APPENDIX A

Medium Term Financial Strategy 2020/21 to 2023/24

Purpose of the Strategy

1. The Council manages its finances by matching Council priorities to funding across the medium term. Unfortunately with the continued funding cuts, increased cost pressures from Waste Collection, Street Cleaning and Temporary Accommodation the Council must make further cuts in order to balance the budget.

2. The annual budget cycle refines the process for the immediate year ahead (2020/21) and determines the most appropriate use of available resources as well as setting the Council Tax for the borough.

3. The government's deficit reduction programme continues to result in significant and ongoing reductions in funding for the Council. These reductions, since 2010/11, have led to government funding reducing by some 70% to date. The medium term plans and budgets have all made it plain that the Council's ability to carry on providing the level of services it does is severely jeopardised from 2020/21 as all Transition funding is exhausted by then.

4. 2020/21 was to see wholesale changes in the way in which local authorities are funded. The level of uncertainty around future funding is now totally unclear. The government's Spending Review (the division of the government's overall pot) was due to start in the summer of 2019 and the results announced in the autumn budget.

5. The Chancellor has formally announced that the 2019 Spending Review has been postponed until 2020. Instead, a one-year Spending Round, covering budgets for 2020/21, will take place in September. An exact date has not yet been announced.

6. The Fair Funding Review (the level and distribution of the monies between Councils) now seems unlikely to be completed until late autumn. Complete uncertainty remains about the promised 75% retention of business rates from April 2020 along with the ending of the New Homes Bonus Scheme, and what will replace it – if anything. There is also uncertainty as to the percentage increase in Council Tax that will be permitted from April 2020 – let alone in the years beyond. What does appear to be clearer is that of the funding available those providing adult and children's care services will receive greater priority – along with the police and teaching professions.

7. The Council now finds itself in the most challenging financial period – and unless it balances its budget it will be unable to afford to undertake the major redevelopment initiatives that remain so important for the town.

8. The Council now needs to seriously consider postponing all but the most important new initiatives until there is some clarity on funding and achievement of a sustainable budget. The Council to concentrate on developing those projects that produce income or have significant health and safety implications. Unless the budget is balanced the

further use of reserves will take the Council to the point where it reaches the absolute minimum level that it should hold and leave nothing to fund the upfront costs of schemes and expenditure that cannot be capitalised e.g. cliff works, feasibility studies.

9. Even if the Council balances its budget for 2020/21 unless there is a degree of clarity and certainty for at least a significant part of the Council's funding stream in the years ahead the Council will need to prioritise its expenditure on the assumption of continued reductions in funding. It is understood that the MHCLG have been looking at a safety net where councils experience year on year reductions of greater than 5%p.a. .

10. Local government as a whole has faced more severe reductions than other parts of the public sector and has needed to provide strong discipline and management to put itself in a position to best address these challenges. The Medium Term Financial Strategy (MTFS) is a key document in setting out the Council's approach to establishing a financial base to enable the Council's policies and priorities to be delivered.

Background

11. Councils are expected to plan their finances over more than a one year period. The longer term planning of finance supports the achievement of priorities in the Corporate Plan and allows more effective planning of services. It encourages Councils to predict events in the future and develop strategies to deal with them. To this end the MTFS seeks to project the funding position to 2023/24. Given the total lack of clarity and the likelihood of this continuing for some time, along with the potential for recession, the Council needs to assume that it will continue to see significant reductions in funding and increasing cost pressures.

12. The Financial Strategy is the first stage in the annual business planning process. A later stage, the budget process, will examine the financial implications of any revisions to corporate plan objectives and match these to available resources to define a Council-wide budget requirement in early 2020. The corporate planning process ensures there is integration of all key strategies and the policies of the Council.

13. The Council has experienced funding reductions of over 69% between 2010/11 and 2019/20 on a like for like basis. The government's autumn budget in November 2019 is expected to give details of spending plans for the year ahead and given the scale of the national deficit and exit from the EU the funding reductions are expected to continue.

14. Health, schools and development assistance have been protected which means that the cuts in Departmental Expenditure Limits (DEL) have fallen disproportionately on the remaining public services including local authorities. This policy is not expected to change significantly.

15. This report updates the MTFS taking into consideration known factors and makes broad assumptions on funding for 2020/21 and the years thereafter as well as making assumptions around service and corporate pressures.

16. Announcements are expected that 2020/21 will result in a standstill settlement for local authorities, albeit business rate pilots may revert back to 50% (from the current 75%),

and new homes bonus payments will continue to reduce significantly.

17. The strategy will be updated as and when details and implications emerge in the months and years ahead. Significant cost reductions need to be identified urgently and will need to be implemented in full or in part depending upon the level of funding.

Strategic Priorities

1. The Council's strategic priorities were reviewed for 2019/20 in the light of the continuing challenges that the Council and the community face. They may have to be reviewed for 2020/21 in the light of these continuing challenges and the climate change emergency.

2. They are:-

   (a) **Economic & physical regeneration:** To secure economic and physical regeneration that produces high quality new developments while preserving the best of our heritage, high standards of education and training, road and rail improvements and high-speed broadband, thereby creating economic growth and rewarding jobs.

   (b) **Cultural regeneration**: To contribute to the regeneration of the borough through a rich cultural programme that appeals both to local people and visitors, extending, broadening and promoting the borough's cultural activities to establish Hastings as a nationally and internationally recognised centre for arts and culture.

   (c) **Intervention where it's needed:** To make full use of our available powers and sanctions to tackle anti-social behaviour or practices, including poor housing, eyesore properties, unauthorised development, derelict land, fly-tipping and dog fouling.

   (d) **Creating decent homes:** To facilitate the supply of secure, affordable and well-designed homes, through strategic planning policies, planning conditions, regulation of the private rented sector, tackling bad landlords, and by working with social housing providers.

   (e) **An attractive town**: To maintain visually interesting, well-maintained, uncluttered, clean and functional urban public spaces, especially along the seafront and in our town centres, integrated with high quality protected green spaces accessible to all.

   (f) **A greener town:** To promote practices that minimise our carbon footprint through our policies and our own operations, protect and enhance biodiversity, and limit damaging consequences of human intervention on the natural environment.

   (g) **Improving the way we work**: To maximise the benefits provided by new technology, to take opportunities for smarter 'One Team' working and continue our drive to be more Customer First focused and efficient in the design and delivery of services.

18. The Council's corporate plan continues to remain very ambitious when set against the background of reductions in annual grant settlements and the continuing demand pressures – particularly around homelessness and temporary accommodation requirements.

19. The Council has a very good track record of achieving its objectives and improving performance, and will look to enhance income streams too. It can continue to be well placed to deliver the programme in 2020/21 but must substantially refine its priorities which inevitably now results in cuts to services. Significantly reduced resources will inevitably impact on service delivery in the years ahead.

Key Principles of the Medium Term Financial Strategy (MTFS)

20. The Financial Strategy is robust in that it integrates the financial and policy planning procedures of the Council. That robustness 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 the last few years, knowing that these will be required to ease the transition to a lower spending Council and to meet key corporate priorities. The Council required the use of these reserves to achieve balanced budgets in 2018/19, and again in 2019/20. Reserves will be insufficient to balance the 2020/21 budget unless additional funding is received or significant expenditure reductions are made.

(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). The Council established an Invest to Save Reserve to assist in this regard.

(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.

Resources will, if available, finance invest to save schemes to help modernise and improve services and generate efficiencies in the medium term.

(vii) Ensure sufficient reserves are maintained.

Some reserves, having been built up in the last few years, are specifically identified to ease the transition to a lower spending Council and to meet key corporate priorities. A hardship fund was established in the February 2016 budget. Volatility within business rates and the Council Tax Support scheme resulted in the establishment of a separate reserve to smooth some of the fluctuations. In the event of a recession, in the run up to, and following, Brexit the volatility could be highly significant.

(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 draft report produced by the Council's external auditors in July 2019 on the Final Accounts gave a positive opinion on the Council's provision of value for money services.

(ix) 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.

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

Local Government Spending Control Totals

21. The Chancellor's November 2019 autumn statement is expected at best to produce a standstill budget for local authorities i.e. comparable funding to 2019/20 except for continued reductions in New Homes Bonus, benefit administration grant, and no additional monies to meet the increasing costs of homelessness.

External Funding – Grant Settlement

22. The 2019/20 final settlement figures provided details of the Revenue Support Grant and the levels of Business Rates that the government expects councils to retain – the two figures combined make up the Settlement Funding Assessment. In Hastings case there is no longer any Revenue Support Grant; this is replaced with the ability to retain more business rate income.

23. Over the last 4 years alone the authority would have lost some £2.7m (73.5%) of its core Revenue Support Grant over this short period alone.

24. Discretionary Housing Payments (DHP's). This government grant which is managed by the Council assists many claimants who are coping with a multitude of welfare benefit changes. The grant figure for 2019/20 amounted to £328,868 a reduction of £52,861 from 2018/19 (£381,729). The grant is expected to reduce further in 2020/21.

Summarised Grant Position

25. The level of grants received from the government between 2010/11 (the year before the previous Comprehensive Spending Review) and 2019/20 have decreased by over 69%. For the period 2010/11 to 2020/21 the reduction in cash grant funding is estimated at 72% on a like for like basis (i.e. excluding Council Tax Freeze Grant, Homelessness Grant and Council Tax Support Grant in order to provide a clear comparison). These figures are all based on cash and exclude the effects of inflation (the inclusion of which would increase the % reductions even more).

26. A one year standstill settlement would be a good result. If there is a fair funding review with resources redirected towards authorities with social care responsibilities, it would be hoped that the worst case scenario would see transition schemes in place limiting the funding reductions to some 5%. New Homes Bonus is set to decrease very significantly in the years ahead as is the Benefit Administration grant as the country moves towards Universal Credit and away from housing benefit.

27. **This loss of grant when combined with the additional costs from inflation, waste and street cleaning, pay increases and demand pressures present the Council with significant financial and resource challenges**. 2020/21 will see the full year effects of the increased costs in providing waste and street cleaning services (£1.4m p.a. of additional costs).

FINANCIAL CONTEXT - The National Economic Climate

28. UK gross domestic product (GDP) contracted by 0.2% in Quarter 2 (Apr to June) 2019, having grown by 0.5% in the first quarter of the year. The service sector has seen slight growth (0.1%), but the manufacturing sector has seen large reductions (-1.4%).

29. According to the office for National Statistics (labour market review July 2019), the UK employment rate was estimated at 76.0%, higher than a year earlier (75.6%). The UK unemployment rate was estimated at 3.8%; it has not been lower since October to December 1974.

30. Inflation projections from the bank of England quarterly inflation report (August 2019) suggest inflation decreases until Christmas 2019, with increases thereafter. Inflation has been predicted to reach some 4% next year with a no deal Brexit and consequent reduction in the value of the £pound.

31. Opinion at the start of the financial year was that there may be an increase in Bank Rate during 2019. It now appears that the financial markets are pricing in a reduction in base rates – possibly as early as January 2020.

32. There remains much uncertainty around the Brexit negotiations, consumer spending levels and business investment, let alone the world economy and trade wars. In this context it is not possible to be confident about how strong growth and inflationary

pressures will be over the next few years, and therefore the impact on employment levels (and those claiming benefit), inflation (and what we have to pay on our contracts and staff salary increases) and investment / borrowing costs (given no certainty on base rates).

33. In determining the Medium Term Financial Strategy the impact of the economic climate on the Council has to be considered. As a result of all these uncertainties, once again no general allowance can be made for any uplift in the Council's income streams in terms of volumes, although individual income streams are being critically reviewed. Likewise if there is a further decline in the overall economy then benefit numbers are likely to increase and likewise inflationary pressures. These factors will impact negatively on the Council's financial position.

Spending Review, Fair Funding Review & Business Rates Retention

34. The government's 2019 Spending Review was expected to determine the future funding for local government levels for a four year period (but now announced it will be a spending round rather than a review – and for just one year). The Fair Funding Review was set to determine the split of available funding between authorities for 2020/21 onwards.

35. The government announced many months ago that for 2020/21 the funding methodology for local authorities would change. This will see the end of direct government grant (Revenue Support Grant) and a move to increased funding from business rates retention (75% retention – up from the current 50% level). This being to help meet the commitment given to local authorities for more control over the money they raise locally – albeit business rates is proving much harder to collect and is increasingly unpopular for those struggling on the high street.

36. The Fair Funding Review will calculate new baseline funding levels based on an up-to-date assessment of the relative needs and resources of local authorities. Business rates will be redistributed according to the outcome of the new assessment, alongside the resetting of business rates baselines, subject to suitable transitional measures.

37. It is clear from the government's forward spending plans that the overall level of spending on local government will not be increasing. Given the funding pressures on Adult Social Care budgets in particular, district and borough councils cannot plan for a more equitable, or greater, distribution of funding.

Risks and Opportunities

38. There are numerous financial risks facing the Council over the next four years, including:-

    - External funding in terms of the government's spending round announcement in September 2019, Spending Review 2020 (SR20), the retention of business rates in 2020/21, and the Fair Funding Review (with new grant funding regime in place

from 2020/21).

- Business Rates Retention Scheme – the new funding regime that was introduced on 1 April 2013 whereby Councils retain an element of business rates and any growth (or reduction) – this has increased volatility and risks for Council funding. The local retention of business rates presents real risks to the authority should rate income decrease, but likewise provides the Council with an incentive to increase the business rate base and the level of business rates being collected. The move to 75% retention (from the current 50%) in 2020/21 passes on the additional risks of volatility to councils – the implications will be very much in the detail, which is awaited.

- Business Rate Appeals – This remains one risk that is proving particularly costly at present and remains difficult to estimate. The Council has been picking up the cost of revised rating determinations that stretched back as far as 2005 which has led to large deficits on the collection fund. The appeals provision within the Council's accounts amounted to some £3.955m at 31 March 2019 of which HBC's share is some £1.582m. Currently some £10.1m by rateable value (excluding multiple appeals) remains the subject of appeal within Hastings of which some 76 relate to the 2010 rating list (as at 31 March 2019).

- Localisation of Council Tax – funding for Council Tax Support having been reduced by 10% and Councils are now maintaining their own schemes. The Council is not proposing any change to the scheme for 2020/21 – which will increase the cost of the scheme by some £250,000 p.a. of which Hastings BC will bear an additional £35,000 (estimated).

- Security of income streams

- Increased demand for public services – homelessness and temporary accommodation

- Delivery of the identified PIER savings.

- Pension Fund Performance and changes to the national scheme

- Housing Benefits – Universal Credit and the impact on Housing Benefit Administration grant

- Re-letting of the Waste and Street Cleaning Contracts – The costs to the Council increasing substantially from July 2019. The additional costs for the Street cleaning service, the loss of recycling credits and additional costs for waste collection from 2019/20 onwards amounting to some £1.4m in total in a full year. Potential savings by moving some weekly recycling collection areas to two weekly were to be explored once the new contractor has established new working arrangements.

- There are however still opportunities for joint working, shared services and joint procurement that have proven to be successful in reducing costs in the past e.g.

Grounds Maintenance contract, Building Control service. A number of contract areas will be coming up for renewal in the years ahead which may allow for detailed scrutiny of the specification and how these could be delivered differently in the future – whether in-house or externally.

- The prospects for all centrally funded organisations have become one of decreasing resources. The government's borrowing requirement has increased and significant public spending cuts are being made. Further reductions in benefit funding by the government may also have wider ramifications for Hastings e.g. effects on homelessness, inward migration.

- The Council has commenced some significant housing initiatives e.g. social lettings scheme, Selective Licensing scheme, housing company, as well as energy initiatives. Each of these has financial repercussions if business plan objectives are not achieved.

- The Council continues to look at opportunities for income generation/cost reductions. The level of investment both in terms of commitment, resources and particularly new borrowing is significant. There is also concern that there will be greater levels of control placed on local authorities by government.

- Unfortunately the risks of recession in the economy are greater at present given the levels of uncertainty around Brexit, trade wars, etc. The Council's Council Tax Support scheme has the potential to become increasingly costly in a recession.

Council Tax and Business Rates

39. The current funding gap in the MTFS assumes an increase in Council Tax of £5 or 2.99% in 2020/21 and 2% each year thereafter. It has been suggested that a 2% limit could be placed on Council Tax increases for 2020/21. In determining the actual level of Council Tax for 2020/21 the Council will need to take into consideration the government's referendum principles which for 2019/20 were based on the requirement to hold a referendum for increases that were above £5 as well as exceeding 3% or above. This MTFS assumes a 3% increase for 2020-21.

40. The tax base for 2020/21 is expected to be 1% higher, as a result of additional properties and a reduction in the Council Tax Support being claimed. The effect would be to increase the tax base from 25,865 to 26,124 (worth some £69,000 p.a. to HBC alone). Each 1% increase in Council Tax would also yield approximately £69,000.

41. The 2020/21 budget projection assumes a further contribution of £50,000 from the Council's Collection Fund in respect of Council Tax due to the collection record. However there remains a deficit in business rates income mainly caused by the high level of successful rating appeals. An estimated deficit of £159,000 has currently been included in the strategy but this figure could be amended significantly before the year end.

Funding from Business Rates (2020-21)

42. 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 the Council received Revenue Support Grant (RSG) and monies from Business rates (an assessed Business Rate Baseline Funding level - expressed as Baseline Need). The two figures effectively made up the Settlement Funding Assessment (SFA). The government calculated a notional business rate figure they believed each Council should collect, although ultimately it is the actual level of business rates collected that determines the total funding received.

43. The business rate, itself, is set by the government with regard to the change in the Retail Prices Index. The proportion retained in Hastings for 2018-19 was 40% (9% is payable to ESCC, 1% to the Fire and Rescue Authority and 50% to the Government).

44. Under the 2018-19 scheme 50% of business rates was localised 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 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 50% central government share is distributed through the annual local government settlement process – thus enabling the government to control the overall amount received by local authorities.

45. 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.

46. 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. A reset mechanism is in place with the first reset due in 2020/21 (expected to be overtaken with the Fair Funding review). The system, the calculations required, accounting treatments, and particularly the budgeting requirements are not straightforward.

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 demand for Council Tax support – both increasing Council costs.

Business Rates - Pilot Project (2019/20) and 2020-21

48. For 2019/20 the Council, along with the other members of the pool (East Sussex County Council, all East Sussex Boroughs and Districts, and the Fire Authority) applied for, and were granted, Pilot status. This means Councils retain 75% of business rates, but lost all of the Revenue Support Grant. The Council's baseline funding levels being amended to reflect the loss of grant. This effectively brought forward the funding methodology that would apply from 2020/21onwards.

49. The benefit to East Sussex as a whole being that more of the business rate growth is retained in the county – rather than being paid to the government in the form of the levy. The potential risk is that should the councils see a decline in the business rate income any losses are shared by the authorities in the pool. There is a safety net and it is a higher level of support than an individual authority would receive if it was not in a pool.

50. The question, when writing this strategy is what will now happen for 2020-21 if there is a standstill budget, and business rate retention of 75% is not introduced. There is the potential for all the pilots to end and the Council's funding reverts to a pooling arrangement with 50% retention (all subject to a further pooling application being successful). If this were to be the case the baseline funding level would hopefully be amended and /or Revenue Support Grant reinstated.

51. The government after determining the business rates baseline levels included small business rate relief within its own budget proposals. This effectively reduced Councils' income. The government is reimbursing authorities for this lost income - estimated at £1,536,715 in 2019/20. The same level is anticipated for 2020-21.

52. The rateable value (RV) of business properties at the start of the 2019/20 year was forecast to be some £62.7m (some £217,000 lower than 2018/19). However given the level of appeals, forecasting income levels for 2020/21 and beyond remains challenging. Business rates and the levels of appeals/ growth/ decline has been highlighted as a real risk yet again and will continue to impact significantly on the Council's level of funding. It is one of the key risks that the Council faces in terms of income volatility.

53. Multiplying the rateable value figure by the rate poundage and after charity and other reliefs the Council will collect some £21.1m of which the Council share is some 44% (£9.27m in 2019/20). For Hastings however, with a Baseline Need that is lower than the Business Rate Baseline, a Tariff is paid to central government – this amounts to £5,521,844 in 2019/20. The estimate of the business rate income collected that will be retained by the Council in 2019/20 as a result of entering into the Business rate pilot amounts to £3,563,000 (compared to £2,884,000 in the 2018/19 revised budget). The projections for 2020-21 are made on a comparable basis – but could be overly optimistic in the event of a recession.

54. The Council is required to make an annual assessment of the income it expects to collect from Business Rates, and to provide these figures to government, East Sussex County Council and the Fire and Rescue Authority who each receive a share of the actual rates collected. At present this remains very challenging given no clarity from government.

Income and additional costs

55. The Council now has limited reserves and remains reliant upon income streams and investment returns to balance the budget. Given the welfare changes and low wage settlements there are continuing implications for a number of the Council's income streams in the medium term. Rental streams from shops remain under considerable pressure e.g. Priory Meadow, and limited rental growth income can be anticipated for

some years ahead.

56. Given that income streams remain at risk, fees and charges have been kept under careful review and are considered annually against the background of Council priorities, local economy and people's ability to pay. In general the policy has been to increase to a market rate (and by a minimum of inflation). Car parking charges were last increased in February 2019 for a 12 month period. It is understood that that the Council will not be looking to increase car park charges when determining the budget in February 2020 due to the level of increases in 2019, and the requirement to encourage economic activity within the town.

57. Given that income streams remain at risk, fees and charges are 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. For 2020-21, with a number of exceptions, fees and charges will be considered against market fees, and increased as a minimum by the retail price index - except where set by statute. The majority of planning fees are determined nationally by government.

Income Generation

58. The Council has a number of key income streams besides Council Tax and Business rates. These include for example car parking, rents from land and industrial estates and shopping centres, cemetery and crematorium, cliff railways, planning, licensing, lettings and land charges.

59. The Council has stepped up the level of income it is receiving from property and is looking to diversify its income streams further through the housing company and from energy. The table below highlights some of the more recent acquisitions and initiatives that have either generated or saved money and will go a little way to meeting the massive funding reductions the Council is experiencing and thus helps to protect services.

Acquisitions/lettings	Est Income/Rent Saved- 2019/20	MRP and Interest 2019-20	Net Additional Income 2019-20	Net Additional Income by 2023/24
	£	£	£	£
Muriel Matters	321,000			
MM Shops	41,000			
Sub Total	362,000	220,800	141,200	141,200
Muriel Matters - Council Chamber etc	23,000		23,000	23,000
Town Hall	97,000		97,000	97,000
BD Food Factory	40,000	91,488	(£51,488)	(£51,488)
Sedlescombe Road North	465,067	294,613	170,454	170,454
Sea Front Kiosks	7,900		7,900	7,900
Bexhill Rd Retail Park	547,080	356,660	190,420	190,420
Sedlescombe Rd North (2)	136,527	97,346	39,181	50,435
Bexhill Road Redevlopment Site				93,611
Lacuna Place	427,126	355,737	71,389	250,049
Heron House	190,000	107,952	82,048	82,048
Property Fund	85,000		85,000	85,000
Totals	**2,380,700**	**1,524,596**	**856,104**	**1,139,629**

60. The income generation figures shown above are included in the future year projections.

61. Given the Council's need to generate significant levels of new income if services are to be protected, an income generation strategy was agreed in September 2017 and was reviewed in July 2019.

62. The Council's future income generation plans involve both capital and revenue expenditure. The Council is able to borrow for capital expenditure but must determine its overall borrowing limits prior to the start of the financial year. The purpose of setting borrowing limits is to ensure that the borrowing costs are prudent and affordable when determining the budget. It is able to vary them within the year, but such decisions can only be taken by full Council.

63. The borrowing levels are contained within the Treasury Management Strategy which is considered by the Audit Committee and Cabinet before being determined by full Council. Any changes would also necessitate a change to the Capital Strategy – also now determined by full Council.

Investment and Borrowing

64. The relatively low levels of interest received on investment balances looks set to continue. Base rates increased in August 2018 (to 0.75%) and assumptions made, given the restricted counterparties list and short investment periods, are for investment returns of around 0.75% in 2019/20.

65. However it looks certain that rates will now decrease again in early 2020 but the Brexit factor makes forecasting difficult. If however inflation looks set to increase significantly following a fall in the £ pound, then rates could be increased. The Treasury Management Strategy will continue to advocate a policy of keeping the respective levels of debt and investment under review. Investment returns for the purpose of the MTFS and 2020-21 budget are estimated at 0.5% p.a.

66. The Council has had significant additional borrowing requirements in recent years and continues to have an ambitious Capital programme for 2019/20 and beyond. The Capital expenditure agreed as part of the February 2019/20 budget, and subsequent decisions on Commercial properties will increase borrowing to levels to some £85m by 2021/22. This will increase annual borrowing costs substantially as well as the amount required to be set aside each year to repay this debt (the Minimum Revenue Provision). The costs appearing in the MTFS are estimates and will need to be refined in line with a revised Capital programme if and when agreed in February 2020. **There are substantial potential projects and developments that are detailed in the Capital section of this strategy that are currently unaffordable given the unsustainable nature of the Council's current budget.**

Inflation

67. This had not been a major issue over the last couple of years. In June 2019 it was 2.9% (Retail Price Index) whilst the government's preferred measure CPI (Consumer Price Index) was 2.0%.

68. Inflation, according to the Bank of England inflation report (August 2019) is expected to fall slightly by December 2019 and increase thereafter to some 2.4% by 2022 – subject to a smooth Brexit arrangement.

69. Based upon the above projections, general inflation is being allowed for at 2% overall for 2020/21 and beyond. However, only contract inflation is being allowed for in the budget i.e. a real cash freeze again for all other service expenditure areas. Any increases above this level would need to be contained within service budgets within the year.

Public Sector Pay Settlement and National Living Wage

70. The figures in the Medium Term Financial Strategy assume a 2.5% increase for 2020/21 and beyond. In addition there are contractual increments (equivalent of around ½%).

71. The salaries budget together with national insurance and pension costs amounts to some £14m in 2019/20. The estimated costs have increased as a result of taking on the Street Cleaning DSO in 2019/20.

72. The Council remains committed to paying the accredited living wage of £9 per hour (for over 18's) and this is set to increase further with new rates being announced in November 2019. The national minimum wage for over 25s is £8.21 – from April 2019. The last pay settlement caused pay scales to be amended reflecting the effects of the higher increases at lower pay scales.

Universal Credit and Benefit Administration Grant

73. 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).

74. The impact of the change is a reduction in new benefit claims, an increase in questions and support, and a significant reduction in the Housing Benefit Administration grant receivable in the years ahead.

75. The implications for staff and services is becoming better understood and will necessitate changes to the Council Tax Support scheme if the Council is not to be engulfed in numerous change of circumstance requests in the years ahead – albeit that this threshold has not yet been reached.

76. It should be noted that the final stage and timeline for converting existing working age Housing Benefit claims onto Universal Credit (to be completed by 2022) remains unclear. However there appears to be no immediate plans for the transfer of pensioners or the more complex cases away from Housing Benefit – which could see the Council retaining some 40% of cases.

77. The Department for Work and Pensions (DWP) continue to provide some additional funding to the Council. Some of this had been funding external support organisations for those providing debt advice - this is now paid direct e.g. to Citizens Advice Bureau (CAB). Some funding is payable to the Council to meet the additional burdens on dealing with DWP enquiries, complex cases and closing down existing claims. How much and for how long this funding remains is uncertain.

78. The Benefit Administration Grant for 2019/20 was reduced to £389,046 (from £420,606) – a loss of £31,560 (7.5% reduction). A revision to the methodology has been advised which will see the Council continue to lose further grant (transitioned over 3 years). A 7.5% reduction is estimated for 2020-21.

79. The level of Council Tax Support Administration Grant receivable in 2019/20 was £160,753 (£166,913 received in 2018/19). This represents a reduction of £6,160 (a 3.7% reduction) and further reductions are anticipated for 2020-21. A 4% reduction is estimated for 2020-21.

80. 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.

Council Tax Reduction Scheme

81. 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.

82. The other East Sussex Councils amended their schemes for 2016/17 given the ever increasing unaffordability of the scheme. The major change made by them being that all households of working age made a minimum 20% payment. Options have again being explored by this Council for 2020/21. These have included minimum payments of 3%, 10%, or 15%.

83. The projections are that the cost of the scheme will increase from some £10.6m to some £10.85m in 2020/21, and the deficit identified in this budget report would increase by a further £35,000 (HBC's share of the additional £250,000 p.a. additional cost). If there is recession with more people claiming benefit the costs could increase very substantially.

84. Following a review by lead members the Council is proposing not to make any amendments to the scheme for 2020/21.

85. The Council Tax Reduction Scheme continues to pose a significant financial risk for the Council. That 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.

Priority Income and Efficiency Reviews (PIER) Process

86. The consideration of budget options by lead members and officers enables a detailed examination of service performance and priorities, cost pressures, and the scope for achieving efficiency savings and additional income.

The objectives of the process are as follows:-

- To provide services with an opportunity to submit proposals for the business plan. The proposals include all unavoidable growth and savings amounts.
- To allow service delivery proposals to be measured against the corporate plan objectives.
- To provide a mechanism for challenging service proposals in an informed, robust and constructive fashion.
- The revenue estimates and the capital programme are closely linked. As such service bids for capital funding are considered at the same stage.

87. In addition to the annual Strategic Budget (PIER) process the Council continues to have a programme of areas to review e.g. service reviews, and business re-engineering process reviews in order that efficiencies continue to be achieved, monitored and potential new areas identified.

88. The scale of the budget savings required to balance the budget on a sustainable basis for 2019/20 and beyond is large. The time between the identification and the achievement of savings, as well as income generation, can be significant and the Council will need to be prepared to continue to use a proportion of its reserves to balance the budget and for future invest to save initiatives.

Pension Fund Contributions

89. The Council's contributions to the pension fund managed by East Sussex County Council are determined every three years following an actuarial valuation. A new valuation is being undertaken during 2019 with revised contribution rates becoming payable from April 2020.

90. The rates currently payable by the Council consist of the primary contribution rate plus 0.75% for future ill health retirements (these are percentages of salaries of staff in the pension scheme) plus a lump sum (secondary rate), namely:

The rate for 2019/2020 is : 17.3% +0.75% + lump sum of £594,000

91. The above lump sum figure represented growth of £54,000 in 2019/20. The rates had been expected to be more stable in the years beyond 2020/21and no increase had

previously been expected (above and beyond the impact of annual pay increases). However, given a recent ruling called the McCloud judgement, changes made to various pension schemes since 2015 have been ruled to breach age discrimination rules.

92. The implications based on salary increases range between 0.1% to 3.2% on an accounting basis in relation to active liabilities and close to 1% on overall accounting liabilities. At this stage an additional £50,000 p.a. has been allowed for in 2020-21.

Staffing, Information Technology and Property

93. In order to deliver its priorities the Council not only requires financial resources but also good quality staff, IT, and well maintained 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 annual plan.

94. 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 clear strategy for workforce development and sufficient funding will be retained within the budget to fully finance the training and development programme.

95. A transformation team continues to pull together the customer first programme, process and service reviews along with IT solutions to make long term efficiencies and improvements to the customer experience.

96. The transformation programme is seen as key to making further long term savings and to preserve as many services to the community as possible – albeit delivered in a different way.

Grants

97. 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. Rogue Landlord funding, Future Cities, and Active Women Programme, Answers in the Local Economy (ACE), Hastings Fisheries Local Action Group (HFLAG), Coastal Communities funding.

98. Regional and European funding successes have been very significant for Hastings. 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. Recent bids which the Council has been involved in include, for example:-

(i) Climate Active Neighbourhoods (CAN) (£870,000 over 3 years),
(ii) Sustainable Housing Inclusive Neighbourhoods (SHINE) (£1.5m over 4 years),
(iii)Community Led Local Development (CLLD) (£3.3m),
(iv) Coastal Communities Fund 4 (Destination White Rock) – continuing the economic revival. Total project value (grant and match: £1,081,270)

99. Most of the bids made have been successful and the resultant regeneration work within Hastings remains significant.

100. Of significance is the monies paid to the Council from the Clinical Commissioning Group (CCG) for various joint initiatives which are included in the Council's budget. It should be noted that this inflates the Council's net expenditure figures (the funding is included in transfers from reserves).

New Homes Bonus

101. This grant regime 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 2019/20 amounting to £556,337 (down from £649,559 in 2018/19).

102. The government announced in the November 2015 Autumn Statement that it would be consulting on changes to the New Homes Bonus - the money saved going to Social Care. The outcome as announced on the 15 December 2016 has been to reduce the period that it is payable for - from 6 years to 4 years with a transition year for 2017/18 whereby 5 years was payable. The government also decided to introduce a minimum growth baseline of 0.4% below which the bonus will not be paid; this they state reflects a percentage of housing that would have been built anyway. The payment of a small amount to reflect the increase in affordable properties does not appear to be affected by the threshold decision.

103. The Council Tax Base return (CTB 1 in October each year) identifies that the number of new properties completed and the number of long term empty properties brought back into use (net). For the 2019/20 calculation this amounted to some 141 but did not meet the threshold of achieving more than 0.4% of the housing stock. However the number of affordable properties completed amounted to some 94 for which there is a payment of £350 per property; resulting in income amounting to some £26,320 for 2019/20.

The table below shows the estimated New Homes Bonus receivable by the Council in 2020/21 and estimates for future years – based on no further changes to the grant.

Table: New Homes Bonus

Year	2017/18	2018/19	2019/20	2020/21 (Est)	2021/22 (Est)	2022/23 (Est)
	£	£	£	£	£	£
Year 1						
Year 2						
Year 3	119,097					
Year 4	382,670					
Year 5	119,542	119,542				
Year 6	382,055	382,055	382,055			
Year 7	5,600	5,600	5,600	5,600		
Year 8		142,362	142,362	142,362	142,362	
Year 9			26,320	26,320	26,320	26,320
Total	1,008,964	649,559	556,337	174,282	168,682	26,320

104. The reduction between 2019/20 and 2020/21 is an estimated **funding loss of £382,000**.

105. Councils have used the bonus in different ways, either to help balance budgets, strengthen reserves, or for one off activities that do not add to ongoing spending commitments. For Hastings, the money has been fully utilised to help balance the budgets in every year since its introduction, and if there is no replacement scheme this is a severe funding reduction.

106. As identified in February 2019 there remains a real risk that this grant regime could be ended as part of the "Fair Funding review" and not replaced. The government did state that they would explore how to incentivise housing growth most effectively, by for example using the housing delivery test results to reward delivery or incentivise local plans that meet or exceed local need, but nothing has been communicated since.

Indicative Base Budget Position for 2019/20 to 2022/23

107. An Indicative budget forecast for the 10 year period 2019/20 – 2028/29 has been produced (Appendix 1) to reflect the issues raised as part of the review of the MTFS. This is indicative given the uncertainty surrounding the costs of some of the financial pressures and funding levels and the recognition that further work is required to refine these figures before the budget is finalised in February 2020. The forecast does not include any costs associated with additional Capital projects other than those already included within the Capital programme

Summary of Financial Position

108. When setting the budget in February 2019, forecasts of future deficits were identified. These amounted to £2.4m in 20-21, £1.8m in 21-22 and £1.9m in 22-23. With projected increases in temporary accommodation costs, revisions to income generation forecasts, increased inflation and wage increases, reductions in funding from New Homes Bonus, etc., the deficits look to set to increase substantially.

109. During 2019-20 work has been undertaken to identify further savings, firstly in order to spend less in the year, thus preserving more transition funding to help meet the deficit in 2020/21, and secondly to identify on-going savings for future years.

Additional PIER savings identified during 2019-20	2019-20	2020-21
Savings	£'000s	£'000s
Environment and Place	(96)	(87)
Corporate Services	(157)	(156)
Regeneration and Culture	(26)	(31)
Housing and Environment	(37)	(37)
Insurance Contract	(150)	(150)
Rates reduction - cemetery	(35)	(35)
Staff Post reductions - not included above	(77)	(80)
Total Savings	**(578)**	**(576)**
Growth		
Temporary Accommodation GROWTH (net)	**191**	**191**
Net Savings	**(387)**	**(385)**

110. From the above table, the review of under and overspends following the closedown of the 2018/19 accounts, along with areas identified during 2019/20 have identified potential savings of £578,000 in 2019/20 and £576,000 in 2020-21.

111. The savings are offset by estimates of additional costs (£191,000 in 2019/20 – net of benefits) in respect of temporary accommodation – even after acquiring nearly £3.2m of properties within the borough for this purpose during late 2018-19 and early 2019/20.

112. Additional savings e.g. PIER savings included in the budget projections for 2020-21 in February 2019 amount to £605,000 and include such items as reduced contributions to the theatre (£100k), Commercial Property income (£203k net of borrowing and MRP costs), Revenues, Benefits and contact centre savings from self-service (£150k).

113. The table below summarises the estimated deficits for the current and next 4 years. of £1.487m in 2019/20 (down from £1.747m), £1.5m in 2020/21, £1.6m in 2021/22, £1.8m in 2022/23, and £1.7m in 2023/24. These figures are after the use of reserves.

	Original 2019/20	**Revised 2019/20**	**(Est) 2020/21**	**(Est) 2021/22**	**(Est) 2022/23**	**(Est) 2023/24**
	(£000's)	(£000's)	(£000's)	(£000's)	(£000's)	(£000's)
Net Expenditure	15,116	14,831	14,956	14,822	15,198	15,346
Funding	(13,369)	(13,369)	(12,912)	(13,301)	(13,455)	(13,736)
Shortfall / (Surplus)	**1,747**	**1,462**	**2,044**	**1,521**	**1,743**	**1,610**
Use of Transition Reserve	(1,096)	(811)	(389)			
Use of Resilience and Stability Reserve			(159)			
Use of Community Safety Reserve	(250)	(250)				
Use of Economic Development Reserve	(401)	(401)				
Total use of Reserves	(1,747)	(1,462)	(548)	0	0	0
Estimated Shortfall (after Reserves)	**0**	**0**	**1,496**	**1,521**	**1,743**	**1,610**

114. The above figures assume PIER savings and income generation projections, already identified, will be achieved in full or alternative savings to at least the same amount will be achieved. In 2020-21 the use of £389k of the Transition Reserve represents the remaining balance of the reserve – this figure is totally dependent upon the final outturn position of 2019/20. The Resilience and Stability Reserve would be used to fund the business rate deficit that is currently forecast.

115. **Whilst significant progress has been made to identify savings for 2020-21, the net deficit remaining is £1.496m for which savings/cuts need to be identified.**

Council Tax

116. The Council has a record of lower than average tax increases.

Year	Hastings BC Tax Increase	National Average Increase	Hastings BC Council Tax Band D (£)
2010/11	1.9%	1.8%	235.85
2011/12	0%	0%	235.85
2012/13	0%	0.3%	235.85
2013/14	0%	0.8%	235.85
2014/15	0%	0.9%	235.85
2015/16	1.9%	1.1%	240.33
2016/17	2.1% (£5)	3.1%	245.33
2017/18	2.0% (£5)	4.0%	250.33
2018/19	2.99%	5.1%	257.81
2019/20	2.98%	4.7%	265.50

117. In considering any Council Tax increase in 2020/21, 1% on the Council Tax will equate to around £69,000.

118. For 2019/20 the government announced a shire district or borough Council could increase Council Tax by up to 3%, or up to and including £5, whichever is the higher. If higher then it will be required to hold a referendum.

119. The MTFS includes the assumption of a 2.99% or £5 increase (whichever is higher) in Council Tax for 2020/21 and 2% for each of the years beyond.

CAPITAL

120. Resources for major capital projects remain scarce. For projects to be considered schemes need to meet the following criteria:-

(a) Contribute towards achieving the Council's corporate priorities
and one or more of the following,
(b) be of a major social, physical or economic regeneration nature,
(c) meet the objective of sustainable development,
(d) lever in other sources of finance such as partnership/lottery funding or provide a financial return for the Council,
(e) is an "invest to save" scheme and reduces ongoing revenue costs to assist the revenue budget.

121. The Council’s capital programme for 2019/20 and the next 2 years, as approved in February 2019, amounted to some £30.3m (£23.6m net of grants and contributions). The capital programme will be considered as part of the budget process and decisions taken in the light of available resources.

122. For the purposes of planning the Council has used 9% as the cost of capital (4% capital repayment and 5% in respect of long term interest). If an asset has a shorter life (than 25years) then the capital repayment percentage (4%) must increase e.g. percentage becomes 10% for an asset with a 10 year life.

123. The 5% used in respect of long term interest is considered to high at present and will be revised to 3% for planning purposes. When looking at the viability of individual schemes being proposed current rates of interest are also used.

124. The capital programme has significantly increased in the last few years, as economic and regeneration opportunities have been taken. In 2018/19 borrowing increased by some £19.4m to £61.068m. Additional capital expenditure has been approved by Cabinet since February 2019 which will increase the overall indebtedness of the Council.

125. There is a need to maintain assets to avoid higher long term maintenance costs. This is especially critical where the Council's commercial estate is involved if rental streams are to be maintained and industry is to be attracted to the area - and also given the increase in competition for tenants. The Council maintains a Renewal and Repair Reserve for significant items of programmed work. Where major works or alterations are required these will be included within the capital programme. It should be noted that the annual Revenue expenditure is out-stripping the contributions being made to the reserve. It should be highlighted that there continues to be further works required to the cliffs for which estimates are being sought. A significant element of such works are classed as revenue costs and General Reserves will be required to fund these – or elements thereof for many years to come.

126. The Council's Capital programme remains ambitious. There are in additional a whole series of potential developments in the pipeline. Appendix 3 highlights some of these e.g. new sports and cultural development centre at Bohemia (estimated at some £60m), the development of houses at Bexhill Road, Harrow Lane, Mayfield E etc, Commercial properties at Churchfields. The ones identified amount to some £185m over the next 5 years or so, and are not all affordable given the unsustainability of the revenue budget, and the limited level of reserves available to meet the cash flow requirements, feasibility studies etc.

127. A revised Capital Strategy will be produced for 2020/21, but the affordability is dependent on the future funding of the Council and achieving a balanced budget. There remains a small amount of flexibility within the current borrowing approval limit for new Capital schemes in 2019/20 where these can be shown to be revenue neutral.

Capital Receipts

128. The Council's land disposal programme for this financial year is budgeted to produce capital receipts amounting to £185,000 in 2019/20, as well as for 2020/21 and again for 2021/22. Any new capital expenditure proposals would be costed on the basis that they would have to be funded by borrowing.

129. Capital receipts will continue to be received in the period of the strategy, but given the income generation proposals and the potential for the Council to develop sites itself or in conjunction with a partner the timing of any disposal is expected to be further into the future. The presumption remains that the Council will only dispose of

sites after considering the income generation potential.

130. However, it remains imperative that the Council maximises its capital receipts. Failure to do so may necessitate curtailment of the already very limited capital programme given the costs that are faced if the Council has to borrow.

131. The Council should consider disposing of all or some of its ready to develop sites if it to finance the larger initiatives in its programme as well as avoid the costs associated with temporary accommodation.

Minimum Revenue Provision (MRP)

132. Local authorities are required each year to set aside some of their revenues as provision for debt repayment. Unlike depreciation which is reversed out of the accounts, this provision has a direct impact on the Council Tax requirement. The provision is in respect of capital expenditure that is financed by borrowing or credit arrangements e.g. leases. For example, an asset that cost £100,000 and has a 10 year life, and that was financed by borrowing, would necessitate putting aside £10,000 in each year (£100,000 divided by 10) to repay the debt.

133. The Council is required to make a “Prudent Provision” which basically ensures that revenue monies are set aside to repay the debt over the useful life of the asset acquired. Should the existing financing assumptions alter, and additional borrowing is required, there will be a direct and additional pressure on the revenue budget.

134. The MRP is set to increase substantially in 2020/21 and beyond as a result of additional borrowing, particularly in respect of economic and regeneration initiatives. The Council’s MRP policy is determined by full Council as part of the Treasury Management Strategy in February for the forthcoming year.

135. The table below identifies the estimated Capital Financing Requirement (CFR) for each of the next four years and the Minimum Revenue Provisions (MRP) as per the February 2019 budget report.

CFR	2018/19 (Adj. Est)	2019/20 (Est)	2020/21 (Est)	2021/22 (Est)	2022/23 (Est)
	£	£	£	£	£
CFR-Opening	39,493,000	60,150,000	74,842,000	78,814,000	79,155,000
Less MRP	-795,000	-1,184,000	-1,628,000	-1,775,000	-1,875,000
Plus, New Borrowing	21,452,000	15,876,000	5,600,000	2,116,000	0
CFR Closing	60,150,000	74,842,000	78,814,000	79,155,000	77,280,000

136. The above figures are very much dependent upon the level and timing of the capital acquisitions, the level of capital receipts received and the useful life of the assets acquired or constructed.

137. The figures will be refined for the revised 2019/20 budget, based on the proposed Capital programme and timing thereof. The MRP for 2019/20 is now estimated at

some £1.286m – the additional amount being more than offset by rental income.

Reserves

138. 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. Such reserves are referred to as Earmarked reserves.

(d) To assist in the transition to a lower spending Council in the years ahead.

(e) To provide the Council with some resources in future years to meet corporate objectives particularly in the areas of economic development and community safety.

139. It should be noted that capital receipts can generally only be used for capital purposes. There is a new flexibility which allows new receipts to be used to meet effectively invest to save initiatives. Capital receipts could also be used to meet the Minimum Revenue Provision but this is only a short term expedient. Reserves and movements thereof will be reviewed as part of the budget process.

140. For the purposes of the strategy estimates have been made of expenditure funded from reserves in order to arrive at reserve balances as the end of the current financial year i.e. 31 March 2020. In total reserves are estimated to decline by some £3.4m in the year to £15.069m.

141. The £15.069m figure is broken down between General Reserves (£7,764,000) and Earmarked Reserves (£7,305,000).

Namely:-

	Estimated Balance
	at 31.3.2020
General Reserves	**£'000s**
Revenue Reserves	7,714
Capital Reserve	50
Total	**7,764**

	Estimated Balance
	at 31.3.2020
Earmarked Reserves	**£'000s**
Renewals and Repairs Reserve	1,234
Insurance & Risk Management Reserve	315
IT Reserve	128
S106 Reserve	479
Government Grant Reserve	615
Revenue Hardship Fund	80
Monuments in Perpetuity	42
Ore Valley	250
Disabled facility Grant	1,674
Invest to Save and Efficiency Reserve	119
Resilience and Stability Reserve	441
Transition Reserve	389
Redundancy Reserve	106
Community Safety Reserve	0
Community Housing Fund	74
Selective Licensing	574
Safer Hastings Partnership Reserve	81
Other reserves e.g. On street parking, CCG	704
Total	**7,305**

142. The Council's earmarked reserves are reviewed at least twice a year for adequacy. If at any time the adequacy is in doubt the Chief Finance Officer is required to report on the reasons, and the action, if any, which he considers appropriate.

143. The protection of key services remains of crucial importance to the Council and the Transition Reserve, Economic Development Reserve and Community Safety Reserve have provided the Council with the opportunity to protect some key services and activities for this year and the last two financial years.

144. Given the savings identified in 2019/20 to date, if achieved then there will be some £389,000 of Transition Reserve available in 2020-21 to help balance the budget – should the Council so choose.

145. The budget report will advise further on the minimum level of reserves to be maintained. Given the future grant losses, the need to transform services on a continuing basis until 2021/22 and potentially beyond, and the need to cope with unexpected events or claims or unexpected income losses, the minimum level of general reserves (un-earmarked) was set at £6m for 2018/19 and again for 2019/20. There remains, along with the potential NHS claim, numerous examples of the need to retain adequate reserves many of which are identified in the risk section of this report.

Budget 2020/21 and beyond

146. The reductions in government funding combined with additional expenditure particularly in the areas of waste collection, street cleaning and temporary accommodation now necessitate the identification of significant savings for 2020-21.

147. To date there are some £1.181m of savings identified in the Appendix Attached (rows 7 to 27), with additional costs identified of £651,000 (rows 2to 4 and row 29).

148. To achieve a balanced budget in 2020/21 (using Transition funding of £389,000 and the resilience and Stability Reserve £159,000) further savings of £1,496,000 need to be identified.

149. To achieve a balanced budget in 2021/22 further savings of £25,000 (on top of the £1.496m) need to be identified (£1.521m in total). The Transition Reserve will have been fully exhausted.

    This also assumes that the Council receives the same or similar funding levels under the Fair Funding Review and the retention of 75% of business rate growth.

150. To achieve a balanced budget in 2022/23 savings of £1,743,000 in total need to be identified.

151. These figures do need to be treated with some caution (they may be too optimistic) given the potential for recession, inflation and greater uncertainties than ever in the budgeting process. The volatility in income streams has increased in respect of the business rate retention scheme and will increase yet further with the 75% business rate retention scheme.

152. The Reserves policy, to be determined as part of the budget process, will continue to take account of risks, and will also need to take into account the ability of the Council to address the indicative funding gaps within the timescales identified.

153. The Council must still retain sufficient reserves to meet significant and unexpected expenditure items. Whilst the Council has some £1.7m of uncommitted General Reserves the use of these severely prejudices its ability to fund any of the major redevelopment proposals it wishes to complete. These may also be required to fund redundancy costs.

154. The key determinants of the gap for future years include, the EU exit vote (Brexit) and impact on income streams and funding, funding settlement in 2020/21, the New Homes

Bonus, Benefit Administration grant, Business rates income and appeals, NHS rates claim, inflation and interest rates, the level of savings that can be identified and actually achieved, and the level of additional income that can be generated.

155. In view of the reduced resources available in 2020/21 and beyond the Council must continue to review the level of service it can provide and transform the way it delivers those services.

156. Priority, at least in the short to medium term, needs to be directed towards income generation and balancing the budget.

Options for Reducing the Deficit

157. There are a number of actions that can be taken to reduce the deficit, but based on the likelihood of no additional funding overall from the Spending Review, Fair funding review, 75% business rate retention, and changes to the New Homes bonus, service reductions seem an inevitable consequence at the time of writing.

158. Some of the actions that can be considered beforehand include:

    a. 2019/20 Budget Review – the 2018/19 budget out-turn identified under and overspends in some areas. These have been reviewed as part of the 2020/21 budget setting process with the aim of identifying ongoing savings. To date savings of some £578,000 have been identified in 2019/20 and £576,000 for 2020-21.

    b. Property Acquisition – The Council to build or acquire additional commercial property where these contribute to the Council's economic and regeneration priorities for the town and help to maximise and safeguard business rate income for the future. A sum of £10m could potentially generate additional income of some £200,000 p.a. There are risks of doing so and these would need to be carefully considered as part of the Treasury Management Strategy and the new Capital Strategy (determined by full Council).

    c. Asset Disposals – The Council has been looking at the potential of developing its own property sites (potentially as a joint venture) and to this end is seeking external advice at the benefits and pitfalls (Harrow Lane, Mayfield E, Bexhill Road sites). As a minimum the Council could dispose of the sites quickly and invest the sums received. Capital receipts of £5m invested in the CCLA Property Fund could attract interest of 4.5% i.e. some £225,000 p.a. or £275,000 p.a. if invested directly in a property returning 5.5% p.a. (net).

    d. Bohemia Site – This site has significant potential, but many unknowns at present. The potential for a new leisure centre and cultural centre (estimated at some £60m) which may or may not generate a surplus is being investigated. The costs of such studies are revenue expenditure.

       The Council will need to consider to what level it is prepared to increase borrowing to fund such developments and at what risk to the Council's ability to

continue to provide services should such schemes go badly wrong.

e. Income Generation (Energy) – the income strategy was reviewed this year and financial projections particularly from wind turbine initiatives was far too optimistic given planning restrictions. It may be that wind energy may provide the Council with significant income in some future years but there is insufficient certainty at present to include any figures in the Medium Term Financial Strategy. Likewise studies on solar energy have not been completed and whilst these are expected to be economic there is no certainty on figures or timelines.

f. Transforming Services/ Sharing Services/Resources – Whilst there are currently no plans for local government reorganisation in East Sussex, the continuing need for savings may necessitate further review of existing arrangements between authorities. Likewise the transformation programme within the Council needs to be progressed as quickly as practically possible given the range of priorities.

g. Council Tax Reduction Scheme – The increasing annual cost of the scheme will need to be considered by the Council and options considered to reduce it. Most Councils have had to reduce the level of support to some degree – although this Council has managed to maintain some 100% support levels for longer than the other East Sussex authorities. The Council consults on any changes. For 2020/21 the Council will not be proposing any changes to the scheme. This has consequences for ESCC, the Police and Crime Commissioner, Fire Authority and Hastings BC.

h. Discretionary Rate Relief – the Council has to provide notice to recipients if it is to change the existing scheme. The Council may well wish to consider reviewing the scheme within the next 12 months for 2021/22 given the budget position.

i. Staff reductions – Whilst every opportunity needs to be taken to avoid losing key staff and experience, and certainly avoid compulsory redundancies, the funding reductions and expenditure pressures are such that the council may have no option but to reduce staffing costs. To reduce costs by some £1.5m p.a. would result in an estimated loss of 30 to 50 posts (Full Time equivalents) and the costs of doing so could exceed the level of funds within Council's Redundancy Reserve.

159. Action A has been assumed in the budget projections within the Appendix. If actions (b) and (c) were agreed by full Council then additional revenue/ savings, estimated at some £425,000 p.a. could be achieved in a full year. Assuming agreed at full Council in February 2020 and completed by 2021/22, the annual deficits would are estimated at :

2020/21 - £1.5m
2021/22 - £1.1m
2022/23 - £1.3m

However, there are areas such as Cliff works and the reservoir works that may be a first call on the Capital receipts in order to avoid revenue consequences of borrowing.

160. In terms of “one off” receipts, the long outstanding business rate appeals could be settled during 2020/21 and if settled for less than provided for could result in one-off income for the Council.

161. Against these factors are volatility in the economy on interest rates/ inflation flowing from Brexit uncertainty, the Council Tax reduction scheme (volatility thereof), plus the NHS claim for charitable rate relief. Risk management is expanded on below.

Risk Management

162. Numerous risks are highlighted in this strategy, and further comment is made below. To balance the budget the Council continues to seek efficiency savings, review the capital programme, review fees and charges, look for income generation opportunities and potentially identify further cuts in services and staff numbers. It will need to further prioritise its objectives and identify where it will need to make savings to balance the budget in the years ahead.

163. Given the long term uncertainty in funding streams and potentially taking on more risk when making investment decisions the Council needs to take every opportunity to strengthen reserves e.g. to cover void periods for example if investing in housing or commercial property, whilst also using them to continue to transform itself to a lower spending Council.

164. The Council needs to continue to invest in its people, its IT services and its commercial assets. The Council continually seeks to identify further opportunities for collaborative working, plus identify, investigate and implement efficiencies, the level of service in contract specifications, identify income generation opportunities and ensure that potential savings are monitored and achieved.

165. The Council maintains risk registers for corporate risks and for individual services. These continue to be updated and reviewed and steps are taken to mitigate the risks wherever possible and practical. The transition to a lower spending Council, by joint working, joint procurement and reduced staffing levels also poses additional risks.

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

    i. Government funding, including the New Homes Bonus grant

    ii. Business Rate Retention scheme – volatility thereof, and level of appeals

    iii. Council Tax Support Scheme and Council Tax collection rates

    iv. Income Streams – preservation and particularly enhancement

    v. Joint working/ shared services.

    vi. Staffing / Knowledge management. The loss of key staff through early retirement or redundancy, or ability to attract and retain staff.

    vii. Welfare Changes (Universal Credit and Council Tax Support Scheme).

The Council Tax Support Scheme was introduced from April 2013 accompanied by government funding reductions of 10%. Whilst the Council mitigated much of the impact on those claiming benefits it may not be able to do so to the same degree in the future following further reductions in government support. There remains the additional risk of increased benefit payments being made in the year – the financing risk now falling on the Council. To help protect the Council a Resilience and Stability Reserve was established to help meet any unavoidable additional costs that arise in the year (£159,000 estimated use in 2020/210.

viii. Restructuring Costs

In order to make savings of the magnitude required, the Council will need to reconsider what services it can provide and to what level. Further restructuring is inevitable if a sustainable budget is to be achieved in the years ahead. Voluntary and/or compulsory redundancies have large financial consequences for the authority, both in terms of direct payments but also generally on the pension fund - in addition to the effect on the capacity of the organisation and knowledge management implications. The Council established a redundancy reserve which will continue to assist in transforming the Council to a lower spending organisation in the years ahead.

ix. Treasury Management

Investment security and level of returns, plus level of debt and repayment thereof. The exposure to interest rate movements and inflation. Given the level of borrowing, and the use of different investment products, more time is required to manage this area of activity.

x. The Economy

The economic and financial instability in the world continues to be major risk especially so following the Brexit referendum.

xi. Income generation and risks arising from new initiatives e.g. housing company, social lettings agency, licensing schemes, new factory units. These would include added exposure to void periods and business rate and debt liabilities for example. As a result wherever possible reserves are enhanced and if not possible then at least preserved. The ability to add to them once depleted would be possible but at the cost of severe service reductions.

xii. Land Charges – responsibilities are being transferred. By 2022/23 the Council could lose some £195,000 p.a. of income.

167. **The Council has a statutory duty to set a balanced revenue budget each year and this strategy seeks to highlight the major issues (in advance) in order to do so.**

Equalities and Community Cohesiveness

168. The equalities implications of individual budget proposals are the subject of an Equalities Impact Assessment (available when consultation is undertaken).

Climate Change

169. The Council's budget does not contain separate budgets to tackle Climate Change, other than the Sustainable Energy and Development budget and the funding for the Sustainability Policy Officer. There are numerous Council initiatives that currently contribute towards reducing the impact of Hastings and its residents on climate change. All initiatives and plans need to be considered in the production of the Council's corporate plan for 2020-21 and the financial resources available.

Consultation

170. The 2020/21 budget proposals will be consulted upon from the middle of January 2020 and will be considered by Cabinet on the 10 February 2020 and determined by full Council on 19 February 2020 (or the 26th).

Contact Officer: Peter Grace, Chief Finance Officer,

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Ref	Revenue Budget Forward Plan	2019-20 Budget £000's	2019-20 Revised Budget £000's	2020-21 Budget £000's	2021-22 Projection £000's	2022-23 Projection £000's	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	2028-29 Projection £000's
1	**Net Service Expenditure**	**13,325**	**13,325**	**13,758**	**14,202**	**14,657**	**15,124**	**15,602**	**16,092**	**16,594**	**17,109**	**17,637**
	Funding Commitments:-											
2	Pension Fund - Employers increase			50	50	50	50	50	50	50	50	50
3	Election Costs (bi-annually)			110		110		110		110		110
4	Waste and Street Cleaning Contract			300	300	300	300	300	300	300	300	300
5	Hastings Hsg Company - loans (offset by MRP + Interest payable)			(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
6	**Savings/Additional Income Identified - PIER**											
7	Commercial Property (before borrowing MRP costs)			(203)	(215)	(244)	(393)	(393)	(393)	(393)	(393)	(393)
8	Community Partnership Funding			(8)	(156)	(156)	(156)	(156)	(156)	(156)	(156)	(156)
9	Theatre - Reduced Contribution			(100)	(200)	(300)	(300)	(300)	(300)	(300)	(300)	(300)
10	Community Cohesion			(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)
11	Contact centre - channel shift			(23)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)
12	Planning Enforcement			(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)
13	Street Cleaning			(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)
14	Parks and open spaces			(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)
15	Business Support -use of E-learning			(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
16	Stade Saturdays			(5)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)
17	Digital by design - moving services on line (EST)				(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)
18	Revenues & Benefits & Contact Centre - Document Man System			(150)	(190)	(190)	(190)	(190)	(190)	(190)	(190)	(190)
19	Fees and Charges			(60)	(120)	(180)	(240)	(300)	(360)	(420)	(480)	(540)
20	**Additional PIER savings identified during 2019-20**											
21	Environment and Place		(96)	(87)	(87)	(87)	(87)	(87)	(87)	(87)	(87)	(87)
22	Corporate Services		(157)	(156)	(156)	(156)	(156)	(156)	(156)	(156)	(156)	(156)
23	Regeneration and Culture		(26)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)
24	Housing and Environment		(37)	(37)	(37)	(37)	(37)	(37)	(37)	(37)	(37)	(37)
25	Insurance Contract		(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)
26	Rates reduction - cemetery		(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)
27	Staff Post reductions - not included above		(77)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)
28	**Growth Items**											
29	Temporary Accommodation GROWTH (net)		191	191	191	191	191	191	191	191	191	191
32	**Other items/ Adjustments**											
33	Contingency Provision	300	300	300	300	300	300	300	300	300	300	300
34	Interest (net of Fees) & other Adjustments Excl Inc Gen	1,335	1,335	1,235	1,235	1,235	1,235	1,235	1,235	1,235	1,235	1,235
35	Minimum Revenue Provision (excl. Inc Gen Adjs)	1,184	1,286	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421
36	Contribution to Reserves	744	744	744	744	744	744	744	744	744	744	744
37	Net Use of Earmarked Reserves	(1,772)	(1,772)	(1,772)	(1,772)	(1,772)	(1,772)	(1,772)	(1,772)	(1,772)	(1,772)	(1,772)
38	**Net Council Expenditure**	**15,116**	**14,831**	**14,956**	**14,822**	**15,198**	**15,346**	**15,874**	**16,194**	**16,746**	**17,091**	**17,669**
39	Taxbase	25,865	25,865	26,124	26,385	26,649	26,915	27,184	27,456	27,731	28,008	28,288
40	Council Tax	265.50	265.50	273.44	278.91	284.49	290.18	295.98	301.90	307.94	314.09	320.38
41	**Funding**											
42	From Collection Fund - Council Tax	(6,867)	(6,867)	(7,143)	(7,359)	(7,581)	(7,810)	(8,046)	(8,289)	(8,539)	(8,797)	(9,063)
43	From Collection Fund - Business Rates	(3,563)	(3,563)	(3,563)	(3,634)	(3,707)	(3,781)	(3,857)	(3,934)	(4,013)	(4,093)	(4,175)
45	New Homes Bonus	(556)	(556)	(174)	(168)	(26)						
46	Council Tax Support Admin Grant	(161)	(161)	(155)	(148)	(142)	(137)	(131)	(126)	(121)	(116)	(111)
47	Housing Benefit Admin Grant	(389)	(389)	(360)	(333)	(308)	(285)	(263)	(244)	(225)	(208)	(193)
48	NNDR (Surplus) / Deficit	(28)	(28)	159								
49	NNDR Pooling	(91)	(91)	(58)	(58)	(58)	(58)	(58)	(58)	(58)	(58)	(58)
50	Business Rates Section 31 Grant	(1,569)	(1,569)	(1,569)	(1,600)	(1,632)	(1,665)	(1,698)	(1,732)	(1,767)	(1,802)	(1,838)
51	Council Tax Surplus	(145)	(145)	(50)	0	0	0	0	0	0	0	0
52	**Contribution To General Fund**	**(13,369)**	**(13,369)**	**(12,912)**	**(13,301)**	**(13,455)**	**(13,736)**	**(14,054)**	**(14,383)**	**(14,723)**	**(15,075)**	**(15,438)**
53	**Funding Shortfall / (Surplus)**	**1,747**	**1,462**	**2,044**	**1,521**	**1,743**	**1,610**	**1,820**	**1,811**	**2,023**	**2,016**	**2,230**
54	**Use of General Reserve**	0	0									
55	**Use of Transition Reserve**	(1,096)	(811)	(389)								
56	**Use of Resilience and Stability Reserve**			(159)								
57	**Use of Community Safety Reserve**	(250)	(250)									
58	**Use of Economic Development Reserve**	(401)	(401)									
59	**Net Funding Shortfall / (Surplus)**	**0**	**0**	**1,496**	**1,521**	**1,743**	**1,610**	**1,820**	**1,811**	**2,023**	**2,016**	**2,230**

Key Assumptions

Line 1 General Inflation has been assumed of 2% for 2020/21 and beyond – but only applied to contracts. Wage inflation: 2.5% assumed for 2020/21 and beyond plus ½% p.a. representing contractual increments.
Line 2 Pension fund cost increases – an additional £50,000 p.a. in 2020/21 and fixed thereafter.
Line 3 Local elections – the costs are next budgeted for in 2020/21 (every two years).
Line 4 Waste and Street Cleaning Costs – Full year in-house and contract costs,
Line 5 Housing Co. Income – offsetting the Council borrowing costs (MRP & interest)
Lines 7 – 18 PIER savings already identified
Line 19 – Estimated increase in Fees and Charges (above the 2% in the net budget)
Lines 21 – 27 – Additional Savings identified following review of 2018/19 outturn and 2019/20 budgets.
Line 29 – Temporary Accommodation costs – Budget Growth
Lines 33 to 37 - funding adjustments and reprofiling of expenditure against base budget. MRP in respect of income generation not included as Income figures in line 7 above shown net
Line 39 Recalculation of the taxbase. Assumes a 1% increase each year, and no downturn in the economy or increases in the amounts paid out in respect of the Council Tax Support scheme.

Line 40 A Council Tax increase of 2.99% for 2020/21 and 2% for future years has been included for the purposes of this Strategy. The expected increase in Council Tax Reduction Scheme costs has yet to be included in these projections.

Lines 42 to 51 Funding. The Universal Credit rollout is expected to continue for existing claims and leads to greater uncertainty on the future funding levels of the Housing Benefit Administration Grant. For budget planning purposes a decrease of some 7.5%p.a.has been assumed. There is a deficit on the collection fund in respect of business rates due mainly to prior year appeals and reimbursements. This is the Council's share of the overall deficit.

Line 49 Business rates pooling – with other East Sussex authorities including the Fire Authority. The levels of income are projected to decrease in 2020/21 as the pilot project may end (revert to a 50% pool) for budget planning purposes. It is expected that 2021/22 will see a new funding regime (75% rate retention).

Line 51 Surplus on the Collection Fund in respect of Council Tax collection. This is the Council's share.

Line 55 Transition Reserve – The Council will use the Transition Reserve to support the budget. The original £2.2m is fully exhausted by 2020/21

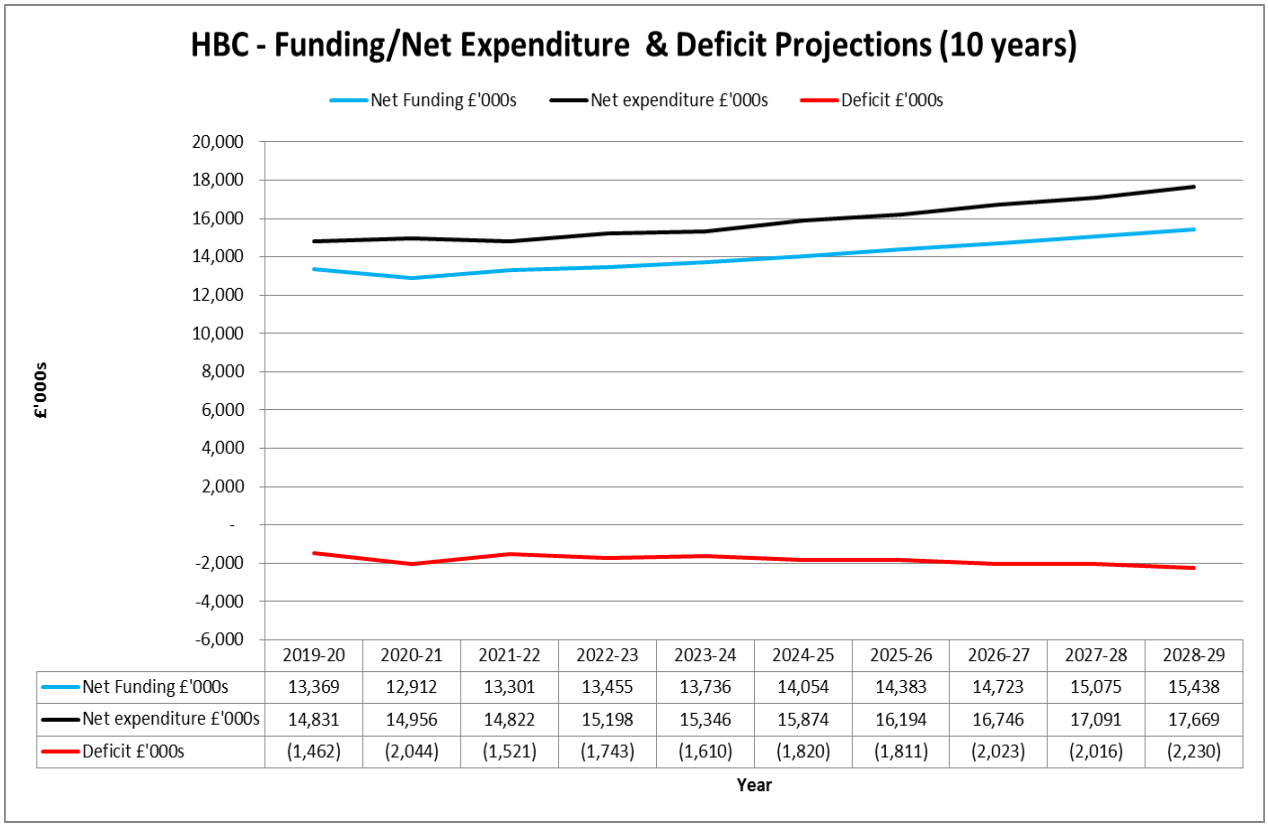
Line 56 Resilience and Stability Reserve – The Council will use the fund to meet some of the detrimental impacts of the business rate appeals – £159,000 estimated use in 2020-21.

Line 57 Community Safety Reserve – established as part of the 2011/12 budget from Transition Grant (£350,000). The reserve is fully exhausted in 2019/20

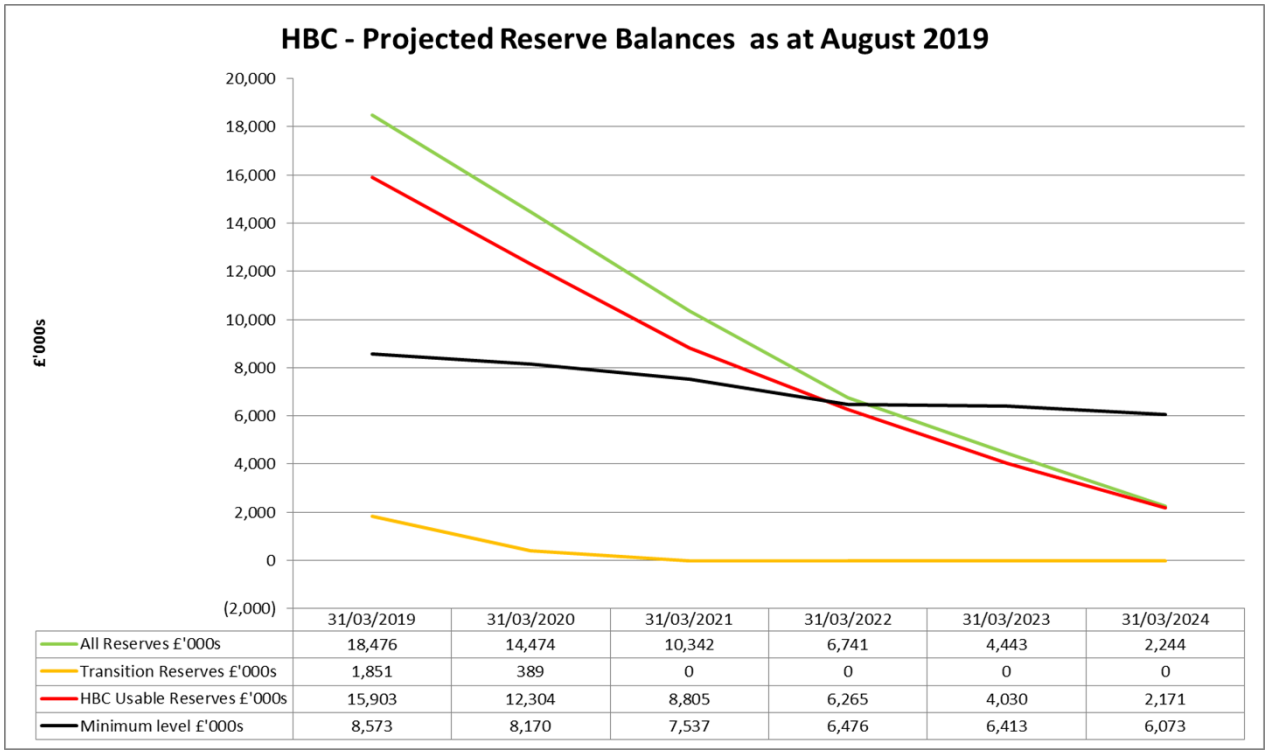
Line 58 Economic Development Reserve – established as part of the 2011/12 budget making process from Transition Grant (£400,000). This reserve is fully exhausted in 2019/20.

Line 59 Funding Gap: the predicted deficits in 2020/21 to 2028/29 assuming all PIER savings are achieved, government funding levels remain the same, income levels are maintained, and there is no recession or inflationary pressures.

APPENDIX 2



	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Net Funding £'000s	13,369	12,912	13,301	13,455	13,736	14,054	14,383	14,723	15,075	15,438
Net expenditure £'000s	14,831	14,956	14,822	15,198	15,346	15,874	16,194	16,746	17,091	17,669
Deficit £'000s	(1,462)	(2,044)	(1,521)	(1,743)	(1,610)	(1,820)	(1,811)	(2,023)	(2,016)	(2,230)



	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024
All Reserves £'000s	18,476	14,474	10,342	6,741	4,443	2,244
Transition Reserves £'000s	1,851	389	0	0	0	0
HBC Usable Reserves £'000s	15,903	12,304	8,805	6,265	4,030	2,171
Minimum level £'000s	8,573	8,170	7,537	6,476	6,413	6,073

Appendix 3

Capital Programme - Potential New Schemes

			Interest Only @2.7%	MRP	Total
New Developments/Known issues	**Financed over (Yrs)**	£	£	£	£
Temporary Homelessness Accommodation (Phase 2 - reduce Income Gen £5m provision)	40	2,600,000	70,200	65,000	135,200
Priory Street Car Park - future large scale repairs say £1.4m	20	1,400,000	37,800	70,000	107,800
Buckshole Reservoir	20	2,000,000	54,000	100,000	154,000
Cliff works / Repairs (Revenue vs Capital Split??) - Spend over 2 or3 years? Plus £100k p.a. Revenue	10	1,000,000	27,000	100,000	127,000
Cornwallis Street Car Park - Development	40	6,426,000	173,502	160,650	334,152
Harold Place Development Site (£100k to £1,000,000) - £100k option	40	160,000	4,320	4,000	8,320
Lacuna Place (Development of Ground Floor) (£350k to £700,000)	20	350,000	9,450	17,500	26,950
Industrial Units - Churchfield Estate (Sidney Little Road):Plot 2 - 35,000 Sq Ft Factory / Separate units	40	4,540,000	122,580	113,500	236,080
Industrial Units - Churchfield Estate (Sidney Little Road):Plot 2 - 35,000 Sq Ft Factory / Separate units	40	(2,000,000)	(54,000)	(50,000)	(104,000)
Industrial Units - Churchfield Estate (Sidney Little Road):Plot 3 - 3 to 8 Factory Units (flexible sizes)	40	2,500,000	67,500	62,500	130,000
Industrial Units - Churchfield Estate (Sidney Little Road):Plot 3 - 3 to 8 Factory Units (flexible sizes)	40	(1,000,000)	(27,000)	(25,000)	(52,000)
West Marina - Ex MOD/ Stamco Site	50	1,500,000	40,500	30,000	70,500
Bexhill Rd - Lower Tier Site £6.9m flood, £28.8m development	50	33,460,080	903,422	0	903,422
Bexhill Rd - Lower Tier Site £6.9m flood, £28.8m development GRANT RECEIVABLE	50	6,989,341	188,712	0	188,712
Harrow Lane - £27m (140 units)	50	27,000,000	729,000		729,000
Mayfield E - £7.3m (38 Units)	50	7,300,000	197,100		197,100
Bexhill Road - Land rear of 419-447 - £2.9m (16 Units)	50	2,900,000	78,300		78,300
Sandrock - (£2.2m (10 units) to £15.6m (81units) construction & site acquisition costs)	50	15,600,000	421,200		421,200
Bohemia - Leisure Centre (based on Dunstable costs - awaiting figs for HBC)	40	30,000,000	810,000	750,000	1,560,000
Bohemia - Cultural Centre (external report awaited)	40	30,000,000	810,000	750,000	1,560,000
Dangerous Structures- Building in disrepair (£262,000 plus other costs?)- Paid in year - No asset	1	300,000		300,000	300,000
Queensway - Development site (Link Rd site)	40	1,000,000	27,000	25,000	52,000
Priory Meadow - Capital Works - Development	40	350,000	9,450	8,750	18,200
Harold Place Development Site (£100k to £1,000,000) - £1.1m option (add to the £100k option)	40	1,000,000	27,000	25,000	52,000
Commercial Property Purchase?	40	10,000,000	270,000	250,000	520,000
Total		185,375,421	4,997,036	2,756,900	7,753,936

It should be noted that the above list is not exhaustive and excludes a number of areas e.g. DestiSmart Tram, housing on Bohemia site, regeneration plans for town centre.