MID SUSSEX
DISTRICT COUNCIL

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25 August 2017.

PLEASE NOTE TIME OF MEETING

Dear Councillor,

A meeting of the **CABINET** will be held in the **Council Chamber** at these offices on **TUESDAY, 5 SEPTEMBER 2017 at 4.00 p.m.,** when your attendance is requested.

Yours sincerely,

KATHRYN HALL

Chief Executive.

A G E N D A

		Pages
1.	To receive declarations of interests from Members in respect of any matter on the Agenda.	
2.	To receive apologies for absence.	
3.	To confirm the Minutes of the meeting of Cabinet held on 10 July 2017.	**3 - 7**
4.	To consider any items that the Leader agrees to take as urgent business.	
5.	Budget Management 2017/18 – Progress report April to July 2017.	**8 - 18**
6.	Service and Financial Planning – Guidelines for 2018/19.	**19 - 29**
7.	Proposed lease of land at Maple Drive, Burgess Hill.	**30 - 35**
8.	Local Discretionary Rate Relief Scheme to Provide Revaluation Support to Mid Sussex Businesses.	**36 - 40**

To: **Members of the Cabinet** – Councillors: Ash-Edwards (Deputy Leader), Macnaughton, Marsh, Thomas-Atkin, Wall (Leader) and Webster.

Requesting Members - Councillors Bradbury, Clarke, De Mierre, Forbes, Heard, C. Hersey, Hatton, Holden, Matthews, Mockford, Moore and Salisbury.

Minutes of the Meeting of the Mid Sussex District Council Cabinet held on Monday, 10 July 2017 from 4.00 p.m. to 4.43 p.m.

Present: Councillors: Jonathan Ash-Edwards, Andrew MacNaughton, Gary Marsh, Garry Wall (Leader), Mandy Thomas-Atkin and Norman Webster.

Also present: Councillors: Ginny Heard and Rod Clarke.

Officers: Kathryn Hall, Tom Clark, Judy Holmes, Peter Stuart, Simon Hughes, Terry Stanley and Craig Marshall.

1. DECLARATIONS OF INTEREST

None.

2. APOLOGIES

None.

3. MINUTES

The minutes of the meeting held on 8 May 2017 were agreed as a correct record and signed by the Leader.

4. BUDGET MANAGEMENT 2017/18 – PROGRESS REPORT APRIL TO MAY 2017

Peter Stuart, Head of Corporate Resources introduced the report. He summarised that it has been a satisfactory start to the financial year with revenues from car parking and development management fees increasing. He drew Members' attention to the proposed variations to the Capital Programme outlined in page 11 of the report, and the introduction of photovoltaic panels, which have reduced substantially in cost. He noted key investments in a range of car parks, the Finches Field Community Pavilion, the replacement of the skate park in Victoria Park and the investment in the Orchards Shopping Centre.

The Leader of the Council emphasised that this report demonstrated the current strength of the Council, which continues on the same positive trajectory. He noted that this is the result of planning that looks for the future, which has always been the mantra of this Council.

The Deputy Leader and Cabinet Member for Resources and Economic Growth praised the continued work of the Council in delivering high quality services for residents. He highlighted the Capital Project Variations on page 13 of the report which outlines a significant investment of £3,408,000 across all parts of the District. He highlighted the investment in Clair Park, including the Pavilion to make it more secure, and the long term replacement of Victoria Park Skate Park which is well used.

The Cabinet Member for Service Delivery highlighted the investment in the Garden Waste Service which has an extra 2000 customers. Furthermore, the value of the Leisure Contract has been increased by £55,000 to reflect a return on the Council's investment in the centres. The Cabinet Member was pleased to note an extra £40,000 for litter picking on the A23, the Council had recently collected over 8 tons of litter, and which has drastically improved its appearance. He noted the resurfacing work that has been undertaken at three District car-parks, and informed Members that the Chairman of the County Local Committee has agreed a Traffic Regulation Order for Heath Road car park, Haywards Heath. He concluded that a local resident has been in contact praising the work to install a footpath across Bedelands Farm.

The Cabinet Member for Community noted the positive news in the report, and highlighted the disabled facilities grants, which are becoming increasingly important as the population ages and people live longer. He announced that there is currently no waiting lists for disabled facilities grants and officers are ready and prepared to accept any new applications.

The Cabinet Member for Housing and Planning drew Members' attention to paragraph 34 of the report outlining the investment in Finches Field Community Pavilion and Car Park; he noted that Slaugham Parish Council has worked hard to deliver on this project. The Parish Hall in Handcross is much needed and can be used by all residents of Handcross, Slaugham and Pease Pottage, which complements the new housing in the area.

The Leader reported he is pleased another consultation for young people will be undertaken for the replacement of Victoria Park Skate Park. He concluded by stating that nationally, the country is operating in a very challenging environment and the Council must re-emphasise the good work and positive direction that the District is taking.

The Leader took Members to the recommendations contained in the report which were agreed unanimously.

RESOLVED

Cabinet resolved to recommend to Council for approval:

(i) that £192,927 grant income relating to Flexible Homelessness Support Grant be transferred to Specific Reserve as detailed in paragraph 20;

(ii) that £4,818 grant income relating to New Homes Bonus Returned funding grant be transferred to General Reserve, as detailed in paragraph 21;

(iii) that £40,000 of the revenue underspend be transferred to A23 Highway Cleansing Reserve as detailed in paragraph 26 (a)

(iv) that £22,000 of the revenue underspend be transferred to the Leisure Reserve as detailed in paragraph 26 (b)

(v) the variations to the Capital Programme contained in paragraph 40 in accordance with the Council's Financial Procedure rule B4.

To note:

(vi) the remainder of the report.

5. PERFORMANCE OUTTURN 2016/17

Peter Stuart, Head of Corporate Resources introduced the report, he stated that this report was presented to the recent Scrutiny Committee for Leader, Resources and Economic Growth. He reported that Scrutiny Committee was pleased with the direction of travel the report outlines. He summarised that the Council has improved from 11 red indicators in 2015/17 to 3 in 2016/17, and the number of amber indicators has increased from 6 in 2015/16 to 11 in 2016/2017. The Council is aiming to continue on this trajectory to a position where there are no red indicators in future. The report outlines monitoring arrangements on flagship activities.

The Leader acknowledged the important role the Scrutiny Committee played in the robust and vigorous scrutiny which is reflected in the report. He praised the Flagship Activities which provide a quick overview of key work the Council is undertaking, and demonstrates the quality work streams in place to benefit the community.

The Cabinet Member for Community highlighted the work of the Think Family community initiatives and is pleased the Council is able to contribute to this service. He highlighted the work of the Council's wellbeing service which has made 400 interventions and continues to advise and help the most vulnerable in the District. He noted that the demand for environmental health services has increased yet the department is still managing to increase the number of service requests which are completed within five working days. The Cabinet Member stated that the ways of reporting crime has recently changed which explains the 15.6% increase. In reality Mid Sussex remains the safest District in West Sussex and Sussex Police was recently rated 'good' in their reporting of crime, the only police force in the country to receive this rating.

The Cabinet Member for Housing and Planning stated that the planning department continues to meet its targets in Building and Development Control and is performing exceptionally well. Paragraph 43 of the report outlines that the Council is slightly above the national average for the number of appeals allowed against the refusal of planning permission. The Council continues to meet its target for affordable homes delivered and provides a good mixture of types of tenures of homes.

The Cabinet Member for Service Delivery praised the new provision of social housing in Ardingly, and noted that Members of the Scrutiny Committee for Customer Services and Service Delivery were invited to visit the District's Leisure Centres to see the progress of investment in them, which should conclude by the end of 2017.

The Leader explained that he attended the recent Scrutiny Committee for Leader, Resources and Economic growth and praised Members of that committee for their level of scrutiny and questioning. He reiterated that Mid Sussex has three very good leisure facilities across the entire District which the Council can be proud of. Furthermore, the payment of invoices at 99.96% within 30 days is an extremely high level and the team should be applauded. He concluded that the progress in the Customer Services and Service Delivery portfolio is visible to Members in the report.

The Deputy Leader and Cabinet Member for Resources and Economic Growth agreed with Members that the figures show a significant number of service requests and the Council copes incredibly well. The numbers of affordable homes completed compared well with other districts and the introduction of flagship reports will help in setting scrutiny priorities. He concluded by noting the significant number of Grants made to diverse groups across to support business, community and voluntary groups across the District.

The Cabinet Member for Service Delivery highlighted page 27 of the report which outlines the compliments and complaints received by the Council. He stated that many of the complaints received are dealt with satisfactorily and do not reach the next stage.

The Leader concluded by stating that the Scrutiny Committees continue to hold the Council to account, and improvements are always acknowledged, lessons are learnt and the Council continues to look forward.

The Leader took Members to the recommendations set out in the report which were agreed unanimously.

RESOLVED

The Cabinet resolved to:-

(a) Note the Council's performance throughout the year and identify any areas where it requires further reporting or information; and
(b) Note monitoring arrangements and progress with the Council's flagship activities for 2017/18.

6. THE MARTLETS CENTRE, BURGESS HILL – APPROPRIATION ETC.

Tom Clark, Head of Regulatory Services, introduced the report. He noted that in September 2015 Cabinet looked at a new agreement with the existing leaseholders for the site in Burgess Hill. In March 2016 the District Planning Committee approved the current plans to improve the shopping offer in the town. The report outlined historical parking rights acquired over time adjacent to the multi-storey car park. New River Retail has been in discussion with the holders of the spaces and alternative car parking spaces in Cyprus Road Car Park have been offered to those who have current parking rights to facilitate the significant regeneration of the area. If those who have current parking rights refuse or an agreement can't be reached the report outlines possible compensation from the New River Retail, the leaseholders and developers

The Cabinet Member for Service Delivery supported these proposals, which will allow the beginning stages of the investment to take place.

The Cabinet Member for Housing and Planning stated that minor issues always arise in major developments and it is important that these can be overcome quickly to move forward. The Council has to look at the best response to achieve a positive outcome for all parties in this case, either offering a parking space or compensation to accommodate people who have parking rights.

The Leader concluded by stating it is a full and considered report and demonstrates willingness of the Council to move this much needed regeneration forward.

The Leader took Members to the recommendations set out in the report which were agreed unanimously.

RESOLVED

The Cabinet resolved to:-

Subject to NewRiver (GP3) Limited indemnifying the Council from and against all legal, surveyors' and other costs, claims, liability and consideration (including costs and compensation payments arising from the exercise of the statutory powers outlined in this report)

(a) appropriate land comprising the Martlets Shopping Centre, Burgess Hill, West Sussex, shown edged in red on the Site Plan annexed hereto at Appendix A, and currently held by the Council for planning purposes to planning purposes of implementing the redevelopment scheme approved by the local planning authority on 14 March 2016 under planning permission DM/15/3858 or any subsequent planning permission for a similar development scheme in respect of the Martlets Shopping Centre pursuant to the Council's powers under Section 122 of the Local Government Act 1972 with immediate effect;

(b) if required, in order to facilitate the implementation of the development scheme mentioned in recommendation (a) above, be minded to recommend to Council the exercise the Council's powers of compulsory purchase over the land comprising the Martlets Shopping Centre, Burgess Hill, West Sussex, shown edged in red on the Site Plan annexed hereto at Appendix A, under the powers contained in Section 226 of the Town and Country Planning Act 1990, and having regard to the Secretary of State's policy in "Compulsory purchase process and the Crichel Down Rules for the disposal of surplus land acquired by, or under the threat of, compulsion: Guidance" issued by the Department for Communities and Local Government dated October 2015 as outlined in paragraphs 62 and 65 of this report;

(c) if required, in order to facilitate the implementation of the development scheme mentioned in recommendation (a) above, be minded to exercise the Council's powers to override the existing third party rights identified in this report under the powers contained Section 203 of the Housing and Planning Act 2016 through the appropriation of the land comprising the Martlets Shopping Centre, Burgess Hill, West Sussex; and

(d) authorise the Solicitor and Head of Regulatory Services and the Head of Corporate Resources to complete all necessary legal documentation to facilitate the implementation of the development scheme mentioned in recommendation (a) above and the grant of necessary rights over those parts of the Council's Cyprus Road Car Park, Burgess Hill, hatched in blue on the attached plan at Appendix D on terms acceptable to the Solicitor and Head of Regulatory Services and the Head of Corporate Resources.

7. URGENT BUSINESS

None.

The meeting was closed at 4.24 p.m.

Chairman.

5. BUDGET MANAGEMENT 2017/18 – PROGRESS REPORT APRIL TO JULY 2017

REPORT OF:	Head of Corporate Resources
Contact Officer:	Cathy Craigen, Chief Accountant
	Email: Cathy.craigen@midsussex.gov.uk Tel: 01444 477384
Wards Affected:	All
Key Decision:	No
Report to:	Cabinet
	5th September 2017

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Purpose of Report

1. This report reviews the progress on the Revenue Budget, Capital Programme and Treasury Management for 2017/18.

Summary

2. The forecast revenue outturn position for 2017/18 at the end of July is showing a projected net overspend of £4,000 against the original estimate, after transfers totalling £62,000 to Specific Reserve approved by Council on 19th July 2017.

Recommendations

3. To recommend to Council for approval:

(i) that £125,000 be transferred to a Martlets Relocation Specific Reserve as detailed in paragraph 21.

(ii) the variations to the Capital Programme contained in paragraph 32 in accordance with the Council's Financial Procedure rule B4.

To note:

(iii) the remainder of the report.

REVENUE SPENDING

Position to the end of July 2017

4. This is the second budget management report for the current financial year. This is intended to inform Members how key income and expenditure targets are performing after the first four months of 2017/18, and to give an indication of the likely position at the end of the year.

Expenditure and Income to date

5. Table 1 details 'actuals' to date for the key income categories and salaries expenditure, compared to their profiled budgets. It gives a snapshot position on performance to the end of July only. This table also details the projected year-end position for these key income categories, but this only forms part of the consideration for the year-end predictions for the Council's overall revenue budget.

Table 1: Key income/expenditure to the end of July 2017

INCOME	2017/18 Actual to July *£'000*	Profiled 2017/18 Budget *£'000*	2017/18 Original Budget *£'000*	Pressure/ (Saving) To end July ***£'000***	Pressure/ (Saving) To end May ***£'000***	Projected Year-end Variance ***£'000***
Car Park Charges	(696)	(662)	(1,972)	**(34)**	**(12)**	**(103)**
Development Management Fees	(551)	(405)	(1,214)	**(146)**	**19**	**(188)**
Building Control Fees	(215)	(179)	(486)	**(36)**	**(31)**	**(60)**
Land Charges	(56)	(56)	(150)	**0**	**6**	**0**
Licensing Act Fees	(32)	(14)	(138)	**(18)**	**(8)**	**0**
Hackney Carriage Fees	(39)	(41)	(124)	**2**	**2**	**(5)**
Outdoor Facilities Income	(135)	(137)	(289)	**2**	**3**	**0**
Garden Waste	(327)	(350)	(1,164)	**23**	**20**	**0**
Leisure Contract Income	(403)	(390)	(1,558)	**(13)**	**(9)**	**(55)**
Industrial Estates Rents	(308)	(362)	(688)	**54**	**21**	**0**
Town Centre Rents	(813)	(1,090)	(3,000)	**277**	**0**	**277**
Depots Rents	(36)	(36)	(73)	**0**	**(0)**	**0**
General/Miscellaneous Property	(129)	(105)	(208)	**(24)**	**(15)**	**0**
Total Income	(3,740)	(3,827)	(11,064)	**87**	**(4)**	**(134)**
EXPENDITURE						
Staffing costs	3,967	3,691	11,072	**276**	**73**	**108**

6. Car parking income is above budget by £34,000 in the first four months operation of the service. This is detailed in Table 2 below. The variation includes additional income in respect of Season Tickets (£12,000) and Pay and Display (£22,000). The forecast includes a projection for the full year based on the first four months performance. The overall forecast has therefore been amended to include an additional £42,000 since the last report, resulting in a revised forecast variation of £103,000 to year-end. This has been included in Appendix A of this report.

Table 2: Car Parking Income variance

	Actual April to July *(Over)/ under target* *£'000*	*Outturn 2016/17* *(Over)/ under target* *£'000*	*Forecast based on April to May* *(Over)/ under target* *£'000*	*Revised Forecast 2017/18* *(Over)/ under target* *£'000*
Pay & Display tickets	(22)	(80)	(50)	(68)
Season Tickets	(12)	(11)	(11)	(35)
Total additional income	(34)	(91)	(61)	(103)

7. Development management income is £146,000 above target for April and July. This is partly due to a large application received in respect of Hurst Farm of £53,000 and partly due to an increased volume of Planning Applications. Additional income of £135,000 is expected for the year due to increased volume, based on an average over the past three year's performance compared to the current budget target. The forecast has therefore been amended to include an additional £101,000 since last reporting (£34,000) to match the revised projection.

8. In addition, a prospective 20% fee increase will require the forecast to be amended once DCLG confirm the commencement date, and the full financial implications, including additional resource requirements for the service, will come forward in due course. In the meantime, the additional forecast volume-related income is expected to offset the part year cost of a Planning restructure as detailed in Appendix A of this report.

9. At the end of July, Building Control Income is over budget by £36,000. This is on track to achieve the projected additional income reported previously of £60,000.

10. Licencing income is £18,000 above target for April to July. This is mainly due to the profiling of income, which can fluctuate. Therefore, the forecast remains unchanged.

11. Hackney Carriage Fees are below target by £2,000 for the first four months of this financial year. This is mainly due to the profiling of income, which can fluctuate. However, the year-end forecast was previously adjusted to reflect £5,000 increased Hackney Carriage income identified at Outturn 2016/17, which is expected to be ongoing and this forecast remains unchanged.

12. Outdoor facilities income is £2,000 below budget after the first four months of the year. No change to the full year projection is anticipated at this stage.

13. Based on the current budget profile, Garden Waste income is £23,000 below target at the end of July. Expansion of the Garden Waste service is expected to deliver an additional 2000 customers in 2017/18 to achieve the budgeted customer base of 18,200 customers by year-end. The waste team are confident that this level of growth will be achieved by year-end and will be undertaking a direct marketing strategy to support this. Garden waste is currently averaging 50 new customers per week. Therefore, the forecast has not been amended at this stage.

14. The value of the Leisure Contract is subject to annual indexation and the previous forecast included an additional £55,000 to reflect the agreed contractual price for 2017/18. The projection remains unchanged.

15. Industrial Estates rent are £54,000 below target at the end of July. This is due to lower than anticipated income compared to the budget as a result of vacant units. No change to the full year projection is anticipated at this stage.

16. Town Centre Rents – the income from the Orchards is non-linear and, while the centre is almost full, we are awaiting some rents from new tenants. Similarly we have agreed some limited tenant incentives which have reduced the overall yield. These temporary arrangements can be offset by the use of the Orchards reserve for their duration.

17. General/miscellaneous property income is £24,000 above the target at the end of July. No change to the full year projection is anticipated at this stage.

18. The salaries expenditure to the end of July is showing a pressure of £276,000 against the profiled budget. This mainly relates to the cost of unbudgeted CenSus ICT staff transferred from Horsham District Council as part of the on-going changes in the CenSus ICT partnership. These costs will be met from future savings following implementation of reduced partnership contributions to Horsham. The variance also relates to the unbudgeted cost of CenSus Revenues and Benefits agency staff which will be met from additional magistrates court cost / grant income. The forecast year-end variation on salaries is therefore a net £108,000 over spend, as set out in Table 1 above. This forecast variance is mainly the result of unbudgeted staff costs which will be partly met from compensating savings identified in the service and partly met from Specific Reserve at year-end. Further detail is set out in Appendix A of this report.

19. In summary, based on current information available and as outlined in Appendix A, the current forecast year-end position (at the end of July 2017), is an over spend of £4,000. As a proportion of the overall budget this is essentially a balanced position. The Management Team will aim to maintain this for the year end.

Miscellaneous

20. Balance Unallocated is unchanged at £12,000.

21. In July 2017, we received the sum of £125,000 from New River Retail Ltd as a contribution to any associated costs relating to the closure of Martlets Hall to support the town revitalisation project. This is the first of two payments due of a total £250,000 contribution. Members are requested to approve the transfer of these sums to a Specific Reserve.

22. In July, we also received a grant payment of £501 from the Department for Work and Pensions, in respect of New Burdens relating to Removal of Spare Room Subsidy. This sum will be pooled along with similar allocations received by our Census Partners to meet this additional cost.

23. In July, we received £1,291 from the Department for Work and in respect of a New Burdens for Limiting Support to two Children. This sum will be pooled along with similar allocations received by our Census Partners to meet this additional cost.

24. In July, we received a grant payment of £2,751 from the Department for Work and Pensions to meet the costs of new burdens relating to Real Time Information. This sum will be pooled along with similar allocations received by our Census Partners to meet this additional cost.

25. In July, we received a grant payment of £366 from the Department for Work and Pensions in respect of Bereavement Support Payments. This sum will be pooled along with similar allocations received by our Census Partners to meet this additional cost.

Potential further pressures

26. As a result of the Census Revenues and Benefits partnership being disaggregated, it is likely that there will be a loss of economies of scale savings, which will present themselves as higher service costs. Whilst Officers are carefully working through the full HR and finance implications, it is expected that some additional costs will be borne by both Horsham and Mid Sussex councils in the short term.

CAPITAL SPENDING

Position to the end of July 2017

27. The Capital Programme for 2017/18 now stands at £3,408,000. This includes slippage from the 2016/17 Capital Programme, and current year capital project variations, as reported to Cabinet 10th July. The actual and commitments to the end of July 2017 total £911,139.

Variances to the 2017/18 Capital Programme

28. At this early stage in the year the major variances are set out in table 3 below, the remainder being a number of smaller variations of less than £100,000.

Table 3: Expenditure Variations on the 2017/18 Capital Projects

	Variances £'000 (overspend)	*Variances £'000* (underspends)	*Notes*
Finches Field Community Pavilion and Car Park		(666)	*1*
Bolnore Pavilion Driveway works	132		*2*
Disabled Facility Grants		(880)	*3*
Drainage works		(116)	*4*
Council Chamber Modernisation		(300)	*5*
Total	132	(1,962)	

Notes:

Emergency and Outdoor Services

(1) Increased contribution to Slaugham Parish Council agreed in MIS22A on 2nd June. Payment expected to be complete by the end of 2017/18.

(2) Bolnore Pavilion Driveway works scheme. Works are completed. To be included in the Capital Programme – refer to para30.

Environmental Health

(3) Demand-led Housing adaptations service for which £468,365 has been committed as at end of July. A variation is now forecast – refer to para. 31.

Corporate Estates & Facilities

(4) Drainage works – schemes are in the process of being scoped.

(5) Council Chamber Modernisation Works – feasibility study has been carried out and the results of this will need to be reviewed.

Proposed Variations to the Capital Programme

29. The current Capital Programme includes £68,000 for Relocation of IDOX UNIform software to Oaklands. This software supports the Planning service. It is hosted in Horsham and is used by Worthing, Horsham and Mid Sussex. Worthing are in the process of developing an alternative system which, when ready, will necessitate revising hosting arrangements. The Worthing project, initially slated for 2017/18 has now slipped to 18/19 meaning this linked project will need to move to 2018/19. Therefore, £68,000 needs to be re-phased to 2018/19 and the Capital Programme for 2017/18 total has been reduced to reflect this.

30. The Bolnore Pavilion Driveway project is a new project (now complete) in the 2017/18 Capital Programme. The project total is £132,000 (rounded to the nearest £'000). It was approved at Cabinet on the 17th October 2016 that £107,170 would be funded from two Section 106 receipts for formal sports. As reported in MIS10 on 8th March 2017 the Cabinet Member for Service Delivery authorised a further £24,221.34 be released from formal sport contributions. The remainder of the cost is to be funded from the revenue repairs budget.

31. The Disabled Facility Grant budget for 2017/18 includes a carry forward from 2016/17 of £119,442 and an increased allocation from WSCC making the total budget close to £1million. The budget was increased to try to get a higher number of adaptations completed to reduce the need for admissions to hospital and bed blocking in the NHS particularly over the busy winter months. Mid Sussex has been organised to process a higher level of grant instructions to match the enhanced budget. However, to date the level of instructions has been slow from West Sussex County Council given the budget available. This is expected to now turn round given the Governments direction to make this a priority and the work of a County wide group to make this happen. The slow start will mean some slippage of the budget to 2018/19, currently estimated at £100,000.

32. Proposed capital variations are summarised in table 4 below.

Table 4: Capital Project Variations April to end July 2017/18

	Apr to July £'000	*Ref*
Relocation of IDOX UNIform software to Oaklands	(68)	*Para 29*
Bolnore Pavilion Driveway Works	132	*Para 30*
Disabled Facility Grants	(100)	*Para 31*
Total	(36)	

33. Taking into account all of the changes detailed above, the overall effect is a decrease to the current capital programme for 2017/18 of £36,000 and an increase in 2018/19 of £318,000. Therefore the revised programme total for 2017/18 now stands at £3,372,000.

Capital receipts and contributions received to the end of July 2017

34. S106s and grant contributions of £963,002 have been received in the period April to July 2017.

S106 contributions committed/utilised to the end of July 2017

35. The following S106 contributions have been utilised during this period:

Table 5 S106 utilisation 2017/18	Apr to July £'000	Note
Lindfield Rural Parish Council	8	1
Haywards Heath Town Council	4	2
Burgess Hill Town Council	8	3
West Sussex County Council	39	4
West Sussex County Council	3	5
West Sussex County Council	48	6
West Sussex County Council	108	7
East Grinstead Town Council	1	8
East Grinstead Town Council	3	9
Hassocks Parish Council	1	10
Burgess Hill Rugby Football Club	10	11
Hurstpierpoint Cricket Club	21	12
Scaynes Hill Millennium Village Centre	3	13
The Yews (Haywards Heath) Community Partnership	10	14
Haywards Heath Town Council	10	15
Haywards Heath Town Council	9	16
Chequer Mead Community Arts Centre	54	17
Total	340	

Notes

1 Utilisation of Local Community Infrastructure contribution (P35/594 £8,040) S106 monies to improve pedestrian and disabled access leading to the Remembrance Garden at Walstead Burial Ground, as agreed by the Cabinet Member for Planning on 27 March 2017 MIS 13 29 March 2017.

2 Utilisation of Local Community Infrastructure contribution (P35/669 £986.40 & PL12-000511 £3500.60) S106 monies to replace an existing bus shelter outside Beech Hurst Gardens, as agreed by the Cabinet Member for Planning on 12 April 2017 MIS 16 19 April 2017.

3 Utilisation of Local Community Infrastructure contribution (P35/491 £8,495) S106 monies to install a new footpath in Burgess Hill Burial Ground, as agreed by the Cabinet Member for Planning on 12 April 2017 MIS 16 19 April 2017.

4 Utilisation of Total Access Demand (Sustainable Transport) contribution (PL12-000170 £35,271 & PL12-00620 £3,579) S106 monies for shared use path surfacing on Worth Way, Crawley Down, as agreed by the Cabinet Member for Planning on 12 April 2017 MIS 16 19 April 2017.

5 Utilisation of Total Access Demand (Sustainable Transport) contribution (P35/369 £62.78, P35/382 £77.26 & P35/781 £2,612.96) S106 monies for Speed reduction scheme Leylands Road/West Street, Burgess Hill, as agreed by the Cabinet Member for Planning on 12 April 2017 MIS 16 19 April 2017.

6 Utilisation of Total Access Demand (Sustainable Transport) contribution (P35/258 £179.07, P35/519 £12,015, P35/620a £6,480, P35/624 £13,065, P35/632b £2,991.13, P35/743 £1,260, PL13-000019 £4,871.72, PL13-000271 £3,688.08 & PL13-000617 £3900) S106 monies for Safety improvements on West Street, East Grinstead, as agreed by the Cabinet Member for Planning on 12 April 2017 MIS 16 19 April 2017.

7 Utilisation of Total Access Demand (Sustainable Transport) contribution (P35/779 £108,155) S106 monies for Traffic calming on Imberhorne Lane, East Grinstead, as agreed by the Cabinet Member for Planning on 12 April 2017 MIS 16 19 April 2017.

8 Utilisation of Local Community Infrastructure contribution (P35/632b £1,356.25) S106 monies to purchase a defibrillator for East Court, as agreed by Cabinet Member for Housing and Planning on 16 May 2017 MIS 20 17 May 2017.

9 Utilisation of Local Community Infrastructure contribution (P35/632b £348.42 & P35/633b £2,181.58) S106 monies to enhance the public realm in the area to the front of the Kings Street public toilets, as agreed by Cabinet Member for Housing and Planning on 16 May 2017 MIS 20 17 May 2017.

10 Utilisation of Formal Sport contribution (P35/638b £1,389.80) S106 monies to install goalposts in Adastra Park, as agreed by the Cabinet Member for Community 23 May 2017 MIS 22 31 May 2017.

11 Utilisation of Formal Sport contribution (P35/625a £10,000) S106 monies towards the cost of improvements to the clubhouse, as agreed by the Cabinet Grants Panel 5 June 2017 MIS 23 5 June 2017.

12 Utilisation of Formal Sport contribution (P35/544 £31,796 & PL12-000366 £7,144) S106 monies towards an artificial wicket and upgrading the changing rooms, as agreed by the Cabinet Grants Panel 5 June 2017 MIS 23 5 June 2017.

13 Utilisation of Community Buildings contribution (PL3-000199 £3,000) S106 monies towards the cost of a new water heater, as agreed by the Cabinet Grants Panel 5 June 2017 MIS 23 5 June 2017.

14 Utilisation of Community Buildings contribution (PL12-001035 £9,721) S106 monies towards the cost of garden improvements, as agreed by the Cabinet Grants Panel 5 June 2017 MIS 23 5 June 2017.

15 Utilisation of Local Community Infrastructure contribution (P35/562b £2,892.12 & P35/641 £7,238.81) S106 monies to install new lighting on the footpath leading from Butlers Green Road to Lucastes Road, as agreed by the Cabinet Member for Planning on 15 June 2017 MIS 25 21 June 2017.

16 Utilisation of Local Community Infrastructure contribution (P35/641 £9,410) S106 monies to upgrade footway lights on Lewes Road, as agreed by the Cabinet Member for Planning on 22 June 2017 MIS 26 28 June 2017.

17 Utilisation of Community Building contributions (P35/623b £3,937, P35/705 £4,858, P35/667 £7,824, P35/667 £880, P35/652b £9,731, P35/680 £14,782 & P35/694 £11,488) S106 monies towards building improvements, as agreed by the Deputy Leader and Cabinet Member for Resources and Economic Growth on 30 June 2017 MIS 27 5 July 2017. This application was also considered at the Cabinet Grants Panel on 5 June 2017 but further information was required from the organisation in order to make a decision.

TREASURY MANAGEMENT INTEREST

36. Treasury Management interest for the financial year 2017/18 was projected in the Budget Report to be £308,065 at an average rate of 0.80%. The Budget Report is prepared well before many of the cash flow items are known.

37. As at the end of July 2017, projected Treasury Management interest earnings for 2017/18 were £308,065 at an average rate of 0.853%, being on target. This position will continue to be monitored closely as we progress through the year.

Local Authority Property Fund Dividends

38. Members will recall that £6m is invested in the Local Authorities' Property Fund administered by the CCLA. Dividends on these investments are paid to the Council on a quarterly basis being due for the quarters ending 30 June; 30 September; 31 December and 31 March. Dividends received for the quarter ending 30 June are £74,579 less management expenses of £8,800. Therefore, the net income to the Council is £65,779 as at the end of June 2017. £240,000 is budgeted to finance the Revenue Budget in the current year. However, based on the first quarter dividend, this is likely to be exceeded by year-end. This will continue to be monitored and further updates will be reported in future Budget Management Reports.

POLICY CONTEXT

39. This report shows actual financial performance against the original budget, which was approved within the context of the Financial Strategy.

FINANCIAL IMPLICATIONS

40. The financial implications are detailed within the body of this report.

RISK MANAGEMENT IMPLICATIONS

41. There are no risk management implications. Financial risks have been seen as a strategic risk in the past but the Council has a proven track record in Budget Management and this is not seen as a strategic risk for 2017/18.

EQUALITY AND CUSTOMER SERVICE IMPLICATIONS

42. There are none.

OTHER MATERIAL IMPLICATIONS

43. There are no legal implications as a direct consequence of this report.

Background Papers

Revenue Budget 2017/18

Appendix A

Forecast Budget Variations for 2017/18 at the end of July 2017

	Pressures in 2017/18	*Notes*
	£'000	
April to May pressures Cabinet 10th July 2017	131	
Approved Transfers to Specific Reserve (July)	62	
Car Parks – New Notice processing Platform	7	*1*
Car Parks – NNDR Revaluation	45	*2*
Temporary Accommodation	78	*3*
Hackney carriages – Unmet Demand Survey	10	*4*
Waste Contract Indexation	25	*5*
Part year effect of staff restructure changes – Planning	17	*6*
Playground repairs	35	*7*
Rental income – The Orchards	277	*8*
Hurst Farm	40	*9*
Apprenticeship staffing	19	*10*
	746	

Notes:

(1) Pressure resulting from the purchase of a new Notice Processing Platform for Parking Services.

(2) NNDR pressure relating to the revaluation of Car parks at Boltro Road £8K, Church Road, Haywards Heath £18K and Church Lane, East Grinstead £19K.

(3) Forecast pressure in respect of Temporary Accommodation based on the trend over the past 27 months and an expectation that, due to further known national pressures, the trend is likely to continue. Pressures are in respect of further welfare reform changes, including the impact of the Benefit cap and the freeze to Local Housing Allowance rates despite private rents increasing.

(4) Triennial requirement by the Department of Transport to carry out a survey to assess unmet demand for Hackney carriages as a result of having a quantity restriction.

(5) Waste contract indexation pressure as a result of confirmed contractual indices for March exceeding those estimated at the time of budget setting.

(6) Part year effect of a Planning Restructure in response to the need to renew capacity to support the delivery of the District Plan, the Councils' economic development strategy and the ambitious growth programme at Burgess Hill. The total part year cost of £75K is being partly funded by Development Management staffing reserves in-year, leaving a remaining cost of £17K. The full year cost in respect of the permanent change to the staffing establishment will be included in the Corporate Plan and Budget report 2018/19, contingent on confirmation from DCLG regarding the 20% increase in planning applications fees.

(7) Pressure due to essential repairs to keep playgrounds safe and functional.

(8) See paragraph 16.

(9) The cost of making an outline planning application on the site

(10) Further cost of two Apprentices, employed on 2-year contracts. The sum originally allocated from specific reserve has now been fully utilised and a further pressure relates to the cost of the second year.

Appendix A

Forecast Budget Variations for 2017/18 at the end of July 2017

	(Savings) in 2017/18 *£'000*	*Notes*
April to May savings Cabinet 10th July 2017	(227)	
Planning Fee Income	(154)	*11*
Provision of Bins for new developments	(12)	*12*
Cleansing Services staffing	(10)	*13*
Parking Pay and Displays Income	(18)	*14*
Accountancy Staffing	(20)	*15*
Parking Season Ticket Income	(24)	*16*
Reduction in contribution to The Orchards Reserve	(277)	*17*
	(742)	

Notes:

(11) See paragraph 7.

(12) Additional Income for the year due to charges made for the provision of bins for new developments.

(13) Staff saving due to a vacant post during the first four months of the year.

(14) See paragraph 6.

(15) Staff saving due to a vacant post and staff working reduced hours.

(16) See paragraph 6.

(17) See paragraph 16.

6. SERVICE AND FINANCIAL PLANNING – GUIDELINES FOR 2018/19

REPORT OF:	Peter Stuart, Head of Corporate Resources
Contact Officer:	Email: peter.stuart@midsussex.gov.uk Tel: 01444 477315

Wards Affected:	All
Key Decision:	Yes
Report to:	Cabinet 5 September 2017

Purpose of Report

1. This report sets out the service and financial context within which the authority will operate over the next two years and sets out guidelines for developing the Corporate Plan and Budget for 2018/19. It is intended to set a direction for the authority when considering future service and financial decisions.

Summary

2. The Council has a well-tested and robust service and financial planning process that has enabled it to respond effectively to the very difficult financial challenges local government has faced over a number of years. The report outlines the Council's funding streams and some key aspects of its expenditure. It also considers the case for presenting the Council as financially independent in the next financial year.

3. It is set in the context of an uncertain exit from the European Union and a government in place which may struggle to enact its policy agenda. Areas affected may be, for example, the potential for a transition to 100% business rate retention and the reform of the planning and benefits system.

4. The budget for 2018/19 is generally in balance and enables some significant transfers to specific reserves to support the Council's ambitions, though the Council still has to use a combination of recurring savings and increases in income of approximately £1.4m over the next four years to achieve a balanced budget. The budget gap for 2018/19 is estimated to be £12k in deficit after allowing for a modest increase in council tax, but with no other significant price rises.

5. At the same time that this report is being considered, Officers are scoping the level of resource needed to create capacity to respond to the ambitions of Members to see investment in frontline services specifically in response to changing customer requirements and to see continuing support for local communities. While this requires investment in services, such as Planning and Economic Development, it is likely that some support services will also require extra resources within the same timescale. These proposals will be brought forward when the scoping work has been completed and a planned and costed position is established.

6. Subject to the discussion at Cabinet, the content of this report will guide the preparation of service plans and budget proposals through the autumn and will enable a draft Corporate Plan and Budget for 2018/19 to be published for Members' consideration in December.

Recommendations

Cabinet is recommended to

7. **endorse the guidelines set out within this report and uses these principles in preparing the 2018/19 Corporate Plan and Budget;**

8. **affirm that the Council can be considered to be 'financially independent' for the financial year 2018/19**

9. **reserve its decision on Council Tax levels until after the November 2017 Budget.**

Background

10. Members will be aware that the financial outlook for local government as a whole remains very challenging especially after the Referendum vote in 2016 to leave the EU and the surprise result from the General Election in June. Some issues remain fluid and, importantly, this paper pre-dates the November Budget when it is expected that some relaxation of public sector austerity may be made. This may potentially affect Local Government by manifesting as inflationary pressures.

11. This means that whilst the projections within these guidelines are very prudent and should pre-empt the possible Budget impacts, we will have to wait until November to ascertain if our assumptions are realistic and for the Provisional Financial Settlement in early December to ascertain any distributional impact on Mid Sussex. The Council will need to have alternative strategies in place were the position to be worse than anticipated, and similarly there may be potential to adjust income decisions were the position to improve.

12. The Council's track record in identifying and delivering savings and efficiencies is good and Members and Officers have traditionally worked well together to navigate these challenges. Over the last ten years we will have delivered well over £7m of planned savings whilst maintaining service levels in key service areas.

13. These savings have resulted from a range of initiatives:

- Working in partnership with other neighbouring Councils and our contractors.
- Robustly managing budgets to identify savings on an ongoing basis including revenue and controlling costs.
- Increasing flexibility and productivity of services through service redesign and digitalisation.
- Exploring all opportunities to maximise income including investing in income producing assets.

14. The assumption behind the remainder of this report is that, as a rule of thumb, Members want to keep service performance at least at current levels without significantly impacting upon the Medium Term Financial Plan (MTFP). However, Members also acknowledge the need to invest in some areas in order to deliver the Council's ambitions. This will be a difficult challenge given the scale of savings already secured in previous years. That said, investment in digital technology is one of the ways the Council may be able to support service development whilst managing within the resources available.

15. It is important to note that decisions taken now may have greater effect over the medium term. This is emphasised because inflation on our costs (over which we have little control) is still greater than inflation on our income (over which we do have control) over this timescale. The effect of this is that a budget deficit can build up over the life of the plan, which could have been prevented had earlier decisions on income levels been taken.

16. Subject to endorsement by Cabinet, this report provides the overall direction and guidance for officers and Members as they prepare service plans and budget proposals over the autumn. In the usual way, a draft Corporate Plan and Budget for 2018/19 will be published in December.

Updating the latest published position

17. The last Medium Term Financial Plan published as part of the Corporate Plan and Budget report presented to Council in February 2017 showed the projected gaps (figures in brackets represent a surplus) between overall income and expenditure as:

2018/19	2019/20	2020/21
£'000s	*£'000s*	*£'000s*
(453)	(45)	152

18. Since the Plan was published new information has emerged that will need to be taken into account. The remainder of the report explores this in more detail. As we go through the detailed budget planning cycle, further pressures and savings will come forward from the Business Units and these will also need to be taken into account.

New Homes Bonus (NHB)

19. Members will recall that this funding stream is not ring-fenced and can be used at the discretion of the Council. It is a reward grant paid in direct proportion to the numbers of new homes built or brought back into use. We have so far received £13m in the last six years.

20. Many councils have used this funding in their revenue budgets in preference to making savings. We have not done this but instead placed it in reserves and made limited use of it for specified purposes; to date largely this has related to housing or investment in community facilities to support housing growth. However, as noted last year, as the whole model of local government funding changes, NHB is increasingly becoming an element of our mainstream funding from Government, albeit reward related. As traditional formula grant become less significant, NHB becomes relatively more important to the Council.

21. Overall, the funding total is expected to change in 2018/19 but this is not yet known. Indications are that reduced grant will be available, and we know that funding will be over a shorter time scale of four years rather than the present six. We will await developments and update Members accordingly. In the meantime Officers' advice remains to be cautious about relying on NHB for ongoing expenditure.

Rate Retention Scheme (RRS)

22. The RRS was the new method of part-funding local authorities, introduced in 2013/14. Members will recall that at its most simplistic, a target for the collection of rates is set, and if that is exceeded, then the Council can keep a proportion of the excess.

23. The experience of the last year has been broadly positive (subject to monthly fluctuations). While the total rateable value (RV) of all non-domestic properties in the district did increase overall, this has been offset by having to make an allowance for appeals against these valuations; the results of which can go back to the last rating list in 2010.

24. However, there are many variances that may affect our position in the coming years and we are therefore taking a very prudent view of the income to be generated from the RRS in 2018/19, and intend to continue this approach in the medium term.

25. Members will appreciate that the new (post June 2017) government has postponed plans to introduce 100% Business Rates retention and its timescale is now uncertain. We are therefore proceeding on the basis that the existing scheme continues unchanged. In the event that this proves unfounded, we shall revisit our assumptions and the funding associated.

26. Whichever scheme is in force, the Council has created a RRS Reserve to smooth out any fluctuations in income.

Revenue Support Grant (RSG)

27. This time last year the government had planned that Revenue Support Grant would be phased out by 2020, to be replaced by 100% Business Rate Retention. The General Election result would appear to have put that work on hold for now and it is not clear exactly how local authorities will be funded over the medium term. .

28. For next year, we know that RSG income to Mid Sussex will fall to nil and the following year, it will reduce to a negative payment; representing a payment back to the government, financed from taxation.

29. Members may recall that in 2009/10 our RSG was in excess of £6M; which shows the level of efficiency achieved since that time.

Financial Independence

30. Over the last few years the Council has aspired to become financially independent – and has taken that definition to be able to exist on its own resources without what used to be called 'formula grant', ''aggregate external funding (AEF), or the present name, Revenue Support Grant. Whatever the name, what these grants had in common was that they were designed to offer unringfenced (i.e. without spending conditions) financial support to the authority to bridge the gap between its income and its expenditure.

31. Given that RSG will no longer be payable to the authority, and that our income will be derived solely from retained business rates, rents, fees and charges, council tax and certain grants arising from the performance of specific functions, we can consider ourselves to be ‘financially independent’ of central government support.

32. While this in itself does not confer any particular financial reward or freedoms, it is an achievement that represents many years of careful financial stewardship that matches the strategic ambition of the Council for the Mid Sussex community. It remains one of the key fiscal strategies for the future development of this Council and community.

Council Tax Support Scheme

33. The Council agreed a local Council Tax Support scheme in January 2013 which was introduced at the start of 2013/14. Members will recall that the aim of the scheme was to discount the Council Tax for eligible households to ensure that the total discount awarded in one year was equal to the amount of grant that the Council received. Our budget projections proved to be accurate.

34. Since that time, the economy has continued to improve and we are discounting council tax bills to a lesser degree than projected. This translates into a higher council tax base, which increases the total revenue derived from council tax. There are no plans to change the Council Tax Support Scheme for 2018/19. However research continues to find a scheme which is simpler and more administratively efficient, perhaps based on household income bands rather than a full means test. This will be a work stream for 2018.

Income from Fees and Charges

35. The Council generates various sources of income; car parking charges, land charges, building control, and planning fees, industrial and commercial rents and green waste income amongst others.

36. To agree a budget, the Council will need to make assumptions about the local economy and in particular the building-related sectors that affect income from these sources. Our current assumption about income assumes activity levels roughly equivalent to 2017/18 and therefore that the levels of income in those areas will not decrease.

37. However, for Development Management we are anticipating an increase in budgeted income for 2018/19 over that of the current year – based on the 20% increase in planning fees outlined within the recent Housing White Paper.. We will need to review this position as the year progresses and expectations on planning applications and fees become clearer. In addition the emerging District Plan provides a level of certainty on the number of dwellings the District needs each year. This figure of 876 pa can now be used as the basis of calculating planning income, although of course the Council is not in control of development so it is difficult to absolutely calculate anticipated income.

Income Source	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
	£’000s	*£’000s*	*£’000s*	*£’000s*	*£’000s*
Pre-application	52	57	49	34	34

fees					
Planning Application fees	980	1,164	1,204	1,150	1,403
Total	1,032	1,221	1,253	1,184	1,467

38. We are not forecasting any increased income, through price rises, from either green waste collection or car parking for 2018/19 at this point although of course this does remain an option. Therefore, forecast income is at the levels indicated in the relevant Business Plans.

Investment Income

45. Members will recall that we have now invested £6m in the Local Authority Property Fund in order to generate a revenue income to help offset the reduction in RSG. This is producing a reliable £240k per annum at around a 4% return which helps support service delivery.

Temporary Accommodation

46. This is the cost of providing temporary housing for families and individuals who have been accepted as homeless and the Council has a statutory obligation to house. Whilst this is often bed and breakfast accommodation, we also use more economic and appropriate accommodation.

47. Regional trends are indicating an increase in the number of people being accepted as homeless, with the accompanying rise in the costs of temporary accommodation. This is a very worrying trend and is due to a number of factors relating to Welfare Reforms and the extreme pressure on affordable housing in the district.

48. The budget is therefore being maintained at the higher level set in 2017/18 and we will review this regularly throughout the year as this budget is directly related to the number of families in temporary accommodation. We will be monitoring this closely.

ICT Reserve

49. This funds the investment in our new infrastructure as well as financing the move to the Cloud and the digital investment in our 'digital by design' programme. The business analysis and setting up of the CRM and associated Waste System has taken place. We are now well placed to build on these foundations to roll out better applications and enable more mobile and customer-focused interaction. The next phases are introducing Microsoft Office 365, the cloud based productivity suite, and retiring a range of smaller applications. This supports the move to a simpler infrastructure, increased resilience and lower hardware infrastructure costs.

50. We are expecting to have spent £490k from the total budget and are predicting to spend another £275k in the new financial year, as we start to move away from legacy systems and reduce our commitment to the Census ICT partnership. It is therefore proposed that we top up the reserve each year with £400k over the medium term. This investment is vital to help support the Council's work to increase efficiency whilst also managing costs. It represents an 'invest to save' approach and a commitment to improve customer service.

Pension Fund issues

51. The triennial revaluation of the whole WSCC pension fund has taken place and showed that the fund as a whole is 95% funded (up from 86.4% three years before).

52. We continue to move towards full funding however, and the fund allows us to stabilise our contributions. For the next three years these stay at 2017/18 levels, at 18.6% of salary, together with a lump sum.

53. At the next valuation in 2019 it would be prudent to budget for a 1% increase in the employer contribution rate.

Council Tax

54. Last year's increase of 1.99% was the first council tax increase for 5 years. Similar increases have been built in to the Medium Term Financial Plan in future years.

55. Late on in the budget setting process for 2016/17, we were notified that authorities with lower quartile council tax at Band D, would be allowed to increase tax by the higher of 1.99% or £5. It was considered that our 1.99% increase would continue for 17/18 but consideration would be given to the £5 increase (which equates to 3.3%) were circumstances to merit it. For example, Chichester DC did this twice over the last four years.

56. For planning purposes we have shown the increase at 1.99% but Cabinet are asked to examine the financial position in the round before committing to a decision at the appropriate point in the process. Given the pressures forced upon us and the desire to invest in front line services, the flexibility to keep the option of a £5 increase available is sensible at this point.

Council Tax Base

57. In the current year we are working to an increase in the council tax base of 1.79%. Current monitoring shows that this is still realistic.

58. For 2018/19 we have forecast a lesser increase of 1.2%. This takes into account the effect that having a made District Plan will have upon housebuilding within the district. It should be noted that numbers of properties built does not have a direct correlation with the taxbase, as a result of discounts and exemptions awarded.

Inflation

59. Each year we recalculate the likely cost of inflation to the Council. Whilst the biggest slice of this is pay inflation (which has now been pegged at 1% per annum for the last 5 years) there are also contract price increases as well since many of our larger contracts are linked to inflation-measuring indexes such as CPI, Average Weekly Earnings or fuel prices.

60. We are now working to the assumption that public sector pay restraint may be lessened next year, and have budgeted for a 2% rise.

61. Similarly, the forecasts are that general inflation is likely to exceed the BoE targets in the medium term and that our 'basket' of indicators will give rise to an estimate for inflation of £549k each year. We can update that for next and future years when the September CPI figures are published.

Service Development

62. The district has been experiencing an up-lift in economic activity which looks set to continue for the future. Whilst housebuilding is the most obvious sign, business development is growing.

63. The Council's role in this is often not as a direct provider but as an enabler, and sometimes as a regulator. This can involve the Council's property interests, and resources are expended in implementations and projects that may take years to come to fruition. The Council is also launching a new Economic Development Strategy in 2018/19 and will adopt the District Plan in 2018 which will set the planning framework for the District. Work on the Burgess Hill growth area is a key part of both of those plans.

64. We are therefore having to review our Business Units and their resourcing in order to ensure that the Council's and the community's ambitions can be met in a timely way.

65. Development Management and Planning Policy and Economic Development are the two areas where there has been a focus on making a modest increase in staffing, financed from Planning income. On recent evidence will also need to review Corporate Estates where activity has significantly increased. Similarly, services such as legal, and finance, which support planning and economic development work will need some investment in order to ensure that they can provide the appropriate level of support

66. The position regarding the Census Partnership will also take effect in 2018/19. Whilst the staffing side of ICT has been resolved and we are now the direct employers of staff, some key systems are still being managed, paid for and recharged by Horsham DC. The cost of this revised service is expected to be within the present financial envelope in the future however, excepting the cost of new investments met by the ICT reserve.

67. For Revenues and Benefits however, the disaggregation is more clear-cut, and by April 2018, we will be operating a standalone service. This should benefit from the digital agenda and will focus on being increasingly customer friendly and accessible as it evolves. However, it will be appreciated that whilst the creation of the partnership generated some economies of scale, the disaggregation has the potential to increase costs from that low base. Officers are working through these implications along with colleagues in Adur and Horsham district councils. For planning purposes we have forecast an increase of £300k pa over the medium term.

68. The outcomes of all these deliberations will come forward as part of the budget process prior to the draft Corporate Plan and Budget being considered by Members in the late autumn. In the interim period, Officers and Members will work together to formulate an approach to both financial years, taking into account the factors set out in this paper.

Overview

69. The financial changes in our income and expenditure set out above can be overlaid on to the Medium Term Financial Plan to arrive at a new surplus/deficit position for the next four years. To recap, these changes are:

Description	Pressure	Saving	Total
	£'000s	*£'000s*	*£'000s*
2016/17 net on-going savings/ permanent changes		(96)	
CenSus Revenues & Benefits disaggregation costs	300		
Development Management additional income		(335)	
Cost of Development Management staffing Restructure	259		
Inflation change	337		
Net change	896	(431)	465

70. These changes alone mean that the corresponding position to that set out in paragraph 17 above is now:

2018/19	2019/20	2020/21	2021/22
£'000s	*£'000s*	*£'000s*	*£'000s*
12	757	1,291	1,491

71. We are therefore approximately balanced in the next financial year although the year after has a gap generated by the 'repayment' of RSG (discussed above). The scale of these gaps is evidently significant although they are potentially affected by the uncertainty around the Budget in November and the Settlement announcement in December. Members may therefore wish to retain flexibility in Service Planning in the event that the council's circumstances change adversely. The Appendix sets out this picture in more detail.

Next Steps

72. Now we have up-dated the MTFP and estimated budget gap for 2018/19, officers will examine the Councils' income and expenditure in detail with a view to maximising efficiencies. As each budget proposal is developed it will be assessed against the likely impact on service provision. This work needs to take place over the next three months so that a draft balanced budget, with supporting service plans and performance targets, can be considered by the Leader and Service Delivery Scrutiny Committee at its meeting in January 2018. This will enable the process to follow the usual timetable through to its adoption of the Corporate Plan and Budget by Council at the end of February 2018.

Policy Context

73. Setting a financial strategy and understanding the environment within which the authority operates is a fundamental requirement in preparing the annual Corporate Plan and Budget. The strategy and supporting service plans will be informed by the Council's agreed corporate priorities in the usual way.

Other Options Considered

74. The report outlines the context within which service and financial planning should take place this year but does not make a recommendation for a particular decision or course of action. Therefore no other options are considered.

Financial Implications

75. This report has no financial implications in itself. However, if the guidance is followed there will be implications and these will be set out in the draft Corporate Plan and Budget due to be published in December.

Risk Management Implications

76. This report has no such implications in itself, and the forecasts contained herein are based on the best information available to us at the time having been subjected to an appropriate level of due diligence in order to ascertain that the financial position is as described. In the event that the situation worsens, alternative strategies may have to be considered and employed but only after the appropriate decisions have been consulted upon.

Equality and Customer Service Implications

77. No Impact Assessment has been carried out on the subjects covered by this report; these will be drawn up and considered when such decisions are implemented.

Other Material Implications

78. None.

Background Papers

Medium Term Financial Plan
Cabinet 5th September 17

Revenue Spending	Year 0	Year 1	Year 2	Year 3	Year 4
	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Base Net Expenditure	10,158	10,340	10,159	10,215	10,188
Benefits	(119)	(119)	(119)	(119)	(119)
Drainage levies	-	-	-	-	-
Base Revenue Spending	10,039	10,221	10,040	10,096	10,069
Balance Unallocated	12	12	12	12	12
Council Net Expenditure	10,051	10,233	10,052	10,108	10,081
Contribution to Rate Retention Scheme Equalisation Reserve	200	200	200	200	200
Additional Contribution to ICT Reserve (Digital)	600	400	400	400	400
Contribution to Economic Development & Burgess Hill Growth Area Reserve	500	500	500	500	500
Contribution to Environmental Health staffing	50	50	50	50	50
Contribution to Economic & Community Development Fund	220	-	-	-	-
Contribution to Leisure Reserve	300	-	-	-	-
Contribution to Orchards Reserve	900	900	900	900	900
Net on-going savings / permanent changes 2016/17		(96)	(96)	(96)	(96)
Other known pressures: (R&B disaggregation -MDSC cont. incr by 50% of extra costs)		300	300	300	300
Other known savings: (Planning staff restructure funded by 20% fee / volume increases)		(76)	(76)	(76)	(76)
Net General inflation (2% increase staff 87k; 3% increase non-staff 250k)	-	549	1,098	1,647	2,196
Total Revenue Spending	12,821	12,960	13,328	13,933	14,455
External Funding (RSG)	(128)	-	767	767	767
Rates Retention Scheme (RRS) funding	(2,775)	(2,858)	(2,944)	(2,700)	(2,700)
Transitional Grant 16/17 & 17/18	(145)	-	-	-	-
HB Admin Grant / LCTS Grant	(374)	(374)	(374)	(374)	(374)
Council Tax Requirement @ 1.99%	**(9,183)**	**(9,476)**	**(9,780)**	**(10,095)**	**(10,417)**
Dividend income LAPF	(240)	(240)	(240)	(240)	(240)
Collection Fund:					
- Council Tax deficit / (surplus)	(110)	-	-	-	-
-Rates Retention Scheme deficit / (surplus)	1,521	-	-	-	-
Contribution from Rate Retention Scheme Equalisation Reserve	(1,387)				
Cumulative Balance deficit; / (surplus)	**0**	**12**	**757**	**1,291**	**1,491**
Difference year on year		12	745	533	200

Financing Revenue Spending

	Year 0	Year 1	Year 2	Year 3	Year 4
	2017/18	2018/19	2019/20	2020/21	2021/22
Council Taxbase	59,012.1	59,720	60,437	61,162	61,896
Change in Taxbase	1.79%	1.20%	1.20%	1.20%	1.20%
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Revenue Budget	12,821	12,960	13,328	13,933	14,455
% change in Formula Grant /External Funding	-84.9%	-100.0%			
External Funding (RSG)	(128)	0	767	767	767
Rates Retention Scheme (RRS) funding	(2,775)	(2,858)	(2,944)	(2,700)	(2,700)
Transitional Grant 16/17 & 17/18	(145)	0	0	0	0
HB Admin Grant / LCTS Grant	(374)	(374)	(374)	(374)	(374)
Council Tax Requirement	**(9,183)**	**(9,476)**	**(9,780)**	**(10,095)**	**(10,417)**
Dividend income LAPF	(240)	(240)	(240)	(240)	(240)
Collection Fund:					
- Council Tax deficit / (surplus)	(110)	-	-	-	-
-Rates Retention Scheme deficit / (surplus)	1,521	-	-	-	-
Contribution from Rate Retention Scheme Equalisation Reserve	(1,387)	-	-	-	-
Total Financing	(12,821)	(12,948)	(12,571)	(12,642)	(12,964)
Balance [(deficit); /surplus]	0	(12)	(757)	(1,291)	(1,491)
	(12,821)	(12,960)	(13,328)	(13,933)	(14,455)
Council Tax at Band D	**£ 155.61**	**£ 158.67**	**£ 161.82**	**£ 165.06**	**£ 168.30**
Change from previous year	**1.99%**	**1.99%**	**1.99%**	**1.99%**	**1.99%**

7. PROPOSED LEASE OF LAND NORTH OF MAPLE DRIVE, BURGESS HILL

REPORT OF:	Peter Stuart, Head of Corporate Resources
Contact Officer:	Thuso Selelo, BUL – Corporate Estates & Facilities Email: thuso.selelo@midsussex.gov.uk Tel: 01444 477425
Wards Affected:	Burgess Hill
Key Decision:	Yes
Report to:	Cabinet

Purpose of Report

1. The purpose of the report is to brief the Cabinet on the provisional terms that have been agreed for a proposed lease of an area of land shown edged in red in the attached plan, ('the Property'), and to seek authority to enter into an agreement for the construction of a community church on the Property and the subsequent grant of a lease of the Property to The Trustees of Sheddingdean Baptist Church on the terms set out in this report. The report also considers the outcome of advertising the proposed lease in accordance with Section 123 of the Local Government Act 1972.

Recommendations

2. The Cabinet is recommended to:

(a) Note the contents of this report; and

(b) Authorise the grant of an agreement for a building lease for three years of the land at Maple Drive, Burgess Hill, to The Trustees of Sheddingdean Baptist Church, followed by, on practical completion of the building a lease for a period of 135 years on the terms outlined below, and on such other terms and conditions as the Solicitor and Head of Regulatory Services to the Council may recommend to protect the Council's position.

Background

3. The Council owns a parcel of land, which is currently open space, north of Maple Drive, Burgess Hill, which is shown edged in red on the attached Location Plan at Appendix 2, which parcel of land comprises approx. 0.39 Ha.

4. In 2014, the Council was approached by the Trustees of Sheddingdean Baptist Church, ('***the Church'***) who had a vision to harmonise the relationship between the church and the local community within Burgess Hill. The Church operated various charitable and community services at the Sheddingdean Community Centre, which is also Council-owned, but also occupied by various groups including the Windmills Playgroup.

5. The Church currently operates from the Sheddingdean Primary School on weekends which is located directly opposite the Community Centre and has been in the Sheddingdean area for the over 17 years. The Church has developed other initiatives such as the mother and toddler group, serving the local community and operate from the Community Centre, which is not large enough and creates a pressure on other users.

6. The Church wants its own space which would allow it to increase the services and activities without affecting the other users at the Community centre, and the land off Maple Drive was identified as potentially suitable provided the Church carried out its

own independent investigations and site surveys, and submitted a planning application for a development of a church and community facility.

7. Officers have been working with the Church over the past few years to develop a suitable scheme and the planning application was submitted, and is pending resolution. The Church wish to start the marketing and media campaign to apply for grant funding as well as loans required for facilitating and completing the building, however, most funding agreements require the applicant to have a legal interest in the land, i.e. security of tenure.

8. The proposed site of the Church forms part of a Recreation Ground and therefore, constitutes public open space, and the Council is therefore, required to comply with Section 123 of the Local Government Act 1972 by advertising the Council's intention to grant the proposed lease for two consecutive weeks in a local newspaper inviting members of the public who may oppose or object to such a disposal to make their views know and for the Council to consider such objections before deciding whether or not to grant the proposed lease. The Council advertised its intention to grant the proposed lease on 6th and 13th April 2017, and no objections to the proposed lease were received by the date specified in the notice. The Council is therefore, free to proceed with the proposed lease on the terms outlined in this report.

9. Part of the proposed site of the Church is used by Burgess Hill Town Football Club on match days as overspill car parking to relieve pressure on local roads, which was the cause of complaint to the Council and hostility between the Club and local residents.. When the current lease to the football club was granted the Council was aware of these proposals and provisions to determine the rights granted to the football club were included in their lease, so that Council is able to discontinue their use. However, removing these rights permanently is likely to cause a re-emergence of the issues that existed before the overspill car parking was provided and it is understood that the Church are willing to accommodate the Club on match days and it is proposed that the proposed lease be granted subject to the rights of the Club and that the rights are merely suspended during construction, to minimise the impact.

10. A summary of the main terms and conditions of the proposed lease, which have been agreed with the prospective tenant, is attached at Appendix I for reference.

Policy Context

11. The grant of the lease supports the Council's Vision for a better and safer Mid-Sussex by enabling the Church to enhance the regeneration of waste land at Maple Drive through the development of a church and community facility.

Other Options Considered

12. The alternative is to not grant the lease and look for an alternative use for this contaminated site. The Council would retain responsibility for managing the site and all liability for the site.

Financial Implications

13. The grant of a lease will generate a rental income of £4,000 excluding VAT from the date of Practical Completion, which will be credited to the Council's Property Investment Account.

14. The Council will also recover the cost of professional fees as detailed in Appendix I.

Risk Management Implications

15. The proposed terms as agreed transfer all repair, maintenance and insurance liabilities of this site onto the tenant. The development will not commence until the Council is satisfied that the Church is in possession of enough funds required to completed the project, as otherwise the Council may be left with an incomplete building on its land.

Equality and Customer Service Implications

16. No implications.

Background Papers

17. None

APPENDIX I – SUMMARY OF AGREED TERMS AND CONDITIONS

- **Tenant**: The Trustees of Sheddingdean Baptist Church (Chair, Secretary and Treasurer), Registered Charity No. 1168341, c/o Sheddingdean Baptist Church Manse, 31 Chesnut Close, Burgess Hill, RH15 8HN

- **Guarantor/Surety**: Baptist Union Corporation Limited, PO Box 44, 129 Broadway, Didcot, Oxfordshire OX11 8RT

- **Landlord**: Mid Sussex District Council, Oaklands Road, Haywards Heath RH16 1SS

- **Building Agreement**: a term of 3 years from exchange contracts for an Agreement for Lease.

- **Lease Term**: 135 years, to commence from and including the Practical Completion Date

- **Initial Rent**: £4,000 p.a. (excluding VAT) payable, quarterly in advance

- **Rent Commencement Date**: 2 years after Practical Completion of the building.

- **Rent review**: the rent is to be reviewed every 5 years from Practical Completion, in an upwards only fashion to market rent, by assessing the appropriate rack rental for office buildings in and around the Sheddingdean area and taking 10% of this to represent the ground rent payable under the lease.

- **Other Conditions**: Following exchange of contracts, the Tenant will be allowed a maximum period of:
  - 3 years to secure all funding required to complete the building, and to implement all the necessary planning conditions to the satisfaction of the Council as the statutory Planning Authority,
  - 2 years to build and complete the building and achieve practical completion, to the satisfaction of the Council as the statutory Building Control Authority.
  - If these conditions are not met, the Council reserves the right to terminate this building agreement at no cost to the Tenant.

- **Tenant works**: erection of a new church and community facility including all external ground works forming car, motor and pedal cycle parking and associated hard and soft landscaping in accordance with the plans approved by the Planning Authority under application number 14/03505/FUL

- **Tenant Outgoings**: the Tenant to pay business rates and all outgoings once the building is completed.

- **Repairs**: Tenant responsible for fully repairing and insuring the property in the joint names of the Tenant and Council, as is standard practice.

- **Assignment / Subletting**: the tenant may assign the lease with the Council's consent not be unreasonably withheld, provided in the sole opinion of the Council, the assignee is (i) an appropriate body which will continue to operate the property as a church and community facility, and that (ii) it has sufficient financial status to fulfil the obligations of the lease.

- **Contracting Out:** the lease will not be contracted out of Part 2 of the Landlord and Tenant Act 1954.

- **Use**: The Tenant must use the premises other than a Church and Community Building, and for no other uses without the prior written consent of the Council as Landlord.

- **Contamination**: the tenant will comply with all the requirements if the Environmental Agency in relation to any contamination and monitoring thereof existent on the site, and shall provide the Council with all appropriate reports to demonstrate compliance.

- **Indemnity and Third Party Insurance**: The tenant shall indemnify the Council from and against all damages, loss, expense, liability and costs in respect of all actions, suits and demands by reason of or arising in any way directly out of the repair, state of repair, condition or existence of the site of breach of the Building Agreement, and shall effect Public Liability Insurance in the sum of £5m.

- **Legal Fees and Costs**: The tenant has agreed, as is standard practice for leases of this nature, to pay the following costs:
    - The Council's legal cost of £1,000 + vat,
    - The Council's Surveyor's cost of £500 + vat,
    - The Council's advertising costs circa £600 (in accordance with s123 of the Local Government Act 1972),
    - The cost of Registration and any Stamp Duty relating to the transaction.

APPENDIX II – LOCATION PLAN

8. LOCAL DISCRETIONARY RATE RELIEF SCHEME TO PROVIDE REVALUATION SUPPORT TO MID SUSSEX BUSINESSES

REPORT OF:	HEAD OF CORPORATE RESOURCES
Contact Officer:	Neal Barton, Policy and Performance Manager Email: Neal.Barton@midsussex.gov.uk Tel: 01444 477588
Wards Affected:	All
Key Decision:	No
Report to:	Cabinet 5th September 2017

Purpose of Report

1. This report sets out proposals for a local Discretionary Rate Relief Scheme for Mid Sussex District Council to assist businesses facing an increase in their bills for 2017/18 arising from the revaluation.

Summary

2. Councils have been given funding from the Government to distribute to businesses facing increases in Business Rates following the revaluation and have the power to design their own relief schemes. Mid Sussex District Council has £650,000 to award over 4 years with £379,000 available in 2017/18.

3. The proposed scheme targets relief at independent, small and medium sized businesses in Mid Sussex facing an increase in their Business Rates of £300 or more following the revaluation. It is proposed that £20,000 is allocated to a fund to support businesses facing hardship that support the Council's business growth priorities. Allocation of the remaining £359,000 allows 470 eligible businesses to be assisted through relief of 52% of the increase in their Business Rates, which would be automatically deducted from bills for 2017/18.

Recommendation

4. Cabinet is requested to adopt the Local Discretionary Rate Relief Scheme for revaluation support as set out in this report.

Background

5. The Government has undertaken a national revaluation of all commercial premises in England and Wales. From 1 April 2017, all premises in the District have been assigned a new "rateable value" by the Valuation Office, used to calculate the level of business rates charged to their occupier. The last time there was a revaluation was in 2010.

6. The Budget on 8th March 2017 saw the announcement of £300 million extra funding for local authorities to provide discretionary relief to those businesses facing increases in their business rates following the revaluation. The Government have described this initiative as "revaluation" support.

7. Mid Sussex's allocation of the Government's funding for discretionary relief is £650,000 spread across the next 4 years, as shown in the table below:

	Amount of discretionary pot awarded (£000s)				
LA	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**Total**
Mid Sussex	379	184	76	11	650

8. Local authorities have the power to design their own discretionary business rates relief scheme to determine how the funding for "revaluation support" is distributed across businesses locally. This is subject to certain Government conditions, including that this extra relief can only be targeted at businesses that will see their rates bills increase in April 2017 as a result of the revaluation. Billing authorities are required to consult their major precepting authorities before adopting a scheme, which in our case is West Sussex County Council.

Transitional and Other Reliefs Available to Businesses

9. Overall in Mid Sussex as a result of the revaluation, 698 business premises have seen a reduction in their rateable value, 395 no change and 3,267 an increase. There is a transitional relief scheme in place, with increase in bills limited based on the size of the business. Small businesses are defined as having a rateable value up to £20,000, medium between £20,000 and £100,000 and large at over £100,000. Transitional relief limits increase in bills arising from the revaluation as follows:

Year	Small property	Medium property	Large property
2017/18	5%	12.5%	42%
2018/19	7.5%	17.5%	32%
2019/20	10%	20%	49%
2020/21	15%	25%	16%
2021/22	15%	25%	6%

There is also a prescribed level of inflation each year, which for 2017/18 is 2% meaning that the actual transitional relief limits this year are 7.1% increase for small businesses, 14.5% for medium and 44.84% for large.

10. There are other Government schemes in place to support businesses following the revaluation. These include support for pubs that have a rateable value of below £100,000, which will receive a £1,000 discount on their bill for 2017/18. There is also a Supporting Small Businesses Relief Scheme, which provides relief to businesses who as a consequence of the revaluation have lost relief under the small business or rural rate relief schemes. Businesses eligible for such relief will have the increases in their bills in 2017/18 capped at £600.

11. Government guidance on the operation of the Supporting Small Businesses Relief Scheme was not released until after the election in May and it has taken councils time to amend their software programmes used to run their Business Rates systems. This delay in establishing how small businesses will have their bills reduced by this scheme has also delayed progress with councils developing their own Discretionary Schemes.

Principles behind the design of a Discretionary Business Rate Relief Scheme for Mid Sussex.

12. The Government's assumptions behind the design of local authority discretionary relief schemes is that relief can only be targeted at businesses that have had an

increase in their bills following revaluation. A proposed rationale behind the development of a discretionary rate relief scheme for Mid Sussex is to:

- Target relief at businesses that are facing an increase in their business rate bills following the revaluation, encompassing small and medium sized businesses in different sectors and locations across Mid Sussex.
- Distribute the extra relief in a way that is proportionate to how much a businesses' bill has gone up by, and in a fair manner.
- Assess eligibility for discretionary relief net of other reductions such as transitional relief.
- Ensure that the extra relief is distributed to local businesses quickly and smoothly.
- Be relatively simple for the Council to administer.

Proposed Scheme to be adopted by Mid Sussex District Council

13. The proposed scheme targets relief at independent small and medium sized business, with a rateable value below £100,000. To be eligible businesses need to be facing an increase in their bill in 2017/18 of £300 or more net of all other reliefs. The £300 threshold is suggested in order to target businesses hardest hit and takes into account administrative costs of paying what would be comparatively low levels of relief.

14. It is also suggested that businesses that have not occupied premises in the District for the full 2016/17 financial year (since at least 1 April 2016) and/or have left the District since 1 April 2017 should not be eligible. This complies with the spirit of the scheme and avoids the administrative burden of calculating pro-rata relief.

15. It is proposed that multinational and national chain companies should be excluded from relief. It is considered that these businesses are better equipped to cope with the increase in business rates. They are likely to occupy premises around the country and in some areas business rates have fallen following the revaluation. This will also pick up on sectors of the economy that the Council would not wish to promote such as betting shops, which are normally national chain shops. Examples of national chain companies to be excluded include Boots, Barclays Bank, Sainsbury's, Tesco, WH Smith, Wetherspoons, Pizza Express and Vodafone.

16. Section 47 of the Local Government Finance Act 1988 excludes properties occupied by the billing and precepting authorities from discretionary business rate relief. It is proposed to exclude from the Council's relief scheme premises occupied by wider public sector organisations, such as health, fire, police and local authorities.

17. The suggested scheme sets aside £20,000 in 2017/18 to be used on an exceptional basis to target support to organisations that are facing hardship from the revaluation and contribute to the Council's business growth priorities. This could include supporting comparatively new businesses that have started up in the District. It is suggested that the decision to allocate this relief is to be taken by the Deputy Leader and Cabinet Member for Resources and Economic Growth.

18. The £20,000 contingency leaves £359,000 to be distributed in relief for 2017/18. Analysis of those small and medium sized businesses in the District that meet the criteria, suggests that the total increase faced is £682,912 by 470 businesses. Calculating relief on a proportional basis would allow the award of relief at 52% of the increase. This would be automatically allocated against the Business Ratepayers' bills.

19. Providing discretionary rate relief to ratepayers is likely to amount to State Aid and comes under the De Minimus Regulations that only allow an undertaking to receive up to 200,000 euros of de minimus aid in a rolling three year period. By targeting relief at small to medium size independent businesses it is unlikely that ratepayers will be in receipt of other benefits that could be interpreted as State Aid to take them over the 200,000 euro limit. It will be necessary however to obtain confirmation of this from the ratepayer when the relief is awarded.

20. Distribution of relief in 2018/19 to similar businesses assisted in year 1 using the year 2 grant of £184,000 would allow for a level of relief of 27% of increases to be awarded. The Government indicated in its consultation paper on the scheme that it was minded to allow some flexibility for councils to use their pot of discretionary relief over the four years. It has subsequently indicated that a final decision on this will not be taken until the second quarter of 2017/18. If it was confirmed that this flexibility exists and the Council decided to use the entire remaining fund for relief of £271,000 in year two of the scheme 2018/19, distribution of relief to similar businesses assisted in year one would allow for a level of relief of approximately 39%.

Policy Context

21. The scheme is consistent with the Council's Economic Development priorities of supporting small and medium sized enterprises.

Other Options Considered

22. There are other schemes that the Council could adopt, including targeting relief at particular types of businesses or geographical areas. Also prioritising relief on public interest grounds or using all of the funding for a hardship fund and inviting applications. It is considered that the proposed scheme meets the rationale set out in paragraph 12 of this report.

Financial Implications

23. The Department for Communities and Local Government (DCLG) has confirmed that local authorities will be fully compensated for offering this extra discretionary business rates relief for revaluation support through the Section 31 Grant. Payment of grant is on an annual basis over four years. If a scheme was adopted that paid all of the relief over 2 years, this means that the Council will need to fund government funding commitments in the latter years (2019/20 and 2020/21) upfront form its funds totalling £87,000.

Risk Management Implications

24. A failure to design and implement a Local Discretionary Rate Relief Scheme would result in the grant being returned to central government and local businesses may suffer as a result.

Equalities and Customer Services Implications

25. No direct implications, but the proposed scheme is supportive of the councils economic priorities including equality for businesses and economic opportunities for all residents.

Other Material Implications

None.

Background Papers

None.