

# Budget Book

## 2021-22



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# Budget Book

## 2021-22

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## Report to Cabinet

28 January 2021

By Paul Clarke (Cabinet Member for Finance and Assets)

### DECISION REQUIRED

Not Exempt



## The 2021/22 Budget and the Medium Term Financial Strategy to 2024/25

### Executive Summary

This report sets out details of the proposed 2021/22 revenue and capital budgets following the receipt of the provisional financial settlement from Government on 17 December 2020. The Council took prompt action in 2020/21 to restructure the Council's services and in places reducing services to reduce expenditure, saving around £1.4m. However, the net budget requirement for 2021/22 at £13m is still £1.8m higher than in 2020/21. This reflects the significant impact of Covid-19 and induced recession on the Council's income projections and is also anticipated to permanently change some customer habits.

However, the Council is able to set an overall balanced budget for the year due to the receipt of some additional and unexpected Government funding in 2021/22 to support authorities through the pandemic that was announced on 17 December 2020 in the provisional settlement.

In the year, the Council will also be delivering a £7m capital programme.

The level of council tax proposed for 2021/22 is the highest permitted without a referendum. The level remains in the lowest quartile nationally and is the lowest in West-Sussex.

The report also sets out a Medium Term Financial Strategy 2022-25 using the latest information. The outlook remains extremely uncertain. The unexpectedly generous settlement for 2021/22 has been primarily prompted by action to mitigate Covid-19 and only for one year. There is limited detail available on the Government's proposed significant changes to the future of business rates and the Fair Funding Review over the medium.

The current projection is for the Council to have budget deficits over the period of the Medium Term Financial Strategy. This reflects a return to the previous reduction in Government funding and the fact that the national finances are in a historically poor situation occasioned by action resulting from the Covid-19 pandemic. It is unknown as to how the Government will seek to remedy the situation but we have assumed any effect to be gradual rather than a step change in 2022. However, there is a risk that all business rate grant is taken away more quickly than that and the Council could face a significant funding drop in 2022/23.

Until the work of the de-carbonisation action plan is completed by March 2022, the cost of achieving the aspirational target of the Council's direct emissions being carbon neutral by 2030 is difficult to quantify. For medium Term Financial Planning purposes, an estimated increase in revenue cost of £0.1m each year over the decade is included, based on estimated carbon-reducing capital expenditure of £20m across the period.

Balancing future budgets will be dependent on continuing to deliver a programme to maximise efficiency and effectiveness primarily focused around digital transformation. This programme has already yielded large savings and it is doubtful if it can continue to do this at the same rate. The council provides a large number of services to its residents in excess of statutory levels and it will require political decisions about these and about its property portfolio in order to tackle the projected deficits. In addition it is expected that action to combat climate change will become increasingly required and the Council's carbon audit showed the extent of the carbon output of many Council owned buildings which will need to be addressed.

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

## **Recommendations**

Cabinet is recommended to propose the following for consideration by Council on 10 February 2021:

- i) That the level of Council Tax for 2021/22 increases from £152.52 by £5 (3.28%) to £157.52 at Band D.
- (ii) That the net revenue budget set out in Appendix A for 2021/22 of £13.039m is approved.
- (iii) That Special Expenses of £309,920 set out in Appendix C and a Band D charge of £26.01 are agreed in respect of the unparished area for 2021/22.
- (iv) That the capital programme for 2021/22 set out in Appendix D be approved and that the indicative capital budgets in the programme for future years be noted.
- (v) That the projected future budgets on the revenue account in 2022/23 to 2024/25 are noted and the Medium Term Financial Strategy continues to be reviewed and refined to ensure that decisions are taken to set balanced budgets in these three years.
- (vi) That the Minimum Revenue Provision Statement set out in Appendix E is approved.
- (vii) That the Capital Strategy, Treasury Strategy, Investment Strategy and prudential indicators and limits for 2020/21 to 2023/24 set out in Appendix F are approved.
- (viii) To note the statement on the robustness of the level of reserves in Appendix H.
- (ix) That the increases to fees and charges set out in Appendix I are approved.
- (x) Delegate to the Director of Community Services in consultation with the relevant Cabinet lead temporary changes to fees and charges in the form of offers and incentives during the year.

## **Reasons for Recommendations**

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

## **Background Papers:**

- Update on the Council's financial position, Cabinet, 26 November 2020
- Update on the Council's financial position, Cabinet, 24 September 2020
- Update on the Council's financial position, Cabinet, 23 July 2020

**Wards affected:** All

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**Appendices:**

- A:** Revenue Budget 2021-22 including growth and savings
- B:** Grants to voluntary groups
- C:** Special charge summary
- D:** Capital expenditure programme
- E:** Minimum Revenue Provision
- F:** Capital Strategy including Prudential Indicators
- G:** New Homes Bonus
- H:** Reserves
- I:** Schedule of increases in fees and charges
- J:** Medium and long term indicative capital commitments

## **Background Information**

### **1 Introduction and background**

- 1.1 This report sets out the Council's budget requirement for 2021/22 for capital and revenue expenditure. The budget is reviewed in the context of the projected outturn for 2020/21, future years' projected budgets and reserves.
- 1.2 Covid-19 and the recession it has created has significantly changed the future outlook. The whole country faces an uncertain future and areas with a high proportion of small service businesses and links to the air industry, such as Horsham District, are particularly severely affected. Government postponed its reviews of Business Rates and Fair Funding again to focus on dealing with the pandemic and Brexit. Councils remain unsure how the local government sector will be financed beyond 2021. While it seems fairly certain that the direction of travel will remain towards fiscal self-sufficiency and that the amount of money available to district councils will continue to reduce over the next five years, the short term situation creates an unusually high degree of uncertainty. Pre-Covid-19, funding pressures caused by the demands of social care in County and Unitary Councils suggest that funding is still likely to be 'diverted' from districts towards Councils that are suffering the most.
- 1.3 Each year as the budget is set, unavoidable growth becomes apparent in the services. This is because of increased responsibilities from legislation, contractual obligations and inflationary pressures. The current budget estimate is for the Council to deliver a balanced budget in 2021/22 followed by increasing budget deficits through to 2024/25. Plans to help close these gaps will be worked on during 2021. The continued operation of the Council's core services will require some other services to be closed or publically valued buildings be disposed of or reused in other ways. The Council is well into a major programme of digital transformation to meet the demands and expectations of our customers, funded from reserves, and this has made savings. But with only Planning and Regulatory Services left to change this will not deliver all the savings the Council needs to balance its budgets through the rest of the decade.
- 1.4 The 2021/22 budget and resultant Council Tax level are set within the context of the Council's Corporate Plan priorities, the financial strategy and to meet the Council's legal requirement to deliver a balanced budget. This report is updated for the latest information and knowledge available to the Council. The report also sets out the prudential indicators used to measure the affordability of the Council's capital programme.

### **2 Relevant Council policy**

- 2.1 To deliver a balanced budget over the medium term and to ensure the Council has sufficient funds to deliver its Corporate Plan.

### **3 Details**

#### **Strategic political, economic and regulatory outlook**

- 3.1 The Covid-19 pandemic has caused huge financial losses and uncertainty for the Council, as well as its community in 2020 and with the lockdown since the beginning of this year this will continue. One consequence of this pandemic is another one-year 'stopgap' spending round from the Government covering 2021/22. The 2021/22 budget is produced on this basis, but the Medium Term Financial Strategy remains politically and financially very uncertain.

- 3.2 Whilst the future concern is how well Britain, and especially our local area, exits from the pandemic through a vaccine programme in 2021, the medium term economic outlook will also depend significantly on the outcome of the UK's withdrawal from the EU and how households, businesses and asset prices respond. Both the demand for the Council's services and its income streams are affected by the general economic health of the District, and the prevailing interest rate has a direct impact on interest receipts. Therefore the uncertainty of the economic and regulatory outlook adds considerable risk to setting a precise financial strategy. With this in mind, the assumptions within the budget and Medium Term Financial Strategy are revisited in the sections below.

### Finance Settlement 2021/22

- 3.3 The Government announced an unexpectedly positive provisional finance settlement for 2021/22 on 17 December 2020. This included the same level of business rates baseline funding, and added some further Covid-19 related funding, providing a stop-gap one-year budget settlement that was better than expected. However there remains no certainty at all for the medium term.

### Revenue Budget 2020/21

- 3.4 Budget holders have monitored income and expenditure against the 2020/21 budget throughout the year. They have also continued to prepare and work up plans to address the future deficits and implement them on an ongoing basis. Because of the income losses in Parking, Planning, investments and the Capitol and the cost of closing and reopening the Leisure Centres, the estimated forecast outturn for 2020/21 at the end of month 9 is a net expenditure of £5.5m. Officers are still taking a number of actions that may improve this position further by year-end. Any deficit will be funded by the use of general fund reserves, however, as at month 9, this deficit is now forecast at £0.1m as a result of the one-off government grant income.

## 4 Update on the Medium Term Financial Strategy projections

- 4.1 The Medium Term Financial Strategy in Table 1 has been updated for the December 2020 provisional settlement for 2021/22 and other known information.

	2020/21	2021/22	2022/23	2023/24	2024/25
Table 1: MTFS	£000	£000	£000	£000	£000
<b>Current net expenditure</b>	11,201	13,039	13,835	14,100	14,450
<i>Income / savings to deliver through transformation</i>		<i>Included</i>	<i>To be worked on in 2021</i>		
<i>Net Covid-19 overspend</i>	5,526	-	-	-	-
<b>Expected net expenditure after transformation</b>	<b>16,727</b>	<b>13,039</b>	<b>13,835</b>	<b>14,100</b>	<b>14,450</b>
<b>Funding: Council Tax</b>	(9,922)	(10,251)	(10,315)	(10,420)	(10,550)
Baseline Business Rates	(2,052)	(2,052)	(1,750)	(1,500)	(1,250)
Collection Fund (surplus) / deficit	(53)	1	30	30	0
One-off extra CTS funding	-	(146)	-	-	-



<b>Total Funding</b>	<b>(12,027)</b>	<b>(12,448)</b>	<b>(12,035)</b>	<b>(11,890)</b>	<b>(11,800)</b>
<b>Net Deficit</b>	<b>4,700</b>	<b>591</b>	<b>1,800</b>	<b>2,210</b>	<b>2,650</b>
One-off government grant	<b>(4,600)</b>	<b>(571)</b>	-	-	-
Final Net deficit	<b>100</b>	<b>20</b>	<b>1,800</b>	<b>2,210</b>	<b>2,650</b>

Note: (income shown in brackets). Red deficit.

- 4.2 In the provisional settlement, Government unexpectedly announced a tranche of Covid-19 support for local government in 2021/22, with a provisional allocation for this Council of £571,000. This one-off grant funding for 2021/22 reduces the earlier predicted £591,000 deficit to a budget deficit of just £20,000 for the year. The in-year aim would be to bring forward transformation ideas from the 2022/23. However, if this is not possible, any small deficit will be funded from general fund reserve, in the same way that any deficit from the current year will be.
- 4.3 The assumptions underlying the current Medium Term Financial Strategy projections are summarised in table 2 below and expanded upon in the paragraphs that follow:

**Table 2: key budget assumptions used:**

Inflation cost non-salaries	2% increase per annum across the period.
Increase in salaries budget	Pay pause in 2021/22 for those earning above average wage. Then 1% per annum based on Government statement of intent (previously 2%).
Contribution to pension fund	1% reduction in 2021/22 and in 2022/23 as currently pension fund is in surplus; levelling off at 18%.
Local Business Rates	75% localisation of business rates triggering a significant re-base lining in 2022/23.
Increase in Council Tax	£5 in 2021/22
Increase in dwellings	Between 800 and 1,000 per year. Note council tax base significantly impacted by Council Tax Support claims.
New Homes Bonus – revenue	One off payment in 2021/22, with previous legacy payments ending in 2022/23. Note: New Homes Bonus does not feed into revenue as tapered down to zero in 2018/19.
Minimum level of reserves	£6m – no change.

### Interest rates and inflation

- 4.4 Falls in energy prices and the impact of a cut to VAT have accounted for much of the fall in inflation in 2020 during the Covid-19 pandemic. Britain's exit from the European Union also increases the uncertainty on the rate of inflation over the next three years. The Medium Term Financial Strategy currently budgets for a 2% increase in inflation on the expectation that inflation will return to the Bank of England target. The Bank of England Monetary Policy report from November 2020 suggests that although inflation measured by the Consumer Price Index (CPI) dipped sharply to an average of 0.6% during 2020/21, they project it to rise quite sharply towards 2% inflation in 2021, as the causes of the fall over 2020 drop out of the annual calculation.
- 4.5 Whilst income is affected by inflation, inflation also increases our expenditure and that offsets the increases in Council Tax and charges. The impact of inflation on the



Medium Term Financial Strategy will be revisited on a monthly basis as the data is released by the Office of National Statistics.

- 4.6 The Bank of England base rate decreased to 0.1% in March 2020 during the first phases of the Covid-19 pandemic. This has affected the Council's income streams from investments. Some very short-term investment rates are negative. The Council has taken action over the past two years to diversify the investment strategy into non-high street bank style deposit holdings. These helped to mitigate low interest rates by generating more income, but nevertheless, this will impact on the Council's ability to generate further levels of income from investments during the period. Arlingclose Ltd, our financial investment advisors, do not currently forecast a significant rise in interest rates over the period.
- 4.7 During 2020, the Council has not had any cash flow problems due Government forward-funding grants for distribution to businesses. In the medium term, the amount of money the Council has on deposit generating interest income is likely to decrease as the proposed strategy to spend commuted sums on affordable housing will lower the amount of funds held by the Council, albeit this will be replenished somewhat by money generated from the Community Infrastructure Levy. Expenditure on the capital programme also reduces other funds held by the Council. The Council had to borrow short term in 2017/18, although this is not currently expected to be needed again until the end of the medium term financial period. The positive side of the low Bank of England base rate is that the cost of borrowing is also relatively low at present.
- 4.8 Economic forecasters are divided on the future levels of interest rates and much may hinge on the impact of Brexit. The Bank of England's view is reserved as it includes both the scenario of growth staying weak, meaning interest rates could fall, as well as the economy developing an upward pressure on prices meaning a modest interest rate rise may be needed to keep inflation at the 2% target. The former would adversely affect the returns that the Council makes on its investments, whereas the latter would benefit the Council.

### **Salaries**

- 4.9 Local Government pay is negotiated nationally and the Council has no direct influence on the settlement. In the spending review in November 2020, Government announced a pay pause for most public sector workers in 2021/22 and indicated that very low public sector pay increases in the medium term will help deflate the spiralling national debt. Consequently, 1% (down from 2% previously) each year increases are included through to 2023/24 in the Medium Term Financial Strategy. In expenditure terms the pay pause equates to a saving of approximately £230,000 in 2020/21 and £160,000 of additional expenditure per annum going forward. The trade unions had asked the local authority employers for a 10% increase in 2019/20 to make up for the losses in real pay over the previous decade. The National Joint Council that negotiates local authority pay is not bound by decisions made by the Treasury and could go against the nationally declared pay freeze. This would increase costs in the budget and put all years further into deficit.

### **Pension Fund**

- 4.10 The actuary reviewed the assumptions of the pension fund at the 2019 triennial review. The valuation of the Council's pension fund increased to a £25m asset at 31 March 2020. As it is in surplus, the actuary recommended a gradual reduction in employer pension contributions over the period, from the current 20% to the pension fund's minimum level of 18% per annum in 2022/23. Every 1% reduction equates to approximately £120,000 decrease in annual employer contributions in monetary

terms. The fund has benefited from the formal detailed re-measurement exercise and some small revisions to the assumptions such as the life expectancy not increasing quite as fast as anticipated in 2016. However, it is worth remembering that the pension fund has spent more years in deficit than in surplus and the position can quickly decline, due to any further changes in actuary assumptions increasing the liabilities, as well volatility of asset values and the value of assets falling. The contributions position will be regularly revisited during the interim pension fund valuations until the next triennial valuation in 2022. The impact of the recession on the pension fund is not known but it is likely to have taken considerable value off its investments. This may worsen the Council's financial position at the next triennial valuation.

### **Council Tax**

- 4.11 The headline from Government in the December 2020 provisional settlement was that local government received an average Core Spending Power (CSP) increase of 4.5% (£2.2bn). This increase in CSP is better than in any year for more than a decade (with the exception of 2020-21) and represents real terms growth. However, underneath the headline, 87% of this core spending power increase is actually from council tax increases.
- 4.12 The provisional settlement retained the 2021/22 referendum threshold at the higher of 2% or £5 for district councils in inflationary rates of the moment. Government's funding assumptions for all district councils include increases in Council Tax by the maximum amount.
- 4.13 HDC's council tax is the lowest in West Sussex and is in the bottom quartile of all district councils nationally. A £5 increase in Council Tax, equivalent to 3.28% is included in the 2021/22 budget generating income of £325,000. Every 1% increase in Council Tax increases income by approximately £100,000. As Government funding is predicted to fall away across the medium term, once the UK exits the worst of the pandemic, the Council will be increasingly reliant on self-funding through fees and charges and Council Tax as the only sources of income.

### **Dwellings**

- 4.14 The District has seen housing growth over the last five years, as a result of a large developments such as those to the west of Horsham and Kilnwood Vale, Southwater and Billingshurst. The Council anticipates that the completion of these developments together with the delivery of new homes to the north of Horsham and elsewhere will continue to see growth in housing in the District at between 800 and 1,000 new dwellings each year over the Medium Term Financial Strategy period. The housing industry is though highly sensitive to economic factors. Economic uncertainty in a recession may very well dampen these numbers over the next four years. This would worsen the Council's financial position in the medium term over the figures shown in our projections.

### **Council tax support**

- 4.15 Numbers of working people on council tax support in the district have surged by 20% as a result of the pandemic and recession. This has significantly reduced the number of band D equivalent dwellings in the council tax base in 2021/22 to the extent that the growth after new housing build is only 83.
- 4.16 Government has recognised the immediate impact on bodies reliant on council tax and announced a new £670m Local Council Tax Support Grant with a provisional allocation for this Council of £146,000 for 2021/22. This helps towards the more

immediate impact, with the hope that numbers on council tax support reduce as we exit recession, so returning the growth into the band D equivalent council tax base line. The £146,000 has been shown as a one-off grant for 2021/22 in table 1. We do not though expect this grant to carry forward to 2022/23.

### **Local Business Rates**

- 4.17 The Council currently retains around 5% or £2m of the £44m Business Rates collected in the district, which is based on a complex calculation involving target rates of collection set by Government. Local authorities can increase their business rate income by growing the business rate take in their area; conversely, if collections fall then local government bear an element of risk. Local government currently share this risk and reward with Government.
- 4.18 The district's economic growth from a lack of new businesses has been very low for a long time, putting such growth in the bottom quartile of council areas surveyed. Initiatives such as the development of North Horsham and the redevelopment of the former Novartis site are actions aimed to correct this but the district is a long way below the desirable level for affluence of its population and has not created enough local based but well paid jobs. Until there is a return to anything like normality, the dependency of a high degree of local business, both directly and indirectly, on Gatwick is likely to provide a negative impact on economic and business activity.
- 4.19 There have been a number of conversions of business premises to residential flats (under the permitted development regime introduced by the Government) and a number of retail premises have closed thus again lowering rateable income. Since, the 2017 Rateable Value list was introduced on 1 April 2017, the value has fluctuated as low as £2.1m below that starting point as properties came off the list. As at 31 November 2020 the value has returned to the 1 April 2017 level, helped by the return of economic activity to Piries Place.
- 4.20 In comparison with other authorities though, the Council is comparatively less at risk of significant business rate losses as it has relatively few single significant sites, such as an airport or power station in the district. Some risk does exist however, principally around outstanding rates appeals for which the Council would have to bear its share of lost revenue should those appeals prove successful. The Council had a provision of £1.1m for business rate appeals at 31 March 2020. The slow rate at which the Valuation Office is tackling the backlog of appeals makes the Council sceptical that the provision for appeals will fall in the near future. Many businesses are also seeking revaluations due to losses caused by the Covid-19 recession.
- 4.21 Government has previously consulted on a '75% localised' business rates scheme, but how and when this will happen and what impact it will have on local government remains uncertain. No formal legislation has yet been put forward by Government. Indeed, some commentators are critical of the business rates retention system altogether, although no replacement scheme has yet been put forward.
- 4.22 A 75% localisation scheme refers to the level of growth or fall from the baseline, the latter expected to be significantly and then regularly reset. The Council will also continue to share this growth or fall with West Sussex County Council. However, due to the pandemic, any new system has been deferred to 2022/23 or later. West Sussex Councils have decided to discontinue their business rates pool in 2021/22 because of the risk of serious loss of rateable value during 2021/22. This means there will be no protection from losses but equally no exposure to losses from other Districts in the County.

- 4.23 Beyond 2021/22, based on the consultation and criteria for earlier pilot schemes, the Council expects that any re-localisation of Business Rates will involve the replacement of other funding streams and is also likely to come with additional responsibilities that would give rise to additional costs. Furthermore, Government has switched the increase in the Business Rates multiplier from RPI to CPI. CPI tends to go up more slowly than RPI so this change is likely to reduce the buoyancy in the Business Rates yield. Over time this will have a significant impact on the resources that are available to local government as a sector.

### **Fair Funding Review**

- 4.24 The Government has already consulted on the Fair Funding Review of relative needs and resources and cost drivers and updating the current needs assessment formulae. This attempts to weigh up a range of cost drivers such as population, rurality, deprivation, demand for social care, transport, waste disposal and fire and rescue service. The output from this will feed into a multi-year settlement offer expected from 2022 onwards. Again, this has been delayed by the pandemic.
- 4.25 All the signs and indications so far point towards districts and especially those which have low need and a higher proportion of wealth losing the most. Some extrapolations, if all worst case scenarios happen, could see this Council lose up to £6m funding or potentially more per annum if parking income is included in the calculations. Our projections assume we retain all our sales, fees and charges alongside Council Tax as our two main funding streams in the medium term. If previous changes are a guide, there will be some transitional arrangements, which will dampen the immediate effect. Government had indicated that any period would be short in order to redistribute funding as quickly as possible, but following the pandemic this now might not be as sudden as originally assumed.
- 4.26 At this point it is difficult to calculate the effect of both the Fair Funding Review and Business Rates localisation. Not enough detail is known about the potential changes or when the Government is likely to make them, but the Council can conclude that there is a high degree of uncertainty, especially beyond 2022. The Council has made the assumption that a significant re-baselining of business rates will occur. The Council estimates Business Rate income fading down to about £1.25m by 2024/25 rather than the current £2m, as the damping effect from the Fair Funding Review wears off. The Council will revisit the impact of this as it learns more of how the scheme will work and will feed this into a future Medium Term Financial Strategy.

### **New Homes Bonus**

- 4.27 The New Homes Bonus provides an incentive payment for local government to stimulate housing growth in their area. The calculation is based on Council Tax statistics submitted to Government each October. In two-tier local government areas this payment is currently split in the ratio 20% to county councils, 80% to district councils. New Homes Bonus is currently not ring-fenced and can be spent at the Council's discretion.
- 4.28 The incentive has been reduced since its introduction from payments of six years dropping to the current single year payment only, and the introduction of a 0.4% baseline that needs to be exceeded before any New Homes Bonus payments are made. For this Council, this means that approximately 250 band D equivalent dwellings need to be built before any grant is received.

- 4.29 The technical consultation paper for the Local Government Finance Settlement 2020-21 informed us of Government's intention to revise the New Homes Bonus scheme and explore a more effective way to incentivise housing growth. Government believes the grant has not been successful in delivering 'additional' housing. The pandemic though has postponed this review, and the provisional settlement in December 2020 provided an unexpected single-year payment in 2021/22 but confirmed the phasing out of previous legacy payments which will end in 2022/23. This rapid phasing out denotes Government's intention to replace New Homes Bonus sooner rather than later.
- 4.30 The ending of legacy payments heavily indicates that some, or all of the remaining £622m national NHB funding pot will be used as a counterweight in any 75% localisation of Business Rates scheme and Fair Funding review in 2022/23.
- 4.31 Any alternative or replacement scheme, if it happens, could change the payment ratio between district and county to one more favourable to county. This would reduce any future amounts this Council might receive to much lower levels than the present. Due to this overhanging threat, during 2017/18 and 2018/19, the Council removed any revenue reliance on New Homes Bonus in contrast to the £1.17m that was included in the 2016/17 revenue budget.
- 4.32 The ending of New Homes Bonus is modelled in **Appendix G**. It includes the provisional one-year payment of £0.9m for 2021/22. The New Home Bonus reserve stood at £4.7m at 31 March 2020. The reserve forecast to run down to £1.5m by 31 March 2024, after allowing for annual investment equivalent to £3m in property or infrastructure expenditure and helping the Council to generate income from appropriate investments to support future service delivery and secure the delivery of infrastructure to serve the needs of the district's residents. A list of the type of infrastructure works the Council will need to complete over the next decade is shown at **Appendix J**. These works will far exceed the money in the New Homes Bonus Reserve and any later in the period will either have to be funded from other general or capital reserves or from borrowing.
- 4.33 A new grant (Lower Tier Services Grant) effectively using £111m of the national NHB returned surplus has been distributed with the purpose of helping to ensure that no authority receives a reduction in Core Spending Power. This effectively compensates this Council for the fall in New Homes Bonus in 2021/22, compared to 2020/21. We propose to put this unexpected amount of £1.2m into an earmarked Covid-19 impact reserve to be drawn on should any of the risks that are set out in section 11 cause the Council to overspend during 2021/22. Should this reserve not be needed for unexpected fluctuations in 2021/22 it will be merged with other general fund reserves to cover the cost of the infrastructure works referred to in paragraph 4.32.

#### **External financial pressures**

- 4.34 West Sussex County Council (WSCC) has identified the need to save a further £100m over the next four years in their Medium Term Financial Strategy, including filling an approximate £20m gap in 2021/22. WSCC has been withdrawing elements of discretionary funding to others as demonstrated by the termination of £870,000 of recycling credits in 2020/21 that was used to encourage levels of recycling and reduce the amount of residual waste.
- 4.35 The Council is monitoring the impact of other WSCC decisions on their remaining discretionary funding that may affect areas such as the housing services and social care. WSCC is working with district councils to mitigate the impact. Some moderate and gradual cost impacts are anticipated over the period.

- 4.36 Government's resources and waste strategy currently proposes that all local authorities should be collecting food waste by 2023. We have been liaising with WSCC to coordinate the collection of data across the district and we have engaged a consultant to try to calculate likely implementation costs and benefits to the recycling rates. This will help produce some options to consider if it is likely to implement food waste collections.
- 4.37 It is currently unknown whether Government will contribute any funding towards the cost of the infrastructure, including the food waste caddies and vehicles, or the fuel and manpower needed to collect from every doorstep on a weekly basis. The Medium Term Financial Strategy has been updated to include a revised estimated revenue cost of £0.75m during 2022/23. The work being undertaken by WSCC and Council officers will further refine this figure in future budgets, alongside any external funding we can secure to achieve this objective. WSCC has previously indicated that some one-year recycling credits may be available to districts who adopt the 1:2:3 collection of weekly food, fortnightly recycling and residual waste every three weeks; a model that some other authorities in the UK have already adopted.

### **The Environment and Climate Change**

- 4.38 The Council is committed to tackling climate change and on 24 September 2020, the Cabinet set an aspirational target for the Council's direct emissions to be carbon neutral by 2030. A carbon audit of the Council undertaken in November 2019 identified a 2018/19 carbon footprint baseline of 18,000 tonnes of carbon per annum. Around 78% of these emissions were from contracts operating services on behalf of the Council and the buildings that the Council leases. These will be the most challenging emissions to reduce as they are not always within the direct control of the Council. As part of its commitment to becoming carbon neutral the Cabinet also approved a short-term action plan to start putting in place immediate carbon reduction measures.
- 4.39 Alongside the work to set a target and agree an action plan, a high-level estimate of the cost of the Council becoming carbon neutral was also completed. This was calculated to be around £33m. Work is now underway to develop a more robust understanding of this figure. The starting point for this will be the completion of carbon audits of some of the Council's buildings. It is anticipated that this will cost around £100,000 and it will be funded from the Council's transformation reserve. The audits will identify some significant next steps for these building and will provide detailed costs for the work required to reduce carbon emissions. A similar exercise is also underway in respect of the Council's fleet. This approach will be used throughout 2021/22 to develop a better understanding of the costs of achieving our climate change goals. For medium Term Financial Planning purposes, an estimated increase in revenue cost of £0.1m each year over the decade is included, based on estimated carbon-reducing capital expenditure of £20m across the period.
- 4.40 During 2020, the Council has established a partnership with Sussex Wildlife Trust as well as a new community climate fund and a tree replacement fund. This commits the Council committing to expenditure of £571,000 over the next five years and will be funded from an earmarked climate reserve. A further revenue budget of £40,000 has been included in 2021/22 for working to widen engagement with the community on carbon issues. This would include partners such as Parish and Neighbourhood Councils, the business community and residents that are not generally engaged with

the tackling climate change. The budget will be used to develop a district wide plan to tackle climate change.

- 4.41 The Council is also intending to switch from diesel to Hydrotreated Vegetable Oil (HVO) in 2021. Paraffinic diesel is a fossil-free environmentally-friendly high-quality liquid fuel with zero sulphur content and no smell. It is synthetically made through the hydro-treatment process from vegetable oils or some animal fats which allows it to significantly reduce harmful emissions when used in diesel vehicles. Decarbonising the Council's fleet of vehicles is a priority in order to address the 9% of the carbon uptake apportioned to the Councils fleet as a whole. HVO eliminates up to 90% of carbon dioxide and reduces other noxious emissions too. In addition, it is biodegradable, sustainable, and renewable.
- 4.42 The cost per litre of HVO is around 25% higher than standard diesel. In budget terms, this would be paid for in 2021/22 by the underspend caused by the relatively low price of standard diesel at the moment compared to the current fuel budget. However, this is a £100,000 saving foregone.
- 4.43 The capital programme contains a separate line split of the additional cost of buying 'greener' electric vehicles than 'traditional' diesel vehicles, which is estimated at £242,000 of additional expenditure in 2021/22 and £124,000 in 2022/23, on top of the £1.75m of standard vehicle replacements required over the two year period. Further work on the greening of vehicles will feed into the indicative capital commitments (Appendix J) for future years, which will change as newer technologies and solutions come forward.
- 4.44 The capital programme also contains £100,000 of expenditure for installing Electronic Vehicle (EV) charging points in the Council's car parks. The Council is working alongside West Sussex County Council to support the shift to low emission vehicles which will help to improve air quality and reduce carbon emissions. The £100,000 is being fully funded by a central Government grant.
- 4.45 Further targeted reductions to the Council's carbon emissions will come forward as the Council analyses explores the what actions it needs to take from the carbon action plan in early 2021. This will also need to be fully costed and further funding will need to be set aside in the future.

## **5 Draft Revenue Budget for 2021/22**

- 5.1 The 2021/22 budget has been prepared following a detailed "Budget Challenge", with Heads of Service challenged to secure revenue streams and reduce expenditure. The challenge process is there to ensure that excessive budgeting is avoided, additional income is found and efficiency savings are made. It also ensures that adequate resourcing is provided to meet service delivery items.
- 5.2 The budget requirement is for £13.04m. The detail of the revenue budget is shown in **Appendix A**. Due to the one-year 'same as' 2020/21 funding settlement from Government in 2021/22, and some unexpected one-off additional revenue grant to support authorities through the second year of the pandemic, the overall budget has been balanced.
- 5.3 A summary of the main items of growth and savings in the 2021/22 budget is also set out in **Appendix A**. The restructure undertaken in November 2020 has helped reduce staffing costs by £1.4m. This includes a £0.1m saving from a reduction in pension



contribution netting out the £0.1m increase realigning the budget to incorporate the additional 0.75% salary increase from 2020/21 (2.75%) that was not in the prior year 2% budget increase.

- 5.4 The most significant items of growth include a significant reduction in parking income of £1.2m, an increased cost of £1.3m supporting the leisure centres, a reduction of £0.4m of commercial income from investment property and financial investments, and £0.25m of additional one-off support for the voluntary sector.
- 5.6 With such pressures on the Council's budget and the on-going challenge this presents to future service delivery, in particular discretionary services, it is necessary that where possible services generate sufficient revenue to cover their cost of delivery. In 2021/22, this includes raising some fees and charges including increasing the price of the garden waste collection by £1 to £42 a year for the first bin and £2 to £33 for any additional bins. These and other notable fees and charges increases are set out in Appendix I. The report recommends delegating the right to make temporary changes to fees and charges to the Director of Community Services and relevant Cabinet leads to allow them to generate seasonal offers and incentives that may increase income overall in services such as bulky bags, business waste and the Capitol Theatre.
- 5.7 In total, the restructure efficiencies has only mitigated some of the cost pressures and the net budget at £13m requirement is £1.8m higher than the £11.2m from the previous year.
- 5.8 The budget also includes £288,500 of grants available to the voluntary groups, the largest being £93,000 to the Citizen Advice Bureau in Horsham. A full list is included in **Appendix B**. The budget proposes establishing a new one-off emergency fund of £250,000 to help voluntary sector organisations that support Council activities who may face financial crisis as a result of the Covid-19 recession.

## 6 Special charge

- 6.1 Details of the Special Charge expenditure of £309,920 are included in **Appendix C**. The proposed the Special Charge for 2021/22 is set at £26.01, and is sufficient to fund the proposed Special Expenses. The increase in the special charge was discussed with the Neighbourhood Councils in December 2020.

## 7 Council Tax for 2021/22

2021/22		2020/21
£000		£000
13,039	Net expenditure	11,201
(20)	Contribution to / (from) general reserves	826
13,019		12,027
(571)	Covid-19 support grant	0
(3,063)	New homes bonus	(4,830)
3,063	<u>Less</u> contribution to new homes bonus reserve	4,830

(1,222)	Lower tier grant	0
1,222	Less contribution to Covid-19 earmarked reserve	0
(2,052)	Business Rates retention scheme baseline	(2,052)
<b>10,396</b>	Expenditure to be financed from District Council Tax	<b>9,975</b>
(310)	<u>Less</u> funding by Special Charge taxpayers	(309)
(146)	<u>Less</u> Council tax support grant	0
1	<u>Less</u> share of estimated (surplus) / deficit on Collection Fund	(53)
9,942	Expenditure to be funded from District Council Tax	9,613
63,115.1	Estimated band D equivalent properties	63,029
£157.52	Council Tax at band D	£152.52
£3.03	Cost per week at band D	£2.93

Table 3 – Council Tax for 2021/22.

## 8 Capital Budget

- 8.1 A £7m capital programme is proposed in 2021/22 which includes completion of a small number of approved schemes from preceding years, as well as the usual annual stalwarts such as vehicle replacement, home repair and disabled facility grants, and housing enabling grants. There are three new schemes totalling £0.8m of which only the EV charging points for £0.1m is fully funded by grant. An extension to two units at Oakhurst Business Park will complete over two financial years and will provide a commercial return for the investment. Improved security defences at park and open space entrances will help reduce expenditure clearing up after unauthorised entry. The programme is slimmer than in previous years, reflecting both a rationalisation in the economic environment, but also that officers were tasked to only include projects in the plan when they are ready to build. Business cases and budgets will be requested at the point at which they are ready and this may lead to requests for new projects in the capital programme during the year.
- 8.2 The full draft capital programme for 2020/21 is in **Appendix D**. The new programme for 2021/22 is for approval by full Council. Budgets for future years are included to indicate the scale of provision that may be required to maintain the life of the Council's assets and meet the aspirations in the Corporate Plan. The previously agreed budget of up to £2m for a community centre in Highwood has been taken out of the capital programme for now. The final cost and timing is unknown at this stage and work is being carried out to assess and review this in response to the pandemic. Once a more detailed way forward is established and the scheme shovel ready, a paper will be brought back for a Council decision and, if needed, any capital budget inserted into the capital programme at this point.

- 8.3 To ensure the sufficiency of reserves in future years, officers were asked to prepare indicative lists of infrastructure replacement and improvement needed over the next ten years (Appendix J). This includes replacement of vehicles and building improvements. The Capital Programme no longer includes significant technology replacement because the move to Cloud systems means technology replacement is now largely a revenue cost. One of the large future projects is the upgrade of the Billingshurst and Pavilions leisure centres.

#### **Minimum Revenue Provision**

- 8.5 The Council is required to set aside funds to repay the borrowing need each year through a revenue charge called the minimum revenue provision. The regulations require full Council to approve a statement of the provision in advance of each year and the statement is in **Appendix E**. No changes have been made.

#### **Prudential Code and Capital Strategy**

- 8.6 The Local Government Act 2003 requires the Council to have regard to the CIPFA Prudential Code and the Ministry of Housing, Communities and Local Government (MHCLG) guidance. These also cover the Council's commercial activities, notably commercial property. The objectives of the Prudential Code remain to ensure, within a clear framework, that the capital investment plans of local government authorities are affordable, prudent and sustainable, and that any investment management decisions are taken in accordance with good professional practice.
- 8.7 The Capital Strategy and the associated treasury and non-treasury investment strategies were considered by the Audit Committee on 16 December 2020. It gives a high-level picture of the Council's capital plans including financing and the overarching strategy of investment in traditional financial investments and non-treasury investments such as service loans and commercial property. The committee was asked to approve the preliminary Capital Strategy as the appropriate overall approach.
- 8.8 The final capital programme for 2021/22 has changed slightly compared with the version tabled at the Audit Committee on 16 December 2020 but the changes are not significant to the overall strategy, so it remains substantially the same as seen by the Audit Committee. The Audit Committee was also asked to recommend that the Council approve the Treasury Management Strategy and Investment Strategy that fits in with the overarching Capital Strategy.
- 8.9 The final revised Capital Strategy and estimates to be adopted by the Council are set out in **Appendix F**. The Council are asked to adopt them as the final group of prudential indicators. This report revises the indicators for 2020/21 and 2021/22 and introduces new indicators for 2022/23.
- 8.10 The major indicators are the projected financing of capital spend, the Capital Financial Requirement and projected debt. The Council's Capital Financial Requirement is the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of Council's underlying borrowing need. The Capital Strategy also sets limits on external debt and sets the overarching arrangements for borrowing, treasury investments, investments for service purposes and investments in commercial property for financial return.

## **9 Potential decisions to close the budget gaps**

- 9.1 To help close future budget gaps and paying towards the required infrastructure programme (Appendix J) and de-carbonisation (section 4.38), options on three large capital projects are set out below, focusing on financial terms only.
- 9.2 The most significant financial decision would be the inclusion of Rookwood in the Local Plan for housing. This would generate a significant capital receipt. Depending on the density of housing on the Southern site, the capital receipt might generate close to £0.9m of revenue p.a. either from long term financial investment or from affordable housing income via Horsham Homes (Holdings) Ltd, or a combination of the two. This annual income would help support a wider range of Council services.
- 9.3 The athletics track at Broadbridge Heath leisure centre is at the end of its life. It will cost approximately £270,000 to replace the track before a further investment of £100,000 of additional retexturing would be needed in ten years' time. It also costs the Council around £40,000 each year to maintain and run the facility.
- 9.4 Alternative use of the site could provide 100 homes, of which 35 would be affordable homes and generate £250,000 of net income after taxation per annum for Horsham Homes (Holdings) Ltd. The capital receipt from the rest of the site could pay for the development of the affordable housing.
- 9.5 Over a ten year period, the 'swing' from current costs of £40,000 p.a on the track to income of £250,000 p.a. would generate nearly £3m, supporting a much wider range of Council services. There are options in the middle of these two scenarios that re-provide a track elsewhere, but any capital expenditure and running costs elsewhere would significantly reduce the income that might be generated.
- 9.6 At the Cabinet meeting of 30 January 2020, an independent report to assess the current and future needs for community facilities in Horsham Town and the wider district was commissioned. This review is nearing its completion and will help inform wider decision making on the Drill Hall and Highwood community centre.
- 9.7 In financial terms, the current annual budgeted cost of the Drill Hall is £45,000, although during Covid-19 in 2020, the actual cost has been much higher than that given the reduction in income. To bring the existing building up to a low carbon level would cost over £1m.
- 9.8 Not building Highwood would save up to £2m of capital expenditure and save a similar revenue running cost as the Drill Hall. Converting the Drill Hall into affordable homes would generate an estimated £125,000 of net income after taxation per annum for Horsham Homes (Holdings) Ltd. Over a ten year period, the 'swing' from current costs of £45,000 p.a. to income of £125,000 p.a. would generate £1.7m, supporting a much wider range of Council services.

## **10 Reserves**

- 10.1 There is a cost in implementing transformation, for which £0.5m each year is envisaged in 2021/22 through to 2024/25. It is anticipated that this will be funded from general reserves or any surplus generated. The transformation will help balance future budgets and protect the level of general fund reserves set out in **Appendix H**.
- 10.2 The Council agreed in October 2012 on a minimum level of general reserves of £6m. From 2022/23 onwards income from Government is very uncertain due to the consultation around business rate localisation and the Fair Funding Review. The Council's current strategy on reserves gives sufficient flexibility and headroom to deal with any issues that arise, although in the midst of a pandemic induced recession, concern for the future financial health of the Council is heightened. Except for funding

transformation, the Council's aim is not to use general reserves for unexpected revenue spend in this period.

- 10.3 The budget gaps over the Medium term Financial Strategy amount to nearly £7m. The general fund stood at £15.5m on 1 April 2020 and the general fund balance is anticipated to remain above the £6m level throughout the Medium Term Financial Strategy period unless any further information from the Government or changes in the economy indicate a substantial worsening of our financial position beyond that currently predicted. Relying on reserves to plug these gaps over this period though is not advisable, as the pandemic has already left us in a less strong position going forward and other general reserves are needed to fund our operational infrastructure upgrades. The Council would also be likely to see reserves fall below the minimum level of reserves in 2025/26.
- 10.4 The Council will continue to review potential actions that it could take to balance the budgets in 2022/23 through to 2024/25. These will be brought back in more detail in the next Medium Term Financial Strategy. Following the restructure in autumn 2020 and as transformation programme nears its end, there is limited further scope for making savings through efficiencies. Therefore, the Council will have to fill these gaps from projects such as those listed in section 9 or from the closure of the Council's non-statutory services such as parks and cultural venues or quality cuts to its statutory services.

## **11 Risks**

- 11.1 The Medium Term Financial Strategy takes a prudent but balanced view of the financial future, but continuing to take further action is also important to also help mitigate the risks that the Council faces over the medium term. These risks are set out in summary below and include:
- the Covid-19 vaccine does not work as well as expected and multiple lockdowns are required
  - income, especially parking income, does not return to the levels predicted
  - people return to visit the Capitol and leisure centres in the same numbers as pre Covid
  - late delivery of transformation savings and income
  - lower savings or income as proposed changes cannot be delivered to the size / scale envisaged
  - weakening national economic position/ low growth post-Covid and post-Brexit
  - impact of recession on income, council tax support numbers, ability of businesses to pay business rates and families to pay Council Tax,
  - a new baseline for business rates and 75% localisation or other changes to business rates.
  - Fair Funding review outcomes and / or further or steeper funding cuts / to help Government meet deficit reductions targets, including any impact on locally generated sales, fees and charges from the Fair Funding Review.
  - legislation forcing local government to pick up additional responsibilities currently unknown.
  - The cost of de-carbonisation is higher and / or harder than anticipated

## **12 Next steps**

- 12.1 The Council meeting on 10 February 2021 will set the Council Tax for 2021/22.

### **13 Views of the Policy Development Advisory Group and outcome of consultations**

- 13.1 The proposed budget, Medium Term Financial Strategy and assumptions and capital programme were considered by the Finance and Assets Policy Development and Advisory Group at its meeting on 18 January 2021.
- 13.2 The proposed budget and Medium Term Financial Strategy will be considered at the Overview & Scrutiny Committee meeting on 25 January 2021. The Committee's views will be orally reported to Cabinet at their meeting.
- 13.3 Throughout 2020, regular updates on the financial impact of the pandemic on the Council's finances have been reported to Cabinet and Council, which has allowed all Members the opportunity to discuss and review the financial situation in advance of the 2021/22 budget setting process. The Leader, Deputy and Cabinet Members were also briefed on the proposed 2021/22 budgets in January 2020.
- 13.4 The Chief Executive, Directors and the Head of Finance have been extensively involved in preparing the Medium Term Financial Strategy and are fully supportive of its contents. The Monitoring Officer has also been consulted during the preparation of the document and is supportive of its contents.

### **14 Other courses of action considered but rejected**

- 14.1 Not taking actions set out in this report would put at risk the ability of the Council to balance the budgets from 2021/22 through to 2024/25. Therefore, not taking any action has been rejected.

### **15 Resource consequences**

- 15.1 The November 2020 restructure reduced the salary budget by £1.4m and will also force different ways of working. This will help the Council complete the digital transformation journey it has embarked on. The Council has sufficient capacity to implement new systems at the same time as running the old ones but these changes will not fill the underlying gaps in the budget should they materialise as expected. Over the next year significant further discussions will take place about the projects suggested in section 9 or alternative service cuts needed to balance the Council's budget in the Medium Term. In accordance with the Organisational Change Policy the Council will take steps to avoid compulsory redundancies as far as possible through a combination of vacancy control, redeployment and, in appropriate cases, voluntary redundancy.

### **16 Legal consequences**

- 16.1 The Council Tax in England and Wales is provided for and governed by the provisions of the Local Government Finance Act 1992. Within this Act, the Council is designated as a "Billing Authority", responsible for the billing, collection and enforcement of Council Tax. The Council is required under the Local Government Finance Act 1992 to produce a 'balanced budget'.
- 16.2 Section 25 of the Local Government Act 2003 requires Chief Financial Officers to report to their Council about the robustness of estimates and the adequacy of reserves when determining their precepts, and local government authorities are required to take the Chief Financial Officer's report into account when setting the Council Tax. This report is shown in Appendix H.

- 16.3 This report also sets out the Council's Medium Term Financial Strategy. The Director of Corporate Resources has a statutory duty, under Section 151 of the Local Government Act 1972 and Section 73 of the Local Government Act 1985, to ensure that there are proper arrangements in place to administer the Council's financial affairs.

## **17 Risk assessment**

- 17.1 The Council's reliance on Government controlled funding and balancing the Medium Term Financial Strategy is captured on the Corporate Risk Register at CRR01. This is regularly reviewed and updated and is monitored at Audit Committee.

## **18 Other considerations**

- 18.1 The Equality Act 2010 includes a public sector equality duty which requires local government authorities when exercising functions to have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act and to advance equality of opportunity and foster good relations between those who share a "protected characteristic and those who do not share that protected characteristic". When a Budget proposal has implications for people covered by the Equality Act 2010, the Council must take account of the Equality Duty and any particular impact on the protected group. There are no equality implications in regards to this proposed budget but changes needed to balance the budget beyond 2021/22 are likely to require full public consultation.
- 18.2 There are proposals in this budget that include increasing fuel costs to run our large vehicles on hydrogenated vegetable oil and replacing our smaller vehicles with electric ones. These changes will help reduce the Council's carbon footprint.
- 18.3 There are no negative consequences of any action proposed in this budget in respect of Crime & Disorder; Human Rights; and Diversity.



## Addendum to 2020/21 budget funding – updated 1 February 2021

Since the 2021/22 budget papers were compiled for the Cabinet meeting on 28 January 2021, a change has been made affecting the funding. There is a small change to the projected surplus in 2021/22 and MTFS. The changes are highlighted in blue italics and explained below.

Table 1: MTFS	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
<b>Current net expenditure</b>	11,201	13,072	13,835	14,100	14,450
<i>Income / savings to deliver through transformation</i>		<i>Included</i>	<i>To be worked on in 2021</i>		
<i>Net Covid-19 overspend</i>	5,526	-	-	-	-
<b>Expected net expenditure after transformation</b>	<b>16,727</b>	<b>13,072</b>	<b>13,835</b>	<b>14,100</b>	<b>14,450</b>
<b>Funding:</b> Council Tax	(9,922)	(10,251)	(10,315)	(10,420)	(10,550)
Baseline Business Rates	(2,052)	(2,052)	(1,750)	(1,500)	(1,250)
Collection Fund (surplus) / deficit	(53)	(209)	30	30	0
NDR Collection Fund surplus topping back up the earmarked NDR reserve		197			
One-off extra CTS funding	-	(146)	-	-	-
<b>Total Funding</b>	<b>(12,027)</b>	<b>(12,461)</b>	<b>(12,035)</b>	<b>(11,890)</b>	<b>(11,800)</b>
<b>Net Deficit</b>	<b>4,700</b>	<b>611</b>	<b>1,800</b>	<b>2,210</b>	<b>2,650</b>
One-off government grant	(4,600)	(571)	-	-	-
<b>Final Net deficit</b>	<b>100</b>	<b>40</b>	<b>1,800</b>	<b>2,210</b>	<b>2,650</b>

Net expenditure for 2021/22 has increased by £33k to extend a key role in Property and Facilities which is required in order to deliver an effective service across the portfolio of assets, at a time when there is so much economic uncertainty.

The completion of the National Non-Domestic Rates return (NDR1) on 29 January 2021 using the latest data available has resulted in a change to the Collection Fund surplus.

The NDR element of the collection fund position results in a £197k surplus for the Council. However, this is partly as a result of the changes in percentages used to distribute the in-year deficit and prior-year surplus, following the ending of the local pooling arrangements. In 2020/21, the reverse of this situation occurred, and £661k was drawn down from the earmarked NDR reserve to fund it. Therefore, the £197k will be put back into the earmarked NDR reserve. The earmarked NDR reserve was set up to smooth out such timings and issues. The earmarked NDR reserve is likely to be needed in future years as a result of the likelihood of a further changes to the percentages in the future under business rate localisation and fair funding reviews.

The Council tax surplus element of the collection fund position was also re-run and changed from a small deficit of £1k to a £12k surplus, as the estimated in-year deficit was slightly smaller than previously calculated.

As a result of these three changes, the final net deficit in 2021/22 has increased slightly from a £20k net deficit to a £40k net deficit.

The addendum above changes recommendation ii) from Cabinet:

- ii) That the net revenue budget set out in Appendix A for 2021/22 of £13.072m is approved.

**Revised Table 3 following settlement 4 February 2021**

<b>2021/22</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
13,072	Net expenditure	11,201
(40)	Contribution to / (from) general reserves	826
13,032		12,027
(571)	Covid-19 support grant	0
(3,083)	New homes bonus	(4,830)
3,083	<u>Less</u> contribution to new homes bonus reserve	4,830
(1,201)	Lower tier grant	0
1,201	Less contribution to Covid-19 earmarked reserve	0
(2,052)	Business Rates retention scheme baseline	(2,052)
<b>10,410</b>	Expenditure to be financed from District Council Tax	<b>9,975</b>
(310)	<u>Less</u> funding by Special Charge taxpayers	(309)
(146)	<u>Less</u> Council tax support grant	0
(12)	<u>Less</u> share of estimated (surplus) / deficit on Collection Fund	(53)
9,942	Expenditure to be funded from District Council Tax	9,613
63,115.1	Estimated band D equivalent properties	63,029
£157.52	Council Tax at band D	£152.52
£3.03	Cost per week at band D	£2.93

Following final settlement on 4 Feb 2021:

Increase of £20,440 NHB from £3.063m to £3.083m.

Decrease of £20,440 lower tier grant from £1.221m to £1.201m

# Report to Council

Date of meeting 10 February 2021

By the Cabinet Member for Finance and Assets



## DECISION REQUIRED

Not exempt

### COUNCIL TAX RESOLUTION 2021/22

## Executive Summary

This report seeks approval to the formal 2021/22 Council Tax resolution, setting out the Council Tax to be levied in each parish and for each property band. It is proposed to increase the District-wide Council Tax by £5 from £152.52 to £157.52 and to set the Special Charge in the unparished area at £26.01. Precepts from West Sussex County Council, West Sussex Police and Crime Commissioner and parishes have been received and form part of the overall Council Tax.

Note that West Sussex County Council will formally approve the County's Council Tax precept at their Council meeting on 12 February 2021.

## Recommendations

The Council is recommended to resolve:

1. The Council Tax Base 2021/22 be noted
  - a. for the whole Council area as 63,115.1 (Item T in the formula in section 31B of the Local Government Finance Act 1992, as amended (the "Act") and
  - b. for dwellings in those parts of its area to which as Parish Precept or Special Expenses relates as shown below:

Parish	2021/22 tax base
Amberley	328.3
Ashington	1,148.3
Ashurst	146.0
Billingshurst	4,280.5
Bramber	410.8
Broadbridge Heath	2,315.4
Coldwaltham	469.3
Colgate	1,662.9
Cowfold	840.5
Henfield	2,688.3
Itchingfield	776.2
Lower Beeding	549.2
North Horsham	8,654.2
Nuthurst	1,056.2
Parham	127.4
Pulborough	2,516.9
Rudgwick	1,444.7
Rusper	926.1
Shermanbury	281.9
Shipley	637.5
Slinfold	919.0
Southwater	4,686.5
Steyning	2,568.4
Storrington & Sullington	3,321.0
Thakeham	1,060.6
Upper Beeding	1,434.9
Warnham	988.5
Washington	1,088.9
West Chiltington	2,193.0
West Grinstead	1,300.4
Wiston	104.2
Woodmancote	275.2
Horsham Town	11,913.9
<b>Total</b>	<b>63,115.1</b>

2. That the Council Tax requirement for the Council's own purposes for 2021/22 (excluding Special Expenses and Parish precepts) is £157.52
3. That the following amounts be calculated for the year 2021/22 in accordance with Sections 31 to 36 of the Act:

- (a) £86,270,864 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
- (b) £71,769,838 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £14,501,026 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
- (d) £229.76 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £4,559,136 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act
- (f) £157.52 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

(g)					
Parish	Precept Amount £	Council Tax at Band D			
		Parish Precept / Special charge for Unparished Area £		Basic Amount of District Council Tax £	Total £
Amberley	28,528.00	86.90		157.52	244.42
Ashington	101,866.00	88.71		157.52	246.23
Ashurst	13,050.00	89.38		157.52	246.90
Billingshurst	408,779.00	95.50		157.52	253.02
Bramber	27,142.02	66.07		157.52	223.59
Broadbridge Heath	120,614.00	52.09		157.52	209.61
Coldwaltham	16,504.00	35.17		157.52	192.69
Colgate	26,939.00	16.20		157.52	173.72
Cowfold	64,132.00	76.30		157.52	233.82
Henfield	264,056.00	98.22		157.52	255.74
Itchingfield	65,000.00	83.74		157.52	241.26
Lower Beeding	37,240.00	67.81		157.52	225.33
North Horsham	338,600.00	39.13		157.52	196.65
Nuthurst	49,842.00	47.19		157.52	204.71
Parham	5,219.00	40.97		157.52	198.49
Pulborough	243,663.00	96.81		157.52	254.33
Rudgwick	102,913.00	71.23		157.52	228.75
Rusper	33,751.00	36.44		157.52	193.96
Shermanbury	22,570.00	80.06		157.52	237.58
Shipley	35,264.78	55.32		157.52	212.84
Slinfold	59,781.00	65.05		157.52	222.57
Southwater	687,312.00	146.66		157.52	304.18
Steyning	322,305.00	125.49		157.52	283.01
Storrington & Sullington	245,390.00	73.89		157.52	231.41
Thakeham	61,536.00	58.02		157.52	215.54
Upper Beeding	199,492.00	139.03		157.52	296.55
Warnham	85,883.62	86.88		157.52	244.40
Washington	41,618.00	38.22		157.52	195.74
West Chiltington	145,889.00	66.52		157.52	224.04
West Grinstead	71,500.00	54.98		157.52	212.50
Wiston	4,156.00	39.88		157.52	197.40
Woodmancote	8,761.00	31.84		157.52	189.36
Horsham Town - Special charge	309,920.00	26.01		157.52	183.53

being the amounts given by adding to the amount at (f) above the amounts of the special items relating to the dwellings in those parts of the Council's area mentioned above, calculated by the Council, in accordance with section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.



4. To note that the County Council have proposed precepts and the Sussex Police and Crime Commissioner has notified precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below:

<b>Band Authority</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
West Sussex County Council	1,007.04	1,174.88	1,342.72	1,510.56	1,846.24	2,181.92	2,517.60	3,021.12

<b>Band Authority</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Sussex Police and Crime Commissioner	143.27	167.15	191.03	214.91	262.67	310.43	358.18	429.82

- a. to delegate authority to the Director of Corporate Resources and S151 officer to amend the County precept in section 4 of the report and the aggregate amounts in section 5 of the report, if so notified by West Sussex County Council following the County's budget setting meeting at Council on 12 February 2021.

The Horsham District Figures are shown below:-

<b>Band Authority</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Horsham District Council	105.01	122.52	140.02	157.52	192.52	227.53	262.53	315.04

5. That, having calculated the aggregate in each case of the amounts at 3 and 4 above the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2021/22 for each part of its area and for each of the categories of dwellings:

<b>BAND</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amberley	1,313.25	1,532.14	1,751.01	1,969.89	2,407.64	2,845.40	3,283.14	3,939.77
Ashington	1,314.46	1,533.55	1,752.62	1,971.70	2,409.85	2,848.02	3,286.16	3,943.40
Ashurst	1,314.91	1,534.07	1,753.22	1,972.37	2,410.68	2,848.99	3,287.28	3,944.75
Billingshurst	1,318.99	1,538.83	1,758.66	1,978.49	2,418.15	2,857.82	3,297.47	3,956.98
Bramber	1,299.37	1,515.94	1,732.50	1,949.06	2,382.18	2,815.32	3,248.43	3,898.12
Broadbridge Heath	1,290.05	1,505.07	1,720.07	1,935.08	2,365.10	2,795.12	3,225.13	3,870.16
Coldwaltham	1,278.76	1,491.90	1,705.03	1,918.16	2,344.41	2,770.68	3,196.92	3,836.31
Colgate	1,266.12	1,477.15	1,688.17	1,899.19	2,321.23	2,743.28	3,165.31	3,798.38
Cowfold	1,306.19	1,523.90	1,741.59	1,959.29	2,394.69	2,830.09	3,265.48	3,918.58
Henfield	1,320.80	1,540.95	1,761.08	1,981.21	2,421.48	2,861.76	3,302.02	3,962.43
Itchingfield	1,311.15	1,529.68	1,748.21	1,966.73	2,403.78	2,840.84	3,277.88	3,933.46
Lower Beeding	1,300.53	1,517.29	1,734.04	1,950.80	2,384.31	2,817.82	3,251.32	3,901.60
North Horsham	1,281.40	1,494.98	1,708.55	1,922.12	2,349.25	2,776.39	3,203.52	3,844.23
Nuthurst	1,286.78	1,501.25	1,715.72	1,930.18	2,359.11	2,788.04	3,216.96	3,860.36
Parham	1,282.63	1,496.41	1,710.18	1,923.96	2,351.50	2,779.05	3,206.59	3,847.91
Pulborough	1,319.86	1,539.85	1,759.82	1,979.80	2,419.75	2,859.72	3,299.66	3,959.60
Rudgwick	1,302.81	1,519.95	1,737.09	1,954.22	2,388.49	2,822.77	3,257.03	3,908.45
Rusper	1,279.62	1,492.90	1,706.16	1,919.43	2,345.97	2,772.52	3,199.05	3,838.87
Shermanbury	1,308.70	1,526.82	1,744.94	1,963.05	2,399.29	2,835.53	3,271.75	3,926.11
Shipley	1,292.20	1,507.57	1,722.94	1,938.31	2,369.04	2,799.78	3,230.51	3,876.61
Slinfold	1,298.69	1,515.14	1,731.59	1,948.04	2,380.94	2,813.84	3,246.73	3,896.08
Southwater	1,353.09	1,578.62	1,804.13	2,029.65	2,480.68	2,931.72	3,382.74	4,059.30
Steyning	1,338.98	1,562.15	1,785.32	2,008.48	2,454.80	2,901.14	3,347.46	4,016.96
Storrington & Sullington	1,304.58	1,522.02	1,739.45	1,956.88	2,391.74	2,826.61	3,261.46	3,913.76
Thakeham	1,294.00	1,509.68	1,725.34	1,941.01	2,372.34	2,803.69	3,235.01	3,882.02
Upper Beeding	1,348.01	1,572.68	1,797.35	2,022.02	2,471.35	2,920.70	3,370.02	4,044.04
Warnham	1,313.24	1,532.13	1,751.00	1,969.87	2,407.62	2,845.38	3,283.11	3,939.75
Washington	1,280.80	1,494.28	1,707.74	1,921.21	2,348.14	2,775.09	3,202.01	3,842.42
West Chiltington	1,299.67	1,516.29	1,732.90	1,949.51	2,382.74	2,815.97	3,249.18	3,899.03
West Grinstead	1,291.98	1,507.31	1,722.64	1,937.97	2,368.63	2,799.30	3,229.95	3,875.95
Wiston	1,281.91	1,495.57	1,709.22	1,922.87	2,350.18	2,777.49	3,204.78	3,845.75
Woodmancote	1,276.54	1,489.31	1,702.07	1,914.83	2,340.34	2,765.86	3,191.37	3,829.65
Horsham Town - Special charge	1,272.66	1,484.78	1,696.89	1,909.00	2,333.22	2,757.45	3,181.67	3,818.01

6. To note that the Council's basic amount of Council Tax for 2021/22 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.

Horsham District Council Tax Band D, inclusive of the special charge, as reported to Government.

2019/20	2020/21	Council Tax increase
£157.43	£162.43	£5 (or 3.18%)

As the billing Authority the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2021/22 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 522K Local Government Act 1992.

7. To approve a change in the Council Tax discount policies which have been updated to include:
- Horsham District Council has determined that from 2021/22 Council Tax payable in respect of long-term empty properties over 10 years will be 100% of Council Tax due, plus an additional premium of 200% of Council Tax due.

## Reasons for Recommendations

To meet the Council's statutory requirement to set a Council Tax.

### Background Papers

Report to Cabinet 28 January 2021

Consultation  
Wards Affected  
Contact

None  
All  
Jane Eaton, Director of Corporate Resources,  
Dominic Bradley, Head of Finance, 01403 215302

## **Background Information**

### **1 Introduction**

- 1.1 The purpose of this report is to enable the Council to calculate and set the Council Tax for 2021/22.

#### **Background / actions taken to date**

- 1.2 The Cabinet met on 28 January 2021 and received a report from the Director of Corporate Resources on the 2021/22 Budget and the Medium Term Financial Strategy. The report was accepted and recommendations made to Council to agree the revenue and capital budgets for 2021/22 and the Special Expenses for the unparished area. The recommendation was to increase the District-wide Council Tax by £5 from £152.52 to £157.52 and set the Special Charge on the unparished area at £26.01.

### **2 Statutory and Policy Background**

- 2.1 The statutory requirements for the Council Tax resolution are contained in the Local Government Finance Act 1992 as amended by the Localism Act 2011. The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 came into force on 25 February 2014 and require that immediately after any vote is taken at a budget decision meeting of an authority there must be recorded in the minutes of the proceedings of that meeting the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

### **3 Details**

- 3.1 Precept requirements have been received from all the parishes within the district and from West Sussex County Council and the Sussex Police and Crime Commissioner. These figures, together with the proposed District tax and Special Charge are incorporated in the detailed tables included in the Council Tax resolution.
- 3.2 The Council Tax discount policies are summarised below:
- Horsham District Council will not award any discount period on empty and unfurnished homes; 100% council tax will be payable.
  - Horsham District Council will not award any discretionary discount for vacant property; 100% council tax will be payable.
  - Horsham District Council has determined that Council Tax payable in respect of long-term empty properties over 2 years will be 100% of Council Tax due plus an additional premium of 50% of Council Tax due.
  - Horsham District Council has determined that Council Tax payable in respect of long-term empty properties over 5 years will be 100% of Council Tax due, plus an additional premium of 100% of Council Tax due.
  - Horsham District Council will not award a Council Tax discount on second homes; 100% council tax will be payable.

- 3.3 Furthermore, Horsham District Council has determined that from 2021/22 Council Tax payable in respect of long-term empty properties over 10 years will be 100% of Council Tax due, plus an additional premium of 200% of Council Tax due.

#### **4 Other courses of action considered but rejected**

- 4.1 The Council is legally required to set a Council Tax. No other course of action has been considered.

#### **5 Resource consequences**

- 5.1 The financial consequences of the proposed budget have been included in the report to Cabinet. The staffing consequences of the proposed budget have been included in the report to Cabinet.

#### **6 Legal consequences**

- 6.1 The Council Tax in England and Wales is provided for and governed by the provisions of the Local Government Finance Act 1992. Within this Act, the Council is designated as a "Billing Authority", responsible for the billing, collection and enforcement of Council Tax.

#### **7 Risk assessment**

- 7.1 The Council's reliance on central government controlled funding and balancing the Medium Term Financial Strategy is captured on the Corporate Risk Register at CRR01. This is regularly reviewed and updated and is monitored at every Audit Committee meeting.

#### **8 Other considerations**

- 8.1 The Equality Act 2010 includes a public sector equality duty which requires Councils when exercising functions to have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act and to advance equality of opportunity and foster good relations between those who share a "protected characteristic and those who do not share that protected characteristic". When a Budget proposal has implications for people covered by the Equality Act 2010, the Council must take account of the Equality Duty and any particular impact on the protected group. There are no equality implications in regards to this proposed budget.
- 8.2 There are no consequences of any action proposed in respect of Crime & Disorder; Human Rights; Diversity and Sustainability.

# Capital Strategy

1. **Capital Expenditure and Financing:** The Council is asked to approve the projected capital expenditure and financing below. It includes the capital programme in this report and estimates of capital spend that may become necessary in the medium term. It is one of the required prudential indicators.

£millions	2019/20 Actual £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
<b>Projected Capital Expenditure</b>	9.9	5.9	6.4	10.6	8.2
<b>Financed by:</b>					
External resources	3.1	2.5	3.1	4.1	7.1
Internal Resources	5.3	2.2	2.6	4.6	1.1
Debt	1.5	1.2	0.7	1.9	0.0
Total Financing	9.9	5.9	6.4	10.6	8.2

2. The term 'Debt' used above does not automatically lead to external borrowing as the Council can use funds it holds in reserves and working capital which is usually termed 'internal borrowing'. Over time all debt whether it be internal or external borrowing must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). The current planned MRP payments are as follows:

£millions	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
MRP	0.84	0.9	0.9	0.9	1.0

3. The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and any capital receipts used to replace debt. The CFR is expected to reduce slightly during 2021/22. The Council's estimated CFR is as follows:

£millions	31.3.2020 actual	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
CFR	33.9	34.2	34.0	35.0	34.1

4. **Asset disposals:** Capital assets may be sold and the proceeds, known as capital receipts, spent on new assets. Repayments of capital grants, loans and investments also generate capital receipts. Projected capital receipts are:

£millions	2019/20	2020/21	2021/22	2022/23	2023/24
<b>TOTAL</b>	1.7	1.1	1.8	3.3	2.2

## Treasury Management

5. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. It involves both borrowing and investing both of which activities have their own control framework.
6. **Borrowing strategy** The Council has no plans to borrow but could find itself in a position which calls for some borrowing. In that circumstance the main objectives when borrowing would be to achieve a low but certain cost of finance while retaining flexibility.
7. **Debt compared to CFR:** Projected levels of the Council's total outstanding debt) are shown below, compared with the Capital Financing Requirement. Statutory guidance is that debt should remain below the Capital Financing Requirement, except in the short-term. As can be seen from the table the Council expects to comply with this in the medium term. The Council is relying on 'internal borrowing' i.e. using reserves and other cash resources that it holds rather than borrow from external sources, which is considered to be sustainable in the medium term.

£millions	31.3.2020 actual	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
Debt (incl. leases)	0	0	0	0	0
CFR	33.9	34.2	34.0	35.0	34.1

8. **The affordable borrowing limit:** Irrespective of plans to borrow or not the Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit. Although no borrowing is planned, limits are set in case a need develops.

£millions	2020/21 limit	2021/22 limit	2022/23 limit	2023/24 limit
Authorised limit – borrowing	15	15	15	15
Authorised limit – leases	1	6	6	6
Authorised limit – total external debt	16	21	21	21
Operational boundary – borrowing	0	0	0	0
Operational boundary – leases	4	0	0	0
Operational boundary – total external debt	4	0	0	0



9. **Treasury investments:** The Council prioritises security and liquidity over yield, minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice. The future longer term investments in the table below are strategic pooled funds that the council intends to hold for the longer term although they can be sold if required. The projections show cash balances at year-end, which is a cash low point, remaining above £30m until 2023/24.

	31.3.2020 actual	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
Near-term investments	19	9	12	12	10
Longer-term investments	20	22	22	22	22
<b>TOTAL</b>	39	31	34	34	32

10. **Treasury investment governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Corporate Resources and staff, who must act in line with the Treasury Management Strategy as approved by the Council following scrutiny and recommendation by the Audit Committee. The Audit Committee also receives a mid-year and full year report and is responsible for scrutinising treasury management.
11. **Treasury investment in detail:** The more detailed Treasury Management Strategy was recommended by the Audit Committee on 16<sup>th</sup> December 2020 to be approved by the Council. It covers a series of limits, benchmarks and indicators that form a risk management framework.

### **Service and Commercial Investment Strategy**

12. **Investments other than the traditional treasury:** This section concerns investments other than the traditional treasury instruments. It was introduced last year as required by new CIPFA and MHCLG guidance. Both bodies acted on their concerns over the increasing risks that they saw in councils' commercial operations. The main categories dealt with are loans to or shares in other bodies to provide services on behalf of the Council and property investments where the income earned supports services.

13. **Investment for service purposes:** The Council can make investments to assist local public services, including making loans to local service providers and buying shares and making loans to any Council subsidiaries that provide services. Overall limits are set at £3m on the total exposure to loans for service purposes and £0.5m exposure permitted for shares being held. These limits were recommended by the Audit Committee on 16<sup>th</sup> December 2020 for adoption by the Council.
14. **Investment for service purposes - Governance:** Decisions on service investments are made by the full Council after the relevant Head of Service has submitted a comprehensive analysis in consultation with the Director of Corporate Resources and must meet the criteria and limits. Most loans and shares are capital expenditure and will therefore also have to be approved as part of the capital programme in the Budget report or by full Council.
15. **Commercial activities:** To support its services the Council invests in commercial property. Commercial property investments were valued at £55m on 31 March 2020 and they provide a net return after direct costs of just under 7%.
16. **Risks of commercial property:** The Council recognises the higher risk on commercial investment compared with treasury investments. The principal risk exposures include individual vacancies, falls in market value, and economic factors. Individual property risks are monitored and managed by the Head of Property. In order that commercial investments remain proportionate to the financial capacity of the Council, this strategy sets an overall maximum investment limit at £70m. Should income not meet expectations the Council holds at least £6m of general reserves to cover any shortfall in the short term while the Head of Property reviews the performance of the portfolio.
17. **Commercial property - governance:** Decisions on new commercial investments are made by the Cabinet after recommendation from the Policy Development Advisory Group for Finance & Assets. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.
18. **Other liabilities:** The Council also has liabilities that it must seek to risk manage which this strategy covers. The Council has set aside £1.1m to cover risks of Business Rates Appeals. The Council is also at risk of having to pay for historic insurance claims but has not put aside any money because there is no reasonable assessment of the amount required.
19. **Other liabilities - governance:** Decisions on incurring new discretionary liabilities are taken by the relevant Director whose directorate budget would cover the crystallisation of a liability. These would be discussed at the quarterly corporate risk management meeting and final decisions as to recognition taken

by the Director of Corporate Resources. New liabilities exceeding £1m are reported to full Council for approval or notification as appropriate. Further details on historic liabilities are in note 18 of the 2019/20 statement of accounts.

20. The more detailed strategy on the non-treasury investments was included in the Investment strategy incorporated in the Capital Strategy report that was recommended by Audit Committee on 16 December 2020 to be approved by the Council. That report includes detailed limits and indicators designed to demonstrate a prudent risk management approach.
21. **Revenue Budget Implications:** Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants. The table below shows the proportion is small as the investment income earned largely balance out financing costs.

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Financing costs (£m)	0.0	0.1	0.4	0.3	0.1
Proportion of net revenue stream	0%	1%	4%	3%	1%

22. **Sustainability of the capital programme and financing:** Due to the long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 40 years into the future. The Director of Corporate Resources is satisfied that the proposed capital programme is prudent, affordable and sustainable because the net budget demand on the Council and the risks in the programme have been reviewed and fall within the Council's tolerances.
23. **Knowledge and Skills:** The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Director of Corporate Resources and S151 Officer is a qualified accountant with 30 years' experience and the Head of Property is a fellow of RICS with 35 years' of experience in commercial property. The Council will also support more junior staff to study towards relevant professional qualifications. Where Council staff do not have the knowledge and skills required, use is made of external advisers that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers and for any significant property investment would use property consultants with specialist knowledge of the appropriate property sector.

## New Homes Bonus (NHB) – January 2021

												Appendix A		
ending 2022/23		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
5 years in 2017/18	2011/12	379	379	379	379	379	379							
4 years from 2018/19	2012/13		390	390	390	390	390							
1 year from 2020/21	2013/14			397	397	397	397	397						
No new payment in 22/23	2014/15				776	776	776	776						
	2015/16					994	994	994	994					
	2016/17						1,462	1,462	1,462	1,462				
0.4% baseline	2017/18							1,186	1,186	1,186	1,186			
0.4% baseline	2018/19								1,185	1,185	1,185	1,185		
0.4% baseline	2019/20									974	974	974	974	
0.4% baseline	2020/21										1,485			
0.4% baseline	2021/22											904		
Ended	2022/23													
Ended	2023/24													
		379	769	1,166	1,942	2,936	4,398	4,815	4,827	4,807	4,830	3,063	974	0
Used to fund revenue		0	0	1,166	1,166	1,166	1,166	700	0	0	0	0	0	0
Used for BBH leisure centre		0	0	0	0	0	2,000	5,000	4,500	358	0	0	0	0
Neighbourhood warden seeding									36	92	22	0	0	0
Investment property / infrastructure										4,018	3,000	3,000	3,000	3,000
Added to / (drawn from) Reserves		379	769	0	776	1,770	1,232	-885	291	339	1,808	63	-2,026	-3,000
<b>Total Reserve figure</b>		379	1,148	1,148	1,924	3,694	4,926	4,041	4,332	4,671	6,479	6,542	4,516	1,516

### Notes:

Having indicated the demise of the NHB scheme, the December 2020 Provisional Settlement gave rise to an unexpected single year payment only. Previous legacy payments will continue until they expire naturally. The 0.4% baseline is the amount which needs to be exceeded before any NHB payments are made. Measured against the total band D equivalents in the district, 0.4% equates to approximately 250 additional houses a year before we receive the payment in 2021/22.

Reliance on NHB to support revenue was tapered down to nil in 2018/19. We took measures to increase income and phase in additional spending reductions to balance the budget as new homes bonus was not considered a permanent source of income. We expect Government to confirm the end of NHB in its current form and include it as a counterweight in the 75% localisation of business rates and the Fair Funding Review in 2022/23. Government has not yet confirmed projected figures in *red italics*. We anticipate an alternative or replacement scheme, if it happens, starting in 2022/23 and being much less generous than the current scheme.

The table assumes that NHB reserve is used to fully fund £3m of commercial property investment or infrastructure each year thus financing the purchases and reducing the MRP charge of an unfinanced asset. In 2019/20, £4m was spent part-financing Piries car-park and Oakhurst phase 4.

2021/22 budget by service and variance analysis

2020/21 Net Expenditure Budget £000's	Service	Income £000's	Expenditure £000's	2021/22 Net Expenditure Budget £000's
1,181	CORPORATE MANAGEMENT	0	1,138	1,138
477	COMMUNICATIONS	(10)	330	320
652	REVS & BENS ADMIN	(462)	1,135	673
265	POLICY & PERFORMANCE	(84)	289	205
1,249	LEGAL & DEMOCRATIC	(96)	1,233	1,137
799	FINANCE ACCOUNTANCY	0	736	736
887	FINANCE CORPORATE	(765)	1,700	935
1,861	TECHNOLOGY	(110)	1,864	1,753
524	HUMAN RESOURCES & ORG DEVELOPMENT	0	479	479
(3,316)	PARKING SERVICES	(4,201)	2,108	(2,094)
486	CUSTOMER SERVICES	0	322	322
204	LEISURE & CULTURE	0	80	80
261	MUSEUMS	(20)	199	179
222	CAPITOL	(1,093)	1,444	350
(315)	LEISURE SERVICES	(293)	1,173	881
1,074	PARKS & COUNTRYSIDE	(470)	1,574	1,104
2,597	STREET SCENE & FLEET	(149)	2,740	2,591
1,150	WASTE & RECYCLING	(3,608)	4,476	868
686	ENVIRONMENTAL HEALTH / LICENSING	(718)	1,390	673
192	HOUSING	(1,553)	1,727	174
806	COMMUNITY SERVICES	(974)	2,016	1,041
(23)	BUILDING CONTROL	(831)	589	(242)
(3)	DEVELOPMENT	(1,850)	2,027	177
1,127	SPATIAL PLANNING	(216)	1,408	1,193
538	PROPERTY & FACILITIES	(1)	483	483
(3,847)	INVESTMENT PROPERTIES	(3,911)	346	(3,565)
1,035	OPERATIONAL PROPERTIES	(84)	1,189	1,105
477	ECONOMIC DEVELOPMENT	(155)	515	360
<b>11,247</b>		<b>(21,654)</b>	<b>34,710</b>	<b>13,056</b>
50	BENEFIT PAYMENTS	(24,550)	24,600	50
<b>11,297</b>	<b>TOTAL</b>	<b>(46,204)</b>	<b>59,310</b>	<b>13,106</b>
(96)	LESS CAPITALISED SALARIES			(67)
<b>11,201</b>	<b>TOTAL</b>			<b>13,039</b>

## Budget variance analysed by service (by Directorate)

			2020/21		2021/22 Net		Analysis of budget variance					
Department Description	Cost Centre	Cost Centre Description	Net Expenditure Budget	Budget Variance	Expenditure Budget	Income	Staffing	Premises	Supplies & Services	Transport	Other	
Directorate: 1												
Department: 10												
CHIEF EXECUTIVE OFFICE	1014	CORPORATE & DEMOCRATIC CORE	92,000	16,000	108,000	0	0	0	16,000	0	0	
CHIEF EXECUTIVE OFFICE	1015	CDC-DEMOCRATIC REPRESENTATION	424,360	(10,980)	413,380	0	0	0	(8,980)	(2,000)	0	
CHIEF EXECUTIVE OFFICE	1020	CHIEF EXECUTIVE	165,503	(3,985)	161,518	0	(485)	0	(3,500)	0	0	
CHIEF EXECUTIVE OFFICE	1494	CORPORATE SUPPORT	122,245	(42,861)	79,384	0	(42,861)	0	0	0	0	
Department: 12												
COMMUNICATIONS	1018	COMMUNICATION & CONSULTATION	453,911	(160,047)	293,864	0	(132,067)	0	(27,980)	0	0	
COMMUNICATIONS	1506	RESIDENTS MAGAZINE	23,020	2,980	26,000	0	0	0	2,980	0	0	
Sub Total			1,281,039	(198,893)	1,082,146	0	(175,413)	0	(21,480)	(2,000)	0	
Directorate: 3												
Department: 30												
DIR RESOURCES	1245	HOUSING BENEFIT GRANT	50,000	0	50,000	4,350,000	0	0	0	0	(4,350,000)	
DIR RESOURCES	1264	REVENUES & BENEFITS HDC	(451,747)	0	(451,747)	0	0	0	0	0	0	
DIR RESOURCES	1265	RESOURCES DIRECTOR	134,337	(324)	134,013	0	(324)	0	0	0	0	
DIR RESOURCES	1592	REVENUES & BENEFITS CONTRACT	1,104,000	21,000	1,125,000	0	0	0	0	0	21,000	
Department: 32												
PERFORMANCE AND PROJECT / 1241		POLICY & PERFORMANCE (STRAT PLAN)	264,860	(100,265)	164,595	0	(100,265)	0	0	0	0	
PERFORMANCE AND PROJECT / 1633		WILDER HORSHAM	0	40,000	40,000	0	0	0	40,000	0	0	
Department: 33												
LEGAL & DEMOCRATIC	1001	ELECTORAL REGISTRATION	106,020	(15,000)	91,020	0	(5,000)	0	(10,000)	0	0	
LEGAL & DEMOCRATIC	1002	LOCAL COUNCIL ELECTIONS	60,000	0	60,000	0	0	0	0	0	0	
LEGAL & DEMOCRATIC	1003	NEIGHBOURHOOD COUNCIL EXPENSES	17,800	0	17,800	0	0	0	0	0	0	
LEGAL & DEMOCRATIC	1097	LEGAL SERVICES	825,125	(56,343)	768,782	(10,000)	2,157	0	(43,500)	0	(5,000)	
LEGAL & DEMOCRATIC	1098	DEMOCRATIC SERVICES	239,998	(40,427)	199,571	0	(41,427)	0	1,000	0	0	
Department: 34												
FINANCE	1017	UNAPPORTIONABLE OVERHEADS	100,000	(9,000)	91,000	0	(9,000)	0	0	0	0	
FINANCE	1249	INTEREST ON CAPITAL RECEIPTS	(933,750)	141,000	(792,750)	151,000	0	0	0	0	(10,000)	
FINANCE	1253	GENERAL FUND APPROPRIATNS A/C	929,000	(88,500)	840,500	0	0	0	0	0	(88,500)	
FINANCE	1257	GENERAL EXPENSES-FINANCE	167,000	0	167,000	0	0	0	0	0	0	
FINANCE	1258	INTERNAL AUDIT	161,600	4,400	166,000	0	0	0	0	0	4,400	
FINANCE	1259	ACCOUNTANCY	544,369	(62,945)	481,424	13,000	(65,445)	0	2,500	0	(13,000)	
FINANCE	1260	FINANCE SUPPORT SERVICES	254,675	292	254,967	0	(708)	0	500	0	500	
FINANCE	1262	PROCUREMENT	71,600	(400)	71,200	0	0	0	0	0	(400)	
FINANCE	1267	CENTRAL EXPENSES	391,972	244	392,216	0	244	0	0	0	0	
Department: 35												
TECHNOLOGY	1101	IT PROJECTS	149,250	26,000	175,250	0	0	0	26,000	0	0	
TECHNOLOGY	1102	ICT	1,452,201	(155,456)	1,296,745	(27,150)	(82,816)	0	(45,240)	(250)	0	
TECHNOLOGY	1105	CENTRAL TELEPHONES - OPERATIONAL COSTS	118,500	42,000	160,500	0	0	0	42,000	0	0	
TECHNOLOGY	1106	MOBILE PHONES	96,650	(20,000)	76,650	0	0	0	(20,000)	0	0	
TECHNOLOGY	1108	PHOTOCOPIER/PRINTERS	39,000	0	39,000	0	0	0	0	0	0	
TECHNOLOGY	1384	GIS / SPACIAL PLANNING	5,000	0	5,000	0	0	0	0	0	0	
Department: 36												
HUMAN RESOURCES & ORG DE\ 1019		HR & OD	523,628	(45,017)	478,611	0	(42,756)	0	(2,261)	0	0	
Department: 39												

Department Description	Cost Centre	Cost Centre Description	2020/21	Budget Variance	2021/22 Net	Analysis of budget variance					
			Net Expenditure Budget 485,883		Expenditure Budget 321,556	Income 36,683	Staffing (166,728)	Premises 0	Supplies & Services (34,282)	Transport 0	Other 0
CUSTOMER SERVICES	1540	CUSTOMER SERVICE CENTRE		(164,327)							
<b>Sub Total</b>			<b>6,906,971</b>	<b>(483,068)</b>	<b>6,423,903</b>	<b>4,513,533</b>	<b>(512,068)</b>	<b>0</b>	<b>(43,283)</b>	<b>(250)</b>	<b>(4,441,000)</b>
<b>Directorate: 5</b>											
<b>Department: 50</b>											
DIR OF COMMUNITY SERVICES	1080	DIRECTOR OF COMMUNITY SERVICES	108,327	(324)	108,003	0	(324)	0	0	0	0
<b>Department: 51</b>											
LEISURE & CULTURE	1024	CAPITOL HIRE (Kings Church)	(72,268)	34,268	(38,000)	34,268	0	0	0	0	0
LEISURE & CULTURE	1026	CAPITOL BAR & CAFE	(68,984)	44,402	(24,582)	144,000	(41,098)	0	(58,500)	0	0
LEISURE & CULTURE	1039	BROADBRIDGE HEATH LEISURE CENTRE	(24,290)	784,500	760,210	66,500	0	(2,600)	600	0	720,000
LEISURE & CULTURE	1040	THE PAVILIONS IN THE PARK	(450,210)	426,410	(23,800)	426,000	0	410	0	0	0
LEISURE & CULTURE	1041	STEYNING LEISURE CENTRE	6,420	24,640	31,060	25,200	0	(560)	0	0	0
LEISURE & CULTURE	1046	SPORTS DEVELOPMENT	111,918	(51,549)	60,369	65,800	(95,389)	0	(20,120)	(1,840)	0
LEISURE & CULTURE	1047	INDOOR BOWLS CENTRE	(19,310)	(1,170)	(20,480)	(50)	0	(1,120)	0	0	0
LEISURE & CULTURE	1048	ROOKWOOD GOLF COURSE	(50,150)	(60)	(50,210)	(60)	0	0	0	0	0
LEISURE & CULTURE	1049	HORSHAM PARK	33,520	(24,524)	8,996	2,400	0	(23,304)	(120)	0	(3,500)
LEISURE & CULTURE	1050	ALLOTMENTS	(15,500)	(655)	(16,155)	(895)	0	240	0	0	0
LEISURE & CULTURE	1054	RECREATION GROUNDS	17,065	(284)	16,781	(2,000)	0	1,716	0	0	0
LEISURE & CULTURE	1057	CHILDRENS PLAYGROUNDS	41,030	0	41,030	0	0	0	0	0	0
LEISURE & CULTURE	1060	SOUTHWATER COUNTRY PARK	25,970	(80,656)	(54,686)	(80,267)	12,000	(11,059)	(1,330)	0	0
LEISURE & CULTURE	1061	WARNHAM NATURE RESERVE	12,035	(14,036)	(2,001)	(14,300)	0	894	(630)	0	0
LEISURE & CULTURE	1062	LEECHPOOL WOODS	6,940	0	6,940	0	0	0	0	0	0
LEISURE & CULTURE	1064	CHESWORTH FARM	6,870	4,243	11,113	(4,870)	0	9,113	0	0	0
LEISURE & CULTURE	1065	COUNTRYSIDE & CONSERVTN PROJ	3,980	0	3,980	0	0	0	0	0	0
LEISURE & CULTURE	1066	THE CAPITOL	336,241	45,752	381,993	742,500	(312,821)	(72,387)	(311,540)	0	0
LEISURE & CULTURE	1067	DRILL HALL (ARTS CENTRE USE)	27,745	(315)	27,430	0	1,374	(1,739)	50	0	0
LEISURE & CULTURE	1068	HORSHAM MUSEUM & VISITOR INFO. CENTRE	261,129	(81,961)	179,168	24,000	(61,332)	(33,339)	(11,290)	0	0
LEISURE & CULTURE	1069	CEMETERIES	(12,646)	43,268	30,622	11,970	33,795	(1,817)	(680)	0	0
LEISURE & CULTURE	1082	BARN	(1,820)	4,487	2,667	0	0	4,467	20	0	0
LEISURE & CULTURE	1219	CHESWORTH GROUNDS MAINT.DEPOT	15,950	(6,244)	9,706	(235)	0	(5,999)	(10)	0	0
LEISURE & CULTURE	1324	HENFIELD COMMON	15,780	0	15,780	0	0	0	0	0	0
LEISURE & CULTURE	1351	BILLINGSHURST LEISURE CENTRE	(50,950)	101,660	50,710	101,470	0	0	190	0	0
LEISURE & CULTURE	1358	STREET SPORTS	10	0	10	0	0	0	0	0	0
LEISURE & CULTURE	1434	DRILL HALL SUPERVISOR'S FLAT	940	10	950	0	0	10	0	0	0
LEISURE & CULTURE	1516	COUNTRYSIDE SERV- HIGHER LEVEL STEWAR	0	800	800	0	0	800	0	0	0
LEISURE & CULTURE	1524	PARKS AND OPEN SPACES	317,194	136,680	453,874	(1,220)	0	100,400	5,000	0	32,500
LEISURE & CULTURE	1534	HEAD OF LEISURE & CULTURE	106,404	(26,816)	79,588	0	(26,816)	0	0	0	0
LEISURE & CULTURE	1535	LEISURE SERV & CLIENT MANAGER	157,435	(89,152)	68,283	0	848	0	0	0	(90,000)
LEISURE & CULTURE	1557	PARKS & COUNTRYSIDE STAFF	606,179	(29,407)	576,772	0	(31,197)	0	(10)	1,800	0
LEISURE & CULTURE	1573	GYM REFERRALS	3,650	0	3,650	0	0	0	0	0	0
LEISURE & CULTURE	1605	YEAR OF CULTURE (BUILDING BRIDGES)	97,504	(97,504)	0	0	(39,504)	0	(58,000)	0	0
LEISURE & CULTURE	1623	BROADBRIDGE HEATH FC PITCHES	0	1,000	1,000	0	0	0	1,000	0	0
<b>Department: 52</b>											
STREET SCENE & FLEET	1209	TRANSPORT SERVICES	1,505,644	1,638	1,507,282	4,000	50,588	0	(10,000)	(42,950)	0
STREET SCENE & FLEET	1216	HOP OAST	106,260	28,812	135,072	0	0	28,612	200	0	0
STREET SCENE & FLEET	1465	LITTER & CLEANSING	875,666	23,932	899,598	(90,000)	70,679	0	1,445	(5,000)	46,808
STREET SCENE & FLEET	1467	COMPLIANCE & ENFORCE	39,504	7,874	47,378	0	(126)	0	5,000	3,000	0
STREET SCENE & FLEET	1544	STREET SCENE & FLEET MANAGER	68,349	(67,179)	1,170	0	(67,179)	0	0	0	0
STREET SCENE & FLEET	1569	ADOPT-A-STREET	2,000	(2,000)	0	0	0	0	(2,000)	0	0
<b>Department: 53</b>											
WASTE & RECYLING	1461	OTHER HOUSEHOLD SERVICES	7,118	(7,118)	0	80,000	(52,260)	0	0	(8,050)	(26,808)
WASTE & RECYLING	1463	WASTE & RECYCLING	555,809	117,532	673,341	40,000	77,532	0	0	0	0
WASTE & RECYLING	1464	TRADE WASTE & RECYCLING	(53,702)	(358,015)	(411,717)	(298,460)	(78,968)	0	19,413	0	0
WASTE & RECYLING	1543	WASTE & RECYCLING OFFICE	494,604	13,766	508,370	0	11,966	0	2,200	(400)	0

			Analysis of budget variance								
Department Description	Cost Centre	Cost Centre Description	2020/21	Budget Variance	2021/22 Net	Income	Staffing	Premises	Supplies & Services	Transport	Other
			Net Expenditure		Expenditure						
			Budget		Budget						
WASTE & RECYCLING	1549	BIN PROVISION	(45,000)	0	(45,000)	0	0	0	0	0	0
WASTE & RECYCLING	1561	RECYCLING QUALITY PROJECT	190,839	(47,398)	143,441	0	(47,398)	0	0	0	0
Department: 56											
ENVIRONMENTAL SERVICES/LIC 1143		PUBLIC HLTH ACT (CNTRL OF DIS)	0	2,000	2,000	(4,000)	0	0	6,000	0	0
ENVIRONMENTAL SERVICES/LIC 1146		FOUL DRAINAGE	100	(100)	0	0	0	0	(100)	0	0
ENVIRONMENTAL SERVICES/LIC 1178		HEALTH AND SAFETY AT WORK	(590)	0	(590)	0	0	0	0	0	0
ENVIRONMENTAL SERVICES/LIC 1179		FOOD SAFETY	(5,920)	3,000	(2,920)	3,000	0	0	0	0	0
ENVIRONMENTAL SERVICES/LIC 1180		PEST AND INSECT CONTROL	2,000	(1,000)	1,000	0	0	0	(1,000)	0	0
ENVIRONMENTAL SERVICES/LIC 1181		DRINKING WATER INSPECTIONS	(600)	0	(600)	0	0	0	0	0	0
ENVIRONMENTAL SERVICES/LIC 1183		STRAY DOGS	5,000	16,000	21,000	0	0	0	16,000	0	0
ENVIRONMENTAL SERVICES/LIC 1184		POLLUTION CONTROL	4,420	2,250	6,670	500	0	1,000	750	0	0
ENVIRONMENTAL SERVICES/LIC 1187		LICENSING	(17,470)	0	(17,470)	0	0	0	0	0	0
ENVIRONMENTAL SERVICES/LIC 1188		HACKNEY CARRIAGE LICENSING	(98,980)	0	(98,980)	0	0	0	0	0	0
ENVIRONMENTAL SERVICES/LIC 1189		MISCEL. LICENSING (NON-HEALTH)	(7,500)	0	(7,500)	0	0	0	0	0	0
ENVIRONMENTAL SERVICES/LIC 1229		COMMUNITY ALARM SYSTEM	(51,652)	(30,213)	(81,865)	0	(30,213)	0	0	0	0
ENVIRONMENTAL SERVICES/LIC 1279		LICENSING ACT 2003	(124,060)	7,500	(116,560)	7,500	0	0	0	0	0
ENVIRONMENTAL SERVICES/LIC 1436		PRIVATE SECTOR HOUSING	(9,100)	5,000	(4,100)	5,000	0	0	0	0	0
ENVIRONMENTAL SERVICES/LIC 1546		ENVIRONMENTAL HEALTH - STAFF	990,782	(18,325)	972,457	0	(18,325)	0	0	0	0
ENVIRONMENTAL SERVICES/LIC 1636		EH C19 Interventions	0	0	0	(90,000)	0	0	90,000	0	0
Department: 59											
HOUSING	1005	CRIME PREVENTION-CCTV	32,530	15,000	47,530	0	0	0	15,000	0	0
HOUSING	1006	COMMUNITY WARDENS - ASHINGTON	1,435	(1,435)	0	(9,493)	8,058	0	0	0	0
HOUSING	1007	COMMUNITY WARDENS - STEYNING	1,706	(1,706)	0	(1,454)	(252)	0	0	0	0
HOUSING	1012	VOLUNTARY SECTOR GRANTS AND SLA'S	277,489	250,000	527,489	0	0	0	250,000	0	0
HOUSING	1013	EMERGENCY PLANNING	56,581	22,870	79,451	0	(130)	0	23,000	0	0
HOUSING	1044	COMMUNITY DEVELOPMENT	180,833	11,774	192,607	(48,000)	11,774	0	48,000	0	0
HOUSING	1045	ARTS DEVELOPMENT	15,060	0	15,060	0	0	0	0	0	0
HOUSING	1232	BED AND BREAKFAST ACCOMMODATN	197,042	0	197,042	0	0	0	0	0	0
HOUSING	1233	STRAWBERRY FIELD	(14,210)	(50)	(14,260)	0	0	(50)	0	0	0
HOUSING	1235	HOUSING STRATEGY & ENABLING	123,000	(10,000)	113,000	0	0	0	(10,000)	0	0
HOUSING	1275	COMMUNITY SAFETY	105,324	4,070	109,394	0	4,070	0	0	0	0
HOUSING	1369	HEALTH & WELL BEING HUB	65,937	(37,472)	28,465	(33,740)	(3,722)	(10)	0	0	0
HOUSING	1475	LETTINGS	32,815	599	33,414	0	599	0	0	0	0
HOUSING	1509	TENANTS TEMPORARY ACCOMMODATION	(449,616)	54,583	(395,033)	0	(10,105)	65,108	(420)	0	0
HOUSING	1547	HOUSING SERVICES	288,987	(65,955)	223,032	(156,640)	90,685	0	0	0	0
HOUSING	1551	HEALTHY WEIGHT PROJECT	(22,470)	0	(22,470)	0	0	0	0	0	0
HOUSING	1554	FALLS PREVENTION PROJECT	99	780	879	0	780	0	0	0	0
HOUSING	1555	WORKPLACE HEALTH PROJECT	(33,390)	56,960	23,570	33,740	23,570	0	0	(350)	0
HOUSING	1556	ALCOHOL ADVICE PROJECT	(9,250)	(32,750)	(42,000)	0	(32,750)	0	0	0	0
HOUSING	1575	HEALTH & COMMUNITY SFETY PARTNERSHIP M/	66,363	(131)	66,232	0	(131)	0	0	0	0
HOUSING	1595	SAFEGUARDING	4,000	0	4,000	0	0	0	0	0	0
HOUSING	1596	TRANSIT SITES	25,000	0	25,000	0	0	0	0	0	0
HOUSING	1599	COMMUNITY WARDENS- PULBOROUGH	(238)	238	0	487	(249)	0	0	0	0
HOUSING	1615	COMMUNITY WARDENS - STORRINGTON	(275)	275	0	(1,736)	2,011	0	0	0	0
HOUSING	1616	COMMUNITY WARDENS - BILLINGSHURST	(285)	285	0	1,503	(1,218)	0	0	0	0
HOUSING	1617	COMMUNITY WARDENS - HORSHAM TOWN	77,094	(77,094)	0	(79,244)	2,150	0	0	0	0
HOUSING	1618	COMMUNITY WARDENS - SOUTHWATER	(275)	275	0	64,940	(64,665)	0	0	0	0
HOUSING	1626	COPNALL COURT	14,220	2,985	17,205	0	0	2,985	0	0	0
HOUSING	1627	HEALTH CHECKS	0	23,109	23,109	0	23,109	0	0	0	0
HOUSING	1628	SMOKING	(37,000)	0	(37,000)	0	0	0	0	0	0
Department: 37											
PARKING SERVICES	VARIOUS	RURAL CAR PARKS	(360,202)	60,466	(299,736)	176,600	0	(12,634)	(103,500)	0	0
PARKING SERVICES	VARIOUS	URBAN CAR PARKS	(3,269,782)	1,101,963	(2,167,819)	1,088,970	0	25,356	(12,363)	0	0
PARKING SERVICES	1201	SHOPMOBILITY	180	(180)	0	0	0	0	(180)	0	0
PARKING SERVICES	1202	HORSHAM ON STREET PARKING SCHE	(143,840)	0	(143,840)	0	0	0	0	0	0
PARKING SERVICES	1277	LAPE - RUNNING COSTS	(127,220)	145,834	18,614	45,500	98,334	0	2,000	0	0
PARKING SERVICES	1545	CAR PARKS	584,746	(85,556)	499,190	0	(80,556)	0	(5,000)	0	0



Department Description	Cost Centre	Cost Centre Description	Analysis of budget variance			Income	Staffing	Premises	Supplies & Services	Transport	Other
			2020/21 Net Expenditure Budget	Budget Variance	2021/22 Net Expenditure Budget						
<b>Sub Total</b>			<b>3,670,017</b>	<b>2,285,156</b>	<b>5,955,173</b>	<b>2,279,184</b>	<b>(572,806)</b>	<b>74,493</b>	<b>(120,925)</b>	<b>(53,790)</b>	<b>679,000</b>
<b>Directorate: 7</b>											
<b>Department: 70</b>											
DIRECTOR OF PLACE	1559	DIRECTOR OF PLACE	133,977	(324)	133,653	0	(324)	0	0	0	0
<b>Department: 71</b>											
BUILDING CONTROL	1086	BUILDING CONTROL	(20,467)	(218,603)	(239,070)	40,000	(258,403)	0	(200)	0	0
BUILDING CONTROL	1088	BUILDING REG'N NON FEE EARNING	(2,500)	0	(2,500)	0	0	0	0	0	0
<b>Department: 72</b>											
DEVELOPMENT	1084	DEVELOPMENT CONTROL & ENFRMNT	(369,812)	13,420	(356,392)	70,000	(16,580)	0	(40,000)	0	0
DEVELOPMENT	1089	LAND CHARGES	(128,884)	30,583	(98,301)	30,000	283	0	300	0	0
DEVELOPMENT	1536	PLANNING SUPPORT STAFF	265,881	93,313	359,194	0	93,313	0	0	0	0
DEVELOPMENT	1537	ENFORCEMENT	229,806	42,874	272,680	0	42,874	0	0	0	0
<b>Department: 73</b>											
SPATIAL PLANNING	1144	LAND DRAINAGE	(14,500)	8,000	(6,500)	0	0	8,000	0	0	0
SPATIAL PLANNING	1197	ENVIRONMENTAL MANAGEMENT	0	1,400	1,400	0	0	1,400	0	0	0
SPATIAL PLANNING	1538	STRATEGIC PLANNING	1,141,888	55,851	1,197,739	(200)	38,601	0	17,450	0	0
<b>Department: 75</b>											
PROPERTY & FACILITIES	VARIOUS	INVESTMENT PROPERTIES	(3,846,840)	282,248	(3,564,592)	328,645	0	(43,995)	(2,402)	0	0
PROPERTY & FACILITIES	1093	BUS SHELTERS	1,140	2,257	3,397	0	0	2,257	0	0	0
PROPERTY & FACILITIES	1118	COMMERCIAL & DOMESTIC PROPS	408,965	23,235	432,200	(107,575)	0	130,000	810	0	0
PROPERTY & FACILITIES	1119	SMALL DOLE CARAVAN SITE	(12,880)	11,509	(1,371)	0	0	1,509	10,000	0	0
PROPERTY & FACILITIES	1121	T.A. CENTRE	(8,160)	3,960	(4,200)	0	0	3,960	0	0	0
PROPERTY & FACILITIES	1135	PUBLIC CONVENIENCES	39,050	(13,983)	25,067	60	0	(9,588)	(4,455)	0	0
PROPERTY & FACILITIES	1147	FOOTWAYS & AMENITY LIGHTING	11,500	3,815	15,315	2,600	0	1,215	0	0	0
PROPERTY & FACILITIES	1191	GENERAL PUMP STATN & SEWERAGE	0	1,642	1,642	0	0	1,642	0	0	0
PROPERTY & FACILITIES	1195	ENERGY MANAGEMENT	35,000	0	35,000	0	0	0	0	0	0
PROPERTY & FACILITIES	1196	PUBLIC SEATS	3,500	3,629	7,129	0	0	3,629	0	0	0
PROPERTY & FACILITIES	1199	FEASIBILITY STUDIES	60,000	20,000	80,000	0	0	0	20,000	0	0
PROPERTY & FACILITIES	1200	STREET NAMING & NUMBERING	(12,100)	7,000	(5,100)	7,000	0	0	0	0	0
PROPERTY & FACILITIES	1203	BUS STATION	21,380	4,668	26,048	1,000	0	3,250	418	0	0
PROPERTY & FACILITIES	1205	FORUM ( EXCL CAFE)	6,620	(2,472)	4,148	(360)	0	(2,112)	0	0	0
PROPERTY & FACILITIES	1207	FORUM FLATS	(480)	(120)	(600)	5,380	0	(5,500)	0	0	0
PROPERTY & FACILITIES	1217	HURSTON LANE	2,620	(2,250)	370	0	0	(2,250)	0	0	0
PROPERTY & FACILITIES	1218	OLD BARN/PUMP ALLEY	9,200	572	9,772	0	0	742	(170)	0	0
PROPERTY & FACILITIES	1234	GARAGES	10	0	10	0	0	0	0	0	0
PROPERTY & FACILITIES	1353	TOWN CENTRE STORE	220	(100)	120	0	0	(100)	0	0	0
PROPERTY & FACILITIES	1366	TOWN CENTRE WATER FEATURES	20,200	(5,509)	14,691	0	0	(5,509)	0	0	0
PROPERTY & FACILITIES	1367	NEEDLES FARM CENTRE	6,140	800	6,940	0	0	800	0	0	0
PROPERTY & FACILITIES	1542	PROPERTY & FACILITIES DEPARTMENT	478,126	(75,365)	402,761	0	(98,660)	24,295	(1,000)	0	0
PROPERTY & FACILITIES	1563	PARKSIDE	535,370	32,020	567,390	0	0	11,010	21,010	0	0
PROPERTY & FACILITIES	1570	GARAGES - BLACKSTONE RISE	10	0	10	0	0	0	0	0	0
PROPERTY & FACILITIES	1571	GARAGES - ROWAN DRIVE	60	0	60	0	0	0	0	0	0
PROPERTY & FACILITIES	1580	29 BARTTELOT ROAD, HORSHAM	(13,050)	(470)	(13,520)	30	0	(500)	0	0	0
PROPERTY & FACILITIES	1581	60 PARK STREET, HORSHAM	(10,800)	30	(10,770)	30	0	0	0	0	0
PROPERTY & FACILITIES	1602	FORMER HORSHAM AMBULANCE STATION	(8,300)	(818)	(9,118)	2,000	0	(2,818)	0	0	0
<b>Department: 76</b>											
ECONOMIC DEVELOPMENT	1070	BANDSTANDS	13,215	(12,125)	1,090	0	0	0	(12,125)	0	0
ECONOMIC DEVELOPMENT	1072	TOWN CENTRE EVENTS	36,220	(16,020)	20,200	24,000	(2,150)	(280)	(37,590)	0	0
ECONOMIC DEVELOPMENT	1073	VISITOR ECONOMY	6,000	0	6,000	0	0	0	0	0	0
ECONOMIC DEVELOPMENT	1112	CHRISTMAS DECORATIONS	22,000	0	22,000	0	0	0	0	0	0
ECONOMIC DEVELOPMENT	1123	ECONOMIC DEVELOPMENT & PROMOTN	229,125	(12,439)	216,686	0	(12,439)	0	0	0	0

			2020/21		2021/22 Net	Analysis of budget variance					
			Net Expenditure		Expenditure						
Department Description	Cost Centre	Cost Centre Description	Budget	Budget Variance	Budget	Income	Staffing	Premises	Supplies & Services	Transport	Other
ECONOMIC DEVELOPMENT	1125	FOOD & DRINK FESTIVAL	9,650	0	9,650	3,300	0	0	(3,300)	0	0
ECONOMIC DEVELOPMENT	1186	LOCAL PRODUCE MARKET	(8,250)	(4,066)	(12,316)	(4,016)	0	(50)	0	0	0
ECONOMIC DEVELOPMENT	1198	TOWN CENTRE MANAGEMENT & MAINT	168,602	(77,047)	91,555	0	(43,465)	(37,582)	4,000	0	0
ECONOMIC DEVELOPMENT	1477	ONE OFF EVENT	0	5,000	5,000	0	0	0	5,000	0	0
ECONOMIC DEVELOPMENT	1619	J2W - JOURNEY TO WORK	0	(1)	(1)	(110,861)	110,860	0	0	0	0
Sub Total			(561,548)	206,114	(355,434)	291,033	(146,090)	83,425	(22,254)	0	0
LESS CAPITALISED SALARIES			(95,710)	29,054	(66,656)		29,054				
Grand Total			11,200,769	1,838,363	13,039,132	7,083,750	(1,377,323)	157,918	(207,942)	(56,040)	(3,762,000)

Description	Forecast 20/21	Budget 21/22	Forecast 22/23	Forecast 23/24	Forecast 24/25
100518 - PARKING CCTV	30,000				
100519 - PAY & DISPLAY MACHINES	3,500				
100536 - WELCOME ZONES IN MULTI-STOREY CAR PARKS	50,000				
100538 - STORRINGTON MILL LANE - RURAL CAR PARK IMPROVEMENTS	0	146,931			
100540 - STEYNING NEWMANS GARDENS - RURAL CAR PARK IMPROVEMENT	0		127,206		
100549 - SWAN WALK & FORUM CAR PARK IMPROVEMENTS	50,000				
100526 - RURAL CAR PARK - HENFIELD (LIBRARY)	305,000				
100550 - RURAL CAR PARK - Pulborough Lower Street CP	0			120,000	
100414 - BBHLC-NEW BUILD	200,000				
100421 - PIRIES PLACE CARPARK	50,000				
100438 - CORPORATE PROVISION - ASSET ENHANCEMENT	100,000	100,000	100,000	100,000	100,000
100447 - COMMERCIAL ESTATES - GENERAL	100,000	100,000	100,000	100,000	100,000
100453 - PIRIES PLACE CAR PARK LIFT	74,798				
100506 - PEARY CLOSE, HORSHAM	75,874				
100507 - LAND AT OAKHURST BUSINESS PARK - PHASE 4	1,600,000				
100512 - BILLINGSHURST CAR PARK DEVELOPMENT	10,000	160,427			
100515 - PAVILIONS LEGACY	48,718				
100535 - PARK HOUSE, HORSHAM	107,310				
100543 - HIGHWOOD COMMUNITY CENTRE*	0				
100544 - PARKSIDE FLOOR PLATE IMPROVEMENTS	1,784				
100554 - ALLOCATIONS FOR DEVELOPMENT IN HDPF	150,000				
100557 - FORUM PIAZZA AND FOUNTAIN UPGRADE	150,000				
100558 - MILLSTREAM EXTENSION	50,000	300,000			
100530 - HORSHAM DISTRICT EXPERIENCE APP & WEBSITE	15,000	10,000			
100553 - PUBLIC REALM PROJECTS - TOWN CENTRE VISION	135,000				
100559 - LOANS - PROPERTY DEV CO	0	350,000	2,700,000		
100548 - EQUITY FUNDING - PROPERTY DEV CO	120,000		380,000		
100396 - VEHICLES - NEW - (Normal Replacement programme)	268,000	753,000	1,001,000	860,000	1,000,000
<i>Vehicles - additional cost for going Green (new for 21/22 +)</i>	0	242,000	124,000	150,000	150,000
100465 - BISHOPRIC REFURBISHMENT / ENHANCEMENT	0		209,123		
100513 - ALBION WAY CONNECTIVITY - WORTHING ROAD	0	100,000			
100514 - HORSHAM TO SOUTHWATER - CYCLING & WALKING ROUTE	0		160,000		
100541 - LOCAL CYCLING AND WALKING INFRASTRUCTURE	11,493	18,507			
100318 - 96 ACT-DISABLED FACILITY GRANT	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
100319 - ACT-HOME REPAIR ASSIST. GRANT	60,000	60,000	60,000	60,000	60,000
100322 - HOUSING ENABLING GRANTS	1,169,000	1,732,000	414,000	2,700,000	1,000,000
100542 - PUBLIC SPACE CCTV CAMERA REPLACEMENT PROGRAMME	26,173	30,000	30,000	30,000	
100477 - HORSHAM PARK POND IMPROVEMENTS	0	132,834			
100478 - BENNETTS FIELD IMPROVEMENTS	0		38,000		
100479 - WARNHAM NATURE RESERVE IMPROVEMENTS	323,000	156,864			
100491 - PIXIES HOLLOW FOOTBALL PITCH IMPROVEMENT	0		17,549		
100517 - HORSHAM PARK PLAY AREA IMPROVEMENTS	77,828				
100522 - ROFFEY RECREATION GROUND REGENERATION PROJECT	0		96,660		
100523 - HORSHAM SKATE PARK	0	250,000			
100531 - BOARDWALK REPLACEMENT - S'WATER C PARK & L'POOL WDS	26,828				
100532 - BILLINGSHURST BYPASS REC PATH IMPROVEMENTS - NORTH 1	0		45,000		
100533 - BILLINGSHURST BYPASS REC PATH IMPROVEMENTS - NORTH 2	0		30,000		
100534 - HORSHAM PARK - NEW RUBBISH BINS	7,795				
100545 - PLAY SITE IMPROVEMENTS	1,038		75,000	75,000	
100551 - CAPITOL CINEMA - PROJECTOR	92,039				
100555 - RIVERSIDE WALK BOARDWALK - BEN'S ACRE	0	12,500			
100556 - BLUEBELL PARK ADVENTURE TRAIL	0	15,000			
100560 - MUSEUM - REFRESH & REFURBISHMENT	25,000	25,000			
100561 - BIN WEIGHING TECH & EQUIPMENT	89,000				
<i>New - Security entrance defences</i>	0	64,000			
<i>New - EV charging points (fully funded)</i>	0	100,000			
<i>New - Extension to Units 20 and 15 Oakhurst Business Park</i>	0	650,000	1,950,000		
<i>New - S106 / CIL Infrastructure spend</i>	0	200,000	200,000	200,000	200,000
<b>TOTAL</b>	<b>6,854,178</b>	<b>6,959,063</b>	<b>9,107,538</b>	<b>5,645,000</b>	<b>3,860,000</b>