

Cabinet

7 December 2023



Lewes District Council

Time and venue:

2.30 pm in the Room 209/210 on the Second Floor, The Marine Workshops, Railway Quay, Newhaven, East Sussex, BN9 0ER.

Membership:

Councillor Zoe Nicholson (Chair); Councillors Christine Robinson (Deputy-Chair) Chris Collier, Johnny Denis, Wendy Maples, Emily O'Brien, Laurence O'Connor and Mark Slater

Quorum: 4

Published: Wednesday, 29 November 2023

Agenda

1 Minutes of the meeting held on 9 November 2023 (Pages 5 - 10)

2 Apologies for absence

3 Declarations of interest

Disclosure by councillors of personal interests in matters on the agenda, the nature of any interest and whether the councillor regards the interest as prejudicial under the terms of the Code of Conduct.

4 Urgent items

Items not on the agenda which the Chair of the meeting is of the opinion should be considered as a matter of urgency by reason of special circumstances as defined in Section 100B(4)(b) of the Local Government Act 1972. A supplementary report will be circulated at the meeting to update the main reports with any late information.

5 Public question time

To deal with any questions received from members of the public in accordance with Council Procedure Rule 11 (if any).

6 Written question from councillors

To deal with written questions which councillors may wish to put to the Chair of the Cabinet in accordance with Council Procedure Rule 12 (if any).

7 Matters referred to the Cabinet

Matters referred to the Cabinet (whether by the Policy and Performance Advisory Committee or by the Council) for reconsideration by the Cabinet in accordance with the provisions contained in the Policy and Performance Advisory Procedure Rules or the Budget and Policy Framework Procedure Rules set out in part 4 of the Council's Constitution.

None.

8 Draft Medium Term Financial Strategy 2024/25 to 2027/28 (Pages 11 - 28)

Report of Director of Finance and Performance
Lead Cabinet member: Councillor Zoe Nicholson

9 Revenue & Capital Financial Monitoring Report Quarter 2 2023-24 (Pages 29 - 46)

Report of Director of Finance and Performance
Lead Cabinet member: Councillor Zoe Nicholson

10 Portfolio progress and performance report quarter 2 - 2023-2024 (Pages 47 - 58)

Report of Director of Finance and Performance
Lead Cabinet member: Councillor Chris Collier

11 Local Council Tax Reduction Scheme 2024/25 (Pages 59 - 62)

Report of Director of Service Delivery
Lead Cabinet member: Councillor Christine Robinson

12 Council Tax Discounts and Premiums (Pages 63 - 74)

Report of Director of Service Delivery
Lead Cabinet member: Councillor Christine Robinson

13 Council tax base and non-domestic rate income for 2024/25 (Pages 75 - 84)

Report of Director of Finance and Performance
Lead Cabinet member: Councillor Zoe Nicholson

Information for the public

Accessibility:

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Public participation:

Please contact Democratic Services (see end of agenda) for the relevant deadlines for registering to speak on a matter which is listed on the agenda if applicable.

Information for councillors

Disclosure of interests:

Members should declare their interest in a matter at the beginning of the meeting.

In the case of a disclosable pecuniary interest (DPI), if the interest is not registered (nor the subject of a pending notification) details of the nature of the interest must be reported to the meeting by the member and subsequently notified in writing to the Monitoring Officer within 28 days.

If a member has a DPI or other prejudicial interest he/she must leave the room when the matter is being considered (unless he/she has obtained a dispensation).

Councillor right of address:

A member of the Council may ask the Chair of a committee or sub-committee a question on any matter in relation to which the Council has powers or duties or which affect the District and which falls within the terms of reference of that Committee or Sub-Committee.

A member must give notice of the question to the Head of Democratic Services in writing or by electronic mail no later than close of business on the fourth working day before the meeting at which the question is to be asked.

Other participation:

Please contact Democratic Services (see end of agenda) for the relevant deadlines for registering to speak on a matter which is listed on the agenda if applicable.

Democratic Services

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Cabinet

Minutes of meeting held in Room 209/210 on the Second Floor, The Marine Workshops, Railway Quay, Newhaven, East Sussex, BN9 0ER. on 9 November 2023 at 2.30 pm.

Present:

Councillor Zoe Nicholson (Chair).
Councillors Christine Robinson (Deputy-Chair), Johnny Denis, Wendy Maples, Emily O'Brien and Laurence O'Connor.

Officers in attendance:

Robert Cottrill (Chief Executive), Homira Javadi (Director of Finance and Performance (Section 151 Officer)), Ian Fitzpatrick (Deputy Chief Executive and Director of Regeneration and Planning), Becky Cooke (Director of Tourism, Culture and Organisational Development), Simon Russell (Head of Democratic Services and Monitoring Officer), Kate Slattery (Head of Legal Services), Nadeem Din (Planning Policy - Lead), Oliver Dixon (Lawyer and Data Protection Officer), Mark Horan (Improvement and Business Design Lead), Bill McCafferty (Lead for Income Maximisation and Welfare), Leigh Palmer (Head of Planning First) and Jo Wunsch (Specialist Advisor (Sustainability)).

Also in attendance:

Councillor Christine Brett (Chair of Policy and Performance Advisory Committee), Councillor Stephen Gauntlett (Chair of Audit and Governance Committee) and Councillor James MacCleary (Leader of the Liberal Democrat Group).

25 Minutes of the meeting held on 14 September 2023

The minutes of the meeting held on 14 September 2023 were submitted and approved and the Chair was authorised to sign them as a correct record.

26 Apologies for absence

Apologies for absence were reported from Councillors Collier and Slater.

27 Declarations of interest

None were declared.

28 Public question time

The Cabinet received two written questions from Mary Campbell, in relation to digital infrastructure across Lewes District.

In accordance with procedure rules, verbal responses were given at the meeting. The Chair confirmed that full written answers would be sent to the questioner following the meeting, also addressing any supplementary questions.

29 Updated and Aligned Scheme of Delegation to Officers

The Cabinet considered the report of the Monitoring Officer, setting out the need for an updated and aligned scheme of delegation to officers, and outline key amendments.

The document has had extensive consultation prior to Cabinet, including two meetings of the cross-party Constitution Working Group and consideration by the Audit and Governance Committee, held on 4 September 2023.

Thanks were conveyed to officers for their work in producing the report.

Resolved (Key decision):

(1) To consider the draft updated and aligned scheme of delegations to officers, as set out at Appendix 1 to the report and approve all executive delegations.

(2) To refer its approval to Full Council for noting.

Reason for decisions:

Lewes District Council's existing Scheme has not been fully updated since 2015, leading to lack of clarity over certain officer powers and difficulty with implementation.

30 Housing Benefit War Pension and Armed Forces Compensation Policy

The Cabinet considered the report of the Director of Service Delivery, seeking their recommendation to Full Council for the disregarding, in the assessment of Housing Benefit, War Pension and Armed Forces Compensation income above the statutory disregard.

For several years, Lewes District Council has used its discretion to fully disregard any income that residents receive from War Widow's (Widower's) Pension, War Disablement Pension and the Armed Forces Compensation Schemes if they claim housing benefit. The report recommended that the council continue its support.

Policy and Performance Advisory Committee (PPAC), held on 7 November 2023 considered the report and were supportive of the officer recommendations in full.

Recommended to Full Council (Budget and policy framework):

To recommend the disregarding in full of War Pensions income and the Armed Forces Compensation income in the assessment of Housing Benefit.

Reason for decision:

As set out in the report.

31 Climate Change and Sustainability Strategy- Annual update

The Cabinet considered the report of the Deputy Chief Executive and Director of Regeneration and Planning, providing an update on the Climate Change and Sustainability Strategy and action plan, and set out proposals for climate change activities in 2024/25, including refreshing the Strategy and action plan.

The report detailed a 16.8% reduction in carbon emission on the total baseline figure from 2018/19 and a 13.8% reduction in fleet emissions, which confirmed that the council was on track in terms of its emissions commitments. Additionally, the carbon footprint of the district has reduced by 15% since 2018, based on the Department for Energy Security and Net Zero (DESNZ – previously Department for Business, Energy and Industrial Strategy’s – BEIS) data, since 2018. Thanks were conveyed to officers and partners for their contribution towards this progress.

Update on key actions contained within the strategy was detailed at section 5 of the report.

Policy and Performance Advisory Committee (PPAC), held on 7 November 2023 considered the report and were supportive of the officer recommendations in full. Councillor Brett, Chair of PPAC was in attendance to present PPAC’s discussion and questions raised at that meeting.

Resolved (Key decision):

(1) To approve the Climate Change and Sustainability Annual Update (as attached at Appendix 1 to the report) for publication on the council’s website.

(2) To note progress to date on the Strategy and action plan, as set out at Appendix 1 to the report.

(3) To delegate authority to the Deputy Chief Executive and Director of Planning and Regeneration to deliver the Climate Change and Sustainability Strategy refresh, in consultation with the portfolio holder.

Reason for decisions:

To progress the aims of the council’s Climate Emergency Declaration (2019) to make the authority net zero carbon by 2030 and to assist the same aim to be achieved within the wider district.

32 Lewes Local Plan, Preferred Options and Policies Directions

The Cabinet considered the report of the Deputy Chief Executive and Director of Regeneration and Planning, seeking their recommendation to Full Council for a period of public consultation on the Regulation 18 Local Plan 'Towards a Spatial Strategy and Policies Approaches', and publication of supporting documents.

The Local Plan covers the area of the district for which the Council is the local planning authority. The area of the district covered by the South Downs National Park is not included in this Local Plan. The Local Development Scheme (December 2022) sets out the stages of public consultation in preparing the Local Plan and the Statement of Community Involvement sets out when and how the Council consult on planning matters.

The Spatial Strategy set out the policies and framework for new homes, employment space and community facilities across the district. The plans are evidence led, with the information gathered by council officers informing where development is appropriate and where it is not. Thanks were conveyed to officers for their work undertaken thus far.

Subject to consideration at Full Council at its meeting on 20 November, the public consultation was scheduled to run from 29 November 2023 to 8 February 2024 and include a range of opportunities for people to have their say, including local exhibitions across the district and online feedback. As part of the discussion, residents were urged to get involved with the next stage of consultation on future development in the district.

Policy and Performance Advisory Committee (PPAC), held on 7 November 2023 considered the report and were supportive of the officer recommendations in full. Councillor Brett, Chair of PPAC was in attendance to present PPAC's discussion and questions raised at that meeting. It was advised that full responses to questions raised by PPAC would be responded to following the meeting.

Councillor MacCleary, Leader of the Opposition and Councillor Gauntlett, Chair of Audit and Governance Committee also addressed the Cabinet, supporting engagement in the consultation process.

Recommended to Full Council (Budget and policy framework):

(1) To approve the Local Plan Regulation 18: Towards a spatial strategy and policies directions document, as set out in Appendix 1, together with the supporting documents for public consultation in accordance with the regulations and the Local Development Scheme.

(2) To agree delegated authority to the Director of Regeneration and Planning, in consultation with the Cabinet Member for Planning and Infrastructure to make any minor changes to the appearance, format and text of the Local Plan

and supporting documents in the interests of clarity and accuracy prior to their publication for consultation.

Reasons for decisions:

The preparation of the Local Plan must be undertaken in accordance with the relevant regulations. This includes consultation at Regulation 18 of the Town and County Planning (Local Planning) (England) Regulations 2012 (as amended). The proposed consultation is at Regulation 18.

The consultation document sets out policy directions for policies to be developed further at the subsequent draft Local Plan stage. It also sets out the identified development needs of the plan area, and the Council's proposed approach to meeting these needs within its plan area.

As part of this consultation, assessment material of land submitted in response to the 'Call for Sites' will be included. This assessment has drawn on the technical evidence produced to support this stage of the consultation as well as information that has been submitted by parties with an interest.

The meeting ended at 3.17 pm

Councillor Zoe Nicholson (Chair)

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Agenda Item 8

Report to:	Cabinet
Date:	7 December 2023
Title:	Draft Medium Term Financial Strategy 2024/25 to 2027/28
Report of:	Homira Javadi Director of Finance and performance
Cabinet member:	Councillor Zoe Nicholson, Leader of the Council and Cabinet member for finance, assets and community wealth building
Ward(s):	All
Purpose of report:	To agree the interim Medium Term Financial Strategy for 2024/25 to 2027/28, together with the updated Capital Programme position.
Decision type:	Budget and policy framework
Officer recommendation(s):	Cabinet is asked to: <ul style="list-style-type: none">a. note the updated MTFS forecasts and requirement to identify additional savings of £1.08m for the period 2024/25 to 2027/28.b. note that this forecast significantly depends on government funding settlement announcements and demand for services and pressures upon the council.c. note that at this stage a forecast £1.08m of savings are required to balance the 2024/25 budget; andd. note the planned annual review of earmarked reserves which aims to reallocate them in line with the emerging risks.
Reasons for recommendations:	To provide Cabinet with and update and early sighting of key MTFS and budgetary implications in preparation for the setting of a revenue budget and associated Council tax for the forthcoming financial year by law.
Contact Officer(s):	Name: Homira Javadi Post title: Director of Finance & Performance E-mail: Homira.Javadi@Lewes-Eastbourne.gov.uk

1 Background

- 1.1 The council continues to operate with significant financial uncertainty. When the 2023/24 budget was approved in February 2023, the council was concerned about the uncertainty of future local government finance settlements, the cost-of-living crisis and increasing prices, costs, and interest rates.
- 1.2 Interest rate increases have also had a significant impact on our existing debt financing with a further £0.5m built into service expenditure in 2024/25. Although, interest received on balances has also increased for Lewes from 2024/25 the cost of the existing and new Capital Programme is expected to exceed interest receipts.
- 1.3 Homelessness support and the costs of emergency and temporary accommodation has become an unprecedented pressure for the Council with the current (Q2 2023/24) forecast in this area alone at £600k overspend. There continues to be dialogue between the Council, other local authorities and the Department for Levelling Up, Housing & Communities (DLUHC) to raise their awareness of this and ask for their help with significant issue for Councils across the Southeast.
- 1.4 Energy prices have begun to fall, and our current forecast indicate a reduction of around 4% to electricity prices and 10% to gas prices. Our procurement model for utilities purchases units in advance and whilst we expect to see a lag in prices coming down, the new rates to be paid from October 2023 indicate that the contingencies, we have made for further increases can now be released.
- 1.5 Significant uncertainty continues to exist in terms of future financial settlements for local government and how available funding will be allocated between local authorities. Local authorities continue to be provided with one-year financial settlements, which allows little financial certainty and security and given the timing of these announcements in late December or even January, allows little time to react.
- 1.6 This level of uncertainty makes financial planning challenging and requires the council to be proactive, responsive, and adaptable. In this regard and building on its success in mitigating and managing the financial impacts of the pandemic, in response to the ongoing and deepening cost of living challenges, the council continues to monitor and address those challenges and to ensure the council remains on a stable financial footing.
- 1.7 As we continue budget planning for 2024/25, and in line with previous practice, the MTFS has been reviewed and the financial forecasts for the next four years updated. Financial plans have been updated to consider the continued impact of inflation upon council costs, service investment required and the implication of new legislation and requirements.

2 Budget Planning

2.1 To ensure the 2024/25 budget can be developed effectively, and savings targets delivered in time to produce a balanced budget, it is important that a robust plan and timetable is agreed. A high-level assumed timetable is shown below.

What	When
Autumn Statement	22/11/23
Draft MTFS to Cabinet	7/12/23
Provisional Finance Settlement Announced	Late Dec 23
Correspondence begins with preceptors	15/12/23
Final Finance Settlement Announced	Jan 24
24/25 Budget, final MTFS and Council Tax to Cabinet	01/02/24
Council Tax Consultation	Feb/March 24
Council Tax Bills issued	March 24

2.2 As part of the council's Stability and Growth Programme, savings will continue to be developed for consideration for 2024/25 and in future years. Unless there is a significant uplift in the level of local government financial settlements, additional savings are certain.

2.3 The council is in a position of utilising some earmarked reserves to help balance the budgets in the short-term whilst savings proposals are developed and or implemented. The use of reserves to balance the budget is not a sustainable position and is only recommended where there is a need for a temporary injection of resources to allow for more sustainable budget solutions to be developed.

2.4 At this stage of the planning cycle for MTFS the following areas are presented for consideration by Cabinet:

- (a) an update on the development of the 2024/25 budget since the Feb 2023 MTFS was presented to Cabinet including revised assumptions for both expenditure and financing.
- (b) an update on the MTFS savings forecast for the period 2024/25 to 2027/28;
and
- (c) a planned review of reserves to align to MTFS risks.

2.5 The financial outlook for the council continues to be challenging. The council's finances are in a reasonably healthy state and could be available to provide some interim financial support to resource its immediate budgetary shortfalls. The wider impact of the cost-of-living crisis is forecast to have long term impacts across the public sector and like most authorities, the council will require additional savings and/or additional income to bring its MTFS into a fully funded position.

2.6 The draft MTFS indicates that without intervention a savings requirement of £1.08m will be required to balance the budget, with this figure being required by 2024/25 and increasing throughout the period of the MTFS.

3 Draft Medium Term Financial Plan

	2023/24	2024/25	2025/26	2026/27	2027/28
	Revised Base for 23/24	Net Budget	Net Budget	Net Budget	Net Budget
£000					
TOTAL FINANCING Revised	(16,290)	(16,757)	(16,762)	(17,210)	(17,727)
NET EXPENDITURE	17,601	16,022	16,465	16,899	17,365
Emergency Accommodation Pressures		635	635	635	635
Service Proposals 24/25 inc Efficiencies		347	336	30	30
GF Costs of Current Capital Programme	(779)	332	877	1,188	1,315
Financing of New Capital Expenditure		500	750	1,000	1,250
REVISED EXPENDITURE	16,822	17,836	19,063	19,752	20,595
BUDGET SHORTFALL	532	1,079	2,300	2,542	2,867
Current projection use of Reserves for one off		1,079	2,300	2,542	2,867

3.1 The current draft Medium Term Financial Plan for Lewes District Council is summarised below.

4 Expenditure Assumptions

In calculating budgets and forecast, the following assumptions have been applied.

4.1 Pay Inflation

The current 2023/24 budget includes 4.0% in the base for pay inflation in line with the projections made by East Sussex County. The pay award for LG w.e.f. 1st April 2023 has just been agreed at a flat rate of £1,925 for employees earning up to £49,950 and 3.88% for those above. This represents an increase from budget in 2023/24 which will increase the following years base in turn. The current assumptions made for pay inflation are set out below.

	2023/24	2024/25	2025/26	2026/27	2027/28
MTFS Feb 23	421,890	408,708	348,499	357,142	-
£1,925/ 3.88%		3%	2.5%	2.5%	2.5%
Revised Figures	605,197	689,264	356,649	365,496	374,562
Increase to Feb'23 MTFS	183,307	280,556	8,150	8,354	374,562

4.2 Non-Pay Inflation

The Contracts Register has been used to calculate likely inflation based on the inherent calculations agreed in contracts and the results are included below. Assumptions have been made that CPI will fall in line with the Government's expectations.

	2024/25	2025/26	2026/27	2027/28
		5%	4%	3%
Revised Figures	£569,607	£284,804	£227,843	£170,882
Assumption	£569,607	£284,804	£227,843	£170,882

4.3 **Utility Prices**

The 2023/24 base budget included the creation of a fund for £90k to offset the impact of large energy increase. However, energy prices have begun to fall, and our current forecast indicate a fall of around 4% to electricity prices and 10% to gas prices. Our purchasing model for utilities buys energy units in advance so whilst we do expect to see a lag in prices coming down, the new rates to be paid from October 2023 indicate that the contingency we have made for further increases can now be released.

4.4 **Homelessness and the cost of Temporary Accommodation**

The Homelessness Reduction Act 2017 places duties on local authorities to intervene to prevent homelessness in their areas. It also requires housing authorities to ensure that a suitable accommodation is available for the applicants and their household until the duty is ends, usually through the offer of a settled home.

The key drivers for the current increase in these pressures are the impact of the pandemic on family breakdown, a reduction in the supply of housing and a disincentive created by the balance of rent costs and subsidy costs available.

In common with a number other southern and coastal authorities, Lewes District Council has seen an alarming growth in the number of presentations in recent years.

The council has carried out several in-depth reviews in this area. The findings of these reviews will be informing the authority's immediate plans and longer-term housing need strategy.

The Q2 forecast in this area is for a £600k overspend which is not expected to reduce over the period of the MTFs.

Council Officers (along with over 150 other LA's) are in discussion with DLUHC over these pressures and it is hoped that more will be known about the Government's proposals in our next update to Cabinet in February.

4.5 **Fees & Charges**

Fees and charges increases are included in service planning proposals. This year Planning Fees income (a statutory charge) will rise by 25% and it is proposed that all other fees and charges will increase by 10% with a reducing increase over the course of the plan in line with lowering inflation assumptions.

Some fees are decided by Government (mainly planning and licensing fees) – any changes to license fee assumptions because of government announcements will be presented within the detailed budget setting exercise in February 2024.

4.6 **Borrowing Costs**

Based on current interest rates and forward forecasts for the cost of borrowing, £1 million capital financing expenditure will cost around £98k to service each year. This includes Minimum Revenue Provision (the amounts we need to set aside under the Prudential Code to repay the loan) of £40k and interest payments of £58k.

Pre-existing commitments to the existing programme and the impact of requests for new capital expenditure exceed the capital resource that can be afforded.

Capital bids received this year have been scrutinised and priority ranked. Those that can be funded from Grants, Section 106, and other forms of Capital Financing (excluding loans) have been assumed agreed. Those which require Loan Finance will be considered by the Capital Programme Overview Board with an indicative target of £5m new investment for 2024/25 and a further £2.5m each year thereafter. This would give rise to the following additional Capital Financing costs funded from Service Expenditure.

	2024/25 (£5m)	2025/26 (£2.5m)	2026/27 (£2.5m)	2027/28 (£2.5m)
MRP	£200k	£300k	£400k	£500k
Interest Payments	£300k	£450k	£600k	£750k
Total	£500k	£750k	£1m	£1.25m

There will undoubtedly need to be some difficult choices to be made around reprioritising existing commitments, scaling back, or increasing the funding gap in the MTFs by increasing the provision for prudential borrowing, which would in turn increase the savings required.

The council’s longer-term strategy to reducing its exposure to cost of borrowing is to:

- Ensure affordability of its capital programme,
- Rephase and reprofile its expenditure where practical,
- To accelerate its planned disposal and asset optimisation plans
- To restructure its debt profile and financing requirements in order to achieve certainty and optimise value for money.

5 **Core Funding Assumptions**

5.1 The Council is funded from a variety of sources including local taxation and government grants. In developing the draft MTFs the following assumptions have been made:

5.2 Council Tax

Council Tax increases are subject to referendum limits set by the Government each year. For 2023/24 the increases for Shire Districts were set at a maximum of 3% or £5 and there was an indication made that the same rate of increase would apply for 2024/25. A stronger indication of maximum increases will be announced to Local Authorities with the provisional LG Finance Settlement in December. The final settlement is expected in January 2024.

The figures below have modelled Council tax Income figures for the next 4 years based on.

- actual Band D calculations for our Government Return
- assumed increase in Band D equivalent properties of 1.0% per annum for the rest of the years in the plan.
- Collection Rates of 98%

Council Tax Income is assumed a 3% increase per and shows associated changes to the previous MTFS agreed in February 2023.

	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£
Base Increase 1% pa after 24/25	37,839	38,538	38,924	39,313	39,706
At 3% increase	8,450,397	8,864,672	9,221,918	9,593,561	9,980,182
At £5.00 increase	8,450,397	8,643,089	9,059,290	9,418,482	9,792,091
Increase from Feb 23 MTFS		211,414	338,475	477,870	

5.3 Council Tax Surplus/Deficit

When Council Tax is set, assumptions about levels of debt collection are made. If Collection Rates are higher than projected this will create a surplus on the fund which is shared proportionately by the precepting authorities. Lewes has historically performed better than anticipated in collecting Council Tax and therefore a surplus is made. Payments to other preceptors are made a year in arrears and form part of the following years Council Tax payments to precepting authorities.

The figures below have assumed that the same rate of surplus will continue each year and increases by the Council Tax increase of 3%. If the collection rate assumed in Council Tax calculations were to increase for future years in line with the better performance, then Council Tax would see an increase to offset any reduction in surplus.

	2023/24	2024/25	2025/26	2026/27	2027/28
CT Collection rate assumed	98.00%	98.00%	98.00%	98.00%	98.00%
At 3% increase		461,440	475,283	489,542	504,228
Increase to previous MTFS assumptions		13,440	27,283	41,542	56,228

5.4 National Non-Domestic Rates (NNDR)

Local councils levy a business rate on every non-domestic premises in their area. Councils have no control over either of these.

The rateable value is set by the Valuation Office Agency based on the estimated rental value of the premises and is revalued regularly to take account of movement of rents.

The most recent revaluation came into effect in April 2023 and the next one will come into effect in April 2026. The multiplier rises by the consumer price index every year or less if the Secretary of State decides. If it is under the consumer price index the government pays compensation to councils.

5.5 Business Rates Retention

Business Rates Retention was introduced in 2013, initially at 50 per cent. Billing authorities collect the income from ratepayers, but do not retain all the money themselves.

The figures below have modelled Baseline Business rates for the next 4 years based on a CPI increase of 6.7% decreasing to 2% at the end of the MTFs period in line with Government targets and shows some additional income expectations over the previous MTFs agreed in February 2023.

	2023/24	2024/25	2025/26	2026/27	2027/28
Base Rate	2,326,794	6.70%	4.00%	2.00%	2.00%
At CPI Rate (Aug 6.7%)		2,482,689	2,581,997	2,633,637	2,686,309
Increase from Feb 23 MTFs		26,266	125,574	177,214	229,886

5.6 Business Rates Retention Pooling

To share the risks of Business Rates Shrinkage across several authorities. We are in a pool with all East Sussex LA's which is run by Wealden. In a pool, any amounts above growth ceilings are offset against below floor amounts in the area.

The figures below have modelled our Pooling Receipt for the next 4 years based on current figures and a CPI increase of 6.7% decreasing to 2% at the end of the MTFs period in line with Government targets and shows minor additional income expectations over the previous MTFs agreed in February 2023.

	2023/24	2024/25	2025/26	2026/27	2027/28
Base Rate	383,000	6.70%	4.00%	2.00%	2.00%
At CPI Rate (Aug 6.7%)		408,661	425,007	433,508	442,178
Increase to previous MTFs assumptions		12,223	28,569	37,070	45,740

5.7 Business Rates Retained Growth

Currently, any Business Rate Growth or Shrinkage since 2013 is retained on the portions outlined above (but also up to a ceiling or floor) and not subject to Top-Up or Tariff. When BR retention was set in 2013/14, the expectation was that there would be a reset of the base by 2020. At which point, all retained growth would go into the base and *will* be subject to Tariff or Top Up.

The reset continues to be delayed and it is uncertain when this will happen.

	2023/24	2024/25	2025/26	2026/27	2027/28
Base Rate	2,326,794	6.70%	4.00%	2.00%	2.00%
At CPI Rate (Aug 6.7%)		2,482,689	2,581,997	2,633,637	2,686,309
Increase from Feb 23 MTFS		26,266	125,574	177,214	229,886

5.8 Revenue Support Grant (RSG)

This is included in baseline which if subject to a freeze will not be compensated in other ways. Lewes RSG is only around £100k for 2023/24.

5.9 New Homes Bonus (NHB)

The New Homes Bonus is a grant paid by central government (which began in 2011) to local councils to reflect and incentivise housing growth in their areas. It is based on the amount of extra Council Tax Revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes. Previously, in addition to the current year it also included additional years (at first it covered 6 years and was then decreased to 4 and now 1).

The scheme (top sliced from RSG is expected to continue in some form for the next few years but at a decreasing rate. We have assumed that the rates announced for 2023/24 (£350 per additional property) will continue, however, we would expect an announcement by the time of the provisional settlement in December and possibly earlier in the Chancellors Autumn statement.

	2023/24	2024/25	2025/26	2026/27	2027/28
Base Rate	392,646				
No increase assumed		244,650	122,325	61,163	15,291

to be confirmed

5.10 Services Grant

This was one-off for 2022/23 as additional funding for increased NI rates. DLUHC retained ½ of the original £2bn fund. It was not added to Base but is allocated each year. It is reasonable to assume that this will carry on over the coming years and increase by CPI.

	2023/24	2024/25	2025/26	2026/27	2027/28
		6.70%	4.00%	2.00%	2.00%
At CPI Rate (Aug 6.7%)	87,124	92,961	96,680	98,613	100,586
Increase to previous MTFS	87,124	5,837	3,718	1,934	1,972

5.11 Funding Guarantee

This funding ensures that authorities receive at least a 3% increase in Core Spending Power before increase in Council Tax. So, a balancing figure. As CPI is currently higher than 3% an assumption of no further funding has been made.

	2023/24	2024/25	2025/26	2026/27	2027/28
		6.70%	4.00%	2.00%	2.00%
At CPI Rate (Aug 6.7%)		0	0	0	0
Reduction from previous MTFS	258,496	(258,496)	(258,496)	(258,496)	(258,496)

5.12 Newhaven Enterprise Zone

Business Rate Relief on the Newhaven Enterprise Zone will taper off during the period. 5 years of relief per business has been modelled and all relief will discontinue over the life of the plan.

	2023/24	2024/25	2025/26	2026/27	2027/28
		6.70%	4.00%	2.00%	2.00%
At CPI Rate (Aug 6.7%)	277,066	223,820	59,196	3,397	0
Reduction from previous MTFS	(122,934)	(176,180)	(340,804)	(396,603)	0

6 Savings and Service Growth Forecasts

6.1 Savings are forecast to be required for 2024/25 which if achieved will alleviate the funding gap for the following years. Budget pressures and the impact of funding reductions outstrip the council's ability to generate additional income from business rates and council tax.

6.2 Work is progressing on 2 separate strands of efficiencies and savings to feed into the MTFS for 2024/25 and the following years.

6.3 Service Planning – 2023/24 Exercise

Efficiencies - Officers have recently undertaken a Service Planning exercise in preparation for Budget Setting and Financial Planning. This year's exercise has built on the exercises of previous years and is useful in identifying budget gaps, funding pressures, growth requests and efficiencies to be offered up. Efficiencies offered up by services (a combination of new efficiencies and those offered in last year's exercise) were significant, totalling £1,035,900. These efficiencies will be built into service budgets from 2024/25.

6.4 **Growth** – As outlined above, the Service Planning exercise also identified significant growth requirements arising from service requests. Growth requests for 2024/25 have been assessed by CMT in line with our Corporate Objectives.

- Growth of £758k for 24/25 has been agreed by CMT mainly as one-off items for that year.
- A further £624k relating to Neighbourhood First and the Local Plan is still under review and plans to fund both are being made.
- A £635k bid for Emergency and Temporary Accommodation (see section 4.4) is being looked at separately as part of a dialogue with DLUHC.

6.5 **Line by line review** – A high level exercise has been undertaken on behalf of CMT which has identified those budgets (largely below £1,000) which have not been used in 2022/23 or 2023/24. Utilising these budgets differently will enable the Council to reallocate fund to other areas of budget where there are budgetary misalignments.

Cumulative Figures

	24/25	25/26	26/27	27/28
Efficiencies	(1,035,886)	(887,898)	(872,898)	(872,898)
Agreed	758,564	574,582	503,332	503,332
Neighbourhod First	474,395	399,395	399,395	399,395
Local Plan	150,000	250,000	0	60,000
Housing Emergency Accom	635,000	635,000	635,000	635,000
	982,073	971,079	664,829	724,829

7 Use of Reserves

7.1 To ensure budgets can be balanced whilst clarity is provided and to provide time to work up further proposals to increase income and reduce expenditure to address the underlying budget position, a thorough review of all earmarked reserves will be undertaken in advance of the 2024/25 Budget Setting and Final MTFS work. The review will be presented in February 2023.

7.2 It is important to recognise that the application of reserves to balance the budget is not a sustainable solution to the financial challenges we face. Whilst the review is undertaken and until there is greater clarity, some programmes and projects funded from a range of earmarked reserves will be considered carefully during this time.

8 Housing Revenue Account (HRA)

The 30-year plan for the HRA is currently in the process of being finalised and approved. This plan will consider the funding of maintenance, repair, and improvement of our housing stock over the period. The plan is crucial for ensuring that the housing remains in good condition and meets the needs of residents over the long term. The HRA has put forward growth proposals for the current period and these items are being fed into their plan.

9 Capital Investment Strategy

9.1 The latest Capital Investment Strategy was reported to Cabinet in February 2023, it sets out a framework for funding and investment decisions in respect of capital assets, in the context of our vision and priorities and available financial resources. The Capital Investment Strategy demonstrates that we take capital expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability, and affordability.

9.2 It sets out the long-term context in which capital expenditure and investment decisions are made and considers the risk, reward, and impact on the achievement of the Council's priority outcomes.

9.3 When setting its capital programme, the Council takes into consideration the following:

- Service objectives – the capital spending plans should be consistent with our Corporate Objectives.
- Stewardship of assets demonstrated by our asset management planning approach.
- The value for money offered by investment plans demonstrated by the appraisal of the options.
- The prudence and sustainability of investment plans – their implications for external borrowing.
- The affordability of capital investment plans – the implications for the council tax; and
- The practicality of capital expenditure plans – whether the forward plan is achievable.

9.4 Decisions on the Capital Programme have an impact on the Revenue Budget, in relation to:

- The revenue costs of financing capital, and
- The ongoing running costs and/or income generated by new capital assets such as buildings.

9.5 Revenue costs over the lifetime of each proposed capital project are considered when the project is being developed to ensure that the impact can be incorporated within our financial plans and to demonstrate that the capital investment is affordable. Our revenue and capital budgets are integrated with the financial impact of the proposed Capital Programme, being reflected in the Revenue Budget estimates.

9.6 The Council will only invest where capital spending plans are affordable, prudent, and sustainable. The key constraint on capital investment is the scope to afford the financial implications in terms of acceptable council tax levels. As supported by the Capital Investment Strategy, the Council's capital investment plans over the next 4 years are set out in the Capital Programme.

9.7 The efficient and effective use of capital resources, including sound asset management, is fundamental to achieving our long- and medium-term aims and objectives. It is also critical to achieving the delivery of the required savings and income across the Council to secure a balanced budget.

9.8 The Council's Capital and Investment Strategy is reviewed and reported to Full Council on an annual basis to reflect the changing needs and priorities of the Council including residents, businesses, and places.

9.9 **Medium Term Capital Programme**

9.10 Our Capital Programme is concerned with investment in the assets required to deliver services or new income streams. The Medium-Term Capital Programme sets out how capital resources will be used to achieve the Council's vision and corporate priorities.

9.11 The Council must have an affordable Capital Programme; affordability is assessed against business cases considering the level of future resources required to support project delivery and ongoing asset maintenance.

9.12 The strategic objectives of our Capital Programme can be summarised as follows:

- To maintain a four-year rolling Capital Programme which remains within the approved affordable, sustainable, and prudential limits.
- To ensure capital resources are aligned with our strategic vision and corporate priorities by ensuring all schemes are prioritised according to the Council's prioritisation methodology.
- To identify opportunities for investment in new schemes that result in capital growth and/or new revenue income streams.
- To maximise available resources by actively seeking external funding to support Council priorities and disposing of surplus assets; and
- To use internal resources alongside external resources where appropriate to support the Capital Programme and minimise any borrowing costs.

9.13 Decisions on the financing of the capital programme are taken with consideration to the impact on the revenue budget, the treasury management strategy, and the investment strategy.

9.14 **Capital Programme 2024/25 to 2027/28**

9.15 The Council forecasts its Capital Programme over a 4-year period and the latest position is set out in Appendix B. This forecast is subject to review and is subject to change ahead of final approval by Cabinet in February 2024.

9.16 Excepting earmarked s106 funds, the Council does not have significant capital reserves, therefore, while a small number of schemes will be continued to be funded from capital grants and other contributions, the majority of the approved Capital Programme will be funded through prudential borrowing.

9.17 The costs of repaying this borrowing fall to the General Fund. Treasury management budgets have been updated to reflect the costs of borrowing for the approved Capital Programme for 2024/25 onwards net of interest on forecast balances and other loan repayments.

9.18 **Capital Programme Oversight Board**

9.19 A Capital Programme Oversight Board (CPOB) has been established to provide strategic direction, oversight and corporate assurance for the General Fund capital programme and Housing Revenue Account (HRA) Business Plan across Council. The CPOB will be responsible for addressing programme issues, reviewing risk and financial implications, driving through the Assurance Review recommendations in respect of the capital programme and moving towards a fully sustainable capital programme and asset release.

10 **Conclusion and next steps**

10.1 The council continues to face significant financial uncertainty for the MTFS planning period, covering the financial years 2024/25 to 2027/28. The uncertainty relating to future government financial settlements is exacerbated by the impact of the cost-of-living crisis and inflation.

10.2 The interim MTFS forecasts would indicate a budget gap next year of £1.08m and the need for additional savings to be identified for 2025/26 and beyond. This is a similar position to that identified last year at this interim MTFS stage. Work will continue between now and February 2024 to,

- Refine and testing the assumptions made so far considering Government Announcements expected.
- Continue to work to meet the Budget Gap identified and refine the Service Planning proposals and budget pressures identified.
- Continue the dialogue with DLUHC around homelessness and temporary accommodation pressure.
- Bring back to Cabinet in February the proposed 2024/25 budget, final MTFS, Review and proposals around the use of Reserves and Council Tax Resolution.

11 **Financial appraisal**

- 11.1 The S151 Officer will submit her Section 25 report on the robustness of estimates and adequacy of reserves to Full Council in February 2024. This report will be based on a detailed financial resilience and stress test of the Council's proposed income and expenditure plans.

12 Legal implications

- 12.1 Section 151 of the Local Government Act 1972 requires that every local authority decide for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.
- 12.2 Sections 42A of the Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement.
- 12.3 The Chief Finance Officer, appointed under section 151 mentioned above, has a duty to report on the robustness of estimates and adequacy of reserves under section 25 of the Local Government Act 2003.

13 Risk management implications

- 13.1 An analysis of risks associated with the MTFs, and mitigating actions will be provided in the next MTFs update.

14 Equality analysis

- 14.1 The equality implications of any individual decisions relating to the projects/services covered in this report are addressed within other relevant Council reports.

15 Appendices

Appendix A – Draft Budget Summary and Key Assumptions
Appendix B – Draft Capital Programme 2023/34 to 2027/28

16 Background Papers

- 16.1 **The background papers used in compiling this report were as follows:**

- Local Government Finance Act 1992
- Welfare Reform Act 2012
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations (as amended)
- The Impacts of Localised Council Tax Support Schemes – Institute for Fiscal Studies Report January 2019
- Settlement funding assessment calculation model: provisional local government finance settlement 2023 to 2024

Appendix A – Draft Budget Summary and Key Assumptions

Subject	2023/24 (changes since Feb 22)			2024/25		2025/26		2026/27		2027/28	
	Net Budget approved by Cabinet (Feb 23)	Total Changes	Revised Base for 24/25	Total Changes	Net Budget	Changes	Net Budget	Changes	Net Budget	Changes	Net Budget
	£			£		£		£		£	
Employees	1,380,526	183,307	1,563,833	313,458	1,877,291	356,649	2,233,940	365,496	2,599,436	374,562	2,973,998
Premises	2,872,177		2,872,177	0	2,872,177		2,872,177		2,872,177		2,872,177
Supplies & Services	4,684,442	54,000	4,738,442	569,607	5,308,049	284,804	5,592,853	227,843	5,820,695	170,882	5,991,577
Support Services	4,209,720		4,209,720	0	4,209,720		4,209,720		4,209,720		4,209,720
Third Party Payments	17,934,383		17,934,383	0	17,934,383		17,934,383		17,934,383		17,934,383
Transfer Payments	29,231,100		29,231,100	0	29,231,100		29,231,100		29,231,100		29,231,100
Transport	1,438,900		1,438,900	0	1,438,900		1,438,900		1,438,900		1,438,900
Income	37,928,714		37,928,714	501,582	38,430,296	198,783	38,629,078	159,026	38,788,104	79,513	38,867,617
Capital Financing Costs	100,000	879,000	779,000	1,111,000	332,000	545,000	877,000	311,000	1,188,000	127,000	1,315,000
NET BUDGET	15,503,094	641,693	14,861,401	1,492,483	16,353,884	987,670	17,341,554	745,313	18,086,867	592,931	18,679,798
Qtr2 Monitoring Overspend			1,961,000		635,000		635,000		635,000		635,000
Service Proposals 24/25 inc Efficiencies					347,073		336,079		29,829		89,829
Financing of New Capital Expenditure				£5m spend	500,000	+£2.5m spend	750,000	+£2.5m spend	1,000,000	+£2.5m spend	1,250,000
REVISED NET BUDGET	15,503,094	641,693	16,822,401		17,835,957		19,062,633		19,751,696		20,654,627

Subject	2023/24			2024/25		2025/26		2026/27	
	Net Budget approved by Cabinet (Feb 23)	Total Changes	Revised Base for 24/25	Total Changes	Net Budget	Changes	Net Budget	Changes	Net Budget
	£			£		£		£	
NET EXPENDITURE	14,289,900		15,603,094	1,364,469	16,967,563	1,091,143	18,058,706	10,500	18,069,206

FINANCED BY:	£			£		£		£		£	
Council Tax	8,383,397		8,383,397		8,864,672		9,221,918		9,593,561		9,980,182
Council Tax (Surplus)/Deficit	448,000		448,000		461,440		475,283		489,542		504,228
100% on Empty Homes							83,000		84,660		86,353
Council Tax Total	8,831,397		8,831,397		9,326,112		9,780,201		10,167,763		10,570,763
Business Rates											
National Non-Domestic Rates Baseline	2,326,794		2,326,794		2,482,689		2,581,997		2,633,637		2,686,309
Business Rates Retained Growth	810,094	349,000	1,159,094		1,819,324		1,892,097		1,929,939		1,968,538
Business Rates - Newhaven Enterprise	400,000		400,000		223,820		59,196		3,397		0
Business Rates Equalisation	979,866		979,866		262,000		262,000		262,000		262,000
Business Rates Retention Pooling Levy	383,000		383,000		408,661		425,007		433,508		442,178
SFA Multiplier Compensation	396,348		396,348		422,903		439,819		448,616		457,588
Council Tax Total	5,296,102		5,645,102		5,095,398		5,136,117		5,187,096		5,292,613
Government Grants											
New Homes Bonus	392,646		392,646		244,650		244,650		244,650		244,650
Better Care Fund (BCF) - Conversion	508,120	338,000	846,120		956,000		956,000		956,000		956,000
Homelessness Prevention					541,980		548,809		555,724		562,726
Services Grant	87,124		87,124		92,961		96,680		98,613		100,586
Funding Guarantee Grant/New Grant	258,496		258,496		0		0		0		0
Government Grants Total	1,246,386		1,584,386		1,835,591		1,846,139		1,854,987		1,863,962
Transfers (From)/Into Reserves*	229,209		229,209		500,000		0		0		0
TOTAL FINANCING	15,603,094		16,290,094		16,757,101		16,762,456		17,209,847		17,727,338
FORECAST BUDGET GAP	0		532,307		1,078,857		2,300,177		2,541,849		2,927,289
FORECAST BUDGET GAP %	0%		3%		6%		14%		15%		17%

Appendix B – Draft Capital Programme 2023/34 to 2027/28

DRAFT LDC CAPITAL PROGRAMME 2023/24 to 2027/28	Proposed Revised Programme 2023/24 £	Proposed Programme 2024/25 £	Proposed Programme 2025/26 £	Proposed Programme 2026/27 £	Proposed Programme 2027/28 £
Development Schemes (New Acquisitions & New Build)	12,828,000	7,156,000	20,325,000	19,235,000	20,773,000
Major Works & Improvements	6,465,000	6,465,000	6,465,000	7,188,000	7,368,000
Total Housing Revenue Account	19,293,000	13,621,000	26,790,000	26,423,000	28,141,000
General Fund Housing	1,486,000	1,135,000	1,135,000	1,135,000	1,135,000
Loans to Housing Companies	1,419,000	1,000,000	1,000,000	1,000,000	-
Total General Fund Housing	2,905,000	2,135,000	2,135,000	2,135,000	1,135,000
Total HRA & GF Housing	22,198,000	15,756,000	28,925,000	28,558,000	29,276,000
Existing Capital Programme					
Business Transformation	781,000	20,000	-	-	-
Regeneration	20,283,000	15,410,000	656,000	-	-
Asset Management	780,000	500,000	100,000	100,000	-
Indoor Leisure Facilities	3,336,000	1,100,000	300,000	300,000	-
Energy Schemes	524,000	3,895,000	4,250,000	2,200,000	-
Community Infrastructure Levy	1,487,000	900,000	900,000	900,000	-
Service Delivery	7,473,000	7,167,000	3,229,000	227,000	-
Flooding & Coastal	705,000	236,000	236,000	236,000	-
Parks & Open Spaces	1,053,000	200,000	200,000	200,000	-
Open Space - Biodiversity	787,000	-	-	-	-
Information Technology	397,000	150,000	150,000	150,000	-
Corporate - Finance Transformation	-	350,000	-	-	-
Existing Capital Programme	37,606,000	29,928,000	10,021,000	4,313,000	-
New Bids for Capital Funding					
Asset Management	150,000	2,910,000	970,000	140,000	230,000
Service Delivery	1,226,000	842,000	220,000	327,000	150,000
Total New Bids for Capital Funding	1,376,000	3,752,000	1,190,000	467,000	380,000
Total General Fund Non-Housing Capital Programme	38,982,000	33,680,000	11,211,000	4,780,000	380,000
Total HRA & GF Programme	61,180,000	49,436,000	40,136,000	33,338,000	29,656,000

Note: Currently under review and subject to change.

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Agenda Item 9

Report to:	Cabinet
Date:	7 December 2023
Title:	Revenue & Capital Financial Monitoring Report Quarter 2 2023-24
Report of:	Homira Javadi, Director of Finance and Performance
Cabinet member:	Councillor Zoe Nicholson, Leader of the Council and Cabinet member for finance, assets and community wealth building
Ward(s):	All
Purpose of report:	The report provides an assessment of the Council's financial performance against it approved 2023-24 budget, incorporating key financial risks, issues and opportunities identified since 2 April 2023 for the General Fund and the Housing Revenue Account (HRA)
Decision type:	Non-Key
Officer recommendation(s):	It is recommended that the Cabinet: <ul style="list-style-type: none">i) Note the forecast outturn position for 2023-24 and associated risks.ii) Delegate authority to the Director of Finance and Performance and the portfolio holder for finance to apply any budget virements required to effectively manage the overall budget.iii) Note Appendices 1 & 2
Reasons for recommendations:	To update members on the financial position of the Council and ensure that the Authority complies with its financial regulations.
Contact Officer(s):	Name: Homira Javadi Post title: Director of Finance and Performance E-mail: homira.javadi@lewes-eastbourne.gov.uk Telephone number: 01323 485512

1. Introduction

- 1.1. Lewes District Council provides a range of services to residents and businesses across the area including the collection and disposal of waste, housing, and support for the homeless, leisure and community wellbeing, planning and tourism and culture activities.
- 1.2. The Council successfully balanced its 2022-23 budget and published the details in the provisional outturn report that Cabinet considered.
- 1.3. However, the Council, alongside many other local authorities and organisations across the nation, has seen a significant impact on its finances because of external factors beyond its control. The recent exercise to construct the Medium-Term Financial Strategy for 2024-25 through to 2027-28 has further highlighted pressures facing the council's finances. The main drivers of these cost pressures are highlighted below:
 - The high cost of borrowing affecting our ability to fund Capital Expenditure.
 - Inflationary and cost of living pressures impacting on the now agreed pay award for 2023-24, the net cost of borrowing, contract inflation and energy costs.
 - Demand led and inflationary pressures within housing and temporary accommodation for homelessness.
 - The lack of clarity over Government funding for local government particularly around business rates and a long-term settlement to enable planning over the medium term.
- 1.4. As a result of these externally driven financial challenges, Corporate Management Teams continue to be focused on reducing the cost-of-service delivery in their areas to support the Council to forecast spend closer in line with the budget, while ensuring that services are still delivered and that there isn't a corresponding reduction in service provision.
- 1.5. Nevertheless, there is a slight improvement in the forecast position for Lewes from that reported at Q1 which also includes an additional £137k for the now agreed pay award that was higher than budgeted for.

2. General Fund

- 2.1. The forecast outturn position for 2023-24 as at the 30 September 2023 is an overspend of £532k, as shown in Table 1. This shows an improved position of £120k from that reported at Q1.
- 2.2. The position at Q2 follows a more in-depth review of budgets and likely expenditure then the initial high level key exercise undertaken in Q1. The position will continue to be analysed and monitored over the coming months to achieve a plan of expenditure and funding aligning by the year end.
- 2.3. The initial main underlying pressures which directorates are seeking to mitigate are as follows:

- Underlying levels of inflation and increased interest costs affecting contracts, operations, running costs and capital expenditure.
- The high numbers and risks of losing planning appeals, costs of associated consultancy and the legal reimbursement costs of being found against.
- Increase in homelessness and the use of expensive nightly purchase temporary accommodation.
- Budget pressures associated with staffing and the long-term delivery of saving programmes.

2.4. The detailed forecast variations against budget are set out from Section 3.

Table 1: Quarter 2 Forecast Outturn 2023-24 by Directorate

Directorate	Net Budget	Forecast Net Spend	Q2 Forecast variance	Q1 variance	Q2/Q1 change in forecast	var %
	£'000					
Corporate Services	6,218	6,281	63	258	(195)	
Service Delivery	10,869	11,894	1,025	1,461	(436)	
Regeneration & Planning	1,367	2,192	825	225	600	
Tourism & Culture	292	341	48	0	48	
Recharges to the HRA	(4,111)	(4,111)	0	0	0	
Cost of Services	14,635	16,596	1,961	1,944	17	13%
Technical/Centrally Controlled Budgets	968	226	(742)	(625)	(117)	
Total Budgeted Expenditure	15,603	16,822	1,219	1,319	(100)	8%
Less Funding	(15,603)	(16,290)	(687)	(667)	(20)	4%
Net Position 2023-24	0	532	532	652	(120)	

Financial Overview by Directorate

This section of the report provides an update on the forecast variations against the 2023-24 budget focused on individual Directorates.

3.0 Corporate Services

The Corporate Services Directorate delivers services including human resources, financial services, corporate management team, business transformation and legal and democracy support.

Table 2: Corporate Services Forecast Outturn 2023-24

Table 1A: Corporate Services Q2 Forecast Outturn	Net Budget	Forecast Net Spend	Q2 Forecast variance	Q1 variance	Q2/Q1 change in forecast	var %
	£'000					
Finance	967	1,123	156	207	(51)	16%
Corporate Management Team	521	501	(20)	0	(20)	-4%
Internal Audit and Corporate Fraud	250	243	(7)	(15)	8	-3%
Business Strategy & Performance	843	992	149	16	133	18%
Human Resources	348	277	(71)	30	(101)	-20%
Business Transformation	1,706	1,690	(16)	0	(16)	-1%
Legal & Democratic Services	1,660	1,502	(158)	(60)	(98)	-10%
Land Charges	(76)	(46)	30	80	(50)	-39%
Net Position	6,218	6,281	63	258	(195)	1%

- 3.1 The Directorate is reporting a forecast outturn position of £63k overspent. **This is an improved position of £195k** since the Q1 exercise.
- 3.2 Finance - In common with many other local authorities, Finance has struggled to recruit to key posts on a permanent basis with savings from permanent vacant posts only partly offsetting interim costs. Nevertheless, there has been a reduction in overspend being forecast as the service advertised posts as part of a recruitment campaign with interviews taking place in early November. If successful, the candidates will begin employment before the end of the financial year alleviating some issues for 2023/24 and the issue for 2024/25.
- 3.3 Business Strategy and Performance £149k overspend forecast. Expenditure previously classified as meeting capital criteria will now need to be revenue.
- 3.4 HR - £71k underspent. Lower than expected costs with regards to Recruitment and Training.
- 3.5 Business Transformation (IT) £16k underspent. This relates to the purchase of licenses that will be spread over more than one year.
- 3.6 Legal – £158k underspent. Increased legal services income, reduced training and recruitment costs forecast.
- 3.7 Other Corporate Services areas are forecasting various reductions to their Q1 positions.

4.0 Service Delivery

The Service Delivery Directorate delivers services including housing and support to the homeless, waste, and environmental services and maximisation and welfare and regulatory service teams.

Table 3: Service Delivery Forecast Outturn 2023-24

Table 1B: Service Delivery Q2 Forecast Outturn	Net Budget	Forecast Net Spend	Q2 Forecast variance	Q1 variance	Q2/Q1 change in forecast	var %
	£'000					
Head of Customer First	242	290	48	67	(19)	20%
CFRT Income, Max & Welfare	1,091	1,764	673	664	9	62%
CFRT Regulatory Services	69	167	98	112	(14)	142%
CFRT Customer Contact	985	981	(4)	(28)	24	0%
Bereavement Services	(23)	3	26	36	(10)	-111%
Neighbourhood First	1,725	2,035	310	668	(358)	18%
Waste and Recycling	4,447	4,376	(72)	(20)	(52)	-2%
Head of Homes First	72	112	41	61	(20)	56%
Homes First - Housing Property Services	786	786	(1)	0	(1)	0%
Homes First - Neighbourhood Management	888	840	(48)	0	(48)	-5%
Homes First - Customer Experience	166	158	(8)	0	(8)	-5%
Homes First - Housing Needs and Standards	421	384	(37)	(99)	62	-9%
Net Position	10,869	11,894	1,025	1,461	(436)	9%

4.1 The Directorate is reporting a forecast outturn position of £1,025k overspend, which is a favourable movement of £436k from the Q1 position.

4.2 **CFRT Income, Max, and Welfare** - The reported position includes a projected overspend of £635k to meet the current costs of providing homeless support and housing. The Council had budgeted to support approximately 44 homeless households during the year while the current demand is 51 households in emergency accommodation. While the current demand remains high, and the number of households in emergency accommodation in June has decreased, the service is still projecting to reduce placements down to 49 by the end of the financial year. This will continue to be monitored and reviewed over the coming months.

4.3 Neighbourhood First (£310k overspend forecast)

Coastal Protection is forecasting of £93k an overspend on Repairs and Maintenance which is expected to be funded from Capital and the Natural Club Management Budget.

Car Parks – Car Park income and Penalty Charges is expected to be under recovered by £140k across Lewes. This is a change of £100k since Q1. There is also a forecast overspend of £270k relating to ESCC charges. The service

continues to review this, and finance colleagues are working with them to review our Car Park business model, further updates will be provided in coming months.

Neighbourhood First Team - Forecast overspends of £400k relating to shared employee costs in the Neighbourhood First Team, against office cleaning and public conveniences have been resolved through an exercise undertaken on behalf of CMT. The exercise looked at all budget lines across the council and allowed the council to reallocate funding to this area of historic misalignment. Therefore, there is a £358k reduction in forecast spend in the area.

- 4.4 There are other smaller variances across teams that make up the remaining overspend.

5.0 Regeneration and Planning

The Regeneration and Planning Directorate delivers services including estates and property estate management and regeneration and planning activity across the area.

Table 4: Service Delivery Forecast Outturn 2023-24

Table 1C: Regeneration & Planning Q2 Forecast Outturn	Net Budget	Forecast Net Spend	Q2 Forecast variance	Q1 variance	Q2/Q1 change in forecast	var %
	£'000					
Estates and Property	(73)	(108)	(34)	0	(34)	
Wave Leisure	224	223	(1)	0	(1)	
Solar Panel Trading Account	(74)	(74)	0	0	0	
Planning Policy	567	1,485	919	190	729	
Building Control	64	101	37	35	2	
Regeneration	533	441	(91)	0	(91)	
Regeneration Portfolio	128	123	(5)	0	(5)	
Net Position	1,367	2,192	825	225	600	60%

- 5.1 The Directorate is reporting a forecast outturn position of £825k overspend, which is an adverse movement of £600k from the forecast position at Quarter 1.
- 5.2 **Estates and Property** – The Positive variance of £34k is due to a decrease in utilities, repairs and maintenance. Inflationary pressure on utilities which was showing an upward trend at the start of the is settling down contributing to a decrease in utilities and costs repairs as well.
- 5.3 **Planning Policy** – is currently forecasting an overspend of £919k due to
- the cost of management consultant fees to defend the high volume of Planning Appeals within Development Control. Appeals are currently running at 19), compared to the budgeted assumption of approximately 1-2 per year. The overspend is forecast to be £328k.

- The management consultant fees for Planning policy to support the development of local plan. The overspend is expected to be £379k.
- Since Q1, one of the Property Appeals has been found against us (land between the Broyle and Round House Road Ringmer) our cost for the other party's legal fees amount to £184k. The other 19 have similar characteristics and finance colleagues are currently working with the service to understand the levels of financial risk we could be facing in this area.

5.4 There are other smaller variances across teams making up the remaining overspends.

6.0 Tourism and Culture

The Tourism and Culture Directorate delivers a range of cultural activities across the area including the leisure and sporting facilities, as well as ongoing and one-off yearly events and productions.

Table 5: Tourism and Culture Forecast Outturn 2023-24

Table 1D: Tourism & Culture Q2 Forecast Outturn	Net Budget	Forecast Net Spend	Q2 Forecast variance	Q1 variance	Q2/Q1 change in forecast	variance %
	£'000					
Arts Development	6	6	0	0	0	
Tourism and Enterprise	287	335	48	0	48	
Net Position	292	341	48	0	48	17%

6.1 The Directorate is reporting a forecast outturn position of £48k overspend, which is an adverse movement of £48k from the forecast in Quarter 1.

7.0 Technical and Central Controlled Budgets

Technical and centrally controlled budgets include the treasury budgets, capital financing and contingency budgets. This area will also include any Council wide funds.

Table 6: Technical and centrally controlled Forecast Outturn 2023-24

Table 1E: Technical/Centrally Controlled Budgets Q2 Forecast Outturn	Net Budget	Forecast Net Spend	Q2 Forecast variance	Q1 variance	Q2/Q1 change in forecast	var %
	£'000					
Capital Financing	(603)	(1,246)	(643)	0	(643)	
Minimum Revenue Provision	703	467	(236)	(625)	389	
Centrally Managed	868	1,005	137	0	137	
Net Position	968	226	(742)	(625)	(117)	-77%

7.1 The Council is reporting a projected a forecast outturn position of £742k underspent which is a favourable movement of £117k from Q1.

- 7.2 Capital Financing - the underspend is due to higher than budgeted investment interest payments due to the significant increase in interest rates that has occurred since the original budget was approved by Council in February 2023.
- 7.3 Minimum Revenue Provision - The MRP is forecast to be lower than budgeted this year due to forecast Capital programme expenditure being lower than budgeted.
- 7.4 Centrally Managed Budgets The staffing inflation contingency is forecast to be overspent by £137k due to a likely higher than budgeted pay award which has just been agreed.

Cabinet is asked to approve the release of the pay contingency budget to pay budgets.

- 7.5 Further updates and will be provided to Cabinet as the year progresses and as financial monitoring is reported.

8.0 Housing Revenue Account (HRA)

- 8.1 The Housing Revenue Account is a ring-fenced account used to manage the Council's housing stock. The costs of managing and maintaining the properties, collecting rents, and meeting the interest cost of monies borrowed to pay for investment in the housing stock are all charged to the housing revenue account.

Table 7: HRA Quarter 2 Forecast Outturn 2023-24

Housing Revenue Account	Net Budget	Forecast Net Spend	Q2 Forecast variance	Q1 variance	Q2/Q1 change in forecast
	£'000				
Dwelling Rents	(17,003)	(16,985)	18	232	(214)
Non-Dwelling Rents	(391)	(339)	52	(8)	60
Charges for services	(1,386)	(1,607)	(221)	(271)	50
Contributions towards expenditure	(210)	(157)	53	53	0
GROSS INCOME	(18,990)	(19,088)	(98)	6	(104)
Repairs and Maintenance	5,488	5,908	420	357	63
Supervision and Management	3,740	3,679	(61)	7	(68)
Special services	1,579	1,747	168	(47)	215
Rents, Rates, Travel and other charges	157	130	(27)	0	(27)
Increase in impairment of debtors	157	157	0	0	0
Depreciation of Fixed Assets	5,443	5,443	0	134	(134)
Amortisation of Intangible Assets	3	3	0	0	0
Debt management cost	10	10	0	0	0
GROSS EXPENDITURE	16,577	17,077	500	451	49
NET COST OF HRA SERVICES	(2,413)	(2,011)	402	457	(55)
HRA share of Corporate & Democratic Core	140	244	104	0	104
NET OPERATING COST	(2,273)	(1,767)	506	457	49
Interest payable	2,376	2,297	(79)	0	(79)
Interest receivable	(143)	(402)	(259)	(57)	(202)
Revenue Contributions to Capital Expenditure	100	0	(100)	0	(100)
Total Capital Financing and Interest Charges	2,333	1,895	(438)	(57)	(381)
Transfer to (from) Reserves	0	0	0	60	(60)
HRA (SURPLUS) DEFICIT	60	128	68	460	(392)

- 8.2 The Housing Revenue Account is reporting a forecast outturn position of £68k overspend, which is the second reported outturn projection reported for financial year 2023-24 and a favourable change of £392k compared to period Quarter 1.
- 8.3 The favourable change in outturn forecast represents a more refined outturn position of operational spend than the light touch forecast of Quarter 1. The movement in forecasts are mainly; a reduction in charge of Depreciation (£134k) and contribution to capital (£100k), and an increase in Investment Income (£202k).
- 8.4 There is an improved outturn forecast for Dwelling Rents. The favourable change of £214k compared to Quarter 1 is largely due rental income assumptions for New Builds and fewer Right-to-Buys.
- 8.5 The additional income forecast for Service Charges of £221k is the recovery of contract and energy inflationary increases in 2022-23 including recovery of Special Services contract inflation (£168k) forecast for this financial year.

- 8.6 There is a shortfall of £53k in contribution towards contract expenditure due to reduced grounds maintenance activity for the General Fund.
- 8.7 There are forecast overspends of £420k relating to Repairs and Maintenance. Whilst the demand for stock repairs remains high, the service is projecting to reduce high value void works and continue with essential routine repairs only for the coming months.
- 8.8 HRA Share of Corporate and Democratic Core is reporting a forecast overspend of £104k for the contribution towards Business Transformation.

9.0 Capital Expenditure

9.1 Capital Expenditure – Housing Revenue Account (HRA)

The table below shows a revised HRA capital budget for the year of £22.0m, which has been updated for budgets carried over from the previous financial year. The forecast for the year (at quarter two) is £16.8m, a reduction of £5.2m on the revised budget. Projects that will not be completed in 2023/24 and have been re-profiled to 2024/25 and later years. Actual expenditure at the end of quarter was £3.2m, so significant expenditure is expected for the second half of the year. Details of the capital programme are in **Appendix 1**.

Table 8: HRA Capital programme 2023-24

HRA CAPITAL PROGRAMME	Original Budget 2023/24	Revised Budget 2023/24	Forecast for Year 2023/24	Actual Spend Q2 2023/24
	£'000	£'000	£'000	£'000
Construction of Dwellings	11,501	15,747	10,971	1,950
Retirement Schemes	83	83	-	-
Improvements to Stock	4,500	5,824	5,824	1,320
Adaptations	415	206	-	-
Recreation & Play Areas	50	148	1	1
Total HRA	16,549	22,008	16,796	3,271

9.2 Capital Expenditure – General Fund

The table below shows a revised GF capital budget for the year of £69.7m, which has been updated for budgets carried over from the previous financial year. The forecast for the year (at quarter two) is £21.3m, a reduction of £48.4m on the revised budget. Projects that will not be completed in 2023/24 and have been re-profiled to 2024/25 and later years. Actual expenditure at the end of quarter was £7.7m, so significant expenditure is expected in the second half of the year. Details of the capital programme are in **Appendix 1**.

Table 9: GF Capital programme 2023-24

GENERAL FUND CAPITAL PROGRAMME	Original Budget 2023/24	Revised Budget 2023/24	Forecast for Year 2023/24	Actual Spend Q2 2023/24
	£'000	£'000	£'000	£'000
Housing Support & Disabled Facility Grants	1,135	1,486	1,226	420
Loans to Housing Companies	2,000	2,419	-	-
Total GF Housing	3,135	3,905	1,226	420
Recovery and Stabilisation	20	801	313	17
Regeneration	35,223	44,288	10,036	3,337
Asset Management	2,930	4,126	1,758	165
Indoor Leisure Facilities	2,159	3,215	618	603
Energy Schemes	500	524	-	-
Infrastructure Levy (CIL)	900	1,487	238	42
Service Delivery	6,331	7,450	5,625	2,659
Flood and Coastal	236	705	199	11
Parks & Pavilions	200	1,053	68	68
Open Space/Biodiversity	610	1,245	844	229
Information Technology	213	397	397	174
Finance Transformation	150	454	-	-
Total General Fund	52,607	69,650	21,322	7,724

- 9.3 The main area of forecast being less than budget is Regeneration and in particular the Levelling Up Fund, Future High Streets Fund and Towns Fund projects in Newhaven.
- 9.4 At the end of quarter 2, both the HRA and General Fund spend against the 2023/24 revised budget is very low. The construction sector continues to be under pressure from rising prices for materials and labour shortages. The year-end forecasts are provided against a backdrop of economic uncertainty, regarding supply chain challenges, building cost inflation and other factors outside of the control of those delivering the projects.
- 9.5 Consequently, whilst based on best known information at quarter two, there could be further changes to forecasts in future monitoring reports. Project budget holders and managers are required to review scheme progress on an ongoing basis throughout the year and advise where there are significant revisions. The programme is under continuous review by the Capital Programme Overview Board.
- 9.6 Schemes that have been deferred and are funded from additional borrowing (rather than from capital grants, capital receipts or revenue) will impact on the projected cost of borrowing and minimum revenue provision (MRP).

10 Funding

The Council's net service budget is funded from the following areas: Council Tax income, Business Rates income, Government grants and reserves. A breakdown of the funding budget is detailed below.

Table 10: Financing Quarter 2 Forecast Outturn 2023-24

Financing Budgets Q2 Forecast Outturn	Net Budget	Forecast Net Spend	Q2 Forecast variance	Q1 variance	Q2/Q1 change in forecast	var %
	£'000					
Council Tax Income	(8,831)	(8,919)	(88)	(67)	(21)	1%
Grants and Contributions	(1,643)	(1,981)	(338)	(338)	(0)	21%
NNDR Income	(4,900)	(5,161)	(262)	(262)	0	5%
Transfer from Reserves	(229)	(229)	0	0	0	0%
Net Position	(15,603)	(16,290)	(687)	(667)	(20)	4%

10.1 The Council is reporting a projected a forecast outturn position of £687k over recovered which is a favourable movement of £20k from Q1.

10.2 Council Tax income is forecast at £8.9m, as additional £88k on the budget of £8.8k.

10.3 Retained Business Rates income budget of £4.9m includes,

- NNDR income
- Tariff
- Section 31 grant
- previous year deficit
- Levy
- Pooling redistribution and a £900k transfer from the Equalisation Reserve.

There is a projected to be an additional income of £262k for NNDR.

10.4 Better Care Fund (BCF) conversion is forecast to over recover by £338k to offset against housing need costs.

11.0 Financial appraisal

11.1 The report reflects the position at 30th September 2023. Services have an early awareness of their pressures and as a result can take positive steps to mitigate the overspend in this area.

11.2 The capital programme will continue to be reviewed with regard to the prior year slippage that is routinely added to the Original Budget to ensure that only those amounts required are allocated within the revised Capital Programme going forward.

12. Legal implications

12.1 There are no legal implications arising directly from this report.

13. Risk management implications

13.1 There are no risk management implications arising directly from this report.

14. Equality analysis

14.1 There are no environmental sustainability implications arising directly from this report.

15. Appendices

Appendix 1 – LDC Capital Programme Monitoring Q2 2023-24

16.0 Background Papers

16.1 LDC General Fund Revenue Budget 2023/24 and Capital Programme

LDC CAPITAL PROGRAMME 2023-27 (Appendix 1)	Original Programme 2023-24	Revised Programme 2023-24 (Including 22/23 C/F)	Forecast Outturn 2023/24	Actual YTD Spend as at Q2 2023-24
	£	£	£	£
HRA HOUSING INVESTMENT CAPITAL PROGRAMME				
Construction of New Dwellings				
New Acquisitions & New Build	11,501,000	14,926,910	5,487,800	930
New Acquisitions & New Build - Ukrainian Homes	-	-	1,550	1,550
New Acquisitions & New Build - Ashington Gardens	-	-	1,650	1,650
New Acquisitions & New Build	-	-	305,000	305,000
Saxonbury Redevelopment	-	16,920	15,213	7,513
Newhaven Police Station Redevelopment	-	170,585	4,665,483	1,428,840
Newhaven Fire Station Redevelopment	-	715,030	-	-
The Lynchetts, Lewes	-	6,000	35,710	35,710
Oakfield House, Plumton Green	-	6,470	74,281	4,281
Mill Road, Ringmer	-	49,570	384,268	164,268
Sustainability Initiative Pilot Scheme	-	296,000	-	-
Total Construction of New Dwellings	11,501,000	15,747,175	10,970,955	1,949,742
Improvements to Stock				
Retirement schemes equipment's	47,500	47,500	-	-
Retirement schemes - Guest House	35,000	35,000	-	-
Fire Precaution Works	225,000	195,545	195,545	-
Garage Refurb	-	-	-	-
Heating Improvement Programme	460,000	492,865	492,865	194,296
Minor Insulation & Other Sundry Housing Works	-	-	-	-
Kitchen & Bathroom Renewals	495,000	444,710	444,710	220,680
Roofing & Chimney Works	730,000	744,150	744,150	182,645
Structural Works	885,000	756,430	756,430	93,936
Window & Door Replacement Programme	795,000	825,110	825,110	52,762
Electrical T & R	785,000	733,795	733,795	571,015
Meeching Court, Newhaven (Elevator)	125,000	125,000	125,000	4,950
Warden Call Systems Upgrade	-	5,850	5,850	-
Broadband Installations	-	670	670	-
Total Improvement to Stock	4,582,500	5,906,625	5,824,124	1,320,283
Adaptations for Disabled Tenants				
	415,000	206,025	-	-
Housing Estates Recreation and Play Areas				
	50,000	148,500	769	769
TOTAL HRA HOUSING INVESTMENT CAPITAL PROGRAMME	16,548,500	22,008,325	16,795,848	3,270,794
GF HOUSING INVESTMENT CAPITAL PROGRAMME				
General Fund Housing Grant Funded				
Private Sector Housing Grants	135,000	270,000	-	-
Mandatory Disabled Facilities Grants	1,000,000	1,225,885	1,225,885	420,088
Emergency Repair Grants	-	9,485	-	-
Total General Fund Housing Grant Funded	1,135,000	1,486,400	1,225,885	420,088
Loans to Housing Companies				
Aspiration Homes LLP (Loan for Delivery of Mixed Tenure Homes)	2,000,000	2,419,060	-	-
Total Loans to Housing Companies	2,000,000	2,419,060	-	-
TOTAL GF HOUSING INVESTMENT CAPITAL PROGRAMME	3,135,000	3,905,460	1,225,885	420,088
TOTAL HOUSING	19,683,500	25,913,785	18,021,733	3,690,882

GF NON HOUSING CAPITAL PROGRAMME			-	
Recovery and Stabilisation		-	-	
Service Transformation/Integration Programme	-	-	-	-
Recovery and Reset Programme	-	781,444	313,486	16,500
HR and Payroll	20,000	20,000	-	-
Total Recovery and Stabilisation	20,000	801,444	313,486	16,500
Regeneration			-	
Commercial Property Acquisition & Development	1,000,000	1,499,000	1,499,000	-
NSQ - North Street Quarter	300,000	484,730	44,306	9,306
NSQ - Springman House	-	100,000	-	-
Asset Development Newhaven (November 2017) (september 2018)	-	7,280	-	-
Newhaven Enterprise Centre	15,000	15,000	-	-
Newhaven Square Co-Op - Demolition	-	8,025	11,697	11,697
Reimagining Newhaven - Wayfinding	6,749,580	8,655,135	2,250,370	1,370,370
Reimagining Newhaven - Wayfinding	-	-	242,597	242,597
Reimagining Newhaven - Co-op	3,000,000	3,000,000	334,377	334,377
Reimagining Newhaven - Dacre Road Car Park (Urban Living Room)	-	-	723,925	723,925
Reimagining Newhaven - Peacocks	-	-	69,471	69,471
Construction of Avis Way Depot, Newhaven (July 2018)	6,300,000	7,632,680	-	-
The Sidings, Railway Quay, Newhaven	-	96,805	-	-
Marine Workshops (Newhaven)	-	1,170,760	1,170,760	602,316
Caburn House, Lewes Refurbishment	-	100,560	-	-
Newhaven Town Deal	7,590,310	7,590,310	3,627,885	861,917
Re-connecting our Town: Pedestrian Gateway	-	605	82	82
Re-connecting our Town: Wayfinding & Visitor Trails	-	650	415,623	24,623
Building our Economic Strength: Social Enterprise Incubator	-	418,575	705,326	230
Building our Economic Strength: Business Grants Programme	-	8,575	340,000	58,186
Re-imagining our Town Centre: Community & Creative Hub	-	239,840	-	-
An Active Community: Eastside Recreation Ground	-	272,640	272,644	-
An Active Community: Fort Road Recreation Ground	-	464,560	200,010	67,071
An Active Community: Newhaven Football Club	-	53,620	-	-
An Active Community: Denton Island Slipway	-	108,085	798	798
Destination Newhaven: Newhaven Fort	-	485,475	789,938	179,938
Better Journeys for All: Hydrogen Hub & Training Facility	-	-	-	-
Better Journeys for All: Body, Paint & Trim Facility	-	-	-	-
Maintaining Maritime Vitality: Marine Gateway	-	903,460	903,463	530,988
Newhaven Fishing Landing Stages:	9,938,520	10,281,150	915,854	219,676
Unit 7 Oak Estate – Newhaven Processing Facility	-	359,730	37,131	37,131
Newhaven West Beach Restaurant	-	61,770	126,438	126,438
Property & Development - AIRS Grants	-	-	20,000	20,000
Property & Development - Castle wall	-	295,090	295,090	22,916
UKSPF Peacehaven Community Hub	-	560	560	45,852
UKSPF Changing Spaces Landport and beyond	50,000	50,000	10,000	5,901
UKSPF Cliff Gardens Project	45,600	45,600	24,800	-
Regeneration	234,400	234,400	3,260	3,260
Total Regeneration	35,223,410	44,288,280	10,036,031	3,336,779
Asset Management				
Asset Management Block Allocation	100,000	297,870	1,625	1,625
Lewes (Stanley Turner Recreation Ground Improvements) (Feb 2018)	-	2,430	-	-
Car Parks - (Capital Maintenance Programme)	50,000	47,565	18,815	18,815
Chapel Street Car Park	-	50,000	-	-
Cliff Tops @ Peacehaven (June 2017)	-	990	-	-
Market Tower/Square	50,000	193,810	193,810	-
Flint Walls Repairs (November 2015)	30,000	164,775	68,635	68,635
Robinson Road Depot - Redevelopment	2,100,000	2,100,000	779,380	29,380
Newhaven Fort Bridge (september 2019)	-	705	9,525	9,525
Newhaven Fort Refurbishment	-	46,920	1,600	1,600
Stanley Turner Changing Room_Club House	150,000	245,070	245,070	5,130
187/2 Fisher Street	150,000	275,915	76,580	19,437
School Hill House	50,000	200,000	270,000	-
Newhaven Square - Unit	-	80,000	-	-
Newhaven Square - roof works	150,000	250,000	-	-
Public Conveniences	100,000	126,945	50,000	-
Changing Places Toilets	-	43,050	43,050	10,365
Total Asset Management	2,930,000	4,126,045	1,758,089	164,511

Indoor Leisure Facilities				
Indoor Leisure Facilities - Major Repairs and Improvements (Block allocation)	300,000	1,476,600	517,553	517,553
Wave Leisure Loan	1,059,000	1,059,000	85,213	70,213
Downs Leisure Centre - Priority Works	-	64,590	3,019	3,019
Lewes Leisure Centre - Replacement AHU/Boilers	-	13,560	3,317	3,317
Seahaven Swim and Fitness, Newhaven Priority Works	800,000	771,775	5,517	5,517
Peacehaven Leisure Centre - Replacement Gutters	-	14,325	3,822	3,822
Total Indoor Leisure Facilities	2,159,000	3,214,900	618,440	603,440
Energy Schemes				
Local Energy Schemes	250,000	250,000	-	-
Retrofit Lending Schemes	250,000	250,000	-	-
OVESCO- Ouse Valley Solar Farm	-	24,000	-	-
Total Energy Schemes	500,000	524,000	-	-
Community Infrastructure				
CIL Block Budget	900,000	900,000	195,167	-
Total Community Infrastructure Levy (CIL)	900,000	1,486,490	237,528	42,361
Service Delivery				
Plant Replacement Programme	-	1,036,660	100,000	62,252
Plant Replacement Programme	227,000	227,000	-	-
Vehicle Refurbishment W&R Review	3,500,000	2,844,605	3,400,000	1,921,344
Waste & Recycling - Other Equipment	-	203,130	300,000	98,613
Waste & Recycling - Wheelie Bins	963,700	963,700	963,700	-
Waste & Recycling - Food Caddies	35,000	35,000	35,000	22,596
EV Charge Points and Car Clubs	150,000	150,000	-	-
Car Park Machines	125,000	125,000	-	-
MOT Test Equipment (Roller Brake Tester and Headlamp Aligner)	-	7,485	-	-
Cockshut Stream (Stanley Turner Diversion)	600,000	600,000	725,393	502,188
New Crematorium & Green Burial Facility (Biodiversity)	-	95,590	1,000	-
Burial Records Digitalisation	50,000	50,000	-	-
Play Areas Full Refurbishment	400,000	400,000	-	-
Bell Lane Rain Garden	60,000	70,000	-	-
Rewilding and Nature Restoration	20,000	20,000	-	-
Cliff Top Fencing	-	-	-	-
Upper Ouse Project	50,000	50,000	-	-
Robinson Road Priority Works	150,000	992,580	99,696	52,155
Total Service Delivery	6,330,700	7,449,520	5,624,788	2,659,148
Specialist Projects				
Flood Alleviation Project	136,000	205,130	100,000	-
Total Specialist Projects	136,000	205,130	100,000	-
Coastal Defence Works				
Coastal Defence Works	100,000	500,155	99,364	11,364
Total Coastal Defence Works	100,000	500,155	99,364	11,364
Parks & Pavilions				
Southover Grange Gardens Improvements	-	8,260	-	-
Parks and Pavilions Remedial Works	160,000	747,250	-	-
Play Area Upgrade / Replacement equipment	40,000	297,840	66,912	66,912
Fort Road, Newhaven (incl Tennis & Muga)	-	-	750	750
Total Parks & Pavilions	200,000	1,053,350	67,662	67,662
Open Spaces - Biodiversity				
Cockshut Stream (Stanley Turner Diversion)	220,000	177,405	-	-
Denton Parks Improvement Scheme	-	27,200	-	-
Peacehaven Big Parks Project	-	-	1,841	1,841
Peacehaven Football and Recreation Improvements	-	520,000	520,000	365
Funds for local groups for Biodiversity Projects	7,500	15,000	-	-
Town & Parish Council - joint working /grants	25,000	25,000	-	-
Wildlife Planting / Habitat creation in parks	30,000	60,000	25,000	-
Land for Biodiversity	-	20,000	226,500	-
Land for Biodiversity	250,000	250,000	250,000	226,500
Creation of wildflower seed areas	7,500	15,000	12,000	-
Tree Planting	10,000	15,000	15,000	-
Newhaven / Peacehaven Coastal Park	60,000	119,835	20,000	-
Total Open Spaces - Biodiversity	610,000	1,244,440	843,841	228,706
IT Block Allocation	213,000	396,635	396,635	173,564
Finance Transformation	150,000	454,100	-	-
Total General Fund Non Housing Capital Programme	49,472,110	65,744,489	20,095,864	7,304,035
TOTAL OVERALL CAPITAL PROGRAMME	69,155,610	91,658,274	38,117,597	10,994,917

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Report to:	Cabinet
Date:	7 December 2023
Title:	Portfolio progress and performance report 2023/24 - Quarter 2
Report of:	Homira Javadi, Director of Finance and Performance
Cabinet member:	Councillor Chris Collier, Cabinet member for innovation, delivery and people
Ward(s):	All
Purpose of report:	To consider the council's progress and performance in respect of service areas for the Second Quarter of the year (July-September 2023) as shown in Appendix 1
Decision type:	Non-key
Officer recommendation(s):	To note progress and performance for Quarter 2 2023/24
Reasons for recommendations:	To enable Cabinet members to consider specific aspects of the council's progress and performance
Contact Officer(s):	Luke Dreeling: Performance Lead Tel: 07525 351757 or email: luke.dreeling@lewes-eastbourne.gov.uk

1 Introduction

- 1.1 The council has an annual cycle for the preparation, implementation and monitoring of its business plans and budgets. This cycle enables us regularly to review the council's work, and the targets it sets for performance, to ensure these continue to reflect customer needs and council aspirations.
- 1.2 It is important to monitor and assess progress and performance on a regular basis, to ensure the council continues to deliver priority outcomes and excellent services to its customers and communities.
- 1.3 Appendix 1 of this report sets out details of the key performance indicators for 2023/24 which were agreed by Cabinet in July.

2 Recovery and Reset Programme

- 2.1 Services are systematically being reshaped to meet the changed needs of the council and its customers, and opportunities to make the best use of technology to deliver efficiencies continue to be implemented:
- Colleagues are working to implement a number of new systems which will deliver improvements and efficiencies (eg. financial, operational – for customers and staff – and contractual) for a range of service areas (eg. Revenues and Benefits, Environmental Health and Licensing, Planning)
 - The learning from the launch of ELLIS – a next generation chat bot – on the council’s website and on limited phone lines in 2022 has identified that this technology will be an effective solution to improve further on the council’s customer service offer. A project is working to implement ELLIS on more phone lines over the coming months.
 - With a focus on the way in which customers, businesses and residents access council services and information about council services, a project to design a new website for the council commenced earlier this year. This project will enable an updated and refreshed offer for customers, making the best use of technology. Opportunities for staff, members and customers to engage in the project are being finalised.

3 Solution Sprints

- 3.1 Solution Sprint (SS) activity during quarter 2 has largely focused on bringing to conclusion review work on potential improvements to Out of Hours (OOH) provision and the Incident Liaison Officer (ILO) activity. Following business process mapping of existing provision, several interim recommendations were made to make immediate improvements to existing processes. Follow up sessions have taken place with a cross section of staff involved in ILO and OOH to pool further improvement ideas. A key element of this work has been to improve data quality and insight with regards to OOH demand. A ‘Smartsheet’ has been set up whereby ILO and OOH colleagues can log incidents online and direct from their mobiles. This is immediately helping to paint a better picture of demand so that associated responses and resources can be more data driven. A report on further options, recommendations and next steps has been drafted. Subject to Director views, these will be taken forward into the next quarter.

Other notable Solution Sprint improvement activity this quarter includes ongoing work with Green Consultancy colleagues making use of new project management tools to assist management of their many projects, improving visibility and enhancing capacity for better progress tracking. Associated work with Green Consultancy colleagues continues in terms of progressing aspirations for Direct Debit payments for garden waste. Options and recommendations have been drafted to assist with the commitment to refresh the Council’s sustainability aspirations, in line with the intentions set out in the annual Sustainability report to the November Cabinet meeting. New Solution Sprints ideas currently being scoped include assisting Housing First colleagues improve processes and reporting with regards to domestic violence, and preliminary exploration with Customer First colleagues into enhancing how corporate complaints are addressed.

4 Financial appraisal

- 4.1 Project and performance monitoring and reporting arrangements are contained within existing estimates. Corporate performance information should also be considered alongside the council's financial update reports (also reported to Cabinet each Quarter) as there is a clear link between performance and budgets/resources.

5 Legal implications

- 5.1 Comment from the Legal Services Team is not necessary for this routine monitoring report.

6 Risk management implications

- 6.1 It is important that corporate performance is monitored regularly otherwise there is a risk that reductions in service levels, or projects falling behind schedule, are not addressed in a timely way.

7 Equality analysis









- 7.1 The equality implications of individual decisions relating to the projects/services covered in this report are addressed within other relevant council reports or as part of programmed equality analysis.

8 Appendices









- Appendix 1 – Portfolio Progress and Performance Report (Quarter 2 2023/24)









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Lewes District Council Portfolio Progress and Performance Report Quarter 2 2023-2024 (July to September 2023)

Key			
	Performance that is at or above target Project is on track		Performance that is below target Projects that are not expected to be completed in time or within requirements
	Project has been completed, been discontinued or is on hold		Performance that is slightly below target but is within an acceptable tolerance Projects : where there are issues causing significant delay, changes to planned activities, scale, cost pressures or risks
	Direction of travel on performance indicator : improving performance		Direction of travel on performance indicator : declining performance
	Direction of travel on performance indicator : no change		Data with no performance target







Key Performance Indicators

















KPI Description	Annual Target 2023/24	Q1 2023/24	Q2 2023/24				Latest Note
		Value	Value	Target	Status	Short Trend	
1.(Finance) Maximise amount of Council Tax collected during the year	97.8%	29.10%	56.04%	56.90%			<p>Q2 2022/23 for comparison: 56.82%</p> <p>What happened: The new Revenue & Benefits system migration has begun and we have started to see the an impact collection rates for the first time this year. The legacy systems were originally due to shut down in July but this was deferred until October in order to complete the work required to complete the live migration</p> <p>What was learned/changed: Recovery was re-instated in early August and Reminder and Final Notices were issued. A new Liability Order Hearing date was scheduled for the end of August and Liability Orders were subsequently granted. A further Court Hearing has been scheduled for September before the legacy systems are closed. As the legacy systems will be closed between October and December it won't be possible to undertake any further recovery action as it is not possible to make any updates on the system until the migration has been completed. The expected downturn in collection could continue through this period which was an accepted risk in the original business case to change systems. The benefits of migrating to a new system will provide more automation and self-service options to enhance the services we offer residents which outweigh the potential temporary losses in collection this year.</p>
2.(Finance) Maximise amount of Business Rates collected during the year	98%	32.82%	56.74%	54.64%			<p>Q2 2022/23 for comparison: 61.89%</p> <p>Collection is 2.1% above target this quarter and remains on track</p>
3.(Community and Customers) Average number of days to process new claims for housing/council tax benefit	17.0	23.8	17.1	17.0			<p>What happened: We have seen significant improvement (6.7 days) from Q1 and our greatest performing quarter since Q4 2021/22. During the Quarter efforts have been focused on system migration, which did affect the team's ability to work on cases and will have an effect on Q3 performance.</p> <p>What was learned/changed: We are investigating common trends in cases that are taking longer to process, as well as using other forms of communication (instead of mail) when chasing residents for further documentation.</p>
4.(Community and Customers)	6	7.2	5.6	6.0			Please see the above comment for further information





KPI Description	Annual Target 2023/24	Q1 2023/24	Q2 2023/24				Latest Note
		Value	Value	Target	Status	Short Trend	
Average days to process change of circumstances (Housing/Council Tax Benefit)							
5.(Community and Customers) Increase the percentage of calls to the contact centre answered within 60 seconds	80%	27.67%	37.16%	80%			<p>What happened: Customer contact saw an improvement of 9.49% from Q1. Although every month within Q2 saw improved performance when compared to Quarter one, we still experience high contact volumes and calls continuing to remain of a complex nature with Customer Advisors spending long periods of time assisting with enquires, endeavouring to resolve at first contact. August and September also saw the Council entering its yearly Annual Canvass period when 100,000 emails, letters and text messages are sent to residents requesting a response over a few weeks, with reminders and chasing contact following.</p> <p>What was learned/changed: Following 9 staff departures, we have had 4 new staff members join the team. We continue to recruit - 4 new starters join us next Quarter. We have 7 more vacancies to fill. In Q3, ELLIS will operate across more of our phone lines. Straight forward questions and contact to the council will be handled this way, allowing staff to handle more complex enquiries</p>
6. Customers: Average time taken to answer calls	Data Only	6m42s	4m29s	Data Only			See KPI5 Commentary
7. Customers: Telephone calls graded as high quality under the call monitoring scheme	90%	83%	84%	90%			<p>What happened: Q2 saw the team reaching an overall score of 84% - classed as 'Great' – which was a 1% positive increase when compared to Q1 (83%).</p> <p>What was learned/changed: Through meetings (both individual and team) training has been given to improve both system and background knowledge to further improve service. In addition to this we have had our more experienced members of the team sit with our recent new starters to give on-the-spot feedback and guidance.</p> <p>We continue to use monitoring as a mechanism to review common call trends and areas that require further training.</p>
8. Customers: Customer complaints logged at stage 1 resolved within 10 working days	100%	59%	59%	100%			<p>What happened: A comparison and analysis of complaints, which has not previously been conducted or monitored, over the last two years has been completed. The evidence suggests we have seen a 64% increase in complaints since Q2 2021/22. This work will now provide us with much needed baseline numbers, as well as analysis of key areas of improvement.</p>

KPI Description	Annual Target 2023/24	Q1 2023/24	Q2 2023/24				Latest Note
		Value	Value	Target	Status	Short Trend	
							Our two areas of high-volume complaints are: Environment First (including waste/recycling) and Housing Repairs. What was learned/changed: Training over Q2 has been given to staff on our complaint's software, as well as training around the stages and outcomes of complaints. We are also in the process of drafting a new complaints policy, to ensure a consistent approach to complaints across our organisation. Communications and distribution have been enhanced, with our complaints system now notifying departments that a complaint has been raised in their service area. Work with our two high volume complaint areas (mentioned above) is continuing take place; we have seen EF have an increased number of complaints in Q2 and improve the percentage of complaints closed on time
9. Customers: Customer complaints logged at stage 2 resolved within 20 working days	100%	32%	71%	100%			Please see above commentary
10. Customers: The number of corporate complaints upheld at stage 1 and stage 2	Data Only	46	39	Data Only			Stage 1 Upheld complaints: Total Complaints 176 Upheld 19, Partially Upheld 25 Stage 2 Upheld Complaints: Total Complaints 24 Upheld 4 , Partially Upheld 8
11. Customers: The number of corporate complaints received at stage 1 and stage 2	Data Only	194	200	Data Only			Please see above commentary
12. (Housing) Decrease total number of households living in emergency (nightly paid) accommodation	Data Only	49	45	Data only			We have continued a positive trend for 3 consecutive quarters, bringing down the number of households in Emergency accommodation. This increased performance is due to the team continued efforts to move households into temporary accommodation and Direct Lets via the housing register.

Other Performance Indicators

KPI Description	Annual Target 2022/23	Q1 2023/24	Q2 2023/24			Latest Note	
		Value	Value	Quarterly Target	Status		Short Trend
13. Housing: Decrease average number of days to re-let Council homes (excluding temporary lets)	20 (annual)	44.2	30.0	20			<p>What happened: We have seen significant improvement (14.2 days) from Q1.</p> <p>What was learned/changed: We have implemented a new internal process which gives Management clear oversight of each stage of the void process to identify gaps/delays/challenges. This has led to the revision of our approach to pre-void inspections and a marketing campaign to promote hard to let retirement housing.</p> <p>In addition, to reduce the pressures on emergency nightly paid accommodation we are prioritising direct lets which impacts positively on the efficiency of allocations.</p> <p>Budget constraints have led to a number of voids requiring more extensive works being delayed. This will have an impact when they are re-let in the future.</p> <p>We are working with TOLD to investigate alternative methods of service delivery in parallel with the re-procurement of maintenance contracts.</p>
14. Housing: DFGs - Time taken from council receiving a fully complete application to the council approving the grant	14 days	4 days	5 days	14 days			Performance remains above target, continuing a positive trend from 2022/23.
15. Housing: Rent arrears of current tenants (expressed as a percentage of rent debit) (L)	3.5% (quarterly)	3.94%	3.74%	3.5%			<p>What happened: Although the collection is 0.23% below target, the arrears over annual has reduced by 0.2% on last financial year and is at its lowest level since June 2022 (second lowest level ever recorded). The overall collectable arrears balance reduced by £37,659.20 since April 2023 (reduction by 0.27%).</p> <p>What was learned/changed: Recruitment and retention were the key impacts on collection throughout the year. We are now fully staffed, and new starters completed their training at the end of September. The officers' individual performance is monitored closely to provide prompt support in reducing rent arrears.</p>

KPI Description	Annual Target 2022/23	Q1 2023/24	Q2 2023/24			Latest Note	
		Value	Value	Quarterly Target	Status		Short Trend
16. People and performance: Number of new sign-ups to the Councils' social media channels	650	204	242	162.5			PI remains ahead of target.
17. People and performance: Number of people registering for our email service	Data Only	1,268	846	Data Only			PI remains consistent
18. People and performance: Average days lost per FTE employee due to sickness (J)	8.0 days	1.52 days	1.99 days	2.0 days			This is the second quarter of reporting average days lost due to sickness for 2023/24. Sickness levels have increased for this quarter but remain below target in Q2 where we recorded an average of 1.99 days absence which is an increase from Q1 (1.52 days). HR Business Partners continue to support managers in managing any attendance issues that arise.
19. Planning: % of appeals allowed against the authority's decision not to grant planning permission (2 year rolling government figures)	<10%	Major – 0.0% Minor – 0.5%	Major – 0.0% Minor – 0.4%	10%			Both Minor and Major appeal PIs continue to achieve the 10% National target.
20. Planning: Exceed government targets for the % of major applications determined within 13 weeks - LDC	60%	100%	60%	60%			Modest drop in performance this quarter but remaining above the annual National PI level. Members should be aware that given the very low volume of major applications received/determined then this PI can be subject to significant variance.
21. Planning: Exceed government targets for the % of minor applications determined within 8 weeks- LDC	70%	82.14%	88.89%	70%			Remains above National PI
22. Recycling & Waste: KG waste collected per household	Data Only	104.6	104.6	Data only			Holding figure from Q1 until data from ESCC is available. Short trend shown from Q4 to Q1. Q1 2022/23 for comparison: 104.2
23. Recycling & Waste: Percentage of household waste sent for reuse, recycling and composting	46%	44.30%	44.30%	46%			Holding figure from Q1 until data from ESCC is available. Short trend shown from Q4 to Q1. Q1 2022/23 for comparison: 40.48%

KPI Description	Annual Target 2022/23	Q1 2023/24	Q2 2023/24			Latest Note	
		Value	Value	Quarterly Target	Status		Short Trend
							What was learned/changed: Recycling rates fluctuate across the quarterly reports, we are anticipating increases in Q2 due to an increase in Garden waste and Q3 due to Christmas. We are continuing with our comms plan and we continue to roll out the new electric food waste vehicles that will collect separately from the refuse, which will drive residents confidence that there food recycling will be composted.
24. Recycling & Waste: Total number of reported fly-tipping incidents	Data Only	110	86	Data Only			Reported incidents breakdown: July 26, Aug 29 and Sep 31. Hotspots: Ditchling & Westmeston, Newhaven North and Newhaven South
25. Air Quality: Nitrogen Dioxide levels within Local Authority statutory management and monitoring of air pollution	20%	4.5%	4.5%	20%			All quarterly figures presented in the KPIs use raw data. Bias correction takes place annually and the complete data is presented in the Annual Status Report exclusively. Quarter on quarter comparison is not possible, due to varying atmospheric conditions which allow for greater/lesser pollution dispersal and/or chemical reactions in air. There may also be specific local variables such as roadworks/traffic diversions. <u>Q1 Data</u> Tubes contained NO2 above the Air Quality Standard (40 ug/m3): April: 2 / 53 May: 2 / 51 June: 3 / 50

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Report to:	Cabinet
Date:	7 December 2023
Title:	Local Council Tax Reduction Scheme 2024/25
Report of:	Tim Whelan, Director of Service Delivery
Cabinet member:	Councillor Christine Robinson, Deputy Leader of Lewes District Council and Cabinet Member for Community Wellbeing
Ward(s):	All
Purpose of report:	To gain Cabinet's recommendation to Full Council that the 2023/24 Local Council Tax Reduction Scheme is adopted as the 2024/25 scheme.
Decision type:	Budget and policy framework
Officer recommendation(s):	(1) Cabinet recommend to Full Council that the 2023/24 Local Council Tax Reduction Scheme is adopted as the 2024/25 scheme. (2) Subject to Full Council adoption of the Scheme, Cabinet grants the Director of Service Delivery delegated authority– (a) to implement the Scheme, such delegated authority to include any measures necessary for or incidental to its management and administration; and (b) if necessary, and in accordance with paragraph 2.3, to amend the Scheme in consultation with the Cabinet Member for Assets and Finance (3) That the Exceptional Hardship Scheme continues in 2024/25 subject to funds being available.
Reasons for recommendations:	The Council must review the scheme each year and adopt a scheme for the coming financial year.
Contact Officer(s):	Name: Bill McCafferty Post title: Lead for Income Maximisation and Welfare E-mail: bill.mccafferty@lewes-eastbourne.gov.uk Telephone number: (01323) 415171

1 Introduction

- 1.1 The government abolished the national Council Tax Benefit scheme from April 2013 and required local authorities to develop and adopt their own scheme of support for working age claimants. This change came with a 10% cut in funding.
- 1.2 To protect pensioners from any reduction in support, the government put in place a national scheme that local authorities had to adopt. Therefore, any reduction in support had to come from those of working age.
- 1.3 The Council, on 21 February 2022, adopted a revised Local Council Tax Reduction Scheme (LCTR) of support for those of working age for 2022/23 which increased the maximum award to 100% of a person's council tax liability, removed the Minimum-Income Floor rules for the self-employed and removed the £5.00 minimum award.

2 Local Council Tax Reduction Scheme 2023/24

- 2.1 The scheme provides financial support to c3,500 of the most disadvantaged working-age residents with help in meeting their council tax liabilities. The changes the Council made to the scheme for 2022/23 means that approximately 2,000 residents do not have to pay any council tax.
- 2.2 The current cost of the scheme, in terms of a reduction in Tax base, is c£8.4m and is shared by the Council, East Sussex County Council, Sussex Police, East Sussex Fire & Rescue and Town and Parish Councils in relation to their share of Council Tax.

	% share of Council Tax	Cost
East Sussex County Council	70.67%	£5,936,280
Lewes District Council	9.93%	£834,120
Town and Parish Councils	5.40%	£453,600
Sussex Police	9.47%	£795,480
East Sussex Fire and Rescue	4.53%	£380,520

- 2.3 Over the last few years, the government has introduced various schemes of financial support. Firstly, in response to Covid-19 and more recently to address the Cost-of-Living Crisis. It would be prudent for Cabinet to grant delegated authority to the Director of Service Delivery to make in-year changes to the scheme, subject to consultation with the Leader. This is to ensure that any future financial support the government puts in place does not reduce the amount of Council Tax Reduction a resident can receive.

Should such a change prove necessary, the Council would inform all major preceptors.

3 Proposal

3.1 That the Local Council Tax Reduction scheme 2023/24 is adopted as the scheme for 2024/25. A draft of the proposed scheme is at Appendix 1.

3.2 In recognition of the ongoing Cost of Living Crisis and the impact on some Council Taxpayers the Council are providing further funds to the Exceptional Hardship Payments Scheme.

4 Outcome expected and performance management

4.1 That the LCTR scheme supports those on low incomes to meet their Council Tax liabilities and that the Exceptional Hardship Scheme provides additional support to those facing exceptional hardship.

4.2 The cost of the LCTR scheme and the Exceptional Hardship scheme will be monitored monthly.

5 Consultation

5.1 As there are no revisions to the current scheme, there is no requirement to consult.

6 Corporate plan and council policies

6.1 The scheme supports the council's aim of a fairer council tax for those on the lowest incomes.

7 Business case and alternative option(s) considered

7.1 No alternatives considered as it is a statutory requirement to have in place a Local Council Tax Reduction Scheme.

8 Financial appraisal

8.1 The Council Tax Reduction Scheme reduces the Council Tax base and thereby the amount of Council Tax that can be collected. The total cost of the scheme is shared through the collection fund between the Council and preceptors. The recommendation in this report is to leave the scheme unchanged and might not have an immediate impact on the Council Tax collected by the Council.

8.2 The cost, in terms of a reduction in tax base regarding the 2023/24 scheme will be in the region of £8.6m (2023/24 cost will be in the region of £8.4m set against the total Council Tax debit raised of £92.1m). The full cost of the discount scheme for 2024/25 will not be known for certain until the end of the financial year and will be dependent on the movement in caseload in year as well as the levels of Council Tax set by the Council and the major precepting authorities.

9 Legal implications

9.1 The Council is required by the Local Government Finance Act 1992 (Schedule 1A, paragraph 5) to consider, for each year, whether to revise its council tax reduction scheme or to replace it with another scheme. It is open to the Council to decide to make no changes to the scheme from one financial year to the next.

9.2 Under section 67 of the 1992 Act, adoption of a Council Tax Reduction Scheme is reserved to full Council. The role of Cabinet is to consider the proposed revised scheme and make a recommendation to Council.

12522-LDC-KS

3rd November 2023

10 Risk management implications

10.1 The main risk to the Council is that the cost of the scheme rises substantially. This could happen if there is an upturn in the number of people who become eligible for, and claim, CTR. This risk must be accepted as the Council has no mechanism to prevent this happening.

11 Equality analysis

11.1 As An Equality Analysis as one was carried out on the 2022/23 scheme. As there are no proposed changes to the scheme, it remains the case that working age people would benefit from the proposed changes, promoting greater equality throughout age groups, with those adversely impacted financially through the cost-of-living crisis potentially eligible for this financial relief.

12 Environmental sustainability implications

12.1 There are no sustainability implications arising from this report.

13 Contribution to Community Wealth Building

13.1 Reducing the amount of Council Tax that the most financially challenged have to pay increases their disposable income which could be spent on goods and services in the local area thus increasing employment opportunities and contribute to business growth.

14 Appendices

Appendix 1 – Draft Local Council Tax Reduction Scheme 2024/25 – **to be published when presented to Full Council.**

15 Background papers

The background papers used in compiling this report were as follows:

- None

Agenda Item 12

Report to:	Cabinet
Date:	7 December 2023
Title:	Council Tax Discounts and Premiums
Report of:	Tim Whelan, Director of Service Delivery
Cabinet member:	Councillor Christine Robinson, Deputy Leader of Lewes District Council and Cabinet Member for Community Wellbeing
Ward(s):	All wards
Purpose of report:	To determine the level of certain Council Tax discounts and Council Tax premiums with effect from 1 April 2024 and 1 April 2025
Decision type:	Budget and policy framework
Officer recommendation(s):	That Cabinet recommend to full Council the approval and implementation of the following: <ol style="list-style-type: none">1. From 1 April 2024<ol style="list-style-type: none">(a) The adoption of a standard 0% discount for all Class D chargeable dwellings; and(b) Levying the maximum level of premium i.e.:<ul style="list-style-type: none">• Premium of 100% for dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) after 1 years up to 5 years of becoming empty;• Premium of 200% for dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) between 5 years and up to 10 years; and• Premium of 300% for dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) for 10 years or more.2. From 1 April 2025<ol style="list-style-type: none">(a) The continued application of 0% discount for Class D and Empty Homes premiums at 100% effective when dwellings have been unoccupied and substantially unfurnished for 1 year; and(b) The application of a premium (Second Homes Premium) of 100% for all dwellings that are no one's sole or main residence and which is substantially furnished.3. Exception to premiums<p>Where premiums are to be applied, the Council is mindful of the current consultation by government which recommends exceptions in certain circumstances outlined within this report. Subject to the outcome of that consultation, it is recommended that the Section 151 Officer is given delegated powers to implement the Council's policy on premiums in line</p>

with statute, the Council's requirements and any guidance given by the Secretary of State.

Reasons for recommendations:

- (a) To reduce the number of empty homes within the District in line with the Council's Empty Homes Strategy; and
- (b) To encourage the use of premises as main residences by local residents rather than second homes.

Contact Officer(s):

Name: Nick Ducatel
Post title: Lead for Income Maximisation and Welfare
E-mail: Nick.Ducatel@lewes-eastbourne.gov.uk
Telephone number: +44(0)1323 415914

1 Introduction

- 1.1 The report identifies decisions required by full Council and makes recommendations to change the Council's approach in respect of certain discretionary areas within Council Tax legislation. In the main, the changes will take effect from 1 April 2024. The Levelling Up and Regeneration Act will allow the Council to make further amendments to the levying of Council Tax premiums within the Borough with effect from both 1 April 2024 and 1 April 2025.
- 1.2 A large part of the Council Tax legislation is mandatory on all billing authorities within England. Discounts (such as Single Person Discounts), disregards and exemptions are set by statute with very little discretion allowed. However, there are a number of areas where each Council may determine the type and levels of charge to be made.
- 1.3 The main discretionary areas in place currently are as follows:
 - (a) Second homes (premises which are no-one's sole or main residence but are furnished);
 - (b) Unoccupied and substantially unfurnished premises;
 - (c) Unoccupied and substantially unfurnished premises which require or are undergoing structural repairs; and
 - (d) Currently, premiums where premises have been unoccupied and substantially unfurnished for a period exceeding 2 years.
- 1.4 When determining its policy, each billing authority has to decide the level of discount (if any) to be granted and the amounts (percentage) of any premium by the 31 March prior to the financial year in which it wants to introduce the changes.
- 1.5 Where a change is proposed, there is a requirement to determine the level of any discount or premium and a decision is now required to be made by full Council under Section 11A, 11B and the new 11C of the Local Government Finance Act 1992.
- 1.6 Once determined, any resolution of the Council will be published in a local newspaper(s) within 21 days of the decision.

The current situation

1.7 Currently there are 240 Long term empty properties and 254 second homes within the District and the Council has adopted the following level of discounts and premiums.

	Current policy
Second Homes No one's sole or main residence and which is substantially furnished. 28-day planning restriction ¹ (Class A)	0% discount
Second Homes No one's sole or main residence and which is substantially furnished. No planning restriction ² (Class B)	0% discount
Class C (Unoccupied dwelling with is substantially unfurnished)	0% discount
Class D Structural repairs (Unoccupied and substantially unfurnished) (Maximum 12 months)	50% discount for 12 months only
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty Homes premium) After 2 years and up to 5 years of becoming empty.	50% premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) Dwellings empty between 5 years and up to 10 years	50% premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) Dwellings empty for 10 years or more	50% premium

1.8 Until the legislation changed in 2013, mandatory exemptions would have been granted in place of Class C and Class D discounts giving a period of no charge for 6 months and 12 months respectively. It can be seen that, since that time, the Council, along with the majority of other billing authorities in England, has reduced the 'discount' available.

1.9 Class C discount was changed to 0% on 1 April 2020 and Class D remains as detailed above. The Council levies a 100% Council Tax charge on empty dwellings (homes) and dwellings in Class D would be subject to a 100% charge once the discount period had ended. Second homes are immediately charged at 100%.

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

¹ restricted by a planning condition preventing occupancy for a continuous period of at least 28 days

² the occupation of which is **not restricted** by a planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year.

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

1.11 The Council has continued to charge premiums at the original level of 50% and it should be noted that premiums are charged in addition to the 100% Council Tax payable on empty premises.

1.12 Government, together with local authorities (including the District) has unfortunately seen a rise of in the number of empty homes together with a growth in second homes. Inconsistencies in the legislation have also been identified whereby a premium can be avoided by the taxpayer merely furnishing an empty premises, when it would become a 'second home' which currently has a maximum charge of 100%. The Council has previously identified this and, for a number of years, has proposed changes in the legislation to avoid this 'loophole'.

1.13 By amending the Local Government Finance Act 1992, the recently enacted Levelling-up and Regeneration Act 2023 ('the 2023 Act') addresses these inconsistencies and also brings more dwellings into use. This report makes recommendations to change the discounts currently being granted by the Council and also to introduce changes to the regimes for charging premiums as allowed within the legislation.

Changes to empty homes premiums (From 1 April 2024)

1.14 Section 80(1)(b) of the 2023 Act will permit billing authorities in England to impose an empty homes premium after one year instead of two. This gives effect to a commitment made by Government in the [Levelling Up White Paper](#) .

1.15 Section 80(1)(a) provides that billing authorities must have regard to any guidance issued by the Secretary of State when deciding whether to implement an empty homes premium and it is expected that the current guidance drafted by government in 2013 will be updated. This change to guidance will come into effect from the 2024/25 financial year.

1.16 Sections 81(2) and 81(4) provide that from 1 April 2024, a property can be charged an empty homes premium at 100% after one year, **even** if it became empty before 1 April 2024.

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

1.17 At present, English billing authorities may only impose an empty homes premium on properties that are 'unoccupied and substantially unfurnished'. This term is defined via case law, not in legislation. However, it does not cover dwellings that are no one's sole or main residence but are furnished. An empty homes premium could, therefore, not be imposed on properties that are maintained as second homes for regular use by their owners.

1.18 Clause 73 of the Bill will insert a new section 11C into the Local Government Finance Act 1992. This will permit billing authorities to apply a premium to

properties that have no resident and are “substantially furnished”. The maximum Council Tax charge in these cases would be a standard 100% charge plus, if the recommendations are accepted by Council, a premium of 100% making a total Council Tax charge of 200%.

- 1.19 There would be no requirement for a property to have been used as a second home for a fixed period of time before the premium can apply.
- 1.20 As with other changes introduced by the Bill, section 11C (3) requires that the first decision to impose this class of premium must be taken at least 12 months before the financial year to which it would apply. In effect this means that premiums for second homes will not take effect until the 2025/26 financial year at the earliest. However, it is essential that a decision is made by Council before 31 March 2024 to give the required one year notice.
- 1.21 The Bill provides that a dwelling cannot be subject to both a second homes premium and an empty homes premium imposed under section 11B of the 1992 Act, and that an existing empty homes premium would cease to apply to a property which became subject to a second homes premium.

Premiums – generally

- 1.22 In line with all similar legislation, any decision made by the Council must be publicised in at least one local newspaper, within 21 days of its being taken.
- 1.23 Should the Council at any time wish to vary or revoke a decision to impose any type of premium, this can be done at any time before the beginning of the financial year to which it would apply.
- 1.24 The Secretary of State has the power to prescribe certain classes of property that will not be subject to an empty homes premium. Currently these are homes that are empty due to the occupant living in armed forces accommodation for job-related purposes, or annexes being used as part of a main property.
- 1.25 In line with that, a consultation has also been issued by government on proposals to delay the application of premiums and it is expected that the areas included in the consultation will form either guidance or regulations which authorities will be required to adhere to.

Changes proposed from 1st April 2024

- 1.26 The continued pressure on local authority finances (both the District Council and the Major Preceptors) together with the need to encourage all owners of domestic premises to bring them back into use, makes it essential that the Council changes its approach to empty homes.
- 1.27 From 1 April 2024, the Council has the opportunity to make changes to both its discretionary discounts and also to the current premium regime in order to maximise its income and that of the major preceptors (in proportion to their share of the Council Tax). **In view of this, it is recommended that the Council adopt the following changes with effect from 1 April 2024 as follows :**

	Current policy	Proposed policy
Second Homes No one's sole or main residence and which is substantially furnished. 28-day planning restriction ³ (Class A)	0% discount	0% discount (no change)
Second Homes No one's sole or main residence and which is substantially furnished. No planning restriction ⁴ (Class B)	0% discount	0% discount (no change)
Class C (Unoccupied dwelling with is substantially unfurnished)	0% discount	0% discount (no change)
Class D Structural repairs (Unoccupied and substantially unfurnished) (Maximum 12 months)	50% discount for 12 months only	0% discount
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty homes premium) After 1 year up to 5 years of becoming empty.	50% premium	100% premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty homes Premium) Dwellings empty between 5 years and up to 10 years	50% premium	200% premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty homes Premium) Dwellings empty for 10 years or more	50% premium	300% premium

1.28 The proposed changes with effect from 1 April 2024 will effectively align the Council's position with a large majority of billing authorities and, in the case of premiums adopt the maximum level available within the new legislation.

³ **restricted** by a planning condition preventing occupancy for a continuous period of at least 28 days

⁴ the occupation of which is **not restricted** by a planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year.

Changes proposed from 1st April 2025

- 1.29 From 1 April 2025, the new legislation will allow all English billing authorities to charge a premium of up to 100% on second homes (no one's sole or main residence and which is substantially furnished).
- 1.30 The intention of the legislation change is to close the current loophole in relation of empty homes premium and also encourage the use of second homes as a primary residences.
- 1.31 **It is recommended that the Council resolves to apply a premium of 100% on second homes with effect from 1 April 2025.** The legislation requires that the authority gives at least one year's notice from the date of a full Council resolution and the change can only be effective from the commencement of a financial year, the earliest being 1 April 2025.
- 1.32 In line with the legislation, the Council must be mindful of guidance issued by the Secretary of State and any application of the premiums must take accounts of any exceptions laid down within regulation.

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

- 1.33 For information, government has released a consultation paper entitled [Consultation on proposals to exempt categories of dwellings from the council tax premiums in England](#). The consultation (which has now ended), sought views on possible categories of dwellings which should be dealt with as exceptions to the council tax premiums. It covers the empty homes premium, and also the second homes premium, provisions for which are included within the Levelling Up and Regeneration Bill.
- 1.34 The consultation proposes that there will be circumstances where either premiums will either not apply or be deferred for a defined period of time. These are as follows:
- **Properties undergoing probate** - the government proposes that these properties should be exceptions to both the second homes and empty homes premiums for 12 months. The exception would start once probate or letters of administration is granted. This does not affect the Class F exemption or the ability for billing authorities to charge the normal rate of council tax following the expiry of the Class F exemption;
 - **Properties that are being actively marketed for sale or rent** - the government proposes that this exception would apply for up to a maximum of 6 months from the date that active marketing commenced, or until the property has been sold or rented, whichever is the sooner. It will be essential that the Council will need to determine in its policy, what evidence will be required to support any exception;
 - **Empty properties undergoing major repairs - time limited to 6 months** - the government proposes that empty properties undergoing major repair works or structural alternations should be an exception to the premium for up to 6 months once the exception has been applied or when the work has been completed, whichever is the sooner. The exception could be applied at any time after the property has been empty for at least 12 months, so long as the Council is satisfied that the necessary repair work is being undertaken;

- **Annexes forming part of, or being treated as, part of the main dwelling** - the government proposes that such annexes should be an exception to the council tax premium on second homes;
- **Job related dwellings** - currently, there is a council tax discount of up to 50% for properties which are unoccupied because the owner is required to live elsewhere for employment purposes. The discount applies where the dwelling is provided for the better performance of the duties of the employment, and it is one of the kinds of employment in the case of which it is customary for employers to provide dwellings for employees. The government proposes that the dwelling should also be an exception to the second homes premium. The exception will not apply to cases where someone chooses to have an additional property to be closer to work while having a family home elsewhere or where an individual is posted to a new location but maintain their previous address;
- **Occupied caravan pitches and houseboat moorings** - the government proposes that these caravans and boats should be an exception to the council tax premium on second homes; and
- **Seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation or prevents occupancy as a person's sole or main residence** - the government proposes that properties that have restrictions or conditions preventing occupancy for a continuous period of at least 28 days in any 12-month period, or specifies its use as a holiday let, or prevents occupancy as a person's sole or main residence, should be an exception to the second homes premium.

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

2 Outcome expected and 'safety net'.

2.1 The expected outcomes of the recommendations are as follows:

- (a) Taxpayers will be encouraged, through the changes in discounts and the implementation of the premiums, to bring empty properties into use and to revert the use of second homes to primary residences;
- (b) The reduction of empty homes and second homes within the District in line with the Council's Empty Property Strategy; and
- (c) Increased Council Tax income from empty homes and second homes.

2.2 There may be circumstances where the implementation of these changes (percentage increases in the level of premiums) may cause exceptional hardship to a taxpayer. In such cases, the Council will consider applications for a reduction in liability under its Section 13A (1)(C) of the Local Government Finance Act 1992 - Reduction in Council Tax liability policy.

2.3 Where such an application is received, it will be considered on an individual case basis taking into account the circumstances of the taxpayer and the situation regarding the level of Council Tax charged. Should the taxpayer be aggrieved by

any decision of the Council a further right of appeal will be with the independent Valuation Tribunal.

3 Consultation

3.1 There is no statutory requirement to consult on any matters contained within this report. However, a resolution must be passed by full Council on or before the 31 March 2024 in order for the changes to be implemented with effect from 1 April 2024. In the case of second homes premium, a resolution made on or before 31 March 2024 will allow the premium to come into force from 1 April 2025 (its earliest commencement date).

4 Corporate plan and council policies

4.1 The recommendations in the report are in line with the following Council policies:
 (a) Corporate Plan 2022 -26 - by bringing back empty properties into use;
 (b) Sustainability Policy - by enabling communities to thrive; and
 (c) The Council's Medium Term Financial Strategy - by increasing the Council Tax Base.

5 Business case and alternative option(s) considered.

5.1 Should the Council decide not to accept the recommendations, the existing discounts and premiums will remain in place.

6 Financial appraisal

6.1 Should the recommendations be accepted; any additional income would be shared with both the Council and the major preceptors in proportion to their share of the collection fund. Based on current modelling, the increase in Council Tax is estimated to be as follows:

2024/25

	Current policy	Recommendations	Estimated income per annum
Second Homes No one's sole or main residence and which is substantially furnished. 28-day planning restriction (Class A)	0% discount	0% discount (no change)	N/A
Second Homes No one's sole or main residence and which is substantially furnished. No planning restriction (Class B)	0% discount	0% discount (no change)	N/A
Class C (Unoccupied dwelling with is substantially unfurnished)	0% discount	0% discount	N/A
Class D Structural repairs	50% discount for 12 months only	0% discount	£39k

	Current policy	Recommendations	Estimated income per annum
(Unoccupied and substantially unfurnished) (Maximum 12 months)			
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty homes premium) After 1 years up to 5 years of becoming empty.	50% premium	100% premium	£363k
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty homes premium) Dwellings empty between 5 years and up to 10 years	50% premium	200% premium	£68k
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty homes premium) Dwellings empty for 10 years or more	50% premium	300% premium	£44k

2025/26

	Current policy	Recommendations	Estimated income per annum
Second Homes Premium No one's sole or main residence and which is substantially furnished. Premium of 100% is charged in addition to the second home Council Tax charge of 100%	N/A	100% premium	£476k

6.2 It should be noted that, should the recommendations be accepted, any additional income detailed above, the Council and preceptor shares would be:

	2024/25	2025/26	% Share
Total Additional Council Tax Raised	£514,000	£990,000	
Town and Parish Councils	£27,756	£53,460	5%
Lewes District Council	£51,040	£98,307	10%
East Sussex County Council	£363,244	£699,633	71%
Sussex Police and Crime Commissioner	£48,676	£93,753	9%
East Sussex Fire and Rescue	£23,284	£44,847	5%

6.3 The award of any S13A(1)(C) (reduction in liability) is a general fund expense and would normally be met in full by the Council. In view of the fact that the additional funds from the changes in discounts and premiums proposed in this report are shared with major preceptors, it is proposed that the cost of any award are met from the collection fund.

6.4 **It is recommended that the Council's Section 151 Officer is authorised to agree with the major preceptors the funding of any award under S13A(1)(C) (reduction in liability) from the collection fund as outlined within 2.2.**

7 Legal implications

7.1 The legislation relevant to this report is as follows:

- section 11A (discounts: special provision for England) and section 11B (higher amount for long-term empty dwellings: England) of the Local Government Finance Act 1992 ('the 1992 Act');
- section 11C (higher amount for dwellings occupied periodically) of the 1992 Act (an amendment made by the Levelling-up and Regeneration Act 2023); and
- section 13A(1)(c) (reductions by billing authority) of the 1992 Act.

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

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

7.4 Due to the changes in the legislation, the Council will be required by statute to be mindful of any regulation and guidance issued by the Secretary of State.

Date of legal input: 31.10.23

Legal ref: 012479-JOINT-OD

8 Risk management implications

8.1 The main risk associated with the implication of the recommendations (both the changes to discounts and premiums) will be the increase in non-compliance, with some taxpayers actively trying to avoid the new charges by providing incorrect information to the Council.

8.2 The Council already has processes and procedures in place in order to ensure that **all** charges are applied correctly. Further compliance procedures will be established to ensure that the new second homes premium is applied in accordance with the legislation and the Council's requirement.

9 Equality analysis

9.1 There are no anticipated impacts on protected characteristics associated with this report. The proposals do, however, include the potential generating of positive outcomes for local people who are struggling to secure sustainable accommodation in the district/borough, and may subsequently ease current inequalities around access to local homes.

10 Environmental sustainability implications

- 10.1 The recommendations are directly in line with the Council's Sustainability Policy - by enabling communities to thrive. The recommendations are designed to bring empty homes back into use and to encourage second home owners to ensure that the dwellings are used as a primary residence.
- 10.2 The additional income from the changes to discounts and premiums will be shared, as part of the collection fund, with both the Council and the major preceptors in accordance with their share of the Council Tax.

11 Background papers

- 11.1 The background papers used in compiling this report were as follows:

[Levelling Up White Paper](#)

[Levelling Up and Regeneration Bill \(Bill 169 2022-23\)](#)

[Consultation on proposals to exempt categories of dwellings from the council tax premiums in England](#)

Report to:	Cabinet
Date:	7 December 2023
Title:	Council Tax Base and Non-Domestic Rates income for 2024/25
Report of:	Homira Javadi, Chief Finance Officer
Cabinet member:	Councillor Zoe Nicholson, Leader of the Council, Cabinet Member for Finance, Assets and Community Wealth Building
Ward(s):	All
Purpose of report:	To approve the Council Tax Base and net yield from Business Rate Income for 2024/25 in accordance with the Local Government Finance Act 1992.
Decision type:	Key Decision
Officer recommendation(s)	<p>(1) Agree the provisional Council Tax Base of 38,538.3 for 2024/25 for the whole area and that the Council Tax Base for each of the Town and Parish areas of the District shall be set out in Appendix 2 of this report.</p> <p>(2) Agree that the Chief Finance Officer, in consultation with the Portfolio Holder for Financial Services, determine the final amounts for the Council Tax Base for 2024/25.</p> <p>(3) Agreed that the Chief Finance Officer, in consultation with the Portfolio Holder for Finance, determine net yield from Business Rate income for 2024/25.</p>
Reasons for recommendations:	Cabinet is required to approve the Tax Base which will be used for the purposes of calculating the 2024/25 Council Tax.
Contact Officer(s):	Name: Homira Javadi Post title: Chief Finance Officer (S151 Officer) E-mail: Homira.Javadi@lewes-eastbourne.gov.uk Telephone number: 01323 415512

1 Introduction

- 1.1 The Council is required to set its Council Tax Base for the forthcoming year. This calculation is used as the basis for income the Council will precept from the Collection Fund.

- 1.2 The Local Authorities (Calculation of Council Tax Base) Regulations 1992 prescribe that the billing authority (this council) must supply the precepting authorities (the County, Police and Fire authorities) with the calculation of the Council Tax Base. This information must be supplied between 1 December and 31 January in the financial year proceeding the financial year for which the calculation is being made.
- 1.3 Non-Domestic Rating (Rates Retention) Regulations 2013 also sets out a timetable for informing the Government and precepting authorities of the business rate income calculation. This information is completed via a government return (NNDR1) which must be submitted by 31 January in the financial year preceding the financial year for which the calculation is being made.
- 1.4 To assist the precepting authorities with their financial planning it is helpful to provide the information during December rather than wait for the January deadline.

2 Council Tax Base 2024/25

- 2.1 The Council Tax Base is the estimated full year equivalent number of chargeable dwellings. This is expressed as the equivalent number of Band D dwelling with two or more liable adults.
- 2.2 In making this estimate, account must be taken of discounts, disabled relief, and property exemptions. Movements on and off the valuation list during the year must also be considered – e.g., where new properties have been built or old ones converted or demolished.
- 2.3 The basic calculation as determined by primary legislation is that the Council arrives at its Council Tax Base by multiplying its Relevant Amount by its estimated Collection Rate.

3 Relevant amount

- 3.1 The Relevant Amount for each Band is the estimated full year equivalent number of chargeable dwellings in the Band expressed as the equivalent number of Band D dwellings. The Government's Valuation Office assesses the relative value of each property with the borough and places it in one of the eight bands. A conversion factor is then applied to each band in order to obtain the equivalent number of Band D property as set out below:

Band	Valuation (at 1 April 1991)	Conversion Factor as proportion of Band D
A	Less than £40,000	6/9
B	£40,001 - £52,000	7/9
C	£52,001 - £68,000	8/9
D	£68,001 - £88,000	9/9
E	£88,001 - £120,000	11/9
F	£120,001 - £160,000	12/9
G	£160,001 - £320,000	15/9
H	Over £320,001	16/9

- 3.2 Deductions are made to the aggregate number of properties in each band in respect of various discounts such as empty properties and single persons. An adjustment is also made to reflect the impact of the Council Tax Reduction Scheme.
- 3.3 The results for each Band are then added together to arrive at the overall Band D or Relevant Amount. For 2024/25 this totals 39,324.8 equivalent properties.
- 3.4 The Relevant Amount has increased by 634.23 (1.64%) Band D equivalent dwellings from 2023/24. This is the net impact of increases in the total number of properties, less increased discounts and increases in the Council Tax Reduction Scheme.

4 Collection Rate

- 4.1 The Collection Rate is the Council's estimate of the proportion of the overall Council Tax collectable for 2023/24 that will ultimately be collected.
- 4.2 The key elements in making this calculation are losses on collection, appeals against valuation, changes in circumstances (e.g. application for discounts in respect of single person's occupancy or disability) and other adjustments. These other adjustments to bills can arise for a variety of reasons including bankruptcy, death, and exemptions, plus an allowance for uncollectable debts.
- 4.3 The current level of Council Tax collection is forecast to show an in-year surplus balance of £618k at the end of 2023/24. With the cost-of-living crisis and the country facing a longer recession, bad debt provisions are currently under review and may need to be increased. The 2024/25 collection rate is 98.0% an increase on the current rate of 97.8%.
- 4.4 It should be noted that, under accounting regulations brought in by Government in response to Covid-19, deficits can be spread over three financial years from 2021-2024 in respect of 2020/21 deficits.

5 Council Tax Base

- 3.1 Taking the Relevant Amount of 39,324.8 and applying the Collection Rate of 98% produces a Council Tax Base for 2024/25 of 38,538.3

- 3.2 The Council Tax Base has increased by 1.85% compared with 2023/24. This is equivalent to an increase of 698 Band D dwellings. The detailed number of properties is shown at Appendix 1.
- 3.3 The Council's Medium Term Financial Strategy is updated annually to take account of movement in the Council Tax Base. The assumed tax base for the current MTFs was 37,839.4, therefore this would represent an increase in assumed Council Tax income of £155k based on the current Band D Council Tax rate of £221.55.

4 Town and Parish Councils Tax Base

- 4.1 Cabinet is recommended to approve the constituent parts for the total tax base relating to Town and Parish Councils shown at Appendix 2. These will be used to calculate the Special Expenses Council Tax amounts for 2024/25, as well as the Council Tax requirement for each Town and Parish Council to meet their own budget (precept) requirements. The Towns and Parishes will be advised of these individual tax bases following this meeting in order that each can assess the impact of the precept in its area.

7 Business Rate Income

- 4.1 The Local Government Finance Act 2012 introduced a new system for the local retention of business rates. This means that the Council is required to formally approve the expected business rate income for the forthcoming year. The estimate for the 2024/25 financial year must be approved by 31 January 2024.
- 4.2 The Business Rate income is collated on the Government's NNDR1 form which shows the net rate income yield for the central and local shares of the business shares of the business rates. The actual NNDR1 form and guidance notes have not yet been received.
- 4.3 The net business rate yield is calculated using the total expected gross income by multiplying the Rateable value by the nationally set multipliers (for 2023/24 these are 51.2p standard and 49.9p for small businesses). These multipliers are uplifted annually by the September CPI rate which was 6.7% (Sept 2023), but this increase is still to be confirmed by Government and rates may remain frozen. This gross yield is then adjusted for mandatory and discretionary reliefs, an allowance for cost of collection, adjustment for changes in Rateable Value due to growth or reduction in property numbers, estimated losses on collection and an allowance for appeals.
- 4.4 The resulting calculation is the net business rate yield which is shared as follows:

50% to Central Government
40% to Local Billing Authority (this council)
9% to the County
1% to the Fire Authority

- 4.5 The local share is then payable to the Council's General Fund. All other adjustments to the overall level of Business rate income are then accounted for within the General Fund.
- 4.6 The final amount of business rates income retained by the Council is adjusted by deduction tariff and levy payments.
- 4.7 The system of tariff or top up is to redress the balance of Business Rate income nationally to ensure that no local authority is worse off as a result of business rate income at the outset of the rates retention scheme in 2013. This authority currently makes a tariff payment, and information on the level of tariff payment will be announced as part of the Government grant settlement figures.
- 4.8 Levy payments allow authorities to retain a proportion their growth. The levy has been set at 50% of the growth over the baseline allowance set by Government.

8 Setting the Business Rate Income

- 8.1 As the final figures required to set the Business Rates Income are not yet available, Cabinet is asked that delegated authority be given to the Chief Finance Officer, in consultation with the portfolio holder for Finance.

9 Business Rate Pooling

- 9.1 The Council is working within a Business Rate Pool with the other East Sussex Borough and District Councils, East Sussex County Council and East Sussex Fire Authority. Under this arrangement, 50% of any growth in business rate income which would otherwise be paid as level to the Government can be retained by the Pool to be redistributed to its participating authorities in accordance with an agreed memorandum of understanding.

10 Collection Fund Performance

- 10.1 As at 31 March 2023 the Collection Fund showed a net deficit of £1,140,809 (£3,885,071 Council Tax surplus and £5,025,880 Business Rates deficit). A £245,952 surplus is currently being distributed across Council Tax and Business Rates preceptors during 2023/24, leaving a balance of £1,386,761 to be recovered in 2024/25.
- 10.2 The Council has to estimate the overall surplus/deficit at 31 March 2024 and inform precepting authorities in January 2024 of this estimate in order that the amount is included in the 2024/25 precept figures.
- 10.3 Current monitoring figures indicate a surplus by 31 March 2024 of £618,829 for Council Tax; this will be revisited in January 2024 and the results reported to members as part of the budget report to the February Cabinet. Any surplus or deficit is allocated to preceptors in 2024/25 in proportion to the 2023/24 Band D Council Tax. For this council this represents a 14.7% share of the total.

10.4 The calculation on the Business Rate income element of the Collection Fund currently indicates a deficit balance of £ 3,559,810 (excluding any reliefs funded by s31 grant). Any surplus or deficit is allocated in 2023/24 in accordance with the proportions given at paragraph 7.4 above.

11 Outcome expected and Performance Management

11.1 Once the Council Tax Base and the estimate balance on the Council Tax element of the Collection Fund has been determined, East Sussex Council, Sussex Police and Crime Commissioner and East Sussex Fire Authority will be notified.

11.2 Once the NNDR1 2023/24 has been completed and the estimated balance on the Business Rate element of the Collection Fund has been determined, this will be submitted to Central Government and both East Sussex County Council and East Sussex Fire Authority will be notified.

11.3 Council Tax and Business Rates income and payments to precepts are accounted for in the Collection Fund which is regularly monitored and reported to members as part of the quarterly performance monitoring report.

12 Financial appraisal

12.1 The Council Tax Base will be used to calculate the level of Council Tax requirement that will be recommended to the Council on 19 February 2024.

12.2 The net yield from Business Rates income will be used to calculate the amount of retained Business Rates to be credited to the General Fund.

13 Legal Implications

13.1 The Council Tax Base must be calculated in accordance with the Local Government Finance Act 1992 and The Local Authorities (Calculation of Council Tax Base) Regulations 2012.

13.2 Under these Regulations, the billing authority (this council) is required to calculate its Council Tax base by 31 January for the next financial year and inform all its preceptors of this calculation.

13.3 The legislation further provides that, where a billing authority fails to notify each of the major precepting authorities of this calculation, it can be determined by those precepting authorities on the basis of all the information available and with reference to the preceding year's amount.

13.4 It is a requirement of the Non-Domestic Rating (Rates Retention) Regulations 2013 for the billing authority (this council) to notify DLUHC and precepting authorities of its calculation of expected rate income by 31 January preceding the commencement of the next financial year.

13.5 If the billing authority fails to comply with this requirement, then the Secretary of State may make the calculation instead and inform precepting authorities of the calculation.

14 Risk Management Implications

14.1 If the Council did not set a Council Tax Base, this can be imposed by the precepting authorities with the potential that an incorrect Band D Council Tax could be set. This would have implications for the Council Tax income for the Preceptors, this Council and the performance of the Collection Fund.

15 Equality analysis

15.1 There are no equality implications in this report.

16 Conclusion

16.1 The provisional Council Tax Base for 2024/25 has been calculated in accordance with the relevant legislation. Summary calculations are set out within the attached appendix.

16.2 The figures required to set the Business Rate Income are not yet available as the NNDR1 form and guidance notes have not yet been received from the DLUHC.

16.3 It is recommended that delegated authority be given to the Chief Finance Officer, in consultation with the Portfolio holder for Finance, to agree the final figures for both calculations.

17 Appendices

- Appendix 1 – Summary of property numbers and Council Base Calculation
- Appendix 2 - Council Tax Base Calculation 2024/25 - Band D Equivalents

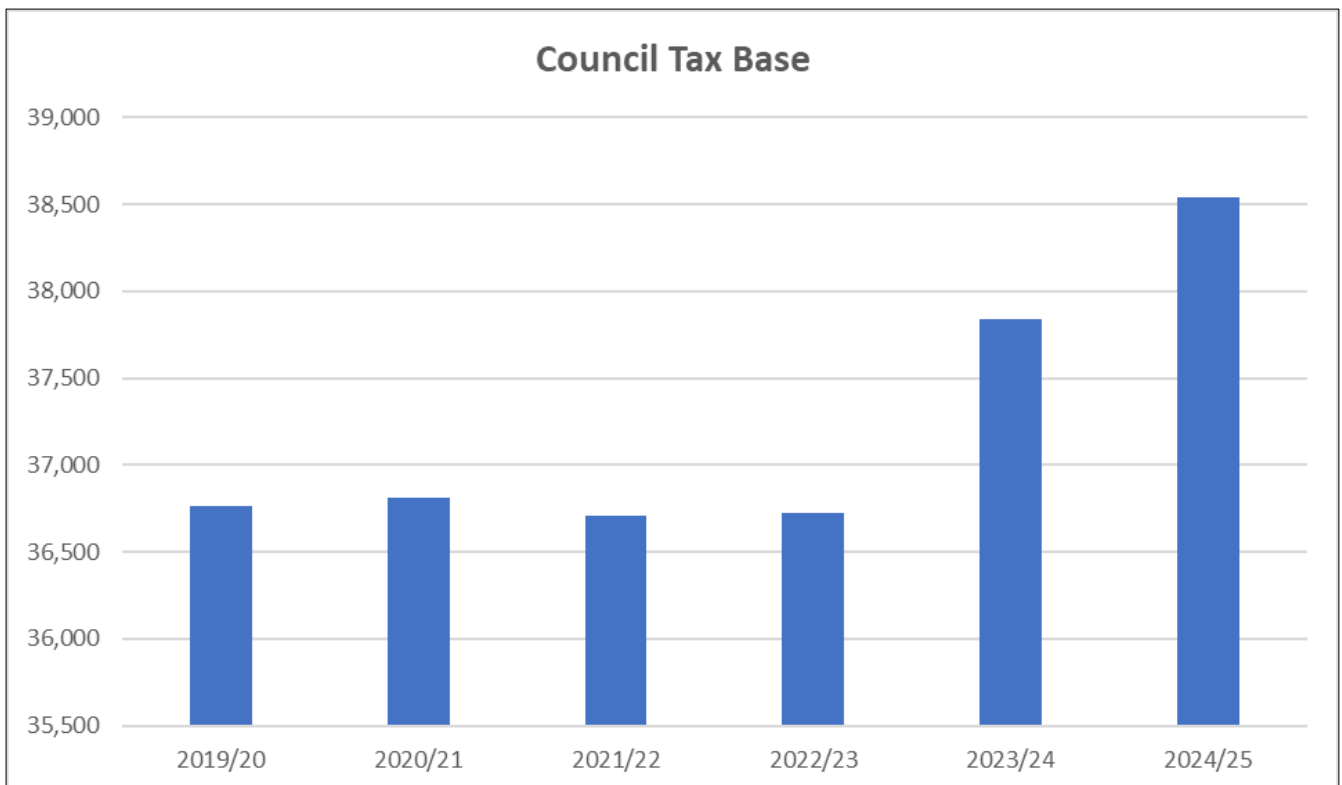
18 Background papers

The background papers used in compiling this report were as follows:

- Local Government Finance Act 1992
- The Local Authorities (Calculation of Council Tax Base) Regulations 1992
- The Local Authorities (Calculation of Council Tax Base) (Amendment) Regulations 2003
- Non-Domestic Rating (Rates Retention) Regulation 2013
- Calculation of Council Tax Base – CTB (October 2023) form.

Appendix 1 – Summary of property numbers and Council Base Calculation

Council Tax Base Year on Year Comparison	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
NUMBER OF DWELLINGS						
Valuation List at November	44,251	44,497	44,821	45,161	45,542	45,957
Less: Discounts equated to properties	(4,259)	(4,371)	(3,926)	(3,992)	(4,094)	(4,191)
Total Equivalent Property Number	39,992	40,126	40,895	41,169	41,448	41,766
Estimated Changes in the year	366	152	216	194	167	307
Less: Less Council Tax Reduction Scheme	(4,129)	(3,951)	(4,613)	(4,825)	(4,162)	(4,269)
Total Number of Properties	36,229	36,327	36,498	36,538	37,453	37,804
% increase/(decrease)	N/A	0.3%	0.5%	0.1%	2.5%	0.9%
TAXBASE CALCULATION						
Relevant Amount (Band D Equivalent)	37,415.2	37,466.9	37,714.6	37,862.5	38,690.6	39,324.8
% Collection Rate	98.25%	98.25%	97.34%	97.00%	97.80%	98.00%
Council Tax Base	36,760.4	36,811.2	36,711.4	36,726.6	37,839.4	38,538.3
% growth/(reduction)	N/A	0.14%	-0.27%	0.04%	3.03%	1.85%



Appendix 2 - Council Tax Base Calculation 2024/25 - Band D Equivalents

Council Tax Base Calculation 2024/25 - Band D Equivalents											
Town/Parish Area	DISA	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total	Collection Rate 98.00%
Barcombe	0.0	11.2	28.8	107.7	97.2	110.5	136.6	167.1	16.0	675.1	661.6
Chailey	0.0	34.1	41.6	174.8	150.4	289.6	327.9	415.8	63.0	1,497.1	1,467.2
Ditchling	0.0	7.7	16.6	62.6	76.7	342.7	187.1	438.8	68.5	1,200.6	1,176.6
East Chiltington	0.0	5.3	3.7	58.8	37.8	9.2	17.5	50.4	22.5	205.2	201.1
Falmer	0.0	1.2	7.1	15.1	16.3	15.4	4.3	11.7	2.0	73.0	71.6
Firle	0.0	2.7	12.7	18.0	24.3	29.6	9.4	26.3	7.5	130.4	127.8
Glynde & Beddingham	0.0	5.2	10.3	63.4	17.9	23.2	25.1	31.7	18.1	194.8	190.9
Hamsey	0.0	15.5	17.8	56.4	39.5	62.4	45.1	50.9	15.5	303.0	296.9
Iford	0.0	0.0	3.3	3.1	12.4	34.9	16.3	20.4	6.0	96.4	94.5
Kingston	0.0	9.8	3.9	4.0	13.8	58.5	181.7	152.9	12.5	437.1	428.4
Lewes	0.4	184.7	661.6	1,864.3	1,341.1	941.8	690.6	735.3	37.5	6,457.3	6,328.1
Newhaven	0.4	332.1	985.1	1,353.2	901.6	385.4	60.5	21.3	2.0	4,041.6	3,960.8
Newick	0.0	13.1	20.1	143.0	214.7	246.9	241.5	278.8	14.0	1,172.0	1,148.5
Peacehaven	0.0	385.4	484.9	2,068.2	1,522.2	513.8	150.0	19.5	4.0	5,147.8	5,044.9
Piddinghoe	0.0	1.8	2.2	21.3	8.3	24.5	44.8	30.4	0.0	133.3	130.6
Plumpton	0.0	7.9	12.6	93.4	154.2	114.6	106.9	208.5	26.0	724.1	709.6
Ringmer	0.0	16.9	64.1	333.2	655.9	510.2	340.2	215.9	24.5	2,160.9	2,117.6
Rodmell	0.0	5.2	8.0	26.3	11.3	19.9	37.2	87.5	17.5	212.9	208.7
St Ann Without	0.0	2.2	2.1	5.1	6.8	4.9	10.8	9.6	0.0	41.4	40.6
St John Without	0.0	0.0	0.0	6.0	1.8	2.4	1.5	12.5	4.0	28.2	27.6
Seaford	0.0	514.6	763.2	2,198.1	2,325.9	2,333.1	1,344.1	445.4	4.0	9,928.4	9,729.9
Southease	0.0	0.5	0.8	1.8	1.5	4.3	4.3	7.9	1.5	22.6	22.1
South Heighton	0.0	23.1	27.1	173.3	23.7	16.5	6.9	11.3	2.0	283.8	278.1
Streat	0.0	1.2	0.0	8.7	12.5	6.4	9.8	37.9	10.0	86.4	84.7
Tarring Neville	0.0	2.0	0.9	3.8	0.0	0.9	0.0	1.7	0.0	9.2	9.0
Telscombe	0.0	88.3	225.6	858.4	976.4	377.4	69.0	30.0	5.0	2,630.1	2,577.5
Westmeston	0.0	6.0	2.2	6.9	14.8	30.3	28.9	57.5	24.0	170.4	167.0
Wivelsfield	0.0	8.4	28.0	171.2	281.6	253.0	280.7	209.2	29.5	1,261.6	1,236.3
TOTAL	0.8	1,686.1	3,434.0	9,900.3	8,940.1	6,762.2	4,378.6	3,785.7	437.1	39,324.8	38,538.3

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