

COUNCIL
21 February 2024
CABINET RECOMMENDATIONS

Recommendations to Council Made at the Cabinet meeting held on 25 January

(a) Planning Skills Delivery Fund – Approval of Budget

The report to Cabinet recommended to ask Council to increase the strategic planning and development management budgets so that Strategic Planning and Development Management can receive a grant that has been allocated by the Department for Levelling Up, Housing and Communities (DLUHC). The receipt of the grant, from the Planning Skills Delivery Fund, was not known when the annual budget for 2023-2024 was set. Notification of the grant was received in December 2023. The grant is for the sum of £308,333. £250,000 to be used to help deliver solutions to Water Neutrality and £58,333 to assist with reducing the backlog of planning applications.

The Teams are currently awaiting receipt of a Memorandum of Understanding from DLUHC which will set out more detail as to how the grant can be spent. Discussions will be held with the Council's water neutrality partners in other affected Local Authority areas to consider the options for using the water neutrality funds in due course.

RECOMMENDED TO COUNCIL

- (i) Approve the receipt of a grant for the sum of £308,333 for Strategic Planning and Development Management (government grants received).
- (ii) Approve an increase in the Strategic Planning 2023/24 revenue income and expenditure budgets of £250,000 to cater for the receipt and expenditure of the grant.
- (iii) Approve an increase in the Development Management 2023/24 revenue income and expenditure budgets of £58,333 to cater for receipt and expenditure of the grant.

REASON

- (i) Increasing the revenue income and expenditure budget in Strategic Planning and Development Management will allow the Council to receive and spend the grant offered by DLUHC.
- (ii) Full Council must approve an increase to the budget and the Cabinet must approve expenditure in excess of £250,000.
- (iii) To provide funds to help deliver the Sussex North Offsetting Water Scheme (SNOWS).
- (iv) To provide additional resource to reduce the planning application backlog.

(b) Annual Plan 2024/25

The report to Cabinet introduced the Annual Plan for 2024/25. This sits under the Council Plan 2023-2027 and outlines the projects and workstreams that the Council aims to achieve within the financial year 2024/25. Throughout the year we will review the performance indicators to ensure they match the needs of the Annual Plan. The Cabinet approved the Annual Plan for 2024/25 and referred it to full Council for adoption.

RECOMMENDED TO COUNCIL

- (i) approve the Annual Plan for 2024/25 financial year and refer it to Council for adoption.

REASONS

- (i) The Annual Plan is an operational plan which identifies projects to be undertaken during a financial year and which gives effect to the themes contained in the Council Plan 2023-2027 which constitutes the Council's Policy Framework.

(c) Capitol Theatre Refurbishment

The report to Cabinet sought consent to the refurbishment of The Capitol, Horsham District's multi-arts community venue, enabling it not only to remain a modern, thriving cultural venue for the District but also an energy-efficient building contributing towards the Council's carbon reduction plans required to reach its net zero target.

The Capitol offers a mix of live theatre, high quality professional performances with a mix of genres, as well as two cinema screens, appealing to a wide range of audiences. The Theatre supports the grassroots community, hosting amateur dramatics clubs, rehearsal and performance opportunities, youth theatre, music, and vulnerable groups. The cinema screens continue to show the latest releases and special screenings.

The Capitol has required significant investment approximately every 20 years since being part of Horsham Districts property estate. The last refurbishment was in 2003, and now many of the fixtures and fitting are reaching their end-of-life expectancy. The Capitol is the Council's highest emitters of CO₂ at 286 tCO₂e (tonnes of carbon dioxide equivalent) per annum. Investment will look to reduce this by 100 tCO₂e.

Aside from the primary aims of addressing the necessary refurbishments and achieving the Council's net zero targets, this investment offers a unique opportunity to maximise the tremendous potential the Capitol has to offer our community and beyond. The front of house spaces are under-utilised and modifications can create significantly more effective use of existing foyers and improve the commercial food and beverage offer. The theatre capacity can be increased to attract a better theatre touring product and the cinemas can be enhanced to continue to provide a supporting income to the Capitol.

Investment in the Capitol will reduce the annual subsidy for running the Theatre but spending £10.7m from reserves will have a larger negative impact on the council's revenue from the reduction in investment income, based on forecast interest rates.

RECOMMENDED TO COUNCIL

- (i) Approve a capital budget of £10.7m for the refurbishment works, profiled across the capital programmes budget for the following financial years: 2023/24, 2024/25, 2025/26 and 2026/27;

REASON

- (i) To reduce carbon emissions at The Capitol, meeting the Council's aspiration for direct emissions to become net zero by 2030.
- (ii) To ensure The Capitol remains up to date and able to provide and attract a mix of high-quality performances and entice new productions by replacing end-of-life fixtures and fittings, increasing and improving seating in the auditorium and cinemas and enhancing the overall customer experience and offer. iii) To reduce ongoing revenue costs of running The Capitol.
- (iii) To maintain and improve the cultural and social benefits of continuing to provide a multi arts community venue.
- (iv) Full Council must approve the capital budget.
- (v) To facilitate the refurbishment works being undertaken and to delegate authority to award associated contracts for this purpose.

(d) 2024/25 Budget and the Medium-Term Financial Strategy to 2029/30

The Cabinet report set out details of the proposed 2024/25 revenue and capital budgets following the receipt of the provisional financial settlement from Government on 18 December 2023.

The net budget requirement for 2024/25 at £14.5m is £0.8m higher than the £13.7m in 2023/24, reflecting sustained levels of high inflation in services, materials and utilities together with pressure from salary increases which has baked a high level of gross expenditure into the baseline. In these circumstances it is fortunate that the Council is not a borrowing authority and has kept high levels of reserves and thus is able to partially fund some of the rising costs with the interest from its investments. However, the Council is at risk from a reduction in both balances and interest rates.

The Council is also having to significantly increase fees and charges potentially affecting residents that are struggling with the cost of living. Council tax is also being increased by the maximum 2.99%, (£5.15) inclusive of the unparished areas, permitted by Government, but remains the lowest in Sussex. This is split into a 2% increase in the Horsham Council Tax (£3.34) and a 35% increase in the special charge (£9.69), owing to the fact that there are fewer households in the unparished area. The special charge is currently much lower than the average parish council precept.

A residual budget deficit, after Council tax and Business Rates grants, of £0.6m remains. The application of £0.6m from the one-off Funding Guarantee Grant in 2024/25 allows us to balance the budget in the short term and buys some time to make considered decisions. This grant has not been taken into Revenue in previous years, as it is considered temporary. More likely than not, it will be removed when the future funding for the sector is determined by Government. This builds further risk into the Medium-Term Financial Strategy should this happen.

In the meantime, the application of this temporary grant funding allows us 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. It also permits new initiatives such as the People's budget.

The report sets out a Medium-Term Financial Strategy to 2029/30 using the latest information. The provisional one-year Settlement in December does not help us to plan through the economic uncertainty. Future Medium-Term Financial Strategy deficits of £3.7m reflect the pressures from a fall in interest rates on our Treasury investments, inflation, albeit now falling, as well as Government funding levelling off after 1 April 2026. There is a risk that some or all of the Business Rates grant is also taken away and the Council could face a significant funding drop in 2026/27 in the context of Government saying there is no more money for the sector, that efficiencies must be made, and the sector has plenty of reserves.

In November 2023, Government announced the collection of domestic food waste will be required by 31 March 2026. An indicative capital allocation of £1.5m has been revealed but no detail on transitional or ongoing revenue funding. The Medium-Term Financial Strategy assumes implementation from Autumn 2025, with Government funding of £1.5m covering at most three-quarters of the initial capital costs. Some transitional and ongoing funding together with the £1.3m previously earmarked from the 2023/24 Funding Guarantee grant delays and partially reduces the £1.8m revenue impact until the latter part of the decade. We don't yet know though whether this additional funding will be offset by a loss of Government funding elsewhere.

We are also setting an ambitious £10.5m capital programme providing infrastructure and facilities for residents. In addition, although difficult to fully quantify at present, the initial work on the net zero action plan to date has identified a significant cost to achieving the aspirational target of the Council's direct carbon emissions being net zero. This key priority as well as the replacement of capital infrastructure and the reduction of carbon output of many Council-owned buildings shown indicatively in Appendix I, will be significant through to 2030. The impact of spending £10.7m on the Capitol Theatre is included within the projected Medium-Term Financial Strategy revenue and capital budgets, on the assumption that Councillors agree to the larger option. This is a separate item on the agenda.

Balancing future budgets will require a combination of three things. The continuing delivery of a programme to maximise efficiency and effectiveness primarily focused on digital transformation to restrict future cost increases. Secondly, the Council could generate more income by raising fees and charges and work in more financial return on investments in existing land and assets. 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. Plans will need to be worked on during 2024/25 to balance the 2025/26 budget without the use of reserves.

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 includes the Chief Finance Officer's statement on the robustness of reserves in Appendix G and on the resource consequences more generally in section 14.

RECOMMENDED TO COUNCIL

- (i) That the level of Council Tax for 2024/25 increases from £166.94 by £3.34 (2%) to £170.28 at Band D.
- (ii) That the net revenue budget set out in Appendix A for 2024/25 of £14.538m is approved.
- (iii) That £0.6m of the £3.55m Funding Guarantee grant received in 2024/25 is used in Revenue to balance the budget, £0.55m to be used to fund up to £195 for

working age and pension age claimants on Council Tax Support, with the remainder earmarked against potential overspend in 2024/25 and as a reserve to help resolve future budget deficits in the Medium-Term Financial Strategy.

- (iv) That Special Expenses of £456,865 set out in Appendix C and a Band D charge of £37.21 are agreed in respect of the unparished area for 2024/25.
- (v) That the capital programme for 2024/25 set out in Appendix D be approved and that the indicative capital budgets in the programme for future years be noted.
- (vi) That the projected future budgets on the revenue account in 2025/26 to 2029/30 are noted and the Medium-Term Financial Strategy continues to be reviewed and refined to ensure that decisions are taken in 2024 to set a balanced budget in 2025/26.
- (vii) That the Minimum Revenue Provision Statement set out in Appendix E is approved.
- (viii) That the Capital Strategy, Treasury Strategy, Investment Strategy and prudential indicators and limits for 2024/25 to 2027/28 set out in Appendix F are approved.
- (ix) To note the statement on the robustness of the level of reserves in Appendix G.
- (x) That the increases to fees and charges set out in Appendices H to H(iii) are approved.

REASON

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

(e) Council Tax Premiums; Long-Term Empty Property Council Tax Premium and Second Home Council Tax Premium

Government's Levelling-up and Regeneration Act came into force on 26 October 2023. Local councils can now charge higher Council Tax on properties that are defined as long-term empty homes and properties that are only occupied occasionally (second homes). An added charge is intended to encourage owners to bring them back into use and could boost the supply of properties available to rent or buy in Horsham, which supports local people. This report recommends that the premiums are introduced from 1 April 2024 and 1 April 2025 respectively.

RECOMMENDED TO COUNCIL

- (i) From 1 April 2024, to approve that empty and substantially unfurnished properties be charged an additional 100% council tax premium (twice the current Council Tax amount) after one year, instead of two years.
- (ii) From 1 April 2025, to approve that dwellings with no resident and which are substantially furnished are charged 100% council tax premium (twice the current Council Tax amount).

REASONS

To reduce the number of empty homes within the District and to encourage the use of premises as main residences by local residents rather than second homes.

(f) 2024/25 Council Tax Reduction Scheme & 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, Cabinet reviews the policy and sets a new policy for the following financial year. This report provides 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 2024/25. 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.

RECOMMENDED TO COUNCIL

- (i) no changes in the Council Tax Reduction scheme for 2024/25, other than the updates prescribed by Government as detailed in paragraph 1 of this paper and the Appendix to this supplementary paper.
- (ii) The adoption of, with no changes to, the existing modified schemes under Housing Benefit subsidy for 2024/25 whereby the Council locally and voluntarily disregards war disablement pensions or war widow pensions in the housing benefit calculation.

REASONS

i) & ii) 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.

(g) 2024/25 Business Rates Discretionary Charitable Relief

The report recommends 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

To approve and adopt the Discretionary rate relief scheme for 2024/25 ("the Scheme") as detailed in the appendix

REASONS

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