

COUNCIL
22 February 2023
CABINET RECOMMENDATIONS

Recommendations to Council made at the Cabinet meeting held on 26 January 2023

(a) The 2023/24 Budget and the Medium-Term Financial Strategy to 2026/27

The report set out details of the proposed 2023/24 revenue and capital budgets following the receipt of the provisional financial settlement from Government on 19 December 2022. The Council is budgeting for breakeven in 2023/24. The net budget requirement for 2023/24 at £13.5m is £1.2m higher than (£12.3m) in 2022/23, reflecting the significant impact of annual inflationary and salary cost-pressures. Despite the significant cost increases, good financial management and healthy reserves put the Council in a good position to sensibly invest both now and in the future.

Recognising that times are tough for some of our residents, it is intended to use £1m of reserves to support residents during 2023/24 who are finding it difficult as the cost of living rises. The report advised that the Council are also continuing to maintain really good quality services, voluntary grants and protecting all our non-statutory services, including for example, the work undertaken by our community services that is so greatly appreciated by our residents. Horsham District Council continues to charge the lowest council tax in West-Sussex.

An ambitious £8.5m capital programme is set, providing infrastructure and facilities for residents. In addition, although difficult to fully quantify at present, work on the de-carbonisation action plan to date has identified a significant cost to achieving the aspirational target of the Council's direct emissions being carbon neutral. This key priority as well as the replacement of capital infrastructure and the reduction of carbon output of many Council owned buildings, will be significant through to 2030.

This report prudently recommends moving the New Homes Bonus earmarked reserve to an Environment and Infrastructure earmarked reserve, in order to tackle improvements to the environment, decarbonisation and the ongoing replacement of significant infrastructure that will serve the needs of the district's residents.

The report set out a Medium-Term Financial Strategy 2023-26 using the latest information. Although the two-year provisional settlement helps us plan a little better to 31 March 2025 at least, the outlook remains extremely uncertain. Future Medium-Term Financial Strategy deficits reflect continuing high levels of inflation and a gradual reduction in Government funding after 1 April 2025. There is a risk that all Business Rate grant is taken away more quickly than that and the Council could face a significant funding drop in 2025/26 in the context of Government saying 'difficult economic decisions' must be made.

The report stated that there was no certainty on when the Council would be required to implement the collection of food waste and how much and for how long funding would be received. Due to the ongoing delay, the Medium-Term Financial Strategy now assumes implementation from Autumn 2025, rather than Autumn 2024, which helps to reduce the expected budget deficit in 2024/25. Should Government announce a speedier implementation timetable, it was hoped that incentivising funding of some sort would be

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available to offset some of the implementation costs in 2024/25. To help mitigate this concern, the report proposed to earmark some of the Governments Funding Guarantee grant in 2023/24 for this purpose.

Balancing future budgets will require a combination of three things. The continuing delivery of a programme to maximise efficiency and effectiveness primarily focused around digital transformation, although noting that this programme has already yielded large savings and cannot continue to do this at the same rate. Secondly, the Council could invest to generate income, and has already made some decisions about using its property portfolio, particularly for Affordable Housing. However, commercial investment heightens the risk from prudential and treasury management code changes. Thirdly, the Council provides a large number of services to its residents in excess of statutory levels and reprioritising these could be required in order to tackle the projected future deficits. The good news is that these decisions do not have to be taken right now.

The report also set out a series of prudential indicators that are a statutory requirement to demonstrate that the Council's capital programme is affordable, and prudent in the context of the Council's overall finances. The report also included the Chief Finance Officer's statement on the robustness of reserves.

RECOMMENDED TO COUNCIL

- (i) That the level of Council Tax for 2023/24 increases from £162.09 by £4.85 (2.99%) to £166.94 at Band D.
- (ii) That the net revenue budget set out in Appendix A for 2023/24 of £13.513m is approved.
- (iii) That Special Expenses of £336,920 set out in Appendix C and a Band D charge of £27.53 are agreed in respect of the unparished area for 2023/24.
- (iv) That the capital programme for 2023/24 set out in Appendix D be approved and that the indicative capital budgets in the programme for future years be noted.
- (v) That the projected future budgets on the revenue account in 2024/25 to 2026/27 are noted and the Medium-Term Financial Strategy continues to be reviewed and refined to ensure that decisions are taken to set balanced budgets in these three years.
- (vi) That the Minimum Revenue Provision Statement set out in Appendix E is approved.
- (vii) That the Capital Strategy, Treasury Strategy, Investment Strategy and prudential indicators and limits for 2023/24 to 2026/27 set out in Appendix F are approved.
- (viii) To note the statement on the robustness of the level of reserves in Appendix H.
- (ix) That the increases to fees and charges set out in Appendix I to I(iii) are approved.
- (x) That the New Homes Bonus earmarked reserve is renamed to an Environment and Infrastructure earmarked reserve
- (xi) That the £2.9m Funding Guarantee grant received in 2023/24 is earmarked for £1m to help support residents in need through the cost of living, £1.6m food waste

collection implementation, £0.3m for a new path around Horsham Park in the capital programme and £50,000 is used in 2023/24 to fund the painting of the street furniture in Horsham town centre in time for the Coronation on 6 May 2023.

REASON

To meet the Council's statutory requirement to approve the budget and the prudential indicators before the start of a new financial year.

(b) 2023/24 Council Tax Reduction Scheme and Housing Benefit Modified Scheme

The Council Tax Reduction Scheme decides which working age residents the Council will help with paying their Council Tax. The policy also decides how much each group of residents should be helped. Each year, the Council reviews the policy and sets a new policy for the following financial year. This report provided Cabinet with an overview of Horsham's current Council Tax Reduction scheme, along with a recommendation that no changes are made to the scheme for 2023/24. It also requests approval for continuing without change, the modified scheme for the voluntary disregard of war disablement pensions and war widow pensions in Housing Benefit claims. Cabinet was asked to refer these proposals for approval at full Council.

RECOMMENDED TO COUNCIL

- (i) That there are no changes in the Council Tax Reduction scheme for 2023/24, other than the updates prescribed by Government to reflect changes in the wider benefits system.
- (ii) That there are no changes to the modified schemes under Housing Benefit subsidy whereby the Council locally and voluntarily disregards war disablement pensions or war widow pensions in the housing benefit calculation.

REASON

The Council Tax Reduction and locally modified schemes are annual schemes requiring an annual review and approval, even when no changes to the scheme are being proposed. Review work on the scheme showed the schemes remains affordable for Horsham District Council and provides a good level of support to our less well-off residents.

(c) Business Rates Discretionary Charitable Relief 2023/24

The report provided a recommendation not to change the existing Discretionary Rate Relief scheme for charities and not for profit organisations. The current scheme grants charitable relief up to 100% for eligible organisations.

RECOMMENDED TO COUNCIL

That the Discretionary Rate Relief scheme for 2023/24 as detailed in the appendix to the report be approved.

REASON

Discretionary rate relief is an annual scheme and therefore requires an annual review and approval.

(d) Local Authority Housing Fund 2022-23 and 2023-24

Government has announced a £500m scheme to support authorities who are helping with providing accommodation to families fleeing conflict in Ukraine and Afghanistan. As well as helping to fulfil the UK's humanitarian duties to assist those fleeing war, the fund will create a lasting legacy for UK nationals by providing a new and permanent supply of accommodation for local authorities to help address local housing and homelessness pressures. The Council is proposing to accept the allocation of £2.656m funding from Government and add £3.21m of its own funding to provide 14 standard homes and 2 larger homes by the 30 November 2023 deadline. The Council can also passport part or all of the funding to Registered Providers should the Council not be able to provide the total number of homes. Registered Providers are able to help meet the demand provided they add the relevant share of the match funding as well. The Council can also return unspent funding to the Government should it wish or be unable to deliver all the housing from the allocation.

RECOMMENDED TO COUNCIL

- (i) To proceed with (i) the application for, and, (ii) receipt of the grant allocation for the Council to provide or facilitate the provision of 14 standard properties and 2 larger homes ("the Housing).
- (ii) To approve capital spend of up to £5.866m in the 2023/24 capital programme; the amount to be added being based on whether the Council decide to or is not able to proceed with the full amount and / or passporting to a Registered Provider/s.
- (iii) To delegate to the Director of Resources, in consultation with the Cabinet Member for Finance and Parking and Cabinet Member for Housing and Public Protection, the decision to provide the Housing through whichever means, or work with Registered Provider/s to provide the Housing and in both instances, to enable the use of the grant funding to be maximised.

REASON

- (i) To use the grant to help purchase / provide more affordable homes for the district.
- (ii) Full Council must approve the capital budget.
- (iii) Further work is needed at this stage to establish whether the Council can source sufficient properties at the right price.