

COUNCIL

1 MARCH 2023



21 February 2023

Unless a majority of the Council resolve to extend the meeting before 10.00 pm it will automatically end at 10.00 pm in accordance with Council Procedure Rule 17.2.

NOTE: There will be limited public access to observe the meeting. Those wishing to do so must reserve a seat by completing a [Registration Form](#) by 4pm on the working day prior to the meeting. Access is also available via a live stream through the [Mid Sussex District Council's YouTube channel](#).

To all Members of the Council,

You are hereby summoned to attend a meeting of the **MID SUSSEX DISTRICT COUNCIL** to be held in the **COUNCIL CHAMBER** on **WEDNESDAY, 1ST MARCH, 2023 at 7.00 pm** to transact the following business:

Yours sincerely,

KATHRYN HALL
Chief Executive

Pages

- | | | |
|----|---|----------------|
| 1. | Opening Prayer. | |
| 2. | To receive questions from members of the public pursuant to Council Procedure Rule 9. | |
| 3. | To confirm Minutes of the meeting of Council held on 25 January 2023. | 5 - 10 |
| 4. | To receive Declarations of Interest from Members in respect of any matter on the Agenda. | |
| 5. | To consider any items that the Chairman of the Council agrees to take as urgent business. | |
| 6. | Chairman's Announcements. | |
| 7. | Recommendations from Cabinet held on 6 February 2023. | 11 - 12 |

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| 8. | Treasury Management Strategy Statement and Annual Investment Strategy 2023/24 to 2025/26. | 13 - 44 |
| 9. | Corporate Plan and Budget for 2023/24. | 45 - 132 |

To: **Members of Council:** Councillors M Belsey (Chairman), P Coote (Vice-Chair), K Adams, G Allen, J Ash-Edwards, R Bates, J Belsey, A Bennett, L Bennett, A Boutrup, P Bradbury, P Brown, H Brunsdon, R Cartwright, P Chapman, R Clarke, E Coe-Gunnell White, M Cornish, R Cromie, J Dabell, R de Mierre, B Dempsey, J Edwards, S Ellis, R Eggleston, A Eves, B Forbes, L Gibbs, I Gibson, S Hatton, J Henwood, S Hicks, S Hillier, T Hussain, R Jackson, J Knight, C Laband, Andrew Lea, Anthea Lea, G Marsh, J Mockford, A Peacock, C Phillips, M Pulfer, R Salisbury, S Smith, A Sparasci, L Stockwell, D Sweatman, C Trumble, N Walker, R Webb, N Webster and R Whittaker

Minutes of a meeting of Council held on 25 January 2023 from 7.00 pm

Present: M Belsey (Chairman)

K Adams	J Dabell	J Knight
J Ash-Edwards	R de Mierre	Andrew Lea
R Bates	S Ellis	Anthea Lea
J Belsey	R Eggleston	J Mockford
A Bennett	A Eves	A Peacock
A Boutrup	L Gibbs	C Phillips
P Brown	I Gibson	R Salisbury
H Brunsdon	S Hatton	A Sparasci
R Cartwright	J Henwood	D Sweatman
P Chapman	S Hicks	C Trumble
R Clarke	S Hillier	N Walker
M Cornish	T Hussain	N Webster
R Cromie	R Jackson	R Whittaker

Absent: Councillors P Coote, G Allen, L Bennett, P Bradbury, E Coe-Gunnell White, B Dempsey, J Edwards, B Forbes, C Laband, G Marsh, M Pulfer, S Smith, L Stockwell and R Webb

In the absence of Councillor Coote, the Chairman proposed that Councillor Peacock be the Vice Chairman for the duration of this meeting, to which Members agreed.

1. OPENING PRAYER.

The opening prayer was read by the Vice-Chairman.

2. TO RECEIVE QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE 9.

No questions received.

3. TO CONFIRM MINUTES OF THE MEETING OF COUNCIL HELD ON 7 DECEMBER 2022.

The minutes of the Council meeting held on 7 December 2022 were agreed as a correct record and signed by the Chairman. 36 Members voted in favour, with 4 abstentions.

4. TO RECEIVE DECLARATIONS OF INTEREST FROM MEMBERS IN RESPECT OF ANY MATTER ON THE AGENDA.

Councillor Hillier declared an interest as a West Sussex County Councillor in relation to items mentioned in his Cabinet Member Report.

Councillor Gibson declared an interest as a West Sussex County Councillor in relation to his question during the Cabinet Member's Report.

5. TO CONSIDER ANY ITEMS THAT THE CHAIRMAN OF THE COUNCIL AGREES TO TAKE AS URGENT BUSINESS.

None.

6. CHAIRMAN'S ANNOUNCEMENTS.

The Chairman noted that recent engagements were listed on the Council's website.

7. POLLING DISTRICTS AND POLLING PLACES FOR 2023.

Councillor Webster moved the item. It was seconded by Councillor Ash-Edwards.

Councillor Brown proposed the following amendment to recommendation 6 (h):

'To ask the Head of Democratic Services and Elections to investigate the suitability of Lindfield Rural Parish Office as a polling station for polling district GCB and hence relocate this polling station to a location that does not require Full Council's approval.'

This was seconded by Councillor Eves. Debate was held on the amendment. The Chairman took Members to a vote on the amendment, which was not carried, with 12 voting in favour, 22 against and 6 abstentions.

Further debate was held on the suitability of 2 other locations.

The Chairman took Members to a vote on the recommendations as set out in the report which were approved with 35 in favour 3 against and 2 abstentions.

RESOLVED

The Council agreed:

The polling places for all polling districts be defined as the entire District Council ward in which the polling district is situated, with the following exceptions:

- a) Polling Place for Polling Districts BA and (BB) in Ashurst Wood & East Grinstead South Ward be designated Chequer Mead Arts Centre, De La Warr Road, East Grinstead;
- b) Polling Place for Polling Districts BCA and (BCD) in East Grinstead Herontye Ward be designated Chequer Mead Arts Centre, De La Warr Road, East Grinstead;
- c) Polling Place for Polling District BCB and (BCC) in East Grinstead Herontye Ward be designated Chequer Mead Arts Centre, De La Warr Road, East Grinstead;
- d) Polling Place for Polling District BEC in East Grinstead Town Ward be designated East Court, College Lane, East Grinstead;
- e) Polling Place for Polling District BFA in East Grinstead Imberhorne Ward be designated Trinity Methodist Church, Lingfield Road, East Grinstead;

- f) Polling Place for Polling Districts BFB and (BFC, BFD, BFE) in East Grinstead Imberhorne Ward be designated Trinity Methodist Church, Lingfield Road, East Grinstead;
- g) Polling Place for Polling District EDB in Ardingly, Balcombe & Turners Hill Ward be designated Queens Hall, High Street, Cuckfield;
- h) Polling Place for Polling District GCB in Lindfield Rural & High Weald Ward be designated Lindfield Evangelical Free Church, Chaloner Road, Lindfield;
- i) Polling Place for Polling District HAB in Haywards Heath Franklands Ward be designated Haywards Heath Baptist Church, Sussex Road, Haywards Heath;
- j) Polling Place for Polling District HEA in Haywards Heath North Ward be designated Haywards Heath Methodist Church, Perrymount Road, Haywards Heath;
- k) Polling Place for Polling District HEB in Haywards Heath North Ward be designated Dolphin Leisure Centre, Pasture Hill Road, Haywards Heath;
- l) Polling Place for Polling District IC in Lindfield Ward be designated Haywards Heath Methodist Church, Perrymount Road, Haywards Heath;
- m) Polling Place for Polling District KEB in Burgess Hill Dunstall Ward be designated St. Edward The Confessor Church, Royal George Road, Burgess Hill;

8. APPOINTMENT OF REPRESENTATIVES TO THE INDEPENDENT REMUNERATION PANEL FROM 1ST JULY 2023.

Councillor Webster moved the item noting it is a requirement by law for the Council to establish a panel of at least 3 Independent Panel Members. This was seconded by Councillor Ash-Edwards.

The Chairman took Members to a vote on the recommendations as set out in the report, which were approved unanimously.

RESOLVED

Council:

- (i) agreed the proposed approach to appoint the new Independent Remuneration Panel and;
- (ii) agreed to appoint a panel of three Members (being the Leader, Cabinet Member for Community and the Leader of the largest minority party) to interview candidates and recommend three persons to form the new Independent Remuneration Panel for a 4-year term commencing 1 July 2023.

9. TO RECEIVE THE LEADER'S REPORT.

The Council received the Leader's update. In response to questions on the Levelling Up Fund bids, he confirmed that the Council continues to work with New River REIT to explore alternative options and a summit to progress plan B will be held with key partners (including Burgess Hill Town Council), with invitations to be issued shortly. In terms of submitting bids for funding in general, he acknowledged the costs involved, noting that over time, the benefits of the millions of pounds of investment brought in outweighs the amount spent on preparing bids.

In response to a question on the retail study which is an underpinning document of the District Plan, he noted that the point of retail studies is that they inform decisions on planning proposals as they come forward. The Council is not a developer of shopping, but as the Planning Authority, it needs to be able to respond to what the

market is able to bring forward and will be informed by that, and he is happy to consider proposals from Members.

10. REPORT OF CABINET MEMBERS, INCLUDING QUESTIONS PURSUANT TO COUNCIL PROCEDURE RULE 10.1

The Council received the Deputy Leader's update. In response to questions he confirmed that the food waste is currently being transported outside of the District as agreed by West Sussex County Council (WSSC). Discussions continue with WSSC as the Waste Disposal Authority regarding the potential to build a digester within the county. The carbon footprint of transporting the waste will be considered with SERCO and WSSC to see how it can be improved. A waste composition analysis will be undertaken over coming months with further details to be shared with Members in due course.

In response to a query regarding the availability of dog waste bins for the Cophorne area he agreed to discuss separately with the Member outside of the meeting.

In response to a question on the Centre for Outdoor Sport, the Cabinet Member has met with many local sports clubs and stakeholders. The task is to balance the aspirations and needs with the funds available. An update will be provided to Members when as work is progressed.

The Council received the Cabinet Member for Economic Growth and Net Zero's update. In response to questions regarding the Burgess Hill Growth Programme he provided clarification of the roles of the Local Economic Partnership Board, the Growth Board and the Local Member Steering Group, including when they would next meet. He acknowledged that the works have had a significant impact on local residents and that WSSC are aware of the need to improve communications. Regarding the phase 2 consultation process he confirmed that the Steering Group (in conjunction with Burgess Hill Town Council and other interested parties) had made comment on what they felt were the priorities which will be considered by the Growth Board and a consultation will begin once Purdah has concluded. In terms of the next phase of works affecting St Andrews residents, he will ensure appropriate communications reach the shop and business owners in the area and would follow up with the Ward Member outside of this meeting.

In response to a question related to the County Council's review of Growth Plans he acknowledged that the content of the programme has been through this Council's process and planning.

The Council received the Cabinet Member for Community's update.

The Council received the Cabinet Member for Leisure and Parking's update.

The Council received the Cabinet Member for Planning's update. In response to Member's questions, he acknowledged the need for Surrey and West Sussex County Councils to agree a technical solution to junction overcapacity in Felbridge and agreed to provide further details directly to the Member outside of the meeting. He clarified the location and detail of a new Affordable Housing Scheme in Felbridge, which the Council has entered into in partnership with Rentplus UK and confirmed that the next Scrutiny Committee for Planning, Economic Growth and Net Zero will include a report on the responses to the updated District Plan.

The Council received the Cabinet Member for Housing and Customer Services' update.

11. QUESTIONS FROM MEMBERS PURSUANT TO COUNCIL PROCEDURE RULE 10.2

The following question was received from Councillor Eggleston:

Please could the Leader of the Council confirm the amounts spent on consultancy fees in respect of the preparation and submission of

- (a) The 2021 Levelling Up fund bid,
- (b) The 2022 Levelling Up fund bid, and
- (c) The bid to create two investment zones in Burgess Hill.

The Leader provided the following response:

This Council works tirelessly to take all opportunities to bid for monies to support the District and we have a good track record of doing so in recent years. In terms of specifics, I can report that the Council spent the following on consultant's support:

- a. The 2021 Levelling Up fund bid - £11,050
- b. The 2022 Levelling Up fund bid - £9,066.84
- c. The bid to create two investment zones in Burgess Hill – MSDC collaborated with WSCC over this bid as the County was the lead authority. Consultancy fees were procured by and paid for by WSCC.

Councillor Eggleston asked a supplementary question to clarify if Burgess Hill Town Council will be a key partner included in the Summit referred to in the recent press release. The Leader reiterated comments made earlier in the meeting that Burgess Hill Town Council will be part of that meeting.

The meeting finished at 8.25 pm

Chairman

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RECOMMENDATIONS FROM CABINET – 6 FEBRUARY 2023

BUDGET MANAGEMENT 2022/23 – PROGRESS REPORT APRIL TO DECEMBER 2022

1. Cabinet considered the progress on the Revenue Budget, Capital Programme, Major Revenue Projects and Treasury Management Income for 2022/23 and details of specific grants received since the last report.

Summary

2. The Cabinet paper sets out several movements across the Revenue Budget which result in an improved forecast outturn as at the end of December 2022, compared to the last reported mid-year position.
3. The projected overspend has decreased from £1,235,000 reported to Cabinet on 21 November 2022 to a current overspend projection of £1,087,000 (before the use of Treasury Management income). This is due to a number of savings being identified across the Council. This will reduce the level of Treasury Management income required to support the projected Revenue Budget overspend as approved by Cabinet at their November meeting. This means that the projected overspend of £41,000 reported in November is now reduced to £0 and any balance of Treasury Management income will go to top up general reserve.
4. The Capital Programme is reporting a small net underspend of £29,000. The programme continues to deliver significant work despite some difficult external market pressures. Revenue Projects are on target. These combined programmes are currently forecast to deliver schemes to the value of £8,035,000.
5. The Cabinet report of 18th July 2022 also identifies a number of specific grants that have been received since the last management report. As is usual practice it is proposed that these will be added to specific reserve for use across years as required, in summary the Council has received:
 - (a) £7,293 from DLUHC in respect of a payment for Rough Sleepers grant. The purpose of this Section 31 grant is to provide additional services for rough sleepers;
 - (b) £20,761 from the DWP in respect of Implementing Welfare Reform;
 - (c) £23,237 was received from the DWP to meet the costs of new burdens relating to Verify Earnings & Pensions grant;
 - (d) £33,660 from DLUHC in respect of Domestic Abuse Safe Accommodation Funding to provide specialist support within sufficient safe accommodation to ensure those fleeing domestic abuse, have somewhere safe to go.
 - (e) £50,000 from the Land Registry for delivery of the Local Land Charges Programme timetable for the transition of LLC1.

Recommendations

6. That Council approves

- (i) that £12,400 received from Department Business Energy & Industrial Strategy in respect of BEIS New Burdens Admin Grant be transferred to Specific Reserve as detailed in paragraph 23 of the Cabinet report;
- (ii) that £5,338 received from Department for Work & Pensions to meet the costs of new burdens relating to Local Authority Data Sharing be transferred to Specific Reserve as detailed in paragraph 24 of the Cabinet report;
- (iii) that £34,800 grant received in respect of Northern Arc Phase 1 Planning Performance agreement funding be transferred to Specific Reserve as detailed in paragraph 25 of the Cabinet report;
- (iv) that £15,081 grant received in respect of Planning Performance Agreements be transferred to Specific Reserve as detailed in paragraph 26 of the Cabinet report;
- (v) the variations to the Capital Programme contained at paragraph 29 and 30 of the Cabinet report in accordance with the Council's Financial Procedure rule B3;
- (vi) That Swan Mead and Temporary Accommodation are reported as a combined Temporary Accommodation programme to align to the overall delivery of the Temporary Accommodation offer.

Council is also recommended to approve outstanding recommendations from Cabinet agreed on 18 July 2022:

- (vii) that £7,293 grant income in respect of a payment for Rough Sleepers be transferred to Specific Reserve as detailed in paragraph 27 of the July report;
- (viii) that £20,761 grant income relating to Implementing Welfare Reform be transferred to Specific Reserve as detailed in paragraph 28 of the July report;
- (ix) that £23,237 grant income for new burdens relating to Verify Earnings & Pensions be transferred to Specific Reserve as detailed in paragraph 29 of the July report;
- (x) that £33,660 grant income relating to Domestic Abuse Safe Accommodation funding be transferred to Specific Reserves as detailed in paragraphs 30 of the July report;
- (xi) that £50,000 grant income relating to delivery of the Local Land Charges Programme timetable for the transition of LLC1 be transferred to General Reserve as detailed in paragraphs 31 of the July report;
- (xii) the variations to the Capital Programme contained in paragraph 43 of the July report in accordance with the Council's Financial Procedure rule B3.

TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2023/24 TO 2025/26

REPORT OF: DIRECTOR OF RESOURCES AND ORGANISATIONAL DEVELOPMENT
Contact Officer: Rachel Jarvis, Assistant Director Corporate Resources (S151)
Email: rachel.jarvis@midsussex.gov.uk Tel: 01444 477064
Wards Affected: All
Key Decision: No
Report to: Council
1 March 2023

Purpose of Report

1. This report sets out the council's rolling investment and borrowing strategy for the forthcoming three years and reports the counterparty list with which investments may be made. It also sets out the Prudential Limits that provide the parameters for approved future lending and borrowing, including the incidental cost of so doing. The strategy at Appendix 1 was approved by Audit Committee at its meeting of 21 February 2023 for recommendation to Council.

Summary

2. The lending is restricted to the same counterparties and within the same limits as in the previous strategy approved in March 2022 except for the following amendments:
 - (i) A report to the Audit Committee on 20 September 2022 set out the criteria for investing in other local authorities, stating that in future the criteria would exclude Local Authorities subject to Government intervention.
 - (ii) Add Furness Building Society to the list of approved counterparties.
 - (iii) Extend the number of building societies with a limit of £4m from the top 3 to the top 5.
 - (iv) Reduce the lending term to other Local Authorities from 5 years to 1 but increase the limit from £3m to £5m subject to due diligence.
 - (v) Increase the investment limit with Standard Chartered Bank from £4m to £5m.
 - (vi) Include the Australia and New Zealand Banking Group in the list of Specified Investors

Recommendations

3. **Council is recommended to agree:**
 - (i) **the proposed Treasury Management Strategy Statement (TMSS) for 2023/24 and the following two years,**
 - (ii) **the Annual Investment Strategy (AIS) and the Minimum Revenue Provision Statement (MRP) as contained in Sections 4 and 2.3 respectively of the report;**
 - (iii) **the proposed amendments to the specified and non-specified investment appendices;**

(iv) the Prudential Indicators contained within this report.

Background

4. The council's approach to investments is to pursue a low-risk strategy which favours security over yield. There are some proposals in this report intended to increase yield with marginally more risk, however these proposals diversify the portfolio and extend the spread of risk.
5. Aligned to the annual budget plan, the treasury management operation aims to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in high quality counterparties or instruments commensurate with the council's low risk appetite, providing adequate liquidity initially, before considering investment return. This is consistent with national guidance which promotes security and liquidity above yield.
6. The second main function of the treasury management service is consideration of the funding of the council's capital plans. These capital plans provide a guide to the borrowing needs of the council, essentially the longer-term cash flow planning, to ensure that the council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses.
7. The contribution the treasury management function makes to the authority is critical as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
8. CIPFA defines treasury management as: *"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*
9. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

Policy Context

10. Providing transparency and approval of the strategies contained in this report is an important part of the council's statutory role. Treasury Management has become increasingly topical given the nature of the world's financial markets in recent years, and Members are expected to have a basic understanding of how the council uses its reserves and cash flows which are in the stewardship of the Assistant Director Corporate Resources. To aid this Committee Members were provided with a Treasury Management Briefing in December 2022.

Other Options Considered

11. None – this report is statutorily required.

Financial Implications

12. This report has no quantifiable financial implications. Interest payable and interest receivable arising from treasury management operations, and annual revenue provisions for repayment of debt, form part of the revenue budget but are not required to support the provision of services.

Risk Management Implications

13. This report has no specific implications for the risk profile of the Authority.

Equality and Customer Service Implications

14. None.

Other Material Implications

15. None.

Sustainability Implications

16. None.

Background Papers

- Treasury Management Strategy Statement & Annual Investment Strategy 2022/23 to 2024/25 (March 2022)
- Annual Review of Treasury Management 2021-22 (September 2021)
- Review of Treasury Management Activity 1 April – 30 September 2022 (Nov. 2022)
- Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (CIPFA, December 2021) and CIPFA Treasury Management Guidance Notes 2021
- The Prudential Code for Capital Finance in Local Authorities (CIPFA, December 2021)
- Corporate Plan 2023/24
- Link Asset Services report template 2023/24

Appendix 1

Treasury Management Strategy Statement & Annual Investment 2023/24 to 2025/26

INTRODUCTION

1.1 Reporting requirements

1.1.1 Capital Strategy

The CIPFA revised 2021 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

1.1.2 Treasury Management reporting

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals:

a. Prudential and treasury indicators and treasury strategy (this report) - the first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

The approval of the Treasury Management Strategy and Annual Investment Strategy is the function of the Council, however the Assistant Director Corporate Resources (S151) shall also report to the Audit Committee on treasury management activity performance as follows:

- b. A mid year treasury management report** – This will update Members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision. The report will be submitted as soon after 30 September as practically possible.
- c. An annual treasury report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy. The report will be submitted no later than 30 September after the financial year end.
- d. Quarterly reports** – In addition to the three major reports detailed above, from 2023/24 quarterly reporting is also required. However, these additional reports do not have to be reported to Full Council.

1.2 Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit Committee, which may make recommendations

regarding any aspects of treasury management policy and practices it considers appropriate in fulfilment of its scrutiny role. Such recommendations, as may be made shall be incorporated within the above named reports and submitted to meetings of the Council for consideration at the next available opportunity. The Council's Scheme of Delegations is set out in Appendix E.

1.3 **Treasury Management Strategy for 2023/24**

The strategy for 2023/24 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 **Training**

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training. This especially applies to Members responsible for scrutiny. Training was supplied to Members by Link Asset Services on the 13th December 2022. The training needs of the treasury management officers at Adur District Council, who provide the shared treasury service to Mid Sussex District Council, are periodically reviewed. Officers attend courses provided by appropriate trainers such as CIPFA and Link Asset Services. As of 1st April 2023 a log of training undertaken will be maintained by the Group Accountant responsible for the treasury function in compliance with the revised 2021 CIPFA Treasury Management Code.

1.5 **External Service Providers**

The Council obtains treasury management services under a Shared Services Arrangement (SSA) from the in-house treasury management team formed out of the partnership working between Adur District and Worthing Borough Councils. The operation for all three Councils' treasury management is based at Worthing Town Hall, utilising similar banking arrangements. The SSA is provided under a Service Level Agreement (SLA) that commenced in October 2022 and which defines the respective roles of the client and provider authorities for a period of three years.

The SSA uses Link Group, Treasury Solutions as its external treasury management advisors. The Council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources.

In making this arrangement the Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that reliance beyond the terms and arrangements specified in the SLA is not placed upon the shared service providers. The Council will ensure that the terms of the appointment of the shared services providers, and the methods by which their value will be assessed, are properly agreed and documented and subjected to regular review.

2. THE CAPITAL PRUDENTIAL INDICATORS 2023/24 – 2025/26

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the Prudential Indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

2.1 Capital expenditure

This Prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The figures exclude other long-term liabilities, such as leasing arrangements which already include borrowing instruments. These forecasts are based on the information which was available at the time and are intended to be indicative but changes to the Capital Strategy may have been approved by other committees.

Capital expenditure £m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2026/27 Estimate
General Fund	10.842	6.076	3.541	1.135	1.112

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Capital receipts	1.252	1.497	2.386	0.089	0.089
Capital grants, Contributions & S106 receipts	9.195	4.101	1.105	0.900	0.900
General Reserves, Specific Reserves & Revenue Contributions	0.395	0.478	0.050	0.146	0.133
Net financing need for the year	0.000	0.000	0.000	0.000	0.000

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so it's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g., finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has one finance lease taken out in 2018 and ending in 2028.

The Council is asked to approve the CFR projections below:

Capital Financing Requirement £m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Total CFR at 31/03	6.661	6.114	5.714	5.307	4.894
Movement in CFR	(0.534)	(0.547)	(0.401)	(0.407)	(0.413)
Movement in CFR represented by:					
Net financing need for the year (above)	(0.000)	0.000	0.000	0.000	0.000
Less MRP and other financing movements	(0.534)	(0.547)	(0.401)	(0.407)	(0.413)
Movement in CFR	(0.534)	(0.547)	(0.401)	(0.407)	(0.413)

2.2 Liability Benchmark

A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

Existing loan debt outstanding: the Authority's existing loans that are still outstanding in future years.

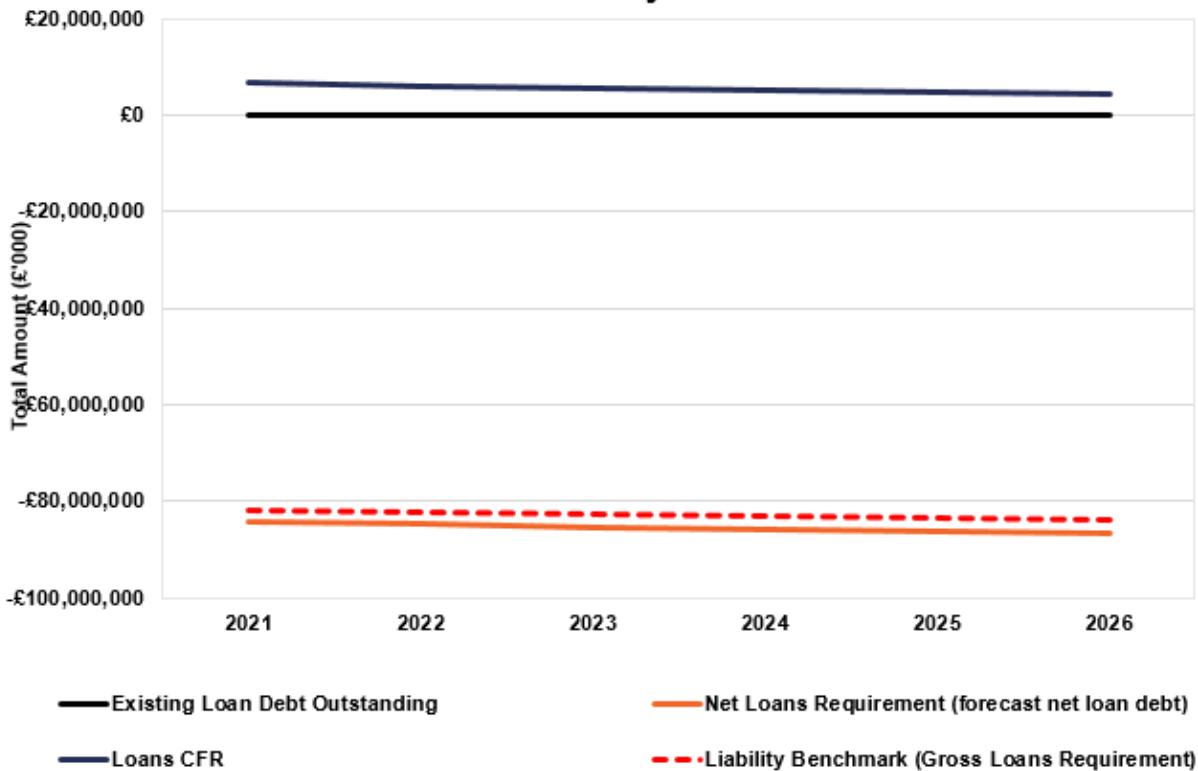
Loans CFR: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.

Net loans requirement: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.

Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

As the authority is effectively debt free, with the exception of the finance lease from 2023/24, the benchmark lacks relevance but is nevertheless a requirement.

Liability Benchmark



2.3 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP). Repayments included in finance leases are applied as MRP.

DLUHC regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options is provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

The Council's policy for MRP relating to unfunded capital expenditure is to provide for MRP on an annuity basis over the life of the loans (except as detailed below for the Orchard Shopping Centre). As an annuity is a fixed annual sum comprising interest and principal, the MRP for repayment of debt will increase each year over the asset life as the proportion of interest calculated on the principal outstanding reduces as the debt is repaid.

The purchase of the Orchard Shopping Centre head lease in November 2016 increased the Capital Financing Requirement. However, due to capital receipts on Hurst Farm, MRP will only be provided on £5m. This will be done on a level basis of £100,000 per year.

3.0 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet the service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities.

The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2022 and for the position as at 31 December 2022 are shown below for both borrowing and investments.

Note: the investment balances are at a point in time indicated in the table but there can be considerable variations throughout the year, with peaks and troughs on the cash flow.

	Principal at 31.03.2022 £m	Actual 31.03.2022 %	Principal at 31.12.2022 £m	Actual 31.12.2022 %
External Borrowing				
PWLB	(0.153)	7%	(0.078)	4%
Finance lease	(1.970)	93%	(1.750)	96%
TOTAL BORROWING	(2.123)	100%	(1.828)	100%
Treasury Investments:				
Local Authority Property Fund	6.687	8%	6.000	6%
In-house:				
Banks	21.041	25%	29.000	29%
Building societies - unrated	18.000	21%	18.000	18%
Building societies - rated	21.000	25%	21.000	21%
Debt Management Office	6.000	7%	5.000	5%
Local authorities	8.000	9%	6.000	6%
Money market funds	3.595	4%	13.590	14%
TOTAL INVESTMENTS	84.323	100%	98.590	100%
NET INVESTMENTS	82.200		96.762	

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

External Debt £m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Debt at 1 April	5.298	0.152	0.000	0.000	0.000
Expected change in Debt	(5.146)	(0.152)	(0.000)	(0.000)	0.000
Other long-term liabilities (OLTL)	2.258	1.970	1.676	1.375	1.069
Expected change in OLTL	(0.288)	(0.294)	(0.301)	(0.306)	(0.313)
Actual gross debt at 31 March	2.122	1.676	1.375	1.069	0.756
The Capital Financing Requirement	6.661	6.114	5.714	5.307	4.894
Under borrowed	4.539	4.438	4.339	4.238	4.138

The Council's debt comprises one loan from the Public Works Loan Board (PWLB), which matures on 1 March 2023. The "other long term liability" is in respect of capital assets acquired by finance leases.

Within the range of Prudential Indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Assistant Director Corporate Resources reports that the Council complied with this Prudential Indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary - This is the limit which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Debt	£28.0m	£28.0m	£28.0m	£28.0m
Other long-term liabilities	£4.0m	£4.0m	£4.0m	£4.0m
Total	£32.0m	£32.0m	£32.0m	£32.0m

3.3 The authorised limit for external debt – This is a key Prudential Indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

The Council is asked to approve the authorised limit:

Authorised Limit	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Debt	£30.0m	£30.0m	£30.0m	£30.0m
Other long-term liabilities	£4.0m	£4.0m	£4.0m	£4.0m
Total	£34.0m	£34.0m	£34.0m	£34.0m

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The Assistant Director of Corporate Resources has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial

option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Council at the earliest opportunity.

3.4 Prospects for interest rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 08.11.22. These are forecasts for certainty rates, gilt yields plus 80 bps

Link Group Interest Rate View	08.11.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

In the 3 years prior to this report, the persistence of Covid-19 has continued to have some impact both in the UK economy and in economies around the World. Geo-political tensions in Asia and energy supply pressures, as a result of sanctions on Russian economic drivers following their invasion of Ukrainian territory in 2022, have also weighed heavily on the UK economy. These factors combined to stagnate economic growth whilst increasing inflationary pressures.

Prior to the above issues, the Bank Rate was expected to peak at 1.25% in quarter 1 of 2025. However, as of quarter 4 of 2022 the rate is 3.50% and anticipated to increase further in the first half of 2023 reaching a peak of 4.5% before decreasing steadily over the coming 2 years. Some more recent data suggests that the bank rate may be nearing its peak at or possibly below 4%, though there is still a significant amount of uncertainty and potential for volatility both in the UK and in world economies. This means it is difficult to predict which level of Bank Rate will be deemed sufficient by the Monetary Policy Committee across their 2023 meetings.

Additional information about interest rates and the risks to the forecasts are contained in Appendix F.

3.5 **Borrowing for capital expenditure** Link's long-term forecast (beyond 10 years) for Bank Rate is 2.50%. If the Council is not able to avoid borrowing to finance new capital expenditure, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost. However, there is currently no anticipated borrowing requirement.

3.6 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are good and counterparty risk is an issue that is kept under review.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Assistant Director Corporate Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

As stated, there are no current plans to borrow, but if this changes, it is most likely that fixed rate funding will be drawn for a short period until they return to lower rates.

Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

3.7 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism

3.8 Debt rescheduling

The Council has one loan from the Public Works Loan Board, repaid by fixed annuities over the life of the loan, which ends in March 2023, therefore no debt rescheduling is anticipated.

3.9 New financial institutions as a source of borrowing and / or types of borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points for borrowing. However, if borrowing is required, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).
- Municipal Bonds Agency (possibly still a viable alternative depending on market circumstances prevailing at the time).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources if any borrowing is required.

4.0 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy – management of risk

The Councils’ investment policy has regard to the following:

- DLUHC’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2021

The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return).

The Assistant Director Corporate Resources, under delegated powers, will undertake through the Shared Service Arrangement the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements, and Prudential Indicators. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed. For cash flow balances, the Councils will seek to use notice accounts, money market funds, call accounts and short-dated deposits to benefit from the compounding of interest.

If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.

Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

The proposed Specified and Unspecified investments will remain the same as for 2022/23 except for:

- i. The exclusion of Local Authorities subject to Government intervention.
- ii. Add Furness Building Society to the list of approved counterparties.
- iii. Extend the number of building societies with a limit of £4m from the top 3 to the top 5.
- iv. Reduce the lending term to other Local Authorities from 5 years to 1 but increase the limit from £3m to £5m subject to due diligence.
- v. Increase the investment limit with Standard Chartered Bank to £5m.
- vi. Include the Australia and New Zealand Banking Group in the list of Specified Investors

Investment instruments identified for use in the financial year are listed in Appendices C and D under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices.

The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with the advisors to maintain a monitor on market pricing such as "credit default swaps" (a financial derivative or contract that allows an investor to "swap" or offset his or her credit risk with that of another investor) and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendices C and D under the categories of 'specified' and 'non-specified' investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.

- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
5. **Lending limits**, (amounts and maturity), for each counterparty are set out in Appendices C and D.
 6. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 4.8).
 7. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.5). The UK is excluded from this limit because it will be necessary to invest in UK banks and other institutions even if the sovereign rating is cut.
 8. Through the shared service, this authority has access to **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
 9. All investments will be denominated in **sterling**.
 10. As a result of the change in accounting standards for 2022/23 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23, in December 2022 as a result of further consultation the implementation was further delayed until 31st of March 2025.

However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.14). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year

The above criteria are unchanged from last year other than the changes set out in 4.1.

4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria through the Shared Services Arrangement (SSA) is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the SSA will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections in Appendices C and D; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's Prudential Indicators covering the maximum principal sums invested.

The SSA will maintain a counterparty list in compliance with the criteria in the Appendices and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied to the SSA by the Link Group, their treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to the SSA almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

4.3 Use of additional information other than credit ratings

Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information will be applied to compare the relative security of differing investment opportunities.

The officers of the shared service recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets, the government support for banks, and the credit ratings of that government support. Accordingly, the shared service will exercise discretion to deviate from Link's suggested durational bands – for example the Council approves the use of Building Societies as set out in the Appendices.

4.4 Creditworthiness

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, more recently the UK sovereign debt rating has been placed on Negative Outlook by the three major rating agencies in the wake of the September 2022 mini budget. Although the Sunak government has calmed markets, the outcome of the rating agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded. Accordingly, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

4.5 CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the SSA has access to this information via its Link-provided Passport portal.

4.6 The Council's Minimum Investment Creditworthiness Criteria

The minimum credit ratings criteria used by the Council generally will be a short term rating (Fitch or equivalents) of F1, and long term rating A-. There may be occasions when the counterparty ratings from one or more of the three Ratings Agencies are marginally lower than the minimum requirements of F1 Short term, A- Long term (or equivalent). Where this arises, the counterparties to which the ratings apply may still be used with discretion, but in these instances consideration will be given to the whole range of topical market information available, not just ratings.

The Council includes **Building Societies** with asset size in excess of £1 billion in its approved counterparty list. It is recognised that they may carry a lower credit rating than the Council's other counterparties, or no rating, therefore the lending limits for the building societies shall be £4m each for the top 5 and £3m for the others.

4.7 Other limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors. The shared service has determined that it will only use approved counterparties from countries (other than the UK) with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide one). The list of countries that qualify using these credit criteria as at the date of this report is reflected in the counterparty approved lending list at Appendix C. This list will be added to, or deducted from, by officers should ratings change, in accordance with this policy. No more than 25% of investments shall be placed in non-UK financial institutions for more than 7 days.

4.8 Investment strategy

In-house funds - Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed. For cash flow balances, the shared service will seek to use notice accounts, money market funds and short-dated deposits to benefit from the compounding of interest

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

The Assistant Director Corporate Resources, through the shared service, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to the meetings of the Audit Committee and the council in accordance with the reporting arrangements. The shared service will take into account the ethical, social or climate change policies of counterparties.

4.9 Investment returns expectations

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows.:

Average earnings in each year	
2022/23	2.00%
2023/24	4.00%
2024/25	3.00%
2025/26	2.30%
Long term later years	2.20%

4.10 Investment treasury indicator and limit - principal funds invested for greater than 365 days

These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end. There are currently 3 fixed term deposit investments with a remaining duration of more than 365 days,

totalling £6m and the Local Authorities' Property Fund investment of £6m is expected to be held for more than 365 days.

The Council is asked to approve the following treasury indicator limit: -

Maximum proportion of principal sums invested > 365 days	2023/24	2024/25	2025/26
Principal sums invested > 365 days	50%	50%	50%

4.11 In any sustained period of significant stress in the financial markets, the default position is for investments to be placed with The Debt Management Account Deposit Facility of the Debt Management Office (DMO) of the UK central government. The rates of interest are usually below equivalent money market rates, however, the returns are an acceptable trade-off for the guarantee that the Council's capital is secure.

4.12 The Council's proposed investment activity for placing cash deposits in 2023/24 will be to use:

- AAA rated Money Market Funds with a Constant Net Asset Value (CNAV) or a Low Volatility Net Asset Value (LVNAV) under the new money market fund regulations
- other local authorities, parish councils etc.
- bank business reserve accounts and term deposits. These are primarily restricted to UK institutions that are rated at least A- long term.
- Building Societies with asset size in excess of £1 billion

4.13 Other Options for Longer Term Investments

To provide the Council with options to enhance returns above those available for short term durations, it is proposed to retain the option to use the following for longer term investments, as an alternative to cash deposits:

- a) **Supranational bonds** greater than 1 year to maturity
- b) **Gilt edged securities** with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
- c) **Building Societies** not meeting the basic security requirements under the specified investments, but on the list in Appendix C (b). The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings.
- d) Any **bank** that has a minimum long term credit rating of A- for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).
- e) Any **non-rated subsidiary** of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to a guarantee from the parent company, and exposure up to the limit applicable to the parent.
- g) **Property Investment Funds** for example the Local Authorities' Property Fund. The Councils will consult the Treasury Management Advisors and undertake appropriate due diligence before investment of this type is undertaken. Some of these funds are deemed

capital expenditure – the Councils will seek guidance on the status of any fund considered for investment.

- h) Other **local authorities**, parish councils etc.
- i) Other investments listed in Appendices C and D - the Council will seek further advice on the appropriateness and associated risks with investments in these other categories as and when an opportunity presents itself.

4.14 The **accounting treatment** may differ from the underlying cash transactions arising from investment decisions made by the Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, the accounting implications of new transactions will be reviewed before they are undertaken.

4.15 The Council will not transact in any investment that may be deemed to constitute capital expenditure (e.g. Share Capital, or pooled investment funds other than Money Market Funds), without the resource implications being approved as part of the consideration of the Capital Programme or other appropriate Committee report.

4.16 **Investment risk benchmarking** – The shared service will subscribe to Link’s Investment Benchmarking Club to review the investment performance and risk of the portfolios.

4.17 At the end of the financial year the Council will report on investment activity as part of the **Annual Treasury Report**.

4.18 **External fund managers**

The Council does not use external fund managers, (other than the Local Authorities’ Property Fund) but reserves the option to do so in future should this be deemed to be appropriate. Should consideration be given to exercising this option in the future, the relevant Committee will be advised of the reasons for doing so and the Council requested to consider whether it wishes to proceed with the selection and appointment of external fund managers.

4.19 **The monitoring of investment counterparties** – The credit rating of counterparties will be monitored regularly. The shared service receives credit rating information (changes, rating watches and rating outlooks) from Link Group as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the shared service, and if required, new counterparties which meet the criteria will be added to the list.

5. **OTHER MATTERS**

5.1 **2021 revised CIPFA Treasury Management Code and Prudential Code – changes which will impact on future TMSS/AIS reports and the risk management framework**

CIPFA published the revised codes on 20th December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. The Councils have to have regard to these codes of practice when they prepare the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to the Full Councils for approval.

5.2 **Treasury Management**

Arising from the organisation’s cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which

seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Following the revised codes, the following adaptations have been made in this report:

- Inclusion of the liability benchmark in the strategy as shown in 2.2. · An amendment to the Treasury Management Practices to address Environmental, Social and Governance policy within the treasury management risk framework; as included in Appendix B.
- Maintenance of the knowledge and skills register for individuals involved in the treasury management function as addressed in 1.4.
- The adoption of Quarterly reporting for the year 2023/24 as detailed in 1.1

5.3 **Balanced budget requirement** - the Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2021/22 – 2023/24

- 1.1 The Council’s capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the Prudential Indicators, which are designed to assist Members’ overview and confirm capital expenditure plans.

Capital expenditure	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2025/26 Estimate	2026/27 Estimate
	£m	£m	£m	£m	£m
General Fund	13.864	6.076	4.197	1.135	1.112

1.2 Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing Prudential Indicators, but within this framework Prudential Indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council’s overall finances. The Council is asked to approve the following indicators:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	%	%	%	%	%
Ratio	1.34%	-4.59%	-13.08%	-9.39%	-6.55%

The estimates of financing costs include current commitments and the proposals in this budget report.

1.3 Maturity structure of borrowing

These gross limits are set to reduce the Council’s exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits. However as the Council currently has only two significant loans, the upper limits need to be set very high. The Council does not have any variable rate borrowing.

The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2023/24		
	Lower	Upper
Under 12 months	0%	80%
12 months to 2 years	0%	70%
2 years to 5 years	0%	80%
5 years to 10 years	0%	80%
Over 10 years	0%	60%

TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

The MHCLG (now DLUHC) issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, which will apply to all investment activity. In accordance with the Code, the Council will comply with the treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of the annual treasury strategy for the following year, covering the identification and approval of the following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

ESG considerations – The Council will consider Environmental, Social and Governance factors when placing any investment with current or new counterparties. Where matters for concern are identified for any specific counterparty the Councils will consider placing future investments with other counterparties. A process of ongoing monitoring is underway for existing counterparties using ESG tracking services and available indices of bribery and corruption for the countries of domicile for the proposed counterparties. This is maintained by the SSA's Group Accountant (Strategic Finance).

Whilst there are no concerns regarding our banker, for operational reasons the Councils' own banker Lloyds bank is required to be exempt from this approach as we are contractually bound to them for the duration of our banking contract. These factors will always be considered when the contract is renewed.

SPECIFIED AND NON SPECIFIED INVESTMENTS

A variety of investment instruments will be used, subject to the credit quality of the institution and, depending on the type of investment made, it will fall into one of the categories below.

Specified Investments will be those that meet the criteria in the MHCLG Guidance, i.e. the investment

- is sterling denominated
- has a maximum maturity of 1 year or where the Council has the right to be repaid within 12 months or where the investment would have been classified as specified apart from originally being for a period longer than 12 months, once the remaining period to maturity falls to under 12 months
- meets the “high” credit criteria as determined by the Council or is made with the UK government or is made with a local authority in England, Wales and Scotland
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

These are considered low risk assets where the possibility of loss of principal or investment income is small.

“Specified” Investments identified for the Council’s use are:

- The UK Government such as the Debt Management Account Deposit Facility – there is no limit for these investments.
 - Deposits with UK local authorities
 - Deposits with banks and building societies
 - *Certificates of deposit with banks and building societies
 - *Gilts : (bonds issued by the UK government)
 - *Bonds issued by multilateral development banks
 - Pooled investment vehicles such as AAA Money Market Funds with a Constant Net Asset Value (Constant NAV) or appropriate Low Volatility Net Asset Value (LVNAV) that have been awarded an AAA rating by Standard and Poor’s, Moody’s and/or Fitch rating agencies.
 - Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.
- * Investments in these instruments will be on advice from the Shared Service’s treasury advisor.

Non Specified Investments

These are any investments which do not meet the specified investment criteria. Where appropriate, the Council will seek further advice on the associated risks with non-specified investments.

All Investments

For credit rated counterparties, the minimum criteria, excepting for the Council’s own banker and the specified building societies, (see below) will be the short-term / long-term ratings assigned by various agencies which may include Moody’s Investors Services, Standard and Poor’s, Fitch Ratings, being:

Long-term investments (over 365 days): minimum: A- (Fitch) or equivalent

Or

Short-term investments (365 days or less): minimum: F1 (Fitch) or equivalent

For all investments the Shared Service will also take into account information on corporate developments of, and market sentiment towards, investment counterparties.

If the Council's own banker (currently Lloyds Bank) falls beneath the specified criteria, it will still be used for transactional purposes.

Where appropriate the Ring-Fenced entities of banks will be used.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies, as detailed below.

APPROVED INVESTMENT INSTITUTIONS**Specified Investments identified for use by the Council**

New specified investments will be made within the following limits:

(a) Banks

Major U.K. and Foreign Banks and their wholly owned subsidiaries meeting the Council's approved investment criteria. RFB refers to Ring Fenced Bank – the separate core retail banking service.

	Counterparty	Group	Maximum Sum	Maximum Period *
	DMADF, DMO (Government)	N/A	No limit	
1	HSBC UK Bank PLC (RFB)	N/A	£5m	5 years
2	NatWest/ Royal Bank of Scotland Group (RFB)	£5m	£5m	5 years
3	Lloyds/ Bank of Scotland Group (RFB)	£7m	£7m	5 years
4	Barclays Bank UK PLC (RFB)	N/A	£5m	5 years
5	Santander UK PLC	N/A	£5m	5 years
6	Clydesdale Bank PLC	N/A	£4m	5 years
7	Handelsbanken PLC	N/A	£5m	1 year
8	Goldman Sachs International Bank	N/A	£5m	5 years
9	Close Brothers Ltd	N/A	£5m	5 years
10	Standard Chartered Bank	N/A	£5m	5 years
11	The Australia and New Zealand Banking Group	N/A	£3m	1 year

*Specified investments are for a maximum period of 1 year, the maximum limits shown in this column are for non-specified investments with these institutions.

- (b) Building Societies
Building Societies (Assets in excess of £1 billion):

Rank	Name of Counterparty	Individual	
		Sum	Period*
1	Nationwide	£4m	3 years
2	Coventry	£4m	3 years
3	Yorkshire	£4m	3 years
4	Skipton	£4m	3 years
5	Leeds	£4m	3 years
6	Principality	£3m	3 years
7	West Bromwich	£3m	3 years
8	Newcastle	£3m	3 years
9	Nottingham	£3m	3 years
10	Cumberland	£3m	3 years
11	National Counties (Family)	£3m	3 years
12	Progressive	£3m	3 years
13	Cambridge	£3m	3 years
14	Monmouthshire	£3m	3 years
15	Newbury	£3m	3 years
16	Saffron	£3m	3 years
17	Leek United	£3m	3 years
18	Furness	£3m	3 years

- (c) Money Market Funds

Counterparty	Sum	For Short Term Operational Cash Flow Purposes
Invesco Aim – Sterling	£3m	
Blackrock Institutional Sterling Liquidity Fund	£3m	
Goldman Sachs Sterling Liquidity Reserve Fund	£3m	
HSBC Global Liquidity Fund	£3m	
Fidelity Institutional Cash Fund plc – Sterling	£3m	
CCLA Public Sector Deposit Fund	£3m	
JP Morgan GBP Liquidity LVNAV Fund	£3m	
Federated Short-Term Sterling Prime Liquidity Fund	£3m	

The limit for investing in any one Money Market Fund is £3 million. Total investments in Money Market Funds shall not exceed the higher of £9m or 25% of the total investment portfolio, for more than one week at any one time.

- (d) Local Authorities

Details	Individual	
	Sum	Period*
All Local Authorities	£5m	1 year

*Specified investments are for a maximum period of 1 year, the maximum period limits shown in (b) and (d) are for non-specified investments with these institutions.

NON-SPECIFIED INVESTMENTS DETERMINED FOR USE BY THE COUNCIL

Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council's use.

	In-house use	Use by Fund Managers	Maximum Maturity	Maximum % of portfolio or £m	Capital Expenditure?
<ul style="list-style-type: none"> • Deposits with banks and building societies • Certificates of deposit with banks and building societies 	√	√	5 years	The higher of £10m or 50% of funds	No
<ul style="list-style-type: none"> • Deposits with Local Authorities 	√		5 years	The higher of £10m or 50% of funds	No
Gilts and Bonds: <ul style="list-style-type: none"> • Gilts • Bonds issued by multilateral development banks • Bonds issued by financial institutions guaranteed by the UK government • Sterling denominated bonds by non-UK sovereign governments 	√ √ √ (on advice from treasury advisor)	√ √ √ √	5 years	The higher of £3m or 25% of funds	No
Money Market Funds and Collective Investment Schemes (pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No. 534 and SI 2007, No. 573), but which are not credit rated.	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date.	The higher of £9m or 25% of funds	No
Government guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	√ (on advice from treasury advisor)	√	5 years	The higher of £2m or 10% of funds	Subject to test
Property Funds approved by HM Treasury and operated by managers regulated by the Financial Conduct Authority – specifically the Local Authorities' Property Fund	√	√	These funds do not have a defined maturity date.	The higher of £6m or 25% of funds	No
Non-guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	√ (on advice from treasury advisor)	√	5 years	The higher of £2m or 10% of funds	Subject to test
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No. 534 or SI 2007, No. 573.	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date	The higher of £2m or 20% of funds	Subject to test

APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating as at

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- New Zealand

AA-

- Belgium
- U.K.

NB Consideration will be given to other factors, including Environmental, Social and Governance standards when considering the destination country of Non-UK investments. As such countries with an appropriate sovereign rating will not be used where matters identified do not align with the respective Council's values.

NB As detailed in it has been determined that the UK will remain an approved country for investment regardless of its sovereign rating. This is due to the avoidance of such investments being operationally prohibitive.

In determining the period to maturity of an investment, the investment is regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.

The Council will seek further advice on the appropriateness and associated risks with investments in these Non-Specified investment categories, other than those which would be Specified other than for the duration of over 12 months (for example a 2-year fixed term deposits with a bank on the counterparty list).

Accounting treatment of investments

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council's Shared Service receives credit rating information (changes, rating watches and rating outlooks) from Link as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Shared Service, and if required new counterparties which meet the criteria will be added to the list.

TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) **Full Council**

- approval of annual treasury management strategy and Annual Investment Strategy
- approval of MRP Statement

(ii) **Executive Committee (e.g., Cabinet)**

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

(iii) **Audit Committee**

Receiving and reviewing the following, and making recommendations to the Cabinet

- regular monitoring reports on compliance with the Treasury Management Strategy, practices and procedures.

(iv) **The S151 (responsible) officer**

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

Economic backdrop provided by Link Advisory

Link Group Interest Rate View	08.11.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	3.0%	1.5%	3.75%-4.00%
GDP	-0.2%q/q Q3 (2.4%/y/y)	+0.2%q/q Q3 (2.1%/y/y)	2.6% Q3 Annualised
Inflation	11.1%/y/y (Oct)	10.0%/y/y (Nov)	7.7%/y/y (Oct)
Unemployment Rate	3.6% (Sep)	6.6% (Sep)	3.7% (Aug)

Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c£500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at 5.5% - 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22nd February 2022.

Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3% in November and the market expects Bank Rate to hit 4.5% by May 2023.

Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and December. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17th November gave rise to a net £55bn fiscal tightening, although much of the “heavy lifting” has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have completely reversed the increases seen under the previous tenants of No10/11 Downing Street.

Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one if not more quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

The £ has strengthened of late, recovering from a record low of \$1.035, on the Monday following the Truss government’s “fiscal event”, to \$1.20. Notwithstanding the £’s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.

However, the peak in rates on 28th September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting ever lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

CENTRAL BANK CONCERNS – NOVEMBER 2022

At the start of November, the Fed decided to push up US rates by 0.75% to a range of 3.75% - 4%, whilst the MPC followed a day later by raising Bank Rate from 2.25% to 3%, in line with market expectations. EZ rates have also increased to 1.5% with further tightening in the pipeline.

Having said that, the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.

Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.

In addition, the Bank’s central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

. The current margins over gilt yields are as follows: -.

§ **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)

§ **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)

§ **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)

§ **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)

§ **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

CORPORATE PLAN AND BUDGET FOR 2023/24

REPORT OF: Director of Resources and Organisational Development
Contact Officer: Rachel Jarvis, Assistant Director Corporate Resources (and S151 Officer)
Email: Rachel.Jarvis@midsussex.gov.uk Tel: 01444 477064
Wards Affected: All
Key Decision: Yes
Report to: Council
1 March 2023

1. Purpose of Report

- 1.1 To present the Corporate Plan and Budget for 2023/24 for approval by Council.

2. Background

- 2.1 The Council is required annually to approve a Corporate Plan and Budget which sets out how it will deliver its services and spend its financial resources in the following financial year. The Corporate Plan outlines activities, projects, and levels of performance for the coming year (set out at section 2 of the report). These are supported by a Financial Strategy (section 1) and the Medium-Term Financial Plan (MTFP) (section 5) that present the financial assumptions and the proposals that achieve a balanced budget position. These plans include a recommendation for the level of council tax to be set for the year. The sections of the Corporate Plan and Budget are set out as follows: -

Section 1 – Introduction and Financial Context/Strategy
Section 2 – Service Plans and Revenue Budget
Section 3 – Capital Strategy and Programme
Section 4 – Usable Reserves and other Balances
Section 5 – Medium Term Financial Plan
Section 6 – Collection Fund
Section 7 – Council Tax Resolution and Council Tax Levels

- 2.2 The draft Corporate Plan and Budget has been produced against a backdrop of significant financial and economic challenges both nationally and locally. And with uncertainty regarding local government finance, particularly in relation to proposed funding reform. Over the medium term an imbalance persists that will need attention over the coming period.
- 2.3 The proposals in the report result in a modest increase in council tax for 2023/24 of 2.75%, £4.95 per year. This means that the Mid Sussex element of the council tax at Band D would increase to £185.31 per annum.
- 2.4 Combined with the precepts of other authorities, the Band D council tax level for the Mid Sussex area in 2023/24 will be:

Band D Council Tax 2023/24		
	£	Change from 2022/23
Mid Sussex District Council	185.31	+2.75%
Parish and Town Council	80.18	+3.79%
	<hr/>	
	265.49	+3.06%
West Sussex County Council	1,633.41	+4.99%
Sussex Police and Crime Commissioner	239.91	+6.67%
	<hr/>	
	2,138.81	+4.93%

2.5 The Corporate Plan and Budget 2023/24 were formally considered by Scrutiny at its meeting on 11 January 2023. It was then considered by Cabinet at its meeting on 6 February 2023 who approved it for recommendation to Council.

3.0 Recommendations

3.1 Council is recommended to approve:

- i) **The Corporate Plan and Budget for 2023/24 as set out in this report;**
- ii) **The Revenue Budget of £19,819,586 as detailed in Section 1, 2, and 5;**
- (iii) **The Mid Sussex District Council element of the Council Tax be increased by 2.75% to £185.31, with no requirement to hold a local referendum in accordance with the Act.**
- (iv) **The Capital programme of £5,735,000 for 2023/24, as set out in section 3;**
- (v) **Having considered Cabinet's budget proposals from their meeting of 6 February, the Council Tax Resolutions as set out in section 7.**

3.2 Council is asked to note:

- (vi) **The estimates for reserves and balances (see Section 4 for details) and the priority, as part of the sustainability of the financial robustness of the council, to increase reserves where possible.**
- (vii) **The summary Medium Term Financial Plan to 2026/27 (see Section 5 for details).**
- (viii) **That the estimated surplus on the Collection Fund for Council Tax totalling £1,515,000 for the year ended 31 March 2023, of which the Mid Sussex District Council share is £191,480 (see Section 6 for details) is noted.**
- (ix) **That the estimated deficit on the Collection Fund for Business Rates totalling £1,287,400 for the year ended 31 March 2023, of which the Mid Sussex District Council share is £514,960 (see Section 6 for details) is noted.**

4. Policy Context

The Corporate Plan and Budget has been developed in line with the Council's priorities:

5. Risk Management Implications

As in previous years, the Corporate Plan and Budget for 2023/24 has been risk assessed.

6. Legal Implications

The Local Government Finance Act 1992 provides that for each financial year a local authority should set the amount of Council Tax before 11th March in the financial year preceding that for which it is set. The Act makes provisions regarding the calculations necessary in setting the Council Tax. The Localism Act 2011 made significant changes to the Local Government Finance Act 1992 and requires the billing authority to calculate a Council Tax requirement for the year, not its budget requirement as previously. This report is instrumental in achieving this requirement.

7. Financial Implications

The Financial implications of this report are as set out in the recommendations and the appended Corporate Plan and Budget 2023/24.

8. Equalities implications

Proposals for new or changed services will be subject to Equality Impact Assessments at the appropriate time.

9. Sustainability implications

None.

10. Background Papers

None.

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**MID SUSSEX DISTRICT COUNCIL
CORPORATE PLAN AND BUDGET 2023/24**

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CORPORATE PLAN AND BUDGET 2023/24

SECTION 1: INTRODUCTION AND FINANCIAL CONTEXT/STRATEGY

1.0 Overall Summary

- 1.1. There remains much uncertainty in local government finance across both the short and medium term, with funding reform continuing to be delayed, multiple one-year settlements, the economic downturn and recession, combined with unprecedented levels of inflation. Mid Sussex District Council has, despite these challenges, worked tirelessly to maintain financial stability and to continue to attract investment to the district. This means that, despite funding pressures and the challenges of the external climate, we are still able to maintain one of the lowest levels of Council Tax in the region whilst delivering an ambitious programme of work for residents.
- 1.2. The Local Government Financial settlement announced on the 6 February 2023 presented a slightly improved position for the Council. Providing and overall increase in grant funding. With minor movements across a number of grants, the additional £286k was in the main as a result of the Funding Guarantee Grant for 2023/24. It was also confirmed that the New Homes Bonus Scheme would continue for one more year and Business Rates Pooling arrangements.
- 1.3. Lack of clarity of funding over the medium term persists, particularly in relation to Business Rates reform, combined with a volatile economic and financial climate. This means that many of the short and medium-term projections are necessarily estimates only, and we become less confident of their accuracy the further ahead we look.
- 1.4. Officers continue to work hard to produce a balanced budget for 2023/24, that aligns to the Council's Statement of Main Purpose, 'To be an effective Council delivering value for money services and helping to create a strong economy, environment and community' and the Council's priorities of:
 - **Effective and responsive services**
 - **Sustainable economic growth**
 - **Strong and resilient communities**
 - **Financial independence**

As is set out in the detail of this plan, Officers have developed ambitious plans to deliver a wide range of projects alongside delivering stable and well performing services.

- 1.5. In the ongoing uncertain financial and economic climate some councils have been close to collapse as they have grappled with the challenge of delivering services within a difficult financial landscape, combined with the considerable costs and pressures presented by high inflation and a cost-of-living crisis. That uncertainty is brought into sharp focus given the lack of clarity about what funding will be provided for councils in future years. It therefore remains difficult to bring the Medium-Term Financial Plan (MTFP) into balance, but the Council is in a better place to do this than many. This paper sets out financial assumptions and makes recommendations to achieve a balanced position. The Medium-Term Financial Plan, outlined within these papers, highlights the need to address the gap between income and expenditure over the next four years and thereby bring the plan back into balance.

- 1.6. The Council can however be considered to be 'financially independent'. This means we receive minimal Revenue Support Grant. While this does not confer any financial reward or freedoms, it is an achievement that represents many years of careful financial stewardship and ensures the Council can deliver its strategic ambitions for the residents of Mid Sussex. However, the uncertainty of potential reforms particularly in relation to Business Rates make longer term forecasting challenging and the above figures are indicative of the potential challenge facing Mid Sussex in the next Parliament.

2.0 Service Plans and Performance

- 2.1. As part of the annual planning process, Assistant Directors and Heads of Service have prepared plans for their services which propose activities, projects, and levels of performance for the coming year.
- 2.2. Performance against these will be regularly monitored against agreed performance indicators, and action taken to address areas for improvement.
- 2.3. The detail of service specific changes is shown at Section 2.

Funding Reform and Rates Retention Scheme (RRS) funding

- 2.4. The Fair Funding Review and Business Rate Retention changes are further delayed and will now not happen before 2025/26 at the earliest, at which time current funding mechanisms and formulas will be changed. The main impact of this for the Council is anticipated to be the redistribution of Business Rate Growth, for which Mid Sussex is above the national average. This creates a significant cliff edge for the Council's finances. The delay provides more time to plan, but only delays the considerable financial impact. To reflect this the MTFP assumes reform from 2025/26, the impact being taken from local government advisors Pixel and their assessment of what this reform might look like, although the exact timing and mechanism, and therefore impact, remain unknown.

Business Rates Revaluations

- 2.5. Revaluations will be every 3 years starting from 1 April 2023. Although the revaluation will be fiscally neutral country wide, there may be regional variations and it remains difficult to estimate the impact this will have on business rates. In addition, there is an Appeals process which makes the timing of any financial impact unclear. Therefore, the estimate in these papers, is set at a prudent level and any impact will be managed through reserves.

Council Tax Inflation

- 2.6. The Council's element of the Council Tax charged across the district is set each year by Members and is the largest area of income for the Council. The autumn statement announced a change to allowable increases in Council Tax before referendum from 2% to 3%, or £5, whichever is higher. Historically the Council has taken the £5 approach (because of its low Council Tax base) meaning that increases have usually been above 2%.
- 2.7. It is proposed that Council Tax will not be increased to the highest allowable level and a rise of £4.95 to Band D properties (a 2.75% increase), in line with previous forecasts is presented as part of the Medium-Term Financial Plan. This is within the allowable limits and raises an estimated additional income of £313k. Table 1 below presents Mid Sussex Council Tax at band D against other lower tier authorities in the West Sussex Area.

Table 1: Council Tax at Band D

West Sussex Local Authority Area	Council Tax Band D for 2022/23 £
Adur	318
Arun	196
Chichester	176
Crawley	219
Horsham	167
Mid Sussex	180
Worthing	252

2.8. Detailed Council Tax levels are presented at section 7.

Council Tax Base

2.9. The calculation of Council Tax base is prescribed by regulation. The projection being based on figures at 30 November annually. This year has seen growth of 2.27% reflecting good recovery from the pandemic. However, growth may be impacted in future years by the economic downturn and recession, so growth thereafter remains at a prudent level.

Council Tax Collection Fund Surplus/Deficit

2.10. At this stage, a surplus of £191k on the Mid Sussex part of the Collection Fund is forecast by the end of the year.

Inflation

- 2.11. The MTFP includes an estimate for the pay award for 2023/24 at 5%. This is an average increase across all pay grades reflecting the trend towards a flat cash award, which provides for higher percentage increases to lower grades. Thereafter it reduces to 2%. This is reflective of the continuation of the cost-of-living crisis and forecasts of continued (all be it reducing) high levels of inflation. It is also in line with neighbouring local authorities' assumptions. Such high levels of inflation, and its impact on the economy and wages, are unprecedented in recent years. While the pay estimate is based on reasonable assumptions, the final agreement of the pay award is not expected before the budget is set, or this financial year. A mechanism is therefore required to manage potential fluctuation, and it is therefore proposed to manage this in year from the General Reserve.
- 2.12. The Consumer Price Index (CPI) measure of inflation was at 11% in November (10.1% in September), providing a market for the high inflation position nationally. Inflation is required to be added annually to the Council's contracts where applicable and a detailed model ensures that the most appropriate inflationary increases are applied. The significant movements in inflation that we have seen recently create an unpredictable market, and as with pay inflation, a mechanism is required to manage potential fluctuation and it is proposed to manage this in year from the General Reserve.
- 2.13. The inflation index is important to us, since it is used to calculate price increases on contracts and gives an indication of the general level of price increases that the Council should apply to its expenditure figures. Overall, net inflation relating to pay, contracts, other expenditure and fees and charges is expected to be £1,623k in 2023/24. The details of this calculation are set out below.

Inflation Calculation for 2023/24 Budget

	Inflation %	Inflation £'000
<i>Employees</i>		
Pay		
Salaries have been forecast to be an estimated 5% pay award for 2023/24.	5.0%	684
Other employee costs		
Inflationary increases follow forecast salary increases	5.0%	8
<i>Buildings and Premises</i>		
Maintenance		
An estimate of the increase for 2023/24 is based on the CPI index for September 2022.	10.1%	219
Energy		
An estimate of the increase for 2023/24 is based on information provided by our Energy suppliers.	17.6%	68
NNDR		
Price increase for NNDR is usually based on CPI index for September 2021. However, the Spending Review announcement of 25th November 2020 indicated this would be frozen for 2021/22 and 2022/23. This has been frozen for a further year for 2023/24.	0.0%	0
Water		
The inflationary percentage on this category is based on the CPI index for September 2022	10.1%	6
<i>Transport</i>		
Travel Allowances		
The inflationary percentage on this category is based on the CPI index for September 2022	10.1%	15
<i>Supplies and Services</i>		
Postage		
An estimate of the increase for 2023/24 is based on the CPI index for September 2022	10.1%	19
Subscriptions		
An estimate of the increase for 2023/24 is based on the CPI index for September 2022	10.1%	13
Telephones		
An estimate of the increase for 2023/24 is based on the CPI index for September 2022	10.1%	8

Insurance		
An estimate of the increase for 2023/24 is based on the weighted average of property and other insurances where property premiums correlate to property values.	19.0%	44
Grants		
An increase for Grants to organisations (e.g. CAB) has been allowed based on the CPI index for September 2022.	-	-
Other Supplies and Services		
A 'basket' of items which will increase by different allowances, or remain static.	10.1%	331
<i>Third Party Payments</i>		
Contracts		
The contract terms for refuse collection, street sweeping and highway maintenance are subject to increases relating to NJC Labour rates for Local Government (60%), price adjustment formulae for construction contracts civil engineering, Index No 2 plant and road vehicles (10%), price adjustment formulae for construction contracts civil engineering, Index No 10 derf fuel (5%) and National Statistics index RPI all items (25%).	8.8%	479
<i>Fees and Charges</i>		
Discretionary Charges		
Weighted average of proposed increases in Discretionary Services across various Service Areas	9.1%	(206)
Mandatory Charges		
No further increases have been announced.		0
Rents		
Increases of rents are currently dependent on the review of individual leases rather than annual growth. Therefore rental income streams are not inflated but are reported as corporate savings if applicable.	0.0%	0
<i>Recharges</i>		
External funding		
The amount of inflation from various types of expenditure recovered from activities funded externally.	0.0%	(65)
TOTAL		1,623

Efficiency Programme

- 2.14. There is also a reset on the savings to be derived from the Public Realm contract. It is currently a difficult market in which to negotiate favourable changes and an alternative procurement approach is being explored. It is therefore expected that any tangible delivery will be in 2024/25 so the forecast has been amended to reflect this. After that, the forecast saving remains at £250k, although this will not be firmed up until the contracts have been let. In addition, other savings options will be explored to meet this target.

Treasury Management (TM)

2.15. Net receipts for treasury management have historically been paid directly into the General Reserve. However, in the current climate whilst inflationary pressures drive our expenditure up, there is a correlation in the increased income generated by our investments. For 2023/24 it is anticipated that income will reduce from the levels seen this financial year, although remaining high when compared to historic levels. It is proposed that in the first instance treasury management income is used to close the budget deficit with the balance to reserve.

Fees and Charges

2.16. Income from fees and charges have recovered well from the pandemic. With the high levels of inflation, it has been necessary to conduct a wider review of fees and charges this year to ensure that they remain aligned to the Council's priorities and continue to recover appropriate levels of income. Officers have taken a detailed approach across a number of areas and their recommendations are set out below. It is not proposed to set a blanket percentage increase but rather to consider a more nuanced approach. In many cases recommendations are providing a real term freeze or decrease as they do not recoup increasing costs. The rationale for each approach is set out below.

- (a) For fees such as some planning and licensing and building control fees these are set by central government and we await an announcement on any changes to these. These will be fed into the budget setting process once known. Where there is discretion, such as fees for pre-application planning advice, and hackney carriages licences, a 13% increase is recommended for the former and a 10% increase on the latter (reflecting cost recovery)
- (b) For waste, recycling, and garden waste charges broadly a 10% uplift is recommended. These charges reflect the actual costs of delivery and the anticipated contractual uplift with Serco. The increased fee for the garden waste service (from £70 to £77 annual charge) will also support investment to expand the service to residents on the waiting list and to meet future projected need.
- (c) For outdoor leisure charges, Officers have undertaken a detailed review. Noting that the main user groups are often young people, older people, and community groups, alongside the price sensitivity of this market, the recommendation is more modest increases.
- (d) The Parking Strategy 2020-2030 and Action Plan aligns with the Council's wider corporate objectives to support Sustainable Economic Growth and promote financial independence. The accompanying 5-Year Action Plan sets a clear ambition for the Council to invest in and modernise its car park estate. The Council's parking tariffs and stay restrictions had not been reviewed since 2012 but costs, inflation and investment requirements had risen. Therefore, in March 2022 tariffs were raised by 25%.
- (e) While data shows a continuing improvement in parking revenue which is currently 5% above forecast, the income is still slightly lower than in 2019. It is important for the Council to regularly review its car park estate to ensure it continues to support our towns and village centres and remains fit for purpose. The Parking Strategy commits to an annual review of tariffs. Officers are not recommending an increasing in tariffs at this point. Instead, they suggest that income should continue to be closely monitored and the position reviewed (consistent with the agreed Parking Strategy) later in

2023/24 together with options for investment in the parking estate.

Table 2: Proposed Fees and Charges

Service Area	Discretionary /Fixed	Inflation % Rate	Increased £ Achieved
Central Government determined Fees - Planning Fees and Licencing	Fixed	0.0%	0
Planning Advice Fees	Discretionary	13.0%	8,320
Building Control - Fees	Fixed	0.0%	0
Local Land Charges	Fixed	0.0%	0
Waste and Recycling charges (excluding Garden waste)	Discretionary	10.0%	15,299
Garden Waste	Discretionary	10.0%	158,311
Outdoor Leisure charges	Discretionary	2.8%	8,391
Car Parking Fees	Discretionary (but should align with locally agreed car parking strategy)	0.0%	0
Hackney Carriage Fees	Discretionary	10.0%	11,565
Other Licencing	Discretionary	10.0%	3,970
Total		9.1%	205,856

Balance Unallocated

2.17. This forms a contingency for the year and has been kept low for the last few years. In effect, we accurately balance the budget by appropriately varying this figure by small amounts, and for 2023/24 it is proposed to be set at £20k.

Government Grants

2.18 The MTFP includes the continuation of the Services Grant and removal of the lower tier Services Grant, with the addition of the Funding Guarantee Grant and a small amount of grants being rolled into the Revenue Support Grant for 2023/24 confirmed by the Local Government Finance Settlement. The settlement also confirmed the continuation of the New Homes Bonus (NHB). This is not included in the revenue budget as it is being phased out and therefore to do so would be unsustainable. The NHB allocation of £2,071k will therefore go to General Reserve as in previous years.

Capital Programme

2.18. The current Capital Programme and the framework for the update to the strategy for next year is set out at section 3 of the report. The Council has a 5-year rolling programme (current year plus 4) to which a year is added annually. The Capital Strategy and planned programme are considered by Audit Committee annually in February which then recommends it to Council before the start of the financial year. The programme is dynamic in support of the Council's investment need, its sustainability and long-term delivery of services. Consequently, projects are added to the programme during the year, as business cases are developed and in line with the Strategy and Financial Regulations.

3.0 Medium Term Financial Plan – Four Year Position

3.1. The financial outlook for the Council over the next four years is summarised in the Medium-Term Financial Plan (MTFP) presented at Section 5 of this report. As stated above, many of the short and medium-term projections are necessarily estimates only, and we become less confident of their accuracy the further ahead we look.

3.2. It is currently forecast that the gap / (surplus) in the Council's budget over the next four years is predicted to be:

Year 1 2023/24	£0k
Year 2 2024/25	£605
Year 3 2025/26	£3,233k
Year 4 2026/27	£3,281k

3.3. The budget is balanced for 2023/24, with a total spending requirement of £19.820m financed from a combination of Rates Retention scheme, Council Tax, Dividend income, other grants, and use of Treasury Management Interest. Inflation is assumed to make up £1,623k of that net expenditure and Council Tax is set to rise by 2.75%.

4.0 Service specific changes for 2023/24 and beyond

4.1. Each year, budget holders match their service levels and aspirations with the level of resources available. This gives rise to year to year increases and decreases in individual budgets, particularly where project work requires fluctuating staff and financial resources. These are summarised as follows:

- in-year unavoidable pressures amounting to £768k relating to changes to funding and core activity support provision.
- £295k of additional costs for service enhancements as detailed in table 4.
- £190k of savings as a result of service enhancements as detailed in table 3.
- savings of £288k as detailed at table 5 relating to service planning

Table 3 and 4 – Service Enhancement Pressures and Savings

Pressures Arising from Service Enhancement	2023/24 £'000	Comments
Garden Waste Service- Contract costs	240	The garden waste service is at capacity and in order to grow the service further an additional vehicle is required by the contractor. This will allow the service to grow up to 30,500 from the current capacity of 23,000 bins.
Garden Waste - Delivery costs	20	The delivery costs for an additional 2000 bins following the project justification to further expand the Garden Waste Service
Management salaries	35	Reduction in time chargeable and recoverable through West Sussex Parking Enforcement SLA
Total Pressures arising from Service Enhancement	295	

Savings Arising from Service Enhancement	2023/24 £'000	Comments
Bulky Waste Collections	(30)	Estimate of increased income based on the service going from 3 days pw to 5 days pw
Garden Waste Service	(140)	Additional Income from Increase in Garden Waste subscribers. Assumed an additional 2000 in the first year, but the service will later have capacity to grow to 7500.
Car Parks Season Ticket Income	(20)	Increased income generated from season tickets following a review of the tickets currently provided free of charge, or at a reduced rate and increased marketing of tickets to the public.
Total savings arising from Service Enhancement	(190)	

Table 5 – Service Savings

Savings Arising from Service Planning	2023/24 £'000	Comments
Revenues & Benefits Consultants	(23)	Further review of costs in line with 21/22 actuals
Revenues & Benefits Software Licence and Maintenance	(29)	Further review of costs in line with 21/22 actuals
Local Land Charges - Scanning of data	(10)	Further review of costs in line with 21/22 actuals
Legal Income	(28)	Further review of income in line with 21/22 actuals
Car Parks -Pay & Display	(50)	Assumed further partial recovery of Pay & Display Income - following a reported shortfall during the pandemic
Facilities - Postage for Document exchange	(4)	Contract cancelled 22/23
Estates -Industrial Estate rents	(2)	Further increased rents following rent reviews
Estates-Miscellaneous Property rents	(4)	Increased rents following rent reviews
Estates -Easements and Wayleaves	(1)	Increase in licences
Estates -Contribution to reserves for Major Capital Renewal projects (one year only)	(130)	MCR schemes for 2023/24 not going ahead due to need to complete Car parks condition survey work
Estates -Software licences and subscriptions	(7)	Cancellation of licences and subscriptions as no longer required
Total savings arising from Service Planning	(288)	

4.2. Budgets for 2023/24 for each department are shown in Section 2 of this report including:

- a) An introduction by the Director including a brief synopsis of projects and principal workstreams to be undertaken by each Service area. Multi-disciplinary projects appear under the lead Service area;
- b) Tables showing the variation for each Service area between 2022/23 and 2023/24 budgets and the detailed Budget for 2023/24.

5.0 Conclusion.

- 5.1. The effect of the changes described above is to achieve a balanced budget position for 2023/24.
- 5.2. A summary of the draft Budget for 2023/24 is shown below which is the total of all net revenue expenditure for the services the Council provides

Summary of Revenue Spending 2023/24		
<i>Description</i>	<i>Original Estimate 2023/24 £'000</i>	<i>Notes</i>
Base net expenditure 2023/24	19,025	1
Net Benefits	(119)	2
Balance unallocated	20	3
Contribution to Reserves in base budget	894	4
	<hr/>	
Budget Requirement	19,820	
<i>Financed by :</i>		
- External Funding (RSG)	(130)	
Rates Retention Scheme (RRS) Funding	(6,170)	
HB Admin Grant	(219)	
Services Grant	(87)	
Funding Guarantee Grant	(411)	
Income from Council Tax	(11,983)	
Dividend Income LAPF	(240)	
Collection Fund:		
Council Tax Deficit / (Surplus)	(191)	
RRS Deficit / (Surplus)	515	
Contribution from Rate Retention Scheme Equalisation Reserve including s31 Grant	(515)	
Use of Treasury Management Interest to balance budget	(389)	
	<hr/>	
	(19,820)	

Notes:

1. Council net expenditure budgets for all services as shown in the tables set out in Section 2 of this report which is inclusive of net service changes savings, and net general inflation. This total has also been increased to include drainage levies of £1k. and represents the starting point for the MTFP Base Net Expenditure of £19,025k as detailed in Section 5 of this report.
2. Forecast for Benefits in 2023/24. Refer Section 2c for further detail.
3. The contingency provision for unexpected costs totalling £20k.
4. Refer to contribution to Specific Reserves paragraphs above.

6.0 Assistant Director Corporate Resources (S151 Officer) Statement on the Budget Robustness

6.1 Section 25 of the Local Government Act 2003 places a statutory duty on the S151 Officer to review the Medium-Term Financial Plan and comment upon the robustness of the budget and the adequacy of the reserves to be held by the authority when it is making the statutory calculations required to determine its Council Tax or precept. The authority is required to take this report into account when making that decision. Specifically, the Local Government Act 2003 requires that:

"the chief finance officer of the authority must report to it on the following matters:

- (a) the robustness of the estimates made for the purposes of the calculations, and*
- (b) the adequacy of the proposed financial reserves."*

6.2 Section 26 of the Local Government Act 2003, places an onus on the S151 Officer to ensure the authority has established a minimum level of reserves to be retained to cover any unforeseen demands that could not be reasonably defined within finalising the proposed budget. Reserves and the councils policy on reserves are detailed at section 5.

6.3 It is the opinion of the S151 Officer that the draft budget for 2023/24 is based upon a sound financial strategy that will enable the council to deliver its proposed Corporate Plan successfully.

6.4 Both the Revenue Budget and Capital Programme have been formulated having regard to a number of factors including funding availability; risks and uncertainties; inflation; priorities; demography and service pressures.

6.5 As the development of the Corporate Plan and budget for 2023/24 has progressed, the position has been subject to reviews with Management Team, Assistant Directors and Members, including Cabinet and Scrutiny Committees. Due consideration has also been given to reconciling the over-arching financial strategy with service delivery.

6.6 The 2023/24 budget is balanced and, in finalising the budget, consideration has been given to unforeseen issues that could arise during the year and ensuring that those risks can be managed. Risks have been reviewed as part of the process and impacts considered. The council also holds a general contingency of £20k within the base revenue budget to cushion the impact of unexpected events and emergencies in year.

6.7 Increasing the Council Tax will provide a more sustainable income to the council which will help to protect services. Implementing the 2.75% will support and help protect services that are already under significant pressure in 2023/24 and future years.

6.8 The council holds a General Reserve. As part of budget robustness, a minimum level of unallocated reserve needs to be maintained within this reserve. There are two main approaches taken by councils to determine their required minimum level; Past guidance recommended that general fund should be equivalent to a certain percentage of an authority's budget but in recent years that prescribed level has been replaced by an assumption that finance officers will set aside an amount that they feel is appropriate given the levels of risk facing their authority.

6.9 A risk-based assessment of issues which could have a major impact on the council's finances, provides a flexible and responsive approach that helps reflect the continuously changing environment within which Local Government has to work. This approach will take into account the type of risk, the potential magnitude of the financial risk and a judgement as to how likely the issue is to arise. This assists in determining the required minimum level of General Reserve to be retained. The risk analysis below is therefore written in that context and has had regard to the CIPFA resilience index.

Risk Analysis

- 6.10 The annual budget is the plan of how the Council will manage its finances in the next year and has due regard to a number of areas of financial risk as follows: -

Inflation

- 6.11 The budget presented includes uplift for the significant inflationary pressures that are being experienced nationally and locally. These are based on forecasts and with such unprecedented shifts in levels of inflation there is a risk that prices will vary from the estimate.

Income Budgets

- 6.12 The budget requirement includes income from fees and charges which are inherently demand led. There is a risk, therefore, that budgeted income levels will not be achieved; conversely, they could be exceeded.

Expenditure budgets

- 6.13 The development of the budget alongside the Corporate Plan helps provide assurance that service budget are fit for purpose. The incremental budgeting approach also means that previous years performance can be used as a measure of adequacy. Expenditure budgets will be managed in year with regular reporting and a council wide approach taken.

Reserves

- 6.14 The total of the council's non-earmarked General Reserves are projected to be £9.174m at 1 April 2023 and projected to be £9.581m at 1 April 2024. Historically the financial strategy has included that the target for the minimum level of total unearmarked reserves of £1.7m. The estimated positions at the start and end of the year demonstrates that this minimum level will be exceeded. The projections for reserves also include capital expenditure commitments. This level of reserves is considered adequate for managing the council's existing commitments.

Capital Programme

- 6.15 All the projects in the Programme are supported by existing or projected funding and reserves. There is no reliance on capital receipts being received in order to finance the programme.

Conclusion

- 6.16 Taking everything into account, the non-earmarked General Reserve, is sufficient based on professional judgement to manage known and potentially unknown financial risks. This is considered adequate on the basis that the budget balances for 2023/24 and that, in addition, as noted at 6.6, an in-year contingency is held.
- 6.17 While we are balancing the budget for 2023/24, and although there are challenges and significant levels of uncertainty, the council has a robust planning process and sufficient reserves and will continue to strive towards a balanced position in 2024/25.
- 6.18 Future uncertainty including local government funding reform, the unknown impact of the levelling up agenda, the challenging economic climate and the cost of living crisis means it is increasingly important to hold sufficient reserves to manage unquantifiable financial risk. Therefore every opportunity should be taken to top up the council's general reserve.

SUMMARY OF REVENUE BUDGET 2023/24

A summary of the Budget is shown in Table 1, which is the total of all net revenue expenditure for the services the Council provides.

Figures contained within this section are displayed to the nearest thousand pounds. Consequently, the sum of individual figures may not necessarily agree with the totals displayed.

Table 1: Budget 2023 /24 Summary

Notes	Budget 2023/24 £'000	Budget 2022/23 £'000
1 Council Service Net Expenditure	18,926	16,925
Contribution to Development Plan Reserve	300	300
Savings from Efficiency Programme	0	(50)
Contribution to Organisational Development and Efficiency Reserve	594	532
Total Revenue Spending	19,820	17,707
2 Specific Items	812	4,003
3 Capital Charges	1,791	1,774

Notes:

1. The total of net expenditure is the responsibility of the individual Business Unit Leaders and Heads of Service.
2. Specific Items are one-off items of revenue expenditure financed from reserves and hence not included within total revenue spending
3. Capital charges represent the use of capital assets and, by including in the cost of running services, aim to show their true cost. However, because they are a notional cost and are not cash expenditure, they are not included within total revenue spending.

SERVICE BUDGETS

1. Budgets for 2023/24 for each Business Unit are shown on the next pages. There is a section for each containing :
 - a) an introduction by the Director for 2023/24;
 - b) tables showing the variation for each Service Area between 2022/23 and 2023/24 budgets, and
 - c) a budget summary including an analysis by type of spending for 2022/23 and 2023/24. Also included are figures to show the amount and percentage change between 2022/23 and 2023/24.

(Note that the signs for % increases and decreases are the same for both expenditure and income i.e. increases in expenditure and income are both shown as "+".)

2. *Definitions:*

Employee costs:

- Gross pay
- Employer's NI and superannuation contributions
- Training expenses
- Employee related insurances
- Recruitment costs
- Medical/ general costs

Premises related expenditure:

- Repairs and maintenance
- Energy costs
- Rental of premises
- Non-domestic rates
- Water / sewerage
- Fixture and fittings
- Cleaning and domestic supplies
- Premises insurance

Transport related expenditure:

- Vehicle maintenance / running expenses
- Vehicle leasing expenses
- Car allowances
- Vehicle insurance
- Other travel costs

Supplies and services:

- Furniture and equipment
- Materials
- Catering costs
- Uniform and laundry expenses
- Printing and stationery
- Marketing / publicity
- Legal and financial expenses
- Consultant fees
- Licenses
- Postage, telephones and communications
- Computer costs
- Expenses
- Grants and subscriptions
- Miscellaneous expenses

Third party payments

- Private contractor payments

Transfer Payments

- Homelessness
- Funeral costs
- Housing benefits

Support Services

- Central support recharges
 - Finance
 - Legal
 - Human Resources and Organisational Development
 - Customer Services
 - Communications
 - Corporate Health and Safety
 - Democratic Services
 - Contract Support
 - Strategic Management
 - Strategic Core

- Office accommodation recharges

- Computer recharges

Income

- Customer and client receipts
- Rents
- Specific Government grants
- Other grants / reimbursements and contributions
- Recharges to other divisions and services

Revenue Budget Summary 2023/24

	Budget 2023/24 £'000	Budget 2022/23 £'000	Change from 2022/23	
			£'000	%
Development Management	1,210	1,281	(71)	(6%)
Planning Policy	736	687	49	7%
Housing Enabling	242	278	(36)	(13%)
Economic Development & Sustainability	694	669	25	4%
Environmental Health	1,335	1,332	3	0%
Community Services	380	332	48	14%
Partnerships	390	382	8	2%
Cleansing Services	4,902	4,319	583	13%
Landscapes	2,762	2,543	219	9%
Parking Services	(820)	(788)	(32)	4%
Leisure	(629)	(298)	(331)	111%
Facilities	429	410	19	5%
Estates	(2,955)	(3,049)	94	(3%)
Building Control	490	449	41	9%
Revenues & Benefits	2,786	2,711	75	3%
Housing Options	1,871	1,751	120	7%
Customer Services	0	21	(21)	(100%)
Digital & Technology	(177)	(181)	4	(2%)
Democratic Services & Elections	1,035	975	60	6%
Legal Services	0	0	0	
Land Charges	176	161	15	9%
Finance Accountancy	0	0	0	
Planning & Building Control Support	0	0	0	
PMO & Service Redesign	277	253	24	9%
Human Resources & Organisation Development	0	0	0	
Communications, PR & Community Engagement	517	413	104	25%
Corporate Resources	1,476	970	506	52%
Strategic Core	1,897	1,403	494	35%
Benefits	(119)	(119)	0	
Drainage Levies	1	1	0	
Balance Unallocated	20	20	0	
Council Net Expenditure	18,926	16,925	2,001	
Contribution to Development Plan Reserve	300	300	0	
Contribution to JE Reserve	594	532	62	12%
Efficiency Programme savings	0	(50)	50	(100%)
	19,820	17,707	2,113	

Gross Expenditure and Income Budget Summary 2023/24

	Budget 2023/24 £'000	Budget 2022/23 £'000	Change from 2022/23	
			£'000	%
Gross Expenditure				
Employees	15,853	14,653	1,200	8%
Premises Related Expenditure	4,004	3,354	650	19%
Transport Related Expenditure	315	323	(8)	(2%)
Supplies and Services	6,020	5,557	463	8%
Third Party Payments	6,686	5,667	1,019	18%
Transfer Payments	33,562	33,296	266	1%
Support Services	7,974	7,277	697	10%
	74,413	70,126	4,287	6%
Gross Income				
Customer and Client Receipts	(8,490)	(7,518)	(972)	13%
Rents	(4,380)	(4,077)	(303)	7%
Other Grants and Contributions	(33,549)	(33,548)	(1)	0%
Recharges	(8,174)	(7,277)	(897)	12%
	(54,594)	(52,419)	(2,175)	4%
	19,820	17,707	2,113	

Specific Items Summary 2023/24

	Budget 2023/24 £'000	Budget 2022/23 £'000
Service Area		
Planning Policy	300	1,028
Economic Development & Sustainability	26	226
Environmental Health	0	15
Community Services	28	70
Cleansing Services	0	25
Landscapes	29	168
Parking Services	0	15
Facilities	191	77
Estates	0	50
Revenues & Benefits	0	237
Housing Options	0	210
Digital & Technology	0	4
Democratic Services & Elections	154	23
Finance Accountancy	0	12
Human Resources & Organisation Development	7	7
Communications, PR & Community Engagement	0	189
Corporate Funds	77	50
Corporate Resources	0	1,597
	812	4,003

Capital Charges Summary 2023/24

	Budget 2023/24 £'000	Budget 2022/23 £'000
Service Area		
Cleansing Services	16	14
Landscapes	235	217
Parking Services	27	27
Facilities	205	207
Estates	45	44
Revenues & Benefits	16	13
Housing Options	70	54
Digital & Technology	177	181
Democratic Services & Elections	0	3
Land Charges	33	37
	1,791	1,774

Deputy Chief Executive

Service Plan areas

- **Planning and Sustainable Economy**
- **Communities**

Planning and Sustainable Economy

1. The Council achieved a significant milestone in adopting the Site Allocations Development Plan Document (DPD) to enable the Council to continue to protect the District from unwanted speculative development.
2. In line with government requirements the Council is progressing the review of the District Plan. As well as a number of housing allocations to meet identified need to 2039, the Council has taken the opportunity of the review to include new/strengthened policies on Climate Change; Sustainable Design and Construction; Biodiversity Net Gain; and Nature Recovery. The first stage of consultation ended in December, and it is anticipated that following a further round of consultation the Plan will be submitted to the Planning Inspectorate by the end of 2023/24.
3. The Horsted Keynes Neighbourhood Plan has been examined by an independent Planning Examiner. If successful at referendum, scheduled for early in 2023/24, this will mark an important milestone for the District as every town and parish will have a Neighbourhood Plan.
4. By December 2022 over 200 new affordable homes had been delivered across the District and excellent progress had been made on delivering the 144 affordable homes at Freeks Farm.
5. Although 2020/21 saw a significant increase in the number of planning applications, this trend did not continue into 2022/23 with the number of applications stabilising. However, following the adoption of the Sites DPD, some of the larger allocated sites are being brought forward and this has led to an increase in planning application fees with the fees in December being almost 8% above the projected budget. The adoption of the Sites DPD has also led to fewer speculative applications and the number of planning appeals has decreased by nearly a third.
6. In April 2022 the Council approved the Sustainable Economy Strategy 2022-2025 and in Autumn set net zero targets for both the Council and the District.
7. Last year saw the very successful launch of the Opportunity Mid Sussex initiative which actively markets the District's competitive advantages for businesses and promotes the attractiveness of Mid Sussex for investors, residents and visitors.
8. We continue to support our micro-businesses and independent retailers with over £140k of grant support provided over the year. In addition, the Council has used part of the Government's Welcome Back Funds to launch the ShopAppy online retail scheme in our three town centres. Over 200 businesses have signed up to the platform which allows customers to browse, book and buy online via the website.
9. During 2022/23 the Burgess Hill Programme, including Brookleigh saw:
 - Delivery of significant pieces of infrastructure including the eastern road bridge over the River Adur;
 - Planning permission for the next phase of development at Brookleigh for 247 homes;
 - Planning permission for the Brookleigh Secondary School which will deliver a flagship facility built to Passivhaus standards;
 - Completion of the A2300 works on time and in budget;

- Delivery of 14km of cycle and bridleways around the Green Circle and Town Wide links through the Place and Connectivity Programme. The Programme has also ensured sustainable transport and public realm improvements between Burgess Hill Station and Victoria Business Park and around Wivelsfield Station;
- Planning permission for the detailed design of the 40,695 sqm of space at the Hub, including 10 small units which will meet the needs of growing local businesses the new owner of the site intends to deliver all the units at pace recognising the pent-up demand in the local area.

10. In the coming year there will be significant developments at Brookleigh particularly at both the eastern and western neighbourhood centres and the final road infrastructure to link Isaacs Lane and the A2300. Work will start to deliver the secondary school and the planning application for the first primary school will be submitted. Work will continue to secure the next stages in the delivery and development of the Science and Technology Park.
11. Gatwick Airport Ltd continues to progress its plan to expand the airport through a Development Consent Order. We will continue to work with the 'host authorities' and we are anticipating the application will be submitted to the planning inspectorate in Spring 2023.
12. During 2023/24 there will be further consultation and engagement on the design and delivery of the next phases of the Place and Connectivity work. The Council continues to work closely with New River REIT and government departments to secure the delivery of the much-needed town centre regeneration at Burgess Hill.

Communities

Partnerships

13. This year continues to provide challenges for our local community in particular the continued impact of Covid 19 and the cost-of-living crisis. Work continues through the Mid Sussex Partnership (MSP) to provide strategic leadership, bringing agencies together to address these issues. The Partnership carries out activity through three sub-groups; Community Safety, Local Community Network (focusing on health and wellbeing) and the Community Resilience group.
14. The Local Community Network (LCN) works closely with the new NHS Integrated Care Board for Sussex. Key highlights for 2021/22 included the Power 4 Parents project and a community event with Places Leisure at the Triangle to raise awareness of the health and wellbeing service.
15. In 2022/23 the MSP's Community Safety Subgroup levered in additional funding from the Home Office's Safer Streets Fund and the Violence Reduction Partnership to redeploy CCTVs and youth intervention activities. Key highlights during the year included prevention work in 3 schools, 'Your life, you choose', a mentoring programme for young people to help them achieve their aspirations, promotion and roll out of the safe space project and the detached youth service provided by Sussex Clubs for Young People. Partners also worked together to engage with local people for ASB Awareness Week in July and Hate Crime Awareness Week in October.
16. The Community Resilience Subgroup continues to prioritise building and maintaining the resilience of our vibrant third sector. Key highlights this year included the connected project providing digital champions and the provision of community hubs in our most deprived areas. This group will also oversee delivery of the Council's UK Shared Prosperity Fund Investment Plan which will see £1m inward investment over the coming three years.

17. In 2023/24 we will carry out a review of the Council's partnership arrangements to ensure maximum value for investment for this work.

Health and Wellbeing

18. Mid Sussex Wellbeing Service is commissioned by Public Health until March 2027 to deliver the county wide Prevention and Wellbeing Programme.

19. In 2022/23 the service delivered 1850 'interventions' compared to 1785 in 2021/22. The work focuses on smoking cessation, alcohol reduction and health checks. In 2022/23 the service also commissioned a wellbeing coaching service and a fall prevention service. The service is prioritised to the following high-risk groups:

- Carers
- Young people leaving care
- Clients where English is a second language
- Individuals with Learning Disabilities and Autism
- Individuals with Serious Mental Illness (SMI)
- Living in the 20% most deprived areas of Mid Sussex

20. In 2023/24 the service will continue to offer the same services through virtual interventions to support the wellbeing of residents and those employed across the district complementing face to face services.

Community Safety

21. Whilst Mid Sussex is a safe place to live, we continue to work closely with partners to address reports of anti-social behaviour. In 2022/23 (to December) 306 cases of anti-social behaviour were reported to the Council compared to 260 cases in 2021/22. The Council's Public Spaces Protection Order (PSPO) to tackle car cruising in Burgess Hill expires in Spring 2023 and a consultation is underway proposing to continue the Order and to extend it into two additional areas in Burgess Hill and East Grinstead.

Environmental Health

22. April 2022 saw the removal of the remaining Covid 19 restrictions on businesses across the District, which required the licensing, food and safety service to continue to support and encourage shops, restaurants and supermarkets to manage the enduring issues they encountered during the pandemic. During 2022/23 we dealt with 5500 requests for services, and we anticipate that by the end of 2022/23 we will have carried out 820 food safety inspections and inspected 1100 licensed premises. We recognise that our businesses are facing significant challenges as a result of the economic climate, and we therefore continue to work hard to support them through the provision of advice while taking a pragmatic and risk-based approach to enforcement. This approach will increase in importance next year as businesses come under increasing pressure.

23. During the year we implemented changes to how taxi trade operates to improve the service they provide to the community. Changes included a requirement that all Hackney Carriage vehicles are white, along with improved signage to enable better identification of vehicles. We also introduced mandatory Safeguarding Awareness and Disability Awareness Training for licensed drivers, which helps provide a more confident and safer environment for the customer.

24. As part of our ongoing air quality monitoring work, a new air quality monitoring station has been installed in London Road East Grinstead, measuring air quality in real-time. Data collected will be used in our reports to DEFRA on the status of air quality in the Mid Sussex District.

25. In 2022/23 we expect to award 90 Disabled Facilities Grant's to residents to enable them to adapt and improve their homes so they can continue to live independently. We will continue to work with all landlords to ensure housing standards in the District meet expectations, including supporting the Government's Homes for Ukraine scheme by undertaking home safety checks. To date, we have carried out over 165 safety checks enabling hosts to welcome visitors into their homes.

HOUSING ENABLING VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	7
Total	<u>7</u>
Budget Changes - Decreasing	
Salary adjustments *	(36)
Recharges	(7)
Total	<u>(43)</u>
Total Variation for Housing Enabling	<u><u>(36)</u></u>

* Includes salary increments and approved establishment changes.

Housing Enabling Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Housing Enabling £'000
Gross Expenditure			
172	Employees	144	144
0	Premises Related Expenditure	0	0
4	Transport Related Expenditure	3	3
5	Supplies and Services	6	6
0	Third Party Payments	0	0
0	Transfer Payments	0	0
97	Support Services	89	89
<u>278</u>		<u>242</u>	<u>242</u>
Gross Income			
0	Customer and Client Receipts	0	0
0	Rents	0	0
0	Other Grants and Contributions	0	0
0	Recharges	0	0
<u>0</u>		<u>0</u>	<u>0</u>
<u>278</u>	Net Expenditure	<u>242</u>	<u>242</u>
	Budget 2022/23	278	278
	Change from 2022/23		
	£'000 Change	(36)	(36)
	% Change	-13%	
	Other Items 2023/24		
	Capital Financing Costs	0	0
	Capital Financing Income	0	0
	Specific Items	0	0

PLANNING POLICY VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24

Description	Variation £'000
Budget Changes - Increasing	
Inflation	27
Recharges	10
Salary adjustments *	8
Pressure - SANG Monitoring Costs	2
Pressure – High Weald AONB	2
Total	49
Budget Changes - Decreasing	
Total	0
Total Variation for Planning Policy	49

* Includes salary increments and approved establishment changes

Planning Policy Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Planning Policy £'000
Gross Expenditure			
434	Employees	466	466
0	Premises Related Expenditure	2	2
11	Transport Related Expenditure	11	11
46	Supplies and Services	53	53
0	Third Party Payments	0	0
0	Transfer Payments	0	0
220	Support Services	229	229
712		761	761
Gross Income			
(24)	Customer and Client Receipts	(24)	(24)
0	Rents	0	0
0	Other Grants and Contributions	0	0
0	Recharges	0	0
(24)		(24)	(24)
687	Net Expenditure	736	736
	Budget 2022/23	687	687
	Change from 2022/23		
	£'000 Change	49	49
	% Change	7%	
	Other Items 2023/24		
	Capital Financing Costs	0	0
	Capital Financing Income	0	0
	Specific Items	300	

DEVELOPMENT MANAGEMENT VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	70
Salary adjustments *	21
Total	<u>91</u>
Budget Changes - Decreasing	
Recharges	(162)
Total	<u>(162)</u>
Total Variation for Development Management	<u><u>(71)</u></u>

* Includes salary increments and approved establishment changes.

Development Management Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Development Mgmt £'000
Gross Expenditure			
1,501	Employees	1,595	1,595
0	Premises Related Expenditure	0	0
49	Transport Related Expenditure	52	52
194	Supplies and Services	208	208
0	Third Party Payments	0	0
0	Transfer Payments	0	0
754	Support Services	592	592
<u>2,497</u>		<u>2,447</u>	<u>2,447</u>
Gross Income			
(1,216)	Customer and Client Receipts	(1,237)	(1,237)
0	Rents	0	0
0	Other Grants and Contributions	0	0
0	Recharges	0	0
<u>(1,216)</u>		<u>(1,237)</u>	<u>(1,237)</u>
<u>1,281</u>	Net Expenditure	<u>1,210</u>	<u>1,210</u>
Budget 2022/23		1,281	1,281
Change from 2022/23			
£'000 Change		(71)	(71)
% Change		-6%	
Other Items 2023/24			
Capital Financing Costs		0	0
Capital Financing Income		0	0
Specific Items		0	

ECONOMIC DEVELOPMENT & SUSTAINABILITY VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	37
Total	<u>37</u>
Budget Changes - Decreasing	
Salary adjustments *	(6)
Recharges	(6)
Total	<u>(12)</u>
Total Variation for Economic Development & Sustainability	<u><u>25</u></u>

* Includes salary increments and approved establishment changes.

Economic Development & Sustainability Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Sustainability £'000	Eco Devmnt Promotion £'000
Gross Expenditure				
283	Employees	291	44	247
0	Premises Related Expenditure	0	0	0
6	Transport Related Expenditure	7	2	5
249	Supplies and Services	270	8	262
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
131	Support Services	126	29	97
<u>669</u>		<u>694</u>	<u>83</u>	<u>611</u>
Gross Income				
0	Customer and Client Receipts	0	0	0
0	Rents	0	0	0
0	Other Grants and Contributions	0	0	0
0	Recharges	0	0	0
<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>
<u>669</u>	Net Expenditure	<u>694</u>	<u>83</u>	<u>611</u>
	Budget 2022/23	669	80	589
	Change from 2022/23			
	£'000 Change	25	3	22
	% Change	4%		
	Other Items 2023/24			
	Capital Financing Costs	0	0	0
	Capital Financing Income	0	0	0
	Specific Items	26		

PARTNERSHIPS VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	9
Recharges	66
Total	<u>75</u>
Budget Changes - Decreasing	
Salary adjustments *	(67)
Total	<u>(67)</u>
Total Partnerships	<u><u>8</u></u>

* Includes salary increments and approved establishment changes.

Partnerships Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Partnership Funding £'000
Gross Expenditure			
350	Employees	297	297
8	Premises Related Expenditure	9	9
18	Transport Related Expenditure	19	19
115	Supplies and Services	121	121
0	Third Party Payments	0	0
0	Transfer Payments	0	0
83	Support Services	147	147
<u>574</u>		<u>592</u>	<u>592</u>
Gross Income			
0	Customer and Client Receipts	0	0
0	Rents	0	0
(192)	Other Grants and Contributions	(202)	(202)
0	Recharges	0	0
<u>(192)</u>		<u>(202)</u>	<u>(202)</u>
<u>382</u>	Net Expenditure	<u>390</u>	<u>390</u>
	Budget 2022/23	382	382
	Change from 2022/23		
	£'000 Change	8	8
	% Change	2%	
	Other Items 2023/24		
	Capital Financing Costs	0	0
	Capital Financing Income	0	0
	Specific Items	0	

COMMUNITY SERVICES VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	16
Recharges	31
Salary adjustments *	1
Pressure – Safeguarding Subscriptions	1
Total	49
Budget Changes - Decreasing	
Total	0
Total Community Services	49

* Includes salary increments and approved establishment changes.

Community Services Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Community Services £'000
Gross Expenditure			
224	Employees	236	236
0	Premises Related Expenditure	0	0
8	Transport Related Expenditure	9	9
47	Supplies and Services	53	53
0	Third Party Payments	0	0
0	Transfer Payments	0	0
100	Support Services	130	130
379		428	428
Gross Income			
0	Customer and Client Receipts	0	0
0	Rents	0	0
(48)	Other Grants and Contributions	(48)	(48)
0	Recharges	0	0
(48)		(48)	(48)
332	Net Expenditure	380	380
Budget 2022/23		332	332
Change from 2022/23			
	£'000 Change	48	48
	% Change	14%	
Other Items 2023/24			
	Capital Financing Costs	0	0
	Capital Financing Income	0	0
	Specific Items	28	

ENVIRONMENTAL HEALTH VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Recharges	54
Inflation	42
Ongoing Pressure from 2021/22 - Hackney Carriages	25
Total	121
Budget Changes - Decreasing	
Salary adjustments*	(76)
Ongoing Saving from 2021/22 - Licencing Income	(15)
Ongoing Saving from 2021/22 - Salaries	(27)
Total	(118)
Total Variation for Environmental Health	3

* Includes salary increments and approved establishment changes.

Environmental Health Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Contaminated Land £'000	Housing Standards £'000	Safety & Licencing £'000	Env Protection £'000	Health & Safety £'000
Gross Expenditure							
1,061	Employees	1,009	17	220	559	162	50
4	Premises Related Expenditure	4	0	4	0	0	0
39	Transport Related Expenditure	42	1	9	23	7	2
65	Supplies and Services	71	3	7	31	27	3
9	Third Party Payments	10	0	0	0	10	0
2	Transfer Payments	2	0	0	0	2	0
521	Support Services	574	16	85	331	137	5
1,700		1,711	37	325	944	346	60
Gross Income							
(311)	Customer and Client Receipts	(316)	(1)	(13)	(289)	(14)	0
0	Rents	0	0	0	0	0	0
0	Other Grants and Contributions	0	0	0	0	0	0
(57)	Recharges	(60)	0	0	0	0	(60)
(368)		(376)	(1)	(13)	(289)	(14)	(60)
1,332	Net Expenditure	1,335	37	311	655	332	0
	Budget 2022/23	1,332	39	333	661	299	0
	Change from 2022/23						
	£'000 Change	3	(2)	(22)	(6)	33	0
	% Change	0%					
	Other Items 2023/24						
	Capital Financing Costs	0	0	0	0	0	0
	Capital Financing Income	0	0	0	0	0	0
	Specific Items	0					

Director People and Commercial Services

Service Plan areas

- Digital and People Services
- Commercial Services and Contracts

Digital and People Services

Customer Services

1. The priority for Customer Services is to act as a focal point for customers to the Council. This coming year the Council will continue to work across services to redesign practices, and technology to improve efficiency and effectiveness for customers.
2. Improving the resilience, integration and flexibility of telephony has been successful. Telephony is now accessible externally on multiple devices so that staff can respond inside and outside of the office. The transition to a modern telephony platform was completed without dropping any calls and no downtime to customers. This enabled the Council to be available via telephone to residents throughout the pandemic and allows for greater flexibility in customer responses.
3. The next phase of technology development will see the Council continuing to modernise communication channels to compliment the telephony channel. This will offer residents more choice and increase the overall quality of the self-service offering while ensuring that no customer is excluded due to their accessibility needs.

Digital and Technology

4. Building on the successful restructure of digital services in 2019/20, digital and technology will continue to focus on supporting services as they plan the service redesign, they require to achieve further efficiencies and enhance the customer experience.
5. The service will use the learning from the previous year, continuing to develop core technology such as O365, preparing for incoming technology upgrades such as Windows 11. We will strengthen the Council's resilience and security by migrating key technology to the cloud. This will also enable improved integration between systems, digitising processes for increased efficiency.
6. Cyber-security and digital risk management are a high service priority. The Council will continue its work with internal and external partners, such as the National Cyber Security Centre to help the Council identify and mitigate cyber threats. The cyber security landscape presents an ever changing and evolving challenge. Work will continue with colleagues in Organisational Development to provide training and development to complement our ever-developing set of technologies and techniques used in the fight against cyber-crime.

Revenues and Benefits

7. The forthcoming year will be as challenging as recent years with demand on the service continuing to be high. The teams have administered energy rebates to 40,366 residents totalling in excess of £6 million of assistance and handled thousands of additional enquiries about this support payment. We have awarded over £6.5 million in COVID business rates relief to assist 780 local businesses. We will need to continue to respond quickly to new government support schemes. This means we will maintain our flexible approach to pivoting resources towards this need and increase service resilience, so it is able to respond effectively.

8. We will continue to invest in new technology and service redesign, focusing on improving the customer journey and our self-service offerings. We will continue with our ambition to ensure we provide the maximum possible support to residents and deal with debt in the most effective and means available to us.

Housing Options

9. Over the course of the last year Housing options staff have reduced the number of residents in Temporary Accommodation. By almost halving this number, we are preparing for a potentially challenging year as it continues to support national schemes, assist residents suffering from the current cost of living challenges, and working with the challenging rental market. Despite a 19% increase in demand for the service, the temporary accommodation numbers have been reduced by 48% and prevented homelessness for 174 households in the last 12 months.
10. We will continue to make the service efficient and effective to meet the anticipated increase in service demand. Homelessness prevention and our work with rough sleepers will continue to be service priorities with various service activities targeted in these areas. We will introduce an outreach service to community groups to help early intervention. This will increase prevention and use specific accommodation to meet the needs of rough sleepers and families to assist people into employment and help them find alternative accommodation. We will review technologies and working practices to identify opportunities for improvements. We will review our allocations policy to ensure it meets the current and future needs of MSDC's residents.

Commercial Services and Contracts

Contracts and Services

11. The '1-2-3' food waste collection trial launched in September 2022/23. It has been a huge success. Over 88 tonnes of food waste have been collected in the first 11 weeks and the service is extremely popular with participants. We will continue to operate the trial over the coming 12 months in anticipation of a clearer direction on the collection of food waste emerging from central government in the coming year.
12. We have also continued with the delivery of our ambitious Parks Improvement Programme. Six parks have now been fully master planned across the District and detailed design work is underway on the first three of these. Improvement works, partially funded by the UK Shared Prosperity Fund, will be starting on the ground in 2023/24.
13. During 2022 detailed consultation with key stakeholders took place on the design of the new Centre for Outdoor Sport, in readiness for construction to start in the autumn of 2023. This will see new sports and recreation facilities for the District.
14. The residual impact of the pandemic continued to be felt throughout 2022/23 across the leisure sector. Despite an ongoing improvement in attendance, the viability of the Council's leisure centres has continued to present a significant challenge meaning that the Council has continued to subsidise the operation. Through 2022/23 this challenge has been compounded by the significant increases in energy costs, and the cost-of-living crisis. Work with Places Leisure is continuing to optimise leisure centre use and further reduce the burden on the taxpayer.
15. Car parking income continues to be suppressed and a 10-15% reduction on pre-Covid income is anticipated by the end of 2022/23. Despite this, we continued to deliver the actions in the Parking Strategy, including the development of a Car Park Investment Strategy. This work will continue into 2023/24 with the aim of delivering a high quality, modern, and cost-effective service that is responsive to customer needs and better able to support the vitality of the District's towns and villages.

Estates Services and Building Control

16. The Service continues to manage and improve the Council's large asset base. There are in the region of 300 tenants within the Estate, of which the large majority are local businesses and community groups.
17. Among the more major projects is the ongoing work to manage and refine the offer at Orchards Shopping Centre in Haywards Heath. Work will continue to develop outline business cases and feasibility studies for the redevelopment of key sites within the District, to provide affordable housing, employment opportunities and improve the asset portfolio. The team will continue to work to facilitate the Burgess Hill town centre development, delivery of the Parking Strategy and the Parks Improvement Programme.
18. The team will continue to support the Housing Enabling Team with the delivery of the Temporary Housing Accommodation Strategy. It will deliver repair works and safety improvements on the Bedelands site.
19. The team will provide drainage advice to a number of bodies, where improved drainage may be needed as our climate and the level of housebuilding changes. The drain adoption process will continue at Brookleigh and trash screen replacements made at locations across the District.
20. The Building Control team continues to operate in a competitive market with the private sector and have achieved a 61% market share with the National average at 65%. There is a focus to improve business generation by promoting, developing and collaborating across all departments within the Council. There is also a drive to increase the number of local partners under the Local Authority Building Control (LABC) Partner Authority Scheme.

CUSTOMER SERVICES VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	19
Salary adjustments*	7
Total	<u>26</u>
Budget Changes - Decreasing	
Recharges	(47)
Total	<u>(47)</u>
Total Variation for Customer Services	<u><u>(21)</u></u>

* Includes salary increments and approved establishment changes

Customer Services Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Customer Service £'000
Gross Expenditure			
315	Employees	338	338
0	Premises Related Expenditure	0	0
0	Transport Related Expenditure	0	0
34	Supplies and Services	37	37
0	Third Party Payments	0	0
0	Transfer Payments	0	0
169	Support Services	193	193
<u>519</u>		<u>568</u>	<u>568</u>
Gross Income			
0	Customer and Client Receipts	0	0
0	Rents	0	0
0	Other Grants and Contributions	0	0
(498)	Recharges	(568)	(568)
<u>(498)</u>		<u>(568)</u>	<u>(568)</u>
<u>21</u>	Net Expenditure	<u>0</u>	<u>0</u>
	Budget 2022/23	21	21
	Change from 2022/23		
	£'000 Change	(21)	(21)
	% Change	-100%	
	Other Items 2023/24		
	Capital Financing Costs	0	0
	Capital Financing Income	0	0
	Specific Items	0	0

Digital & Technology Budget 2023/24

DIGITAL AND TECHNOLOGY VARIATION TABLE	
Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget	
Description	Variation £'000
Budget Changes - Increasing	
Inflation	117
Total	<u>117</u>
Budget Changes - Decreasing	
Recharges	(21)
Salary Adjustments *	<u>(92)</u>
Total	<u>(113)</u>
Total Variation for Digital & Technology	<u><u>4</u></u>
* Includes salary increments and approved establishment changes	

Budget 2022/23 £'000		Budget 2023/24 £'000	Central Computer £'000	Corporate System Acc £'000
Gross Expenditure				
918	Employees	877	877	0
0	Premises Related Expenditure	0	0	0
1	Transport Related Expenditure	1	1	0
632	Supplies and Services	696	696	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
94	Support Services	24	24	0
<u>1,645</u>		<u>1,597</u>	<u>1,597</u>	<u>0</u>
Gross Income				
0	Customer and Client Receipts	0	0	0
0	Rents	0	0	0
0	Other Grants and Contributions	0	0	0
(1,825)	Recharges	(1,774)	(1,774)	0
<u>(1,825)</u>		<u>(1,774)</u>	<u>(1,774)</u>	<u>0</u>
<u>(181)</u>	Net Expenditure	<u>(177)</u>	<u>(177)</u>	<u>0</u>
	Budget 2022/23	(181)	(181)	0
	Change from 2022/23			
	£'000 Change	4	4	0
	% Change	-2%		
	Other Items 2023/24			
	Capital Financing Costs	177	177	0
	Capital Financing Income	0	0	0
	Specific Items	0		

REVENUES & BENEFITS VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	138
Salary adjustments *	18
Ongoing 2021/22 Pressure - Card charges	14
Total	170
Budget Changes - Decreasing	
Recharges	(16)
Ongoing 2021/22 Saving - Rateable Value finder consultancy	(27)
Saving – Consultants	(23)
Saving – Software Licence & Maintenance	(29)
Total	(95)
Total Variation for Revenues and Benefits	75

Revenues & Benefits Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Benefits £'000	Revenue £'000
	Gross Expenditure			
1,702	Employees	1,802	787	1,015
0	Premises Related Expenditure	0	0	0
26	Transport Related Expenditure	13	4	10
535	Supplies and Services	535	149	386
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
966	Support Services	952	474	478
3,228		3,302	1,414	1,889
	Gross Income			
(330)	Customer and Client Receipts	(330)	(1)	(329)
0	Rents	0	0	0
(187)	Other Grants and Contributions	(187)	0	(187)
0	Recharges	0	0	0
(517)		(517)	(1)	(516)
2,711	Net Expenditure	2,786	1,413	1,373
	Budget 2022/23	2,711	1,402	1,309
	Change from 2022/23			
	£'000 Change	75	11	64
	% Change	3%		
	Other Items 2023/24			
	Capital Financing Costs	16	0	16
	Capital Financing Income	0	0	0
	Specific Items	0		

HOUSING OPTIONS VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	59
Recharges	78
Salary adjustments *	2
Ongoing 2022/23 Inflationary Pressure - Energy	1
Total	140
Budget Changes - Decreasing	
Ongoing 2021/22 Saving - Housing support	(20)
Total	(20)
Total Variation for Housing Options	120

* Includes salary increments and approved establishment changes.

Housing Options Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Housing Options £'000	Oth Council Property £'000	Temporary Accommodat £'000
Gross Expenditure					
553	Employees	582	528	0	54
5	Premises Related Expenditure	176	0	7	170
12	Transport Related Expenditure	13	12	0	1
329	Supplies and Services	383	365	0	18
0	Third Party Payments	10	0	0	10
882	Transfer Payments	949	949	0	0
239	Support Services	314	300	0	14
2,020		2,427	2,154	7	266
Gross Income					
0	Customer and Client Receipts	0	0	0	0
0	Rents	(288)	0	0	(288)
(269)	Other Grants and Contributions	(269)	(269)	0	0
0	Recharges	0	0	0	0
(269)		(556)	(269)	0	(288)
1,751	Net Expenditure	1,871	1,886	7	(22)
	Budget 2022/23	1,751	1,693	5	53
	Change from 2022/23				
	£'000 Change	120	193	2	(75)
	% Change	7%			
	Other Items 2023/24				
	Capital Financing Costs	70	0	0	70
	Capital Financing Income	0	0	0	0
	Specific Items	0			

CLEANSING SERVICES VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	320
Recharges	9
Salary adjustments *	12
Waste contract variation - Growth in properties	31
Ongoing 2022/23 Pressure - Contractual inflation	181
Pressure - Garden Waste - Contract costs	240
Pressure - Garden Waste - Delivery costs	20
Total	813
Budget Changes - Decreasing	
Ongoing 2021/22 Saving – Bulky Waste income	(19)
Staff move to Communications, PR & Community Engagement	(41)
Saving - Garden Waste additional income	(140)
Saving - Bulky Household Collection income	(30)
Total	(230)
Total Variation for Cleansing Services	583

* Includes salary increments and approved establishment changes.

Cleansing Services Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Refuse Collection £'000	Recycling £'000	Highway Cleansing £'000	Highway Maintenance £'000
Gross Expenditure						
363	Employees	347	92	79	136	40
30	Premises Related Expenditure	33	0	15	0	18
16	Transport Related Expenditure	18	8	3	5	2
94	Supplies and Services	102	59	42	1	0
5,236	Third Party Payments	6,175	4,720	0	1,455	0
0	Transfer Payments	0	0	0	0	0
304	Support Services	314	207	44	48	16
6,044		6,989	5,086	183	1,644	76
Gross Income						
(1,703)	Customer and Client Receipts	(2,063)	(2,063)	0	0	0
0	Rents	0	0	0	0	0
(22)	Other Grants and Contributions	(24)	0	0	(24)	0
0	Recharges	0	0	0	0	0
(1,724)		(2,087)	(2,063)	0	(24)	0
4,319	Net Expenditure	4,902	3,023	183	1,620	76
	Budget 2022/23	4,319	2,570	176	1,503	70
	Change from 2022/23					
	£'000 Change	583	453	7	117	6
	% Change	13%				
	Other Items 2023/24					
	Capital Financing Costs	16	16	0	0	0
	Capital Financing Income	0	0	0	0	0
	Specific Items	0				

LANDSCAPES VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	176
Recharges	8
Salary adjustments*	10
Ongoing 2021/22 pressure NNDR (part of £27K saving)	14
Ongoing 2022/23 inflationary pressure - Arboriculture	15
Ongoing 2022/23 inflationary pressure - Energy	75
Total	298
Budget Changes - Decreasing	
Staff recharge to Car Park Enforcement - WSCC	(21)
Ongoing savings 2021/22 - Playgroup Income	(47)
Ongoing savings 2021/22 - Ground rent	(10)
Total	(78)
Total Variation for Landscapes	220

* Includes salary increments and approved establishment changes.

Landscapes Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Outdoor Facilities £'000	Trust Fund Accounts £'000
Gross Expenditure				
556	Employees	569	569	0
1,763	Premises Related Expenditure	2,031	1,912	119
24	Transport Related Expenditure	24	24	0
108	Supplies and Services	115	113	2
30	Third Party Payments	33	33	0
0	Transfer Payments	0	0	0
448	Support Services	452	452	0
2,928		3,224	3,103	121
Gross Income				
(253)	Customer and Client Receipts	(308)	(299)	(9)
(133)	Rents	(154)	(42)	(112)
0	Other Grants and Contributions	0	0	0
0	Recharges	0	0	0
(386)		(462)	(341)	(121)
2,543	Net Expenditure	2,762	2,762	0
Budget 2022/23				
		2,543	2,543	0
Change from 2022/23				
	£'000 Change	219	219	0
	% Change	9%		
Other Items 2023/24				
	Capital Financing Costs	235	235	0
	Capital Financing Income	0	0	0
	Specific Items	29		

LEISURE VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	5
Recharges	11
Salary adjustments*	53
Pressure – Offsetting Management fee income	400
Total	469
Budget Changes - Decreasing	
Management fee income	(800)
Total	(800)
Total Variation for Leisure	(331)

* Includes salary increments and approved establishment changes.

Leisure Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Leisure Centres £'000
	Gross Expenditure		
141	Employees	196	196
94	Premises Related Expenditure	109	109
2	Transport Related Expenditure	3	3
1	Supplies and Services	1	1
0	Third Party Payments	0	0
0	Transfer Payments	0	0
63	Support Services	63	63
302		371	371
	Gross Income		
(600)	Customer and Client Receipts	(1,000)	(1,000)
0	Rents	0	0
0	Other Grants and Contributions	0	0
0	Recharges	0	0
(600)		(1,000)	(1,000)
(298)	Net Expenditure	(629)	(629)
	Budget 2022/23	(298)	(298)
	Change from 2022/23		
	£'000 Change	(331)	(331)
	% Change	111%	
	Other Items 2023/24		
	Capital Financing Costs	966	966
	Capital Financing Income	0	0
	Specific Items	0	

PARKING SERVICES VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	32
Recharges	22
Staff recharge to Car Park Enforcement - WSCC	21
Ongoing 2022/23 Inflationary pressure - Energy	7
Ongoing 2021/22 pressure - Cashless Parking Transaction processing	27
Total	109
Budget Changes - Decreasing	
Salary adjustments *	(41)
Ongoing 2021/22 saving - NNDR (part of £27k saving)	(9)
Ongoing 2021/22 saving - Car Park repairs	(21)
Saving – Season Ticket income	(20)
Saving – Pay & Display income	(50)
Total	(141)
Total Variation for Parking Services	(32)

* Includes salary increments and approved establishment changes.

Parking Services Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Car Parks £'000	Parking Enforcement £'000
Gross Expenditure				
758	Employees	747	75	672
573	Premises Related Expenditure	567	556	11
28	Transport Related Expenditure	32	2	30
197	Supplies and Services	248	185	63
4	Third Party Payments	4	4	0
0	Transfer Payments	200	200	200
238	Support Services	57	57	(200)
1,798		1,855	1,079	776
Gross Income				
(2,392)	Customer and Client Receipts	(2,494)	(1,899)	(595)
0	Rents	0	0	0
(195)	Other Grants and Contributions	(181)	0	(181)
0	Recharges	0	0	0
(2,587)		(2,675)	(1,899)	(776)
(788)	Net Expenditure	(820)	(820)	0
	Budget 2022/23	(788)	(788)	0
	Change from 2022/23			
	£'000 Change	(32)	(32)	0
	% Change	4%		
	Other Items 2023/24			
	Capital Financing Costs	27	27	0
	Capital Financing Income	0	0	0
	Specific Items	0		

FACILITIES VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	141
Ongoing 2022/23 Inflationary pressure - Energy	133
Ongoing 2022/23 Pressure - Drainage Support Officer post	33
Pressure – Oaklands Security – increased cost of contract	10
Pressure – Oaklands Cleaning Contract	32
Total	349
Budget Changes - Decreasing	
Salary adjustment*	(56)
Recharges	(222)
Lifecycle costing - repairs	(4)
Ongoing 2021/22 Saving - NNDR (part of £27K saving)	(44)
Saving – Postage for Document Exchange	(4)
Total	(330)
Total Variation for Facilities	19

* Includes salary increments and approved establishment changes.

Facilities Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Contracts £'000	Public Conveniences £'000	Oaklands £'000	District Drainage £'000	Better Mid Sussex £'000
	Gross Expenditure						
222	Employees	229	0	26	130	72	0
761	Premises Related Expenditure	934	0	74	702	158	0
7	Transport Related Expenditure	6	0	1	4	1	0
59	Supplies and Services	76	8	2	61	6	0
162	Third Party Payments	210	0	66	144	0	0
0	Transfer Payments	0	0	0	0	0	0
127	Support Services	165	12	41	56	56	0
1,338		1,620	20	209	1,097	294	0
	Gross Income						
(1)	Customer and Client Receipts	(1)	0	0	(1)	0	0
0	Rents	0	0	0	0	0	0
(22)	Other Grants and Contributions	(22)	0	(9)	0	(13)	0
(906)	Recharges	(1,169)	(20)	0	(1,149)	0	0
(928)		(1,191)	(20)	(9)	(1,150)	(13)	0
410	Net Expenditure	429	0	200	(53)	281	0
	Budget 2022/23	410	0	242	(50)	218	0
	Change from 2022/23						
	£'000 Change	19	0	(42)	(3)	63	0
	% Change	5%					
	Other Items 2023/24						
	Capital Financing Costs	205	0	10	55	139	0
	Capital Financing Income	0	0	0	0	0	0
	Specific Items	191					

ESTATES VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Recharges	230
Inflation	44
Ongoing 2021/22 pressure NNDR (part of £27K saving)	12
Pressure – Orchards Retail – Rental income	70
Pressure – Orchards Leasing costs	5
Pressure – Market Place Car Park Supplementary rent	21
Total	382
Budget Changes - Decreasing	
Salary adjustment*	(34)
MCR- Part of Lifecycle costing Asset management - decreased payment to reserves to fund capital	(32)
On-going saving from 2021/22 – Depots rent	(6)
On-going saving from 2021/22 – Operational Properties rents & licences	(30)
On-going saving from 2021/22 – Industrial Estates rents	(42)
Saving – Industrial Estates Rent	(2)
Saving – Miscellaneous Property Rents	(4)
Saving – Easement & Wayleaves	(1)
Saving – Contribution to reserves for Major Capital Renewals projects	(130)
Saving – Software licences & subscriptions	(7)
Total	(288)
Total Variation for Estates	94

* Includes salary increments and approved establishment changes.

Estates Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Property Operational £'000	Investment Property £'000
	Gross Expenditure			
277	Employees	267	0	267
87	Premises Related Expenditure	107	39	68
3	Transport Related Expenditure	3	0	3
237	Supplies and Services	77	30	47
225	Third Party Payments	242	0	242
0	Transfer Payments	0	0	0
144	Support Services	368	126	241
973		1,065	196	869
	Gross Income			
(8)	Customer and Client Receipts	(8)	0	(8)
(3,940)	Rents	(3,934)	(410)	(3,524)
(74)	Other Grants and Contributions	(77)	(4)	(73)
0	Recharges	0	0	0
(4,022)		(4,020)	(414)	(3,606)
(3,049)	Net Expenditure	(2,955)	(218)	(2,737)
	Budget 2022/23	(3,049)	(131)	(2,918)
	Change from 2022/23			
	£'000 Change	94	(87)	181
	% Change	-3%		
	Other Items 2023/24			
	Capital Financing Costs	45	45	0
	Capital Financing Income	0	0	0
	Specific Items	0		

Building Control Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Building Control £'000
Gross Expenditure			
657	Employees	672	672
0	Premises Related Expenditure	0	0
27	Transport Related Expenditure	28	28
45	Supplies and Services	50	50
0	Third Party Payments	0	0
0	Transfer Payments	0	0
167	Support Services	187	187
895		937	937
Gross Income			
(447)	Customer and Client Receipts	(447)	(447)
0	Rents	0	0
0	Other Grants and Contributions	0	0
0	Recharges	0	0
(447)		(447)	(447)
449	Net Expenditure	490	490
Budget 2022/23		449	449
Change from 2022/23			
£'000 Change		41	41
% Change		9%	
Other Items 2023/24			
Capital Financing Costs		0	0
Capital Financing Income		0	0
Specific Items		0	0

BUILDING CONTROL VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	30
Recharges	22
Total	52
Budget Changes - Decreasing	
Salary adjustments *	(11)
Total	(11)
Total Variation for Building Control	41

* Includes salary increments and approved establishment changes.

Director Resources and Organisational Development

Service Plan areas

- Organisational Development
- Corporate Resources
- Legal and Democratic Services

Organisational Development

Communications, PR and Community Engagement

1. This newly formed service area will allow the team to focus on ensuring our communities remain strong and resilient. We will do this by running a series of targeted community engagement and development events and by targeting funding at the areas of our communities that need it most.
2. Our communications will continue to protect and enhance the reputation of the Council by delivering communications and marketing activity that supports our priorities and enables the efficient and effective operation of our services.

HR and Organisational Development

3. 2023/24 will mark the start of a switch in focus for the HR team to a more strategic business approach. We will be working towards improved automation in our day-to-day work, which will result in less transactional exchanges and more time to support managers and staff in an increasingly pro-active manner.
4. Our aims are set out within the People Strategy and will be enabled by an appropriate HR structure. We will also be supporting all managers in realising ambitions for their own services. We will ensure that there is access to learning opportunities for all managers; both in terms of their own development and that of their teams. We will also focus on developing our apprenticeship and training opportunities.

PMO and Service Redesign

5. The service was set up in 2022 following the management restructure. We will use the PMO function to provide leadership of planning and performance management in the Council, including service planning and regular performance monitoring reports for managers and Members. The service also supports the scoping and delivery of the Council's major projects and promotes good practice.
6. In the coming year, our approach and resources will be confirmed to provide a strong corporate emphasis on:
 - Planning and performance management
 - Policy, learning and insight
 - Programme delivery and project management
 - Service redesign and benefits realisation.
7. In addition, we will support the development of our planning and reporting of capital programme spend and delivery to ensure we have a multiyear view of the substantial programmes being delivered across Mid Sussex.

Corporate Resources

Finance

8. In 2023/24 the service will be focussing on developing a strategic business partnering approach in the support provided to the broader organisation and the delivery of services and projects.

Together with business-as-usual activities including in year monitoring, the annual audit and the budget setting process.

9. Ensuring that opportunities presented by the technology available to us are explored, both in support of services, and working towards improved automation and digitisation in our day-to-day work.

Corporate Resources

10. Focussing on ensuring the safe and effective management of the Council's finances through the integrity of financial reporting and strategies in liaison with the Audit Committee.

Local Land Charges, Planning and Building Control Support

11. Whilst the statutory duty to maintain the Local Land Charges Register has passed to Land Registry, we continue to have responsibility to ensure accurate Land Charges data is maintained and exported to Land Registry daily via a fully digitised system. The Land Charges Team will continue to provide detailed answers to the CON 29 element of Official Searches.
12. The planning and building control support team expect an upturn in work as we get beyond the Covid pandemic and more large planning applications are submitted as a result of the Planning Policy work. In addition, the Charges Team will continue to provide detailed answers to the CON 29 element of Official Searches.

Legal and Democratic Services

Legal Services

13. The legal team supports the Monitoring Officer function, ensuring that decisions made by all parts of the Council are legally robust. This includes providing advice across all of the Council's functions and, where advice cannot be sourced in-house, instructing external solicitors or Counsel.
14. We provide support in all transactional matters for the Council, carry out prosecutions and conduct civil proceedings on behalf of the Council to ensure effective enforcement of the Council's powers and defence of its legal rights. We will continue to focus on these business-as-usual activities in 2023/24. In addition, we will look to move towards a more "paperless" service, including the use of electronic signing and sealing where permitted by law.
15. The Legal Team has retained its Lexcel accreditation, which is a quality mark for excellence in Legal Practice, Management and Client Care.

Democratic Services

16. The service is preparing to deliver Local Government Elections in 2023 in a legislative context which sees the introduction of Voter ID. We are maintaining readiness for a United Kingdom Parliamentary General Election at any time, but perhaps most likely in 2024.
17. The team has designed and will help to deliver a comprehensive induction training programme for Members of the new Council. Much will be offered in the early part of the municipal year, though a quality learning and development experience for all will continue throughout 2023.

COMMUNICATIONS, PR & COMMUNITY ENGAGEMENT VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Inflation	20
Salary adjustments *	10
Staff Moves- from Cleansing	41
Pressure - Community Development Grants	100
Total	171
Budget Changes - Decreasing	
Recharges	(67)
Total	(67)
Total Variation for Communications PR and Community Engagement	104

* Includes salary increments and approved establishment changes.

Communications, PR & Community Engagement Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Grants Organisations £'000	Community L&D £'000	Communication s and P £'000
Gross Expenditure					
213	Employees	277	36	29	212
0	Premises Related Expenditure	0	0	0	0
4	Transport Related Expenditure	3	2	2	0
343	Supplies and Services	454	363	37	54
0	Third Party Payments	0	0	0	0
2	Transfer Payments	2	0	2	0
109	Support Services	129	37	9	82
671		865	438	79	348
Gross Income					
0	Customer and Client Receipts	0	0	0	0
(4)	Rents	(4)	0	0	(4)
0	Other Grants and Contributions	0	0	0	0
(254)	Recharges	(344)	0	0	(344)
(258)		(348)	0	0	(348)
413	Net Expenditure	517	438	79	0
	Budget 2022/23	413	314	104	(6)
	Change from 2022/23				
	£'000 Change	104	124	(25)	6
	% Change	25%			
	Other Items 2023/24				
	Capital Financing Costs	0	0	0	0
	Capital Financing Income	0	0	0	0
	Specific Items	0			

HUMAN RESOURCES AND ORGANISATION DEVELOPMENT VARIATION TABLE	
Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget	
Description	Variation £'000
Budget Changes - Increasing	
Inflation	34
Salary adjustments *	5
Total	39
Budget Changes - Decreasing	
Recharges	(39)
Total	(39)
Total Variation for Human Resources and Organisational Development	0

* Includes salary increments and approved establishment changes

**Human Resources & Organisation Development
Budget 2023/24**

Budget 2022/23 £'000		Budget 2023/24 £'000	Personnel & Payroll £'000
	Gross Expenditure		
380	Employees	405	405
0	Premises Related Expenditure	0	0
0	Transport Related Expenditure	0	0
168	Supplies and Services	183	183
0	Third Party Payments	0	0
0	Transfer Payments	0	0
74	Support Services	102	102
623		690	690
	Gross Income		
0	Customer and Client Receipts	0	0
0	Rents	0	0
0	Other Grants and Contributions	0	0
(623)	Recharges	(690)	(690)
(623)		(690)	(690)
0	Net Expenditure	0	0
	Budget 2022/23	0	0
	Change from 2022/23		
	£'000 Change	0	0
	% Change		
	Other Items 2023/24		
	Capital Financing Costs	0	0
	Capital Financing Income	0	0
	Specific Items	7	

PMO AND SERVICE REDESIGN VARIATION TABLE	
Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget	
Description	Variation £'000
Budget Changes - Increasing	
Inflation	13
Recharges	10
Total	23
Budget Changes - Decreasing	
Total	0
Total Variation for PMO & Service Redesign	23
* Includes salary increments and approved establishment changes	

PMO & Service Redesign Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Corp Improvement £'000
Gross Expenditure			
170	Employees	180	180
0	Premises Related Expenditure	0	0
0	Transport Related Expenditure	0	0
9	Supplies and Services	10	10
0	Third Party Payments	0	0
0	Transfer Payments	0	0
73	Support Services	86	86
253		277	277
Gross Income			
0	Customer and Client Receipts	0	0
0	Rents	0	0
0	Other Grants and Contributions	0	0
0	Recharges	0	0
0		0	0
253	Net Expenditure	277	277
	Budget 2022/23	253	253
	Change from 2022/23		
	£'000 Change	24	24
	% Change	9%	
	Other Items 2023/24		
	Capital Financing Costs	0	0
	Capital Financing Income	0	0
	Specific Items	0	

FINANCE ACCOUNTANCY VARIATION TABLE	
Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget	
Description	Variation £'000
Budget Changes - Increasing	
Salary adjustments*	11
Inflation	42
Total	53
Budget Changes - Decreasing	
Recharges	(53)
Total	(53)
Total Variation for Finance Accountancy	0
* Includes salary increments and approved establishment changes.	

Finance Accountancy Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Accountancy Support £'000
Gross Expenditure			
569	Employees	609	609
0	Premises Related Expenditure	0	0
1	Transport Related Expenditure	1	1
141	Supplies and Services	151	151
0	Third Party Payments	0	0
0	Transfer Payments	0	0
160	Support Services	144	144
871		904	904
Gross Income			
0	Customer and Client Receipts	0	0
0	Rents	0	0
0	Other Grants and Contributions	0	0
(871)	Recharges	(904)	(904)
(871)		(904)	(904)
0	Net Expenditure	0	0
	Budget 2022/23	0	0
	Change from 2022/23		
	£'000 Change	0	0
	% Change		
	Other Items 2023/24		
	Capital Financing Costs	0	0
	Capital Financing Income	0	0
	Specific Items	0	

Corporate Resources Budget 2023/24

CORPORATE RESOURCES VARIATION TABLE	
Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget	
Description	Variation £'000
Budget Changes - Increasing	
Inflation	69
Effect of Pension Triennial Valuation - Secondary Contributions	365
Pressure – External Audit	102
Pressure – Apprenticeship Levy	6
Pressure – Treasury Management Shared Service	1
Pressure – Internal Audit	5
Total	548
Budget Changes - Decreasing	
Recharges	(42)
Total	(42)
Total Variation for Corporate Resources	506

Budget 2022/23 £'000	Budget 2023/24 £'000	Other Corp Demo Core £'000	Non Dist Costs £'000	Insurance £'000	Finance Control £'000	
Gross Expenditure						
774	Employees	1,143	42	1,124	(23)	0
24	Premises Related Expenditure	28	0	0	28	0
0	Transport Related Expenditure	0	0	0	0	0
227	Supplies and Services	358	272	0	7	79
0	Third Party Payments	0	0	0	0	0
0	Transfer Payments	0	0	0	0	0
24	Support Services	38	38	0	0	0
1,049		1,567	352	1,124	12	79
Gross Income						
0	Customer and Client Receipts	0	0	0	0	0
0	Rents	0	0	0	0	0
(12)	Other Grants and Contributions	(12)	0	0	(12)	0
(68)	Recharges	(79)	0	0	0	(79)
(79)		(91)	0	0	(12)	(79)
970	Net Expenditure	1,476	352	1,124	0	0
	Budget 2022/23	970	211	759	0	0
	Change from 2022/23					
	£'000 Change	506	141	365	0	0
	% Change	52%				
	Other Items 2023/24					
	Capital Financing Costs	0	0	0	0	0
	Capital Financing Income	0	0	0	0	0
	Specific Items	0				

LAND CHARGES VARIATION TABLE	
Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget	
Description	Variation £'000
Budget Changes - Increasing	
Inflation	7
Recharges	38
Total	<u>45</u>
Budget Changes - Decreasing	
Salary adjustments*	(20)
Saving - Scanning of data costs	(10)
Total	<u>(30)</u>
Total Variation for Land Charges	<u><u>15</u></u>
* Includes salary increments and approved establishment changes	

Land Charges Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Local Land Charges £'000
Gross Expenditure			
48	Employees	37	37
0	Premises Related Expenditure	0	0
1	Transport Related Expenditure	1	1
32	Supplies and Services	19	19
0	Third Party Payments	0	0
0	Transfer Payments	0	0
187	Support Services	227	227
<u>268</u>		<u>283</u>	<u>283</u>
Gross Income			
(107)	Customer and Client Receipts	(107)	(107)
0	Rents	0	0
0	Other Grants and Contributions	0	0
0	Recharges	0	0
<u>(107)</u>		<u>(107)</u>	<u>(107)</u>
<u>161</u>	Net Expenditure	<u>176</u>	<u>176</u>
	Budget 2022/23	161	161
	Change from 2022/23		
	£'000 Change	15	15
	% Change	9%	
	Other Items 2023/24		
	Capital Financing Costs	33	33
	Capital Financing Income	0	0
	Specific Items	0	

PLANNING AND BUILDING CONTROL SERVICE SUPPORT VARIATION TABLE	
Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget	
Description	Variation £'000
Budget Changes - Increasing	
Inflation	15
Total	15
Budget Changes - Decreasing	
Salary adjustment *	(15)
Total	(15)
Total Variation for Planning and Building Control Service Support	0
* Includes salary increments and approved establishment changes	

Planning & Building Control Support Budget 2023/24

Budget 2022/23 £'000	Budget 2023/24 £'000	Planning & BC Supp £'000
Gross Expenditure		
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	200	200
0	(200)	(200)
0	0	0
Gross Income		
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
Net Expenditure		
	0	0
Budget 2022/23		
	0	0
Change from 2022/23		
£'000 Change	0	0
% Change		
Other Items 2023/24		
Capital Financing Costs	0	0
Capital Financing Income	0	0
Specific Items	0	0

Strategic Core Budget 2023/24

STRATEGIC CORE VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Salary adjustments *	385
Inflation	80
Pressure – Staffing	11
Pressure – Reduction in costs recoverable and rechargeable to WSCC SLA	35
Total	511
Budget Changes - Decreasing	
Recharges	(17)
Total	(17)
Total Variation for Strategic Core	494

* Includes salary increments and approved establishment changes

Budget 2022/23 £'000		Budget 2023/24 £'000	Strategic Core £'000
	Gross Expenditure		
1,286	Employees	1,790	1,790
0	Premises Related Expenditure	0	0
11	Transport Related Expenditure	12	12
86	Supplies and Services	93	93
0	Third Party Payments	0	0
0	Transfer Payments	0	0
1,385	Support Services	1,863	1,863
2,768		3,758	3,758
	Gross Income		
0	Customer and Client Receipts	0	0
0	Rents	0	0
0	Other Grants and Contributions	0	0
(1,365)	Recharges	(1,861)	(1,861)
(1,365)		(1,861)	(1,861)
1,403	Net Expenditure	1,897	1,897
	Budget 2022/23	1,403	1,403
	Change from 2022/23		
	£'000 Change	494	494
	% Change	35%	
	Other Items 2023/24		
	Capital Financing Costs	0	0
	Capital Financing Income	0	0
	Specific Items	0	

Corporate Funds Budget 2023/24

Budget 2022/23 £'000	Budget 2023/24 £'000	Corporate Funds £'000
Gross Expenditure		
(50) Employees	0	0
0 Premises Related Expenditure	0	0
0 Transport Related Expenditure	0	0
852 Supplies and Services	914	914
1 Third Party Payments	1	1
32,410 Transfer Payments	32,410	32,410
0 Support Services	0	0
33,213	33,325	33,325
Gross Income		
0 Customer and Client Receipts	0	0
0 Rents	0	0
(32,529) Other Grants and Contributions	(32,529)	(32,529)
0 Recharges	0	0
(32,529)	(32,529)	(32,529)
684	796	796
Net Expenditure		
684	684	684
Budget 2022/23		
684	684	684
Change from 2022/23		
£'000 Change	112	112
% Change	16%	
Other Items 2023/24		
Capital Financing Costs	0	0
Capital Financing Income	0	0
Specific Items	77	

LEGAL SERVICES VARIATION TABLE	
Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget	
Description	Variation £'000
Budget Changes - Increasing	
Recharges	101
Inflation	24
Total	<u>125</u>
Budget Changes - Decreasing	
Salary adjustment *	(82)
Upgrade of IKEN system & additional licences	(15)
Saving – Legal Income	(28)
Total	<u>(125)</u>
Total Variation for Legal Services	<u><u>0</u></u>
* Includes salary increments and approved establishment changes	

Legal Services Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Legal Support Costs £'000
Gross Expenditure			
468	Employees	406	406
0	Premises Related Expenditure	0	0
1	Transport Related Expenditure	1	1
72	Supplies and Services	63	63
0	Third Party Payments	0	0
0	Transfer Payments	0	0
142	Support Services	130	130
<u>683</u>		<u>600</u>	<u>600</u>
Gross Income			
(123)	Customer and Client Receipts	(151)	(151)
0	Rents	0	0
0	Other Grants and Contributions	0	0
(560)	Recharges	(449)	(449)
<u>(683)</u>		<u>(600)</u>	<u>(600)</u>
<u>0</u>	Net Expenditure	<u>0</u>	<u>0</u>
	Budget 2022/23	0	0
	Change from 2022/23		
	£'000 Change	0	0
	% Change		
	Other Items 2023/24		
	Capital Financing Costs	0	0
	Capital Financing Income	0	0
	Specific Items	0	0

DEMOCRATIC SERVICES & ELECTIONS VARIATION TABLE

Analysis of changes in budget between 2022/23 original budget, and 2023/24 budget

Description	Variation £'000
Budget Changes - Increasing	
Salary adjustments*	21
Inflation	33
Recharges	6
Total	60
Budget Changes - Decreasing	
Total	0
Total Variation for Democratic Services & Elections	60

* Includes salary increments and approved establishment changes

Democratic Services & Elections Budget 2023/24

Budget 2022/23 £'000		Budget 2023/24 £'000	Elections & Registrn £'000	Members Services £'000
Gross Expenditure				
310	Employees	342	168	175
4	Premises Related Expenditure	4	3	1
24	Transport Related Expenditure	15	4	11
636	Supplies and Services	673	182	491
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
256	Support Services	280	143	136
1,229		1,314	500	814
Gross Income				
(4)	Customer and Client Receipts	(4)	(2)	(2)
0	Rents	0	0	0
0	Other Grants and Contributions	0	0	0
(250)	Recharges	(275)	0	(275)
(254)		(279)	(2)	(277)
975	Net Expenditure	1,035	498	537
	Budget 2022/23	975	445	530
	Change from 2022/23			
	£'000 Change	60	53	7
	% Change	6%		
	Other Items 2023/24			
	Capital Financing Costs	0	0	0
	Capital Financing Income	0	0	0
	Specific Items	154		

Capital Strategy to 2026/27

1.0 Overview

1.1 The purpose of the Capital Strategy is to drive the authority's capital investment ambition whilst also ensuring appropriate capital expenditure, capital financing and treasury management within the context of the sustainable, long-term delivery of services.

1.2 The Capital Strategy supports the prioritisation of investment in assets that support the objectives of the Council, while helping to ensure that all elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

1.3 The Capital Strategy is framed within the following statute and guidance:

Legislation Local Government Act 2003

- Chapter 1:
 - o 1.1 – Power to Borrow
 - o 1.3 – Affordable borrowing limit
 - o 1.12 – Power to invest
 - o 1.15 – Regard to guidance issued

Professional Codes CIPFA Professional Codes

- Prudential Code 2021
- Treasury Code of Practice 2021 Guidance Government and CIPFA guidance
- Minimum Revenue Provision 2018
- Local Government Investments 2018

1.4 The Strategy is completed in line with best practice as outlined within the Chartered Institute of Public Finance and Accountancy (CIPFA) revised 2021 Treasury and Prudential Code

2.0 Member approval and review

2.1 The Treasury Management Code allows authorities to delegate the detailed management of Treasury Management and the Capital Strategy, to a sub-committee and this responsibility is delegated to the Audit Committee.

3.0 Governance Framework

3.1 The programme is dynamic in support of the Council's investment need, its sustainability and long-term service delivery. The Council's 5 year rolling programme (current year plus 4) is profiled based on best estimates and is required to be regularly reviewed and reprofiled to ensure the programme is current and can support decision making.

3.2 To support the dynamic nature of the programme, the Council's constitution, in particular the Financial Procedure Rules set out at Part 4(iv), financial regulations and Capital Strategy govern the capital programme as set out below:

- All capital expenditure must be carried out in accordance with the financial regulations and the Council's constitution.
- The Capital Strategy and Programme is approved by Full Council as part of the Council's annual Corporate Plan and Budget report.
- The Audit Committee scrutinises the Treasury Management Strategy and this Strategy for recommendation to Council,
- Internal and External audit scrutiny as and when agreed by audit plans.
- The programme approved as part of the annual corporate plan and budget will only be added to, or removed from, with the agreement of the AD Corporate Recourses by an approved variation that is in accordance with Financial Regulation B.3.2 (e). and:
 - where budget provision is transferred to capital expenditure financed from revenue account (CERA) or another project in accordance with Financial Limits.
 - where earmarked grants or other specific funding are spent for the purpose they were received, provided that capital resources are enhanced by the amount received. And that the capital receipts are received either before the payments are made, or within the same financial year.
 - Where reprofiling into future years occurs on a project and there is no effect on the availability of capital resources, these should be reported to Cabinet as part of monitoring and equivalent adjustments will be made to the following year's programme.
 - Any request outside of this process would have to be approved by Cabinet;
- Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations and the Capital Strategy;
- The Council will put in place an officer led Major Projects Board (MPB) to oversee the development, delivery and reporting of the Council' capital programme.

4.0 Capital Funding

4.1 Capital expenditure can be funded in a variety of ways:

- Grants - contributions are generally used to fund specific capital schemes linked to the conditions imposed by the relevant grant.
- Section 106 contributions - contributions are generally used to fund specific capital schemes linked to the conditions imposed by the relevant Section 106 contribution.
- Capital receipts - Capital receipts are derived from the sale of the Council's assets.
- Direct Revenue contributions (CERA)- Revenue contributions from service budgets within financial limits.
- Reserves and Revenue Set Aside – The Council can use its general fund balance to fund capital projects, specific reserve and payback from invest to save schemes.
- Borrowing - Borrowing spreads the cost over a number of years but loan servicing costs (MRP) and the overall level of debt exposure both need to be considered and clearly flagged in a business case.

4.2 Project feasibility works are funding through specific reserve until such a time as the Business Case can be proposed for approval.

4.3 The method of funding for any particular scheme will depend on a number of factors and the combination will be reviewed by the S151 officer on an on-going basis to ensure the best long-term options are achieved.

5.0 Whole life costing for capital schemes

5.1 Whole life costing can be defined as “the systematic consideration of all relevant costs and revenues associated with the acquisition and ownership of an asset.” In practical terms this means that any appraisal of a proposed capital project will need to consider not just the initial capital cost, but all costs and income streams associated with the project that are likely to occur in future years, including possible replacement or disposal costs. This is vital to ensure that the Council is not committing itself to future liabilities that are unsustainable.

6.0 Scheme Evaluation and Risk

6.1 The Major Projects Board (MPB) will have overview of any feasibility works and the proper reporting of new capital schemes via appropriate project documentation and will as necessarily include a full evaluation of risk and have regard to the whole life costing methodology set out above.

7.0 Monitoring of approved capital schemes

7.1 For approved capital schemes it is the responsibility of the relevant budget holder to manage costs and to provide explanations for any variations from the approved budget to MPB in accordance with Financial Procedure Rules.

Capital Programme to 2026/27

8.0 Core Programme

8.1 Capital expenditure can be defined as expenditure that results in the acquisition, construction or enhancement of an asset (e.g., land, buildings, plant and equipment), that continues to benefit the Council for a period of more than one financial year. The definition of ‘capital’ will be determined by the AD Corporate Resources, having regard to government regulations and accounting requirements. Within the programme there will be elements of expenditure that for accounting purposes will be defined as revenue.

8.2 To ensure that the Council meets the requirements, it will:

- Ensure expenditure included in the capital programme contributes to the achievement of the Council’s Priorities The programme is considered annually as part of the corporate plan and budget which underpins the financial planning process;
- Ensure investment decisions make best use of resources.
- Have a clear framework for making capital expenditure decisions.
- ensure access to sufficient long-term assets to provide services.

8.3 The Council has a core programme comprising: -

- Asset Management and Temporary Accommodation (all owned or leased assets) which allows assets to be maintained in a condition fit for purpose and to ensure access to these assets to provide services.
- Information Technology, the overarching principle of the IT&D strategy is to ensure that our Information and Communications Technology (ICT) is fit for purpose for delivering modern council services in a digital era, whilst protecting any data held and maintaining appropriate security standards.
- Disabled Facilities Grants (DFGs) that pay for essential adaptations to help people with disabilities stay in their own homes and is fully funded by Government grant.

To this end asset management and temporary accommodation and information technology programmes are funded by capital receipts in the first instance where available and then general reserve if no receipts are available or capitalisation is not appropriate.

8.4 In addition to the core annual programme other schemes will be considered subject to the criteria set out below. As detailed above it is important that any new schemes have a clear benefit to ensure that limited resources are used in the most effective possible way to support the council's priorities.

9.0 Prioritising new schemes

9.1 In common with other local authorities Mid Sussex is facing a challenging financial climate and it is therefore essential that governance procedures are in place to ensure that scarce resources are allocated in the most effective possible way.

9.2 Business Cases for new schemes will be assessed against the following criteria:

- Link to the Council's strategic direction
- Availability of specific external funding
- Demonstration of a sound business case
- Whole life cost implications (see 2.6 above)
- Value for money

9.3 Business Cases (BC) will be required to set out the key factors. BC's will be considered by the MPB before being proposed for inclusion within the programme in line with the financial regulations with appropriate information being presented to Cabinet in line with financial procedure rules.

10.0 Links to other Council Strategies

10.1 A requirement under the Chartered Institute for Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services is to prepare a **Treasury Management Policy and Strategy** setting out the Council's policies for managing investments and borrowing. The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

10.2 The Local Government Act 2003 permits local authorities to borrow to finance capital expenditure provided that the plans are affordable, prudent and sustainable in the long term. The Treasury Management Policy and Strategy and the Capital Programme identifies a borrowing need. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet the capital expenditure plans.

10.3 Under the Prudential Code and Treasury Management Code, the Council is required to set parameters around its borrowing and treasury activity, including an authorised borrowing limit for each year which cannot be breached. Additionally, when funding capital expenditure through borrowing, the Council is required to set aside a sum from revenue each year to repay the debt, known as the Minimum Revenue Provision (MRP).

10.4 To ensure the separation of the core treasury function under security, liquidity and yield principles (SLY), and the policy and commercialism investments usually driven by expenditure on an asset, the Capital Strategy is reported separately from the Treasury

Management (TM) Strategy. Therefore, the debt related to the activity and the associated interest costs, payback period, Minimum Revenue Provision policy or for non-loan type investments, the cost against the current market value and the financial risks are part of the Treasury Management Policy and Strategy.

10.5 The proposed capital programme investment has consideration directly to the Treasury Management Strategy. A specific model developed for this purpose continues to be used and updated to remain current so that it remains responsive to any treasury management risks, such as interest rate volatility. Any borrowing required is within the limits set by the Treasury Management Strategy, which sets out the acceptable limits on ratings, investment periods, amounts to be invested and the borrowing strategy.

11.0 Asset Management

11.1 As outlined in 8.3 above, there is a core annual programme to cover capitalised repairs and improvements for all the Council's assets. Asset management planning establishes the priorities for this programme having regard to the condition of the various assets and their respective priorities in terms of delivering Council services or generating rental income.

12.0 Proposed Programme of Capital and Revenue projects

Proposed additions approved by Cabinet in February are listed in the table 1 below

Table 1 – Proposed Additions

Proposed New Projects - Capital Programme 2023/24 - 2026/27					
	Total 2023/24	Total 2024/25	Total 2025/26	Total 2026/27	Revenue Implications 2023/24
	£'000s	£'000s	£'000s	£'000s	£'000s
Capital Projects					
Digital & Technology Projects					
PC Replacement Programme V	50	50	50	50	
Endpoint and Infrastructure Refresh	30				
Mobile device refresh	60				
Office 365 (Phase II)	50				
Total Digital & Technology Projects :	190	50	50	50	0
Others:					
Garden Waste Service Expansion - Bin Purchase	39	39	39	29	120
Replacement Wheelie Bin Purchase	117	0	0	0	
Car Park condition survey	35				
<u>Parks Improvement Programme</u>					
Mount Noddy, East Grinstead Masterplan	196	319			
Total Others:	387	358	39	29	120
Major Capital Renewals					
Unallocated Funding for future years	0	146	133	133	
Total Major Capital Renewals	0	146	133	133	0
Environmental Health					
Disabled Facility Grants	900	900	900	900	
Total Environmental Health	900	900	900	900	0
Total New Capital Projects	1,477	1,454	1,122	1,112	120
Financed By:					
Grant Contributions WSCC	900	900	900	900	
Met from Revenue Contributions (for MCR)	0	146	133	133	
S106s (time limited / non-time limited)	96	200			
General Reserve	275	119			
Capital Receipts	206	89	89	79	
Total Financed:	1,477	1,454	1,122	1,112	

The proposed programme is presented below at Table 2.

Table 2 Capital Programme 2022/23 - 2026/27							
<i>Scheme Description</i>	<i>Total £'000</i>	<i>Pre 1/4/2022 £'000</i>	<i>2022/23 £'000</i>	<i>2023/24 £'000</i>	<i>2024/25 £'000</i>	<i>2025/26 £'000</i>	<i>2026/27 £'000</i>
Planning & Sustainable Economy							
Burgess Hill Place and Connectivity Programme	5,335	4,112	1,223	0	0	0	0
About the Place Public Arts Project	118	4	114				
Keymer Brick & Tile Community Building improvement works	4	0	4				
Electric Vehicle fast charging points	38	0	38				
Hill Place Farm SANG -easement Bluebell Railway Line	731	0	731				
Temporary Accommodation (including Swanmead)	4,450	1,070	1,200	2,180	0	0	0
Affordable Housing	485	405	80	0	0	0	0
Total Planning Policy & Sustainable Economy	11,161	5,591	3,390	2,180	0	0	0
Commercial Services and Contracts							
Contracts & Services							
Bolney Recreation Ground(Batchelor's Field) Playground Improvements	80	78	2				
Petanque Rink, Burgess Hill	26	22	4				
Forest Field, Haywards Heath	60	4	56				
Turners Hill Recreation Ground	72	43	29				
St Andrews Play Area, Burgess Hill	73	65	8				
Garden Waste Bins	20	19	1				
Garden Waste Service Expansion - Bin Purchase	146	0	0	39	39	39	29
Replacement Wheelie Bin Purchase	234	0	117	117			
Car Park Condition Survey	35	0		35			
Dolphin Leisure Centre Play Area Haywards Heath	30	0	30				
Hollands Way Play Area, East Grinstead	62	0	62				
Hemsleys Meadow and Finches Field, Pease Pottage Masterplan	900	0	90	810			
Victoria Park, Haywards Heath Masterplan	326	0	162	164			
Mount Noddy, East Grinstead Masterplan	695	0	180	196	319		
St. John's Park, Burgess Hill Masterplan	0	0	TBD				
Centre for Outdoor Sport (Master Planning)	545	0	375	170			
		0					
Total Contracts & Services	3,304	231	1,116	1,531	358	39	29
Commercial Services and Contracts							
Estates Services & Building Control							
Major Capital Renewals Unallocated Funding	412	0	0	0	146	133	133
Intruder Alarm Upgrade	52	19	33				
East Court Pavilion Sewage pump	69	0	69				
Oaklands Replacement Windows	95	0	95				
Heating works Phase IV	52	0	52				
Oaklands Staff Room and Remodelling and Refurbishment	44	0	44				
The Orchards - Changing Place Toilet	190	0	190				
Hickman's Lane Pavilion Renovation	255	0	0	255			
Bedelands Gypsy and Traveller site	500	0	15	485			
Cherry Tree (St Albans Hall(Fairfield Road BH)	16	0	16				
Unallocated MCR 22/23	10	0	10				
Total Estates Services & Building Control	1,695	19	524	740	146	133	133
Corporate Resources							
Income Management Replacement System	63	51	12				
Total Corporate Resources	63	51	12	0	0	0	0
Digital & People Services							
Workstation replacement programme (future years)	306	56	50	50	50	50	50
Workstation replacement programme (slippage 21/22)	10	0	10				
Host Replacement- Production farm and DMZ	55	41	14				
Fibre Channel Switch Replacement	36	27	9				
Rural Connectivity Programme	3,182	2,184	998				
Research and Innovation Fibre Ring (RIFR)	312	212	100				
Oaklands Wifi Refit	50	40	10				
Telephony System replacement (hardware)	250	54	2	194			
Network Infrastructure Maintenance Project	20	2	18				
Endpoint and Infrastructure Refresh	30	0		30			
Mobile Device Refresh	60	0		60			
Office 365 (Phase II)	50	0		50			
Total Digital & People Services	4,361	2,616	1,211	384	50	50	50
Communities							
Air Quality Monitoring Station	10	0	10				
Disabled Facility Grants	7,141	1,898	1,643	900	900	900	900
CCTV East Court and Mount Noddy Recreation Ground in East Grinstead	43	14	29				
Martlets Temporary Urban Park	100	0	100				
Total Communities	7,294	1,912	1,782	900	900	900	900
Grand Total	27,878	10,420	8,035	5,735	1,454	1,122	1,112

Table 3 below then presents the financing of the programme.

Capital Programme 2022/23 - 2026/27						
Financing Schedule						
<i>Description</i>	<i>Notes</i>	2022/23	2023/24	2024/25	2025/26	2026/27
		£'000	£'000	£'000	£'000	£'000
Grant Contributions from WSCC-Disabled Facility Grants	1	1,643	900	900	900	900
Grant Contributions from third parties	2	2,330	150			
Capital Grants & Contributions Reserve :	3					
: - S106 Contributions -non time limited		184	259	200		
: - S106 Contributions - Housing -non time limited		80	0			
Capital Grants & Contributions - Receipts in Advance :	4					
: - S106 Contributions -time limited		789	723			
: - S106 Contributions - Housing time limited		0	0			
Capital Receipts	5	1,497	2,386	89	89	79
Use of General Reserves /Specific Reserves / Revenue Contributions	6	1,512	1,317	265	133	133
Total Programme		8,035	5,735	1,454	1,122	1,112

Notes:

1. West Sussex County Council grant received for Disabled Facility Grants.
2. Grant received from third parties including other Local Authorities.
3. Capital grants, capital contributions and S106 contributions from developers with no conditions to repay.
4. Capital grants and S106 contributions from developers with conditions to repay if not used within a specified time limited.
5. Financed from Capital Receipts.
6. Financing from General Reserve and Specific Reserve including the use of revenue contributions.

USABLE RESERVES AND OTHER BALANCES

1. This part of the report considers the Council's usable reserves and other cash balances. These are amounts held for future revenue or capital expenditure and ensure the Council has sufficient cash resources for any unforeseen demands. Reserves are a key element of financial management arrangements.
2. Reserves and the Reserves Policy have been reviewed ensuring that they are reflective of the Council's strategic agenda and the current financial risks and issues the Council faces through the medium term. It is crucial to bear in mind that the reserves are the only source of financing to which the Council has access to fund risks and one-off pressures over a number of years. If the Council minimises the level of reserves too significantly there is a risk that in future, the ability to properly manage unforeseen or one off costs will be significantly impaired. Reserves can only be spent once and the possibility of creating new reserves is limited in an era where budgets are tight and can become overspent, not just individually but corporately.
2. The policy on reserves and balances has regard to Local Authority Accounting Panel (LAAP) Bulletin 77 "Local Authority Reserves and Balances", issued in November 2008.
3. In reviewing medium-term financial plan and preparing annual budgets, the Council will consider the establishment and maintenance of reserves. The nature and level of reserves will be determined formally by the Council, informed by the judgement and advice of the S151 Officer.
4. Details are set out in Table 1 overleaf, which show that overall balances held at 1 April 2022 were £63.545m and with the estimated planned use, the expectation is that £50.683m will be held at 31 March 2027. Given the ongoing financial uncertainties and unprecedented levels of inflation, increasing reserve levels, where possible, continues to be a priority. Therefore, it is proposed that any unused contingency once the final outturn position is known and other one-off funding, such as New Homes Bonus, and treasury management receipts above that planned in the MTFP, be used to top up General Reserve. As is proper and normal practice the reserves also include Equalisation funds to manage the financial impact of movements on Business Rates, benefits and collection. These are working balances that cannot be used for other purposes.
6. The Council classifies its Usable Reserves as follows:
 - * **General Reserve:** This Reserve provides a working balance to manage in-year risks if they cannot be managed via other mitigations. It is best practice to hold such a balance to assist in delivering services over a period longer than one financial year and provides for a contingency to cushion the impact of unexpected events and emergencies. It also includes amounts earmarked for the Capital and Revenue Programme and funds held in perpetuity.
 - * **Earmarked Specific Reserve:** This contains funds that are held to meet known or anticipated future one-off requirements, facilitating transformation and the management and mitigation of future financial risk and uncertainty.
 - * **Usable Capital Receipts Reserve:** This represents the capital receipts from the sale of assets that are available to finance future capital expenditure.
 - * **Capital Grants Unapplied Account:** This comprises capital grants and S106s contributions from developers with no conditions to repay.
6. This Council also holds other balances as follows:

- * **Capital Grants & Contributions receipts in advance:** This comprises capital grants and S106s contributions from developers with conditions to repay if not used within a specified time limit. These sums are restricted to being spent only in accordance with the agreement concluded with the developer.

Adequacy and management of reserves

8. The principles the S151 Officer will adopt to assess the adequacy of reserves will be as follows:
 - the strategic financial context within which the Council will be operating through the medium-term;
 - the overall effectiveness of governance arrangements and the system of internal control;
 - the robustness of the financial planning and budget-setting process;
 - the effectiveness of the budget monitoring and management process.
9. In considering the adequacy of reserves, the S151 Officer will have regard to matters relevant in respect of each reserve and will advise accordingly.
10. Members, as part of agreeing the budget, will agree the policy for drawdown of reserves on the advice of the S151 Officer. Use of reserves will be approved by Management Team and reported to Cabinet as part of the monitoring process.
12. The S151 Officer will monitor the drawdown of specific reserves in accordance with the agreed policy, and keep Members advised.

Table 1: Usable Reserves and other balances - Council 1 March 2023

	Note	Balance 31/03/22 £'000	Balance 31/03/23 £'000	Balance 31/03/24 £'000	Balance 31/03/25 £'000	Balance 31/03/26 £'000	Balance 31/03/27 £'000
Usable Reserves							
General Reserve:							
Non-Earmarked General Reserve	1	8,027	9,174	9,581	9,277	6,550	3,269
Total Earmarked General Reserve	2	1,358	1,358	1,358	1,358	1,358	1,358
Total General Reserve:		9,385	10,532	10,939	10,635	7,908	4,627
Specific Reserve :							
Development Management		10	10	10	10	10	10
Planning Policy		2,106	649	649	649	649	649
Housing Enabling		89	79	79	79	79	79
Economic Development & Sustainability		465	442	416	416	416	416
Environmental Health		27	172	177	182	172	177
Community Services		113	29	0	0	0	0
Cleansing Services		28	0	0	0	0	0
Landscapes		219	74	69	64	59	54
Leisure		0	30	30	30	30	30
Parking Services		17	0	0	0	0	0
Facilities		125	191	0	0	0	0
Estates		5,116	5,066	5,066	5,066	5,066	5,066
Revenues & Benefits		739	1,001	1,001	1,001	1,001	1,001
Housing Options		758	671	671	671	671	671
Digital & Technology		47	39	39	39	39	39
Democratic Services		133	157	51	99	146	194
Land Charges		23	0	0	0	0	0
Finance Accountancy		12	0	0	0	0	0
Planning and Building Control Service Support		0	0	0	0	0	0
Human Resources & Organisational Development		0	0	0	0	0	0
Communications, PR & Community Engagement		234	45	45	45	45	45
Corporate Funds	3	10,771	5,483	6,102	7,280	8,458	9,636
Corporate Resources		1,301	1,833	2,427	3,021	3,615	4,209
Total Specific Reserve:	4	22,333	15,971	16,833	18,652	20,457	22,277
Total Revenue Reserves		31,718	26,503	27,771	29,287	28,364	26,903
Total Usable Capital Receipts Reserve	5	5,731	4,234	1,848	1,759	1,670	1,591
Total Capital Grants Unapplied Account	6	5,185	4,917	4,658	4,258	4,258	4,258
Total Usable Reserves		42,634	35,654	34,277	35,304	34,293	32,752
Other Balances							
Total Capital Grants & Contributions - Receipts in Advance		20,911	18,803	17,930	17,930	17,930	17,930
Total Other Balances	7	20,911	18,803	17,930	17,930	17,930	17,930
Total Reserves and Other Balances		63,545	54,457	52,208	53,234	52,223	50,683
NB. Figures to nearest £'000 therefore totals subject to rounding variations							

Reference:

1. Total available to provide additional finance for day-to-day services and/or additional capital expenditure (after financing the current capital programme). Included in this total are planned contributions to reserves from revenue, windfall income and non-ring fenced grants received in 2022/23, amounts received from developers in respect of land adoptions in lieu of maintenance (e.g. culvert commuted sums), surplus interest receipts forecast for the period, and New Homes Bonus monies.
2. It includes an amount set aside to lend to owners of historic buildings to assist in keeping properties in good repair and SANG Investment Fund in perpetuity.
3. Corporate Equalisation Funds' mainly includes the Rate Retention Scheme Reserve (£10,067k @31/3/22) and Benefits Equalisation Reserve (£686k @31/3/22)
4. Representing a number of balances held for specific purposes for which a decision has previously been taken of how to apply.
5. Accumulated proceeds from asset disposals.
6. This comprises capital grants and S106s contributions from developers with no conditions to repay.
7. This comprises third party contributions, capital grants and S106s contributions from developers with conditions to repay if not used within a specified time limit. These sums are restricted to being spent only in accordance with the agreement concluded with the developer.

Note: As was the case last year, further details relating to the management of the Council's daily cash balances and the borrowing limits will be set out in the Treasury Management Strategy Statement and Annual Investment Strategy 2023/24 to 2025/26 report. This is a stand-alone report.

MEDIUM TERM FINANCIAL PLAN

Medium Term Financial Plan
Council 1 March 2023

<i>Revenue Spending</i>	<u>Year 0</u> 2022/23 £'000	<u>Year 1</u> 2023/24 £'000	<u>Year 2</u> 2024/25 £'000	<u>Year 3</u> 2025/26 £'000	<u>Year 4</u> 2026/27 £'000
Base Net Expenditure	17,024	19,025	19,073	18,923	18,870
Benefits	(119)	(119)	(119)	(119)	(119)
Base Revenue Spending	16,905	18,906	18,954	18,804	18,751
Balance Unallocated	20	20	20	20	20
Council Net Expenditure	16,925	18,926	18,974	18,824	18,771
Contribution to Reserves in base budget	832	894	894	894	894
Net General inflation excluding Fees and Charges		0	787	1,574	2,361
Savings from efficiency programme	(50)	-	(250)	(250)	(250)
Total Revenue Spending	17,707	19,820	20,405	21,042	21,776
External Funding (RSG)	0	(130)	0	0	0
Rates Retention Scheme (RRS) funding	(5,146)	(6,170)	(6,470)	(4,275)	(4,446)
HB Admin Grant	(315)	(219)	(315)	(315)	(315)
Services Grant	(148)	(87)	-	-	-
Funding Guarantee Grant		(411)	-	-	-
Lower Tier Services Grant	(98)	-	-	-	-
Council Tax Requirement @ 2.75% in 23/24	(11,404)	(11,983)	(12,475)	(12,979)	(13,494)
Dividend income LAPF	(240)	(240)	(240)	(240)	(240)
Collection Fund:					
- Council Tax deficit / (surplus)	(175)	(191)	-	-	-
-Rates Retention Scheme deficit / (surplus)	4,440	515	-	-	-
Contribution from Rate Retention Scheme Equalisation Reserve including s31 Grant	(4,440)	(515)	-	-	-
Use of Treasury Management Interest to balance budget	-	(389)	(300)	-	-
Use of General Reserve to balance budget	(181)	-	-	-	-
Cumulative Balance deficit; / (surplus)	0	0	605	3,233	3,281

Financing Revenue Spending	<u>Year 0</u> 2022/23 £'000	<u>Year 1</u> 2023/24 £'000	<u>Year 2</u> 2024/25 £'000	<u>Year 3</u> 2025/26 £'000	<u>Year 4</u> 2026/27 £'000
Council Taxbase	63,230.6	64,664.1	65,569	66,487	67,418
Change in Taxbase	1.62%	2.27%	1.40%	1.40%	1.40%
Revenue Budget	17,707	19,820	20,405	21,042	21,776
External Funding (RSG)	0	(130)	0	0	0
Rates Retention Scheme (RRS) funding	(5,146)	(6,170)	(6,470)	(4,275)	(4,446)
HB Admin Grant / LCTS Grant	(315)	(219)	(315)	(315)	(315)
Services Grant	(148)	(87)	-	-	-
Funding Guarantee Grant		(411)	-	-	-
Lower Tier Services Grant	(98)	-	-	-	-
Council Tax Requirement	(11,404)	(11,983)	(12,475)	(12,979)	(13,494)
Dividend income LAPF	(240)	(240)	(240)	(240)	(240)
Collection Fund:					
- Council Tax deficit / (surplus)	(175)	(191)	-	-	-
-Rates Retention Scheme deficit / (surplus)	4,440	515	-	-	-
Contribution from Rate Retention Scheme Equalisation Reserve including s31 Grant	(4,440)	(515)	-	-	-
Use of Treasury Management Interest to balance budget	-	(389)	(300)	-	-
Use of General Reserve to balance budget	(181)	-	-	-	-
Total Financing	(17,707)	(19,820)	(19,800)	(17,809)	(18,495)
<i>Balance [(deficit); /surplus]</i>	(0)	(0)	(605)	(3,233)	(3,281)
Council Tax at Band D	£ 180.36	£ 185.31			
Change from previous year	2.80%	2.75%			

COLLECTION FUND

The latest Collection Fund estimates are shown below:

Collection Fund				
	2022/23 Original Estimate £'000	2022/23 Revised Estimate £'000	2023/24 Original Estimate £'000	Note
Council Tax Income				
Council Taxpayers	(129,653)	(131,107)	(139,134)	
Contribution to estimated deficit for previous year	0	0	0	
Total Council Tax Income	<u>(129,653)</u>	<u>(131,107)</u>	<u>(139,134)</u>	a
Council Tax Expenditure				
West Sussex County Council	98,370	98,370	105,623	b
Sussex Police & Crime Commissioner	14,221	14,221	15,514	b
Mid Sussex District Council	16,289	16,289	17,167	
Contribution paid for estimated C Fund surplus for previous year	1,377	1,377	1,515	c
Allowance for Bad & Doubtful Debts	773	871	830	
Total Council Tax Expenditure	<u>131,030</u>	<u>131,128</u>	<u>140,649</u>	
Movement on Council Tax Fund Balance	<u>1,377</u>	<u>21</u>	<u>1,515</u>	
Business Ratepayers Income				
Business Ratepayers	(49,063)	(44,938)	(55,956)	d
Contribution to estimated deficit for previous year	(11,100)	(11,100)	(1,287)	e
	<u>(60,163)</u>	<u>(56,038)</u>	<u>(57,243)</u>	
Business Rates Expenditure				
Rate Retention Scheme to DLUHC	22,944	22,944	26,267	
Rate Retention Scheme to WSCC	4,589	4,589	5,253	
Rate Retention Scheme MSDC	18,355	18,355	21,013	
Cost of collection to MSDC	187	187	178	
Renewable energy income to MSDC	1,025	1,025	1,179	
Allowance for Bad & Doubtful Debts and Appeals Provision	1,963	(930)	2,066	
Contribution paid for estimated surplus for previous year	0	0	0	e
	<u>49,063</u>	<u>46,170</u>	<u>55,956</u>	
Movement on RRS Fund Balance	<u>(11,100)</u>	<u>(9,868)</u>	<u>(1,287)</u>	
Total Movement on Fund Balance	<u>(9,723)</u>	<u>(9,847)</u>	<u>228</u>	
Collection Fund Balance				
At the beginning of the year	9,723	9,619	(228)	
Total Movement on Fund Balance	<u>(9,723)</u>	<u>(9,847)</u>	<u>228</u>	
Total Deficit/(Surplus) at Year End	<u>0</u>	<u>(228)</u>	<u>0</u>	

Notes

Council Tax

- a. For 2023/24, total Council Tax, less allowance for bad debts of 0.6%, totals £139.134m - the amount required to meet the “precepts” of WSCC, Sussex Police & Crime Commissioner, MSDC and the parish/town councils. The effect of the local Council Tax Support Scheme (CTSS) is that Council Tax Benefit is given as a discount to the council tax bill.
- b. The precept for WSCC will be set on 17 February 2023 and the precept for Sussex Police & Crime Commissioner will be set on 7 February 2023.
- c. In accordance with legislation, the estimated balance as at 31 March 2023 on the Council Tax Collection Fund is (£1,515,000) surplus and both WSCC and SPCC have been notified. This surplus is paid to each of these principal authorities in proportion to their Council Tax for the current year.

	%	£
West Sussex CC	76.33	(1,156,350)
Sussex Police & Crime Commissioner	11.03	(167,170)
MSDC	12.64	(191,480)
	<hr/>	<hr/>
Total Council Tax Estimated Surplus	100.00	(1,515,000)
	<hr/>	<hr/>

Business Rates

- d. For 2023/24, the amounts are taken from the DLUHC NNDR1 return. These are derived from the number of hereditaments 4,556, and the total rateable value of £140.7m at 31 December 2022. An allowance of 1.0% for losses on collection has been made.
- e. The Rate Retention Scheme (RRS) was introduced as part of the Finance Act 2012. The RRS sets a target for the collection of business rates. For 2023/24 the net yield is paid 50% to DLUHC, 10% to WSCC leaving 40% as the estimate of funding to be retained by MSDC, which can be compared to the baseline. The estimated deficit balance at 31 March 2023 for RRS is £1,287,400 although this will be monitored and adjusted at the end of the financial year, by way of the NNDR3 form for 2022/23.

The estimated deficit at 31 March 2023 is shared as shown below in the current year split.

	%	£
DLUHC	50	643,700
MSDC	40	514,960
WSCC	10	128,740
	<hr/>	<hr/>
Total Business Rates Estimated Deficit	100	1,287,400
	<hr/>	<hr/>

Council Tax Resolution

Background

1. Section 30(1) of the Local Government Finance Act 1992 requires the Council to set an amount of Council Tax each financial year for each category of dwellings in its area. The act specifies the calculations required and this below resolution is structured to meet those requirements.

Resolutions

2. The council taxbase for the coming year is 64,664.1.
3. £11,982,906 is the Council Tax Requirement for the Council's own purposes for 2023/24 (excluding Parish Precepts).
4. The following amounts have been calculated by the Council for the year 2023/24 in accordance with Section 31 to 36 of the Local Government Finance Act 1992 (as amended by The Localism Act 2011):
 - (a) £72,236,320 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) £55,068,967 being the aggregate of the amounts, which the Council estimates for the items set out in Section 31A (3) of the Act;
 - (c) £17,167,353 being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax requirement for the year;
 - (d) £265.49 being the amount at 4(c) above, all divided by the amount at 2 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) £5,184,447 being the aggregate amount of all special items (Parish Precepts) referred to in Section 34(1) of the Act (see Section 7 for details);
 - (f) £185.31 being the amount at 4(d) above less the result given by dividing the amount at 4(e) above by the amount at 2 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) Part of the Council's area

Parish area	band A £	band B £	band C £	band D £	band E £	band F £	band G £	band H £
Albourne	155.21	181.08	206.95	232.82	284.56	336.30	388.03	465.64
Ansty & Staplefield	176.57	205.99	235.42	264.85	323.71	382.56	441.42	529.70
Ardingly	210.33	245.38	280.44	315.49	385.60	455.71	525.82	630.98
Ashurst Wood	186.71	217.83	248.95	280.07	342.31	404.55	466.78	560.14
Balcombe	182.39	212.78	243.18	273.58	334.38	395.17	455.97	547.16
Bolney	165.68	193.29	220.91	248.52	303.75	358.97	414.20	497.04
Burgess Hill	174.55	203.64	232.73	261.82	320.00	378.18	436.37	523.64
Cuckfield	226.23	263.93	301.64	339.34	414.75	490.16	565.57	678.68
East Grinstead	185.71	216.67	247.62	278.57	340.47	402.38	464.28	557.14
Fulking	173.23	202.10	230.97	259.84	317.58	375.32	433.07	519.68
Hassocks	180.13	210.16	240.18	270.20	330.24	390.29	450.33	540.40
Haywards Heath	164.59	192.02	219.45	246.88	301.74	356.60	411.47	493.76
Horsted Keynes	175.23	204.44	233.64	262.85	321.26	379.67	438.08	525.70
Hurstpierpoint & Sayers Common	185.23	216.11	246.98	277.85	339.59	401.34	463.08	555.70
Lindfield	174.09	203.10	232.12	261.13	319.16	377.19	435.22	522.26
Lindfield Rural	154.44	180.18	205.92	231.66	283.14	334.62	386.10	463.32
Newtimber	127.50	148.75	170.00	191.25	233.75	276.25	318.75	382.50
Poynings	163.60	190.87	218.13	245.40	299.93	354.47	409.00	490.80
Pyecombe	189.35	220.90	252.46	284.02	347.14	410.25	473.37	568.04
Slaugham	174.43	203.51	232.58	261.65	319.79	377.94	436.08	523.30
Turners Hill	208.63	243.40	278.17	312.94	382.48	452.02	521.57	625.88
Twineham	166.49	194.23	221.98	249.73	305.23	360.72	416.22	499.46
West Hoathly	184.55	215.31	246.07	276.83	338.35	399.87	461.38	553.66
Worth	170.17	198.53	226.89	255.25	311.97	368.69	425.42	510.50

being the amounts given by multiplying the amounts at as set out in Table 3 Section 7 of this report by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

5. That it be noted that for the year 2023/24, West Sussex County Council have stated the following amounts in precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:

Valuation band	£	Valuation band	£
band A	1,088.94	band E	1,996.39
band B	1,270.43	band F	2,359.37
band C	1,451.92	band G	2,722.35
band D	1,633.41	band H	3,266.82

6. That it be noted that for the year 2023/24 the Sussex Police and Crime Commissioner have stated the following amounts in precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, as amended by the Police Reform and Social Responsibility Act 2011, for each of the categories of dwellings shown below:

Valuation band	£	Valuation band	£
band A	159.94	band E	293.22
band B	186.60	band F	346.54
band C	213.25	band G	399.85
band D	239.91	band H	479.82

7. That, having calculated the aggregate in each case of the amounts as at 4(g), 5 and 6 above, the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2023/24 for each of the categories of dwellings shown below:

Parish area	band A £	band B £	band C £	band D £	band E £	band F £	band G £	band H £
Albourne	1,404.09	1,638.11	1,872.12	2,106.14	2,574.17	3,042.21	3,510.23	4,212.28
Ansty & Staplefield	1,425.45	1,663.02	1,900.59	2,138.17	2,613.32	3,088.47	3,563.62	4,276.34
Ardingly	1,459.21	1,702.41	1,945.61	2,188.81	2,675.21	3,161.62	3,648.02	4,377.62
Ashurst Wood	1,435.59	1,674.86	1,914.12	2,153.39	2,631.92	3,110.46	3,588.98	4,306.78
Balcombe	1,431.27	1,669.81	1,908.35	2,146.90	2,623.99	3,101.08	3,578.17	4,293.80
Bolney	1,414.56	1,650.32	1,886.08	2,121.84	2,593.36	3,064.88	3,536.40	4,243.68
Burgess Hill	1,423.43	1,660.67	1,897.90	2,135.14	2,609.61	3,084.09	3,558.57	4,270.28
Cuckfield	1,475.11	1,720.96	1,966.81	2,212.66	2,704.36	3,196.07	3,687.77	4,425.32
East Grinstead	1,434.59	1,673.70	1,912.79	2,151.89	2,630.08	3,108.29	3,586.48	4,303.78
Fulking	1,422.11	1,659.13	1,896.14	2,133.16	2,607.19	3,081.23	3,555.27	4,266.32
Hassocks	1,429.01	1,667.19	1,905.35	2,143.52	2,619.85	3,096.20	3,572.53	4,287.04
Haywards Heath	1,413.47	1,649.05	1,884.62	2,120.20	2,591.35	3,062.51	3,533.67	4,240.40
Horsted Keynes	1,424.11	1,661.47	1,898.81	2,136.17	2,610.87	3,085.58	3,560.28	4,272.34
Hurstpierpoint & Sayers Common	1,434.11	1,673.14	1,912.15	2,151.17	2,629.20	3,107.25	3,585.28	4,302.34
Lindfield	1,422.97	1,660.13	1,897.29	2,134.45	2,608.77	3,083.10	3,557.42	4,268.90
Lindfield Rural	1,403.32	1,637.21	1,871.09	2,104.98	2,572.75	3,040.53	3,508.30	4,209.96
Newtimber	1,376.38	1,605.78	1,835.17	2,064.57	2,523.36	2,982.16	3,440.95	4,129.14
Poynings	1,412.48	1,647.90	1,883.30	2,118.72	2,589.54	3,060.38	3,531.20	4,237.44
Pyecombe	1,438.23	1,677.93	1,917.63	2,157.34	2,636.75	3,116.16	3,595.57	4,314.68
Slaugham	1,423.31	1,660.54	1,897.75	2,134.97	2,609.40	3,083.85	3,558.28	4,269.94
Turners Hill	1,457.51	1,700.43	1,943.34	2,186.26	2,672.09	3,157.93	3,643.77	4,372.52
Twineham	1,415.37	1,651.26	1,887.15	2,123.05	2,594.84	3,066.63	3,538.42	4,246.10
West Hoathly	1,433.43	1,672.34	1,911.24	2,150.15	2,627.96	3,105.78	3,583.58	4,300.30
Worth	1,419.05	1,655.56	1,892.06	2,128.57	2,601.58	3,074.60	3,547.62	4,257.14

COUNCIL TAX LEVELS

8. The basic amount of Council Tax for this Council is calculated as shown below:

Table 1: Council Tax Calculation		
	£	£
Mid Sussex DC Net Revenue Spending	19,819,586	
Town and Parish Council precepts	5,184,447	
		25,004,033
Revenue Support Grant	(129,746)	
Housing Benefit Admin Grant	(218,570)	
Funding Guarantee Grant	(411,481)	
Services Grant	(86,643)	
Dividend Income Local Authority Property Fund	(240,000)	
Use of Treasury Management Interest	(388,760)	
Rate Retention Scheme (RRS)	(6,170,000)	
Rate Retention Equalisation Reserve	(514,960)	
Collection Fund Estimated Deficit 22-23(Business Rates)	514,960	
Collection Fund Estimated Surplus 22-23(Council Tax)	(191,480)	
		(7,836,680)
Mid Sussex DC Council Tax Requirement	11,982,906	
Town and Parish Council Tax Requirement	5,184,447	
Total Council Tax Requirement for 2023-24		17,167,353
		<hr/> <hr/>
	Divided by 64,664.1 (tax base)	£265.49

This represents the *average* Council Tax for a dwelling in valuation band D in respect of District and Parish/Town Council requirements.

9. From the average council tax calculated in paragraph 1, Parish and Town Council precepts are removed to give a Council Tax at band D of £185.31 for this Council's Council Tax Requirement. For each parish area a sum is added to this amount being the relevant precept divided by the parish tax base. The results of these calculations for each parish area are set out in table 4 overleaf.
10. The method of calculation of the tax base is laid down in the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2012.
11. The starting point is the actual number of properties within each tax band as shown on the Council's Valuation List as at 30 November 2022 (the "Relevant Day") less the actual number of exemptions and discounts at that time. The resulting figures are adjusted to take account of estimated movements within and between bands affecting 2023/24 (i.e. changes from 1 December 2022 to 31 March 2024) to arrive at the number of chargeable properties within each band for the year.
12. The numbers of chargeable properties within each tax band are expressed as band D equivalents. The aggregate of all bands is multiplied by the estimated collection rate to determine the tax base for the area. The collection rate represents the effect of losses on collection due to non-payment. For 2023/24 the rate has been set at 99.4%.

13. The calculations referred to in the previous paragraphs are shown in table 2 below, together with tax base figures for each of the twenty-four parish areas, which are shown in table 3 overleaf.

Table 2: Mid Sussex Tax Base 2023/24 - Analysed by Chargeable dwellings

	band A	band B	band C	band D	band E	band F	band G	band H	Total
No of dwellings									
Property equivalents*	2,298.16	7,460.08	14,861.23	17,493.40	11,940.31	8,863.85	4,895.75	421.96	68,234.74
Exemptions (various classes)	-129.00	-203.00	-209.00	-186.00	-122.00	-74.00	-34.00	-1.00	-958.00
Disabled reductions	8.00	37.00	33.00	-10.00	-8.00	-21.00	-19.00	-20.00	0.00
Chargeable	2,177.16	7,294.08	14,685.23	17,297.40	11,810.31	8,768.85	4,842.75	400.96	67,276.74
Single discounts	1,269.00	4,573.00	5,635.00	4,880.00	2,734.00	1,466.00	615.00	42.00	21,214.00
Two discounts	6.00	2.00	10.00	9.00	9.00	12.00	30.00	8.00	86.00
Council Tax Support Scheme Discounts**	308.79	1,224.93	1,258.40	613.82	131.56	32.60	13.35	0.12	3,583.57
Net chargeable	1,548.12	4,924.90	12,013.08	15,459.08	10,990.75	8,363.75	4,660.65	386.34	58,346.67
Ratio to Band D	6/9ths	7/9ths	8/9ths	9/9ths	11/9ths	13/9ths	15/9ths	18/9ths	
Band D equivalent	1,032.08	3,830.48	10,678.29	15,459.08	13,433.14	12,080.97	7,767.75	772.68	65,054.5
Total multiplied by Collection Rate of 99.4%									64,664.1

* Includes estimates of effect of new dwellings and other changes to the valuation list, and increases for local premiums for long-term empty dwellings.

** Reductions under the local council tax support scheme.

14. The 2023/24 tax base so calculated for the whole district is 64,664.1 which represents an increase of 1,433.5 (2.27%) on the tax base for the current year. The effect at parish area level ranges from a decrease of -14.8 to an increase of 317.4 and in percentage terms from -2.23% to +10.30%.

Table 3: Mid Sussex Tax Base 2023/24 - Analysed by Parish Area

Parish area	band A	band B	band C	band D	band E	band F	band G	band H	Total
Albourne	4.8	7.7	32.5	70.8	39.8	41.6	105.6	13.4	316.2
Ansty & Staplefield	27.6	38.0	127.7	232.9	323.2	256.5	348.0	62.6	1,416.5
Ardingly	15.9	22.7	77.4	180.1	165.2	173.4	108.9	19.4	763.0
Ashurst Wood	7.8	17.6	96.0	183.6	159.3	133.5	170.6	2.0	770.4
Balcombe	17.9	41.5	76.2	136.4	127.9	224.3	223.7	24.4	872.3
Bolney	16.2	24.8	19.3	85.1	84.0	143.9	236.4	54.7	664.4
Burgess Hill	145.0	710.8	3,078.3	3,694.4	2,632.5	1,642.7	699.8	20.4	12,623.9
Cuckfield	25.1	39.3	184.8	215.0	410.4	288.9	477.7	49.7	1,690.9
East Grinstead	300.2	845.3	2,091.8	2,610.2	2,595.0	2,386.7	969.4	38.3	11,836.9
Fulking	3.5	5.1	13.0	13.4	27.0	20.1	49.3	11.9	143.3
Hassocks	24.2	209.6	452.4	981.5	1,097.3	539.4	348.7	25.8	3,678.9
Haywards Heath	130.3	1,210.0	2,558.4	3,160.2	1,826.5	2,300.7	1,245.7	42.2	12,474.0
Horsted Keynes	6.1	24.1	80.0	121.5	105.4	163.7	186.9	32.3	720.0
Hurstpierpoint and Sayers Common	48.3	125.9	393.6	742.8	838.5	489.2	584.8	58.2	3,281.3
Lindfield	8.4	138.6	200.3	546.6	532.1	786.2	589.0	47.7	2,848.9
Lindfield Rural	15.3	50.8	141.9	271.5	407.8	459.2	270.5	57.6	1,674.6
Newtimber	0.5	5.3	13.9	9.4	4.6	1.4	7.5	2.0	44.6
Poynings	4.3	11.6	26.9	10.6	21.5	15.3	33.6	8.0	131.8
Pyecombe	4.3	3.2	6.3	30.3	17.6	33.7	45.6	0.0	141.0
Slaugham	35.7	137.0	353.6	362.2	324.8	354.6	155.3	58.2	1,781.4
Turners Hill	133.9	31.0	111.6	110.1	99.4	99.4	69.6	9.4	664.4
Twineham	6.4	3.7	7.9	19.8	26.4	26.2	48.8	19.9	159.1
West Hoathly	19.3	20.4	103.1	189.1	218.1	183.8	171.8	56.1	961.7
Worth	24.8	83.5	367.3	1,388.6	1,268.3	1,244.0	574.2	53.9	5,004.6
Total	1,025.8	3,807.5	10,614.2	15,366.1	13,352.6	12,008.4	7,721.4	768.1	64,664.1

Table 4: Basic Tax

Parish area	Tax base	Precept		MSDC	Basic
		Precept	band D	band D	Tax
		£	£	£	£
Albourne	316.2	15,022	47.51	185.31	232.82
Ansty & Staplefield	1,416.5	112,668	79.54	185.31	264.85
Ardingly	763.0	99,327	130.18	185.31	315.49
Ashurst Wood	770.4	73,000	94.76	185.31	280.07
Balcombe	872.3	76,998	88.27	185.31	273.58
Bolney	664.4	42,000	63.21	185.31	248.52
Burgess Hill	12,623.9	965,833	76.51	185.31	261.82
Cuckfield	1,690.9	260,450	154.03	185.31	339.34
East Grinstead	11,836.9	1,103,894	93.26	185.31	278.57
Fulking	143.3	10,680	74.53	185.31	259.84
Hassocks	3,678.9	312,302	84.89	185.31	270.20
Haywards Heath	12,474.0	768,024	61.57	185.31	246.88
Horsted Keynes	720.0	55,830	77.54	185.31	262.85
Hurstpierpoint & Sayers Common	3,281.3	303,638	92.54	185.31	277.85
Lindfield	2,848.9	216,000	75.82	185.31	261.13
Lindfield Rural	1,674.6	77,610	46.35	185.31	231.66
Newtimber	44.6	265	5.94	185.31	191.25
Poynings	131.8	7,920	60.09	185.31	245.40
Pyecombe	141	13,918	98.71	185.31	284.02
Slaugham	1,781.4	136,000	76.34	185.31	261.65
Turners Hill	664.4	84,800	127.63	185.31	312.94
Twineham	159.1	10,250	64.42	185.31	249.73
West Hoathly	961.7	88,018	91.52	185.31	276.83
Worth	5,004.6	350,000	69.94	185.31	255.25
Total	64,664.1	5,184,447	80.18	185.31	265.49

15. The above amounts represent the level of Council Tax to be set for a dwelling within band D in respect of the requirements of this Council and the appropriate Parish/Town Council. These amounts are used to determine the Council Tax for each valuation band in the area by applying the following proportions:

band A	6/9ths
band B	7/9ths
band C	8/9ths
band D	9/9ths
band E	11/9ths
band F	13/9ths
band G	15/9ths
band H	18/9ths

The amounts so calculated are set out in recommendation 4(g).

16. The Council Tax amounts to be set for 2023/24 are determined by adding to the amounts calculated for District, Parish and Town Council requirements, the amounts calculated by West Sussex County Council (WSCC) and Sussex Police and Crime Commissioner (SPCC) in respect of their precepts for the year.
17. For illustrative purposes *average* Council Tax figures for each valuation band are shown below:

	Parish/Town				Total £
	WSCC £	SPCC £	MSDC £	Councils £	
band A	1,088.94	159.94	123.54	53.45	1,425.87
band B	1,270.43	186.60	144.13	62.36	1,663.52
band C	1,451.92	213.25	164.72	71.27	1,901.16
band D	1,633.41	239.91	185.31	80.18	2,138.81
band E	1,996.39	293.22	226.49	98.00	2,614.10
band F	2,359.37	346.54	267.67	115.82	3,089.40
band G	2,722.35	399.85	308.85	133.63	3,564.68
band H	3,266.82	479.82	370.62	160.36	4,277.62

An analysis of the actual amounts of tax for each parish area is shown on the following pages.

18. The actual band D Council Tax within each parish area of Mid Sussex ranges from:

Parish	Council Tax £
Newtimber (minimum)	2,064.57
Cuckfield (maximum)	2,212.66

19. The percentage increase in the actual band D Council Tax within each parish area of Mid Sussex ranges from:

Parish	Increase/ (Decrease) on 2022/23 %
Horsted Keynes (decrease)	(2.6)
Lindfield (increase)	14.9

Analysis of Council Tax set for 2023/24 in each parish area (bands A to D)

Parish area		band A		band B		band C		band D	
		£	£	£	£	£	£	£	£
Albourne	parish	31.67		36.95		42.23		47.51	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,404.09	1,457.03	1,638.11	1,665.17	1,872.12	1,873.32	2,106.14
Ansty & Staplefield	parish	53.03		61.86		70.70		79.54	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,425.45	1,457.03	1,663.02	1,665.17	1,900.59	1,873.32	2,138.17
Ardingly	parish	86.79		101.25		115.72		130.18	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,459.21	1,457.03	1,702.41	1,665.17	1,945.61	1,873.32	2,188.81
Ashurst Wood	parish	63.17		73.70		84.23		94.76	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,435.59	1,457.03	1,674.86	1,665.17	1,914.12	1,873.32	2,153.39
Balcombe	parish	58.85		68.65		78.46		88.27	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,431.27	1,457.03	1,669.81	1,665.17	1,908.35	1,873.32	2,146.90
Bolney	parish	42.14		49.16		56.19		63.21	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,414.56	1,457.03	1,650.32	1,665.17	1,886.08	1,873.32	2,121.84
Burgess Hill	town	51.01		59.51		68.01		76.51	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,423.43	1,457.03	1,660.67	1,665.17	1,897.90	1,873.32	2,135.14
Cuckfield	parish	102.69		119.80		136.92		154.03	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,475.11	1,457.03	1,720.96	1,665.17	1,966.81	1,873.32	2,212.66
East Grinstead	town	62.17		72.54		82.90		93.26	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,434.59	1,457.03	1,673.70	1,665.17	1,912.79	1,873.32	2,151.89
Fulking	parish	49.69		57.97		66.25		74.53	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,422.11	1,457.03	1,659.13	1,665.17	1,896.14	1,873.32	2,133.16
Hassocks	parish	56.59		66.03		75.46		84.89	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,429.01	1,457.03	1,667.19	1,665.17	1,905.35	1,873.32	2,143.52
Haywards Heath	town	41.05		47.89		54.73		61.57	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,413.47	1,457.03	1,649.05	1,665.17	1,884.62	1,873.32	2,120.20
Horsted Keynes	parish	51.69		60.31		68.92		77.54	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,424.11	1,457.03	1,661.47	1,665.17	1,898.81	1,873.32	2,136.17
Hurstpierpoint & Sayers Common	parish	61.69		71.98		82.26		92.54	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,434.11	1,457.03	1,673.14	1,665.17	1,912.15	1,873.32	2,151.17
Lindfield	parish	50.55		58.97		67.40		75.82	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,422.97	1,457.03	1,660.13	1,665.17	1,897.29	1,873.32	2,134.45
Lindfield Rural	parish	30.90		36.05		41.20		46.35	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,403.32	1,457.03	1,637.21	1,665.17	1,871.09	1,873.32	2,104.98
Newtimber	parish	3.96		4.62		5.28		5.94	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,376.38	1,457.03	1,605.78	1,665.17	1,835.17	1,873.32	2,064.57
Poynings	parish	40.06		46.74		53.41		60.09	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,412.48	1,457.03	1,647.90	1,665.17	1,883.30	1,873.32	2,118.72
Pyecombe	parish	65.81		76.77		87.74		98.71	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,438.23	1,457.03	1,677.93	1,665.17	1,917.63	1,873.32	2,157.34
Slaugham	parish	50.89		59.38		67.86		76.34	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,423.31	1,457.03	1,660.54	1,665.17	1,897.75	1,873.32	2,134.97
Turners Hill	parish	85.09		99.27		113.45		127.63	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,457.51	1,457.03	1,700.43	1,665.17	1,943.34	1,873.32	2,186.26
Twineham	parish	42.95		50.10		57.26		64.42	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,415.37	1,457.03	1,651.26	1,665.17	1,887.15	1,873.32	2,123.05
West Hoathly	parish	61.01		71.18		81.35		91.52	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,433.43	1,457.03	1,672.34	1,665.17	1,911.24	1,873.32	2,150.15
Worth	parish	46.63		54.40		62.17		69.94	
	district	123.54		144.13		164.72		185.31	
	wsccl/pcc	1,248.88	1,419.05	1,457.03	1,655.56	1,665.17	1,892.06	1,873.32	2,128.57

Analysis of Council Tax set for 2023/24 in each parish area (bands E to H)

band E		band F		band G		band H		Parish area	
£	£	£	£	£	£	£	£		
58.07		68.63		79.18		95.02		parish	Albourne
226.49		267.67		308.85		370.62		district	
2,289.61	2,574.17	2,705.91	3,042.21	3,122.20	3,510.23	3,746.64	4,212.28	wsccl/pcc	
97.22		114.89		132.57		159.08		parish	Ansty & Staplefield
226.49		267.67		308.85		370.62		district	
2,289.61	2,613.32	2,705.91	3,088.47	3,122.20	3,563.62	3,746.64	4,276.34	wsccl/pcc	
159.11		188.04		216.97		260.36		parish	Ardingly
226.49		267.67		308.85		370.62		district	
2,289.61	2,675.21	2,705.91	3,161.62	3,122.20	3,648.02	3,746.64	4,377.62	wsccl/pcc	
115.82		136.88		157.93		189.52		parish	Ashurst Wood
226.49		267.67		308.85		370.62		district	
2,289.61	2,631.92	2,705.91	3,110.46	3,122.20	3,588.98	3,746.64	4,306.78	wsccl/pcc	
107.89		127.50		147.12		176.54		parish	Balcombe
226.49		267.67		308.85		370.62		district	
2,289.61	2,623.99	2,705.91	3,101.08	3,122.20	3,578.17	3,746.64	4,293.80	wsccl/pcc	
77.26		91.30		105.35		126.42		town	Bolney
226.49		267.67		308.85		370.62		district	
2,289.61	2,593.36	2,705.91	3,064.88	3,122.20	3,536.40	3,746.64	4,243.68	wsccl/pcc	
93.51		110.51		127.52		153.02		parish	Burgess Hill
226.49		267.67		308.85		370.62		district	
2,289.61	2,609.61	2,705.91	3,084.09	3,122.20	3,558.57	3,746.64	4,270.28	wsccl/pcc	
188.26		222.49		256.72		308.06		parish	Cuckfield
226.49		267.67		308.85		370.62		district	
2,289.61	2,704.36	2,705.91	3,196.07	3,122.20	3,687.77	3,746.64	4,425.32	wsccl/pcc	
113.98		134.71		155.43		186.52		town	East Grinstead
226.49		267.67		308.85		370.62		district	
2,289.61	2,630.08	2,705.91	3,108.29	3,122.20	3,586.48	3,746.64	4,303.78	wsccl/pcc	
91.09		107.65		124.22		149.06		parish	Fulking
226.49		267.67		308.85		370.62		district	
2,289.61	2,607.19	2,705.91	3,081.23	3,122.20	3,555.27	3,746.64	4,266.32	wsccl/pcc	
103.75		122.62		141.48		169.78		parish	Hassocks
226.49		267.67		308.85		370.62		district	
2,289.61	2,619.85	2,705.91	3,096.20	3,122.20	3,572.53	3,746.64	4,287.04	wsccl/pcc	
75.25		88.93		102.62		123.14		town	Haywards Heath
226.49		267.67		308.85		370.62		district	
2,289.61	2,591.35	2,705.91	3,062.51	3,122.20	3,533.67	3,746.64	4,240.40	wsccl/pcc	
94.77		112.00		129.23		155.08		parish	Horsted Keynes
226.49		267.67		308.85		370.62		district	
2,289.61	2,610.87	2,705.91	3,085.58	3,122.20	3,560.28	3,746.64	4,272.34	wsccl/pcc	
113.10		133.67		154.23		185.08		parish	Hurstpierpoint & Sayers Common
226.49		267.67		308.85		370.62		district	
2,289.61	2,629.20	2,705.91	3,107.25	3,122.20	3,585.28	3,746.64	4,302.34	wsccl/pcc	
92.67		109.52		126.37		151.64		parish	Lindfield
226.49		267.67		308.85		370.62		district	
2,289.61	2,608.77	2,705.91	3,083.10	3,122.20	3,557.42	3,746.64	4,268.90	wsccl/pcc	
56.65		66.95		77.25		92.70		parish	Lindfield Rural
226.49		267.67		308.85		370.62		district	
2,289.61	2,572.75	2,705.91	3,040.53	3,122.20	3,508.30	3,746.64	4,209.96	wsccl/pcc	
7.26		8.58		9.90		11.88		parish	Newtimber
226.49		267.67		308.85		370.62		district	
2,289.61	2,523.36	2,705.91	2,982.16	3,122.20	3,440.95	3,746.64	4,129.14	wsccl/pcc	
73.44		86.80		100.15		120.18		parish	Poynings
226.49		267.67		308.85		370.62		district	
2,289.61	2,589.54	2,705.91	3,060.38	3,122.20	3,531.20	3,746.64	4,237.44	wsccl/pcc	
120.65		142.58		164.52		197.42		parish	Pyecombe
226.49		267.67		308.85		370.62		district	
2,289.61	2,636.75	2,705.91	3,116.16	3,122.20	3,595.57	3,746.64	4,314.68	wsccl/pcc	
93.30		110.27		127.23		152.68		parish	Slaugham
226.49		267.67		308.85		370.62		district	
2,289.61	2,609.40	2,705.91	3,083.85	3,122.20	3,558.28	3,746.64	4,269.94	wsccl/pcc	
155.99		184.35		212.72		255.26		parish	Turners Hill
226.49		267.67		308.85		370.62		district	
2,289.61	2,672.09	2,705.91	3,157.93	3,122.20	3,643.77	3,746.64	4,372.52	wsccl/pcc	
78.74		93.05		107.37		128.84		parish	Twineham
226.49		267.67		308.85		370.62		district	
2,289.61	2,594.84	2,705.91	3,066.63	3,122.20	3,538.42	3,746.64	4,246.10	wsccl/pcc	
111.86		132.20		152.53		183.04		parish	West Hoathly
226.49		267.67		308.85		370.62		district	
2,289.61	2,627.96	2,705.91	3,105.78	3,122.20	3,583.58	3,746.64	4,300.30	wsccl/pcc	
85.48		101.02		116.57		139.88		parish	Worth
226.49		267.67		308.85		370.62		district	
2,289.61	2,601.58	2,705.91	3,074.60	3,122.20	3,547.62	3,746.64	4,257.14	wsccl/pcc	