Bacon	1. Tony Collins 2. Claire Carr	No Cabinet Member may sit on O&S Committee. Mayor and Deputy Mayor not eligible for membership.

Planning Committee	10	4	3	2	1	<ol style="list-style-type: none"> 1. Matthew Beaver (VC) 2. Mike Edwards 3. Karl Beaney 4. Graeme Williams 	<ol style="list-style-type: none"> 1. Nigel Sinden 2. John Cannan 3. Maya Evans 	<ol style="list-style-type: none"> 1. James Bacon 2. Margi O'Callaghan (Chair) 	1. Tony Collins	No Cabinet member with Portfolio eligible for membership
Museum Committee	Maximum of 10	4	3	2	1	<ol style="list-style-type: none"> 1. Peter Pragnell (VC) 2. Andy Patmore 3. Graeme Williams 	<ol style="list-style-type: none"> 1. Nigel Sinden 2. Andy Batsford 3. Maya Evans 	<ol style="list-style-type: none"> 1. Trevor Webb 2. Heather Bishop 	1. Julia Hilton (Chair)	Chaired by the relevant portfolio holder
Audit Committee	5	2	1	1	1	<ol style="list-style-type: none"> 1. Paul Foster (Chair) 2. Sorrell Marlow-Eastwood 	1. Nigel Sinden	1. Judy Rogers (VC)	1. Tony Collins	Members of this Committee may not be members of Cabinet. The Chair may not be in the same political group as the Leader of the Council.
Standards Committee	5	2	1	1	1	<ol style="list-style-type: none"> 1. Mike Edwards 2. Peter Pragnell 	1. Ali Roark (VC)	1. Judy Rogers (Chair)	1. Amanda Jobson	No more than 1 Cabinet member who is not to be the Leader.

Environment & Safety Committee	5	2	1	1	1	1. Sorrell Marlow-Eastwood (VC) 2. Rob Cooke	1. Nigel Sinden	1. Judy Rogers (Chair)	1. Amanda Jobson	No Cabinet member with Portfolio
Council Appointments Committee	5	1	2	1	1	1. Paul Foster	1. Paul Barnett (VC)	1. Heather Bishop	1. Julia Hilton (Chair)	
Employment Committee	4	1	1	1	1	1. Graeme Williams	1. Paul Barnett (VC)	1. Margi O'Callaghan	1. Glenn Haffenden (Chair)	
Employment Appeals Committee	4	1	1	1	1	1. Mike Edwards	1. Simon Willis (VC)	1. Trevor Webb	1. Julia Hilton (Chair)	
Total		26	20	15	13					

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Agenda Item 4



Report To: Budget Full Council

Date of Meeting: 21 February 2024

Report Title: DRAFT Revenue Budget 2024/25, and Capital Programme 2024/25 to 2026/27

Report By: Kit Wheeler
Chief Finance Officer

Key Decision: Yes

Classification: Open

Purpose of Report

1. To present the draft Revenue budget 2024/25 and Capital programme budget for 2024/25 to 2026/27, including an updated MTFs (Medium Term Financial Strategy) forecast for future years.
2. **The report and appendices have been updated to reflect the amendments made at Budget Cabinet – Budget Council are therefore recommended to agree the revised proposals.**
3. Not all other grant figures will be received before determining the budget. As such some figures will remain as estimates and adjustments will be made to the figures detailed in this report.

Recommendation(s)

Cabinet recommends that full Council:-

- (i) Approve the draft 2024/25 revenue budget (Appendix B)
- (ii) Approve a 2.99% increase in the Borough Council's part of the Council Tax (Appendix C).
- (iii) Approve the detailed recommendations in Appendix C, which relate to the setting of Council Tax in accordance with Sections 31 to 36 of the Local Government Act 1992 (Appendix C – to be provided/updated for full Council).
- (iv) Approve the Capital Programme 2024/25 to 2026/27 (Appendix E) and that any marked with an asterisk can proceed without further reference to Cabinet or Council.
- (v) Approve the proposed use of Reserves as detailed in Appendix J that can proceed

without further reference to Cabinet or Council.

- (vi) Approve that the budget be amended as necessary to reflect the final grant figures including Disabled Facility Grants - once received.
- (vii) Full Council adopt the existing Council Tax Support Scheme subject to amendments to allowances in line with any national changes. Determination of the allowances to be delegated to the Chief Finance Officer in line with prior year practice.
- (viii) The application of the current premium of 100% for all dwellings which are unoccupied and substantially unfurnished (empty dwellings) from a period of one year with effect from 1st April 2024.
- (ix) The application of a premium of 100% for all dwellings which are unoccupied but substantially furnished (second homes) with effect from 1st April 2025; and
- (x) That the Section 151 Officer is given delegated powers to implement the policy in line with the Council's requirements and any guidance given by the Secretary of State or regulation.

Reasons for Recommendations

1. The Council has a statutory responsibility to set a balanced Budget and Council Tax in advance of the start of the new financial year.
2. The report identifies that a balanced budget in 2024/25 can only be achieved by using £700k of General reserve funding.
3. The level of grant funding, Council Tax increases and income from fees and charges is insufficient to meet the annual increases in costs e.g. inflation, pay increases, demand pressures, in particular the costs of meeting our statutory homelessness.
4. The Council is only able to increase Council Tax by a maximum of 2.99% without a referendum.
5. The Council remains exposed to a much greater degree of volatility in terms of its income from Non Domestic Rates and expenditure in terms of Council Tax Support claims – the cost falling directly on the Council and the preceptors.
6. The Council needs to manage its Capital Financing requirements carefully to avoid unnecessary and costly interest charges. Therefore, it has been necessary to reduce the aspirations for the Capital Programme accordingly, and the council will need to continue to maximise any potential Capital receipts.

Introduction

1. Local government continues to find itself in a challenging financial period for all concerned. The council is currently forecasting a budget deficit of £1.6m for 2023/24.
2. The budget cabinet meeting on 12th February 2024 is a key part of the budget setting process. The full council meeting on the 21st February 2024 is responsible for setting a balanced budget and determining the council tax.
3. Despite identifying substantial Priority Income and Expenditure Review (PIER) savings of £3.8m for 2024/25 these are insufficient to balance the budget without the further use of reserves.
4. The council needs to be in a position to match its available resources to its priorities across the medium term and to maintain sufficient reserves and capacity to deal with potentially large and unexpected events in addition to fluctuations in income and expenditure levels.
5. Whilst savings of £3.8m have been identified for 2024/25, there are also unavoidable increases in costs such as contractual obligation inflation increases and service demands that result in further use of the council's reserves being required.
6. If the recommendations in this report are approved by Budget Council, there will be an increase in the Borough's part of the council tax in 2024/25 of 2.99% which is the maximum permissible without a referendum.
7. If these recommendations are approved and the savings identified achieved, this will provide a significantly improved financial position for the council to the one previously reported as part of the Medium Term Financial Strategy to cabinet in November 2023.
8. The transformation savings and approach to potential shared service arrangements will be key to the success of the future operational delivery of some of the council's core back office services. This is why it is imperative that a business case with full costings be brought forward for discussion once a thorough discussion has taken place with the new political leadership.
9. Whilst some provision has been made in the Invest to Save Reserve for this initial work to commence it will need to be updated once that business case is approved.
10. Not all the grant figures are received before determining the budget. As such some figures will remain as estimates and adjustments will be made when details are known e.g. figures for Disabled Facility Grants are not expected until well into 2024/25. Precept figures will be presented to Budget Council once determined by East Sussex County Council, the Police and Crime Commissioner, and the Fire Authority.
11. For 2024/25 the deficit is estimated at c.£700k if all savings identified in the report are achieved. The council's historical savings performance is around 80% achievement. If that were to continue, then there would be an additional £775k worth of deficit to cover.

12. The minimum level of General Reserve Balance is recommended to be £4m, which is made up of the following:

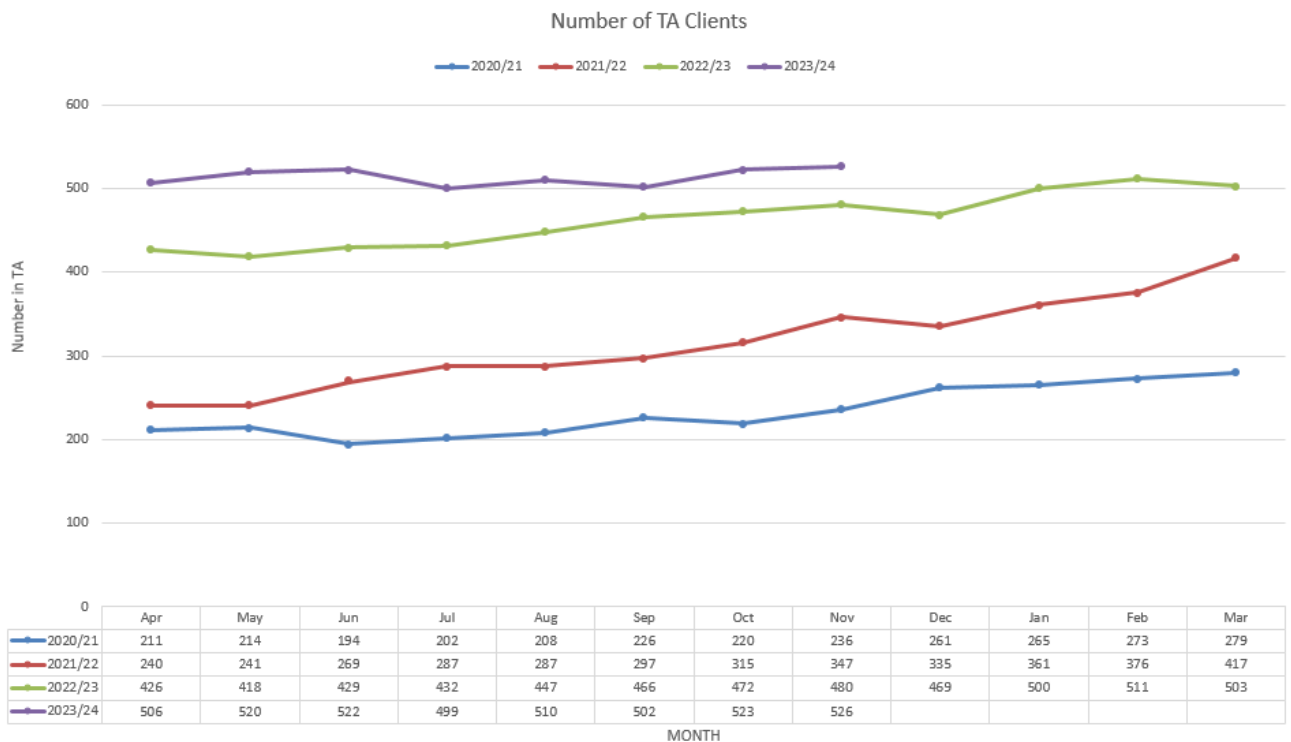
- £1.8m (10% contingency of total Net Expenditure based on 2023/24 Budget)
- £1.04m (20% Homelessness costs fluctuations)
- £1.2m (Other unexpected / unforeseen events)

Total = £4.04m (say **£4m**).

13. As savings are built into the revenue budget for 2024/25 the potential risk of unachieved savings of £775k is taken into consideration as part of the 10% contingency above.

14. The number of people in temporary accommodation has stabilised this financial year, but a key driver of costs has been an increase in provider costs.

15. The graph below shows the demand for temporary housing and the growth over the past number of financial years and why it has been considered the Councils primary strategic focus.



Strategic Priorities

16. The council's strategic priorities have not yet been reviewed for 2024/25 in the light of the changing political position the corporate plan discussions have been put on hold until after the financial year has started and will then be reviewed and agreed accordingly.

17. Therefore, the updated Corporate Plan that would usually underpin and sit alongside the budget report is not yet ready for discussion but a reminder that the current years plan is as follows.

The priorities are:

- Tackling poverty, homelessness and ensuring quality housing
- Keeping Hastings clean and safe
- Making best use of our buildings, land, and public realm assets
- Minimising environment and climate harm in all that we do
- Delivery of our major regeneration schemes
- Ensuring the Council can survive and thrive into the future

Financial Planning - Medium Term Financial Strategy

18. The Medium Term Financial Strategy report presented to cabinet in November 2023, provided indicative budget forecasts for the 4 year period 2023/24 to 2026/27. These have been updated within the budget papers attached.
19. Given the need to plan for future years, the Medium Term Financial Strategy, identified key principles to be followed when compiling the budget as well as identifying the financial risks and opportunities more closely. The Financial Strategy integrates the financial and policy planning procedures of the Council.
20. That robustness of the strategy is built upon a foundation of key principles:

(i) **Ensure the continued alignment of the council's available resources to its priorities**

All key decisions of the council relate to the Corporate Plan. Priorities are determined and reviewed in the light of any changes to the Plan.

(ii) **Maintain a sustainable revenue budget**

This means meeting recurring expenditure from recurring resources. Conversely non-recurring resources such as reserves and balances can generally be used to meet non-recurring expenditure providing sufficient reserves and balances exist.

Whilst the principle remains sound, the council had consciously strengthened its reserves in previous years, knowing that these will be required to ease the transition to a lower spending council and to meet key corporate priorities. The council has required the use of these reserves to achieve balanced budgets in every year since 2018/19 and will need to do so again in 2024/25.

(iii) **Adequate Provisions are made to meet all outstanding liabilities**

(iv) **Continue to identify and make efficiency savings**

Each year there is a thorough examination of the council's "base budgets" to identify efficiency savings and to ensure existing spend is still a council priority (Priority Income and Efficiency Reviews – PIER).

(v) **Review relevant fees and charges comprehensively and identify Income generating areas as a means of generating additional funding for re-investment in priority services.**

(vi) **Capital receipts and reserves will primarily be available for new investment of a non-recurring nature thereby minimising the overall financial risk**

Resources will be allocated to invest in the council's assets to ensure they support

the delivery of corporate and service priorities.

(vii) Ensure sufficient reserves are maintained

The useable earmarked reserves are consciously being reduced, to minimise the impact on the General Reserves until some of the longer-term savings plans are brought forward.

A detailed review of Earmarked Reserves has taken place as part of this budget setting process to ensure that all funds are appropriately resourced moving forwards.

(viii) Ensure value for money is achieved in the delivery of all services and that the council seeks continuous improvement of all services.

It should be noted that the latest report from the External Auditors based on the 2021/22 and 2022/23 financial year highlighted some substantial areas of improvement and many of the recommendations included in the report have already been implemented in the current financial year with the rest set to be finalised in 2024/25.

(xi) Maintain affordable increases in council tax whilst accepting that such an objective is linked to the amount of annual government grant, inflation, and new legislative requirements.

The council is increasing council tax by the maximum permitted without a costly referendum, while supporting the most vulnerable through the Council Tax Support/Reduction scheme. It is also looking to bring in new revenue streams around second homes and empty homes as detailed later in this report.

(xii) Recognise the importance of partners in delivering cost effective solutions for services.

As part of the new transformation programme (that will move the council to a new operating model) partners will be engaged in discussions about options and opportunities to deliver services differently.

21. The level of risk that the council is facing from fluctuations in income streams has increased significantly particularly where there is reliance on commercial property income. This is recognised by the government and Chartered Institute of Public Finance Accountants (CIPFA) resulting in new codes of practice and government regulations. These have been introduced to help ensure that Councils do not over-extend themselves in this challenging environment.

Funding Allocations

22. The Local Government Finance Settlement is the annual determination of funding to local government. The provisional settlement was finally announced on the 18th December 2023.

23. The settlement provides details of the Revenue Support Grant and level of Business Rates that the government expects councils to retain – the Settlement Funding Assessment.

24. As part of that announcement this time, it was stated that the provisional settlement made available over £64 billion for local authorities in England, an increase of almost £4 billion or 6.5% in cash terms in Core Spending Power on 2023-24.

25. There was also an additional written statement announcement on the 24 January 2024 that the Government were providing significant additional funding to local authorities in

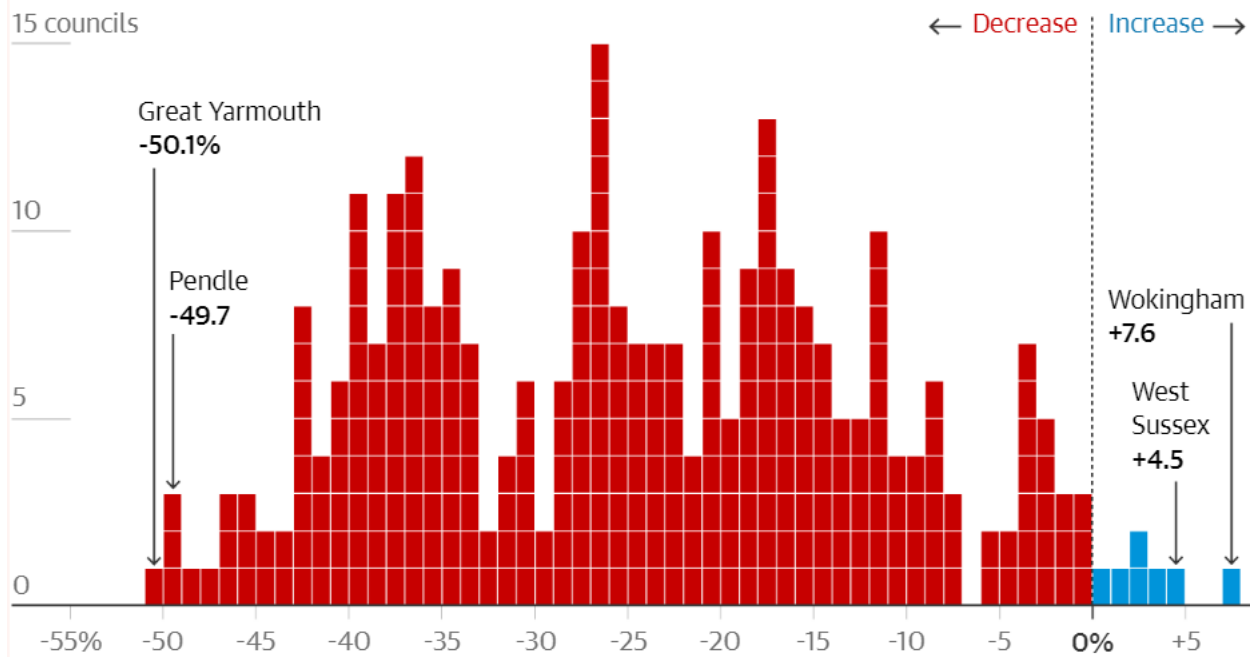
England, worth £600 million. This includes £500 million of new funding for councils with responsibility for adults and children's social care (i.e. not district councils), distributed through the Social Care Grant.

26. Taking into account this new funding, local government as a whole in England will see an increase in Core Spending Power of up to £4.5 billion next year, or 7.5% in cash terms, an above-inflation increase, rising from £60.2 billion in 2023-24 to up to £64.7 billion in 2024-25 according to the figures released as part of that statement.
27. It is highly unusual for Government to announce a second wave of substantial funding in this way and is a direct result of the continuing pressure being placed upon it by the councils who are struggling to cope financially with the greater demands placed upon them.
28. In terms of understanding how these announcements impact on Hastings Borough Council's financial position, it must be remembered that the greatest financial burden for this council is the costs of meeting our statutory homelessness duties. Homelessness costs were not addressed significantly in either of the settlement funding announcements made. The Autumn Statement did announce a temporary increase to Local Housing Allowance rates from April 2024, which whilst welcome is unlikely on its own to significantly address the cost imbalance in the local housing market.
29. Whilst additional funding to the sector as a whole is welcome, regrettably Hastings Borough Council will not see the benefit from the majority of the additional funding as it is being directed to those with responsibility for adult and children's social care responsibilities, which locally is East Sussex County Council.
30. A recent news article in the Guardian (Monday 29 January 2024) highlights the financial struggle that the council has when it comes to central funding and grant determination:

"Institute for Government figures show the core money available to councils after the recently announced extra £600m uplift will still be 10% lower than in 2010-11. Many councils will be even worse off: Great Yarmouth's core spending power more than halved between 2010-11 and 2023-24, followed by Hastings (-49.5%), Hyndburn (-49.5%), and Burnley (-48.3%). These councils are all lower-tier councils with no responsibility for social care but still face pressures on other Services".

Some councils' core budgets have shrunk by half since 2010

Change in core spending power between 2010-11 and 2023-24, England



Institute for Government. Note: lower-tier councils have generally had larger falls in CSP because they do not have responsibility for social care. Excludes councils that have had structural changes

31. The impact of the January announcement on Hastings Borough Council is that the minimum funding guarantee is to be increased by 1% from 3% to 4%. For HBC this amounts to an estimated additional income from the figures included in this report of c.£140k. Even with this additional amount our overall settlement will be less than standstill when taking inflation pressures into account.
32. An extract table from the information provided to Council's around their funding allocations can be found below:

	Core Spending Power	Dwellings As At September 2023 ¹	Core Spending Power per dwelling	Settlement Funding Assessment ²	Compensation for under-indexing the business rates multiplier	Council Tax Requirement excluding parish precepts ³	New Homes Bonus	Funding Guarantee	Core Spending Power	Core Spending Power per dwelling	% change in Core Spending Power from 2023-24 to 2024-25
	£ millions		£	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£	
	2023-24		2023-24	2024-25	2024-25	2024-25	2024-25	2024-25	2024-25	2024-25	
Hastings	14	44,168	318	5.5	0.8	8	0.1	0.3	14.7	333	4.70%

33. According to the figures above Hastings Borough Council has seen an increase in its Core spending Power of 4.7%.

34. However, the Appendix B extract below provides a list of all funding for Hastings as a council and the real change impact from last year to this year's figures.

	2023-24 Projection	2024-25 Projection	£'000 Change from previous year
	£000's	£000's	
From Collection Fund - Council Tax	(7,680)	(7,933)	(253)
2nd Homes Tax	0	(52)	(52)
From Collection Fund - Business Rates	(2,624)	(2,354)	270
Revenue Support Grant	(1,309)	(1,395)	(87)
Lower Tier Services Grant	(154)	(315)	(161)
New Homes Bonus	(16)	(89)	(73)
Council Tax Support Admin Grant	(237)	(237)	0
Housing Benefit Admin Grant	(425)	(437)	(12)
NNDR (Surplus) / Deficit	1,619	1,208	(411)
NNDR Pooling	(80)	(65)	15
Business Rates Section 31 Grant	(3,009)	(2,065)	944
Council Tax Surplus	(207)	(255)	(48)
Contribution To General Fund	(14,121)	(13,989)	132

35. Whilst the government settlement permits the council to increase council tax by up to 2.99%, (historically 1.99% but last year was increased to 2.99%) which is welcomed, this does not go anywhere near solving the funding gap many local authorities, including this one is suffering from.

36. The council receives Revenue Support Grant (RSG) and also retains a percentage of business rates (base line funding level).

37. The RSG amounts to £1.395m in 2024/25 (£1,309m in 2023/24) – and represents an increase of £87k (7%).

38. The council also receives a Lower Tier Services Grant amounting to £315k provided to authorities for services such as homelessness, planning, recycling and refuse collection, and leisure services. For 2024/25 the grant amounts to an increase of £161k (105%).

39. The New Homes Bonus Scheme commenced in April 2011. This is a grant that rewards the building of new houses and for bringing long term empty properties back into use. The sum receivable in 2024/25 amounting to £89k is £73k more than the previous financial year.

40. The Council Tax Base return (CTB 1 in October each year) identifies the number of new properties completed and the number of long term empty properties brought back into use (net). The funding for 2024/25, like that for 2023/24, is a “one-off” with no ongoing legacy payments.

Funding from Business Rates

41. The government launched the Business Rates Retention (BRR) scheme on 1 April 2013 as one of the main forms of local government funding. Instead of a single grant settlement the Council received Revenue Support Grant (RSG) and the Business Rate Baseline Funding level (expressed as Baseline Need). The two figures effectively made up the Settlement Funding Assessment (SFA).

42. Whilst the government calculate a notional business rate figure, they believe each council should collect, ultimately it is the actual level of business rates collected that will determine the total funding actually received for this element of the settlement i.e. the level of RSG was guaranteed throughout the year whilst the business rate element is not.
43. In order to calculate the likely business rate income receivable, account is taken of planning approvals for new commercial buildings and for change of use to residential and an allowance is made for the likely reductions due to successful appeals against rateable values.
44. Businesses see no difference in the way the tax is set. Rate setting powers remain under the control of central government and the revaluation process remains the same – save for a new revaluation (every three years now instead of five – but unclear thereafter). The revaluation scheduled by the government for April 2021 was again postponed.
45. Under the existing scheme 50% of business rates is localised (40% to HBC, 9% ESCC, 1% Fire Authority) through a system of top-ups and tariffs that fix an amount to be paid by high yield authorities and distributed to low yield authorities – this amount being increased (normally) annually by inflation (CPI). Local authorities retain a proportion of all business rate growth or conversely experience a reduction in resources if the business rate base declines. The remaining 50% collected by the council goes to the Government.
46. The 50% central government share is then redistributed through the annual local government settlement process – thus enabling the government to control the overall amount received by local authorities. Where there is disproportionate growth, this will be used to provide a safety net for those authorities experiencing little or negative growth and allow the treasury to top slice business rates income.
47. The changes increase the level of instability in the forecast of resources and the interaction with economic growth or decline will increase the associated risks. A decline in an industry within the borough could result in both a decrease in the business rate base and an increase in the number of Council Tax Support claims.

Business Rates (Non Domestic rates) - Collection Rates

48. As at the end of January 2024, the net amount due for the year amounted to £19,06m. This is £4.4m less than the £23.5m that was originally budgeted for in the 2023/24 Financial Year.
49. Of this £19.06m, £16.7m (89.05%) had been collected by the end of January 2024. This is 5.1% higher than that collected at the same stage last year. In cash terms, using these percentages, this represents £1.1m more than at the same stage as last year.

Business Rates Income – 2024/25

50. The government, after determining the business rates baseline levels back in 2013 included small business rate relief within its own budget proposals - this effectively reduced councils' income. The government is reimbursing authorities for this and other changes it has made over the years.
51. In the 2020 budget the government announced a whole raft of business rate exemptions and discounts for the year. This effectively reduced the level of business rates collectable and has historically resulted in a large deficit on the Collection Fund of £953k. Whilst this

sum has been reimbursed by Section 31 grant monies from the government, the deficit has remained on the fund due to accounting requirements.

52. The rateable value (RV) of business properties at the start of the 2024/25 year is forecast to be £65.2m. However, given the level of appeals, non-payments, and bad debt levels, forecasting income levels for 2024/25 and beyond remains highly challenging.
53. Multiplying the rateable value figure by the rate poundage and after charity and other reliefs the Council would collect some £21.8m in theory of which the Council share is c. 40%.
54. For Hastings however with a government assessed need (Baseline Need) that is lower than the amount the government predicts that that council will retain (Business Rate Baseline) a tariff (the difference) is paid to central government – this amounts to £6.2m in 2024/25.
55. The estimate of the business rate income collected that will be retained by the Council in 2024/25 as a result of entering into the Business rate pool amounts to £2.4m. In addition there is Section 31 money from the government which brings the total expected income from business rates to around £4.5m in total. The split between Section 31 grant monies and direct collection remains variable.
56. The Council will remain in the pooling arrangement within East Sussex for 2024/25 as there is still considered to be a significant benefit.

External funding – Benefit and Council Tax Administration Grant

57. The Benefit Administration Grant amounts to £425k in 2023/24 and the 2024/25 grant is forecast to be £437k. Details of the Council Tax Support Administration Grant receivable in 2024/25 is still awaited (£237k in 2023/24).
58. Discretionary Housing Payments (DHP's) play a vital role in supporting a lot of people affected by the welfare changes. It should also be noted that the Discretionary Housing Payments (DHP's) funding received from the government to assist those in severe financial hardship, is not only covering those with Housing Benefit claims, but also covers those in receipt of Universal Credit. As such the number of referrals from Universal Credit recipients is increasing – and adding an extra layer of administrative complication.

Fees and Charges (Including Car Parking)

59. The council now has limited reserves and remains heavily reliant upon income streams and investment returns to help balance the budget. Given that income streams remain a risk, fees and charges have been kept under careful review and are considered annually against the background of council priorities, the local economy and its needs, and people's ability to pay.
60. A separate report on fees and charges was presented to the cabinet in December 2023, with the recommendation that fees and charges were increased broadly at 10% unless otherwise stated.
61. In that report it included an estimate for the additional revenue that fees and charges being increased would generate, and after detailed budget workings the figure that can be attributed to this is expected to be £344k.

Investment and Borrowing

62. The conditions for borrowing from the Public Works Loan Board (PWLB) have been tightened and do not allow for borrowing where the objective is purely for yield. Whilst alternative borrowing sources to the PWLB can be identified, the costs may be significantly higher and the timescales to obtain funding will be far longer and processes and loan agreements far more involved and time consuming.
63. It is again recommended that the council does not seek to undertake any capital project/scheme purely for yield and thus prevent the council from borrowing from the PWLB.
64. The capital programme (if approved) has seen a significant scaling back as part of the plan to reduce the council's longer term financial commitments and provide a more stable and achievable programme in future years whilst reducing the financial burden in interest payments.
65. The decision at cabinet on the 29 January 2024 to agree to the sale of the land at the Cornwallis site, and the removal of the liability on the council to fund the construction of a new hotel has had a significant impact on the size of the capital programme. The council's borrowing requirements and Treasury Management Strategy would normally be considered at the same time as the budget. However, these will now need to be recalculated in the light of this significant change and will be brought forward instead to a meeting of the Audit Committee, where the discussion can be informed by latest forecasts.
66. The Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR.
67. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.
68. As part of the reductions in capital programme expenditure MRP forecasts and estimates have also been significantly reduced compared to the figures included in the previous Medium Term Financial Strategy (MTFS) forecasts.
69. The latest estimates now show a saving in MRP and borrowing interest payments (previously included in the MTFS) as being a saving of £1.4m in 2024/25 and £3.6m in 2025/26 & 2026/27 respectively. These figures have also been included in Appendix K as these are updated compared to those previously estimated as part of the Savings proposals agreed at council in December 2023.

Budget Assumptions

70. The draft budget contains a number of assumptions and estimates in order to underpin the figures and build-in a prudent amount for changes and fluctuations that are inevitable when trying to predict the future fiscal and economic landscape.
71. Pay awards in the public sector have been much publicised of late, with protracted national negotiations ongoing for large parts of the current financial year. The pay award agreed in 2023/24 for staff was £1,925 (or 3.88% as an equivalent).

72. Given the need to be prudent around where the negotiations could end up in 2024/25, the budget has allowed for a 5% increase in pay award for staff in 2024/25 and then 3% for the subsequent years. This equates to c.£160k per 1% change in 2024/25.
73. The employer's pension contribution rate included in the budget workings for 2024/25 is 21.55%.
74. The budget also includes built-in contractual and general inflation increase estimates of 3% each year. Despite industry experts estimating that inflation and interest rates will start to drop towards the winter of 2024, these are in no way certain due to the political landscape around a general election and economic uncertainty around housing and fuel costs.
75. A further factor for the council to consider is the planned changes in relation to food waste collection. The potential impact that these legislative changes will have on the council's budget and operational team is not fully understood at the time of writing.
76. The Council remains committed to paying the accredited living wage, and the UK Government announced that the minimum wage, also known as National Living Wage, will increase to £11.44 per hour for workers over 21 from April 2024. The minimum wage is currently set at £10.42 per hour for workers over 23, and to £10.18 per hour for workers aged 21-22 of £10.90 per hour.

Universal Credit and Benefit Administration Grant

77. Universal Credit was originally expected to commence in October 2013 in respect of new claims with the transfer of existing claims being completed by 2018/19. The first new claims actually took place in April 2015 but had relatively little impact on the service until the 14 December 2016 when all new claims for those of working age and some change of circumstances transferred to Universal Credit (now partly reversed for some claimants).
78. The Department for Work and Pensions (DWP) continue to provide some additional funding to the Council; this is payable to the Council to meet the additional burdens on dealing with DWP enquiries, complex cases and closing down existing claims.
79. It should also be noted that the Discretionary Housing Payments (DHP's) funding received from the government to assist those in severe financial hardship, is not only covering those with Housing Benefit claims, but also covers those in receipt of Universal Credit. As such the number of referrals from Universal Credit recipients is increasing – and also adding an extra layer of complexity to the Council Tax Support Scheme.

Council Tax Support Scheme

80. In 2013/14 the government paid an upfront grant in respect of council tax support/benefit, leaving the council to fund any "in year" increase in demand. In 2014/15 the Council Tax Support Grant was rolled into the Settlement Funding Assessment and thus effectively decreases in line with the annual reductions in government grant funding. The council determined that the Council Tax Support Scheme would remain the same for 2015/16, 2016/17, 2017/18 and 2018/19. In 2019/20 the council retained 100% support for those most in need but made various changes to the scheme e.g. limiting assistance to the maximum of a Band D equivalent property.
81. It is recommended that the council adopt the existing scheme subject to the determination of allowances being delegated to the Chief Finance Officer in line with prior year practice.

82. The Council Tax Reduction Scheme continues to pose a significant financial risk for the council. The risk being that should claimant numbers increase the additional costs now fall on the council and its preceptors rather than the government. The council will need to continue to retain adequate reserves for this purpose.
83. It is recommended that the council reviews the affordability of the scheme during the early part of 2024/25, as significant levels of consultation and lead in times for software changes are required when amending schemes such as this.

Staffing, Information Technology and Property

84. In order to deliver its priorities, the council not only requires financial resources but also good quality staff, IT, and property. There is only a finite resource available to deliver priorities whether directly by the council or in partnership with others. Service planning is important to ensure that there is sufficient capacity to deliver the corporate plan.
85. The Council's capacity to respond to change, and lead on new initiatives is dependent upon the strengths and abilities of the workforce. The Council has a strategy for workforce development and sufficient funding will be retained within the budget to fully finance the training and development programme.

Grants

86. The Council receives a number of revenue grants each year e.g. New Homes Bonus, Flexible Homelessness Support, Discretionary Housing Payments but has also been very successful in attracting numerous "one off" type grants in the last few years e.g. AFEO fund (Accommodation Fund for Ex Offenders).
87. Regional and European funding successes have been very significant for Hastings in the past. The Council has made further grant applications for very substantial sums of money and will continue to look to attract such funding to Hastings in the years ahead.
88. **Towns Fund** – this is a £3.6bn national initiative focusing on 100 towns of which Hastings is one. The council was invited to submit proposals for a £25m funded grant to aid further transformation and received an offer of £24.3m for the delivery of the investment proposals put forward.
89. **Levelling Up Fund** - The government announced a levelling up Fund worth £4 billion for England for investments in infrastructure.
90. **UK Shared Prosperity Fund (UKSPF)** - The fund is intended to level up and create opportunity across the UK for people and places and could reach up to £1.5billion p.a. to match the loss of receipts from EU structural funds.

Revenue Outturn 2023/24

91. Since determining the budget in February 2023, the Council's budget and its limited resources have continued to be impacted by the effects of homelessness, and other expenditure pressures.
92. The latest forecasts for the current financial year predict an overspend of c.£1.6m, against a net service expenditure budget of £14.9m.

93. As can be seen in the following extract from the latest finance monitoring report there are three main areas of overspend highlighted.

Head of Service Area	2023/24 Budget	2023/24 Forecast Outturn	Variance	Trf to / (Use) of Reserves	2023/24 Outturn Variance
	£	£	£	£	£
Chief Finance Officer / S151 Officer	2,622,200	3,500,764	878,564	0	878,564
Chief Legal Officer / Monitoring Officer	985,990	946,340	(39,650)	0	(39,650)
Commercial Services and Development	931,100	1,021,603	90,503	(115,800)	(25,297)
Community and Regulatory Services	861,830	919,760	57,930	(21,460)	36,470
Environment and Operations	4,990,980	5,243,686	252,706	(186,650)	66,056
Housing	6,426,235	7,247,947	821,712	(9,900)	811,812
People and Business Support	726,050	842,260	116,210	(95,200)	21,010
Strategic Programmes	2,375,080	2,514,640	139,560	150,000	289,560
Property and Commercial Assets Manager	(4,992,890)	(5,342,070)	(349,180)	0	(349,180)
Total Service Expenditure	14,926,575	16,894,931	1,968,356	(279,010)	1,689,346

94. Chief Officer / S151 Officer is forecasting a £878k overspend which is due predominately to underachievement of savings, in particular Housing that were previously built into the budget of £1m.
95. Housing is also forecasting £811k overspend which is due to Homelessness (Temporary Accommodation) despite the number of households in TA remaining broadly stable. The key driver of additional spend has been an increase in provider costs linked to inflation, which had not been previously budgeted for. This has been corrected as part of the budget setting process in 2024/25 to avoid a repeat.
96. Strategic Programmes is forecasting to be £289k overspent which is mainly as a result of reduced income in Development Management and additional costs for Dangerous Structures such as Battle Road.
97. Property and Commercial continue to provide an offsetting financial benefit due to the additional rental income obtained in the financial year.

Capital Expenditure (2023/24)

98. There have been a number of significant amendments proposed as part of this budget report to the capital programme for 2024/25.
99. However, during 2023/24 itself there have been minimal changes to report during the current financial year, although these figures will be revised in light of recent decisions taken at cabinet on 29 January around the deletion of the hotel construction costs from the programme.

Revenue Budget 2024/25

100. Appendix B provides full details of the council's revenue budget, but the total direct service expenditure in 2024/25 is estimated at £17.6m. This compares to an estimated outturn of £16.8m for 2023/24. The total direct expenditure for the council decreases to £16.0m in 2024/25 once Savings (Appendix K) and fees and charges income are included.

101. There has been a considered effort to reduce the demand on the general reserve by proactively using Earmarked Reserves. This is explained in more detail later in this report under the reserves section.
102. Despite allowing for a 2.99% increase in Council Tax and an increase in the Council tax base, as well as including the new proposed Council Tax Premiums, the total funding to be met from Grant and the Collection Fund is estimated at £14.0m (down slightly from £14.1m in 2023/24).
103. A balanced budget can be achieved with the use of £743k of general reserve in 2024/25.
104. As part of this year's budget process reductions of £3.8m have been identified for 2024/25. Please see Appendices K and L for details. A special meeting of the Overview and Scrutiny Committee was held on the 5th February to discuss the budget report. It was suggested there that the savings package agreed at Full Council in December was in danger of not being delivered. In fact, the changes made to Appendix K since December are as a result of reprofiling of some savings over a longer period, and so for example the Transformation savings agreed in December will be achieved over five years rather than three, and additional income being identified (so for example £224k more for fees and charges in 24/25, and £6.8m more from capital programme savings over the next three years). The overall impact of these revisions is significantly beneficial to the council's overall financial position.
105. Priority continues to require the council to concentrate on achieving the savings identified in the PIER process as listed in Appendix K. In addition, it will be important to the council's financial sustainability to enhance and preserve existing income streams, continue with asset sales, recovery of debt, and renegotiating contracts for more favourable terms wherever possible.
106. The PIER process will continue in 2024/25 and the immediate priority will involve understanding the profile and confidence levels in savings forecasts as well as making a decision on what operational financial restrictions may be required into the new financial year.

Budget 2024/25 and beyond

107. The Local Government Settlement in December provided funding details for 2024/25 only. Based on the current assumption of no new monies being available to District Councils overall, the following section makes a best estimate of future budget shortfalls.
108. The future projections are identified in more detail in Appendix B. These estimates assume savings will be achieved in full and expenditure does not increase beyond inflation (except where separately identified). These projections are refined as and when more information is available.

Council Tax & Council Tax Premiums (Empty Homes & Second Homes)

109. As at the end of December 2023, the net amount due for the year amounted to £61.0m and £58.9m (96.5%) had been collected. This was 5.3% more than that collected at the same stage last year and is some 6.1% above the 2021/22 levels.
110. The tax base for 2024/25 has been recalculated and is some 2% higher than 2023/24 as a result of projected additional new properties. The effect is to increase the tax base from 26,473 to 26,728 (an increase worth £306,000 p.a. to HBC).

111. It is again open to the council to increase council tax for 2024/25. One percent on the council tax will equate to around £75,000 of additional income for this Council on the revised tax base.
112. For 2024/25 the government have announced a shire district or borough council can increase council tax by up to 2.99%, or up to and including £5, whichever is the higher. If higher than this the council would be required to hold a referendum.
113. The figures in the appendices (Appendix C available at budget council) show an indicative 2.99% increase for Hastings BC, a 4.99% increase for ESCC, £5 for the Fire Authority and a £15 increase for the Police and Crime Commissioner. (The actual increases will be advised by the respective authorities in due course).
114. Council Tax is at £290.09 p.a. (Band D – Hastings BC element) and a 2.99% increase for 2024/25 would take this to £298.76 p.a. This is a £8.67 per annum increase for a Band D property – a 17p per week increase (in respect of the Hastings Borough Council element).
115. The Council will also be recommended to change the council's approach in respect of certain discretionary areas within council tax legislation.
116. In the main, the changes will take effect from 1 April 2024, however the introduction of the Levelling Up and Regeneration Act 2023 will allow the council to make further amendments to the levying of council tax premiums within the town with effect from both 1 April 2024 and 1 April 2025. Full details are provided in Appendix I.
117. The changes are provided by the Levelling Up and Regeneration Act 2023 which has recently received Royal Assent. The changes within the Act essentially fall into two distinct parts namely:
- (a) To bring forward the period from two years to one year when an unoccupied and substantially unfurnished dwelling (empty dwelling) can be charged a premium of 100%. All other empty dwelling premiums remains unchanged, namely:
 - A premium of 200% where dwelling has remained empty for a period of 5 years or more;
 - A premium of 300% where dwelling has remained empty for a period of 10 years or more; and
 - (b) To enable the charging of a 100% premium for any dwellings which are:
 - No one's sole or main residence; and
 - Substantially furnished.
118. When determining its policy, each billing authority has to decide the level of discount (if any) to be granted and the amounts (percentage) of any premium by the 31 March prior to the financial year in which it wants to introduce the changes.
119. Where a change is proposed, there is a requirement to determine the level of any premium and a decision is now required to be made by full Council under Section 11A, 11B and the new 11C of the Local Government Finance Act 1992.
120. The proposed changes if agreed would be expected to generate additional income for the Council (along with the preceptors East Sussex County Council, East Sussex Fire &

Rescue Service and the Police). All preceptors have been consulted and agree with the proposal as part of this process.

121. Hastings' share of the estimated additional income is listed in Appendix I over the lifetime of the MTFs, however for ease of reference the sums that would be generated for the next two financial years are £52k (2024/25) and £178k (2025/26) respectively.
122. In line with the legislation, if the recommendations are accepted by Budget Council, details of the resolution would be published in at least one local newspaper within 21 days of the decision.
123. Officers are therefore recommending that these proposals are agreed as outlined, and for the reasons provided in Appendix I.

Asset Sales - Capital Receipts

124. The council will continue with its strategic plan for its assets. As a result it will continue to consider if there are options other than outright disposal that might generate revenue income and/or address strategic housing or economic priorities.
125. As ever it remains imperative that the council maximises its capital receipts. These will be invested directly or used to finance borrowing (thus avoiding borrowing costs). Failure to maximise these may necessitate curtailment of the ambitious capital programme given the costs of borrowing.
126. The additional costs of borrowing fall directly on the revenue account in terms of interest payments and annual contributions towards the repayment of the principal (i.e. Minimum Revenue Provision (MRP)). If there are Invest to Save efficiencies, then these costs may be offset. Appendix F identifies the capital financing/borrowing requirement over the life of the capital programme.
127. Amendments to Financial Rules and Financial Operating Procedures were agreed at full council in February 2020 to ensure that where a capital scheme involves a net increase in revenue costs to the council or where any guarantee is to be provided which does, or could, incur costs for the council, such decisions are now made by full council.
128. The council has been proactive at bringing forward asset sale proposals during the current financial year to reduce the financial pressures around borrowing costs. Details of the expected capital receipts are listed in Appendix G and is estimated to potentially generate c.£4.6m in 2024/25.

Capital Programme and Borrowing

129. The capital programme is detailed in Appendix E. The gross capital programme spend for 2023/24 is now estimated to be some £17.07m (Original budget £22.3m).
130. For 2024/25 there have been significant and welcome financial relief after reductions in the estimated capital programme budget.
131. The combination of anticipated additional capital receipts from asset sales coupled with reduced expenditure for schemes such as Cornwallis and Mayfield E sites have reduced the capital financing and borrowing requirements substantially.

132. The draft capital programme shows the status of the schemes
c denotes schemes which are committed
n denotes schemes that are new
133. Should the council seek to make any amendments including any additional new schemes, then with a proper business case to support any additional borrowing requirements, the Council's Treasury Management Strategy and the Capital Strategy will need to be further reviewed and approved by full council.
134. The borrowing limits and prudential indicators can only be determined by full council. This can take place at any time throughout the financial year if necessary and as has already been noted previously within this report the strategies will need to be updated to reflect the substantial reductions in the capital programme.

Investment in Council Assets

135. In protecting the economic vitality of the town, it remains important to maintain the council's commercial estate in order to maximise occupancy rate and to support the local economy as far as possible. In doing so the council will be in a position to take advantage of any sustained upturn in the economy in the future.
136. The council's Renewals and Repairs Fund is reviewed on a regular basis in order to ensure sufficient resources are available to fund necessary works. Planned maintenance is normally cheaper in the long term than reactive maintenance.
137. As part of the savings proposals it was agreed to reduce the contributions to the reserve for a period of three years which will add additional pressure on the assets. This will be offset by the introduction of an Asset Maintenance reserve which will have additional contributions for each asset identified through any additional income received over and above costs of running that particular service or Asset.

Reserves

138. The Local Government Act 2003 (Part 2) requires the Chief Finance Officer to report on the adequacy of the proposed financial reserves, and determine the minimum level required when setting the annual budget. There is no statutory minimum requirement, but reserves must be set at a prudent level given the activities of individual councils and potential liabilities that they face or may face in the future i.e. a risk based approach.
139. The strategic reasons for holding reserves are:-
- a. A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
 - b. A contingency to cushion the impact of unexpected events or emergencies
 - c. A means of building up funds to meet known or potential liabilities (provisions are used for liabilities with uncertain timings or amounts). Such reserves are referred to as Earmarked reserves.
 - d. To assist in the transition to a lower spending council
 - e. To provide the council with some resources in future years to meet elements of the council's capital programme that can not be capitalised e.g. feasibility studies.
140. As part of the continued commitment to become more financially resilient and to extensively review all areas of finance including the council's reserves, a number of changes and revisions have been proposed.

141. The Repairs and Renewals reserve will focus primarily on Health and Safety matters for the next three years and as a result the reserve will have reduced contributions (as agreed as part of the budget savings process).
142. This will also allow a new reserve to be created and developed around the maintenance of the councils assets as part of the new Asset Management Strategy and this will be in conjunction with a fees and charges strategy that aims to incorporate costs in a more transparent way.
143. There are also proposed changes to the IT reserve to allow for business case approach for all projects (which aligns with other areas of the organisation) and will link in with an IT strategy which in turn is linked to the new Corporate Plan and new operating model when agreed.
144. The General Reserve Balance is predicted to be £6.8m (2023/24), £6.05m (2024/25), £6.5m (2025/26) & £5.72m (2026/27). This is a considerably improved position than that which was included in the latest previous MTFS forecasts and was aided by the savings agreed in December 2023 (detailed in Appendix K).
145. The Earmarked Reserves will be subject to a full annual review as part of the previously agreed new Reserves Policy to ensure that allocations are still relevant and adequate for the councils corporate priorities and plan.

Climate Change

146. The council has made major commitments on climate change and the budget supports the objectives set out in the Corporate Plan to achieve this. Projects contained within the capital programme will need to support and comply with council policies and objectives as a minimum and will be assessed on their merits when considered by council.
147. It is expected that the council's plans, policies, and objectives in this area will make greater calls on the available resources in the future.

Equalities and Community Cohesiveness

148. The equalities implications of the proposals are included in Appendix L. Councillors are reminded that they are under a duty to give due regard to considerations of equality when making decisions regarding the Budget and Corporate Plan, (Equality Act 2010).

Risk Management

149. Numerous risks are highlighted in this report, and further comment is made below.
150. The council must seek to identify further opportunities for contract savings, plus identify, investigate, and implement efficiencies, identify income generation opportunities, and ensure that potential savings are monitored and achieved. Where services are overspending, rapid action must be taken in year to ensure that costs are contained within overall budgets. The luxury of having reserves available to cover such costs has substantially reduced.
151. The council maintains risk registers for corporate risks and for individual services. These must be updated and reviewed on a more regular basis and steps taken to mitigate the risks wherever possible and practical. The transition to a council with fewer staff and resources poses additional risks.

Key financial risks to the Council in future years include:-

- (i) Business rates continue to present real uncertainties. Volatility in income streams arising from both local and national economic pressures, the level of successful rating appeals, and the collection rates achieved.
- (ii) **Income**
The council has been seeking to grow its income streams over the last few years. Attention has moved to housing acquisition given the need to reduce homelessness costs. Codes of Practice surrounding Treasury Management prevent the use of borrowing purely for yield.
- (iii) **Existing Services - Increased Demand**
Increased demand for public services – homelessness and temporary accommodation costs among others pose a significant risk to budget forecasts. It therefore remains of critical importance that budget managers retain sufficient capacity to manage their services and the budgets delegated to them when new initiatives are being implemented. Careful monitoring and regular review of existing initiatives is also required e.g. social lettings agency, energy, temporary accommodation, refugee schemes, housing company, etc. Each of these has financial repercussions if business plan objectives are not achieved.

Sufficient oversight and review must be maintained on existing high priority services and areas where demand is increasing.

- (iv) **Staffing / Knowledge Management.** The loss of key staff through early retirement or redundancy. The impacts on remaining staff can be significant. Likewise, the impact of illness on a smaller organisation can be more acute.
- (v) **Welfare Reform (Universal Credit and Council Tax Support).** There is a significant financial risk of increased Council Tax support payments being made in the year should the economy falter– the financing risk would normally fall wholly on the council.

The council is not proposing any change to the scheme for 2024/25 but should consider options in the future.

- (v) **Restructuring / Transformation Costs.** In order to make savings of the size still required , the council will need to consider what services it can provide and to what level for the areas outlined in Appendix K. In order to support that work and transition to a new way of working there needs to be sufficient resources set aside in order to achieve that outcome including financial as well as resourcing appropriately.
- (vi) **PIER Savings** - the identification of new, and realisation of already identified, savings will be critical for the council to achieve a sustainable budget in the future.
- (viii) **Treasury Management** – borrowing costs, investment security and level of returns. The management of the council's debt portfolio and its assets becomes increasingly important.
- (ix) **Potential Liabilities**

- (i) **Business Rate Valuations/ Appeals** – The Valuation Office Agency (VOA) continue to work through appeals. The figures can be very large when they are backdated, and the council is having to make provisions for up to 5 years.
- (x) **New Legislation** – changes in the Housing Act, changes in the Waste Directive on recycling targets, for example, are all likely to impact on the council’s activities over the next few years.’
- (xi) **Asset Disposals** – the identification and sale of surplus or underperforming assets remains crucial to funding the capital programme and minimising revenue costs and will be key to the Asset Management Strategy moving forwards.
- (xiii) **Contract Awards** – The council does rely on external service providers; it is particularly reliant on external IT and software companies. Effective due diligence in the award of contracts remains critical to the effective provision of council services and the absolute need to meet Climate Change targets.

Economic/ Financial Implications

- 152. The economic regeneration of the town remains a key priority for the council, and the Towns Fund and Levelling Up programmes can play a significant role in achieving the ambitious objectives in these challenging times. The ability to work with partners to help stimulate the local economy continues but could be seriously impacted in the future with any reductions in our funding.
- 153. The budget strategy continues to identify the risks of reduced funding levels from government for the next few years. Income streams are being re-profiled but remain at significant risk. There are additional demand and cost pressures in terms of homelessness, volatility on business rates, and contract inflation and wage settlements.

Organisational Consequences

- 154. There will inevitably be organisational consequences from time to time as savings must be made and staff redirected to other priorities. The review process continues given the substantial savings the council is required to make and the uncertainty that still surrounds future funding, and the demand pressures on services. The council seeks to minimise the employment impact wherever possible through redeployment and voluntary severance.

Anti-Poverty

- 155. The recommendation to council is that the Council Tax Support scheme remains unchanged save for the updating of allowances/deduction in line with national changes. The draft scheme continues to provide 100% support for those claimants most in need and hence helps to protect some of the more vulnerable households in the community.
- 156. The council has numerous projects and programmes included within the budget that seek to help and address poverty within the borough. The capital programme and bids for external funding are largely targeted towards sustainable economic development, regeneration, housing, and renewable energy – in support of the current corporate plan to address the pressing needs within the borough.

Consultation

- 157. A decision has been made to delay revising of the Corporate Plan until after the local elections in May 2024.

158. A consultation exercise was however carried in December 2023 to inform the decisions council made at its meeting in December 2023. The savings agreed then are set out in Appendix K, together with a number of revisions and updates made since then. Appendix K highlights the difference between the figures agreed previously and the updated figures.
159. The full Council meets to set the budget on 21 February 2024.

Timetable of Next Steps

Action	Key milestone	Due date (provisional)	Responsible
Budget Overview and Scrutiny		5 February 2024	Chief Finance Officer
Budget Cabinet		12 February 2024	Chief Finance Officer
Budget Council		21 February 2024	Lead Member for Finance / Chief Finance Officer

Wards Affected

Ashdown, Baird, Braybrooke, Castle, Central St. Leonards, Conquest, Gensing, Hollington, Maze Hill, Old Hastings, Ore, Silverhill, St. Helens, Tressell, West St. Leonards, Wishing Tree

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues & Climate Change	Yes
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	Yes
Local People's Views	Yes
Anti-Poverty	Yes
Legal	No

Additional Information

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Appendix B –	Forward Revenue Plan
Appendix C –	Council Tax & Business Rates
Appendix D -	Interest, MRP and Contribution to Reserves
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Officer to Contact

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Budget - DRAFT

2024-2025



Financial Services
www.hastings.gov.uk

Appendices to Budget Report

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Revenue Budget Forward Plan

Revenue Budget Forward Plan	2023-24 Projection £000's	2024-25 Projection £000's	2025-26 Projection £000's	2026-27 Projection £000's	2027-28 Projection £000's
Direct Service Expenditure	17,077	17,671	18,201	18,747	19,310
Less Planned Savings					
Additional Growth Items	0	0	300	300	300
Identified Savings / Reductions (Appendix K)	0	(1,266)	(2,820)	(1,688)	(1,688)
Fees and Charges		(344)	(289)	(208)	(208)
Direct Service Expenditure (Net)	17,077	16,061	15,392	17,151	17,713
Funding Commitments:-					
Other:					
Contingency Provision	0	300	300	300	300
Gross Interest Payable	2,435	1,817	1,817	1,817	1,817
Gross Interest Received	(1,330)	(1,300)	(1,300)	(1,300)	(1,300)
Minimum Revenue Provision (excl. Inc Gen Adj)	904	966	1,021	1,125	1,179
Contribution to Reserves	760	607	607	607	657
Use of Earmarked Reserves	(4,094)	(3,665)	(3,743)	(3,577)	(3,037)
Net Council Expenditure	15,752	14,786	14,093	16,122	17,329
Taxbase	26,473	26,728	27,062	27,400	27,743
Council Tax	290.09	298.76	307.69	316.89	326.37
Funding					
From Collection Fund - Council Tax	(7,680)	(7,933)	(8,327)	(8,683)	(9,054)
Council Tax - Additional Premiums	0	(52)	(178)	(183)	(188)
From Collection Fund - Business Rates	(2,624)	(2,354)	(2,401)	(2,449)	(2,498)
Revenue Support Grant	(1,309)	(1,395)	(1,300)	(1,300)	(1,300)
Lower Tier Services Grant	(154)	(315)	0	0	0
New Homes Bonus	(16)	(89)	(89)	(89)	(89)
Council Tax Support Admin Grant	(237)	(237)	(237)	(237)	(237)
Housing Benefit Admin Grant	(425)	(437)	(437)	(437)	(437)
NNDR (Surplus) / Deficit	1,619	1,208	0	0	0
NNDR Pooling	(80)	(65)	(65)	(65)	(65)
Business Rates Section 31 Grant	(3,009)	(2,065)	(1,500)	(1,530)	(1,561)
Council Tax Surplus	(207)	(255)	(255)	(255)	(255)
Contribution To General Fund	(14,121)	(13,989)	(14,789)	(15,228)	(15,685)
Funding Shortfall / (Surplus)	1,630	796	(695)	894	1,645
(Use of) / Trf to General Reserve	(1,630)	(796)	695	(894)	(1,645)
Net Funding Shortfall / (Surplus)	0	0	0	0	0
General Reserve Balance (31st March)	6,793	5,997	6,692	5,798	4,154

COUNCIL TAX

<u>2023-2024</u>			<u>2024-2025</u>			
Total £	Band D £		Total £	Band D £	Increase %	
13,996,595		Budget requirement	14,809,485			
(1,308,581)		Revenue Support Grant	(1,395,256)			
(156,974)		Council Tax Administration Support Grant	(236,560)			
(16,240)		New Homes Bonus	(88,534)			
1,412,466		Collection Fund (Surplus) / Deficit	953,052			
(3,417,819)		Other non-ring fenced grants	(3,702,706)			
(2,829,894)		Retained Business Rates	(2,354,223)			
7,679,553	290.09	Borough Council Tax	7,985,257	298.76	2.99%	8.67
44,840,476	1,693.80	County Council Precept	47,530,954	1,778.32	4.99%	84.52
2,763,018	104.37	Fire Authority Precept	2,923,241	109.37	4.79%	5.00
6,351,209	239.91	Police and Crime Commissioner Precept	6,759,778	252.91	5.42%	13.00
61,634,256	2,328.17	Total Council Tax	65,199,231	2,439.36	4.78%	
	26,473	Council Taxbase at Band D		26,728		

TABLE OF COUNCIL TAX BANDS AND AMOUNTS :

<u>2023-2024</u>		<i>Relationship to Band D</i>	<i>East Sussex County Council</i>	<i>Police and Crime Commissioner</i>	<i>East Sussex Fire Authority</i>	<i>Hastings Borough Council</i>	<u>2024-2025</u>	
<i>Total Amount</i>	<i>Band and Value</i>						<i>Total Amount</i>	
£1,552.11	A - up to £40,000	6 / 9	£1,185.55	£168.61	£72.91	£199.17	£1,626.24	
£1,810.81	B - £40,001 up to £52,000	7 / 9	£1,383.14	£196.71	£85.07	£232.37	£1,897.29	
£2,069.48	C - £52,001 up to £68,000	8 / 9	£1,580.73	£224.81	£97.22	£265.56	£2,168.32	
£2,328.17	D - £68,001 up to £88,000	-	£1,778.32	£252.91	£109.37	£298.76	£2,439.36	
£2,845.53	E - £88,001 up to £120,000	11 / 9	£2,173.50	£309.11	£133.67	£365.15	£2,981.43	
£3,362.92	F - £120,001 up to £160,000	13 / 9	£2,568.69	£365.31	£157.98	£431.54	£3,523.52	
£3,880.28	G - £160,001 up to £320,000	15 / 9	£2,963.87	£421.52	£182.28	£497.93	£4,065.60	
£4,656.34	H - over £320,000	18 / 9	£3,556.64	£505.82	£218.74	£597.52	£4,878.72	
44,024	Number of properties on Council Tax Banding List						44,168	
£26,473	Each £1 of Council Tax at Band D will raise						£26,728	

Appendix C (continued)

1. BUSINESS RATES BASELINE

	Budget 2023-24 Amount £	Revised Budget 2023-24 Amount £	Budget 2024-25 Amount £
NNDR Income			
Gross rateable value	66,424,683	65,220,618	65,220,618
Small business multiplier	49.9	49.9	49.9
Gross rates receivable	<u>33,145,917</u>	<u>32,545,088</u>	<u>32,545,088</u>
Reliefs and allowances for bad debt and appeals	<u>(9,520,088)</u>	<u>(10,015,779)</u>	<u>(10,617,636)</u>
Net rates less losses	23,625,829	22,529,309	21,927,452
Cost of Collection allowance	<u>(150,464)</u>	<u>(130,470)</u>	<u>(106,836)</u>
NNDR Income	<u>23,475,365</u>	<u>22,398,839</u>	<u>21,820,616</u>
Hastings BC Share (40%)	9,390,146	8,959,536	8,728,247
Tariff Calculation			
Business Rates Baseline for HBC	10,137,291	10,137,291	10,356,208
DCLG calculation of baseline funding level	3,962,452	3,962,452	4,112,334
Adjustment for Revised budget	0	0	0
Tariff	<u>6,174,839</u>	<u>6,174,839</u>	<u>6,243,874</u>
Levy calculation			
Total income	9,390,146	8,959,536	8,728,247
Add 50% small business relief	1,145,131	1,121,931	1,089,937
Add reliefs attracting Section 31 grant	372,841	376,791	798,324
Adjusted income	<u>10,908,118</u>	<u>10,458,258</u>	<u>10,616,508</u>
Less Tariff	<u>(6,174,839)</u>	<u>(6,174,839)</u>	<u>(6,243,874)</u>
	4,733,279	4,283,419	4,372,634
Baseline funding level	<u>(3,962,452)</u>	<u>(3,962,452)</u>	<u>(4,112,334)</u>
Growth	<u>770,827</u>	<u>320,967</u>	<u>260,300</u>
Levy payable (50%)	<u>385,413</u>	<u>160,483</u>	<u>130,150</u>
Pooling income (50% of levy / additional pool share)	<u>(192,707)</u>	<u>(80,242)</u>	<u>(65,075)</u>
Safety Net calculation			
Baseline funding level	3,962,452	3,962,452	4,112,334
Threshold (92.5% of baseline funding level)	3,665,268	3,665,268	3,803,909
Adjusted income less Tariff	4,733,279	4,283,419	4,372,634
Difference	<u>1,068,011</u>	<u>618,151</u>	<u>568,725</u>
Safety Net receivable	0	0	0
Business Rates Collection			
Business Rates precept	9,390,146	8,959,536	8,728,247
Tariff	(6,174,839)	(6,174,839)	(6,243,874)
Levy	(385,413)	(160,483)	(130,150)
Safety Net	0	0	0
Net Business Rates collection	<u>2,829,894</u>	<u>2,624,214</u>	<u>2,354,223</u>
Section 31 income	2,645,426	3,010,547	2,064,910

2. COLLECTION FUND

	2023-24 Original Budget £	2023-24 Revised Budget £	2024-25 Estimate Budget £
Council Tax (Surplus) / Deficit	(206,799)	(206,799)	(254,831)
Non Domestic Rates (Surplus) / Deficit	1,619,265	1,619,265	1,207,883
Total Collection Fund (Surplus) / Deficit	1,412,466	1,412,466	953,052

Council Tax – Overall

The Council is recommended to resolve as follows:

- 1 It be noted that the Council has calculated the Council Tax Base 2024/25 for the whole Council area as 26,728 [Item T in the formula is Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]
- 2 Calculate that the Council Tax requirement for the Council's own purposes for 2023/24 is £7,985,257
- 3 That the following amounts be calculated for the year 2023/24 in accordance with Sections 31 to 36 of the Act:
 - (a) 77,127,966 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils
 - (b) 69,142,709 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act
 - (c) 7,985,257 Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act)
 - (d) 298.76 Being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year
 - (e) £0 Being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act
 - (f) 298.76 Being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates
- 4 To note that the County Council, the Police and Crime Commissioner and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.
- 5 That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2023/24 for each part of its area and for each of the categories of dwellings.

	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Hastings Borough Council	199.17	232.37	265.56	298.76	365.15	431.54	497.93	597.52
East Sussex County Council (Including Adult Social Care)	1,185.55	1,383.14	1,580.73	1,778.32	2,173.50	2,568.69	2,963.87	3,556.64
East Sussex Fire Authority	72.91	85.07	97.22	109.37	133.67	157.98	182.28	218.74
Police and Crime	168.61	196.71	224.81	252.91	309.11	365.31	421.52	505.82
Aggregate of Council Tax Requirement	1,626.24	1,897.29	2,168.32	2,439.36	2,981.43	3,523.52	4,065.60	4,878.72

- 6 The Council's basic amount of Council Tax for 2024/25 is not excessive as determined in accordance with principles approved under Section 52ZB Local Government Finance Act 1992. To be deemed excessive the Borough's Council Tax would need to be increased by 3%, or more than 3%, and also more than £5 in 2024/25

**INTEREST, MINIMUM REVENUE PROVISION &
CONTRIBUTIONS TO RESERVES**

Appendix D

	2023-24 Original Budget £000's	2023-24 Forecast Outturn £000's	2024-25 Original Budget £000's
Net Interest Payments	1,537	1,105	515
Contributions to Reserves	0	760	607
Minimum Revenue Provision (Statutory provision for principal repayment arising from borrowing requirement)	945	904	966
Total	2,482	2,769	2,088
Interest			
Gross Interest Payable	2,436	2,435	1,815
Gross Interest Received	(899)	(1,330)	(1,300)
	1,537	1,105	515

Capital Programme

Scheme Cost Code	Scheme Ref.	Scheme	Class	Total Gross Cost £'000	Profile of Council Net Cost					Subsequent Years £'000		
					Total Net Cost £'000	Before 31.3.23 £'000	2023/24 £'000	Adjusted 2023/24 £'000	2024/25 £'000		2025/26 £,000	2026/27 £,000
71229	H15	Empty Homes Strategy - CPO	c	150	150	100	0	50	0	0	0	0
71231	RP04	Restoration Pelham Crescent/ Pelham Arcade	c	1,040	436	296	100	0	140	0	0	0
71232	RP16	Road at Pelham Arcade	c	1,416	465	11	20	20	200	234	0	0
71240	RP11	Groyne Refurbishment	c	140	140	0	35	35	35	35	35	0
71253	CR-19	Conversion of 12/13 York Buildings	c	1,011	948	921	74	27	0	0	0	0
71256	OS06	Energy - Solar Panels	c	1,700	1,700	62	500	500	500	638	0	0
71258	OS4	Buckshole Reservoir	c	1,375	465	422	0	43	0	0	0	0
71259	CR-22	Priory Meadow Contribution to Capital Works	c	912	912	162	288	250	250	250	0	0
71265	OS12	Priory Street Multi Storey Car Park	c	1,545	1,545	145	0	0	0	0	0	1,400
71267	OS07	Energy Generation - Unallocated	c	4,300	4,300	0	2,300	500	1,000	1,800	1,000	0
71273	CR-27	Development / Furbishment of Lacuna Place	c	9,612	9,585	9,471	0	114	0	0	0	0
71275	CR-29	Cornwallis Street Development	c	592	592	320	8,272	272	0	0	0	0
71276	CR-30	Harold Place Restaurant Devt	c	89	80	59	0	1	20	0	0	0
71280	OS16	Priory Street Works	c	140	140	99	0	41	0	0	0	0
71291	OS34	TFC - Enterprise & employment infrastructure	c	117	0	0	0	0	0	0	0	0
71292	OS64	TFC - Green low carbon skills & economy	c	1,375	0	0	0	0	0	0	0	0
71293	OS35	TFC - Hastings Castle world heritage destination	c	611	0	0	0	0	0	0	0	0
71294	OS36	TFC - Town to sea creative quarter	c	2,123	0	0	0	0	0	0	0	0
71295	OS37	TFC - Town centre core	c	853	0	0	0	0	0	0	0	0
71296	OS38	TFC - Town centre public realm & green connections	c	866	0	0	0	0	0	0	0	0
71297	OS39	TFC - Town living	c	129	0	0	0	0	0	0	0	0
71298	OS65	TFC - Source/Courtyard Lift	c	65	0	0	0	0	0	0	0	0
71300	OS66	UK Shared Prosperity Fund (Capital)	c	40	0	0	0	0	0	0	0	0
71301	OS49	Grounds Maintenance Equipment	c	626	626	0	626	626	0	0	0	0
71302	OS50	Roof refurbishment Programme	c	1,700	1,700	0	700	0	700	500	500	0
71303	OS58	Cliff Railways	c	1,000	774	0	1,000	774	0	0	0	0
71304	OS63	Housing Acquisition Programme	c	11,865	9,492	0	4,746	4,746	4,746	0	0	0
71306	OS64	Bexhill Road Retail Park	c	238	238	0	0	238	0	0	0	0
71307	OS64	Food Waste Collection	n	821	0	0	0	0	0	0	0	0
71308	OS64	IT Upgrade Programme	n	600	600	0	0	0	200	200	200	0
				47,052	34,888	#####	18,661	8,237	7,791	3,657	1,735	1,400
		Schemes Already Committed	c	45,630	34,288	12,068	18,661	8,237	7,591	3,457	1,535	1,400
		Schemes Uncommitted	u	0	0	0	0	0	0	0	0	0
		New Schemes	n	1,421	600	0	0	0	200	200	200	0
		Total Capital Expenditure		47,052	34,888	12,068	18,661	8,237	7,791	3,657	1,735	1,400

Capital Programme

Appendix E (continued)

Scheme Ref	Cost Code	Description	Total Budget £'000	Before 31.3.23 £'000	Carry Forwards / £'000	Original Budget £'000	2023/24 Spend to	Revised 23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	Subsequent Years £'000	
H07	71227	Private Sector Renewal Support											
		<u>Funding Source</u>											
		Council	Property grants to bring conditions up to minimum standards. Regional Housing Board Grant+ LEP funding of £46K. Received £52k repayable renovation grant for 30 Park View	0	0	0	0	0	0	0	0	0	0
		Other		71	47	1	0	1	1	7	8	8	0
		<u>Total Funding</u>	71	47	1	0	1	1	7	8	8	0	
H08	71228	Disabled Facilities Grant											
		<u>Funding Source</u>											
		Council	Ring Fenced Scheme so the Budget will be adjusted to the actual spend at the year end & will be c/f into the New year - as such there will be no variance at the end of the F/Y.	0	0	0	0	0	0	0	0	0	0
		Other		16,367	6,087	0	2,056	1,173	2,056	2,056	2,056	2,056	2,056
		<u>Total Funding</u>	16,367	6,087	0	2,056	1,173	2,056	2,056	2,056	2,056	2,056	
H15	71229	Empty Homes Strategy - CPO											
		<u>Funding Source</u>											
		Council	Rolling programme of purchases and disposals	150	100	50	0	0	50	0	0	0	0
		Other		0	0	0	0	0	0	0	0	0	0
		<u>Total Funding</u>	150	100	50	0	0	50	0	0	0	0	
RP04	71231	Restoration Pelham Crescent/ Pelham Arcade											
		<u>Funding Source</u>											
		Council	The final phases of the restoration of the timber and glazed roof lantern and historic frontages to Pelham Arcade. The last substantial unit at 9-11 Pelham Arcade is now coming forward for a restoration grant. The remaining small units can be swept up in the following years to complete the scheme.	436	296	-100	100	0	0	140	0	0	0
		Other		604	294	-230	250	0	20	290	0	0	0
		<u>Total Funding</u>	1,040	590	-330	350	0	20	430	0	0	0	
RP16	71232	Road at Pelham Arcade											
		<u>Funding Source</u>											
		Council	Road above Pelham Arcade - Freeholder Contributions & Historic England	465	11	0	20	0	20	200	234	0	0
		Other		951	42	0	40	0	40	500	369	0	0
		<u>Total Funding</u>	1,416	53	0	60	0	60	700	603	0	0	
RP11	71240	Groyne Refurbishment											
		<u>Funding Source</u>											
		Council	To maintain Beach and Groynes	140	0	0	35	0	35	35	35	35	0
		Other		0	0	0	0	0	0	0	0	0	0
		<u>Total Funding</u>	140	0	0	35	0	35	35	35	35	0	
ES35	71241	Work on Harbour Arm and New Groynes											
		<u>Funding Source</u>											
		Council	Coastal Protection – FDGIA Funding for sea defence works. 10/10/2022 - Any underspend will need to be c/f to 23/24 as this budget is ring-fenced flood defence in aid funding.	0	0	0	0	0	0	0	0	0	0
		Other	Contribution from DEFRA/EA	2,965	2,731	234	0	10	234	0	0	0	0
		<u>Total Funding</u>	2,965	2,731	234	0	10	234	0	0	0	0	
ES37	71249	Playgrounds Upgrade Programme											
		<u>Funding Source</u>											
		Council	Hare Way, Mare Bay, Highwater View, Bexhill Road and other play spaces contribution to upgrades. S106 & Capital Receipts. Future years includes Youth Centre?	122	122	0	0	0	0	0	0	0	0
		Other		183	139	44	0	0	44	0	0	0	0
		<u>Total Funding</u>	305	261	44	0	0	44	0	0	0	0	
CR-19	71253	Conversion of 12/13 York Buildings											

Capital Programme

Appendix E (continued)

Scheme Ref	Cost Code	Description	Total Budget	Before 31.3.23	Carry Forwards /	Original Budget	2023/24 Spend to	Revised 23/24	24/25	25/26	26/27	Subsequent Years
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<u>Funding Source</u>											
	Council	Conversion of the upper floors of this grade 2 listed building to six flats	948	921	-47	74	27	27	0	0	0	0
	Other		63	63	0	0	0	0	0	0	0	0
	<u>Total Funding</u>		1,011	984	-47	74	27	27	0	0	0	0
OS06	71256	Energy - Solar Panels										
	<u>Funding Source</u>											
	Council	Solar Panels on non-domestic rooftops within the borough	1,700	62	0	500	0	500	500	638	0	0
	Other		0	0	0	0	0	0	0	0	0	0
	<u>Total Funding</u>		1,700	62	0	500	0	500	500	638	0	0
OS4	71258	Buckshole Reservoir										
	<u>Funding Source</u>											
	Council	Statutory Protection Works: Spillway, drawdown works, signage & Contract Works	465	422	43	0	43	43	0	0	0	0
	Other		910	910	0	0	0	0	0	0	0	0
	<u>Total Funding</u>		1,375	1,332	43	0	43	43	0	0	0	0

Capital Programme

Appendix E (continued)

Scheme Ref	Cost Code	Description	Total Budget £'000	Before 31.3.23 £'000	Carry Forwards / £'000	Original Budget £'000	2023/24 Spend to	Revised 23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	Subsequent Years £'000
CR-22	71259	Prory Meadow Contribution to Capital Works										
		<u>Funding Source</u>										
		Council										
		Other										
		<u>Total Funding</u>										
		Contribution to ensure continuing rental income	912	162	-38	288	0	250	250	250	0	0
			0	0	0	0	0	0	0	0	0	0
			912	162	-38	288	0	250	250	250	0	0
OS12	71265	Prory Street Multi Storey Car Park										
		<u>Funding Source</u>										
		Council										
		Other										
		<u>Total Funding</u>										
		Car Park Improvements - Concrete Repairs	1,545	145	0	0	0	0	0	0	0	1,400
			0	0	0	0	0	0	0	0	0	0
			1,545	145	0	0	0	0	0	0	0	1,400
OS07	71267	Energy Generation - Unallocated										0
		<u>Funding Source</u>										
		Council										
		Other										
		<u>Total Funding</u>										
		Future Green Energy Projects	4,300	0	-1,800	2,300	0	500	1,000	1,800	1,000	0
			0	0	0	0	0	0	0	0	0	0
			4,300	0	-1,800	2,300	0	500	1,000	1,800	1,000	0
OS13	71271	Lower Bexhill Road										
		<u>Funding Source</u>										
		Council										
		Other										
		<u>Total Funding</u>										
		Housing Development (Homes England Capital Grant - Funding up to £6.9m)	93	93	0	0	0	0	0	0	0	0
			1,818	1,818	0	0	0	0	0	0	0	0
			1,911	1,911	0	0	0	0	0	0	0	0
CR-26	71272	Churchfields Business Centre										
		<u>Funding Source</u>										
		Council										
		Other										
		<u>Total Funding</u>										
		Sidney Little road Business Incubator Hub. LGF funding £500k & CHART £300k & Towns Fund £750k	131	131	0	0	0	0	0	0	0	0
			4,406	4,010	396	0	396	396	0	0	0	0
			4,537	4,141	396	0	396	396	0	0	0	0

Capital Programme

Appendix E (continued)

Scheme Ref	Cost Code	Description	Total Budget £'000	Before 31.3.23 £'000	Carry Forwards / £'000	Original Budget £'000	2023/24 Spend to	Revised 23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	Subsequent Years £'000
Development / Furbishment of Lacuna Place												
CR-27	71273	<u>Funding Source</u>										
		Council										
		Other										
		<u>Total Funding</u>										
		Office building with ground floor retail accommodation totalling 39,696 Sq.ft.	9,585	9,471	114	0	0	114	0	0	0	0
			27	27	0	0	0	0	0	0	0	0
			9,612	9,498	114	0	0	114	0	0	0	0
Cornwallis Street Development												
CR-29	71275	<u>Funding Source</u>										
		Council										
		Other										
		<u>Total Funding</u>										
		Redevelopment of Cornwallis Street for Hotel	592	320	-8,000	8,272	72	272	0	0	0	0
			0	0		0	0	0	0	0	0	0
			592	320	-8,000	8,272	72	272	0	0	0	0
Harold Place Restaurant Devt												
CR-30	71276	<u>Funding Source</u>										
		Council										
		Other										
		<u>Total Funding</u>										
		Redevelopment of Harold Place for Restaurant use - This project has been aborted and any outstanding fees to be	80	59	1	0	1	1	20	0	0	0
			9	9	0	0	0	0	0	0	0	0
			89	68	1	0	1	1	20	0	0	0
Priory Street Works												
OS16	71280	<u>Funding Source</u>										
		Council										
		Other										
		<u>Total Funding</u>										
		LED Lighting replacement, rewiring & automated gate control	140	99	41	0	0	41	0	0	0	0
			0	0	0	0	0	0	0	0	0	0
			140	99	41	0	0	41	0	0	0	0

Capital Programme

Appendix E (continued)

Scheme Ref	Cost Code	Description	Total Budget	Before	Carry	Original	2023/24	Revised			Subsequent	
			£'000	31.3.23	Forwards /	Budget	Spend to	23/24	24/25	25/26	26/27	Years
			£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	
OS-30	71284	Next Steps Accommodation Pathway										
		<u>Funding Source</u>										
		Council	Next Steps Accommodation Pathway	0	0	0	0	0	0	0	0	0
		Government Grant		1,997	1,111	886	0	599	886	0	0	0
		Total Funding	1,997	1,111	886	0	599	886	0	0	0	
CR-34	71285	Castleham Industrial Units										
		<u>Funding Source</u>										
		Council	Over-Roofing Units 6,7,8 & 9/10 - 5/10/22	0	0	0	0	0	0	0	0	0
		Other	Budget increased to £325k. Approved at Cabinet 03/10/22	325	121	204	0	181	204	0	0	0
		Total Funding	325	121	204	0	181	204	0	0	0	
OS33	71290	MUGA Refurbishments										
		<u>Funding Source</u>										
		Council	2 Refurbishments - Alexandra Pk plus one	0	0	0	0	0	0	0	0	0
		Other	other (External funding also being sought)	80	31	49	0	3	49	0	0	0
		Total Funding	80	31	49	0	3	49	0	0	0	
OS34	71291	TFC - Enterprise & employment infrastructure										
		<u>Funding Source</u>										
		Council	Towns Fund - Enterprise & Infrastructure	0	0	0	0	0	0	0	0	0
		Other		117	117	0	0	0	0	0	0	0
		Total Funding	117	117	0	0	0	0	0	0	0	
OS64	71292	TFC - Green low carbon skills & economy										
		<u>Funding Source</u>										
		Council	TFC - Green low carbon skills & economy	0	0	0	0	0	0	0	0	0
		Other		1,375	96	1,279	0	321	1,279	0	0	0
		Total Funding	1,375	96	1,279	0	321	1,279	0	0	0	
OS35	71293	TFC - Hastings Castle world heritage destination										
		<u>Funding Source</u>										
		Council	Towns Fund - Castle & Heritage	0	0	0	0	0	0	0	0	0
		Other		611	111	500	0	0	500	0	0	0
		Total Funding	611	111	500	0	0	500	0	0	0	
OS36	71294	TFC - Town to sea creative quarter										
		<u>Funding Source</u>										
		Council	Towns Fund - Town to Sea	0	0	0	0	0	0	0	0	0
		Other		2,123	1,055	1,068	0	166	1,068	0	0	0
		Total Funding	2,123	1,055	1,068	0	166	1,068	0	0	0	

Capital Programme

Appendix E (continued)

Scheme Ref	Cost Code	Description	Total Budget	Before 31.3.23	Carry Forwards /	Original Budget	2023/24 Spend to	Revised 23/24	24/25	25/26	26/27	Subsequent Years	
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
OS37	71295	TFC - Town centre core											
		<u>Funding Source</u>											
		Council		Towns Fund - Town Centre Core	0	0	0	0	0	0	0	0	0
		Other	853		840	13	0	0	13	0	0	0	0
		Total Funding	853	840	13	0	0	13	0	0	0	0	
OS38	71296	TFC - Town centre public realm & green connections											
		<u>Funding Source</u>											
		Council		Towns Fund - Public Realm & Green Connections	0	0	0	0	0	0	0	0	0
		Other	866		66	800	0	0	800	0	0	0	0
		Total Funding	866	66	800	0	0	800	0	0	0	0	
OS39	71297	TFC - Town living											
		<u>Funding Source</u>											
		Council		Towns Fund - Town Living	0	0	0	0	0	0	0	0	0
		Other	129		39	90	0	0	90	0	0	0	0
		Total Funding	129	39	90	0	0	90	0	0	0	0	
OS65	71298	TFC - Source/Courtyard Lift											
		<u>Funding Source</u>											
		Council		TFC - Source/Courtyard Lift	0	0	0	0	0	0	0	0	0
		Other	65		65	0	0	0	0	0	0	0	0
		Total Funding	65	65	0	0	0	0	0	0	0	0	
OS66	71300	UK Shared Prosperity Fund (Capital)											
		<u>Funding Source</u>											
		Council		Levelling Up Parks Fund	0	0	0	0	0	0	0	0	0
		Other	40		0	40	0	9	40	0	0	0	0
		Total Funding	40	0	40	0	9	40	0	0	0	0	
OS49	71301	Grounds Maintenance Equipment											
		<u>Funding Source</u>											
		Council	626		0	0	626	396	626	0	0	0	0
		Other	0		0	0	0	0	0	0	0	0	0
		Total Funding	626	0	0	626	396	626	0	0	0	0	
OS50	71302	Roof refurbishment Programme											
		<u>Funding Source</u>											
		Council	1,700		0	-700	700	0	0	700	500	500	0
		Other	0		0	0	0	0	0	0	0	0	0
		Total Funding	1,700	0	-700	700	0	0	700	500	500	0	
OS58	71303	Cliff Railways											
		<u>Funding Source</u>											
		Council	774		0	0	1,000	768	774	0	0	0	0
		Other	226		226	0	0	0	0	0	0	0	0
		Total Funding	1,000	226	0	1,000	768	774	0	0	0	0	
OS63	71304	Housing Acquisition Programme											
		<u>Funding Source</u>											
		Council	9,492		0	0	4,746	2,914	4,746	4,746	0	0	0
		Other	2,373		0	0	1,187	1,187	1,187	1,187	0	0	0
		Total Funding	11,865	0	0	5,933	4,101	5,933	5,933	0	0	0	
OS64	71306	Bexhill Road Retail Park											
		<u>Funding Source</u>											
		Council		Bexhill Road Retail Park	238	0	238	0	238	238	0	0	0

Capital Programme

Appendix E (continued)

Scheme Ref	Cost Code	Description	Total Budget	Before 31.3.23	Carry Forwards /	Original Budget	2023/24 Spend to	Revised 23/24	24/25	25/26	26/27	Subsequent Years
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
		Other	0	0	0	0	0	0	0	0	0	0
		<u>Total Funding</u>	238	0	238	0	238	238	0	0	0	0
OS64	71307	Food Waste Collection										
		<u>Funding Source</u>										
		Council	0	0	0	0	0	0	0	0	0	0
		Other	821	0	0	0	0	0	821	0	0	0
		<u>Total Funding</u>	821	0	0	0	0	0	821	0	0	0
OS64		IT Upgrade Programme										
		<u>Funding Source</u>										
		Council	600	0	0	0	0	0	200	200	200	0
		Other	0	0	0	0	0	0	0	0	0	0
		<u>Total Funding</u>	600	0	0	0	0	0	200	200	200	0
Totals												
		Council	40,662	17,842	-17,198	18,661	4,459	8,237	7,791	3,657	1,735	1,400
		Other	40,375	20,055	5,374	3,533	4,046	8,907	4,861	2,433	2,064	2,056
		<u>Total Funding</u>	81,037	37,896	-11,824	22,194	8,505	17,144	12,652	6,090	3,799	3,456

CAPITAL PROGRAMME FINANCING STATEMENT

Appendix F

	2023/24 Original £'000	2023/24 Forecast £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	Total over life of Programme £'000
<u>Spending</u>						
<u>Capital Spending</u>						
Total Gross Spend	22,194	17,144	12,652	6,090	3,799	39,685
<u>Funded By</u>						
Capital Grants & Contributions	3,533	8,907	4,861	2,433	2,064	18,264
Reserves	0	0	0	0	0	0
S106	0	271	0	0	0	271
Capital Receipts	952	2,579	5,130	300	50	8,059
Internal Funding	17,709	5,387	2,461	3,157	1,485	12,490
Total	22,194	17,144	12,452	5,890	3,599	39,085

Land and Property Disposal Programme

	Estimated Receipts £
<u>2024/25</u>	
Upper Wilting Farm Land (Lot 3)	
12/13 York Buildings	
Bexhill Road Pony Field	
Mayfield E	
Land at Sandrock	
Cornwallis Car Park	
Other	
	<hr/> 5,130,000
<u>2025/26</u>	
Other	
	<hr/> 0
	300,000
<u>2026/27</u>	
Other	50,000
<u>2027/28</u>	
Other	
<u>2028/29</u>	
Other	

2023-23 ACTUAL	SERVICE	2023-24 BUDGET	2023-24 FORECAST OUTTURN	2023-24 FORECAST VARIANCE	2024-25 ESTIMATED FTE	Employees	Premises	Transport	Supplies and Services	Payments to Third Parties	Housing Benefit Payments	2024-25 ESTIMATED GROSS BUDGET	Appendix K SAVINGS	2024-25 ESTIMATED BUDGET	2024-25 BUDGET TO 2023-24 BUDGET VARIANCE
£	SUMMARY OF REVENUE ESTIMATES	£	£	£	FTE	£	£	£	£	£	£	£	£	£	£
4,068,000	Chief Finance Officer / S151 Officer	2,622,000	3,585,000	756,000	56	3,600,000	100,000	10,000	1,174,000	0	28,572,000	3,999,000	(747,000)	3,252,000	630,000
976,000	Chief Legal Officer / Monitoring Officer	986,000	942,000	(44,000)	10	925,000	0	10,000	109,000	0	0	1,005,000	0	1,005,000	19,000
1,389,000	Commercial Services and Development	931,000	1,099,000	52,000	37	1,697,000	607,000	15,000	1,293,000	6,000	0	947,000	(217,000)	730,000	(201,000)
1,082,000	Community and Regulatory Services	862,000	943,000	75,000	48	2,380,000	377,000	36,000	671,000	101,000	0	1,187,000	(230,000)	957,000	95,000
4,499,000	Environment and Operations	4,991,000	5,348,000	77,000	75	3,032,000	2,298,000	248,000	729,000	2,863,000	0	5,755,000	(215,000)	5,540,000	549,000
6,197,000	Housing	6,426,000	7,135,000	699,000	56	2,501,000	114,000	6,000	8,846,000	70,000	0	6,970,000	(407,000)	6,563,000	137,000
751,000	People and Business Support	726,000	844,000	21,000	9	591,000	443,000	0	94,000	0	0	878,000	(26,000)	852,000	126,000
2,283,000	Strategic Programmes	2,375,000	2,537,000	312,000	36	1,957,000	0	16,000	879,000	0	0	2,265,000	39,000	2,304,000	(71,000)
-4,877,000	Property and Commercial Assets Manager	(5,031,000)	(5,356,000)	(398,000)	7	388,000	699,000	8,000	151,000	0	0	(5,335,000)	0	(5,335,000)	(304,000)
		14,888,000	17,077,000	1,550,000	335	17,071,000	4,638,000	349,000	13,946,000	3,040,000	28,572,000	17,671,000	(1,803,000)	15,868,000	980,000
	Recharges	0	0	0	0	(36,330)	(636,060)	0	(148,350)	0	0	0	0	0	0
16,368,000		14,888,000	17,077,000	1,550,000	335	17,034,670	4,001,940	349,000	13,797,650	3,040,000	28,572,000	17,671,000	(1,803,000)	15,868,000	980,000

	2023/24			2024/25			
	Balance at 1 April 2023 £'000	Income & Transfers £'000	Expenditure & Transfers £'000	Balance at 31 Mar 2024 £'000	Income & Transfers £'000	Expenditure & Transfers £'000	Balance at 31 Mar 2025 £'000
General Reserve	(8,423)	760	1,631	(6,032)	607	796	(4,629)
Capital Reserve	(150)		0	(150)	(7)	0	(157)
Earmarked Reserves							
Asset Maintenance Reserves	(46)	(7)	1	(52)	(7)	1	(58)
Ore Valley Reserve	(250)	0	0	(250)	0	0	(250)
On-Street Car Parking Surplus Reserve	(40)	0	0	(40)	0	0	(40)
Countryside Stewardship	(28)	(80)	90	(18)	(70)	80	(8)
Disabled Facilities Grant	(1,374)	(2,056)	2,056	(1,374)	(2,056)	2,514	(916)
Information Technology Reserve	(274)	(64)	214	(124)	0	124	0
Risk Management Reserve	(315)	0	65	(250)	0	0	(250)
Invest to Save and Efficiency Reserve	(87)	0	14	(73)	(150)	223	0
Redundancy Reserve	(565)	0	0	(565)	0	0	(565)
Renewal and Repairs Reserve	(1,656)	(689)	1,252	(1,093)	(300)	863	(530)
DCE-Revenues Division	(255)	0	155	(100)	0	0	(100)
Section 106 Reserve (Revenue)	(426)	0	154	(272)	0	0	(272)
Business Rates Equalisation Reserve	(900)	0	900	0	0	0	0
Syrian Refugee Resettlement Programme	0	(53)	53	0	0	0	0
Housing Licensing Reserve	(277)	0	0	(277)	0	116	(161)
Community Housing Fund	(11)	0	0	(11)	0	0	(11)
Safer Hastings Partnership	(98)	0	22	(76)	0	20	(56)
Controlling Migration	(116)	0	0	(116)	0	0	(116)
Towns Fund	(236)	(372)	320	(288)	(259)	302	(245)
Section 31 Reserve (inc. Business Rates)	(3,653)	0	316	(3,337)	0	1,854	(1,483)
Green Investment Fund	0	(150)	0	(150)	(150)	150	(150)
Local Forward Plan (+Rother) (New)	0	(339)	78	(261)	0	200	(61)
	(10,606)	(3,810)	5,690	(8,727)	(2,992)	6,447	(5,271)
	(19,179)	(3,050)	7,321	(14,908)	(2,392)	7,243	(10,057)

Savings proposals	Further details	Revised Savings			Original Proposed Savings		
		2024/25	2025/26	2026/27	2024/25	2025/26	2026/27
1. On-going programme to review and reduce service costs and staffing expenditure	The council is continuing the programme of service reviews that were commenced last year. The savings proposed for 2024/25 include deletion of the Full Time Equivalent (FTE) posts following either a service review, restructure or by reviewing posts that have become vacant. a) Net savings from phase 2 of restructure Completed a review of management and staff structures following deletion of Marketing and Major Projects Manager post. A leaner service and management structure is in place that focuses on provision of essential services covering coastal, tourism, civic, event support, cultural, economic development and leisure services. There is now a reduction in capacity currently around non statutory, non-grant funded and non- income generating activity. This area however retains the ability to grow dependent on income generation and external grant funding levels.	£160,000	£160,000	£160,000	£160,000	£160,000	£160,000
	b) Vacant posts <ul style="list-style-type: none"> • Customer Services Officer (CCC) 1 FTE • Vacant business support officer post 1 FTE • Vacant planning administration officer post 1 FTE • Vacant Warden post 1 FTE • Delay recruitment to vacant Planning Policy technical officer for 1 year 0.6 FTE 	£167,000	£167,000	£167,000	£167,000	£167,000	£167,000
2. Service Delivery Model Transformation Programme	The council implemented a digital transformation programme in 2015/16. This further transformation programme will build on that work and will explore opportunities to transform how we work to further reduce costs and to create more capacity and resilience by sharing resources, systems and skills with others.						
	a) Back office operating model re-design The first workstream of this programme will begin in January 2024 and will aim to share resources, streamline functions and maximise capacity and transferable skills to meet demand peaks across all service areas, at a lower cost. <ul style="list-style-type: none"> • A savings target for this project has been set to achieve a reduction of at least 2 full time equivalent posts, ideally through a process of voluntary severance from 1st April 2024. • In scoping the review, the functions of all administration posts across services, grades 10 – 6 will be considered. • By taking this project review approach individuals and teams will be at the heart of the re-design work and will be able to contribute to and consider proposals before final decisions are made. 	£55,000	£55,000	£55,000	£55,000	£55,000	£55,000
	b) Sharing services The second workstream which has already started is the work to capitalise on new opportunities to improve or sustain service delivery by working with others. <input type="checkbox"/> A service delivery model transformation team will be established who will work with HBC and our partners throughout this process. <input type="checkbox"/> This team will be funded by 'invest to save' resources identified to support the project and achieve the targeted savings. <input type="checkbox"/> External funding will also be sought to facilitate this work – this is being made available by various organisations because it is an approach many councils are taking to address their deficits. <input type="checkbox"/> The project will commence in early 2024.	£193,000	£362,000	£482,500	£386,000	£724,000	£965,000
	This five year programme will focus on opportunities for sharing back-office and essential services where others have the same statutory duty and/or savings can be made from management, administration, sharing and rationalising systems etc. or by providing the service for others. A key part of this work will be business process mapping. This will identify savings that can be achieved by implementing new ways of working even if services are not able to be shared at this time. Priorities for transformation and sharing depend on the opportunities available with other potential partner councils and public organisations, but over the lifetime of the project will include all services. Year 1 priorities for exploring potential for sharing are: <input type="checkbox"/> Chief Executive's division (SLT) <input type="checkbox"/> Accountancy and Exchequer services <input type="checkbox"/> Audit <input type="checkbox"/> Communications and graphic design <input type="checkbox"/> Environmental Health and Licensing <input type="checkbox"/> Estates and Building surveyors <input type="checkbox"/> Housing Management and administration <input type="checkbox"/> Human Resources <input type="checkbox"/> Information technology <input type="checkbox"/> Legal Services <input type="checkbox"/> Planning enforcement <input type="checkbox"/> Planning services (development management and planning policy) <input type="checkbox"/> Programmes and compliance <input type="checkbox"/> Revenues and Benefits						

Savings proposals	Further details	Revised Savings			Original Proposed Savings		
		2024/25	2025/26	2026/27	2024/25	2025/26	2026/27
	The potential savings from this programme have been identified as follows: Total staff cost of the areas listed above: £5.7m Total Full Time Equivalent staff is: 139.9FTE A range of savings targets have been considered: 10%, 15% and 20%. The target proposed: is to reduce the costs of these services by 15% i.e. 21 FTE posts, saving £865k, plus £100k of associated supplies and services costs = £965k The profile of the savings is based on recognition that these savings will take time to identify and implement and we need to work to the timescales of partner councils. For financial and strategic planning purposes we have assumed that we will achieve: 40% in 2024/25 adjusted for 50% reduction 75% in 2025/26 adjusted for 50% reduction 100% in 2026/27 adjusted for 50% reduction						
3. White Rock Theatre	The council has been successful in identifying a charitable organisation to lease and run the theatre over the medium term.	£25,000	£75,000	£75,000	£25,000	£75,000	£75,000
4. Community safety	Rather than reducing this priority activity, the work funded by the council's revenue grant to address community safety issues across the town will be funded from the community safety reserve for 3yrs.	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
5. Events	Reduce the events budget by £15k. Seek an update by February 2024 from event organisers regarding their progress in becoming self-sufficient (as discussed during 2023/24)	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000
6. Regeneration activity budget	Major regeneration funding now is accompanied by capacity funding and therefore the levels of support needed from core budgets to develop schemes is reduced. These cost centres supported capacity for developing bids and supporting one of regeneration initiatives such as the Seafront Wi-Fi. 3 Year seafront Wi-Fi contract ceases in March 2024 – proposal to cease due to technology now making this obsolete.	£64,000	£64,000	£64,000	£64,000	£64,000	£64,000
7. Anti-social behaviour pilot	Seek alternative external funding opportunities and therefore delay introduction of pilot to tackle Anti-Social Behaviour in urban and countryside parks (this was a growth item in the budget agreed in February 2023 to be in place from mid-way through 2024/25 part- year).	£10,500	£21,750	£21,750	£10,500	£21,750	£21,750
8. Youth council	Cease subsidy from 24/25 and find more effective means of engaging with youth representatives at key strategic and operational decision-making meetings. E.g. invite youth members onto the Local Strategic Partnership and associated bodies, seek input from those engaged with youth projects and via learning through the Connected Futures research work, into how youth voice can be better heard by town leaders and decision-making bodies.	£12,000	£12,000	£12,000	£12,000	£12,000	£12,000
9. Cashless operations	Introduce cashless services to save costs on cash collection contract.	£0	£25,000	£25,000	£25,000	£25,000	£25,000
10. Food safety inspections	Bring food safety inspections work in-house and avoid costs of contractor – work will transfer to substantive EH team. Changed during Cabinet Meeting.	£0	£0	£0	£0	£0	£0
11. CCTV	Cost savings from new contract for transmission and maintenance costs following an upgrade to technology. No change to service delivery.	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
12. Public Convenience Cleaning	Cleaning contract – actual cost of the new service is less than was budgeted.	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000
13. Savings from re- tendered stray dogs contract	Savings from re-tendered contract without impacting on service.	£8,000	£8,000	£8,000	£7,000	£7,000	£7,000
14. Savings from Capital Programme Adjustments	Individual business cases will be bought forward for the assets identified for disposal. Estimated savings will be achieved from reduced interest payments & MRP provisions if HBC used capital receipts instead of borrowing to fund the capital programme. This follows decisions made around Capital Programme including the sale of the Cornwallis site and other asset sales.	£1,436,000	£3,617,000	£3,620,000	£600,000	£600,000	£600,000
15. Contingency	Instead of retaining budgets for 'just in case' contingency use, centralise budgets and determine strategic priorities.	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000

Savings proposals	Further details	Revised Savings			Original Proposed Savings		
		2024/25	2025/26	2026/27	2024/25	2025/26	2026/27
16. Renewals and Reserves changes	Change the way we fund repairs and renewals reserve. This will enable better oversight of whole costs of assets and planning for future maintenance programmes. All asset maintenance plans are being reviewed and spend will be limited to health and safety priorities or to preserve existing/generate new income.	£200,000	£200,000	£200,000	£300,000	£300,000	£300,000
17. Affordable Housing Supply	Supply of newly developed affordable rented homes which will become available to people to move into and out of temporary accommodation	£217,085	£1,739,440	£797,419	£1,175,820	£1,175,820	£1,175,820
18. Housing Acquisitions	This programme involves the council acquiring up to 50 homes over a two-year period for use as TA. The programme will use an end-to-end property service to increase the council's capacity to source, negotiate, acquire and refurbish properties. Additional £310,542 added at Cabinet 12/02/2024.	£189,458	£310,542	£0	£0	£0	£0
19. IT reserve	Changing how spend is managed - an annual revenue budget to be agreed to cover known costs, then all additional spend will require a business case to be agreed. This also ensures that appropriate costs are reflected in the capital programme budget.	£124,000	£124,000	£124,000	£75,000	£75,000	£75,000

New Income proposals		2024/25	2025/26	2026/27	2024/25	2025/26	2026/27
20. Fees and charges	Following a review of fees and charges the council has reflected the increased costs of delivery in the fees for services (these were agreed at Cabinet on 4 th December) and forecasts updated with latest figures.	£344,280	£289,096	£208,149	£120,000	£120,000	£120,000
21. Treasury investment	Aim to maximise investment returns and improve performance on the money the council has invested.	£400,000	£400,000	£400,000	£400,000	£400,000	£400,000
22. New Homes Bonus	102 New Homes identified as part of external review and additional NHB grant expected as a result of the work.	£88,534	£88,534	£88,534	£179,000	£179,000	£179,000

	2024/25	2025/26	2026/27	2024/25	2025/26	2026/27
Total Net Savings	£3,878,857	£7,903,362	£6,693,352	£3,946,320	£4,345,570	£4,586,570
NB If only 80% of savings are achieved then additional savings required of	£775,771	£1,580,672	£1,338,670	£789,264	£869,114	£917,314

Other reviews underway/ to be completed that will identify cost savings, new income, cost avoidance or new ways of working over next 6-12 months						
23. A Single person discount review to be undertaken to identify any potential changes which will bring in additional revenue to fund council services.						
24. An Empty Homes review is being undertaken to ensure all homes that are eligible for a council tax charge are contributing to the cost of council services and fraudulent activity is reduced.						
25. A business case is to be developed to introduce a more commercial approach to hiring of council venues and sites as demand for event space is increasing.						
26. Commercialisation and new trading opportunities explored following creation of the new Operational Services team – street cleansing, grounds maintenance etc.						
27. Undertake a wide-ranging review, to involve residents in 2024/25 of the costs of public conveniences to include options around charging. NB No changes will be made in 2024/2025.						
28. Additional proposals to reduce the cost and usage of temporary accommodation costs (over and above what is already planned).						
29. Invest to save debt collection business case proposal brought forward.						
30. Review and where necessary re-tender contracts held across HBC facilities e.g. security, confidential waste, photocopiers, mobile phones etc.						
31. In early 2024/25 implementation of a review of Housing Services – staff structure, use of external funding, options for sharing activities.						
32. Review of parks service and staffing structure once new grounds maintenance service has been operational for 6 months.						

Savings proposals	Further details	Revised Savings			Original Proposed Savings		
		2024/25	2025/26	2026/27	2024/25	2025/26	2026/27
	33. Development of a business case for invest to save resources to explore a cultural trust model for sustainable future for cultural assets.						
	34. Review out of hours arrangements ensuring council has capacity to respond appropriately in emergencies and out of office hours.						
	35. Review evidence for further housing licensing scheme and depending on outcome develop a business case that is cost-neutral to HBC.						
	36. Seek opportunities to expand the successful Active Hastings programme across neighbouring areas and via their role in addressing health inequalities within the levelling up programmes.						
	37. Develop proposals to use Levelling Up funding to invest in playgrounds and ensure they are not at risk of closure in future due to lack of funding for maintenance etc.						
	38. Pause applications for Green Flags for the town's Parks whilst we embed our new Grounds Maintenance team and review whether the standards are actually contrary to						

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Appendix A - Chief Finance Officer Statement (S25 Notice)

Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report to members on the robustness of the estimates and the adequacy of the reserves when considering the Budget and Council Tax.

In expressing the following opinion, the Chief Finance Officer has considered the financial management arrangements that are in place, the level of reserves, the budget assumptions, the overall financial political and economic environment, the financial risks facing the Council and its overall financial standing.

Financial Management

The financial management of budgets has continued to be a struggle for the organisation, and whilst improvements have been made around the regular reporting of the financial position, the Council has found that estimates previously included in the 2023/24 budget have been found to be inaccurate or not robust enough to cope with variations in demand. This is evidenced by the large forecast overspend of c.£1.6m for the 2023/24 financial year.

Historically, savings targets have been around the c.80% success rate, with the current year seeing even greater disparity due to large variances in the Housing forecasts and budgets profiles.

Additional professional resources have been brought in as part of this year's budget setting process to aid and support colleagues in Housing, specifically to assist with budget setting forecasts to prevent similar errors being made as part of this year's budget process.

The Council has also brought in interim restrictive financial measures in 2023/24 which has highlighted the need for the Finance team and budget holders to be more accurate with their forecasts and savings proposals, as well as demonstrating a need for better support and training to budget holders by the finance team.

The planned upgrade to the finance system in 2024/25 should provide a much better platform for budget holders and the finance team itself, to produce better quality reporting and estimates moving forwards in agreed timescales.

It is therefore the view of the Chief Finance Officer that

(i) the processes followed during this year's budget setting timetable have allowed for a far greater understanding of the revenue budget, with extensive and thorough discussion with the Senior Leadership Team. The information systems used are generally sound but will greatly benefit from the planned system upgrade in the new financial year.

The involvement of senior managers in managing budgets provides a better degree of assurance that the resultant estimates are as robust as present economic circumstances and resources allow.

Reserves

The Reserves balances, in particular the General Reserve as highlighted in the budget report, demonstrates an extensive and committed approach to tackling the financial position the Council finds itself in.

The Council this year agreed to a new Reserves Policy which has clearly outlined the approach to Reserve management and has allowed for a detailed review of all Earmarked reserves with a calculated and planned temporary reduction in several reserves such as Repairs and Renewals.

The Councils budget this year also includes better reserve usage and provision for areas that could prove to be of a greater risk of uncertainty, such as the Transformation programme which is linked to sharing of services.

Whilst the budget does still require the use of the General Reserve for the next financial year, there is a continued commitment to ensure that these remain above the £4m recommended balance for the lifetime of the MTFs.

It is therefore the view of the Chief Finance Officer that

(ii) The reserves are of a sufficient level to meet the expected financial demands of the Council over the lifetime of the MTFs. The continued commitment to review and update the reserves policy annually will also allow for greater awareness and management of the associated risks to provide a more stable and efficient use of those reserves in the future.

Financial, Economic and Political Environment

The wider financial and economic environment that Hastings, like many other councils finds itself in, has been shown over the last few financial years, in particular with the rising costs of Temporary Accommodation to be deeply rooted and connected in the community to which it serves.

Those demand pressures could increase if the wider economic situation were to worsen, for example if there were to be a recession or if cost of living pressures continue to force more people out of their homes.

Inflation and the potential knock on impact have been mitigated as much as possible as part of the budget assumption calculations to reduce how sensitive the budget is to external fluctuations and reduce the risk of being overspent in year.

Politically the Council and its Cabinet make up, has recently undergone some uncertainty and this has had a negative impact on the savings proposals, evidenced by the need to reduce the original savings proposed around transformation and the sharing of certain services.

No sooner had the savings been agreed at Full Council in December with officers having had initial discussions with partners and government departments around potential sharing options that it was announced that there would be a political change at Cabinet level which destabilised the organisation.

Whilst this is not the sole reason why there was a need to reduce the savings target for transformation, there is no question that it was a contributing factor. In order for any sharing of services to take place you require two partner organisations open to the idea and political sign off and confidence is a key factor.

Political arrangements have now commenced under a new leadership and Cabinet over recent weeks, and it is hoped that this arrangement can provide the stability and leadership to deliver the required savings targets and to agree the Budget.

The new collaborative approach should allow for greater transparency and speed of decision making moving forwards, which should ultimately benefit the Council in the longer term, if political relationships can be maintained leading up to a local election cycle in May.

Risk Assessment

There have been improvements to the way that risks are highlighted and approached throughout the organisation with risks being more embedded into the day to day management of the organisation. There is now more ownership on departmental leads and management instead of the Internal Audit function which is now focused solely on their own function.

Specific risks are highlighted in the budget report itself, however the impact that the Homelessness crisis is having on all Local Councils needs to be addressed nationally before any real changes will be seen but remains this Councils main focus and priority for good reason.

It is therefore the view of the Chief Finance Officer that

(iii) The proposed budget, including risk contingency, general balances and reserves sufficiently address these risks. Additional resilience has been built into the budgets and assured over the longer term through the creation of a new earmarked reserves for Asset Maintenance to begin setting aside additional resources to cope with aging assets and Invest to Save for transformation.

Financial Standing

The Council has received strong criticism in the form of its recent Local Government Finance Peer Review and from the External Auditors (Grant Thornton) as part of their Value for Money Audit reports, around its overall financial position and future going concern if the issues highlighted in those respective reports were not properly addressed.

The Council has responded to those criticisms to date confirming that the historical approach and practices had been amended even before receiving some of the reports, and that improvements were being made in order to address the financial situation accordingly.

The Council has brought in external advice and improved its Internal Audit function, a point highlighted by the External Auditors as being required to improve governance procedures and challenge at the Council.

CIPFA (Chartered Institute of Public Finance and Accountancy) has amongst others been used to support the Councils Chief Finance Officer and Chief Executive with discussions with Central Government departments around the approach that it should take to avoid the threat of being issued with a Section 114 notice.

Thus, reducing the risk of requiring Government intervention to help tackle the increased housing costs associated with temporary accommodation for Homelessness, which has seen exponential growth in expenditure levels over the past couple of financial years.

Alongside ongoing discussions around what support would, or could, be made available externally the Council has taken some meaningful and important steps to address the financial position it has found itself in before further assistance is provided.

The Council has shown a consistent strategy to address the financial deficit over the past eighteen months or so and the reductions in the MTFS deficit have been a result of a considered and thought through approach.

This has included revising where needed savings targets in Housing and others to be more achievable and by imposing financial restrictions across the organisation and reviewing its Reserves. The Council has also embarked on a process of identifying and selling Assets to generate Capital Receipts, as well as reducing its overall spend for schemes by utilising external funding wherever possible.

It is therefore the view of the Chief Finance Officer that

(iv) The financial standing of the Council is in a better position than it was in the last financial year and the budget is evidence of this in terms of the MTFS forecasts compared to previous years.

The decisions made thus far by the organisation demonstrate a commitment to changing approach that is beginning to yield success, against a backdrop of continuing external financial pressures.

Kit Wheeler
Chief Finance Officer & Section 151 Officer
Hastings Borough Council



Empty Homes and Second Homes Premium Policy 2024-25

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1. Introduction and background

- 1.1 The following policy outlines the Council's approach to the levying of empty homes premium and second homes premiums.
- 1.2 Premiums were also introduced by government from 1 April 2013 with a view to encouraging homeowners to occupy homes and not leave them vacant in the long term.
- 1.3 The legislation which introduced premiums is S11B of the Local Government Finance Act 1992 (inserted by the Local Government Finance Act 2012). Premiums could only be charged on long-term empty dwellings. An empty dwelling is one which is 'unoccupied' and 'substantially unfurnished'. The definition of long-term is where the dwelling has been empty for a continuous period of at least 2 years.
- 1.4 Initially the maximum level of premium was set by government at 50% of the amount of Council Tax chargeable. Each Council could determine the level of premium up to the maximum and this is charged in addition to the amount determined by the Council as payable for an empty dwelling¹
- 1.5 Certain classes of dwellings cannot be charged a premium namely:
 - a dwelling which would be the sole or main residence of a person but which is empty while that person resides in accommodation provided by the Ministry of Defence by reason of their employment i.e., service personnel posted away from home²; or
 - dwellings which form annexes in a property which are being used as part of the main residence or dwelling in that property³.
- 1.6 In 2018 the Rating of Property in Common Occupation and Council Tax (Empty Dwellings) Act allowed authorities to increase the level of premiums on empty dwellings with effect from 1 April 2019 as follows;
 - Dwellings left unoccupied and substantially unfurnished for 2 years or more, - from 1 April 2019 a premium can be levied up to 100%;
 - Dwellings left unoccupied and substantially unfurnished for 5 years or more, - from 1 April 2020 a premium can be levied up to 200%; and
 - Dwellings left unoccupied and substantially unfurnished for 10 years or more, - from 1 April 2021 a premium can be levied up to 300%.
- 1.7 It should be noted that premiums are charged in addition to the 100% Council Tax payable on empty premises.

¹ Under the Council Tax (Prescribed Classes of Dwelling)(England) Regulations 2003 and amended by the Council Tax (Prescribed Classes of Dwelling)(England) (Amendment) Regulations 2012 - Classes C & D.

² Council Tax (Prescribed Classes of Dwelling)(England) (Amendment) Regulations 2012 - Classes E

³ Council Tax (Prescribed Classes of Dwelling)(England) (Amendment) Regulations 2012 - Classes F

- 1.8 Government, together with local authorities (including the Council) has unfortunately seen a rise in the number of empty homes together with a growth in second homes.
- 1.9 Inconsistencies in the legislation have also been identified whereby a premium can be avoided by the taxpayer merely furnishing an empty premises, when it would become a 'second home' which currently has a maximum charge of 100% with no premium.
- 1.10 In order to address these inconsistencies, and also to bring more dwellings into use, government has introduced sections within the Levelling Up and Regeneration Act 2023 (the Act).
- 1.11 This policy details the Council's approach in the charging of premiums as allowed within the new legislation.
- 1.12 The continued pressure on local authority finances (both the Council and the Major Preceptors) together with the need to encourage all owners of domestic premises to bring them back into use, makes it essential that the Council changes its approach to empty homes. The new legislation for second home premiums will encourage the use of dwellings as primary residences.

2. Empty homes premiums (From 1 April 2024)

- 2.1 Section 79 (1) (b) of the Levelling Up and Regeneration Act 2023 permits the Council to impose an empty homes premium after one year instead of two years. Section 80 of the Act provides that from 1 April 2024, a property can be charged an empty homes premium at 100% after one year, even if it became empty before 1 April 2024.
- 2.2 The Council has resolved to implement the change with effect from 1 April 2024
- 2.3 The legislation requires the Council to be mindful of any guidance or further regulation in relation to the implementation of the premiums and this is detailed in Section 4 of this policy.

3. Introduction of premiums for second homes (From 1 April 2025)

- 3.1 The definition of a second home for Council Tax purposes is a dwelling which has "no one resident" but is "substantially furnished".
- 3.2 Section 80 (2) of the Act inserts a new section 11C into the Local Government Finance Act 1992. This permits the Council to apply a premium on second homes. The maximum Council Tax charge in these cases would be a standard 100% charge plus a premium of 100% making a total Council Tax charge of 200%.

- 3.3 Unlike empty dwellings, there is no requirement for a property to have been used as a second home for a fixed period of time before the premium can apply.
- 3.4 As with other changes introduced by the Act, section 11C (3) requires that the first decision to impose this class of premium must be taken at least 12 months before the financial year to which it would apply. In effect this means that premiums for second homes will not take effect until the 2025-26 financial year at the earliest.
- 3.5 The Council has resolved to charge second home premiums and has given the required notice.
- 3.6 The Act provides that a dwelling cannot be subject to both a second homes premium and an empty homes premium imposed under section 11B of the 1992 Act, and that an existing empty homes premium would cease to apply to a property which became subject to a second homes premium.

4. Exceptions from the premiums (empty homes premiums and second homes premium)

- 4.1 At the time of writing this policy, government has issued a consultation (which has now ended), seeking views on possible categories of dwellings which should be dealt with as exceptions to the Council Tax premiums. Regulations are expected to cover the exceptions for both empty homes premium, and also the second homes premiums.
- 4.2 **The Council has included the proposed exceptions below however; it should be noted that these MAY CHANGE when the new regulations are commenced.**
- 4.3 The consultation proposes that there will be circumstances where premiums will either not apply or be deferred for a defined period of time. These are as follows:
- **Properties undergoing probate** - the government proposes that these properties should be exceptions to both the second homes and empty homes premiums for a **maximum of 12 months**. The exception would start once probate or letters of administration is granted. This will not affect the Class F Council Tax exemption or the ability for the Council to charge its determined rate of Council Tax following the expiry of the Class F exemption;
 - **Properties that are being actively marketed for sale or rent** - the government proposes that this exception will apply for up to a **maximum of 6 months** from the date that active marketing commenced, or until the property has been sold or rented, whichever is the sooner. The Council, in determining whether this exemption applies will require the following evidence:
 - (a) evidence that the dwelling is being **actively** marketed for sale or rent through a recognised agent (evidence can include contracts with

agents, advertisements in recognised newspapers or marketing websites);

- (b) where the premises are being self-marketed by the owner or landlord, evidence that the premises is being **actively** marketed (evidence can include advertisements in recognised newspapers or letting websites;
- (c) where for sale, evidence that the premises are being sold at a true market level for the size and type of dwelling within the area in which it is situated. Where the dwelling is for let, that the rent requested is at a true market level for the size and type of dwelling within the area in which it is situated.

The above list is not exhaustive and the Council reserves the right to request further evidence to support any claim for exemption. The exemption will only apply once to any taxpayer or taxpayers if they are jointly and severally liable;

- **Empty properties undergoing major repairs** - this is time limited to 6 months. The government proposes that empty properties undergoing major repair works or structural alternations should be an exception to the premium for up to 6 months once the exception has been applied or when the work has been completed, whichever is the sooner. The exception will be applied at any time after the property has been empty for at least 12 months, so long as the Council is satisfied that the necessary repair work is being undertaken. As with all other exemptions to the premiums, the Council will require the taxpayer to provide such evidence as is required to support their application;
- **Annexes forming part of, or being treated as, part of the main dwelling** - the government proposes that such annexes should be an exception to the Council Tax premium on second homes;
- **Job related dwellings** - currently, there is a Council Tax discount of up to 50% for properties which are unoccupied because the owner is required to live elsewhere for employment purposes. The discount applies where the dwelling is provided for the better performance of the duties of the employment, and it is one of the kinds of employment in the case of which it is customary for employers to provide dwellings for employees. The government proposes that the dwelling should also be an exception to the second homes premium. **The exception will not apply to cases where someone chooses to have an additional property to be closer to work while having a family home elsewhere or where an individual is posted to a new location but maintain their previous address;**
- **Occupied caravan pitches and houseboat moorings** - the government proposes that these caravans and boats should be an exception to the Council Tax premium on second homes; and
- **Seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation or prevents occupancy as a person's sole or main residence** - the government proposes that properties that have restrictions or conditions preventing occupancy for a continuous period of at least 28 days in any 12-month period, or specifies its

use as a holiday let, or prevents occupancy as a person's sole or main residence, should be an exception to the second homes premium.

- 4.4 It is understood that regulations will be issued late 2023 or early 2024 and the Council will need to ensure that any charging policy is in line with legislation. Therefore, the Council's Section 151 Officer is granted delegated powers to amend this policy in line with legislative or government requirements.

5. Outcome expected and 'safety net'.

- 5.1 The expected outcomes of this policy are as follows:
- (a) Taxpayers will be encouraged, through the implementation of the premiums, to bring empty properties into use and to revert the use of second homes to primary residences;
 - (b) The reduction of empty homes and second homes within the Council's area in line with the Council's Empty Property Strategy; and
 - (c) Increased Council Tax income from empty homes and second homes.
- 5.2 There may be circumstances where the implementation of these changes may cause exceptional hardship to a taxpayer. In such cases, the Council will consider applications for a reduction in liability under its Section 13A (1)(C) of the Local Government Finance Act 1992 - Reduction in Council Tax liability policy.
- 5.3 Where such an application is received, it will be considered on an individual case basis taking into account the circumstances of the taxpayer and the situation regarding the level of Council Tax charged. Should the taxpayer be aggrieved by any decision of the Council a further right of appeal will be with the independent Valuation Tribunal.

6. Legislation

- 6.1 The legislation that covers this policy and the recommendations made is as follows:
- S11A & S11B of the Local Government Finance Act 1992;
 - S11C of the Local Government Finance Act 1992 (as introduced by the Levelling Up and Regeneration Act 2023);
 - The Levelling Up and Regeneration Act 2023; and
 - S13A(1)(C) Local Government Finance Act 1992 (reduction in liability).
- 6.2 Due to changes in the legislation, the Council will be required to amend this policy, at any time, in line with statute.

7. Finance

- 7.1 Any amount of premium received will be part of the Council's Collection Fund and will be shared between the Council and Major Precepting authorities in line with their share of the Council Tax.
- 7.2 Any reduction granted under S13A(1)(c) will be financed through the Council's general fund and do not form part of the Collection Fund.

8. Notification

- 8.1 Where a taxpayer is granted an exemption, a revised demand notice will be issued. Where an exemption is applied for but not granted, the Council will provide a notification of its decision.

9. Appeals

- 9.1 Appeals against the Council's decision may be made in accordance with Section 16 of the Local Government Finance Act 1992.
- 9.2 **The taxpayer must in the first instance write to the Council outlining the reason for their appeal. Once received the council will then consider whether any additional information has been received which would justify a change to the original decision and notify the tax payer accordingly.**
- 9.3 Where the taxpayer remains aggrieved, a further appeal can then be made to the Valuation Tribunal. This further appeal should be made within 2 months of the decision of the Council not to grant any reductions. Full details can be obtained from the Council's website or from the Valuation Tribunal Service website.

10. Delegated Powers

- 10.1 This policy for the Council Tax premiums has been approved by the Council. However, the Revenues and Benefits Manager is authorised to make technical amendments to ensure it meets the criteria set by government and the Council.

11 Fraud

- 11.1 The Council is committed to protecting public funds and ensuring that premiums are correctly charged.
- 11.2 A taxpayer who tries to reduce their Council Tax liability by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under The Fraud Act 2006.

11.3 Where the Council suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

12. Complaints

12.1 The Council's complaints procedure (available on the Council's website) will be applied in the event of any complaint received about this policy.

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Local Government Finance Act 1992

Notice is hereby given by the Council, in accordance with the provisions of sections 11A, 11B and 11C of the Local Government Finance Act 1992 as inserted or amended by the Local Government Act 2003, the Local Government Finance Act 2012, the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 and the Levelling Up and Regeneration Act 2023, that the Council makes the following determination which will come into force from 1 April 2024. This determination revokes any previous determinations in relation to the charging of premiums for long term empty properties and second homes.

Council Tax Premiums

Effective from 1st April 2024 - Empty Homes Premium

In accordance with Section 11B (1C) of the Local Government Finance Act 1992 as amended by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 and the Levelling Up and Regeneration Act 2023, the following premiums will apply to long term empty and substantially unfurnished dwellings:

- (a) a 100% premium, where the property has been empty for more than one year;
- (b) a 200% premium, where the property has been empty for between five and ten years; and
- (c) a 300% premium, where the property has been empty for more than 10 years.

The definition of empty means that the dwelling is "unoccupied" and "substantially unfurnished".

Effective from 1st April 2025 - Second Homes Premium

In accordance with section 11C of the Local Government Finance Act 1992, the Council determines that the discount under section 11(2)(a) shall not apply to dwellings occupied periodically (second homes), and the amount of council tax payable in respect of such dwellings is increased by 100 percent.

A second home is determined to be a dwelling if there is "no resident of the dwelling", and the dwelling is "substantially furnished".

As this is the Council's first determination under this section for this particular premium, it must be made at least one year before the beginning of the financial year to which it relates. This part of the determination therefore has effect for financial years beginning on or after 1 April 2025.

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APPENDIX I

Report Title: Council Tax Empty Homes and Second Homes Premiums

Report By: Buki Adekoya Revenues and Benefits Service Manager

Key Decision: Yes

1.0 PURPOSE OF REPORT

- 1.1 The policy is primarily designed to encourage taxpayers to use premises as their main residence or allow others to use the premises as a main residence. It is also envisaged that the policy will allow more empty dwellings or unoccupied dwellings to be brought back into use.
- 1.2 In addition to the above, the policy will provide additional funding to the collection fund which will be shared between the Council, the major precepting authorities and the local precepting authorities in line with their share of the Council Tax.

2.0 SUMMARY

- 2.1 The report identifies decisions required by full Council and makes recommendations to change the Council's approach in respect of certain discretionary areas within Council Tax legislation. In the main, the changes will take effect from 1 April 2024, however the introduction of the Levelling Up and Regeneration Act 2023 will allow the Council to make further amendments to the levying of Council Tax premiums within the Borough with effect from both 1 April 2024 and 1 April 2025.

3.0 BACKGROUND

- 3.1 The report identifies decisions required by full Council and makes recommendations to change the Council's approach in respect of certain discretionary areas within Council Tax legislation. In the main, the changes will take effect from 1 April 2024, however the introduction of the Levelling Up and Regeneration Act 2023 will allow the Council to make further amendments to the levying of Council Tax premiums within the Borough with effect from both 1 April 2024 and 1 April 2025.
- 3.2 The changes are provided by the Levelling Up and Regeneration Act 2023 which has recently received Royal Assent. The changes within the Act essentially fall into two distinct parts namely:
- (a) To bring forward the period from two years to one year when an unoccupied and substantially unfurnished dwelling (empty dwelling) can be charged a premium of 100% All other empty dwelling premiums remains unchanged, namely:
- A premium of 200% where dwelling has remained empty for a period of 5 years or more;
 - A premium of 300% where dwelling has remained empty for a period of 10 years or more; and
- (b) To enable the charging of a 100% premium for any dwellings which are:
- No one's sole or main residence; and
 - Substantially furnished.

- 3.2 When determining its policy, each billing authority has to decide the level of discount (if any) to be granted and the amounts (percentage) of any premium by the 31 March prior to the financial year in which it wants to introduce the changes.
- 3.3 Where a change is proposed, there is a requirement to determine the level of any premium and a decision is now required to be made by full Council under Section 11A, 11B and the new 11C of the Local Government Finance Act 1992.
- 3.4 The proposals outlined within this report are forecast to generate an additional £52,000 in Council Tax income for 2024/25 based on current Council Tax (CTB1) data and £178,000 for the financial year 2025/26.
- 3.5 Full details of the proposals are provided and, in line with the legislation, if the recommendations are accepted by Council, details of the resolution will be published in at least one local newspaper within 21 days of the decision.

Analysis / Details of the proposals

- 3.6 A large part of the Council Tax legislation is mandatory on all billing authorities within England. Discounts such as single person discounts, disregards and exemptions are set by statute with no discretion allowed.
- 3.7 However, there are an increasing number of areas where each Council may determine the type and levels of charge to be made.
- 3.8 The current main discretionary areas are as follows:
 - (a) Second homes (premises which are no-one's sole or main residence but are furnished);
 - (b) Unoccupied and substantially unfurnished premises;
 - (c) Unoccupied and substantially unfurnished premises which require or are undergoing structural repairs; and
 - (d) Premiums where premises have been unoccupied and substantially unfurnished for a period of 2 years or more.
- 3.9 When determining its policy, each billing authority has to decide the level of charge (or discount) by the 31 March prior to the financial year in which it wants to introduce the changes.
- 3.10 The Council is therefore required to determine the level of any discounts or premiums which will apply in its area and a decision is required to be made by full Council under Section 11A, 11B and the new S11C of the Local Government Finance Act 1992.
- 3.11 Once determined, the resolution of the Council will need to be published in at least one local newspaper(s) within 21 days of the decision.

The current situation

3.12 Currently the Council has adopted the following level of premiums:

	Current policy
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty dwellings premium) After 2 years up to 5 years of becoming empty.	100% premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty dwellings Premium) Dwellings empty between 5 years and up to 10 years	200% premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty dwellings Premium) Dwellings empty for 10 years or more	300% premium
Premiums - Dwellings which are furnished but no one's residence (Second Homes)	Not yet available

3.13 The Council charges a 100% Council Tax on empty dwellings as well as second homes.

3.14 Premiums were also introduced by Government in 2013 with a view to encouraging homeowners to occupy homes and not leave them vacant in the long term. Initially premiums could only be charged at 50% but legislation has now changed to allow a progressive charge to be made as follows:

- Dwellings left unoccupied and substantially unfurnished for 2 years or more, up to 100%;
- Dwellings left unoccupied and substantially unfurnished for 5 years or more, up to 200%; and
- Dwellings left unoccupied and substantially unfurnished for 10 years or more, up to 300%.

3.15 The Council has adopted the *maximum* level of premium. However, it should be noted that premiums are charged *in addition to* the 100% Council Tax payable on empty premises.

3.16 Government, together with local authorities, has unfortunately seen a rise of in the number empty dwellings together with a growth in second homes. Inconsistencies in the legislation have also been identified whereby a premium can be avoided by the taxpayer merely furnishing an empty premises, when it would become a 'second home' which currently has a maximum charge of 100%.

3.17 Sections within the Levelling Up and Regeneration Act 2023 have been introduced in order to address the inconsistencies and also to bring more dwellings into use.

Changes to empty dwelling premiums

3.18 Section 79 of the Act permits billing authorities in England to impose an empty dwellings premium after one year instead of two. This gives effect to a commitment made by Government in the [Levelling Up White Paper](#)

3.19 Section 79 (1) (a) provides that billing authorities must have regard to any guidance issued by the Secretary of State when deciding whether to implement an empty dwellings premium and it is expected that the current guidance drafted by Government in 2013 will be updated. Government is also expected to introduce regulations in the new year will allow for some

exemptions. This change will come into effect from the 2024/25 financial year. The Council is requested to approve delegated powers to the Section 151 officer to implement the policy in line with guidance and regulation when published.

- 3.20 In addition, Section 79 (2) of the Act provides that from 1 April 2024, a property can be charged an empty dwellings premium at 100% after one year, even if it became empty before 1 April 2024.

Introduction of premiums for second homes

- 3.21 At present, English billing authorities may only impose an empty dwellings premium on properties that are ‘unoccupied and substantially unfurnished’. This term is defined via case law, not in legislation. However, it does not cover dwellings that are no one’s sole or main residence but are furnished. An empty dwellings premium could therefore not be imposed on properties that are maintained as second homes for regular use by their owners.
- 3.22 Section 80 of the Act will insert a new section 11C into the Local Government Finance Act 1992. This will permit billing authorities to apply a premium to properties that have no resident and are “substantially furnished”. The maximum Council Tax charge in these cases would be a standard 100% charge plus, if the recommendations are accepted by Council, a premium of 100% making a total Council Tax charge of 200%.
- 3.23 There would be no requirement for a property to have been used as a second home for a fixed period of time before the premium can apply.
- 3.24 As with other changes introduced by the Act, section 11C (3) requires that the first decision to impose this class of premium must be taken at least 12 months before the financial year to which it would apply. In effect this means that premiums of this kind will not take effect until the 2025/26 financial year at the earliest. However, it is essential that a decision is made by Council before 31st March 2024 to give the required one year notice.
- 3.25 The Act provides that a dwelling cannot be subject to both a second homes premium and an empty dwellings premium imposed under section 11B of the 1992 Act, and that an existing empty dwellings premium would cease to apply to a property which became subject to a second homes premium.

Exceptions from the premiums (empty homes premiums and second homes premium)

- 3.26 For information, government issued a consultation paper entitled; Consultation on proposals to exempt categories of dwellings from the council tax premiums in England. The consultation (which has now ended), sought views on possible categories of dwellings which should be dealt with as exceptions to the Council Tax premiums. It covers the empty homes premium, and also the second homes premium, provisions for which are included within the Levelling Up and Regeneration Act 2023
- 3.27 The consultation proposes that there will be circumstances where either premiums will either not apply or be deferred for a defined period of time. These are as follows:
- **Properties undergoing probate** - the government proposes that these properties should be exceptions to both the second homes and empty homes premiums for 12 months. The exception would start once probate or letters of administration is granted. This does not

affect the Class F exemption or the ability for billing authorities to charge the normal rate of council tax following the expiry of the Class F exemption;

- **Properties that are being actively marketed for sale or rent** - the government proposes that this exception would apply for up to a maximum of 6 months from the date that active marketing commenced, or until the property has been sold or rented, whichever is the sooner. It will be essential that the Council will need to determine in its policy, what evidence will be required to support any exception;
- **Empty properties undergoing major repairs** - time limited to 6 months - the government proposes that empty properties undergoing major repair works or structural alternations should be an exception to the premium for up to 6 months once the exception has been applied or when the work has been completed, whichever is the sooner. The exception could be applied at any time after the property has been empty for at least 12 months, so long as the Council is satisfied that the necessary repair work is being undertaken;
- **Annexes forming part of, or being treated as, part of the main dwelling** - the government proposes that such annexes should be an exception to the Council Tax premium on second homes;
- **Job related dwellings** - currently, there is a Council Tax discount of up to 50% for properties which are unoccupied because the owner is required to live elsewhere for employment purposes. The discount applies where the dwelling is provided for the better performance of the duties of the employment, and it is one of the kinds of employment in the case of which it is customary for employers to provide dwellings for employees. The government proposes that the dwelling should also be an exception to the second homes premium. The exception will not apply to cases where someone chooses to have an additional property to be closer to work while having a family home elsewhere or where an individual is posted to a new location but maintain their previous address;
- **Occupied caravan pitches and houseboat moorings** - the government proposes that these caravans and boats should be an exception to the Council Tax premium on second homes; and
- **Seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation or prevents occupancy as a person's sole or main residence** - the government proposes that properties that have restrictions or conditions preventing occupancy for a continuous period of at least 28 days in any 12-month period, or specifies its use as a holiday let, or prevents occupancy as a person's sole or main residence, should be an exception to the second homes premium.

3.28 It is understood that regulations or guidance (which has to be followed in accordance with the Levelling Up and Regeneration Act) will be in line with government's proposal. In view of this, the Council will need to ensure that any charging policy is in line with legislation. It is therefore recommended that the Council's Section 151 Officer is granted delegated powers to amend the Council's policy of premiums in line with legislative or government requirements.

Premiums – generally

3.29 In line with all similar legislation, any decision must be publicised in at least one local newspaper, within 21 days of its being taken.

3.30 Should the Council at any time wish to vary or revoke a decision to impose any type of premium this can be done at any time before the beginning of the financial year to which it would apply.

The proposed changes

3.31 Should the recommendations of this report be accepted the level of premiums would be as follows:

From 1 April 2024	Proposed policy
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty dwellings premium) After 1 years up to 5 years of becoming empty.	100% premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty dwellings Premium) Dwellings empty between 5 years and up to 10 years	200% premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty dwellings Premium) Dwellings empty for 10 years or more	300% premium
From 1 April 2025	Proposed policy
Premiums - Dwellings which are furnished but no one's residence (Second Homes)	100% premium

4.0 CONTRIBUTION TO COUNCIL PRIORITIES

4.1 The proposed changes to the Council Tax regime is in line with the Council's Empty Homes Strategy. It is designed to bring empty homes into use and to ensure dwellings are used as primary residences.

5.0 ALTERNATIVE OPTIONS CONSIDERED

5.1 The implementation of premiums is discretionary on the authority. As such, the Council could decide not to implement the policy.

6.0 FINANCIAL IMPLICATIONS

6.1 The proposed changes are anticipated to generate approximately £52,000 per annum based on current values from 1 April 2024 and £178,000 per annum from 1 April 2025 based on current values.

7.0 LEGAL IMPLICATIONS

7.1 The legislation that covers this report and the recommendations made is as follows:

- S11A & S11B of the Local Government Finance Act 1992
- S11C of the Local Government Finance Act 1992 (as introduced by the Levelling Up and Regeneration Act 2023); and
- Sections 80 & 81 of the Levelling Up and Regeneration Act 2023.

7.2 Where the recommendations are accepted, a resolution is to be made by full Council. The decision needs to be published in at least one local newspaper.

7.3 Due to the changes in the legislation, the Council will be required by statute to be mindful of any guidance issued by the Secretary of State or regulations laid.

8.0 EQUALITIES IMPLICATIONS

- 8.1 The change in policy will have no adverse effects on equality or diversity on the basis that it affects all taxpayers who have empty homes or second homes. The changes proposed are designed to bring empty homes back into use and to use dwellings as primary residences.

9.0 CLIMATE CHANGE IMPLICATIONS

- 9.1 None

10.0 RISK MANAGEMENT IMPLICATIONS

- 10.1 The risk is the Council is that some taxpayers may wish to avoid the premiums. A full compliance regime will be established to mitigate this.

11.0 REASONS FOR RECOMMENDATIONS

- 11.1 The policy is primarily designed to encourage taxpayers to use premises as their main residence or allow others to use the premises as a main residence. It is also envisaged that the policy will allow more empty dwellings or unoccupied dwellings to be brought back into use.

- 11.2 In addition to the above, the policy will provide additional funding to the collection fund which will be shared between the Council, the major precepting authorities and the local precepting authorities in line with their share of the Council Tax.

12.0 RECOMMENDATION(S)

It is recommended that Council approve the implementation of the following:

- (a) The application of the current premium of 100% for all dwellings which are unoccupied and substantially unfurnished (empty dwellings) from a period of one year with effect from 1st April 2024;
- (b) The application of a premium of 100% for all dwellings which are unoccupied but substantially furnished (second homes) with effect from 1st April 2025; and
- (c) That the Section 151 Officer is given delegated powers to implement the policy in line with the Council's requirements and any guidance given by the Secretary of State or regulation

BACKGROUND DOCUMENTS:

<https://www.legislation.gov.uk/ukpga/2023/55/enacted>
<https://www.gov.uk/government/consultations/proposals-to-exempt-categories-of-dwellings-from-the-council-tax-premiums/consultation-on-proposals-to-exempt-categories-of-dwellings-from-the-council-tax-premiums-in-england>

Timetable of Next Steps

1. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Budget Overview & Scrutiny		5 February 2024	Chief Finance Officer
Budget Cabinet		12 February 2024	Chief Finance Officer
Budget Council		21 February 2024	Chief Finance Officer

Wards Affected

Ashdown, Baird, Braybrook, Castle, Central St. Leonards, Conquest, Gensing, Hollington, Maze Hill, Old Hastings, Ore, Silverhill, St. Helens, Tressell, West St. Leonards, Wishing Tree

Policy Implications

Reading Ease Score:

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	N
Crime and Fear of Crime (Section 17)	N
Risk Management	N
Environmental Issues & Climate Change	N
Economic/Financial Implications	Y
Human Rights Act	N
Organisational Consequences	Y
Local People's Views	Y
Anti-Poverty	Y
Legal	Y

Additional Information

Insert a list of appendices and/or additional documents. Report writers are encouraged to use links to existing information, rather than appending large documents.

Officer to Contact

Officer - Buki Adekoya, Revenues and Benefits Service Manager
Email: Buki.Adekoya@hastings.gov.uk
Tel: 01424 451565

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APPENDIX L - Hastings Borough Council draft Budget Savings Proposals 2024/25 onwards

The council sets its budget for the following year each February. In previous years savings proposals have been published for consultation in mid-January and are agreed by the Budget Council in mid-February, approximately 6 weeks before the start of the new financial year.

This year, because of the seriousness of the budget position, the following proposals have been subject to consultation and comments were invited from residents, partners, staff and stakeholders. The consultation feedback was reported to the Cabinet on 4th December, and the amended proposals are now to be considered by Budget Full Council on 21 February.

Equality impact assessment

An assessment has been undertaken for each of the budget planning proposals, informed by feedback from the consultation process.

The section following each proposal sets out the council’s assessment of the likelihood of negative impact on any of the protected characteristic groups as defined by the Equality Act 2010. The assessment states whether the impact is thought to be Low – Medium – High and the mitigations that will be taken to reduce any negative impact.

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Savings proposals	Further details	Savings			Equality Impact Assessment
		2024/25	2025/26	2026/27	
<p>1. On-going programme to review and reduce service costs and staffing expenditure</p>	<p>The council is continuing the programme of service reviews that were commenced last year.</p> <p>The savings proposed for 2024/25 include deletion of the Full Time Equivalent (FTE) posts following either a service review, restructure or by reviewing posts that have become vacant:</p> <p>a) Net savings from phase 2 of restructure Completed a review of management and staff structures following deletion of Marketing and Major Projects Manager post.</p>	<p>£160,000</p>	<p>£160,000</p>	<p>£160,000</p>	<p>Equality Impact - Low Whilst no disproportionate service impact has been identified on any of the protected characteristics groups as identified by the Equality Act 2010 there is a reduction in staff capacity and projects that are valued by the community.</p>

	<p>A leaner service and management structure is in place that focuses on provision of essential services covering coastal, tourism, civic, event support, cultural, economic development and leisure services. There is now a reduction in capacity currently around non statutory, non-grant funded and non-income generating activity. This area however retains the ability to grow dependent on income generation and external grant funding levels.</p> <p>b) Vacant posts</p> <ul style="list-style-type: none"> • Customer Services Officer (CCC) 1 FTE • Vacant business support officer post 1 FTE • Vacant planning administration officer post 1 FTE • Vacant Warden post 1 FTE • Delay recruitment to vacant Planning Policy technical officer for 1year 0.6 FTE 	<p>£167,000</p>	<p>£167,000</p>	<p>£167,000</p>	<p>The remaining resource levels are considered appropriate to meet our statutory duties and we will continue to seek external or alternative means of funding these activities with partners</p> <p>RE: Customer Services officer post - We continue to promote channel shift to My Hastings and self-service for those residents who can use these channels, the remaining staff resources are prioritised to support the most vulnerable and/or digitally excluded residents.</p>
<p>2. Service Delivery Model Transformation Programme</p>	<p>The council implemented a digital transformation programme in 2015/16. This further transformation programme will build on that work and will explore opportunities to transform how we work to further reduce costs and to create more capacity and resilience by sharing resources, systems and skills with others.</p> <p>a) Back office operating model re-design</p>	<p>£55,000</p>	<p>£55,000</p>	<p>£55,000</p>	<p>Equality Impact - None No disproportionate impact has been identified on any of the protected characteristics groups as identified by the Equality Act 2010.</p>

	<p>The first workstream of this programme will begin in January 2024 and will aim to share resources, streamline functions and maximise capacity and transferable skills to meet demand peaks across all service areas, at a lower cost.</p> <ul style="list-style-type: none"> • A savings target for this project has been set to achieve a reduction of at least 2 full time equivalent posts, ideally through a process of voluntary severance from 1st April 2024. • In scoping the review, the functions of all administration posts across services, grades 10 – 6 will be considered. • By taking this project review approach individuals and teams will be at the heart of the re-design work and will be able to contribute to and consider proposals before final decisions are made. <p>b) Sharing services The second workstream which has already started is the work to capitalise on new opportunities to improve or sustain service delivery by working with others.</p> <ul style="list-style-type: none"> • A service delivery model transformation team will be established who will work with HBC and our partners throughout this process. • This team will be funded by ‘invest to save’ resources identified to support the project and achieve the targeted savings. 	<p>£193,000</p>	<p>£362,000</p>	<p>£482,500</p>	<p>However, this will continue to be assessed through the process of developing shared service proposals and will be a key consideration in service re-design.</p>
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- External funding will also be sought to facilitate this work – this is being made available by various organisations because it is an approach many councils are taking to address their deficits.
- The project will commence in early 2024.

This five year programme will focus on opportunities for sharing back-office and essential services where others have the same statutory duty and/or savings can be made from management, administration, sharing and rationalising systems etc. or by providing the service for others.

A key part of this work will be business process mapping. This will identify savings that can be achieved by implementing new ways of working even if services are not able to be shared at this time.

Priorities for transformation and sharing depend on the opportunities available with other potential partner councils and public organisations, but over the lifetime of the project will include all services.

Year 1 priorities for exploring potential for sharing are:

- Chief Executive’s division (SLT)
- Accountancy and Exchequer services
- Audit
- Communications and graphic design

- Environmental Health and Licensing
- Estates and Building surveyors
- Housing Management and administration
- Human Resources
- Information technology
- Legal Services
- Planning enforcement
- Planning services (development management and planning policy)
- Programmes and compliance
- Revenues and Benefits

The potential savings from this programme have been identified as follows:

Total staff cost of the areas listed above:

£5.7m

Total Full Time Equivalent staff is:

139.9FTE

A range of savings targets have been considered: 10%, 15% and 20%.

The target proposed: is to reduce the costs of these services by 15% i.e. 21 FTE posts, saving £865k, plus £100k of associated supplies and services costs = £965k

The profile of the savings is based on recognition that these savings will take time to identify and implement and we need to work to the timescales of partner councils. For financial and strategic planning purposes we have assumed that we will achieve:

	40% in 2024/25 adjusted for 50% reduction 75% in 2025/26 adjusted for 50% reduction 100% in 2026/27 adjusted for 50% reduction				
3. White Rock Theatre	The council has been successful in identifying a charitable organisation to lease and run the theatre over the medium term.	£25,000	£75,000	£75,000	Equality Impact - None
4. Community safety	Rather than reducing this priority activity, the work funded by the council's revenue grant to address community safety issues across the town will be funded from the community safety reserve for 3yrs.	£20,000	£20,000	£20,000	Equality Impact - None
5. Events	Reduce the events budget by £15k Seek an update by February 2024 from event organisers regarding their progress in becoming self-sufficient (as discussed during 2023/24)	£15,000	£15,000	£15,000	Equality Impact - Low
6. Regeneration activity budget	Major regeneration funding now is accompanied by capacity funding and therefore the levels of support needed from core budgets to develop schemes is reduced. These cost centres supported capacity for developing bids and supporting one of regeneration initiatives such as the Seafront Wi-Fi. 3 Year seafront Wi-Fi contract ceases in March 2024 – proposal to cease due to technology now making this obsolete.	£64,000	£64,000	£64,000	Equality Impact – Low
7. Anti-social behaviour pilot	Seek alternative external funding opportunities and therefore delay introduction of pilot to tackle Anti-Social Behaviour in urban and countryside parks (this was a growth item in the budget	£10,500	£21,750	£21,750	Equality Impact – Low*

	agreed in February 2023 to be in place from mid-way through 2024/25 part-year).				*This will be kept under review if the council is unable to secure alternative funding
8. Youth council	Cease budget from 24/25 and find more effective means of engaging with youth representatives at key strategic and operational decision-making meetings. E.g. invite youth members onto the Local Strategic Partnership and associated bodies, seek input from those engaged with youth projects and via learning through the Connected Futures research work, into how youth voice can be better heard by town leaders and decision-making bodies.	£12,000	£12,000	£12,000	Equality Impact – Medium Whilst this proposal directly impacts on a protected characteristic the council is seeking alternative ways of ensuring that young people’s views are heard at a strategic and decision-maker level.
9. Cashless operations	Introduce cashless services to save costs on cash collection contract.	£0	£25,000	£25,000	Equality Impact – High The council will aim to make alternative arrangements for essential items for those who are unable to pay for council services with a phone or bank card.
10. Food safety inspections	Bring food safety inspections work in-house and avoid costs of contractor – work will transfer to substantive EH team. Changed during December Cabinet Meeting.	£0	£0	£0	Equality Impact - None
11. CCTV	Cost savings from new contract for transmission and maintenance costs following an upgrade to technology. No change to service delivery.	£20,000	£20,000	£20,000	Equality Impact - None

12. Public Convenience Cleaning	Cleaning contract – actual cost of the new service is less than was budgeted.	£30,000	£30,000	£30,000	Equality Impact - None
13. Stray dogs contract	Savings from re-tendered contract without impacting on service.	£8,000	£8,000	£8,000	Equality Impact - None
14. Savings from Capital Programme Adjustments	Individual business cases will be bought forward for the assets identified for disposal. Estimated savings will be achieved from reduced interest payments & MRP provisions if HBC used capital receipts instead of borrowing to fund the capital programme. This follows decisions made around Capital Programme including the sale of the Cornwallis site and other asset sales.	£1,436,000	£3,617,000	£3,620,000	Equality Impact - None
15. Contingency	Instead of retaining budgets for ‘just in case’ contingency use, centralise budgets and determine strategic priorities.	£100,000	£100,000	£100,000	Equality Impact - None
16. Renewals and Reserves changes	Change the way we fund repairs and renewals reserve. This will enable better oversight of whole costs of assets and planning for future maintenance programmes. All asset maintenance plans are being reviewed and spend will be limited to health and safety priorities or to preserve existing/generate new income.	£200,000	£200,000	£200,000	Equality Impact - None
17. Affordable Housing Supply	Supply of newly developed affordable rented homes which will become available to people to move into and out of temporary accommodation.	£217,085	£1,739,440	£797,419	Equality Impact: positive impact for the most vulnerable people in the town.
18. Housing Acquisitions	This programme involves the council acquiring up to 50 homes over a two-year period for use as TA. The programme will use an end-to-end property service to increase the council’s capacity	£189,458	£310,542	£0	Equality Impact: positive impact for the most vulnerable people in the town.

	to source, negotiate, acquire and refurbish properties. Additional £310,542 added at Cabinet 12/02/2024.				
19. IT reserve	Changing how spend is managed - an annual revenue budget to be agreed to cover known costs, then all additional spend will require a business case to be agreed. This also ensures that appropriate costs are reflected in the capital programme budget.	£124,000	£124,000	£124,000	Equality Impact - None

New Income proposals		2024/25	2025/26	2026/27
20. Fees and charges	Following a review of fees and charges the council has reflected the increased costs of delivery in the fees for services (these are to be agreed at Cabinet on 4 th December) Equality Impact: The fees and charges have been structured to protect the residents with the least ability to pay.	+344,280	+ 289,096	+£208,149
21. Treasury investment	Aim to maximise investment returns and improve performance on the money the council has invested.	+ £400,000	+£400,000	+£400,000
22. New Homes Bonus	102 New Homes identified as part of external review and additional NHB grant expected as a result of the work.	+ £88,534	+£88,534	+£88,534

Total Savings	£3,878,857	£7,903,362	£6,693,352
NB If only 80% of savings are achieved then additional savings required of	£775,771	£1,580,672	£1,338,670

Other reviews underway/ to be completed that will identify cost savings, new income, cost avoidance or new ways of working over next 6-12 months (NB Equality impact assessments will be undertaken as part of the review processes)

23. A single person discount review to be undertaken to identify any potential changes which will bring in additional revenue to fund council services and fraudulent activity is reduced.
24. Undertake a review regarding council tax to include: <ul style="list-style-type: none"> a. A Single person discount review to be undertaken to identify any potential changes which will bring in additional revenue to fund council services. b. An Empty Homes review is being undertaken to ensure all homes that are eligible for a council tax charge are contributing to the cost of council services and fraudulent activity is reduced. c. Review of council tax reduction policy.
25. A business case is to be developed to introduce a more commercial approach to hiring of council venues and sites as demand for event space is increasing.
26. Commercialisation and new trading opportunities explored following creation of the new Operational Services team – street cleansing, grounds maintenance etc.
27. Undertake a wide-ranging review, to involve residents in 2024/25 of the costs of public conveniences to include options around charging. NB No changes will be made in 2024/2025.
28. Additional proposals to reduce the cost and usage of temporary accommodation costs (over and above what is already planned).
29. Invest to save debt collection business case proposal bought forward.
30. Review and where necessary re-tender contracts held across HBC facilities e.g. security, confidential waste, photocopiers, mobile phones etc.
31. In early 2024/25 implementation of a review of Housing Services – staff structure, use of external funding, options for sharing activities.
32. Review of parks service and staffing structure once new grounds maintenance service has been operational for 6 months.
33. Development of a business case for invest to save resources to explore a cultural trust model for sustainable future for cultural assets.
34. Review out of hours arrangements ensuring council has capacity to respond appropriately in emergencies and out of office hours.
35. Review evidence for further housing licensing scheme and depending on outcome develop a business case that is cost-neutral to HBC.
36. Seek opportunities to expand the successful Active Hastings programme across neighbouring areas and via their role in addressing health inequalities within the levelling up programmes.

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| 37. Develop proposals to use Levelling Up funding to invest in playgrounds and ensure they are not at risk of closure in future due to lack of funding for maintenance etc. |
| 38. Pause applications for Green Flags for the town's Parks whilst we embed our new Grounds Maintenance team and review whether the standards are contrary to our climate emergency/ biodiversity net gain aspirations. |

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Appendix Z – COMMON ABBREVIATIONS USED IN FINANCE REPORTS

BRR: Business Rates Relief - Some businesses in England are eligible for a reduction in their business rates bill. This is called 'business rates relief'.

CE: Capital Economics - is the economics consultancy that provides Link Group, Treasury solutions, with independent economic forecasts, briefings, and research.

CFR: Capital Financing Requirement - the council's annual underlying borrowing need to finance capital expenditure and a measure of the council's total outstanding indebtedness.

CIPFA: Chartered Institute of Public Finance and Accountancy – the professional accounting body that oversees and sets standards in local authority finance and treasury management.

CPI: consumer price index – the official measure of inflation adopted as a common standard by countries in the EU. It is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

DLUHC: the Department for Levelling Up, Housing and Communities - the Government department that directs local authorities in England.

ECB: European Central Bank - the central bank for the Eurozone

EU: European Union

EZ: Eurozone -those countries in the EU which use the euro as their currency.

Fed: The Federal Reserve System, often referred to simply as "the Fed," is the central bank of the United States. The Congress created it to provide the nation with a stable monetary and financial system.

FOMC: the Federal Open Market Committee – this is the branch of the Federal Reserve Board which determines monetary policy in the USA by setting interest rates and determining quantitative easing policy. It is composed of 12 members--the seven members of the Board of Governors and five of the 12 Reserve Bank presidents.

GDP: gross domestic product – a measure of the growth and total size of the economy.

G7: the group of seven countries that form an informal bloc of industrialised democracies--the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom--that meets annually to discuss issues such as global economic governance, international security, and energy policy.

Gilts: gilts are bonds issued by the UK Government to borrow money on the financial markets. Interest paid by the Government on gilts is called a coupon and is at a rate that is fixed for the duration until maturity of the gilt, (unless a gilt is index linked to inflation); while the coupon rate is fixed, the yields will change inversely to the price of gilts i.e., a rise in the price of a gilt will mean that its yield will fall.

HRA: housing revenue account.

IMF: International Monetary Fund - the lender of last resort for national governments which get into financial difficulties.

MPC: the Monetary Policy Committee is a committee of the Bank of England, which meets for one and a half days, eight times a year, to determine monetary policy by setting the official interest rate in the United Kingdom, (the Bank of England Base Rate, commonly called Bank Rate), and by making decisions on quantitative easing.

MTFS / MTFP: Medium Term Financial Strategy/Plan - The Medium Term Financial Strategy demonstrates how the council's financial resources will be deployed over the next few financial years.

MRP: minimum revenue provision - a statutory annual minimum revenue charge to reduce the total outstanding CFR, (the total indebtedness of a local authority).

NNDR: National Non-Domestic Rates – Business Rates.

PFI: Private Finance Initiative – capital expenditure financed by the private sector i.e., not by direct borrowing by a local authority.

PWLB: Public Works Loan Board – this is the part of H.M. Treasury which provides loans to local authorities to finance capital expenditure.

QE/QT: quantitative easing – is an unconventional form of monetary policy where a central bank creates new money electronically to buy financial assets, such as government bonds, (but may also include corporate bonds). This process aims to stimulate economic growth through increased private sector spending in the economy and also aims to return inflation to target. These purchases increase the supply of liquidity to the economy; this policy is employed when lowering interest rates has failed to stimulate economic growth to an acceptable level and to lift inflation to target. Once QE has achieved its objectives of stimulating growth and inflation, QE will be reversed by selling the bonds the central bank had previously purchased, or by not replacing debt that it held which matures. This is called quantitative tightening. The aim of this reversal is to ensure that inflation does not exceed its target once the economy recovers from a sustained period of depressed growth and inflation. Economic growth, and increases in inflation, may threaten to gather too much momentum if action is not taken to ‘cool’ the economy.

RPI: the Retail Price Index is a measure of inflation that measures the change in the cost of a representative sample of retail goods and services. It was the UK standard for measurement of inflation until the UK changed to using the EU standard measure of inflation – Consumer Price Index. The main differences between RPI and CPI is in the way that housing costs are treated and that the former is an arithmetical mean whereas the latter is a geometric mean. RPI is often higher than CPI for these reasons.

SONIA: the Sterling Overnight Index Average. Generally, a replacement set of indices (for LIBID) for those benchmarking their investments. The benchmarking options include using a forward-looking (term) set of reference rates and/or a backward-looking set of reference rates that reflect the investment yield curve at the time an investment decision was taken.

TMSS: the annual treasury management strategy statement reports that all local authorities are required to submit for approval by the full council before the start of each financial year.

VRP: a voluntary revenue provision to repay debt, in the annual budget, which is additional to the annual MRP charge, (see above definition).