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Provides a summary of the General Fund Budget for the year by department and the sources of finance for the year.

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This provides a summary of the General Fund and Housing Revenue Account analysed over the various income and expenditure headings.

4 Service Revenue Budgets

Provides details of the budgets for each of the individual services by department and the year on year movements, covering:

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- Environmental Services
- Tourism and Leisure Services
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Outlines the Council's capital strategy for the next three years, showing the projects planned and the resources available to fund this expenditure.

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Shows estimated use of reserves over the coming year.

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Provides information on how the levels of council tax are calculated.

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Introduction

The budget is the product of various plans and strategies as part of an integrated corporate planning process and is linked principally to:

- The Medium Term Financial Strategy
- Asset Management Plans
- The Corporate Plan
- Workforce Strategy
- Service Plans
- Treasury Management Strategy

The budget has also been subject to consultation to allow the community the opportunity to influence spending plans.

The first part of this budget book details the Council's spending plans for 2011-12, and covers:

- General Fund Revenue Account
- Housing Revenue Account
- Capital

Copies of reports including approval of the budget at full Council on 23rd February 2011 are contained within the second part.

Requests for further information about the budget can be made to Financial Services, Eastbourne Borough Council, 1 Grove Road, Eastbourne BN21 4TW

Council Budget Summary						
2010-11				2011-12		
Original Budget £		Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £
Departmental Services						
5,013,950	Corporate Services	5,481,050	3,510,900	305,850	(6,435,100)	2,862,700
2,194,400	Community Services	599,800	2,592,450	51,350	(1,545,050)	1,698,550
8,992,800	Environmental Services	7,363,500	2,914,650	1,093,700	(1,910,650)	9,461,200
4,374,150	Tourism and Leisure Services	3,084,550	2,681,150	793,600	(1,808,350)	4,750,950
20,575,300	Total General Fund	16,528,900	11,699,150	2,244,500	(11,699,150)	18,773,400
(1,886,000)	Reversal of capital charges					(2,244,500)
(267,000)	Contributions to/(from) General Fund Working Balances					(496,900)
18,422,300	Total General Fund Net Expenditure					16,032,000
Financed By						
1,321,233	Government Revenue Support Grant					1,789,667
9,098,822	Contribution from National Business Rate Pool					5,789,875
0	Council Tax Grant					203,000
(196,986)	Contribution to/from Council Tax Deficit/Surplus					8,700
8,199,245	Council Tax Collection Fund Precept					8,240,758
18,422,314	Total Financing					16,032,000
General Fund Working Balance						
4,375,000	In hand at 1st April					4,221,053
(267,000)	Withdrawal/Addition From/To Working Balance					(496,900)
4,108,000	In hand at 31st March					3,724,153

Analysis of Gross Expenditure and Income For 2011-2012

	Corporate Services	Community Services	Environmental Services	Tourism and Leisure Services	General Fund Total	Housing Revenue Account	Eastbourne Total
	£	£	£	£	£	£	£
Employees	3,628,200	2,865,050	2,433,450	3,593,950	12,520,650	112,950	12,633,600
Premises	625,500	541,600	730,600	1,407,750	3,305,450	246,700	3,552,150
Transport	49,400	47,600	145,800	69,700	312,500	2,000	314,500
Supplies and Services	1,907,250	1,407,100	618,500	4,697,950	8,630,800	231,100	8,861,900
Third Party Payments	748,050	155,700	6,207,100	427,900	7,538,750	6,801,150	14,339,900
Transfer Payments	0	44,022,450	0	0	44,022,450	179,000	44,201,450
Support Service Costs	3,510,900	2,592,450	2,914,650	2,681,150	11,699,150	511,350	12,210,500
Capital Financing Costs	305,850	51,350	1,093,700	793,600	2,244,500	6,571,400	8,815,900
Gross Expenditure	10,775,150	51,683,300	14,143,800	13,672,000	90,274,250	14,655,650	104,929,900
Specific Government Grants		(45,336,500)	0	0	(45,336,500)	(908,950)	(46,245,450)
Other Grants and Contributions	(145,500)	(864,750)	(499,000)	(1,087,350)	(2,596,600)	NIL	(2,596,600)
Customer and Client Receipts	(1,137,350)	(2,231,550)	(2,132,700)	(6,016,000)	(11,517,600)	(904,550)	(12,422,150)
Other Income	(194,500)	(6,900)	(140,250)	(9,350)	(351,000)	NIL	(351,000)
HRA Rents	0	0	0	0	0	(13,029,950)	(13,029,950)
Interest Receipts	0	0	0	0	0	(11,650)	(11,650)
Recharges Support Services	(6,435,100)	(1,545,050)	(1,910,650)	(1,808,350)	(11,699,150)	0	(11,699,150)
Total Income	(7,912,450)	(49,984,750)	(4,682,600)	(8,921,050)	(71,500,850)	(14,855,100)	(86,355,950)
Use of Reserves					(496,900)	199,450	(297,450)
Reversal of Depreciation					(2,244,500)	0	(2,244,500)
Total					16,032,000	0	16,032,000

CORPORATE SERVICES							
2010-11				2011-12			
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £
Senior Management							
0	C1	Chief Executive	156,050	52,100	0	(208,150)	0
852,750	C2	Corporate Management	0	721,850	0	0	721,850
0	C3	Deputy Chief Executive	118,150	95,850	0	(214,000)	0
0	C4	Personal Assistants	61,100	18,850	0	(79,950)	0
852,750		Total Senior Management	335,300	888,650	0	(502,100)	721,850
Corporate Financial Services							
0	C5	Chief Finance Officer	104,600	37,350	0	(141,950)	0
18,100	C6	Bank Charges	38,650	3,250	0	0	41,900
1,734,800	C7	Concessionary Fares	0	0	0	0	0
426,550	C8	Corporate Contingencies	151,950	0	0	0	151,950
146,000	C9	External Audit	146,000	4,550	0	0	150,550
25,200	C10	Grants & Subscriptions	25,900	450	0	0	26,350
0	C11	Insurances	113,550	19,900	0	(133,450)	0
245,800	C12	Precepts & Levies	208,900	500	0	0	209,400
754,000	C13	Treasury Management	754,000	0	0	0	754,000
3,350,450		Chief Finance Officer	1,543,550	66,000	0	(275,400)	1,334,150
0	C14	Financial Services Manager	68,550	41,100	0	(109,650)	0
0	C15	Accountancy	139,350	131,000	56,100	(326,450)	0
0	C16	Finance Systems Support	115,100	25,800	0	(140,900)	0
0	C17	Purchasing & Payments	39,850	108,000		(147,850)	0
0	C18	Debtors	46,750	71,800		(118,550)	0
0		Finance Management and Operational Costs	409,600	377,700	56,100	(843,400)	0
0	C19	Internal Audit	112,800	30,750	0	(143,550)	0
3,350,450		Total Financial Services	2,065,950	474,450	56,100	(1,262,350)	1,334,150

CORPORATE SERVICES								
2010-11			2011-12					
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £	
Corporate Democracy and Participation								
0	C20	Head of Strategy and Democracy	73,450	93,150	0	(166,600)	0	
80,000	C21	Devolved Budgets	80,000	0	0	0	80,000	
0	C22	Committee Admin	139,500	45,700	0	(185,200)	0	
430,550	C23	Members Services	175,800	253,000	0	0	428,800	
105,250	C24	Civic Services	66,750	51,850	0	0	118,600	
42,950	C25	Municipal Elections	13,750	8,900	0	0	22,650	
162,400	C26	Register of Electors	139,650	40,850	0	0	180,500	
821,150		Local Democracy	688,900	493,450	0	(351,800)	830,550	
53,250	C27	Civil Contingencies	37,450	17,200	0	0	54,650	
0	C28	Communications	102,500	54,050	0	(156,550)	0	
	C29	Access to Information	0	450	0	(450)	0	
0	C30	Equality and Participation	18,400	31,700	0	(50,100)	0	
53,250		Communication & Participation	158,350	103,400	0	(207,100)	54,650	
0	C31	Strategic Development	70,850	72,050	0	(142,900)	0	
0	C32	Performance Improvements	12,000	0	0	(12,000)	0	
0		Strategic Development	82,850	72,050	0	(154,900)	0	
0	C33	Strategic Finance	46,000	14,500	0	(60,500)	0	
0	C34	Risk Management	100	1,000	0	(1,100)	0	
0		Performance & Risk Management	46,100	15,500	0	(61,600)	0	
874,400		Total Democracy and Participation	976,200	684,400	0	(775,400)	885,200	
Corporate Human Resources								
0	C35	Head of Human Resources	97,550	82,150	0	(179,700)	0	
0	C36	Employee Relations	86,200	31,950	0	(118,150)	0	
0	C37	Occupational Health	19,700	500	0	(20,200)	0	
0		Employee Relations	105,900	32,450	0	(138,350)	0	
15,500	C38	Member Development	22050	8650	0	0	30,700	
10,850	C39	Members Training	0	950	0	0	950	
26,350		Member Development	22,050	9,600	0	0	31,650	

CORPORATE SERVICES								
2010-11			2011-12					
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £	
0	C40	HR Resourcing and Development	99,500	74,800	0	(174,300)	0	
0	C41	Corporate Training	85,850	1,350	0	(87,200)	0	
0		HR Resourcing and Development	185,350	76,150	0	(261,500)	0	
0	C42	Payroll and information	54,650	34,150	0	(88,800)	0	
0	C43	Pay Review	20,000	10,350	0	(30,350)	0	
337,900	C44	Unfunded Pensions	337,900	0	0	0	337,900	
337,900		Payroll	412,550	44,500	0	(119,150)	337,900	
364,250		Total Human Resources	823,400	244,850	0	(698,700)	369,550	
Corporate Support Services								
0	C45	Head of Infrastructure	69,650	95,100	0	(164,750)	0	
0	C46	IT Staff	113,600	62,100	0	(175,700)	0	
0	C47	IT Contracted Services	582,250	22,500	31,250	(636,000)	0	
0	C48	IT Projects	278,850	0	0	(278,850)	0	
0		IT & E-Government	974,700	84,600	31,250	(1,090,550)	0	
0	C49	Facilities Management	394,300	269,000	42,450	(705,750)	0	
0	C50	Legal Services	220,500	51,300	0	(271,800)	0	
6,000	C51	Difficult Properties	6,000	13,600	0	0	19,600	
(25,750)	C52	Land Charges	(149,050)	58,250	0	0	(90,800)	
(19,750)		Legal Services	77,450	123,150	0	(271,800)	(71,200)	
9,000	C53	Printing Services	(23,700)	61,800	0	0	38,100	
0	C54	Customer Contact Centre	185,050	276,250	0	(461,300)	0	
0	C55	Estates	221,250	105,100	176,050	(502,400)	0	
(417,150)	C56	Corporate Property	(618,500)	203,550	0	0	(414,950)	
(417,150)		Estates / Asset Management	(397,250)	308,650	176,050	(502,400)	(414,950)	
(427,900)		Total Support Services	1,280,200	1,218,550	249,750	(3,196,550)	(448,050)	
5,013,950		TOTAL CORPORATE SERVICES	5,481,050	3,510,900	305,850	(6,435,100)	2,862,700	

CORPORATE SERVICES BUDGET CHANGES		
Service Area	Description	£'000
All	2010-2011 Base budget	5,013,950
Agreed Savings:		
Efficiency Savings		
Customer Services	Rationalisation of Software - Maintenance saving	(13,000)
Personal Assistants	Better ways of working - reduce staffing costs	(10,000)
Local Democracy - Committee Admin/Members	Reduction in standards independent member allowances	(2,000)
Services & Expenses		
Local Democracy - Committee Admin/Members	Rationalised Mayor's chauffeur duties	(4,000)
Services & Expenses		
Strategic Development	Citizens Panel - Consult using other methods	(9,000)
Strategic Development/Performance	Minor efficiencies	(4,000)
Communications & Participation	LSP support to be provided by existing Community Services budgets	(18,000)
Performance & Risk Management	Procure Risk Management guidance from alternative sources	(3,000)
Legal Services	Savings on Practising certificates	(2,000)
Legal Services	Migration of Law Library to electronic resources	(1,000)
Land Charges	Restructure	(13,000)
Financial Services	Restructure	(56,000)
Financial Services	Partnership procurement of insurance contract	(20,000)
Payroll and Information	Move to single monthly payroll	(18,000)
Resourcing & Development	Move to electronic methods of I.T. training	(5,000)
Resourcing & Development	Minor efficiencies	(3,000)
Member Development	Absorb member development costs within existing resources	(3,000)
IT & E Government	Procurement savings - security devices	(2,000)
IT & E Government	Procurement saving - external contract	(5,000)
IT & E Government	Procure IT health checks differently	(2,000)
Facilities Management	Rationalise Office Occupation - introduction of agile working	(310,000)
Facilities Management	Cleaning procurement saving	(4,000)
		(507,000)
Service Alterations		
Local Democracy - Committee Admin/Members	Reduction of STTR support	(12,000)
Services & Expenses		
Financial Services	Transfer of Concessionary Fares to ESCC	(1,729,250)
IT & E Government	End website monitoring and statistics service	(3,000)
		(1,744,250)
Income Generation		
Financial Services	Insurance commission	(13,000)
Printing Services	External customers - inflationary increase	(1,000)
Resourcing & Development	Increased CRB checks	(3,000)
Estates Management/Corporate Property	Rent Reviews from estate (net of rent support)	(70,000)
		(87,000)

CORPORATE SERVICES BUDGET CHANGES		
Service Area	Description	£'000
Other Changes		
Local Democracy - Elections	Saving made by joint elections	(12,000)
Internal Audit	External consultants contingency budget	(10,000)
Strategic Development	Surveys scrapped by new Government	(7,000)
		(29,000)
Cost Pressures:		
Inflation		165,000
Other Growth		
Financial Services	Increase in contingency following late increase in final Formula Grant settlement	38,300
Strategic Development	Local futures database subscription	6,000
Strategic Development	Covalent - ongoing maintenance	6,000
Estates Management	Property Information Management System	15,000
IT & T-Government	Support for new data/telephony network	25,000
IT & T-Government	W2 annual support - new EDRMS	24,000
IT & T-Government	Civica Mobile annual support	9,000
IT & T-Government	Arbortrack	3,000
IT & T-Government	iWorld - W2 interfaces	4,000
IT & T-Government	Government Connect Leased Line	16,000
		146,300
Non Recurring Service Investments		
Local Democracy - Electoral Services	Postal vote identifiers - first tranche	10,000
Communication and Participation	Replacement of emergency planning radio system	7,000
Communication and Participation	Purchase of AIMS event and incident mapping system	2,000
Estates Management - for 2 years	Task and Database Manager Fixed 2 years	6,000
Employee Relations - Occupational Health	Purchase of defibrillator for 'new' 1 Grove Road EBC main site at Agile 'go live'	2,000
		27,000
Other Budget Movements		
Various	Permanent budget virements	(344,400)
Various	Support service recharges	30,250
Various	Depreciation	191,850
		(122,300)
Total Changes		(2,151,250)
2011-2012 Budget		2,862,700

COMMUNITY SERVICES							
2010-11			2011-12				
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £
Senior Management							
0	CS1	Senior Head of Community Services	11,800	322,650	0	(334,450)	0
0		Total Senior Management	11,800	322,650	0	(334,450)	0
Direct Assistance							
0	CS2	Housing Services Management	95,900	118,900	0	(175,150)	39,650
155,500	CS3	Head of Revenues & Benefits	68,100	113,600	0	(181,700)	0
176,150	CS4	Fraud Investigation	159,300	49,500	0	0	208,800
(255,200)	CS5	Benefits Administration	(493,500)	529,450	0	0	35,950
363,100	CS6	Housing Benefits & Payments Subsidy	(155,200)	400	0	0	(154,800)
359,100	CS7	Business Support	341,950	59,450	0	(401,400)	0
475,150	CS8	Revenues	389,600	347,300	2,350	0	739,250
(96,700)	CS9	Council Tax Payments & Subsidy	(96,700)	400	0	0	(96,300)
(74,550)	CS10	Business Rates	(110,700)	94,200	0	0	(16,500)
19,850	CS11	Discretionary Rate Relief	29,850	0	0	0	29,850
69,000	CS12	SX & IT	62,700	800	4,600	0	68,100
1,191,400		Revenues and Benefits	195,400	1,195,100	6,950	(583,100)	814,350
1,350	CS13	Choice Based Lettings (Needs)	0	18,000	0	0	18,000
7,000	CS14	Child Safety Equipment (Needs)	7,000	0	0	0	7,000
395,700	CS15	Housing Needs (Needs)	131,400	126,700	0	0	258,100
0	CS16	Supporting People	0	450	0	0	450
0	CS17	Enhanced Housing Options	0	5,650	0	0	5,650
0	CS18	Deposit Loan Scheme	11,000	400	0	0	11,400
47,000	CS19	Housing Needs Grants	47,000	400	0	0	47,400
20,000	CS20	Housing GF Properties	0	450	17,450	0	17,900
471,050		Housing Needs	196,400	152,050	17,450	0	365,900
50,750	CS21	Temporary Accommodation (Homeless)	46,000	77,700	0	0	123,700
0	CS22	Housing Leasing Scheme	0	9,150	0	0	9,150
17,550	CS23	Homeless Prevention (Homeless)	(57,000)	4,000	0	0	(53,000)
0	CS24	Voluntary Sector	0	450	0	0	450
0	CS25	Repossession Prevention Fund	0	400	0	0	400
68,300		Homelessness	(11,000)	91,700	0	0	80,700
0	CS26	Environmental Health Manager	77,900	148,000	0	(225,900)	0
525,650	CS27	EH Private Sector Housing	311,900	132,950	0	0	444,850

COMMUNITY SERVICES								
2010-11			2011-12					
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £	
131,800	CS28	Ocklynge Cemetery	62,100	57,050	5,200	0	124,350	
52,900	CS29	Langney Cemetery	(22,000)	57,050	2,650	0	37,700	
(776,100)	CS30	Crematorium	(951,550)	120,550	15,500	0	(815,500)	
0	CS31	Cems and Crem Management & Admin	119,000	107,450		(226,450)	0	
(591,400)		Bereavement Services	(792,450)	342,100	23,350	(226,450)	(653,450)	
1,665,000		Total Direct Assistance	74,050	2,180,800	47,750	(1,210,600)	1,092,000	
		Community Activity						
42,000	CS32	Community Development	105,000	35,500	0	0	140,500	
49,800	CS33	Community Centres	38,150	1,450	3,600	0	43,200	
35,000	CS34	Neighbourhood Project Officer	0	0	0	0	0	
126,800		Community Development	143,150	36,950	3,600	0	183,700	
261,450	CS35	Community Grants	264,250	400	0	0	264,650	
37,650	CS36	Youth Development	0	0	0	0	0	
425,900		Total Community Activity	407,400	37,350	3,600	0	448,350	
		Strategic Partnership						
73,400	CS37	Housing Strategy (Strategy)	67,550	35,050	0	0	102,600	
0	CS38	Homelessness Economic Downturn	10,000	450	0	0	10,450	
0	CS39	Youth Homelessness Strategy	0	9,200	0	0	9,200	
(1,000)	CS40	Riverbourne and Upwyke House Restaurants	(1,000)	450	0	0	(550)	
72,400		Housing / Homelessness Strategy	76,550	45,150	0	0	121,700	
31,100	CS41	Crime Reduction Partnership	30,000	6,500	0	0	36,500	
103,500		Total Strategic Partnership	106,550	51,650	0	0	158,200	
2,194,400		TOTAL COMMUNITY SERVICES	599,800	2,592,450	51,350	(1,545,050)	1,698,550	

COMMUNITY SERVICES BUDGET CHANGES		
Service Area	Description	£'000
All	2010-2011 Base budget	2,194,400
Agreed Savings:		
Efficiency Savings		
Revenue & Benefits	Business Process Improvements - Staffing savings	(101,650)
Revenue & Benefits	Committal Cost Savings	(40,000)
Revenue & Benefits	Procurement saving - Billing costs	(9,000)
Revenue & Benefits	Improved performance in overpayment recovery	(36,350)
Revenue & Benefits	Kent Benefit training partnership	12,000
Revenue & Benefits	Increase Capita phones contract	50,000
Revenue & Benefits	Reduction in Local Authority errors and improved collection rate on debts	(361,600)
Merged Env Health Manager, Housing & Private Housing Team	Merged Teams	(68,500)
Community Development & Neighbourhood Projects (Merged)	Merged Teams and procurement of functions by third sector	(56,950)
Community Development & Neighbourhood Projects (Merged)	Transfer of Community work to third sector	43,000
		(569,050)
Income Generation		
Cemeteries & Crematorium	Inflationary increases in Burial Fees	(10,800)
Cemeteries & Crematorium	Inflationary increases in Cremation Fees	(40,000)
		(50,800)
Other Changes		
Homelessness	Increase in Grant	(57,000)
Cost Pressures:		
Inflation		97,300
Other Growth		
Revenue & Benefits	Increase budget for Discretionary Rate relief.	10,000
Non Recurring Service Investments		
Community Development & Neighbourhood Projects (Merged)	Langney Community Centre	40,000
Merged Environmental Health Manager, Housing & Private Housing Team	Renew 4 yearly private sector housing survey to support bidding process	30,000
		70,000
Other Budget Movements		
Various	Permanent budget virements	(19,750)
Various	Support services recharges	24,100
Various	Depreciation	(650)
		3,700
Total Changes		(495,850)
2011-2012 Budget		1,698,550

ENVIRONMENTAL SERVICES							
2010-11				2011-12			
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £
0	E1	Senior Head of Environmental Services	86,550	272,650	0	(359,200)	0
0		Total Senior Management	86,550	272,650	0	(359,200)	0
Environmental Management							
0	E2	Cleansing Admin	269,300	140,950	0	(410,250)	0
2,300,950	E3	Refuse Collection	2,394,850	84,300	0	0	2,479,150
115,200	E4	Recycling	(241,150)	319,750	86,200	0	164,800
1,750,250	E5	Street Cleaning	1,707,600	90,650	1,600	0	1,799,850
54,800	E6	Abandoned Vehicles	16,550	24,150	0	0	40,700
386,950	E7	Public Conveniences	303,100	22,750	32,800	0	358,650
3,000	E8	Memorial Seats	3,000	3,650	0	0	6,650
4,611,150		Cleansing Management & Recycling	4,453,250	686,200	120,600	(410,250)	4,849,800
(101,450)	E9	Amenities Support (Including Holywell Chalets)	7,200	214,200	7,800	(319,400)	(90,200)
(301,750)	E10	Car Parking	(359,950)	196,150	5,250	(119,200)	(277,750)
72,600	E11	Miscellaneous Highways	19,000	19,000	32,700	0	70,700
5,800	E12	Bus Shelters	0	0	0	0	0
(324,800)		Amenities	(333,750)	429,350	45,750	(438,600)	(297,250)
1,236,850	E13	Parks and Gardens	1,196,650	256,200	64,050	(183,400)	1,333,500
0	E14	Management	48,450	11,050		(59,500)	0
(159,800)	E15	Farms	(179,300)	13,150	3,300	0	(162,850)
161,550	E16	Open Downland	91,600	42,050	5,650	0	139,300
120,600	E17	Trees & Woodland	95,050	37,750		0	132,800
122,350		Downland Trees and Woodland	55,800	104,000	8,950	(59,500)	109,250
33,300	E18	Highways	0	0	0	0	0
0	E19	General Engineering	99,600	19,650	0	(119,250)	0
14,700	E20	CCTV	11,450	600	0	0	12,050
176,050	E21	Seafront/Parades & Decorative Lighting	107,350	49,800	15,850	0	173,000
0	E22	Surface Water Management Plan	0	17,900	0	0	17,900
956,700	E23	Coast Protection	81,450	54,250	817,250	0	952,950
1,147,450		General Engineering	299,850	142,200	833,100	(119,250)	1,155,900
0	E24	Planning Manager	64,700	142,550	0	(207,250)	0

ENVIRONMENTAL SERVICES							
2010-11				2011-12			
Original Budget	Ref	Service	Net Operational Cost	Support Costs	Capital Charges	Reallocations	Original Budget
290,550	E25	Development Control	119,650	176,050	0	0	295,700
166,950	E26	Building Control	72,000	0	0	0	72,000
397,950	E27	Planning Policy & Strategy	401,950	142,950	20,000	0	564,900
231,050	E28	Economic Development	228,850	242,950	0	(133,200)	338,600
0	E29	Environmental Partnership	13,000	0	0	0	13,000
7,912,800		Total Environmental Management	6,571,950	2,322,450	1,092,450	(1,551,450)	8,435,400
Environmental Enforcement							
228,850	E30	Community Enforcement	125,950	48,600	0	0	174,550
16,900	E31	EH Licensing	(10,950)	58,550	0	0	47,600
834,250	E32	Health & Environment Team	590,000	212,400	1,250	0	803,650
1,080,000		Total Environmental Enforcement	705,000	319,550	1,250	0	1,025,800
8,992,800		TOTAL ENVIRONMENTAL SERVICES	7,363,500	2,914,650	1,093,700	(1,910,650)	9,461,200

ENVIRONMENTAL SERVICES BUDGET CHANGES		
Service Area	Description	£'000
All	2010-2011 Base budget	8,992,800
Agreed Savings:		
Efficiency Savings		
Amenities Support	Reduction in Support Team - Improved Ways of Working	(12,900)
Cleansing	Elimination of Gate Fee for Green Waste	(100,000)
Cleansing	Improved bring site collection method	(45,000)
Downland and Community Enforcement	Better Procurement of transport and printing	(7,000)
Economic Development	Procurement saving on EBCG - new contract	(4,000)
Planning	Partnership saving with Wealden D.C.	(36,000)
Planning	Business Process Improvements - Scanning	(20,000)
Health & Environment	Better ways of working - staffing saving	(10,000)
Engineering	Minor efficiencies	(1,000)
Health & Environment	Minor efficiencies	(8,850)
		(244,750)
Service Alterations		
Amenities Support (Miscellaneous)	Coach control at Pier Head - Highways functions transferred to ESCC	(8,400)
Amenities Support (Miscellaneous)	Bus shelter maintenance	(2,650)
Amenities Support (Miscellaneous)	Precinct maintenance	(4,000)
Engineering	Seafront maintenance	(6,700)
		(21,750)
Income Generation		
Community Enforcement	Increased enforcement income	(4,000)
Health & Environment	Inflationary increases in Fees	(6,000)
		(10,000)
Other Changes		
Downland	Abolition of South Downs Joint Committee (now SDNP)	(13,200)
Engineering	Contingency budget never used	(3,000)
Planning	Reduce contingency budget - fund major appeals from reserves	(8,000)
Engineering	Coast Protection - maintenance not required following major scheme	(23,000)
		(47,200)
Cost Pressures:		
Inflation		241,500
Changes in Income targets		
Energy & Environment	Unrealistic historic income targets	14,550
Other Growth		

ENVIRONMENTAL SERVICES BUDGET CHANGES		
Service Area	Description	£'000
Energy & Environment	CEPE - Supporting Budget	3,000
Energy & Environment	SAQP - annual payment	4,000
Amenities	Loss contribution - Highways Agency - Transfer to ESCC	74,450
Building Control	Increase budget for Management Fee	20,250
		101,700
Non Recurring Service Investments		
Cleansing	Waste contract up front procurement costs	50,000
Energy & Environment	CEPE - Implementing Community Network	6,000
Energy & Environment	CEPE - Purchase of Watt Bikes to help with education on CO2 reduction	4,000
Planning	LDF - Public Inquiry - statutory	130,000
Eco Dev	Wish Tower facilitation budget (2 years capitalised)	20,000
Eco Dev	Science Park facilitation budget (3 years capitalised)	40,000
		250,000
Other Budget Movements		
Various	Permanent budget virements	211,750
Various	Support service recharges	(143,100)
Various	Depreciation	115,700
		184,350
Total Changes		468,400
2011-2012 Budget		9,461,200

TOURISM AND LEISURE SERVICES								
2010-11				2011-12				
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £	
0	T1	Senior Head of Tourism Services	98,050	252,600	0	(350,650)	0	
0		Senior Management	98,050	252,600	0	(350,650)	0	
(5,900)	T2	Sports Grounds	(5,250)	1,100	400	0	(3,750)	
0	T3	Sport, Youth and Leisure Manager	56,450	77,950	0	(134,400)	0	
491,200	T4	Sports & Community Centres	299,600	170,850	16,200	0	486,650	
666,100	T5	Leisure Contract	356,800	20,200	264,500	0	641,500	
(94,500)	T6	Catering Outsourcing	(109,650)	17,800	0	0	(91,850)	
1,056,900		Sport & Leisure	597,950	287,900	281,100	(134,400)	1,032,550	
0	T7	Theatres Admin	565,200	212,500	9,050	(786,750)	0	
338,450	T8	Congress Theatre	(80,550)	301,250	93,300	0	314,000	
489,400	T9	Devonshire Park Theatre	158,400	297,000	50,100	0	505,500	
89,600	T10	Royal Hippodrome	(28,400)	121,000	15,000	0	107,600	
312,150	T11	Winter Garden Theatre	129,150	128,400	49,450	0	307,000	
1,229,600		Theatres	743,800	1,060,150	216,900	(786,750)	1,234,100	
235,500	T12	Tourism Development	277,650	182,100	0	(186,850)	272,900	
(9,250)	T13	Communications Unit	13,600	25,500	0	(41,300)	(2,200)	
94,350	T14	Conference & Group Travel	42,350	46,900	0	0	89,250	
130,600	T15	Tourist Information	119,500	44,950	4,400	0	168,850	
171,150	T16	Seafront Attractions	34,850	109,550	80,250	0	224,650	
622,350		Tourism	487,950	409,000	84,650	(228,150)	753,450	
650,900	T17	Events	420,100	385,300	66,150	(293,900)	577,650	
119,000	T18	Tennis	37,900	72,850	0	0	110,750	
769,900		Events & Devonshire Park	458,000	458,150	66,150	(293,900)	688,400	
569,300	T19	Towner	584,500	181,600	137,600	(14,500)	889,200	
126,100	T20	Redoubt & Wish Tower Museums	114,300	31,750	7,200	0	153,250	
695,400		Galleries & Museums	698,800	213,350	144,800	(14,500)	1,042,450	
4,374,150		TOTAL TOURISM AND LEISURE SERVICES	3,084,550	2,681,150	793,600	(1,808,350)	4,750,950	

TOURISM & LEISURE SERVICES BUDGET CHANGES		
Service Area	Description	£'000
All	2010-2011 Base budget	4,374,150
Agreed Savings:		
Efficiency Savings		
Events & Devonshire Park	Delete Vacant Posts	(17,100)
Events & Devonshire Park	Beachy Head marathon - event management within existing resources	(5,000)
Events & Devonshire Park	Rationalised administration	(1,500)
Sport & Leisure	Vacant post Duty Supervisor at Hampden Park - Cover by rostering	(24,000)
Sport & Leisure	Delete Vacant post at Shinewater - absorb duties	(3,800)
Galleries & Museums	Procurement saving - reduced cleaning contract costs	(15,000)
Galleries & Museums	Reduce postage through use of e-comms	(2,000)
Communications Unit	Procure communications via contract - net saving	(19,150)
Tourism	Reduction in staff transport costs	(4,000)
Events & Devonshire Park	Market research - deliver in house	(6,500)
		(98,050)
Other Changes		
Service Management	Reduce communications and initiatives budget	(9,000)
Cost Pressures:		
Inflation		111,200
Non Recurring Service Investments		
Events and Devonshire Park - for 3 years	To secure minimum three year commitment from the LTA to bring the International tennis event to Eastbourne 3 years not ongoing.	33,000
Tourism	Increase opening hours at TIC	20,000
Galleries & Museums	Museum Officer - short term contract	26,900
		79,900
Other Budget Movements		
Various	Permanent budget virements	152,400
Various	Support service recharges	88,750
Various	Depreciation	51,600
		292,750
Total Changes		376,800
2011-2012 Budget		4,750,950

Housing Revenue Account

Ref		2010-11 Original Budget £	2010-11 Revised Budget £	2011-12 Original Budget £
	Income			
H1	Gross Rents	12,410,450	12,346,300	13,029,950
H2	Charges for Services	769,400	824,100	863,050
H3	Government Grant - Housing Subsidy	1,246,500	1,455,050	908,950
	Gross Income	14,426,350	14,625,450	14,801,950
	Expenditure			
H4	Management Fee	6,696,500	6,776,000	6,801,150
H5	Supervision and Management	745,150	1,031,400	1,012,600
H6	Provision for Doubtful Debts	125,800	110,000	130,000
H7	Depreciation and Impairment of Fixed Assets	2,754,300	2,754,300	2,789,350
H8	Statutory Contribution to the General Fund - Rent Rebates	127,000	109,000	179,000
	Gross Expenditure	10,448,750	10,780,700	10,912,100
	Net Cost of HRA Services	(3,977,600)	(3,844,750)	(3,889,850)
H9	Loan Charges - Interest	3,546,900	3,744,000	3,702,050
H10	Interest Receivable	(15,900)	(11,000)	(11,650)
	Net Operating Surplus	(446,600)	(111,750)	(199,450)
	Appropriations			
H11	Capital Expenditure Charged to Revenue	220,000	0	0
	Housing Revenue Account (Surplus)/Deficit	(226,600)	(111,750)	(199,450)
H12	In hand at 1st April	(1,545,000)	(1,424,252)	(1,536,002)
H13	Withdrawal/(Addition)	(226,600)	(111,750)	(199,450)
	In hand at 31st March	(1,771,600)	(1,536,002)	(1,735,452)

HOUSING REVENUE ACCOUNT BUDGET CHANGES**£'000****2010-2011 Base budget****(226,600)****Changes in income**

Gross Rents (619,500)

Charges for Services (93,650)

Government Grants 337,550

Expenditure Changes

Management Fee 104,650

Supervision and Management 267,450

Provision for Doubtful Debts 4,200

Depreciation and Impairment of Fixed Assets 35,050

Statutory Contribution to the General Fund - Rent Rebates 52,000

Changes in debt management costs

Loan Charges - Interest 155,150

Interest Receivable 4,250

Appropriations**(220,000)****2011-12 Budget****(199,450)**

Summary of General Fund Capital Programme 2010 to 2014

	Total Original 2010/11	Total revised 2010/11	Total 2011/12	Total 2012/13	Total 2013/14
<u>Capital Programme</u>	£'000	£'000	£'000	£'000	£'000
Community Services	8,086	2,418	17,676	5,579	579
Environment & Planning	5,164	5,087	1,124	259	40
Tourism & Leisure	206	351	205	74	74
Corporate & Core Services	1,177	4,501	917	323	83
Total Programme	14,633	12,357	19,922	6,235	776
<u>Financed By:-</u>					
Capital Receipts	2,385	1,400	2,239	436	276
Grants and Contributions	8,235	8,438	1,763	719	500
Section 106 Contributions	1,808	325	959	0	0
Revenue Contribution to Capital	0	744	0	0	0
Borrowing	2,205	1,450	14,961	5,080	0
Total Financing	14,633	12,357	19,922	6,235	776

CAPITAL PROGRAMME

Community Services	Total revised 2010/11 £'000	Total 2011/12 £'000	Total 2012/13 £'000	Total 2013/14 £'000
<i>Scheme</i>				
<u>COMMUNITY SERVICES - Block Allocation</u>	0	0	79	0
New Block Allocations	0	60	0	79
Orchard IT Upgrade	0	50	0	0
Solar Panels	0	13,500	5,000	0
<u>Crematorium</u>				
Crematorium Miscellaneous Works	8	17	0	0
Cremator Replacement	214	1,286	0	0
Memorial Safety Cems	10	24	0	0
Digitalise Burial Records	2	8	0	0
Children's Memorial	8	0	0	0
<u>Housing Grants</u>	0	0	0	0
Disabled Facilities Grants - Grant Funded	520	520	500	500
Disabled Facilities Grants - EBC funded	120	150	0	0
PSR/BEST	1,500	665	0	0
Care & Repair	29	0	0	0
<u>Social Housing</u>				
3-17 Jevington Gardens	0	575	0	0
Wartling Road	0	0	0	0
Venice House (YMCA)	7	0	0	0
Castle Restaurant	0	369	0	0
Avon Court	0	380	0	0
St Elisabeth's Church	0	52	0	0
<u>Community Development</u>				
Willington Trees Community Centre contribution towards Boxing Club multi-use gym extension	0	20	0	0
Total Community Services	2,418	17,676	5,579	579

CAPITAL PROGRAMME

Environmental Services	Total revised 2010/11 £'000	Total 2011/12 £'000	Total 2012/13 £'000	Total 2013/14 £'000
<i>Scheme</i>				
<u>ENVIRONMENT & PLANNING Block Allocation</u>	0	0	28	0
New Block Allocations	0	40	12	40
Contaminated Land	50	135	0	0
Planning Delivery Grant - Capital	0	89	0	0
Coast Defences Beach Man. Strategy	4,339	219	219	0
Seafront Cycling	15	32	0	0
Park and Ride	0	50	0	0
P&D Parking Machine Southfields Car Park	4	0	0	0
P&D Parking Machine Wish Tower CP	4	0	0	0
Radios Business Crime Group	50	0	0	0
Electronic gate Summerdale Nursery	6	0	0	0
Princes Park penstock	20	0	0	0
Modify and landscape 3 vacant playground	25	0	0	0
Princes Park (schemes to be decided)	10	200	0	0
Upgrade Poor Playgrounds	150	0	0	0
Playground Replacement (ROSPA Rec) 2010/11	50	0	0	0
Willingdon Trees Playground (PP)	50	0	0	0
Hampden Park Lake	30	30	0	0
Playgrounds Jerome Close	50	0	0	0
Channel View Rd Playground	0	83	0	0
Wartling Rd Playground	60	0	0	0
Sov Centre Skate Park	49	0	0	0
Hampden Park Playground	47	0	0	0
Play Area Sovereign Harbour	0	27	0	0
Sevenoaks Rd Rec Ground	40	0	0	0
Landscaping Wartling Road	2	0	0	0
Italian Gardens handrail	10	0	0	0
Tennis in the Park Disabled Access	10	0	0	0
Helen Gardens Play Area	16	0	0	0
Allotment Upgrade	0	95	0	0
Hampden Park Road Reconstruction	0	46	0	0
Playground Replacement (ROSPA Rec)				
2011/12	0	21	0	0
Motcombe Railings Replacement	0	36	0	0
Helen Gardens - Install Railings	0	21	0	0
Total - Environmental Services	5,087	1,124	259	40

CAPITAL PROGRAMME

Tourism & Leisure Services	Total revised 2010/11 £'000	Total 2011/12 £'000	Total 2012/13 £'000	Total 2013/14 £'000
<i>Scheme</i>				
<u>TOURISM & LEISURE Block Allocations</u>	0	16	57	0
<u>New Block Allocations</u>	0	59	17	74
Painting & Works to Wall Dev Park	2	0	0	0
Tennis Centre sealant works	17	0	0	0
Tractor Dev Park Grounds	13	0	0	0
Towner	34	0	0	0
Redoubt Fire Alarm	7	0	0	0
Redoubt Electrical Works	20	0	0	0
Redoubt Fortress Gates	0	20	0	0
Skateboard Park Replace Equipment	50	0	0	0
Volleyball Court	0	25	0	0
Cavendish Sports Dance Studio Floor	20	0	0	0
Old Town Rec	0	85	0	0
Congress Emergency Lighting (H&S)	10	0	0	0
Congress Lift (H&S)	21	0	0	0
Theatre Door Release Mechanism (H&S)	10	0	0	0
Congress Upgrade	8	0	0	0
Website Development	15	0	0	0
Micro sites move to Micro Net	4	0	0	0
Signage	25	0	0	0
Heritage Trail Signage	15	0	0	0
Bathing Cabins	0	0	0	0
Bandstand Resurface Walkways	64	0	0	0
Dotto Train Ramp	15	0	0	0
Total - Tourism and Leisure Services	351	205	74	74

CAPITAL PROGRAMME

Corporate and Core Services	Total revised 2010/11 £'000	Total 2011/12 £'000	Total 2012/13 £'000	Total 2013/14 £'000
<i>Scheme</i>				
<u>CORPORATE SERVICES Block Allocation</u>	0	0	0	0
New Block Allocations	0	84	83	83
Accom Strategy Agile	2,645	0	0	0
Agile External Building Works	965	0	0	0
Authority Web Civica Costs	54	0	0	0
IEG Projects	10	0	0	0
Wifi	12	0	0	0
Invest to Save Gas Meter replacement	15	0	0	0
Invest to Save	0	80	80	0
Asset Management Other	109	170	160	0
Town Hall Roof	511	0	0	0
Energy Efficiency Congress Boilers	9	0	0	0
6 Saffrons Rd Renovations	0	67	0	0
Asbestos at Work Regs	11	0	0	0
Blight Notices Purchases	160	0	0	0
Capital Contingencies	0	516	0	0
Total - Corporate and Core Services	4,501	917	323	83

CAPITAL PROGRAMME

Housing Revenue Account	Total revised 2010/11 £'000	Total 2011/12 £'000	Total 2012/13 £'000	Total 2013/14 £'000
<u>Capital Programme*</u>				
Decent Homes	3,967	1,358	0	0
Retirement Court Remodels**	1,500	1,521	0	0
New Build	3,133	331	0	0
Major Repairs and Other Capital	2,437	2,255	3,038	3,027
Total Programme	11,037	5,465	3,038	3,027

Financed By:-

HRA Subsidy - Major Repairs Allowance	2,369	3,085	2,738	2,727
Revenue Contributions	300	300	300	300
Grants and Contributions	2,088	420	0	0
Capital Receipts	0	1,660	0	0
Supported Borrowing	5,035	0	0	0
Prudential Borrowing	1,245	0	0	0
Total Financing	11,037	5,465	3,038	3,027

* The Capital Programme does not anticipate any resources that may arise from a successful Decent Homes bid for 2011/12 and 2012/13.

The Programme will be adjusted, if necessary, once the bid results are known.

** Remodelling planned for 2011/12 will be funded from temporary borrowing in lieu of capital receipts expected from retirement court disposals planned for that year.

PROJECTED USE OF RESERVES

	2010/11 Budget £	2010/11 Revised Budget £	2011/12 Budget £
General Fund Reserve			
In hand at 1st April	(4,375,000)	(4,539,070)	(4,221,053)
Transfer from General Earmarked Reserves	NIL	(107,983)	NIL
Transfer General Fund Surplus	NIL	(250,000)	NIL
Financing of Non Recurring Expenditure	267,000	257,000	496,900
Allocated for Future Use	NIL	419,000	NIL
In hand at 31st March	(4,108,000)	(4,221,053)	(3,724,153)

Strategic Change Fund Balance

In hand at 1st April	(1,055,000)	(962,378)	(793,670)
Transfer from General Earmarked Reserves	NIL	(477,322)	NIL
Withdrawal/(Addition)	NIL	185,247	NIL
Allocated For Future Use	NIL	460,782	NIL
In hand at 31st March	(1,055,000)	(793,670)	(793,670)

Council Tax Information

Tax Base

The Council has determined a tax base for 2011-2012 of 36,757.7

This is arrived at by multiplying the Relevant Amount of 37,700.2 by the Collection Rate of 97.5%.

The Relevant Amount is an estimate of the full year equated number of chargeable dwellings expressed as the equivalent of Band D dwellings.

The Collection rate has been set to allow for losses on collection of 2.5% due, for example, to exemption, bankruptcy and death.

It also makes provision for debts which ultimately prove to be uncollectable.

Tax Bands

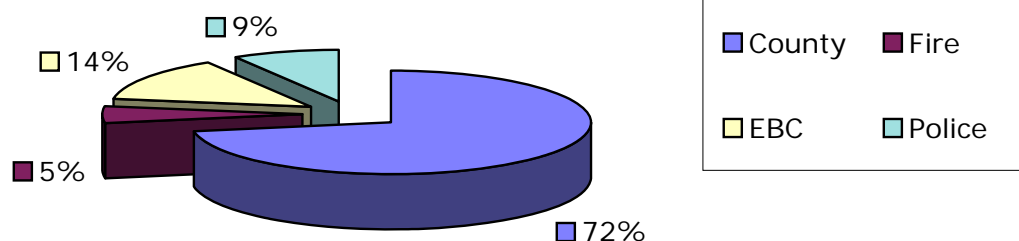
The table below sets out how the bill for each band is made up between the four precepting authorities.

It also shows the valuation and the relative weighting for each band.

Band	Valuation	Multiplier (ninths)	ESCC	East Sussex Fire	EBC	SUSSEX POLICE	TOTAL
A	up to £40,000	6	£772.20	£54.57	£149.46	£92.28	£1,068.51
B	£40,001 to £52,000	7	£900.90	£63.67	£174.37	£107.66	£1,246.60
C	£52,001 to £68,000	8	£1029.60	£72.76	£199.28	£123.04	£1,424.68
D	£68,001 to £88,000	9	£1158.30	£81.86	£224.19	£138.42	£1,602.77
E	£88,001 to £120,000	11	£1,415.70	£100.05	£274.01	£169.18	£1,958.94
F	£120,001 to £160,000	13	£1,673.10	£118.24	£323.83	£199.94	£2,315.11
G	£160,001 to £320,000	15	£1,930.50	£136.43	£373.65	£230.70	£2,671.28
H	over £320,000	18	£2,316.60	£163.72	£448.38	£276.84	£3,205.54

A breakdown of the Band D charge is shown below across the precepting authorities:

Breakdown of Band D charge for 2011-2012



Authority:	County	Fire	EBC	Police
Band D	£1,158.30	£81.86	£224.19	£138.42

Definitions of Budget Headings

Employees	Includes all employee related costs, both direct and indirect. Direct employee costs are Salaries, Employers National Insurance contributions, Employers pension contributions, agency staff and employee expenses. Indirect costs include relocation, interview, training, advertising and severance payments.
Premises	Includes costs directly related to the running of premises and covers repairs, maintenance, energy costs, rents, rates, water charges, fixtures, fittings, cleaning, grounds maintenance and premises insurance.
Transport	Includes all costs associated with the provision, hire or use of transport, including car allowances, travel expenses, transport insurance, hire and operating leases.
Supplies and Services	Includes all direct supplies and service expenses to the authority. It covers equipment, furniture, materials, catering, clothes, uniforms, printing, stationery and general office expenses, services communications, IT costs, subscriptions and grant payments.
Third Party Payments	A third party payment is a payment to an external provider in return for the provision of a service.
Transfer Payments	Includes the costs of payments to individuals for which no goods or services are received in return by the Council, for example, grants to the voluntary sector and Housing Benefit payments.
Government Grants	Specific and special grants from Government.
Other Grants and Contributions	Includes income received to finance a function/project which is undertaken with other bodies and contributions from other local authorities.
Customer and Client	Includes fees and charges for services, use of facilities, admissions and lettings.
External Recharges	Recharges made to outside bodies for expenditure incurred.
Internal Recharges	Recharges made to internal customers for services provided.
Support Services	These are charges for all support services. These costs are apportioned or allocated to the services they support and include the costs of finance, IT, human resources, office accommodation, legal services, internal audit, customer services, creditors, general income and insurances.

Definitions of Budget Headings

Capital Charges	This charge includes depreciation (the loss value during the year due to the age/use of the asset). This also includes Deferred Charges, which are where the Council has incurred capital expenditure but does not have a physical asset to show for it, an example being where the Council gives Disabled Facilities Grants to residents to make adaptations to their homes.
Reallocations	Value of service costs recharged to internal users.

BUDGET REPORTS

1 Medium Term Financial Strategy - Sustainable Delivery Strategy	14/07/2010
2 Council Tax Budget 2011/12 Draft Budget Proposals	15/12/2010
3 General Fund and Capital Programme	09/02/2011
4 Housing Revenue Account, Rent Setting and Capital Programme	09/02/2011
5 Council Budget and Setting of Council Tax	23/02/2011

BODY:	CABINET
DATE:	14th July 2010
SUBJECT:	Medium Term Financial Strategy 2010-2014
REPORT OF:	Chief Finance Officer
Ward(s):	All
Purpose:	To set out an overarching sustainable financial strategy to support the Council's strategic priorities and plans over the next three years.
Contact:	Alan Osborne, Chief Finance Officer, Tel 01323 415149 or internally on ext 5149
Recommendations:	<p>Members are asked to:</p> <ul style="list-style-type: none"> i) Approve the medium term financial strategy 2010-14 and the scenarios in Appendix 4. ii) Agree the balance of assumptions made in the strategy and request that the Strategy be brought back to Cabinet if there are significant changes to the assumptions prior to the 2011/12 budget setting. iii) Agree the minimum target of £3m recurring revenue savings for the Councils corporate and service planning process for 2011/14. iv) Agree the priority matrix as per Appendix 2 together with the tiered target and priority bands to be applied to each grouping and note the broad effect of the minimum savings being made in Appendix 3. vi) Request that the emerging budget proposals for 2011/12 be brought to Cabinet in December prior to detailed consultation. vii) Note the principal risks of the strategy in Appendix 1.

1.0 Introduction

- 1.1 The Councils Medium Term Financial Strategy is a Rolling 3 year Strategy that takes into account:

- The external financial environment
 - The overall financial demand of services
 - The Councils existing and projected financial resources
 - The Councils political priorities and stated aims
 - Financial policy of sustainability
 - The Councils improvement journey
 - The Councils sustainable service delivery strategy
 - The major service strategies and plans
- 1.2 The MTFS was last approved in October 2009 prior to the 2010/11 budget setting process and is updated annually.
- 1.3 In common with all the public sector the medium term outlook for the Council is extremely challenging and in order to protect and improve services an ambitious ongoing programme of savings is key to success. With more radical measures required, it is essential that the Council takes a medium term approach to savings as some savings will re inevitably take longer to plan and deliver.
- 1.4 Recent Government announcements and the Emergency budget of 22 June 2010, have set out a broad strategy to deal with the National budget deficit, this will have a direct effect on the Councils MTFS and the services it provides.
- 1.5 The previous Government set a target of 4% efficiency savings per annum (around £720,000 for EBC) the Council set out an overall target of 6-8% for all savings for 2010/11 and achieved 7% (£1.3m).
- 1.6 The Council has already embarked on a radical change programme under DRIVE new full year savings of over £1m per annum have already been implemented for the last two years.
- 1.7 In setting the 2010/11 budget the Council achieved its "Golden Rule" of meeting its ongoing budget requirement from ongoing resources.

2.0 Sustainable Finance

- 2.1 The basic legal definition of a balanced budget is that planned expenditure can be met from income and reserves.
- 2.2 Whilst that definition is the legal minimum, it does not provide for sustainability if reserves are used in the long term to resource any differences between ongoing expenditure commitments and ongoing incoming resources.
- 2.3 Therefore it is proposed that over the cycle of the MTFS ongoing expenditure must be financed from ongoing resources with only non recurring investments being met from any surplus reserves.
- 2.4 The Capital Programme also has an effect on the Councils revenue finances as any investments that cannot be met from grants, contributions, capital receipts or straight revenue funding need to be met

from borrowing. This has to be repaid with interest from revenue over time.

- 2.5 The Council has recently taken on additional borrowing in the Housing Revenue Account in order to meet the decent homes standard. This borrowing is supported by the housing subsidy system and therefore has no long term impact on the Council's General Fund Revenue Account. The Government is currently consulting on "buying back" debt from Councils such as Eastbourne by "selling" debt to Councils that currently do not have debt. The subsidy system would be used to offset any gains or losses, leaving Councils to self finance debt in relation to housing. The earliest this change could happen is 1.4.11.
- 2.6 The General Fund does have some historic debt of £8m which is fully financed by way of interest charges and the Minimum Revenue Provision (MRP) of £300,000 per annum. The Council also has a contract in relation to the Sovereign Leisure Centre where the revenue management charge includes provision to repay the cost of capital provided by the contractor.
- 2.7 It is up to Councils to set their own MRP and balances of Capital Receipts and Contributions can be offset to reduce this liability in the short term, although this only provides for short term relief against the cost of capital. The current policy of the Council is to pay the 4% MRP, although the new Strategy recently approved by the Council does allow some flexibility to reduce this if necessary.
- 2.8 Capital investment can be used as "invest to save" therefore borrowing is an important tool in the overall financial strategy where savings exceed the cost of capital. The refurbishment of 1 Grove Road is a good example of where the Council has agreed to use prudential borrowing supported by savings made by the increased occupancy.

3.0 The National Financial Picture

- 3.1 The new Government has set out a plan to significantly reduce the nation's structural budget deficit within the lifetime of the current parliament.
- 3.2 This involves various measures that will reduce the amount of resources to the public sector, including:
- A 25% overall reduction in expenditure on public services over 4 years
 - Protection for some services (not local government implying a greater proportion for councils)
 - Reductions and/ or the ending of some specific grants e.g.
 - Planning and Housing Delivery Grant
 - Local Authority Business Growth Incentive Scheme
 - LAA Reward Grants
 - Area Based Grant

A paper on the effects of some of these grants on the Council is included

elsewhere on the agenda.

- 3.3 The current low interest rates severely reduce the income to councils who generate investment income due to positive cash flow and reserve balances.
- 3.4 The Government continues to target an inflationary rate of 2% using its preferred method of Consumer Price Index (CPI) although the rate is currently over 3%.
- 3.5 The main effect of the emergency budget to this Council will be the amounts made available via the Revenue Support Grant. Currently the Council receives £10.4m per annum, this strategy assumes that the grant will be cut by 20% in cash terms (30% in real terms) over two or three years. This is in excess of the national target as it assumes a disproportionate effect on local government and by being prudent it will create more choice in the priorities of the council moving forward.
- 3.6 Against this backdrop service demands on Councils are ever increasing with demographic and downturn causal effects.
- 3.7 In order to help mitigate the deficit and public sector spending, the Government has announced a pay freeze for all public sector workers earning over £21,000 for two years in addition to the "nil offer" by the employers in 2010/11. Chief Officers received a zero percent increase in 2009/10 too. For workers earning under £21,000 a flat £250 per annum rise is proposed for two years from 2011/13.
- 3.8 The Government has appointed a commission to look at public sector pensions. Any changes announced are however unlikely to have a material effect on the existing employers contributions in the lifetime of this MTFS.

4.0 The strategy commentary and main assumptions

4.1 Issues arising from 2009/10

The Foundation of any sound financial plan is a stable budget to outturn position. The 2009/10 outturn, whilst containing normal variances in the year, resulted in a positive overall variance on normal activities of £233,000. Reserves were also increased as a result of one off credits of £175,000. Thus increasing reserves by over £400,000.

4.2 Issues in 2010/11

In 2010/11 there remains one main challenge namely the downturn and in particular its effect on income levels in discretionary services and service demands in free statutory services.

4.3 Inflation on goods and services

The Government has a long term commitment to retain an inflation rate of 2% per annum (CPI) and therefore the strategy assumes that will be

the prevailing rate of its 3 year life.

The Council, in common with most, does not add inflation each year to its supplies and services budgets as this would add some £600,000 per annum.

Instead, it assumes a level of continuous improvement in procurement allowing for only contract inflation to be applied at a cost of some £200,000 per annum.

In the case of any pockets of high inflation (e.g. energy, insurance) a growth bid is made in the service and financial plans to the extent that these cannot be contained by other mechanisms. An allowance for unavoidable costs of £100,000 per annum is also assumed.

4.4 Pay inflation

One of the major costs in a District Council is the cost of its employees. This accounts for some £16m for the Council as a whole.

The current economic climate has some relief in this respect to the Council as during the last MTFS rises of 1.5% per annum were expected.

The new strategy assumes the following rates based on the Government Announcements :

Year	Under £21,000	Over £21,000	Chief Officers
2010/11	0.5%	0.5%	0
2011/12	£250	0	0
2012/13	£250	0	0
2013/14	2%	2%	2%

4.5 Pension costs

The increase in the Council's increase to employer contributions to the East Sussex Pension scheme is currently capped at 1% over 3 years (0.33% per annum increase) This expires in March 2011.

The next triennial revaluation of the fund is currently taking place which will set rates effective from April 2011. The cap for increases in employer contributions over the period is expected to be 2%.

Therefore the strategy assumes a rise of 0.66% per annum for the years 2011-2014.

4.6 Fees and charges

The Council currently receives income from fees and charges for its services of £12m.

In the wake of the downturn, the new strategy recommends that whilst

the Council will strive to charge for individual services at a rate concurrent with the standard of service, the Council wide effect of increases will amount to no overall gain in income in the first two years.

It is assumed that for the year 2013/14 an overall gain of £240,000 (2%) consistent with the Governments inflation target will be realised.

Individual service and financial plans will still strive to achieve some increases where it is felt appropriate and achievable.

4.7 Interest Rates

In reaction to the severe drop in interest rates in 2008/9 the Council had to reduce its target for net investment income by £350,000 in 2009/10. This represents approximately £100,000 per basis percentage point.

There are differing forecasts in the future profile of interest rates which are largely dependent on the recovery and inflationary pressures in the economy. Most analysts now predict that there will be a very slow recovery and rates will only be going to increase modestly in 2010/11.

The Council's treasury management advisers (Sector Ltd) are forecasting steadily rising rates that will take until the end of 2012 to get to 2008 levels. Other analysts predict a longer downturn and therefore a longer timescale for interest rate rises.

The strategy assumes no increase in overall yield from interest rate rises over the life of the MTFS with any surpluses used instead to finance capital expenditure (see 4.11 below) This can be retested as each year's budget is set.

4.8 Council Tax

The Council has a declared collection fund deficit of £1.4m.

Eastbourne's share of this deficit is £200,000 and is being recovered in 2010/11.

It is inevitable that surpluses and deficits will arise due to the fact that the tax base has to be estimated 3 months before the start of the year and the actual position is subject to collection fund performance.

The Government has announced a Council tax freeze for two years from 2011/13.

Whilst the detail of this freeze is yet to be announced, it has been assumed in this strategy that Council Tax yield will only rise with increased collection performance in the first two years (From the current 97.5% to 98%)

The strategy assumes a 2.5% rise in Council tax in 2013/14.

4.9 Government Grant

The Council currently receives £10.4m of revenue support grant.

From 2011 there will be a new three year comprehensive spending review as well as changes to the methodology. The settlement is due to be announced in December 2010.

Due to the announcement in the recent budget the strategy now assumes a cash reduction of 20% (real terms decrease of 30%) and models this over two and three years in **Appendices 4 and 4a**.

Due to the recent announcements on specific reward grants, the strategy continues to zero base these on the basis that if grants are received then spending plans can be brought forward to match the grants.

Responsibility for concessionary fares is set to transfer to East Sussex County Council from 1.4.11. Although the Council makes a net contribution to the scheme from taxpayer funds, for the purposes of this strategy it is assumed that the reduction in grants will equate to the budget reduction.

4.10 Unavoidable Growth

Every year due to service demand, legislation or other factors the Council needs to recognise an element of unplanned growth. With good budget monitoring and rigorous financial it can be reduced to a minimum and dealt with by compensating savings and or contingency budgets.

In 2009/10 there were two main areas of the budget that required permanent adjustment.

- Land Charges – change in legal regime that requires Councils to achieve a break even position (Councils have traditionally made a surplus on land charges) - £35,000
- Cost of added years given previously. The Council no longer awards added years, but where employees over 50 choose to take a lower redundancy payment they can opt for some added years - £65,000

Looking at previous years and comparing with similar authorities it seems reasonable to assume a level of £100,000 of unavoidable growth in any one year.

The detailed budget and service planning processes would identify any particular needs in future.

4.11 Revenue cost of Capital

An adjustment of some £700,000 was made to reduce income from investments in the setting of the 2009/10 budget. Assumed rates were reduced from 4% in 2008 to the current 0.5%. This has cost the Council some £350,000 per annum in lost interest.

Most analysts predict only a very slow increase in rates in 2010/11, and although there is the possibility that increased investment income could be budgeted to make a contribution to the net revenue budget, the strategy assumes instead that any gains will be used to finance further capital either direct from revenue or by making provision to finance further borrowing.

The table below shows the potential capital investment that could be derived from future increase in rates.

Increase in Interest Rate	Additional Revenue (£'000)	Amount of Capital Available (£'000)
1%	100	1,250
2%	200	2,500
3%	300	3,500
4%	400	5,000

The table assumes repayments over 25 years and a long term average investment return of 4%.

Invest to save schemes could be financed in addition to this where the saving is 8% or greater as a proportion of the initial investment. (4% capital 4% interest)

The Council currently makes a revenue contribution to capital in the region of £100,000 this will be reviewed as part of the 2011/12 budget setting process.

4.12 Revenue Headroom

The Cabinet has indicated that it would like to continue the migration of resources from non priority areas to priority areas over the life of the MTFS.

Clearly any headroom can only be achieved if savings achieved are greater than the reduction in resource to grant changes and the effect of inflation.

The strategy assumes that a minimum of £1m per annum of savings is required to make good the loss of grant and the effects of inflation.

The service and financial planning process and the detailed budget process will identify whether headroom can be created by making savings in excess of the minimum need.

4.13 Savings

Taking all known factors and assumptions as outlined above the Council needs make a minimum level of new savings of £1m per annum over the life of the MTFS.

Although the budget setting process for 2010/11 was a success by meeting the demands of the MTFs and the "Golden Rule" three learning points need to be taken into account for the process here on in:

1. The Council needs to prioritise its services in order to apply different savings targets across different service areas.
2. The need to take account of savings over a longer period to allow more radical measures the time to be delivered.
3. The continued need for "stretch targets" in order to move to a proper priority based budgeting approach.

To this end **Appendix 2** shows services in four bands of savings targets over the life of this strategy together with requirements to model all services with less resource than the minimum.

Achieving the minimum level of savings (£3m over 3 years) is assumed in the strategy based on the current 2010/11 budgeted cost. **(Appendix 3).**

The priority based bands are:

Band	Minimum %	Median %	Maximum %
1	5	7.5	10
2	15	17.5	20
3	20	25	30
4	30	40	50

4.14 The Housing Revenue Account (HRA)

The HRA is ring fenced from the General Fund although should it fall into deficit then it would have to be subsidised by the General Fund.

Transactions between the HRA and the General Fund comprise three main elements:

- Interest on the HRA balance paid to the HRA
- Debt charges paid by the HRA to the General Fund
- Recharges from the General Fund to the HRA for support services

For the purposes of this strategy it is assumed that there is no change to the existing overall level of transactions between the accounts.

It should be noted however that there are two developments underway:

- A review of the recharging for support services
- An efficiency programme specifically for the HRA in order to maintain a sustainable 30 year business plan

Should services provided by the Council to Eastbourne Homes be lost, an equal and opposite saving in the affected area should be made.

5.0 Reserves

5.1 The Council has four main reserves:

Revenue

- General Fund – As a contingency and working capital
- Strategic change – Set up in 2008/9 to support DRIVE
- Other Earmarked Reserves –For specific projects including carry forwards

Capital

- Usable Capital Receipts – for future capital schemes

In addition the Council holds funds on behalf of others e.g. section 106 contributions.

- 5.2 The un-audited 2009/10 accounts show balances available as general fund to be £4.5m. This is the assumed starting point for the MTFS. There is a planned draw on reserves to meet non recurring expenditure in 2010/11 of £267,000 however this will be offset by finalising the review of the residual earmarked reserves following the audit of the accounts.
- 5.3 The previous MTFS recommended a minimum general fund reserve of at least £2m. The budget paper in February itemised the risks and as they have not changed significantly in the interim, it is assumed that the minimum level of reserves is fixed at £2m for the MTFS.
- 5.4 The strategic change fund was established in 2008/9 in order to facilitate the release of ongoing savings. This reserve is a key enabler for change and therefore it is recommended that it is reviewed and potentially replenished over time. The balance on the reserve was £962,000 as at 31.3.10.
- 5.5 The system of carry forwards was stopped in 2009/10, with the exception of partnership and third party funds. The Council now follows a policy of pooling all general reserves which better facilitates corporate planning.
- 5.6 The Council has had a conscious policy of keeping reserve levels above minimum levels in reaction to the recession and the impending squeeze on public sector spending. The MTFS shows that if the R.S.G. is cut by 30% in real terms over three years then there will be no requirement to use reserves, other than potentially as one of investments in the corporate plan or revenue invest to save schemes.
- 5.7 Should a 30% reduction in RSG happen more quickly (in two years) then the effect on revenue reserves will be a net reduction of £1m over three years.

6.0 Main Risks

- 6.1 The main risks in this strategy and strategy to manage are included at **appendix 1.**

7.0 Consultation

- 7.1 The MTFS starts the period of consultation and a separate paper on the agenda on the Councils improvement journey makes recommendations on the consultation processes from now until the budget setting in February 2011.
- 7.2 It is a requirement to consult with the Business Community over the detailed budget proposals that will emerge from this strategy in the autumn.
- 7.3 The Joint Staff Committee is being brief regularly as the process emerges.
- 7.4 Following a motion at Council in February, a series of meetings with the Leaders and Finance Portfolio Holders and their shadow counterparts facilitated by the Chief Executive and Chief Finance Officer.

8.0 Conclusions

- 8.1 In order to maintain sustainable finances the Council will need to make efficiency savings or service alterations to the order of £3m per annum by the end of the life of this strategy.
- 8.2 Due to the scale of the challenge the programme of change will require more radical measures for savings that often have a lead in period of 1 to 2 years, therefore the service and financial plans need to look over a longer timeframe and use a scenario based approach so that the best decisions can be made for services and sustainability.
- 8.3 The MTFS is a key corporate planning tool and supports the Councils change agenda.

Alan Osborne
Chief Finance Officer

Background Papers:

The Background Papers used in compiling this report were as follows:

Cabinet Reports: – Finance Matters (Standing Item)

- *Budget and Council Tax Setting February 2010.*
- *MTFS – October 2009.*
- *Statement of Accounts – June 2010*

Audit Committee- Final Accounts- 30 June 2010.

To inspect or obtain copies of background papers please refer to the contact officer listed above.

MTFS20102014-final.doc

Risk/Effect	Contained in Strategy	Appendix 1 Other Potential Mitigation
Income Reduction	<ul style="list-style-type: none"> • Statutory recession hit income budgets adjusted in 2009/10 • No growth assumed in overall income targets in 2010/11 rising by only 2% in 2013/14 	<ul style="list-style-type: none"> • Service and Financial Plans to test possible income generation activities and price sensitivity • Managers given freedom to set prices in accordance with service levels and market conditions • New sources of income explored in Plans • Service reviews at 2 levels in service and financial planning process.
Government Support Being Reduced even further	<ul style="list-style-type: none"> • Assumption of 30% over two or three years modelled. • Priority levels shown with “stretch” targets 	<ul style="list-style-type: none"> • Service alterations to a modified level • Change assumptions in budget setting • Update MTFS if uncontrollable
Benefits Performance	<ul style="list-style-type: none"> • Base budget adjustment in 2009/10 • Short term funding from DWP (£140k) to recognise caseload increase • Currently outperforming the base budget 	<ul style="list-style-type: none"> • Service Review (reported separately) • Mobilise resources from other areas if performance hit by staffing shortages • Relieve service with one off resources to avoid performance drop
Savings not being delivered	<ul style="list-style-type: none"> • Matching headroom spend with performance of savings delivery • Strategic Change Fund to support invest to save • Capital Invest to save available • Reserves well above minimum level 	<ul style="list-style-type: none"> • Use compensating savings in short term • Increase and manage a higher vacancy factor • Reduce discretionary spend in year

Minimum Target Bands

Appendix 2

Housing & Homelessness Strategy
Devolved Budgets
Members' Expenses & Admin
Elections
Customer Contact Centre
Homelessness
Community Development
Youth Development
Crime Reduction Partnership
Economic Development
Community Enforcement
Amenities Support
Community Grants
Trees & Woodland

5%

Communication & Participation
Housing Needs
Private Sector Housing
Cleansing
Refuse Collection
Street Cleansing
Green Waste
Parks & Gardens
General Engineering
Seafront
Sport & Leisure
Theatres
Tourism
Events & Devonshire Park
Galleries & Museums
Cemeteries & Crematorium
Car parking

15%

Corporate Management
General Income & System Support
Strategic Development
Performance & Risk Management
Employee Relations
Member Development
Legal Services
Development Control
Building Control
Committee Admin
Corporate Communications
Planning Policy & Strategy
Revenues & Benefits
Health & Environment
Property Management

20%

Accountancy
CFO
Internal Audit
Purchasing & Payments
HR Resourcing & Development
Payroll
IT & E-Government
Facilities Management
Downland Management

30%

	2010/11 Budget	5%	20%	15%	30%
	£'000				
Service Management	7	NIL	NIL	7	NIL
Direct Assistance	1,419	57	735	627	NIL
Community Activity	375	375	NIL	NIL	NIL
Strategic Performance	89	89	NIL	NIL	NIL
Community Services	1,890	521	735	634	NIL
Service Management	85	NIL	NIL	85	NIL
Environmental Management	7,309	383	535	6,242	149
Environmental Enforcement	711	128	583	NIL	NIL
Environmental Services	8,105	511	1,118	6,327	149
Service Management	104	NIL	NIL	104	NIL
Sport & Leisure	611	NIL	NIL	611	NIL
Theatres	702	NIL	NIL	702	NIL
Tourism	489	NIL	NIL	489	NIL
Events & Devonshire Park	437	NIL	NIL	437	NIL
Galleries & Museums	505	NIL	NIL	505	NIL
Tourism & Leisure Services	2,848	NIL	NIL	2,848	NIL
Corporate Management	339	NIL	339	NIL	NIL
Corporate Financial Services	872	NIL	52	NIL	820
Corporate Democracy & Partnership	1,081	384	383	163	151
Corporate Human Resources	514	NIL	116	NIL	398
Corporate Infrastructure Services	2,041	234	224	NIL	1,583
Corporate Services	4,847	618	1,114	163	2,952
Total	17,690	1,650	2,967	9,972	3,101
Total £k Savings at various %	3,102	83	593	1,496	930
TARGET	3,000				
+/-	(102)				

Based on 20% cash reduction in RSG over 2 years

Appendix 4

		2011/12	2012/13	2013/14
Total Budget		18,689	17,882	17,342
Less non recurring items		(267)		
Base Budget		18,422	17,882	17,342
(Includes Concessionary Fares)				
Pay and Price Inflation				
Pay Award and Increments		100	100	250
Pensions		60	60	60
Inflation on Contracts		200	200	200
Unavoidable Growth		100	100	100
Increases in Income		0	0	(200)
Total Budget Requirement		18,882	18,342	17,752
Current				
Government Grant	(10,420)	(9,378)	(8,336)	(8,336)
(Includes Concessionary Fares)				
Council Tax	Current			
Relevant Amount	37,606	37,606	37,606	37,606
Collection Rate	0.9725	0.975	0.980	0.980
Base	36,572	36,666	36,854	36,854
Band D	224	224	224	230
% Increase in Council Tax		0%	0%	2.5%
Total Council Tax	8,199	(8,220)	(8,262)	(8,469)
Total Sources of Funding		(17,598)	(16,598)	(16,805)
Gap in Funding		1,284	1,744	947
Savings Target		(1,000)	(1,000)	(1,000)
Residual Gap		284	744	(53)
General Reserves B/F		(4,500)	(4,216)	(3,472)
Collection Fund Deficit		0	0	0
Use of General Reserves		284	744	(53)
Reserves C/F		(4,216)	(3,472)	(3,525)

Based on 20% cash reduction in RSG over 3 years

Appendix 4a

		2011/12	2012/13	2013/14
Total Budget		18,689	17,882	17,342
Less non recurring items		(267)		
Base Budget		18,422	17,882	17,342
(Includes Concessionary Fares)				
Pay and Price Inflation				
Pay Award and Increments		100	100	250
Pensions		60	60	60
Inflation on Contracts		200	200	200
Unavoidable Growth		100	100	100
Increases in Income		0	0	(200)
Total Budget Requirement		18,882	18,342	17,752
Government Grant	Current (10,420)	(9,691)	(8,961)	(8,336)
(Includes Concessionary Fares)				
Council Tax	Current			
Relevant Amount	37,606	37,606	37,606	37,606
Collection Rate	0.9725	0.975	0.980	0.980
Base	36,572	36,666	36,854	36,854
Band D	224	224	224	230
% Increase in Council Tax		0%	0%	2.5%
Total Council Tax	8,199	(8,220)	(8,262)	(8,469)
Total Sources of Funding		(17,911)	(17,223)	(16,805)
Gap in Funding		971	1,119	947
Savings Target		(1,000)	(1,000)	(1,000)
Residual Gap		(29)	119	(53)
General Reserves B/F		(4,500)	(4,529)	(4,410)
Collection Fund Deficit		0	0	0
Use of General Reserves		(29)	119	(53)
Reserves C/F		(4,529)	(4,410)	(4,463)

BODY:	CABINET
DATE:	15th December 2010
SUBJECT:	Draft Budget Proposals 2011/12
REPORT OF:	Chief Finance Officer
Ward(s):	All
Purpose:	To summarise the main elements of the emerging 2011/12 revenue budget and capital programme that have arisen from the corporate and service financial planning process to date.
Contact:	Alan Osborne, Chief Finance Officer, Tel 01323 415149 or internally on ext 5149
Recommendations:	Members are asked to: <ul style="list-style-type: none"> i) Agree the draft budget proposals for consultation. ii) Agree the principal risks as outlined in 5.4

1.0 Introduction

- 1.1 Each year the Council consults with a range of stakeholders on its draft budget proposals for the following financial year.
- 1.2 The Cabinet will consider responses to the consultations at its meeting on 9 February 2010 and recommend a final budget and additions to the existing capital programme for 2011/12 to the Council on 23 February.
- 1.3 The process is an integral part of the corporate planning cycle that now looks over a medium term horizon.

2.0 Integrated Planning Process

- 2.1 In July, the Council adopted its latest medium term financial strategy that set the platform for the draft service and financial planning process during the summer and autumn. The strategy set out a 3 year programme with net savings targets of £3m recurring by 2013/14.
- 2.2 Consultation on these plans began at the same time which included Scrutiny, unions and staff as well as partners and the business and voluntary sectors including the neighbourhood panels and several interest groups.

- 2.3 Once the budget proposals have been agreed, the service plans will be updated and resource allocations reviewed in the light of any changes required by corporate plan priorities or the budget.
- 2.4 The Service plans will then be used to set service performance measures and individual staff performance and development plans.
- 2.5 Formal quarterly performance monitoring against key indicators informs the Council and its stakeholders of progress.

3.0 Background to the Budget Proposals

- 3.1 The MTFS set out the principles for the budgets of the following three years.
- 3.2 The main backdrop to the MTFS is the requirement to set a balanced budget and dealing with the effects on the Councils finances of the current recession.
- 3.3 The strategy set out a three year plan to:
- Deal with the impending reduction in the Government settlement of around 30% over a three year period
 - Integrate fully the service and financial planning process with the main change agenda under DRIVE
 - Work with clearly defined targets to the Agile and SSDS work programmes
 - Deal with the economic downturn and unavoidable growth in service demands
 - Continue building sustainable finances
 - Maintain front line services to the public
 - Make recurring net savings of around £3m per annum by 2013/14
 - Maintain at least a minimum level of reserves of £2m
 - Use surplus reserves in the medium term to:
 - Invest to save
 - Smooth the requirement for savings over the cycle of the MTFS
 - Invest in non recurring service development
 - Benchmark fees & charges against the service standard
 - Reinvest in value adding priority services when headroom is created
 - Set Council tax rises below the Governments capping level
 - Balance and maintain a balanced Collection Fund
 - Maintain a Strategic Change Fund to finance the DRIVE programme
 - Finance capital expenditure from identified resources
 - Use borrowing only on a business case basis
 - To budget for interest at the current level of base rate with any future increases being used to finance the capital programme
 - Introduce a process of priority based budgeting to target investment and differential levels of savings targets at services according to priority
 - Zero base volatile grant budgets
 - Consolidate usable reserves into three main areas:
 - General Fund Reserve (for contingency and one off investments)

- Strategic Change Fund (To use as invest to save and support DRIVE)
- Usable Capital Receipts (To finance capital expenditure)

- 3.4 In order that the process of priority based budgeting could be introduced and maintained the system of automatic carry forward of revenue and capital budgets was stopped in 2010/11 with only third party contributions automatically protected.
- 3.5 The Government's Comprehensive Spending Review (CSR) was announced on 20 October 2010 and a 28.4% reduction in support for local government was announced over 4 years. Whilst this was below the 30% over three years built into the MTFS , the Cabinet decided to carry on with the original plan on the basis that it would start to create headroom in future years and provide a challenge to the priority based budgeting system to be introduced for 2011/14.
- 3.6 Whilst at the time of writing the final settlement in respect of revenue support grant (RSG) as well as numerous other grant announcements have not yet been made, the Council has been advised by the Local Government Association of the likely impact of the CSR with reductions in RSG as follows over the period of the CSR together with the proposed new Council Tax grant which would apply if there was a freeze in council tax in 2011/12:

Year	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000
Reduction in RSG	931	496	62	403
Council Tax Grant	(201)	(205)	(211)	(216)

4 The Emerging Budget Proposals 2011/12

- 4.1 The service and financial planning process started in July and has culminated in the four departments presenting their plans to the Cabinet and shadow cabinet in November.
- 4.2 In response the challenge set out in the MTFS, the service and financial planning process has identified proposed savings of £1.315m (7.1%) shown in **(appendix 1)**

These are categorised as:

	<u>£k</u>
Efficiency savings	(1,054)
Increases in income	(148)
Other Changes	(76)
Service alterations	<u>(37)</u>
Total	<u>(1,315)</u>

- 4.3 A total of £840,000 of service growth is proposed categorised as follows **(appendix 2)**:

	<u>£k</u>
Corporate inflation	630
Reduced income targets	15
Other Growth	<u>195</u>
Total	<u>840</u>

- 4.4 The Cabinet indicates no rise in Council Tax for 2011/12 as the Council is likely to take advantage of the special grant to compensate it for four years.
- 4.5 The proposal also includes £427,000 of non-recurring service investment to be financed directly from reserves **(Appendix 2)** including:

	<u>£k</u>
LDF public inquiry	130
Invest to save schemes	77
Economic Development	60
Increased TIC Opening hours	20
Securing international tennis	33 (£100k over 3 years)
Langney Community Centre	40 (zero if grant application successful)
Private Sector Housing Survey	30
Other	<u>37</u>
Total	<u>427</u>

5.0 Summary of Revenue Proposals

- 5.1 The following is a summary of the effect of the proposed changes.

5.2	Proposal £m	MTFS £m
Base Budget 2010/11	18.422	18.422
Less Concessionary Fares	(1.729)	(1.729)
Growth (outlined in 4.3)	0.840	.460
Savings (outlined in 4.2)	(1.315)	(1.000)
Other adjustments	<u>(.022)</u>	<u>.029</u>
Net budget requirement	<u>16.196</u>	<u>16.182</u>
Funded By:		
Government Grants	(7,955)	(7.962)
Council tax (band D £224.19)	<u>(8,241)</u>	<u>(8.220)</u>
Total Resources	<u>(16,196)</u>	<u>(16.182)</u>
Forecast General Reserve 31.03.12	<u>£4m</u>	

5.4 Principal risks and opportunities and possible mitigation measures:

Risk / Issue	Comments
Government revenue grant settlement	Final settlement more likely to be better than predicted if front loading is reduced
Government – other grants	Housing Benefit (£1.05m) already announced Council not dependent on reward grants
Land Charges – income reduced	Possible reduction in charging opportunities likely to be offset by reductions in costs and potential Government funding
Inflation	3% built in for external contracts and pay awards per emergency budget. Contingency left from 2010/11 would deal with for one year and negotiations with main suppliers underway
Concessionary Fares	If transfer of resources via RSG is greater than budget then the earmarked reserve would fund the maximum potential outcome for at least one year
Cumulative effects of above	Priority based budgeting methodology would allow some further savings proposals to be brought forward. Any surplus headroom could be put in contingency.

6.0 Capital Programme 2011/14

- 6.1 The Council currently finances its capital programme from capital receipts and grants and contributions. There is currently £0.750m of capital resources available for the next three years in addition to the existing programme in as well as the remaining allocations from 2010/13.
- 6.2 In addition to these resources, borrowing is permitted on a business case basis where savings or new income generated from a scheme can repay the capital costs.
- 6.3 The principle of a 3 year rolling capital programme using indicative block allocations was established in the current years budget.
- 6.4 Additional individual schemes linked to corporate priorities will be developed as part of the development of the corporate plan in January and contained in the final budget and capital programme proposals to be agreed by the full Council in February.
- 6.5 It should also be noted that unlike the Council Tax, the capital programme can be varied at any time and that there are duties under certain schemes to consult with those affected before schemes are commenced. As well as schemes financed from internal resources, the corporate plan will look at schemes financed from external resources.

6.6

Council Priority	Services Area	Remaining Block Allocation (£'000)	Proposed Additional Allocation
Sustainable Performance	Asset Management	0	250
Thriving Communities	Community Services	238	200
"	Tourism and Leisure	88	150
Quality Environment	Environment & Planning	52	150
	TOTAL	378	750

7.0 Consultation

- 7.1 As outlined in sections 1 & 2, consultation is planned both internally and externally to supplement the comprehensive consultation programme to date.

8.0 Implications

- 9.1 None directly in respect of this report, the consultation with stakeholders will identify any significant implications, which will be reported alongside the final budget recommendations in February.

9.0 Conclusions

- 9.1 The Council is well placed to deal with the lasting effects of the economic downturn and subsequent reduction in support by central Government, however this has restricted choice in respect of new services requiring recurring investment.
- 9.2 Due to the improved reserves position it is possible that further one off investments in services can be considered as part of the corporate planning and budget setting process.
- 9.3 Should the budget proposals remain materially intact, the Council will have continued to shift its basic financial position from stabilisation to sustainability as outlined in the MTFs.

Alan Osborne
Chief Finance Officer

Background Papers:

The Background Papers used in compiling this report were as follows:

Budget 2009-10

Cabinet Reports: – Finance Matters Each Cabinet Meeting

- Budget Setting February 2010.

-MTFS July 2010..

Audit Committee- Final Accounts-June 2010 and September 2010.

To inspect or obtain copies of background papers please refer to the contact officer listed above.

Dept	Service	Proposal	2011/12 £'000
Efficiency Savings			
D&ES	Amenities Support	Reduction in Support Team - Improved Ways of Working	(13)
D&ES	Cleansing	Elimination of Gate Fee for Green Waste	(100)
D&ES	Cleansing	Improved bring site collection method	(45)
D&ES	Downland and Community Enforcement	Better Procurment of transport and printing	(7)
D&ES	Economic Development	Procurement saving on EBCG - new contract	(4)
D&ES	Planning	Partnership saving with Wealden D.C.	(36)
D&ES	Planning	Business Process Improvements - Scanning	(20)
D&ES	Health & Environment	Better ways of working - staffing saving	(10)
D&ES	Engineering	Minor efficiencies	(1)
D&ES	Health & Environment	Minor efficiencies	(9)
ComS	Revenue & Benefits	Business Process Improvements - Staffing savings	(100) *
ComS	Revenue & Benefits	Committal Cost Savings	(40) *
ComS	Revenue & Benefits	Procurement saving - Billing costs	(9) *
ComS	Revenue & Benefits	Improved performance in overpayment recovery	(37) *
ComS	Revenue & Benefits	Kent Benefit training partnership	12 *
ComS	Revenue & Benefits	Increase Capita phones contract	50 *
ComS	Merged Env Health Manager, Housing & Private Housing Team	Merged Teams	(71)
ComS	Community Development & Neighbourhood Projects (Merged)	Merged Teams and procurement of functions by third sector	(54) **
ComS	Community Development & Neighbourhood Projects (Merged)	Transfer of Community work to Third Sector	43 **
ComS	Customer Services	Rationalisation of Software - Maintenance saving	(13)
TS	Events & Devonshire Park	Delete Vacant Posts	(17)
TS	Events & Devonshire Park	Beachy Head marathon - event management within existing resources	(5)
TS	Events & Devonshire Park	Rationalised administration	(2)
TS	Sport & Leisure	Vacant post Duty Supervisor at Hampden Park - Cover by rostering	(23)
TS	Sport & Leisure	Delete Vacant post at Shinewater - absorb duties	(3)
TS	Galleries & Museums	Procurement saving - reduced cleaning contract costs	(15)
TS	Galleries & Museums	Reduce postage through use of e-comms	(2)
TS	Communications Unit	Procure communications via contract - net saving	(18)
TS	Tourism	Reduction in staff transport costs	(4)
TS	Events & Devonshire Park	Market research - deliver in house	(7)
CorpS	Personal Assistants	Better ways of working - reduce staffing costs	(10)

Dept	Service	Proposal	2011/12 £'000
CorpS	Local Democracy - Committee Admin/Members Services & Exps	Reduction in standards independent member allowances	(2)
CorpS	Local Democracy - Committee Admin/Members Services & Exps	Rationalised Mayor's chauffeur duties	(4)
CorpS	Strategic Development	Citizens Panel - Consult using other methods	(9)
CorpS	Strategic Development/Performance	Minor efficiencies	(4)
CorpS	Communications & Participation	LSP support to be provided by existing Community Services budgets	(18)
CorpS	Performance & Risk Management	Procure Risk Management guidance from alternative sources	(3)
CorpS	Legal Services	Savings on Practising certificates	(2)
CorpS	Legal Services	Migration of Law Library to electronic resources	(1)
CorpS	Land Charges	Restructure	(13)
CorpS	Financial Services	Restructure	(56)
CorpS	Financial Services	Partnership procurement of insurance contract	(20)
CorpS	Payroll and Information	Move to single monthly payroll	(18)
CorpS	Resourcing & Development	Move to electronic methods of I.T. training	(5)
CorpS	Resourcing & Development	Minor efficiencies	(3)
CorpS	Member Development	Absorb member development costs within existing resources	(3)
CorpS	IT & E Government	Procurement savings - security devices	(2)
CorpS	IT & E Government	Procurement saving - external contract	(5)
CorpS	IT & E Government	Procure IT health checks differently	(2)
CorpS	Facilities Management	Rationalise Office Occupation - introduction of agile working	(310) ***
CorpS	Facilities Management	Cleaning procurement saving	(4)
Efficiency Savings Total			(1,054)
Service Alterations			
D&ES	Amenities Support (Miscellaneous)	Coach control at Pier Head - Highways functions transferred to ESCC	(8)
D&ES	Amenities Support (Miscellaneous)	Bus shelter maintenance	(3)
D&ES	Amenities Support (Miscellaneous)	Precinct maintenance	(4)
D&ES	Engineering	Seafront maintenance	(7)
CorpS	Local Democracy - Committee Admin/Members Services & Exps	Reduction of STTR support	(12)
CorpS	IT & E Government	End website monitoring and statistics service	(3)
Service Alterations Total			(37)

Income Generation

Dept	Service	Proposal	2011/12 £'000
D&ES	Community Enforcement	Increased enforcement income	(4)
D&ES	Health & Environment	Inflationary increases in Fees	(6)
ComS	Cemeteries & Crematorium	Inflationary increases in Fees	(11)
ComS	Cemeteries & Crematorium	Inflationary increases in Fees	(40)
CorpS	Financial Services	Insurance commission	(13)
CorpS	Printing Services	External customers - inflationary increase	(1)
CorpS	Resourcing & Development	Increased CRB checks	(3)
CorpS	Estates Management/Corporate Property	Rent Reviews from estate (net of rent support)	(70)
Income Generation Total			(148)
Other Changes			
D&ES	Downland	Abolition of South Downs Joint Committee (now SDNP)	(13)
D&ES	Engineering	Contingency budget never used	(3)
D&ES	Planning	Reduce contingency budget - fund major appeals from reserves	(8)
D&ES	Engineering	Coast Protection - maintenance not required following major scheme	(23)
CorpS	Local Democracy - Elections	Saving made by joint elections	(12)
CorpS	Internal Audit	External consultants contingency budget	(10)
CorpS	Strategic Development	Surveys scrapped by new Government	(7)
Other Changes Total			(76)
TOTAL SAVINGS			(1,315)

Dept	Recurring Growth Service	Item	2011/12 Dec Cabinet £'000
Corporate Inflation			
CorpS	Corporate	Pay Award and contractual increments	100
CorpS	Corporate	Reduced inflation on refuse contract	0
CorpS	Corporate	Pensions - increase in employers contribution	60
CorpS	Corporate	NNDR Increases	100
CorpS	Corporate	Contractual Inflation	280
CorpS	Corporate	Increase in employers N.I.	90
	Corporate Inflation Total		630
Changes in Income targets			
D&ES	Energy & Environment	Unrealistic historic income targets	15
	Changes in Income Total		15
Other Growth			
D&ES	Energy & Environment	CEPE - Supporting Budget	3
D&ES	Energy & Environment	SAQP - annual payment	4
D&ES	Amenities	Loss contribution - Highways Agency - Transfer to ESCC	70
D&ES	Building Control	Increase budget for Management Fee	0
ComS	Revenue & Benefits	Increase budget for Discretionary Rate relief.	10
CorpS	Strategic Development	Local futures database subscription	6
CorpS	Strategic Development	Covalent - ongoing maintenance	6
CorpS	Estates Management	Property Information Management System	15
CorpS	IT & T-Government	Support for new data/telephony network	25 ***
CorpS	IT & T-Government	W2 annual support - new EDRMS	24 ***
CorpS	IT & T-Government	Civica Mobile annual support	9 ***
CorpS	IT & T-Government	Arbortrack	3 ***
CorpS	IT & T-Government	iWorld - W2 interfaces	4 ***
CorpS	IT & T-Government	Government Connect Leased Line	16
	Other Growth Total		195
TOTAL PROPOSED RECURRING GROWTH			840

Non Recurring Service Investments

Group	Service	Proposal	
ComS	Community Development & Neighbourhood Projects (Merged)	Langney Community Centre	40
ComS	Merged Environmental Health Manager, Housing & Private Housing Team	Renew 4 yearly private sector housing survey to support bidding process	30
D&ES	Cleansing	Waste contract up front procurement costs	50
D&ES	Energy & Environment	CEPE - Implementing Community Network	6
D&ES	Energy & Environment	CEPE - Purchase of Watt Bikes to help with education on CO2 reduction	4
D&ES	Planning	LDF - Public Inquiry - statutory	130
D&ES	Eco Dev	Wish Tower facilitation budget (2 years capitalised)	20
D&ES	Eco Dev	Science Park facilitation budget (3 years capitalised)	40
TS	Events and Devonshire Park - for 3 years	To secure minimum three year commitment from the LTA to bring the International tennis event to Eastbourne 3 years not ongoing.	33
TS	Tourism	Increase opening hours at TIC	20
TS	Galleries & Museums	Museum Officer - short term contract	27
CorpS	Local Democracy - Electoral Services	Postal vote identifiers - first tranche	10
CorpS	Communication and Participation	Replacement of emergency planning radio system	7
CorpS	Communication and Participation	Purchase of AIMS event and incident mapping system	2
CorpS	Estates Management - for 2 years	Task and Database Manager Fixed 2 years	6
CorpS	Employee Relations - Occupational Health	Purchase of defibrillator for 'new' 1 Grove Road EBC main site at Agile 'go live'	2

TOTAL NON RECURRING INVESTMENTS**427**

*** - linked with savings proposals

BODY: **CABINET - DRAFT**

DATE: **9 February 2011**

SUBJECT: **General Fund Revenue Budget 2011/12 and Capital Programme 2010/14.**

REPORT OF: **Chief Finance Officer**

Ward(s): All

Purpose: To agree the detailed general fund budget proposals for 2011/2012 and Capital Programme 2010-2014.

Decision Type: Key Decisions requiring approval of Full Council

Contact: Alan Osborne, Chief Finance Officer,
Tel 01323 415149 or internally on ext 5149

Recommendations: Members are asked to recommend the following proposals to full Council:

- i. General Fund budget for 2010/11 (Revised) and 2011/12 (original) **(Appendix 1)** including growth and savings proposals as set out **(Appendix 2)**
- ii. No increase in the Council Tax for Eastbourne Borough Council resulting in an unaltered Band D charge of £224.19 for 2011/12
- iii. General Fund capital programme and financing 2010/14 as set out in **(Appendix 3)**

1.0 Introduction

- 1.1 This report sets out the general fund revenue budget proposals for 2011/12 and a three year capital programme 2010/14.
- 1.2 The Housing Revenue Account 2011/12 and associated three capital programme, together with rent setting for 2011/12 is subject of a separate report elsewhere on this agenda.
- 1.3 The Council revised its medium term financial strategy (MTFS) in July 2010 and the Cabinet recommended a resulting draft 2011/12 budget proposal in December.
- 1.4 The medium term financial strategy and resulting draft budget has been subject to extensive consultation as reported in December.
- 1.5 The budget is the product of various plans and strategies as part of an integrated corporate planning process and is linked principally to:

- The MTFS
- Asset Management Plans
- The Corporate Plan
- Workforce Strategy
- Service Plans
- Treasury Management Strategy
- Sustainable Service Delivery Strategy
- Agile Working Programme
- DRIVE corporate change programme

1.6 The Chief Finance Officer has a legal responsibility to give positive assurances on:

- The robustness of the estimates used in the budget
- The level of reserves

If the recommendations of this report are agreed then these assurances will prevail.

2.0 **Summary of Recommended Budget Proposals**

2.1 The budget proposals include:

- No increase in the Council Tax in 2011/12
- Overall savings totalling £1.7m (9.5%)
- Efficiency savings of £1.4m (7.7%)
- Inflation of £0.6m (3.3%)
- Service Growth of £0.2m
- All recurring expenditure met from ongoing resources
- General Reserves averaging of £4m (against a minimum recommended of £2m)
- Strategic Change Fund £0.8m
- A three year capital programme based on corporate priorities
- Three year service and financial planning linked to initiatives under the DRIVE programme such as Agile Working and Sustainable Service Delivery Strategy

2.2 The budget represents a further reduction in financial risk by:

- Building on a sound outturn position
- Balancing the base budget requirement without needing to use reserves
- Identifiable and deliverable savings with accountability and no general unspecified targets
- Reserves well above the minimum level
- Having no speculative budget increase in interest receipts
- Continued zero basing of reward grants
- Substantial progress towards the three year targets set out in the MTFS

3.0 **2011/12 Resources**

3.1 Government Formula Grant and Council Tax Grant

3.2 The grant settlement of £7.540m represents a reduction of £2.880m (£1.332m after adjusting for concessionary fares transfer) which is a 12.8% cut in cash terms plus the effect of inflation.

3.3 In addition to the formula grant the Government is financing the cost of a 2.5% increase in council tax (£203,000) for the next four years. It is not clear what will happen beyond that period.

3.4 Council Tax

The proposal for no increase in council tax for 2011/12 would result in an unchanged Band D rate for 2011/12 of £224.19

3.5 The Council has to give an indication of likely future council tax rises, it is still expected that council tax will rise by no more than 2.5% per annum for each of the next three years.

3.6 Within this context for 2011/12, the Council will raise nearly £8.241m from its share of the council tax. This is determined by multiplying the council tax base of 36,758 Band D equivalent dwellings by the Band D tax rate of £224.19.

3.7 Summary - 2011/12 Resources

A summary of the resources available is shown below:

Source:	<u>£'m</u>
Government Formula Grant	(7.540)
Council Tax Grant	(.203)
Council Tax	(8.241)
Collection Fund Surplus	(.009)
Total Resources Available	(15.993)

3.8 In order to achieve a balanced budget, the Council will need to set a net expenditure budget for 2011/12 of £15.993m in line with the available resources set out above.

3.9 In December the Cabinet put forward its draft budget proposals, the main movements since then are summarised below:

Item	£'000 Dr	£'000 Cr	Notes
Additional loss of RSG	220		(£931k v £1151k reduction)
Interest payable by HRA to General Fund	74		The "Item 8" – announced subsequently
Housing Subsidy / Overpayment recovery		(362)	As per Month 6 performance report – now quantified

Balance to be found reported in December	22		Removal of balancing figure
Growth and savings items (per appendix2)	6		Itemised in appendix 2
Increase in contingency	40		Now £114k pure contingency in addition to pay awards and contract inflation
	362	(362)	

4.0 **Specific Grants**

- 4.1 In addition to the general grant distributed through the formula grant system, which is given towards financing the Council's net expenditure, The Government also provides some specific grants. These specific grants will fund in part or in full, service costs. For 2011/12 Government has, to date, announced the following specific revenue grant allocations:

Specific Grant	2011/12 £m
Housing & Council Tax Benefit Subsidy – (To be confirmed)	51.780
Housing Benefit Administration	1.056
Homelessness	0.187

4.2 Housing & Council Tax Benefit Subsidy:

As part of a national scheme delivered locally, this grant is intended to reimburse the Council for the awards of benefit it makes to eligible tenants in both the private and public rented sector, and to eligible council tax payers. Not only is this by far the largest single specific grant that the Council receives, but it is performance related. The Council has improved its performance in recent years and therefore able to make a significant saving to the council tax payer.

4.3 Housing Benefit Administration:

This is to fund the cost to Eastbourne of administering the national Housing and Council Tax Benefits scheme.

4.4 Homelessness:

This is intended to assist with prevention and to find alternative accommodation other than bed and breakfast. Homelessness grant of £187,000 per annum has been confirmed for the year 2011/12.

4.5 Concessionary Fares

Responsibility for administering the scheme passes to East Sussex County Council (ESCC) from 1 April 2011, this Council will continue to provide a service to applicants in respect of applications and renewals and be reimbursed by ESCC. All financial risk for the scheme will transfer, however

this Council will remain liable for any successful claims from operators relating to periods up to this date.

5.0 **Budget Movements**

The detailed budget proposals are set out in **(appendix 1)** which shows, in detail, the movement from the 2010/11 budget of £18.422m to the 2011/12 proposed budget of £15.993m. This movement is summarised below:

5.1	Movement from 2010/11 Base Budget	£'000	£'000
	Change in resources:		
	Main government grant	2,677	
	Council tax – increase in tax base/collection	(51)	
			2,626
	Cost pressures:		
	Inflation	615	
	Other unavoidable cost increases and changes in income	15	
	Service Growth for Priorities	219	
			849
	Savings:		
	Service alterations	(37)	
	Increased Income	(148)	
	Other changes	(142)	
			(327)
	Efficiency savings		(1,419)
	Transfer of Concessionary Fares		(1,729)
	TOTAL		(0)

5.2 Since the budget proposal approved by Cabinet in December, the main movements are shown in **Appendix 2**. The most significant change to the proposal as reported to the meeting was the Government grant settlement, however this and other minor changes are offset in full by other savings, principally in the housing benefit subsidy and overpayments budget as outlined in 4.2.

5.3 If Cabinet approves the proposals set out in the report it will be able to recommend to Council on 23 February a balanced budget in line with

available resources of £15.993m summarised in 3.7.

- 5.4 The Council now follows a three year financial planning cycle and the service and financial plans have been set out in detail for 2011/12 and indicatively for future years.
- 5.5 The Government has set out a four year programme of reductions in funding and the Councils MTFs already takes account of this. The change programmes in place such as Agile and the SSDS and the rest of the DRIVE programme will deliver savings over and above the minimum in order to create headroom for investment in priority services. Substantial benefits realisation has already been shown in the service plans.

6.0 **Risks, Contingencies and Reserves**

- 6.1 All budgets contain an element of financial risk. The Council sets an operational budget with careful consideration of known risks, but accepts that this cannot cover every eventuality. As a consequence the Council sets a contingency budget and holds a minimum level of general reserve as a hedge against additional and significant financial turbulence.

6.2 Principal Risks

The key areas of financial risk that the Council faces in the operation of its 2010/11 budget are:

- Housing and Council Tax Benefit Subsidy Performance;
- Increased rate of inflation on goods and services;
- Income from services linked to customer choice (theatres, tourism; sports centres, car parking);
- Demand led services (e.g. bed and breakfast);
- Loss of events sponsors ;
- Legal and other costs of employment cases;
- Costs of significant planning and/or licensing appeals;

On an exception basis, information on each of the risk areas identified above, together with any new and significant risks that may emerge over the course of the year, will be included in each financial performance report to Cabinet during the 2011/12 financial year.

6.3 Contingency

The 2011/12 budget includes a single corporate contingency of £114,000 to allow for unbudgeted expenditure or reductions in income. This is in addition to the known inflation and projected pay awards that have been built into the service budgets.

6.4 Reserves

- 6.5 Part 2 of the 2003 Local Government Act requires the Chief Finance Officer to report on the adequacy of the proposed financial reserves, and

determine the minimum level required. There is no statutory minimum requirement, but reserves must be set at a prudent level given the activities of individual Councils and potential liabilities that they face or may face in the future i.e. a risk based approach. The Council's earmarked reserves are reviewed at least annually for adequacy. If at any time the adequacy is in doubt the Chief Finance Officer is required to report on the reasons, and the action, if any, that he considers appropriate.

- 6.6 Officers will always seek to contain any unforeseen additional costs within allocated annual budgets, including the contingency budget, or from the utilisation of earmarked reserves. However, it is proposed that in addition to these the minimum level of general reserves be set at £2m based on the following:

6.7	Risk	£'m
	Unexpected Events e.g. flooding, major storm in excess of Bellwin Scheme provision	0.5
	Significant financial overruns e.g. prior year negative Housing Benefits subsidy adjustments (1% of claim)	0.5
	Exceptional fluctuations in income that have a major corporate impact e.g. loss of major sponsor close to an event (3% of income)	0.3
	Cost of providing priority services during an incident or emergency in excess of insurance cover	0.3
	Exceptional fluctuations in costs or demand that have a major corporate impact e.g. fuel costs	0.2
	Cost of significant breach of legislation e.g. health and safety, human rights	0.2

- 6.8 The overall proposed minimum level of £2 million is the same as the previous year and in line with the risk assessment outlined above. It is the view of the Chief Finance Officer that this level of reserves remains adequate to meet the current commitments and proposals detailed within this report and any unforeseen expenditure that cannot met by external resources.

- 6.9 Should the budget recommendations be followed, the level of general fund reserve is projected at £3.7m in 2012 (**Appendix 1**) In addition to acting as a potential buffer against future grant settlements, this should create further opportunities for one off investments in the future.

- 6.10 Strategic Change Fund:

In 2008/9 the Council set up a strategic change fund to assist with the DRIVE programme. The balance of the fund at 01/04/11 is projected at £0.8m (**Appendix 1**) and will be used to implement further phases of the DRIVE programme. Any use of the fund is approved by the Cabinet subject to the scheme of delegation.

6.11 Earmarked Revenue Reserves:

The Council has been following a process of consolidating its reserves into the corporate reserves above. This better facilitates corporate priority planning.

- 6.12 The Chief Finance Officer is required to report specifically on the robustness of the budget estimates. In 2009 the Council's integrated service and financial planning process has been improved. A key objective of the process is to enable service managers to identify cost pressures, risks and other potential budget problems for consideration by Chief Officers and Members. The Chief Finance Officer is satisfied that this process provides a robust basis for identifying appropriate budget estimates.

7.0 **Capital Programme 2010-2014**

- 7.1 The principles for formulating the capital programme were set out in the draft budget report submitted to Cabinet on 15 December 2010 and the new block allocations approved at that meeting have been added to the existing 3 year rolling programme. The updated programme is attached at (**Appendix 3**) for approval.

- 7.2 The Following new resources were allocated to the Councils priorities for future allocation

Council Priority	Services	Amount (£'000)
Sustainable Performance	Corporate Services (Asset Management)	250
Thriving Communities	Community Services	200
"	Tourism and Leisure	150
Quality Environment	Environment & Planning	150
	TOTAL	750

- 7.3 A total of £202,000 has been allocated from the block allocations for additional individual schemes that have now been developed and added to the programme, also two further schemes totalling £42,000 being financed from Section 106 contributions have been added. These are highlighted in (**Appendix 3**)

- 7.4 The Cabinet has approved in principle a project for the installation of Solar Panels to generate sustainable energy. A provisional sum of £18.5m has

been added to the capital programme over a two year period. This is subject to the final business case and details on the governance structure to oversee the project will be finalised in due course.

- 7.5 The Council has a policy of only using unsupported borrowing for schemes that are invest to save and can generate enough savings or additional income to service the financing costs.
- 7.6 The Housing Revenue Account capital programme is set out in another report on the agenda and once approved will be amalgamated with the general fund programme.
- 7.7 No uncertain future capital receipts have been factored into the available resource so there will be opportunities to supplement the programme as the three year period progresses. Potential disposals will be identified by the asset management plans.

8.0 **Consultation**

- 8.1 The Councils medium term financial strategy and the resulting draft budget proposal for 2011/12 as reported to Cabinet in December have been subject to wide and varied consultation. The outcome of which was reported to the Cabinet in December. The Scrutiny Committee held a finance event in October and has been invited to comment on the budget proposals.

9.0 **Implications**

9.1 **Financial**

The financial implications of all budget proposals are set out throughout the report and/or within its Appendices.

9.2 **Human Resources**

Implications have been discussed with Members through the detailed service and financial planning process, and where appropriate with the local Branch of Unison. Specific staff briefings have taken place as necessary.

9.3 **Environmental**

Both capital and revenue budget proposals include improvements to the maintenance of Council buildings and open spaces across the town. These include a number of energy efficiency initiatives to reduce usage, cost and emissions. Consultation with residents demonstrates that these types of initiatives are well supported and are seen as high priority areas for new investment.

10.0 **Conclusion**

- 10.1 The Council is well placed financially to meet the demands on its services as well as the reductions in Government support over the medium term.

Contact officer:
Alan Osborne
Chief Finance Officer

Background Papers:

The Background Papers used in compiling this report were as follows:

Cabinet reports:

15 December 2010

- *Council Tax Base for 2011/12*
- *Draft Budget Proposals 2011/12*
- *Consultation on Council priorities*

14 July 2010 – Medium Term Financial Strategy
- *Sustainable Delivery Strategy*

March 2010 – Agile Working Programme

To inspect or obtain copies of background papers please refer to the contact officer listed above.

	2010/11 Original Budget £'000	2010/11 Revised Budget £'000	2011/12 Budget £'000
Community Services			
Service Management	7	8	12
Direct Assistance	697	793	78
Community Activity	375	390	407
Strategic Performance	40	55	102
	1,119	1,246	599
Environmental Services			
Service Management	85	86	87
Environmental Management	6,085	6,416	6,559
Environmental Enforcement	697	708	718
	6,867	7,210	7,364
Tourism & Leisure Services			
Service Management	104	110	98
Sport & Leisure	611	621	598
Theatres	702	825	744
Tourism	489	487	488
Events & Devonshire Park	437	445	458
Galleries & Museums	505	658	699
	2,848	3,146	3,085
Corporate Services			
Corporate Management	339	347	335
Corporate & Financial Services	4,089	3,777	2,028
Corporate Democracy & Partnership	992	1,055	976
Corporate Human Resources	852	816	823
Corporate Support Services	1,583	1,539	1,280
	7,855	7,534	5,442
Contributions to/(from) Unearmarked Reserves	(267)	(257)	(497)
Contributions to/(from) Earmarked Reserves	NIL	(272)	NIL
Contributions to/(from) Strategic Change Fund	NIL	(185)	NIL
Eastbourne Borough Council Budget Requirement	18,422	18,422	15,993
Financed by			
Government Revenue Support Grant	(1,321)	(1,321)	(1,778)
Contribution from National Business Rate Pool	(9,099)	(9,099)	(5,762)
Council Tax Grant	NIL	NIL	(203)
Contribution to Council Tax Deficit/(Surplus)	197	197	(9)
Council Tax Collection Fund Precept	(8,199)	(8,199)	(8,241)
Total Financing	(18,422)	(18,422)	(15,993)

	2010/11 Original £'000	2010/11 Revised £'000	2011/12 Original £'000
General Fund Reserve			
In hand at 1st April	(4,375)	(4,539)	(4,221)
Transfer from General Earmarked Reserves	NIL	(108)	NIL
Transfer General Fund Surplus	NIL	(250)	NIL
Financing of Non Recurring Expenditure	267	257	497
Allocated for Future Use	NIL	419	NIL
In hand at 31st March	(4,108)	(4,221)	(3,724)
Strategic Change Fund Balance			
In hand at 1st April	(1,055)	(962)	(793)
Transfer from General Earmarked Reserves	NIL	(477)	NIL
Withdrawal/(Addition)	NIL	185	NIL
Allocated For Future Use	NIL	461	NIL
In hand at 31st March	(1,055)	(793)	(793)

	2010/11 Original Budget £'000	2010/11 Revised Budget £'000	2011/12 Budget £'000
Service Management	87	88	92
Charges outside General Fund	(80)	(80)	(80)
Service Management	7	8	12
Revenues and Benefits	631	662	195
Housing Services Management	103	99	100
Housing Needs	254	262	196
Homelessness	57	46	(11)
EH Manager	104	76	78
EH Private Sector Housing	319	415	312
Bereavement	(771)	(767)	(792)
Direct Assistance	697	793	78
Community Development	89	94	143
Community Grants	251	261	264
Youth Development	35	35	NIL
Community Activity	375	390	407
Housing / Homelessness Strategy	10	25	72
Crime Reduction Partnership	30	30	30
Strategic Partnership	40	55	102
Total Community Services	1,119	1,246	599

	2010/11 Original Budget £'000	2010/11 Revised Budget £'000	2011/12 Budget £'000
Service Management	85	86	87
Cleansing Management & Recyc. Amenities	4,303 (343)	4,386 (311)	4,453 (334)
Parks and Gardens	1,139	1,168	1,196
Downland Trees and Woodland	64	71	56
Highways	(80)	(67)	NIL
General Engineering	297	327	300
Planning Manager	64	54	65
Development Control	134	150	120
Building Control	71	93	72
Planning Policy & Strategy	266	368	402
Economic Development	170	177	229
Environmental Management	6,085	6,416	6,559
Community Enforcement	128	130	126
EH Licensing	(14)	(13)	(11)
Health & Environment Team	583	591	590
Community Environment Partnership	NIL	NIL	13
Environmental Enforcement	697	708	718
Total Environmental Services	6,867	7,210	7,364

Tourism & Leisure Services	2010/11 Original Budget £'000	2010/11 Revised Budget £'000	2011/12 Budget £'000
Service Management	104	110	98
Sport & Leisure	611	621	598
Theatres	702	825	744
Tourism	489	487	488
Events & Devonshire Park	437	445	458
Galleries & Museums	505	658	699
Total Tourism & Leisure Services	2,848	3,146	3,085

	2010/11 Original Budget £'000	2010/11 Revised Budget £'000	2011/12 Budget £'000
Corporate Management	339	347	335
Service Management	166	172	173
Finance Management/Operational Costs	706	524	454
Corporate Finance Costs	307	559	548
Concessionary Fares	1,729	1,729	NIL
Capital Financing	754	754	739
Contingencies	427	39	114
Corporate & Financial Services	4,089	3,777	2,028
Service Management	151	163	154
Local Democracy	541	554	535
Communication & Participation	163	170	158
Strategic Development	82	113	83
Performance & Risk Management	55	55	46
Corporate Democracy & Partnership	992	1,055	976
Service Management	111	118	118
Employee Relations	98	99	106
Member Development	18	25	22
HR Resourcing and Development	211	164	185
Payroll	76	72	54
Pensions	338	338	338
Corporate Human Resources	852	816	823
IT & E-Government	887	947	1,044
Facilities Management	696	693	394
Legal Services	137	98	77
Printing Services	(28)	(25)	(23)
Customer Contact Centre	234	183	185
Estates / Asset Management	(343)	(357)	(397)
Corporate Support Services	1,583	1,539	1,280
Total Corporate Services	7,855	7,534	5,442

Dept	Service	Proposal	2011/12 Dec Cabinet £'000	2011/12 Feb Cabinet £'000
Efficiency Savings				
D&ES	Amenities Support	Reduction in Support Team - Improved Ways of Working	(13)	(13)
D&ES	Cleansing	Elimination of Gate Fee for Green Waste	(100)	(100)
D&ES	Cleansing	Improved bring site collection method	(45)	(45)
D&ES	Downland and Community Enforcement	Better Procurment of transport and printing	(7)	(7)
D&ES	Economic Development	Procurement saving on EBCG - new contract	(4)	(4)
D&ES	Planning	Partnership saving with Wealden D.C.	(36)	(36)
D&ES	Planning	Business Process Improvements - Scanning	(20)	(20)
D&ES	Health & Environment	Better ways of working - staffing saving	(10)	(10)
D&ES	Engineering	Minor efficiencies	(1)	(1)
D&ES	Health & Environment	Minor efficiencies	(9)	(9)
ComS	Revenue & Benefits	Business Process Improvements - Staffing savings	(100)	(102) *
ComS	Revenue & Benefits	Committal Cost Savings	(40)	(40) *
ComS	Revenue & Benefits	Procurement saving - Billing costs	(9)	(9) *
ComS	Revenue & Benefits	Improved performance in overpayment recovery	(37)	(36) *
ComS	Revenue & Benefits	Kent Benefit training partnership	12	12 *
ComS	Revenue & Benefits	Increase Capita phones contract	50	50 *
ComS	Revenue & Benefits	Reduction in Local Authority errors and improved collection rate on debts	n/k	(362)
ComS	Merged Env Health Manager, Housing & Private Housing Team	Merged Teams	(71)	(69)
ComS	Community Development & Neighbourhood Projects (Merged)	Merged Teams and procurement of functions by third sector	(54)	(57) **
ComS	Community Development & Neighbourhood Projects (Merged)	Transfer of Community work to Third Sector	43	43 **
ComS	Customer Services	Rationalisation of Software - Maintenance saving	(13)	(13)
TS	Events & Devonshire Park	Delete Vacant Posts	(17)	(17)
TS	Events & Devonshire Park	Beachy Head marathon - event management within existing resources	(5)	(5)
TS	Events & Devonshire Park	Rationalised administration	(2)	(1)
TS	Sport & Leisure	Vacant post Duty Supervisor at Hampden Park - Cover by rostering	(23)	(24)
TS	Sport & Leisure	Delete Vacant post at Shinewater - absorb duties	(3)	(4)
TS	Galleries & Museums	Procurement saving - reduced cleaning contract costs	(15)	(15)
TS	Galleries & Museums	Reduce postage through use of e-comms	(2)	(2)
TS	Communications Unit	Procure communications via contract - net saving	(18)	(19)
TS	Tourism	Reduction in staff transport costs	(4)	(4)
TS	Events & Devonshire Park	Market research - deliver in house	(7)	(6)

Dept	Service	Proposal	2011/12 Dec Cabinet £'000	2011/12 Feb Cabinet £'000
CorpS	Personal Assistants	Better ways of working - reduce staffing costs	(10)	(10)
CorpS	Local Democracy - Committee Admin/Members Services & Exps	Reduction in standards independent member allowances	(2)	(2)
CorpS	Local Democracy - Committee Admin/Members Services & Exps	Rationalised Mayor's chauffeur duties	(4)	(4)
CorpS	Strategic Development	Citizens Panel - Consult using other methods	(9)	(9)
CorpS	Strategic Development/Performance	Minor efficiencies	(4)	(4)
CorpS	Communications & Participation	LSP support to be provided by existing Community Services budgets	(18)	(18)
CorpS	Performance & Risk Management	Procure Risk Management guidance from alternative sources	(3)	(3)
CorpS	Legal Services	Savings on Practising certificates	(2)	(2)
CorpS	Legal Services	Migration of Law Library to electronic resources	(1)	(1)
CorpS	Land Charges	Restructure	(13)	(13)
CorpS	Financial Services	Restructure	(56)	(56)
CorpS	Financial Services	Partnership procurement of insurance contract	(20)	(20)
CorpS	Payroll and Information	Move to single monthly payroll	(18)	(18)
CorpS	Resourcing & Development	Move to electronic methods of I.T. training	(5)	(5)
CorpS	Resourcing & Development	Minor efficiencies	(3)	(3)
CorpS	Member Development	Absorb member development costs within existing resources	(3)	(3)
CorpS	IT & E Government	Procurement savings - security devices	(2)	(2)
CorpS	IT & E Government	Procurement saving - external contract	(5)	(5)
CorpS	IT & E Government	Procure IT health checks differently	(2)	(2)
CorpS	Facilities Management	Rationalise Office Occupation - introduction of agile working	(310)	(310) ***
CorpS	Facilities Management	Cleaning procurement saving	(4)	(4)
Efficiency Savings Total			(1,054)	(1,419)
Service Alterations				
D&ES	Amenities Support (Miscellaneous)	Coach control at Pier Head - Highways functions transferred to ESCC	(8)	(8)
D&ES	Amenities Support (Miscellaneous)	Bus shelter maintenance	(3)	(3)
D&ES	Amenities Support (Miscellaneous)	Precinct maintenance	(4)	(4)
D&ES	Engineering	Seafront maintenance	(7)	(7)
CorpS	Local Democracy - Committee Admin/Members Services & Exps	Reduction of STTR support	(12)	(12)
CorpS	IT & E Government	End website monitoring and statistics service	(3)	(3)
Service Alterations Total			(37)	(37)

Dept	Service	Proposal	2011/12 Dec Cabinet £'000	2011/12 Feb Cabinet £'000
Income Generation				
D&ES	Community Enforcement	Increased enforcement income	(4)	(4)
D&ES	Health & Environment	Inflationary increases in Fees	(6)	(6)
ComS	Cemeteries & Crematorium	Inflationary increases in Fees	(11)	(11)
ComS	Cemeteries & Crematorium	Inflationary increases in Fees	(40)	(40)
CorpS	Financial Services	Insurance commission	(13)	(13)
CorpS	Printing Services	External customers - inflationary increase	(1)	(1)
CorpS	Resourcing & Development	Increased CRB checks	(3)	(3)
CorpS	Estates Management/Corporate Property	Rent Reviews from estate (net of rent support)	(70)	(70)
Income Generation Total			(148)	(148)
Other Changes				
D&ES	Downland	Abolition of South Downs Joint Committee (now SDNP)	(13)	(13)
D&ES	Engineering	Contingency budget never used	(3)	(3)
D&ES	Planning	Reduce contingency budget - fund major appeals from reserves	(8)	(8)
D&ES	Engineering	Coast Protection - maintenance not required following major scheme	(23)	(23)
ComS	Homelessness	Increase in Grant	0	(57)
TS	Service Management	Reduce communications and initiatives budget	0	(9)
CorpS	Local Democracy - Elections	Saving made by joint elections	(12)	(12)
CorpS	Internal Audit	External consultants contingency budget	(10)	(10)
CorpS	Strategic Development	Surveys scrapped by new Government	(7)	(7)
Other Changes Total			(76)	(142)
TOTAL SAVINGS			(1,315)	(1,746)

*/**/** Linked savings & growth items

Dept	Recurring Growth Service	Item	2011/12 Dec Cabinet £'000	2011/12 Feb Cabinet £'000
Corporate Inflation				
CorpS	Corporate	Pay Award and contractual increments	100	100
CorpS	Corporate	Reduced inflation on refuse contract	0	(15)
CorpS	Corporate	Pensions - increase in employers contribution	60	60
CorpS	Corporate	NNDR Increases	100	100
CorpS	Corporate	Contractual Inflation	280	280
CorpS	Corporate	Increase in employers N.I.	90	90
	Corporate Inflation Total		630	615
Changes in Income targets				
D&ES	Energy & Environment	Unrealistic historic income targets	15	15
	Changes in Income Total		15	15
Other Growth				
D&ES	Energy & Environment	CEPE - Supporting Budget	3	3
D&ES	Energy & Environment	SAQP - annual payment	4	4
D&ES	Amenities	Loss contribution - Highways Agency - Transfer to ESCC	70	74
D&ES	Building Control	Increase budget for Management Fee	0	20
ComS	Revenue & Benefits	Increase budget for Discretionary Rate relief.	10	10
CorpS	Strategic Development	Local futures database subscription	6	6
CorpS	Strategic Development	Covalent - ongoing maintenance	6	6
CorpS	Estates Management	Property Information Management System	15	15
CorpS	IT & T-Government	Support for new data/telephony network	25	25 ***
CorpS	IT & T-Government	W2 annual support - new EDRMS	24	24 ***
CorpS	IT & T-Government	Civica Mobile annual support	9	9 ***
CorpS	IT & T-Government	Arbortrack	3	3 ***
CorpS	IT & T-Government	iWorld - W2 interfaces	4	4 ***
CorpS	IT & T-Government	Government Connect Leased Line	16	16
	Other Growth Total		195	219
TOTAL PROPOSED RECURRING GROWTH			840	849

Non Recurring Service Investments

Group	Service	Proposal		
ComS	Community Development & Neighbourhood Projects (Merged)	Langney Community Centre	40	40
ComS	Merged Environmental Health Manager, Housing & Private Housing Team	Renew 4 yearly private sector housing survey to support bidding process	30	30
D&ES	Cleansing	Waste contract up front procurement costs	50	50
D&ES	Energy & Environment	CEPE - Implementing Community Network	6	6
D&ES	Energy & Environment	CEPE - Purchase of Watt Bikes to help with education on CO2 reduction	4	4
D&ES	Planning	LDF - Public Inquiry - statutory	130	130
D&ES	Eco Dev	Wish Tower facilitation budget (2 years capitalised)	20	20
D&ES	Eco Dev	Science Park facilitation budget (3 years capitalised)	40	40
TS	Events and Devonshire Park - for 3 years	To secure minimum three year commitment from the LTA to bring the International tennis event to Eastbourne 3 years not ongoing.	33	33
TS	Tourism	Increase opening hours at TIC	20	20
TS	Galleries & Museums	Museum Officer - short term contract	27	27
CorpS	Local Democracy - Electoral Services	Postal vote identifiers - first tranche	10	10
CorpS	Communication and Participation	Replacement of emergency planning radio system	7	7
CorpS	Communication and Participation	Purchase of AIMS event and incident mapping system	2	2
CorpS	Estates Management - for 2 years	Task and Database Manager Fixed 2 years	6	6
CorpS	Employee Relations - Occupational Health	Purchase of defibrillator for 'new' 1 Grove Road EBC main site at Agile 'go live'	2	2
TOTAL NON RECURRING INVESTMENTS			427	427

*** - linked with savings proposals

Summary of Capital Programme 2010 to 2014

	Total Original 2010/11	Total revised 2010/11	Total 2011/12	Total 2012/13	Total 2013/14
<u>Capital Programme</u>	£000	£000	£000	£000	£000
Community Services	8,086	2,418	17,676	5,579	579
Environment & Planning	5,164	5,087	1,124	259	40
Tourism & Leisure	206	351	205	74	74
Corporate & Core Services	1,177	4,501	917	323	83
Total Programme	14,633	12,357	19,922	6,235	776

Financed By:-

Capital Receipts	2,385	1,400	2,239	436	276
Grants and Contributions	8,235	8,438	1,763	719	500
Section 106 Contributions	1,808	325	959	-	-
Revenue Contribution to Capital	-	744	-	-	-
Borrowing	2,205	1,450	14,961	5,080	-
Total Financing	14,633	12,357	19,922	6,235	776

	Total Revised 2010/11	Total 2011/12	Total 2012/13	Total 2013/14	Note
<u>COMMUNITY SERVICES - Block Allocation</u>		-	79	-	
New Block Allocations		60	-	79	
Orchard IT Upgrade		50	-	-	- New capital
Solar Panels	-	13,500	5,000	-	- New Borrowing
<u>Crematorium</u>		-	-	-	
Crematorium Miscellaneous Works	8	17	-	-	
Cremator Replacement	214	1,286	-	-	
Memorial Safety Cems	10	24	-	-	
Digitalise Burial Records	2	8	-	-	
Children's Memorial	8	-	-	-	
<u>Housing Grants</u>		-	-	-	
Disabled Facilities Grants - Grant Funded	520	520	500	500	
Disabled Facilities Grants - EBC funded	120	150	-	-	- New capital
PSR/BEST	1,500	665	-	-	
Care & Repair	29	-	-	-	
<u>Social Housing</u>					
3-17 Jevington Gardens	-	575	-	-	
Wartling Road	-	-	-	-	
Venice House (YMCA)	7	-	-	-	
Castle Restaurant	-	369	-	-	
Avon Court	-	380	-	-	
St Elisabeth's Church	-	52	-	-	
<u>Community Development</u>					
Willington Trees Community Centre contribution towards Boxing Club multi-use gym extension	-	20	-	-	- New capital
Total Community Services	2,418	17,676	5,579	579	
<u>Allocation</u>		-	28	-	
New Block Allocations		40	12	40	
Contaminated Land	50	135	-	-	
Planning Delivery Grant - Capital	-	89	-	-	
Coast Defences Beach Man. Strategy	4,339	219	219	-	
Seafront Cycling	15	32	-	-	
Park and Ride	-	50	-	-	
P&D Parking Machine Southfields Car Park	4	-	-	-	
P&D Parking Machine Wish Tower CP	4	-	-	-	
Radios Business Crime Group	50	-	-	-	
Electronic gate Summerdale Nursery	6	-	-	-	
Princes Park penstock	20	-	-	-	
Modify and landscape 3 vacant playground	25	-	-	-	
Princes Park (schemes to be decided)	10	200	-	-	
Upgrade Poor Playgrounds	150	-	-	-	
Playground Replacement (ROSPA Rec) 2010/11	50	-	-	-	
Willingdon Trees Playground (PP)	50	-	-	-	
Hampden Park Lake	30	30	-	-	
Playgrounds Jerome Close	50	-	-	-	
Channel View Rd Playground	-	83	-	-	
Wartling Rd Playground	60	-	-	-	
Sov Centre Skate Park	49	-	-	-	
Hampden Park Playground	47	-	-	-	
Play Area Sovereign Harbour	-	27	-	-	
Sevenoaks Rd Rec Ground	40	-	-	-	

	Total Revised 2010/11	Total 2011/12	Total 2012/13	Total 2013/14	Note
Landscaping Wartling Road	2	-	-	-	-
Italian Gardens handrail	10	-	-	-	-
Tennis in the Park Disabled Access	10	-	-	-	-
Helen Gardens Play Area	16	-	-	-	-
Allotment Upgrade	-	95	-	-	-
Hampden Park Road Reconstruction	-	46	-	-	- New Capital
Playground Replacement (ROSPA Rec)	-	-	-	-	-
2011/12	-	21	-	-	- New S106
Motcombe Railings Replacement	-	36	-	-	- New Capital
Helen Gardens - Install Railings	-	21	-	-	- New S106
Total Environment and Planning	5,087	1,124	259	40	
<u>TOURISM & LEISURE Block Allocations</u>		16	57	-	
<u>New Block Allocations</u>		59	17	74	
Painting & Works to Wall Dev Park	2	-	-	-	-
Tennis Centre sealant works	17	-	-	-	-
Tractor Dev Park Grounds	13	-	-	-	-
Cultural Centre	34	-	-	-	-
Redoubt Fire Alarm	7	-	-	-	-
Redoubt Electrical Works	20	-	-	-	-
Redoubt Fortress Gates	-	20	-	-	-
Skateboard Park Replace Equipment	50	-	-	-	-
Volleyball Court	-	25	-	-	-
Cavendish Sports Dance Studio Floor	20	-	-	-	-
Old Town Rec	-	85	-	-	-
Congress Emergency Lighting (H&S)	10	-	-	-	-
Congress Lift (H&S)	21	-	-	-	-
Theatre Door Release Mechanism (H&S)	10	-	-	-	-
Congress Upgrade	8	-	-	-	-
Website Development	15	-	-	-	-
Micro sites move to Micro Net	4	-	-	-	-
Signage	25	-	-	-	-
Heritage Trail Signage	15	-	-	-	-
Bathing Cabins	-	-	-	-	-
Bandstand Resurface Walkways	64	-	-	-	-
Dotto Train Ramp	15	-	-	-	-
Total Tourism and Leisure	351	205	74	74	
<u>CORPORATE SERVICES Block Allocation</u>	-	-	-	-	
<u>New Block Allocations</u>		84	83	83	
Accom Strategy Agile	2,645	-	-	-	-
Agile External Building Works	965	-	-	-	-
Authority Web Civica Costs	54	-	-	-	-
IEG Projects	10	-	-	-	-
Wifi	12	-	-	-	-
Invest to Save Gas Meter replacement	15	-	-	-	-
Invest to Save	-	80	80	-	-
Asset Management Other	109	170	160	-	-
Town Hall Roof	511	-	-	-	-
Energy Efficiency Congress Boilers	9	-	-	-	-
6 Saffrons Rd Renovations	-	67	-	-	-
Asbestos at Work Regs	11	-	-	-	-
Blight Notices Purchases	160	-	-	-	-
Capital Contingencies	-	516	-	-	-
Total Corporate Services	4,501	917	323	83	

	Total Revised				
	2010/11	Total 2011/12	Total 2012/13	Total 2013/14	Note
<u>Total Capital Programme</u>	<u>12,357</u>	<u>19,922</u>	<u>6,235</u>	<u>776</u>	

Body:	Cabinet
Date:	9 February 2011
Subject:	Council Housing Rent Setting and Outline of Housing Revenue Account (HRA) Budget and Capital Programme for 2011/12
Report of:	Ian Fitzpatrick (Senior Head of Community)
Ward(s)	All
Purpose	To seek a Cabinet recommendation to Council for the proposed rent levels for 2011/12 for all Eastbourne Borough Council's housing tenants and to increases in service charges and heating costs; and to seek delegated authority to finalise Eastbourne Homes' Management Fee and Annual Plan negotiations and recommend a final fee level as part of the Council's budget setting process and to amend the HRA Capital Programme to reflect any Decent Homes resources arriving as part of the recent bid process.
Decision Type:	Key Decision
Recommendations:	<p>Cabinet to recommend to Council:</p> <ul style="list-style-type: none"> a) The HRA Capital Programme and funding as outlined in Appendix 1 to this report. b) The HRA Revenue Budget outlined in Appendix 2 to this report. c) That rents are set in line with the new rent convergence target of 2017 set by Government resulting in an average increase in rents of 6.8%. d) That service charges are increased by 5.1% in line with the RPI index increase of 4.6% plus one half of a per cent being subject to annual adjustment when actual costs are known. e) That heating costs are increased by 5.1% in line with the general increase in service charges subject to annual adjustment when actual costs are known. f) That garage rents remain at 2010/11 levels in order to stabilise void losses.

- g) Give delegated authority to the Senior Head of Community, in conjunction with the Cabinet Portfolio Holder for Community Services; the Chief Finance Officer; and the Cabinet Portfolio Holder for Financial Services to:
 - i) finalise Eastbourne Homes' Management Fee and Delivery Plan negotiations and recommend a final fee level as part of the Council's budget setting process, and
 - ii) agree an amended capital programme arising from the Decent Homes bid for funding, should the bid be successful.

Contact: Ian Fitzpatrick, Senior Head of Community.
 Telephone 01323 415935 or internally on extension 5935.
 E-mail address: ian.fitzpatrick@eastbourne.gov.uk

1.0 Background/Introduction

- 1.1 On the 5th December, 2001, Cabinet agreed that Eastbourne Borough Council housing rents would be set in accordance with the Government's proposals to achieve rent convergence for all social tenancies over a ten year period. In effect, for the duration of the ten year period, it was agreed that rents for Eastbourne Borough Council housing tenancies would be set using the Government's specified rent convergence formula.
- 1.2 In simple terms, using this formula, the weekly target rent for each property is equal to:
 - 70% of the average rent for the sector (Local Authority or RSL)
 - Multiplied by the relative County earnings
 - Multiplied by the bedroom weight
 - PLUS
 - 30% of the average rent for the sector (Local Authority or RSL)
 - Multiplied by the relative property value (set at 1999 levels)
- 1.3 In 2007 the Government proposed a change to the date by which rents are expected to converge of 2017 and offered Councils the choice of whether to work towards the original convergence date of 2012 or the new recommended date of 2017. The Government has now fixed the change of date for rent convergence at 2017 for all local authorities.
- 1.4 Under the Rent Convergence proposals any changes in rents were to be phased in to avoid large variations from year to year. To achieve this phasing any changes in individual tenant rents are limited to a maximum of £2 per week, plus RPI plus 0.5%. The Government have used the September 2010 RPI of 4.6% for 2011/12 and this, plus the 0.5% increase gives a formula rent increase of 5.1% for the year. The

Government has, within the final subsidy determination, provided for an average rent increase of 6.8% as the Guideline Rent moves closer to the Formula Rent within the Rent Convergence criteria.

- 1.5 Under the terms of their Management Agreement with the Council, Eastbourne Homes are obliged to undertake the background activities in relation to rent setting and make recommendations to the Council for increases in rent levels, service and other charges. The information contained within this report reflects the recommendations made by Eastbourne Homes using the rent convergence formula described above.

2.0 HRA Draft Capital Programme

- 2.1 The Capital Programme shown in summary form as Appendix 1 has been prepared to meet the Council's strategies, as adjusted to reflect the availability of resources, relating to Decent Homes and remodelling of sheltered housing. A major adjustment is to divert the capital receipts arising from sheltered housing disposals from affordable housing to enable the Decent Homes and sheltered remodelling programme to continue. It does not include, at this stage, any award of Decent Homes funding arising from the bid submission made in January 2011, (please see 2.2 below). However it does include, as mentioned above, the remodelling costs relating to a second retirement court to be funded from the disposal of certain sheltered sites in 2011/12 and the resulting capital receipts. Given the uncertain timing of the sale proceeds it is proposed to fund the costs of remodelling from temporary borrowing in lieu of the expected capital receipt. An appropriate allowance has been made within the HRA Revenue budgets to cover this eventuality. If the Council's bid for Decent Homes funding is successful it is recommended that the amendments required to the capital programme be delegated to the Senior Head of Community, in conjunction with the Cabinet Portfolio Holder for Community Services; the Chief Finance Officer; and the Cabinet Portfolio Holder for Financial Services.
- 2.2 The Council had expected to receive £7 million of Decent Homes funding over the two years commencing 2011/12, but in quarter three of 2010 this funding was withdrawn under the Comprehensive Spending Review. Those with non-decency of over 10%, and those with special circumstances were invited to bid for funding just after Christmas. Eastbourne has submitted a bid totalling £5.4 million over the next two financial years, with results expected in March. If this bid is successful, the Council will be able to complete the remodelling of the sheltered schemes broadly in line with the approved Older Persons Strategy. The 10% of homes remaining non-decent will be completed with resources made available under the HRA self-financing settlement, details of which are expected from the government over the coming months.
- 2.3 A review of resources available for funding the programme has allowed the planned Revenue Contribution to Capital Outlay to be reduced to nil, resulting in the HRA working balance increasing from its current level of £1.424 million to £1.735 million by 31st March 2012. Keeping balances at this level will provide the Council with options pending the notification of

any Decent Homes funding and the implementation of the new self-financing regime for the HRA now expected in April 2012 at the earliest.

3.0 Rent Levels for 2011/12

- 3.1 For 2010/11 the average rent over 52 weeks a year was £64.00, as amended for the current stock profile. After allowing for the changes detailed in paragraph 1.4 above and applying the damping mechanism, the average increase in rents for 2011/12 will be 6.8% over the 2010/11 levels. In effect this would set the average weekly rent for 2011/12 of £68.19.
- 3.2 The required rent changes, however, vary from property to property as they move towards rent convergence or target rents. The range of actual changes on individual tenants' rent levels for 2011/12 varies from a minimum increase of zero to a maximum increase of 10%. Given the rent increase of 6.8% applied by the government this year, 2% (79) of tenants will see no rent increase, another 7% (249) will see their rents increase by up to 4%, 24% (919) will experience rent increases between 4% and 6%, whilst the remaining 67% (2485) will see increases ranging between 6% and 10%.
- 3.3 There are 29 shared ownership properties and the formula increase for these equates to an increase in the rental element of 1%, but the majority (24) will see no rent increase at all.

4.0 Service Charges

- 4.1 These charges cover services such as lift maintenance, cleaning of communal areas and grounds maintenance for defensible space around the blocks. These costs are now charged separately from the rent in those properties to which they apply. This means that residents are charged according to the expected costs of their specific housing and the services they receive, with annual adjustments for any over or under recovery in each financial year once actual costs are known.
- 4.2 Eastbourne Homes propose that service charges are increased to cover costs based on an assumed inflation rate of 4.6% plus one half of one per cent in line with the expected increase in costs incurred in providing these services in the coming year.

5.0 Heating costs

- 5.1 Again, these charges are set in line with predicted costs. Eastbourne Homes are recommending that charges are set to cover costs based on an expected inflation rate of 5.1% which has been applied to general service charges. Eastbourne Homes will adjust actual charges each year to reflect any under or over recovery during the year.

6.0 Garage Rents

- 6.1 The Council owns 621 garages available to rent. Members will recall that

these rents remained unchanged for 2010/11 as a response to the very high void rates being experienced. As a direct result of this policy, voids have stabilised from their level of 12.9% at the beginning of 2010 to 11.6% at the time of writing. It is therefore recommended that, garage rents remain unchanged for a second consecutive year, and therefore remain at their current level for 2011/12.

7.0 Consultation

- 7.1 Rent increases are subject to national policy on rent convergence. In December 2001 Eastbourne Borough Council adopted a policy of achieving convergence, based on consultation with its tenants at that time.
- 7.2 Additional consultation will be carried out through a meeting of Eastbourne Homes' Residents Forum to be held during February, 2011. This Forum draws its members from Eastbourne Homes' key representative forums, covering both tenants and leaseholders.
- 7.3 The Council is obliged to ensure that all tenants are given 28 days' notice of any changes to their tenancy including changes to the rent they pay.

8.0 Housing Revenue Account Budget 2011/12 (Appendix 2) and Eastbourne Homes Ltd. Management Fee

- 8.1 The Housing Revenue Account (HRA) budget is set in accordance with the expected rental stream and subsidy determination made each year by Government details of which are shown at Appendix 2. The Council is under a statutory obligation to ensure that the HRA balances.
- 8.2 The Housing Subsidy calculation made by Government is based on assumptions made about local authority guideline rents. This represents the levels of rent the Government expects to be raised locally.
- 8.3 The Government has indicated within the final determination for 2011/12 that a payment of £909,000 overall subsidy will be receivable, a decrease of £546,000 on the subsidy for 2010/11. The reduction reflects the increased rental income assumed within the Guideline Rent, less increases in allowances for management and maintenance. After taking account of the final subsidy determination; recommended rent levels; anticipated changes in costs; and the financing of the capital programme, the Housing Revenue Account produces an estimated surplus in 2010/11 of £112,000 and an estimated £199,000 for 2011/12. Negotiations with Eastbourne Homes regarding the level of Management Fee payable for 2011/12 are ongoing but it is expected the Fee will be frozen at or below the 2010/11. Assuming the fee is frozen, the effect of all these changes has been to increase HRA Balances from £1,424,000 at 1st April 2010 to £1,735,000 by 31st March 2012. These balances remain within the HRA to be expended on strategic and tenant priorities of the service and in support of the HRA self-financing regime expected to be in place by April 2012.

9.0 Financial and Staffing Resource Implications

- 9.1 The Council has taken a pro-active approach to the implementation of the rent convergence policy and the proposals within this report should facilitate the finalisation of the Housing Revenue Account for 2011/12. Further details will be reported to Cabinet as part of the more general budget setting process.

10.0 Other Implications

- 10.1 Eastbourne Homes Ltd. will make every effort to identify tenants who may face additional financial hardship as a result of rent or service charge increases in order to offer appropriate support and advice.
- 10.2 It should also be noted that general anti-poverty activity by Eastbourne Homes takes place routinely throughout the year to maximise household income. This includes advice on benefits and arrears management. This targeted use of resources assists greatly in ensuring housing remains affordable. In addition, Eastbourne Homes is committed to delivering energy efficiency improvements in its maintenance and modernisation programme to help reduce heating costs in all homes.
- 10.3 There are no other implications arising out of this report.

11.0 Summary of Options

- 11.1 Cabinet to recommend to Council:
- a) The HRA Capital Programme and funding as outlined in Appendix 1 to this report.
 - b) The HRA Revenue Budget outlined in Appendix 2 to this report.
 - c) That rents are set in line with the new rent convergence target of 2017 set by Government resulting in an average increase in rents of 6.8%.
 - d) That service charges are increased by 5.1% in line with the RPI index increase of 4.6% plus one half of a per cent being subject to annual adjustment when actual costs are known.
 - e) That heating costs are increased by 5.1% in line with the general increase in service charges subject to annual adjustment when actual costs are known.
 - f) That garage rents remain at 2010/11 levels in order to stabilise void losses.
 - g) Give delegated authority to the Senior Head of Community, in conjunction with the Cabinet Portfolio Holder for Community Services; the Chief Finance Officer; and the Cabinet Portfolio Holder for Financial Services to:

i) finalise Eastbourne Homes' Management Fee and Delivery Plan negotiations and recommend a final fee level as part of the Council's budget setting process, and

ii) agree an amended capital programme arising from the Decent Homes bid for funding, should the bid be successful.

Ian Fitzpatrick
Senior Head of Community

Background Papers:

The Background Papers used in compiling this report were as follows:

Housing Revenue Account (Item 8) & Housing Revenue Account Subsidy Draft Determinations 2011/12.

Budget working papers within the Accountancy division and Eastbourne Homes.

To inspect or obtain copies of background papers please refer to the contact officer listed above.

Rent Setting 2011-2012 Cab briefing v10-final.doc

APPENDIX 1**Summary of Housing Revenue Account Capital Programme Revised and Future Years**

	Total Revised 2010/11	Total 2011/12	Total 2012/13	Total 2013/14
<u>Capital Programme*</u>	£000	£000	£000	£000
Decent Homes	3,967	1,358	0	0
Retirement Court Remodels**	1,500	1,521	0	0
New Build	3,133	331	0	0
Major Repairs and Other Capital	2,437	2,255	3,038	3,027
Total Programme	11,037	5,465	3,038	3,027
<u>Financed By:-</u>				
HRA Subsidy - Major Repairs Fund	2,369	3,085	2,738	2,727
Revenue Contributions	300	300	300	300
Grants and Contributions	2,088	420	0	0
Capital Receipts	0	1,660	0	0
Supported Borrowing	5,035	-	-	-
Prudential Borrowing	1,245		0	0
Total Financing	11,037	5,465	3,038	3,027

* The Capital Programme does not anticipate any resources that may arise from a successful Decent Homes bid for 2011/12 and 2012/13. The Programme will be adjusted, if necessary, once the bid results are known.

** Remodelling planned for 2011/12 will be funded from temporary borrowing in lieu of capital receipts expected from retirement court disposals planned for that year.

APPENDIX 2

THE HOUSING REVENUE ACCOUNT

2010-2011 Original Budget £' 000	2010-2011 Revised Budget £'000	Item No.	STATUTORY ITEMS	2011-2012 BUDGET £' 000	2011-2012 BUDGET £' 000
INCOME					
(12,411)	(12,346)	1	Gross Rents	(13,029)	
(769)	(824)	2	Charges for Services	(863)	
(1,246)	(1,455)	3	Government Grant - Housing Subsidy	(909)	
(14,426)	(14,625)	4	GROSS INCOME		(14,801)
EXPENDITURE					
6,697	6,776	5	Management Fee	6,801	
745	1,031	6	Supervision and Management	1,012	
126	110	7	Provision for Doubtful Debts	130	
2,754	2,754	8	Depreciation of Fixed Assets	2,789	
127	109	9	Statutory Contribution to the General Fund Rent Rebates	179	
10,449	10,780	10	GROSS EXPENDITURE		10,911
(3,977)	(3,845)	11	NET COST OF SERVICES		(3,890)
3,547	3,744	12	Capital Financing - Loan Charges		3,703
(16)	(11)	13	Interest Receivable		(12)
(446)	(112)	14	NET OPERATING SURPLUS		(199)
220	0	15	Appropriations		
220	0	16	Capital Expenditure Charged to Revenue	0	0
(226)	(112)	17	HOUSING REVENUE ACCOUNT (SURPLUS) / DEFICIT		(199)
HOUSING REVENUE ACCOUNT WORKING BALANCE					
(1,545)	(1,424)	18	In Hand at 1st April		(1,536)
(226)	(112)	19	Transfer (To)/ From Working Balance		(199)
(1,771)	(1,536)	20	In Hand at 31st March		(1,735)

Meeting: COUNCIL

Date: Wednesday 23 February 2011

Subject: COUNCIL BUDGET AND SETTING OF THE COUNCIL TAX FOR 2011/2012

Report of: Councillor Gill Mattock, lead Cabinet member for finance

The Council is asked to consider the reports to Cabinet, as included in draft budget book (please see note* below) and also the Scrutiny Committee and Cabinet minutes and resolutions from the meetings held on 7 February and 9 February 2011 (appendix 1).

* Note: The draft budget book 2011/12 has been circulated to all members of the Council. A copy has also been deposited at the Town Hall Reception for public inspection purposes and on the Council's website at (link to be inserted)..

The reports may also be viewed on the Council's website at:

<http://www.eastbourne.gov.uk/council/meetings/cabinet>

(Go to the listing for the Cabinet meeting held on 9 February 2011)

Please contact Local Democracy (see below for contact details) in the first instance if you require a printed copy of any of the reports.

The resolutions in this report, which must include the requirements of all Precepting authorities are based on the recommendations made to those authorities. A summary of the demand on the Collection Fund is as follows:

Authority	Precept/Demand		2011/12 Band D Council Tax	Changer over 2010/11	
	£	%	£	£	%
Eastbourne Borough Council	8,240,758	13.99%	224.19	0.00	0.00%
East Sussex County Council	42,576,444	72.27%	1,158.30	0.00	0.00%
Sussex Police Authority	5,088,001	8.63%	138.42	0.00	0.00%
East Sussex Fire Authority	3,008,985	5.11%	81.86	0.00	0.00%
Total	58,914,188	100.00%	1,602.77	0.00	0.00%

After consideration of the foregoing, the Council is asked to approve the following:

1. The recommendations as detailed in the reports from the Chief Finance Officer and the Senior Head of Community to Cabinet on 9th February 2011:-
 - (i) The General Fund net expenditure for 2011/12 of £15,829,000, the growth and savings proposals

- (ii) No change to the council tax for Eastbourne Borough Council to a Band D charge of £224.19;
- (iii) Housing Revenue Account (HRA) income and expenditure proposals, including revised HRA budget for 2010/11 and the budget for 2011/12, rents and service charges, arrangements for finalising Eastbourne Homes' management fee and annual plan and the response to the Government's debt settlement offer;
- (iv) General Fund capital programme as set out in report of the Chief Finance Officer.
- (v) The Treasury Management Strategy and Prudential Indicators .

2. That consequent upon a general fund budget of £15,829,000 and other matters, the basic amount (Band D) of council tax for the borough council's functions will be £224.19 calculated as follows:

	£
Gross Expenditure – General Fund	75,833,700
Gross Expenditure - HRA	14,855,100
	<hr/>
	90,688,800
Less Gross Income	(74,859,800)
	<hr/>
Budget Requirement:	15,829,000
Less:	£
Government formula grant (RSG + NNDR)	(7,579,542)
Council tax collection fund surplus	(8,700)
	<hr/>
	(7,588,242)
	<hr/>
Council tax requirement:	8,240,758
	<hr/>
Band 'D' Council Tax	£224.19

The statutory resolutions relating to this matter are given at paragraphs 3 and 4 below.

3. That it be noted that at its meeting on 15 December 2010 the Cabinet (in exercise of powers delegated to them by the Council) calculated the amount of 36,757.7 as the Council's tax base for the year 2011/2012 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 1999, made under Section 33(5) of the Local Government Finance Act, 1992 and by the Local Authorities (Calculation of Council Tax Base) (Amendment) Regulations 2003, made under Sections 75 and 76 of the Local Government Act 2003.

4. That the following amounts be now calculated by the Council for the year 2011/2012 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:

(a)	£90,688,800	being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act.						
(b)	£74,859,800	being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (d) of the Act.						
(c)	£15,829,000	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 32(4) of the Act, as its budget requirement for the year.						
(d)	£7,588,242	being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant or additional grant plus the surplus on the Collection Fund.						
(e)	£224.19	being the amount at 4(c) above less the amount at 4(d) above, all divided by the amount at 3 above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year.						
(f)	Valuation Bands							
	A	£149.46	B	£174.37	C	£199.28	D	£224.19
	E	£274.01	F	£323.83	G	£373.65	H	£448.38
	being the amounts given by multiplying the amount at 4(e) above 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 2011/2012 the East Sussex County Council at its meeting on 8 February 2011 had set the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Valuation Bands								
	A	£772.20	B	£900.90	C	£1,029.60	D	£1,158.30
	E	£1,415.70	F	£1,673.10	G	£1,930.50	H	£2,316.60

6. That it be noted that for the year 2011/2012 the Sussex Police Authority at its meeting on 10 February 2011 had set the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Valuation Bands							
A	£92.28	B	£107.66	C	£123.04	D	£138.42
E	£169.18	F	£199.94	G	£230.70	H	£276.84

7. That it be noted that for the year 2011/2012 the East Sussex Fire Authority at its meeting on 3 February 2011 set the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Valuation Bands							
A	£54.57	B	£63.67	C	£72.76	D	£81.86
E	£100.05	F	£118.24	G	£136.43	H	£163.72

8. That, having calculated the aggregate in each of the amounts at 4(f), 5, 6 and 7 above the Council in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts of Council Tax for the year 2011/2012 for each of the categories of dwellings shown below:

Valuation Bands							
A	£1,068.51	B	£1,246.60	C	£1,424.68	D	£1,602.77
E	£1,958.94	F	£2,315.11	G	£2,671.28	H	£3,205.54

For copies of the reports please contact Local Democracy at the Town Hall, Eastbourne, BN21 4UG. Tel. (01323) 415022 or 415021 or 415023.
 email localdemocracy@eastbourne.gov.uk
<http://www.eastbourne.gov.uk/council/meetings>

For further information please contact Alan Osborne, Chief Finance Officer. Tel. (01323) 415149