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| <b>COMMITTEE:</b>       | <b>Cabinet</b>  |
| <b>DATE:</b>            | <b>5<sup>th</sup> December 2002</b>   |
| <b>SUBJECT:</b>         | <b>Service and Financial Planning 2003/04</b>   |
| <b>REPORT OF:</b>       | <b>Director of Finance and Corporate Services</b>   |
| <b>Ward(s):</b>         | <b>All</b>  |
| <b>Purpose:</b>         | <b>To update members on service and financial planning for 2003/04.</b>   |
| <b>Contact:</b>         | <b>Sue McHugh, Director of Finance and Corporate Services telephone 01323 415104 or internally on extension 5104.</b> |
| <b>Recommendations:</b> | Members are invited to agree the planning and consultation arrangements set out in this report.                       |

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| <b>1.0</b> | <b><u>Introduction</u></b>  |
| 1.1        | Cabinet on 5 <sup>th</sup> September received a report on the proposed approach to 2003/04 budget setting. Two significant uncertainties affecting the position for 2003/04 were identified: Proposed changes to the Revenue Support Grant system and the impact of the new cleansing contract on costs. This report provides an update on these issues. The report also explained that a new approach to budget setting was being developed for 2003/04, closely linked to the service planning process. Implementation of the new approach is now underway as this report explains. Finally, the report highlighted the need for effective engagement with Council Tax payers and other stakeholders, and proposals are now set out in this report. |

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| 2.0 | <b><u>Government Grant allocations</u></b>  |
| 2.1 | Draft allocations for Revenue Support Grant and Capital have not been announced at the time of writing this report. It is understood that the Revenue Support Grant allocations may be announced on 5 <sup>th</sup> December. No dates for receipt of Capital allocations have been announced; however, the assessment of our Capital Strategy and Asset Management Plan has resulted in an allocation of £75,000 to date. Cabinet will be provided with updates on any allocations announced prior to the meeting. |

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| 2.2 | <b><u>HRA Allocations</u></b>  |
|     | <p><b>Draft subsidy determinations have recently been received for consultation from the Office of the Deputy Prime Minister. The consultation period ends on 12<sup>th</sup> December. The figures for Eastbourne are broadly neutral which is in line with the forecast made in the HRA business plan. The likely financial implications for next years HRA subsidy are as follows -</b></p> <ul style="list-style-type: none"> <li><b>“ Guideline Rents - a reduction of £295,000</b></li> <li>“ Maintenance costs - an increase of £185,000</li> <li>“ Management costs - an increase of £115,000</li> </ul> <p>This is a net difference of just £5,000 and in keeping with Government's commitment that the introduction of rent restructuring would not in itself adversely affect the overall level of subsidy.</p> |

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**A highly summarised draft HRA for 2003-2004 is reproduced at Appendix B. This reproduces the figures contained within the HRA business plan that was approved by Cabinet on 1<sup>st</sup> August 2002. It shows a surplus of £213,000. At least some of this will be eroded by additional costs that have arisen since the plan was approved e.g. additional costs of the pay award. Officers are currently working on the detail that will be presented to Tenants in January and Cabinet in February.**

**Similarly, Appendix C has been extracted from the approved HRA business plan. This reproduces details of the Housing Investment Programme budget for capital expenditure and resources. The draft subsidy determinations mentioned in paragraph 2.1 indicate that our Major Repairs Allowance (MRA) will increase by £50,000 for 2003-2004 up to £2,478,000. This will maintain the value of the MRA against inflation but will do nothing to speed up our ability to recent Government's decent homes standards. We await further announcements from Government on capital allocations for next year.**

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| 3.0 | <b><u>Cleansing Contracts</u></b>   |
| 3.1 | Separate reports on this agenda make recommendations regarding the new cleansing contracts. At the time of writing this report the budget implications for 2003/04 have not been confirmed. Members will be updated on the implications at the meeting.   |
| 4.0 | <b><u>Service and Financial Planning</u></b>  |
| 4.1 | A revised planning template has now been developed in consultation with Heads of Service and lead Members for resources. All services are now in the process of completing templates and these will provide the basis for discussions about priorities and budgets for 2003/04 over the coming weeks. A copy of the template is attached at Appendix A. It is intended that this process will enable Members to reach decisions about all aspects of the Councils budgets. Specifically, it will cover general fund revenue, housing revenue, capital (housing and other), and partnership working. |
| 4.2 | Following meetings between Cabinet Members and all Service Heads during December, it is intended that budget options will be presented to cabinet on 9 <sup>th</sup> January. Following further consultation and confirmation of the resource position, final proposals will be considered by Cabinet and Council in February.  |
| 5.0 | <b><u>Consultation Arrangements</u></b>   |
| 5.1 | The following is proposed:  |
|     | <ul style="list-style-type: none"> <li>· Scrutiny Committee on 9<sup>th</sup> December will consider the proposals set out in this report. Feedback will be provided to Cabinet in January.</li> </ul>  |

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|   | <ul style="list-style-type: none"> <li>All local Council Tax payers are due to receive leaflet information on the new cleansing and recycling arrangements this month. Members of the public will be invited to indicate either in writing or via the internet how the new arrangements should be funded. Specifically they will be asked to indicate whether Council Taxes should be raised to meet the additional costs, or whether cuts to other services should offset the increase. The results of this consultation will be reported to Cabinet in February and inform final decisions on the 2003/04 budgets.</li> </ul> |
|   | <ul style="list-style-type: none"> <li>Significant consultation has already taken place with tenants representatives as part of the production of the approved HRA business plan. Further consultation will take place with the Tenants Advisory Group in January 2002 on detailed rent and budget setting, prior to recommendations being made to Cabinet in February.</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>Statutory consultation with business ratepayers and other community groups will take place after January Cabinet. The results will be reported to Cabinet in February.</li> </ul>  |
| <b>6.0</b>  | <b><u>Consultations</u></b>   |
| 6.1   | As set out throughout the report.   |
| <b>7.0</b>  | <b><u>Implications</u></b>  |
| 7.1   | Significant staff resources are being provided to develop plans for 2003/04.  |
| <b>8.0</b>  | <b><u>Summary</u></b>   |
| 8.1   | Members are invited to comment on the proposals.  |
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| <b>Sue McHugh</b>                                 |   |
| <b>Director of Finance and Corporate Services</b> |   |
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| <b>Background Papers:</b><br><br>The Background Papers used in compiling this report were as follows:<br><br>None |  |
| OpenlinkCFO/Reports/Cabinet 0212005/Service & Financial Planning 2003-04 Cabinet 021205                           |  |