

CONTENTS

1 Introduction

2 Council Budget Summary

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

3 Subjective Analysis

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:

- Corporate Services
- Community Services
- Development and Environment Services
- Tourism and Leisure Services
- Housing Revenue Account

5 Capital Programme

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

6 Use of Reserves

Shows estimated use of reserves over the coming year.

7 Council Tax Information

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

8 Definitions of Budget Headings

Provides definitions of the income and expenditure headings that make up each service area's budgets.

9 Budget Reports

This section contains copies of the committee reports that support the budget setting process.

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 2012-13, and covers:

- General Fund Revenue Account
- Housing Revenue Account
- Capital

Copies of reports including approval of the budget at full Council on 22nd February 2012 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

2011-12		2012-13				Original Budget
Original Budget		Net Operational Cost	Support Costs	Capital Charges	Reallocations	Budget
£		£	£	£	£	£
Departmental Services						
3,178,100	Corporate Services	5,993,850	3,880,300	817,000	(7,996,550)	2,694,600
1,591,800	Community Services	11,900	2,461,500	33,650	(755,150)	1,751,900
9,252,550	Development and Environment Services	7,009,400	3,035,100	1,437,050	(1,617,100)	9,864,450
4,750,950	Tourism and Leisure Services	3,242,300	3,191,050	847,500	(2,122,300)	5,158,550
18,773,400	Total General Fund	16,257,450	12,567,950	3,135,200	(12,491,100)	19,469,500
(2,244,500)	Reversal of capital charges					(3,135,200)
(496,900)	Contributions to/(from) General Fund Working Balances					(628,000)
16,032,000	Total General Fund Net Expenditure					15,706,300
Financed By						
7,579,542	Government Grants					7,011,850
203,000	Council Tax Grant					207,300
0	New Homes Bonus (part of first tranche)					185,650
8,700	Contribution to/from Council Tax Deficit/Surplus					9,550
8,240,758	Council Tax Collection Fund Precept					8,291,950
16,032,000	Total Financing					15,706,300
General Fund Working Balance						
4,221,053	In hand at 1st April					4,300,769
(496,900)	Withdrawal/Addition From/To Working Balance					(628,000)
3,724,153	In hand at 31st March					3,672,769

Analysis of Gross Expenditure and Income For 2012-2013

	Corporate Services	Community Services	Development & Environment Services	Tourism & Leisure Services	General Fund Total	Housing Revenue Account	Eastbourne Total
	£	£	£	£	£	£	£
Employees	3,796,250	2,356,100	2,218,200	3,589,000	11,959,550	104,000	12,063,550
Premises	547,850	553,850	826,550	1,431,200	3,359,450	277,650	3,637,100
Transport	47,550	39,150	148,250	70,600	305,550	2,000	307,550
Supplies and Services	2,246,200	1,127,350	513,250	4,569,250	8,456,050	228,060	8,684,110
Third Party Payments	833,700	168,400	6,303,850	423,800	7,729,750	6,864,500	14,594,250
Transfer Payments	0	54,652,400	0	0	54,652,400	28,100	54,680,500
Support Service Costs	3,880,300	2,461,500	3,186,200	3,191,050	12,719,050	564,240	13,283,290
Capital Financing Costs	817,000	33,650	1,437,050	847,500	3,135,200	6,247,650	9,382,850
Gross Expenditure	12,168,850	61,392,400	14,633,350	14,122,400	102,317,000	14,316,200	116,633,200
Specific Government Grants	0	(54,892,400)	0	0	(54,892,400)	0	(54,892,400)
Other Grants and Contributions	(242,300)	(1,624,900)	(502,650)	(553,050)	(2,922,900)	0	(2,922,900)
Customer and Client Receipts	(1,092,450)	(2,358,400)	(2,186,550)	(5,871,800)	(11,509,200)	(1,089,300)	(12,598,500)
Other Income	(142,950)	(9,650)	(234,650)	(416,700)	(803,950)	0	(803,950)
HRA Rents	0	0	0	0	0	(13,139,850)	(13,139,850)
Interest Receipts	0	0	0	0	0	(26,050)	(26,050)
Recharges Support Services	(7,996,550)	(755,150)	(1,845,050)	(2,122,300)	(12,719,050)	0	(12,719,050)
Total Income	(9,474,250)	(59,640,500)	(4,768,900)	(8,963,850)	(82,847,500)	(14,255,200)	(97,102,700)
Use of Reserves					(628,000)	(61,000)	(689,000)
Reversal of Depreciation					(3,135,200)	0	(3,135,200)
Total					15,706,300	0	15,706,300

CORPORATE SERVICES

2011-12						2012-13			
Original Budget	Ref	Service	Net Operational Cost	Support Costs	Capital Charges	Reallocations	Original Budget		
£			£	£	£	£	£	£	
Senior Management									
0	C1	Chief Executive	155,850	69,250	0	(225,100)	0		0
721,850	C2	Corporate Management	(425,650)	731,150	0	0	305,500		
0	C3	Deputy Chief Executive	68,650	93,700	0	(162,350)	0		0
0	C4	Personal Assistants	81,550	31,850	0	(113,400)	0		0
721,850		Total Senior Management	(119,600)	925,950	0	(500,850)	305,500		
Corporate Financial Services									
0	C5	Chief Finance Officer	89,750	41,700	0	(131,450)	0		0
192,450	C6	Corporate Management Finance	160,000	2,800	0	0	162,800		
151,950	C7	Corporate Contingencies	221,500	0	0	0	221,500		
26,350	C8	Grants & Subscriptions	17,750	600	0	0	18,350		
0	C9	Insurances	26,600	0	0	(26,600)	0		0
209,400	C10	Precepts & Levies	187,250	600	0	0	187,850		
754,000	C11	Treasury Management	792,700	0	0	0	792,700		
1,334,150		Chief Finance Officer	1,495,550	45,700	0	(158,050)	1,383,200		
0	C12	Financial Services Manager	56,500	67,900	0	(124,400)	0		0
0	C13	Accountancy	209,300	137,900	0	(347,200)	0		0
0	C14	Insurance Administration	(5,500)	19,350	0	(13,850)	0		0
0	C15	Finance Systems Support	81,800	14,550	43,750	(140,100)	0		0
0	C16	Purchasing & Payments	52,000	170,750	0	(222,750)	0		0
0	C17	Debtors	43,800	87,850	0	(131,650)	0		0
0		Finance Management and Operational Costs	437,900	498,300	43,750	(979,950)	0		
0	C18	Internal Audit	119,950	30,450	0	(150,400)	0		
1,334,150		Total Financial Services	2,053,400	574,450	43,750	(1,288,400)	1,383,200		
Corporate Human Resources, Democracy and Partnership									
0	C19	Head of Human Resources, Democracy and Partnership	130,500	144,750	0	(275,250)	0		0
80,000	C20	Devolved Budgets	80,000	0	0	0	80,000		
547,400	C21	Member and Civic Services	374,500	216,450	0	(10,450)	580,500		

CORPORATE SERVICES

2011-12				Net Operational		2012-13		Original
Original Budget	Ref	Service	Cost	Support Costs	Capital Charges	Reallocations	Budget	
£			£	£	£	£	£	£
22,650	C22	Municipal Elections	0	0	0	0	0	0
180,500	C23	Register of Electors	130,600	35,300	0	0	165,900	
830,550		Local Democracy	585,100	251,750	0	(10,450)	826,400	
(90,800)	C24	Land Charges	(112,200)	65,850	0	0	(46,350)	
54,650	C25	Civil Contingencies	26,050	22,100	0	0	48,150	
0	C26	Communications	93,100	61,450	0	(154,550)	0	
0	C27	Access to Information	0	0	0	0	0	
0	C28	Equality and Participation	9,500	30,950	0	(40,450)	0	
54,650		Communication & Participation	128,650	114,500	0	(195,000)	48,150	
0	C29	Strategic Development	76,500	69,700	0	(146,200)	0	
0	C30	Corporate Improvements	17,600	0	0	(17,600)	0	
0		Strategic Development	94,100	69,700	0	(163,800)	0	
0	C31	Strategic Finance	45,850	13,150	0	(59,000)	0	
0	C32	Risk Management	0	0	0	0	0	
0		Performance & Risk Management	45,850	13,150	0	(59,000)	0	
0	C33	Employee Relations	84,900	39,400	0	(124,300)	0	
0	C34	Occupational Health	17,700	1,850	0	(19,550)	0	
0		Employee Relations	102,600	41,250	0	(143,850)	0	
30,700	C35	Member Development	20,150	9,300	0	0	29,450	
950	C36	Members Training	0	0	0	0	0	
31,650		Member Development	20,150	9,300	0	0	29,450	
0	C37	HR Resourcing and Development	97,600	68,800	0	(166,400)	0	
0	C38	Corporate Training	77,850	1,850	0	(79,700)	0	
0		HR Resourcing and Development	175,450	70,650	0	(246,100)	0	
0	C39	Payroll and information	83,250	36,950	0	(120,200)	0	
0	C40	Pay Review	20,000	7,650	0	(27,650)	0	
337,900	C41	Unfunded Pensions	345,350	0	0	0	345,350	
337,900		Payroll	448,600	44,600	0	(147,850)	345,350	
1,163,950		Total Human Resources, Democracy and Partnership	1,618,800	825,500	0	(1,241,300)	1,203,000	

CORPORATE SERVICES

2011-12						2012-13			
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £		
Corporate Support Services									
0	C42	Head of Infrastructure	73,000	77,900	0	(150,900)	0		0
	0	C43 IT Staff	(3,700)	42,250	0	(38,550)			0
	0	C44 IT Systems Administration and Support	377,400	117,000	2,600	(497,000)			0
68,100	C45	IT Contracted Services	630,300	33,650	477,400	(1,141,350)			0
	0	C46 IT Projects	226,300	0	0	(226,300)			0
68,100		IT & E-Government	1,230,300	192,900	480,000	(1,903,200)			0
0	C47	Facilities Management	397,450	270,950	122,550	(790,950)			0
	0	C48 Legal Services	185,600	56,100	0	(241,700)			0
19,600	C49	Difficult Properties	6,000	11,400	0	0	17,400		
19,600		Legal Services	191,600	67,500	0	(241,700)			17,400
38,100	C50	Printing Services	(26,950)	55,450	0	(28,500)			0
	0	C51 Customer and Support Services Manager	51,650	45,250	0	(96,900)			0
	0	C52 Customer Contact Centre	322,350	295,950	0	(618,300)			0
217,000	C53	Customer and Support Services Staff	324,500	183,800	0	(508,300)			0
30,300	C54	Telephony. Mobile Phones and Postage	179,500	6,350	0	(185,850)			0
247,300		Customer and Support Services	878,000	531,350	0	(1,409,350)			0
	0	C55 Estates	330,150	111,250	0	(441,400)			0
(414,950)	C56	Corporate Property	(632,300)	247,100	170,700	0	(214,500)		
(414,950)		Estates / Asset Management	(302,150)	358,350	170,700	(441,400)			(214,500)
(41,850)		Total Support Services	2,441,250	1,554,400	773,250	(4,966,000)			(197,100)
3,178,100		TOTAL CORPORATE SERVICES	5,993,850	3,880,300	817,000	(7,996,550)			2,694,600

CORPORATE SERVICES BUDGET CHANGES

Service Area	Description	£'000
All	2011-2012 Base budget	3,178,100
Agreed Savings:		
Efficiency Savings		
Communications & Participation	Remaining programmed saving as a result of reduced support staff cost	(2,300)
Local Land Charges	Remaining sum as a result of reduced and transferred service in 2011/121	(17,000)
Legal Services	Miscellaneous efficiencies	(2,000)
Financial Services	Reduction in insurance administration	(15,900)
Financial Services	Miscellaneous efficiencies	(4,500)
Resourcing and Development	Reduction in training budgets through more e-learning	(8,000)
Member Development	General efficiencies	(1,950)
IT and e Government	Reduced software licences	(25,000)
IT and e Government	Internet access saving	(6,000)
IT and e Government	Reduced Govt connect costs	(5,000)
Facilities Management	Sussex Police sharing 1 Grove Rd	(11,000)
Customer and Support Services	Restructure of support team (AWP BPR)	(20,000)
Human Resources and Strategy and Democracy	Restructure	(70,000)
Corporate	DRIVE Benefits realisation from Agile/BPR (managed 3% vacancy factor)	(360,000)
Corporate	Reduced external audit fees	(10,900)
Corporate	Withdrawing from South East Employers	(4,000)
Various	Telephone Allowances removed	(300)
IT and e Government	Move web hosting in house	(8,000)
		(571,850)
Income Generation		
Printing	Remaining amount of increased external income proposals set out in 2011/12	(3,000)
Financial Services	Income from concessionary fares processing	(4,500)
Corporate Properties	Additional rental income - note assumes TI rent review	(19,000)
Corporate Costs	Shared Services Income	(50,000)
		(76,500)
Other Changes		
Local Democracy - Elections	Future Borough elections are now funded from general fund as required.	(13,650)
Cost Pressures:		
Inflation		
		179,200
Changes in Income targets		
Local Land Charges	Unachievable Income target	31,000
Other Growth		

CORPORATE SERVICES BUDGET CHANGES		
Service Area	Description	£'000
Member and Civic Services	Annual cost of data protection registrations for each councillor with the Information Commissioner's office	1,000
Strategic Performance	Increase in duties and responsibilities of support post with job re-evaluation implemented	5,250
Strategic Performance	Covalent full site licence	5,000
IT and e-Government	Servers extended maintenance costs	3,000
IT and e-Government	Systems Support costs - to cover the increased costs of managing centralised systems support	8,000
Estates	Corporate Property Manager (previously temporary funding)	39,000
Corporate	Increase in contingency resulting from funding exceeding expenditure	35,550
Various	Reduced recharge to the HRA	6,150
		102,950
Non Recurring Service Investments		
Corporate Property	Strategic Asset Management Review	121,000
Telephony	Increased costs of mobiles, reduced income plus historical gaps	49,950
		170,950
Other Budget Movements		
Various	Permanent budget virements	250
Various	Reversal of 2011/12 Non Recurring Service Investments	(82,000)
Various	Support service recharges	(730,400)
Various	Depreciation	506,550
		(305,600)
Total Changes		(483,500)
2012-2013 Budget		2,694,600

COMMUNITY SERVICES

2011-12		COMMUNITY SERVICES					2012-13	
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £	
		Senior Management						
0	CS1	Senior Head of Community Services	(37,900)	243,300	0	(205,400)	0	
0		Total Senior Management	(37,900)	243,300	0	(205,400)	0	
		Direct Assistance						
39,650	CS2	Housing Services Management	97,650	64,400	0	(162,050)	0	
0	CS3	Head of Revenues & Benefits	63,600	120,450	0	(184,050)	0	
208,800	CS4	Fraud Investigation	153,450	68,350	0	0	221,800	
35,950	CS5	Benefits Administration	(329,200)	702,350	0	0	373,150	
(154,800)	CS6	Housing Benefits & Payments Subsidy	(165,200)	19,950	0	0	(145,250)	
739,250	CS7	Revenues	381,900	361,050	1,150	0	744,100	
(96,300)	CS8	Council Tax Payments & Subsidy	(96,700)	19,050	0	0	(77,650)	
(16,500)	CS9	Business Rates	(108,250)	62,500	0	0	(45,750)	
29,850	CS10	Discretionary Rate Relief	29,850	19,000	0	0	48,850	
746,250		Revenues and Benefits	(70,550)	1,372,700	1,150	(184,050)	1,119,250	
18,000	CS11	Choice Based Lettings (Needs)	0	21,800	0	0	21,800	
7,000	CS12	Child Safety Equipment (Needs)	5,000	2,200	0	0	7,200	
254,000	CS13	Housing Needs (Needs)	125,600	125,250	0	0	250,850	
450	CS14	Supporting People	0	0	0	0	0	
5,650	CS15	Enhanced Housing Options	0	0	0	0	0	
11,400	CS16	Deposit Loan Scheme	0	10,950	0	0	10,950	
47,400	CS17	Housing Needs Grants	36,500	2,150	0	0	38,650	
17,900	CS18	Housing GF Properties	0	2,200	5,450	0	7,650	
361,800		Housing Needs	167,100	164,550	5,450	0	337,100	
123,700	CS19	Temporary Accommodation (Homeless)	0	44,400	0	0	44,400	
9,150	CS20	Housing Leasing Scheme	0	2,150	0	0	2,150	
(53,000)	CS21	Homeless Prevention (Homeless)	0	44,000	0	0	44,000	
450	CS22	Voluntary Sector	0	10,800	0	0	10,800	
400	CS23	Repossession Prevention Fund	0	0	0	0	0	
80,700		Homelessness	0	101,350	0	0	101,350	
410,300	CS24	EH Private Sector Housing	184,750	130,250	0	0	315,000	
124,350	CS25	Ocklynge Cemetery	69,700	50,950	5,250	0	125,900	
37,700	CS26	Langney Cemetery	(24,750)	50,950	2,650	0	28,850	

COMMUNITY SERVICES

2011-12			Net		2012-13		
Original Budget	Ref	Service	Operational Cost	Support Costs	Capital Charges	Reallocations	Original Budget
£			£	£	£	£	£
(815,500)	CS27	Crematorium	(1,016,500)	109,300	15,550	0	(891,650)
0	CS28	Cems and Crem Management & Admin	116,600	87,050	0	(203,650)	0
(653,450)		Bereavement Services	(854,950)	298,250	23,450	(203,650)	(736,900)
985,250		Total Direct Assistance	(476,000)	2,131,500	30,050	(549,750)	1,135,800
		Community Activity					
140,500	CS29	Community Development	110,100	39,750	0	0	149,850
43,200	CS30	Community Centres	5,850	1,650	3,600	0	11,100
0	CS31	Neighbourhood Project Officer	0	0	0	0	0
183,700		Community Development	115,950	41,400	3,600	0	160,950
264,650	CS32	Community Grants	315,400	9,950	0	0	325,350
0	CS33	Youth Development	0	0	0	0	0
448,350		Total Community Activity	431,350	51,350	3,600	0	486,300
		Strategic Partnership					
102,600	CS34	Housing Strategy (Strategy)	85,450	30,900	0	0	116,350
10,450	CS35	Homelessness Economic Downturn	10,000	2,200	0	0	12,200
9,200	CS36	Youth Homelessness Strategy	0	0	0	0	0
(550)	CS37	Riverbourne and Upwyke House Restaurants	(1,000)	2,250	0	0	1,250
121,700		Housing / Homelessness Strategy	94,450	35,350	0	0	129,800
36,500	CS38	Crime Reduction Partnership	0	0	0	0	0
158,200		Total Strategic Partnership	94,450	35,350	0	0	129,800
1,591,800		TOTAL COMMUNITY SERVICES	11,900	2,461,500	33,650	(755,150)	1,751,900

COMMUNITY SERVICES BUDGET CHANGES		
Service Area	Description	£'000
All	2011-2012 Base budget	1,591,800
Agreed Savings:		
Efficiency Savings		
Revenues & Benefits	Deletion of vacant Performance & Monitoring Post	(21,450)
Revenues & Benefits	Welfare Advice Service/Destiny Solution	(3,000)
Revenues & Benefits	Court Officer rationalisation	(25,100)
Revenues & Benefits	Reduced in annual billing booklet costs	(6,000)
Revenues & Benefits	Reduced external audit fees	(4,100)
Private Sector Housing	Reduction of Environmental Health Officer Post	(18,800)
Revenues & Benefits	Reduction in postage combining letters & bills	(12,000)
Various	Telephone Allowances removed	(650)
		(91,100)
Income Generation		
Crematorium Admin & Cemeteries	Increase in burial fees at RPI	(11,450)
Crematorium	Increase in base cremation fee at RPI	(65,000)
Crematorium	Increase in Environmental Levy to pay for new cremators	(26,000)
		(102,450)
Other Changes		
Private Sector Housing	Reduction in Private Housing study budget	(19,000)
Housing Services Management	Increase recharge to the HRA in respect of additional services	(2,000)
		(21,000)
Cost Pressures:		
Inflation		
		71,250
Changes in income target		
Revenues & Benefits	Reduction in HB Admin Grant (announced)	58,100
Other Growth		
Revenues & Benefits	Combine HB/CT letters & software	6,000
Private Sector Housing	Salary adjustments following 2010/11 savings	6,950
Community Development	Salary adjustments following 2010/11 savings	8,150
Community Development	Premises budgets for Langney Community Centre	6,000
Crematorium	Crematorium maintenance contract & running costs	5,450
		32,550
Other Budget Movements		
Various	Permanent budget virements	55,950
Various	Reversal of 2011/12 Non Recurring Service Investments	(70,000)
Various	Support services recharges	239,900
Various	Depreciation	(13,100)
		212,750
Total Changes		160,100
2012-2013 Budget		1,751,900

DEVELOPMENT AND ENVIRONMENT SERVICES

2011-12							2012-13	
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £	
0	E1	Senior Head of Development and Environment Services	86,900	191,200	0	(278,100)	0	
0		Total Senior Management	86,900	191,200	0	(278,100)	0	
0	E2	Environmental Health Manager	76,850	151,100	0	(227,950)	0	
0	E3	Cleansing Admin	288,600	121,800	0	(410,400)	0	
2,479,150	E4	Refuse Collection	2,629,750	76,000	221,450	0	2,927,200	
164,800	E5	Recycling	(315,450)	137,550	77,800	0	(100,100)	
1,799,850	E6	Street Cleaning	1,724,500	112,950	0	0	1,837,450	
40,700	E7	Abandoned Vehicles	14,600	43,950	0	0	58,550	
358,650	E8	Public Conveniences	304,550	80,400	32,800	0	417,750	
6,650	E9	Memorial Seats	3,000	23,450	0	0	26,450	
4,849,800		Cleansing Management & Recycling	4,649,550	596,100	332,050	(410,400)	5,167,300	
(90,200)	E10	Holywell Chalets	(107,800)	6,950	7,800	0	(93,050)	
(277,750)	E11	Car Parking	(362,450)	189,050	2,850	(134,400)	(304,950)	
70,700	E12	Miscellaneous Highways	19,050	17,200	32,700	0	68,950	
(297,250)		Amenities	(451,200)	213,200	43,350	(134,400)	(329,050)	
1,333,500	E13	Parks and Gardens	1,098,850	361,900	105,300	(271,950)	1,294,100	
0	E14	Management	47,900	28,600	0	(76,500)	0	
(162,850)	E15	Farms	(177,750)	16,950	3,300	0	(157,500)	
139,300	E16	Open Downland	85,900	49,050	5,650	0	140,600	
132,800	E17	Trees & Woodland	76,050	39,400	0	0	115,450	
109,250		Downland Trees and Woodland	32,100	134,000	8,950	(76,500)	98,550	
0	E18	General Engineering	98,350	27,450	0	(125,800)	0	
12,050	E19	CCTV	11,550	50	0	0	11,600	
173,000	E20	Seafront/Parades & Decorative Lighting	111,450	64,200	15,850	0	191,500	
17,900	E21	Surface Water Management Plan	0	0	0	0	0	
952,950	E22	Coast Protection	85,700	62,900	917,000	0	1,065,600	
1,155,900		General Engineering	307,050	154,600	932,850	(125,800)	1,268,700	
0	E23	Planning Manager	64,000	140,100	0	(204,100)	0	
195,850	E24	Development Control	22,200	284,650	0	0	306,850	
72,000	E25	Building Control	72,000	0	0	0	72,000	

DEVELOPMENT AND ENVIRONMENT SERVICES

2011-12			2012-13				
Original Budget	Ref	Service	Net Operational Cost	Support Costs	Capital Charges	Reallocations	Original Budget
549,400	E26	Planning Policy & Strategy	334,250	201,650	1,800	0	537,700
817,250		Planning	492,450	626,400	1,800	(204,100)	916,550
338,600	E27	Economic Development	150,400	212,700	9,950	(115,850)	257,200
13,000	E28	Environmental Partnership	29,550	27,550	0	0	57,100
174,550	E29	Community Enforcement	112,550	47,900	0	0	160,450
15,800	E30	EH Licensing	(42,500)	142,900	0	0	100,400
742,150	E31	Health & Environment Team	543,700	326,650	2,800	0	873,150
9,252,550		Development and Environment	6,922,500	2,843,900	1,437,050	(1,339,000)	9,864,450
9,252,550		TOTAL DEVELOPMENT AND ENVIRONMENT SERVICES	7,009,400	3,035,100	1,437,050	(1,617,100)	9,864,450

DEVELOPMENT AND ENVIRONMENT SERVICES BUDGET CHANGES		
Service Area	Description	£'000
All	2011-2012 Base budget	9,252,550
Agreed Savings:		
Efficiency Savings		
Parks and Gardens	Contract savings	(165,000)
Economic Development	Supply Chain Development	(5,000)
Various	Telephone Allowances removed	(1,350)
		(171,350)
Income Generation		
Cleansing	Adverts on bins (approved October 2011)	(24,000)
Downland Trees and Woodland Management	Income from Downland Stewardship scheme	(5,000)
Trees and Woodland	Extra income from trees	(18,000)
Health & Environment Team	Increased income from pest control	(3,000)
		(50,000)
Cost Pressures:		
Inflation		258,950
Non Recurring Service Investments		
Cleansing	Procurement and communication strategy for joint Waste Contract	100,000
Planning	Temporary contract to existing Conservation Officer post. Permanent post to be considered as part of future operating model.	32,000
Parks and Gardens	Commission biodiversity report on Decoy Pond to measure improvements. Requirement of lottery grant.	20,000
Planning	Commissioning an update of the Housing Market Assessment. Required evidence for the Core Strategy	20,000
Planning	Working in Partnership with East Sussex Authorities on the new Community Infrastructure Levy.	20,000
Environmental Health	Temp extension to existing staff post while implementing restructure	30,000
Environmental Health	Printing of Access Guide	2,000
		224,000
Other Budget Movements		
Various	Permanent budget virements	(37,600)
Various	Reversal of 2011/12 Non Recurring Service Investments	(250,000)
Various	Support service recharges	294,550
Various	Depreciation	343,350
		350,300
Total Changes		611,900
2012-2013 Budget		9,864,450

TOURISM AND LEISURE SERVICES

2011-12				Net		2012-13			
Original Budget	Ref	Service	Operational Cost	Support Costs	Capital Charges	Reallocations	Original Budget		
£			£	£	£	£	£	£	£
0	T1	Senior Head of Tourism Services	99,000	261,550	0	(360,550)	0	0	
0		Senior Management	99,000	261,550	0	(360,550)	0	0	
(3,750)	T2	Sports Grounds	(2,100)	10,150	400	0	8,450		
0	T3	Sport, Youth and Leisure Manager	55,950	90,350	0	(146,300)	0		
486,650	T4	Sports & Community Centres	276,150	185,000	29,350	0	490,500		
641,500	T5	Leisure Contract	366,300	23,250	287,850	0	677,400		
(91,850)	T6	Catering Outsourcing	(109,600)	50	0	0	(109,550)		
1,032,550		Sport & Leisure	586,700	308,800	317,600	(146,300)	1,066,800		
0	T7	Theatres Admin	542,950	264,200	6,450	(813,600)	0		
314,000	T8	Congress Theatre	(107,250)	351,700	94,450	0	338,900		
505,500	T9	Devonshire Park Theatre	127,400	347,250	50,100	0	524,750		
107,600	T10	Royal Hippodrome	19,000		15,000	0	34,000		
307,000	T11	Winter Garden Theatre	148,150	174,200	49,450	0	371,800		
1,234,100		Theatres	730,250	1,137,350	215,450	(813,600)	1,269,450		
272,900	T12	Tourism Development	272,400	185,600	0	(179,550)	278,450		
(2,200)	T13	Communications Unit	1,600	5,600	0	0	7,200		
89,250	T14	Conference & Group Travel	41,450	53,400	0	0	94,850		
168,850	T15	Tourist Information	93,200	58,750	13,200	0	165,150		
224,650	T16	Seafront Attractions	18,000	328,800	79,350	(217,000)	209,150		
753,450		Tourism	426,650	632,150	92,550	(396,550)	754,800		
577,650	T17	Events	591,900	513,550	70,750	(405,300)	770,900		
110,750	T18	Tennis	29,850	95,150	0	0	125,000		
688,400		Events & Devonshire Park	621,750	608,700	70,750	(405,300)	895,900		
889,200	T19	Towner	668,600	211,250	143,500	0	1,023,350		
153,250	T20	Redoubt & Wish Tower Museums	109,350	31,250	7,650	0	148,250		
1,042,450		Galleries & Museums	777,950	242,500	151,150	0	1,171,600		
4,750,950		TOTAL TOURISM AND LEISURE SERVICES	3,242,300	3,191,050	847,500	(2,122,300)	5,158,550		

TOURISM & LEISURE SERVICES BUDGET CHANGES

Service Area	Description	£'000
All	2011-2012 Base budget	4,750,950
Agreed Savings:		
Efficiency Savings		
Theatres	Box office contract renegotiation	(10,000)
Theatres	Congress - Staff / stewards rationalisation	(20,000)
Theatres	DPT Box Office - Redirect service to Congress	(8,000)
Sports and Leisure	Tennis Coaching - Renegotiated contract terms	(15,000)
Sports and Leisure	Shinewater Reception - Retirement	(3,850)
Sports and Leisure	Willingdon Trees - Transfer to community management	(6,900)
Tourism and Events	Telephone Allowances removed	(250)
		(64,000)
Income Generation		
Events	Increase Marathon Income	(3,000)
Tourism	Bar/Catering Income - Bandstand bar income	(20,000)
Galleries and Museums	Heritage Programme - Orange Lily, lettings, retail and education income -	
	Linked to growth bid	(9,000)
Theatres	LTA Box Office - Fee	(20,000)
		(52,000)
Other Changes		
Tourism	Sussex Tourism Partnership Subscription - Organisation now abolished	(8,000)
Cost Pressures:		
Inflation		
		96,500
Changes in Income targets		
Theatres	Loss of income in relation to LTA	24,750
Other Growth		
Museums & Galleries	Increase in service staff (permanent contract)	30,000
Museums & Galleries	Towner - Maintenance following capital scheme	20,000
		50,000

TOURISM & LEISURE SERVICES BUDGET CHANGES		
Service Area	Description	£'000
Non Recurring Service Investments		
Theatres	Supporting Trust to undertake management through meeting existing fixed costs	19,000
Museums & Galleries	Towner - Business development for transfer to Trust Status	37,000
Events	Sustain new events that were introduced in 2011; Fiesta; cycling festival; outdoor screening and music concert.	15,000
Events	Senior post for programme delivery, managing working hours and community support.	37,000
Events	Town dressing for LTA	10,000
Events	Olympic Torch Relay - Community Live Site	45,000
Events	Jubilee events	10,000
		173,000
Other Budget Movements		
Various	Permanent budget virements	(15,600)
Various	Reversal of 2011/12 Non Recurring Service Investments	(46,900)
Various	Support service recharges	195,950
Various	Depreciation	53,900
		187,350
Total Changes		407,600
2012-2013 Budget		5,158,550

Housing Revenue Account

Ref		2011-12 Original Budget £	2011-12 Revised Budget £	2012-13 Original Budget £
	Income			
H1	Gross Rents	13,029,950	13,029,950	13,209,800
H2	Charges for Services	863,050	863,050	963,200
H3	Government Grant - Housing Subsidy	908,950	925,450	0
	Gross Income	14,801,950	14,818,450	14,173,000
	Expenditure			
H4	Management Fee	6,801,150	6,801,150	6,864,500
H5	Supervision and Management	1,012,600	975,100	1,036,600
H6	Provision for Doubtful Debts	130,000	130,000	130,900
H7	Depreciation and Impairment of Fixed Assets	2,789,350	2,789,350	3,904,300
H8	Statutory Contribution to the General Fund - Rent Rebates	179,000	179,000	28,100
	Gross Expenditure	10,912,100	10,874,600	11,964,400
	Net Cost of HRA Services	(3,889,850)	(3,943,850)	(2,208,600)
H9	Loan Charges - Interest	3,702,050	3,695,100	2,295,650
H10	Interest Receivable	(11,650)	(11,650)	(26,050)
	Net Operating Surplus	(199,450)	(260,400)	61,000
	Appropriations			
H11	Capital Expenditure Charged to Revenue	0	0	0
	Housing Revenue Account (Surplus)/Deficit	(199,450)	(260,400)	61,000
H12	In hand at 1st April	(1,536,002)	(1,749,542)	(2,009,942)
H13	Withdrawal/(Addition)	(199,450)	(260,400)	61,000
	In hand at 31st March	(1,735,452)	(2,009,942)	(1,948,942)

HOUSING REVENUE ACCOUNT BUDGET CHANGES

	£'000
2011-2012 Base budget	(199,450)
Changes in income	
Gross Rents	(179,850)
Charges for Services	(100,150)
Government Grants	908,950
Expenditure Changes	
Management Fee	63,350
Supervision and Management	24,000
Provision for Doubtful Debts	900
Depreciation and Impairment of Fixed Assets	1,114,950
Statutory Contribution to the General Fund - Rent Rebates	(150,900)
Changes in debt management costs	
Loan Charges - Interest	(1,406,400)
Interest Receivable	(14,400)
2012-13 Budget	61,000

Summary of General Fund Capital Programme 2011 to 2015

	Total Original 2011/12 £	Total revised 2012/13 £	Total 2013/14 £	Total 2014/15 £
<u>Capital Programme</u>				
Community Services	4,589,700	9,623,100	682,500	500,000
Environment & Planning	1,111,450	1,540,500	0	0
Tourism & Leisure	280,750	287,700	0	0
Corporate & Core Services	3,228,550	2,498,500	80,000	80,000
Total Programme	9,210,450	13,949,800	762,500	580,000
<u>Financed By:-</u>				
Capital Receipts	647,850	2,654,200	0	0
Grants and Contributions	2,096,100	1,852,800	682,500	500,000
Revenue Contribution to Capital	234,600	549,100	0	0
Section 106 Contributions	102,500	1,035,700	0	0
Borrowing	6,129,400	7,858,000	80,000	80,000
Total Financing	9,210,450	13,949,800	762,500	580,000

CAPITAL PROGRAMME

Community Services	Total revised 2011/12 £	Total 2012/13 £	Total 2013/14 £	Total 2014/15 £
<i>Scheme</i>				
<u>Crematorium</u>				
Crematorium Miscellaneous Works	0	17,100	0	0
Cremator Replacement	58,100	1,797,000	0	0
Memorial Safety Cems	0	34,000	0	0
Digitalise Burial Records	3,500	6,500	0	0
Ocklynge Cemetery	0	46,000	0	0
Children's Memorial	0	0	0	0
	61,600	1,900,600	0	0
<u>Housing Grants</u>				
Disabled Facilities Grants	582,150	738,000	500,000	500,000
BEST Grant	244,100	232,500	182,500	0
Climate EE - Hastings BC	274,150	0	0	0
Climate EE - Rother DC	15,200	0	0	0
	1,115,600	970,500	682,500	500,000
<u>Social Housing Enabling</u>				
3-17 Jevington Gardens - GF	0	575,000	0	0
St Elizabeth's Church - GF	0	52,000	0	0
Housing enabling - GF	0	1,105,000	0	0
	0	1,732,000	0	0
Willingdon Trees Multi Gym	0	20,000	0	0
Orchard IT Upgrade	50,000	0	0	0
Solar Panels	3,362,500	5,000,000	0	0
Block Allocations	0	0	0	0
	3,412,500	5,020,000	0	0
Total - Community Services	4,589,700	9,623,100	682,500	500,000

CAPITAL PROGRAMME

Environmental Services	Total revised 2011/12 £	Total 2012/13 £	Total 2013/14 £	Total 2014/15 £
<i>Scheme</i>				
ENVIRONMENT & PLANNING				
Contaminated Land	47,250	118,900	0	0
Coast Defences Beach Management Strategy	200,000	786,000	0	0
Cycling Strategy	0	40,600	0	0
Park and Ride	0	50,000	0	0
Princes Park penstock	20,000	0	0	0
Modify and landscape 3 vacant playground	2,700	0	0	0
Princes Park (schemes to be decided)	10,000	183,000	0	0
Upgrade Poor Playgrounds	7,600	0	0	0
Playground Replacement (ROSPA Rec 2010-11)	4,250	0	0	0
Hampden Park Lake	108,550	0	0	0
Channel View Rd Playground	0	120,000	0	0
Wartling Rd Playground	1,100	0	0	0
Hampden Park Playground	400	0	0	0
Play Area Sovereign Harbour	0	27,000	0	0
Sevenoaks Rd Rec Ground	1,150	0	0	0
Tennis in the Park Disabled Access	2,000	0	0	0
Allotment Upgrade	89,000	25,000	0	0
Hampden Park Road Reconstruction	46,000	0	0	0
Playground Replacement (ROSPA)	21,000	10,000	0	0
Motcombe Railings Replacement	18,000	0	0	0
Helen Gardens - Install Railings	17,000	0	0	0
	596,000	1,360,500	0	0
<u>New Schemes & Block Allocation</u>				
Willingdon Trees PlayPathfinder	276,600	0	0	0
Kingsmere - Play Pathfinder	238,850	0	0	0
Manor Gardens Paving	0	20,000	0	0
Hampden Park Disabled Access	0	20,000	0	0
Hampden Park - Paths & Roads	0	20,000	0	0
Skate Park Cross Levels Way	0	120,000	0	0
Block allocation	0	0	0	0
	515,450	180,000	0	0
Total Environment & Planning	1,111,450	1,540,500	0	0

CAPITAL PROGRAMME

Tourism & Leisure Services	Total revised 2011/12 £	Total 2012/13 £	Total 2013/14 £	Total 2014/15 £
<i>Scheme</i>				
TOURISM & LEISURE				
Redoubt Fire Alarm	4,700	0	0	0
Redoubt Fortress Gates	9,250	0	0	0
Section 106 Monies for Parks & Open Spaces	0	28,700	0	0
Volleyball Court	0	25,000	0	0
Old Town Rec - team play facility	64,000	21,000	0	0
Website Development & Micro sites move to Micro Net	19,000	0	0	0
Signage	20,000	20,000	0	0
Bandstand Resurface Walkways	24,300	0	0	0
Lead work at Winter Garden	16,000	0	0	0
Sports Park - Astro Pitch	119,600	0	0	0
	276,850	94,700	0	0
<u>New Schemes & Block Allocation</u>				
Sports Park Flood Lights	0	30,000	0	0
ILTC Seat replacement	0	5,000	0	0
Airbourne Buoys	0	3,500	0	0
Pedestrian Sprayer	0	4,500	0	0
Re-surface Tennis Courts	0	150,000	0	0
Toro Mower	3,900	0	0	0
Block Allocation	0	0	0	0
	3,900	193,000	0	0
Total - Tourism and Leisure Services	280,750	287,700	0	0

CAPITAL PROGRAMME

Corporate and Core Services	Total revised 2010/11	Total 2012/13	Total 2013/14	Total 2014/15
	£	£	£	£
<i>Scheme</i>				
CORPORATE SERVICES				
Agile External Building Works	27,050	450,000	0	0
Agile phase 2	255,000	300,000	0	0
Authority Web Civica Costs	23,500	0	0	0
IEG Projects	6,400	0	0	0
6 Saffrons Road Renovations	0	67,000	0	0
Asbestos at Work Regs	4,350	0	0	0
Blight Notices Purchases	121,250	10,000	0	0
Town Hall Roof	5,000	506,000	0	0
Invest to Save	0	80,000	80,000	80,000
IT Infrastructure	42,500	0	0	0
CloudConnx	200,000	175,000	0	0
	685,050	1,588,000	80,000	80,000
<u>New Schemes & Block Allocation</u>				
Migration to Microsoft 2010 Platforms	0	190,000	0	0
Redesign of CCC at 1 Grove Road	0	300,000	0	0
Block Allocation	0	0	0	0
	0	490,000	0	0
Capital Contingencies	2,490,500	0	0	0
Wish Tower	53,000	0	0	0
Asset Management Other	0	420,500	0	0
Total - Corporate and Core Services	3,228,550	2,498,500	80,000	80,000

CAPITAL PROGRAMME

Housing Revenue Account	Total revised 2011/12	Total 2012/13	Total 2013/14	Total 2014/15
	£	£	£	£

Capital Programme

Managed By Eastbourne Homes

Decent Homes Work	1,500,000	1,600,000	0	0
Sheltered Remodelling:				
Roxborough	1,200,000	300,000	0	0
Sutherland	0	1,000,000	200,000	0
Tyrone	0	600,000	600,000	0
Archery	0	300,000	0	0
Winchester	0	900,000	800,000	
Other Major Works	2,371,500	2,333,500	4,350,300	4,397,800
Environmental Improvements	103,400	80,000	80,800	82,800
	5,174,900	7,113,500	6,031,100	4,480,600

Other Schemes

Decant & Demolition Costs (Avon, Kilkenny & Longford)	2,000	423,000	0	0
New Build Retentions:				
Langney Villas	10,000	0	0	0
Ratton Road	137,400	44,600	0	0
Upper Avenue	0	10,000	0	0

Total Programme	5,324,300	7,591,100	6,031,100	4,480,600
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Financed By:-

Borrowing	1,375,910	0	0	0
Government Grant	0	2,667,000	0	0
Capital Receipts	0	1,660,000	0	0
Major Repairs Reserve	3,624,350	2,486,500	5,805,670	4,051,790
External Contributions	2,000	423,000	0	0
S106 Contributions	22,040	54,600	0	0
Revenue Contributions	300,000	300,000	225,430	428,810

Total Financing	5,324,300	7,591,100	6,031,100	4,480,600
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PROJECTED USE OF RESERVES

	2011/12 Budget	2011/12 Revised Budget	2012/13 Budget
	£	£	£
General Fund Reserve			
In hand at 1st April	(4,221,053)	(5,266,769)	(4,301,269)
Transfer from General Earmarked Reserves	NIL	500,000	NIL
Financing of Non Recurring Expenditure	496,900	465,500	628,000
In hand at 31st March	(3,724,153)	(4,301,269)	(3,673,269)

Strategic Change Fund Balance

In hand at 1st April	(793,670)	(999,065)	(441,457)
Withdrawal/(Addition)	NIL	456,608	NIL
Allocated For Future Use	NIL	101,000	NIL
In hand at 31st March	(793,670)	(441,457)	(441,457)

Capital Programme Reserve

In hand at 1st April	NIL	(803,272)	(758,988)
Withdrawal/(Addition)	NIL	3,029	NIL
Allocated For Future Use	NIL	41,255	NIL
In hand at 31st March	NIL	(758,988)	(758,988)

Regeneration Reserve

In hand at 1st April	NIL	NIL	(482,190)
Transfer from General Earmarked Reserves	NIL	(500,000)	NIL
Withdrawal/(Addition)	NIL	(60,190)	(190,085)
Allocated For Future Use	NIL	78,000	NIL
In hand at 31st March	NIL	(482,190)	(672,275)

Council Tax Information

Tax Base

The Council has determined a tax base for 2012-2013 of 36,986.2

This is arrived at by multiplying the Relevant Amount of 37,837.5 by the Collection Rate of 97.75%.

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 2.25% due, for example, to exemption, bankruptcy and death.

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

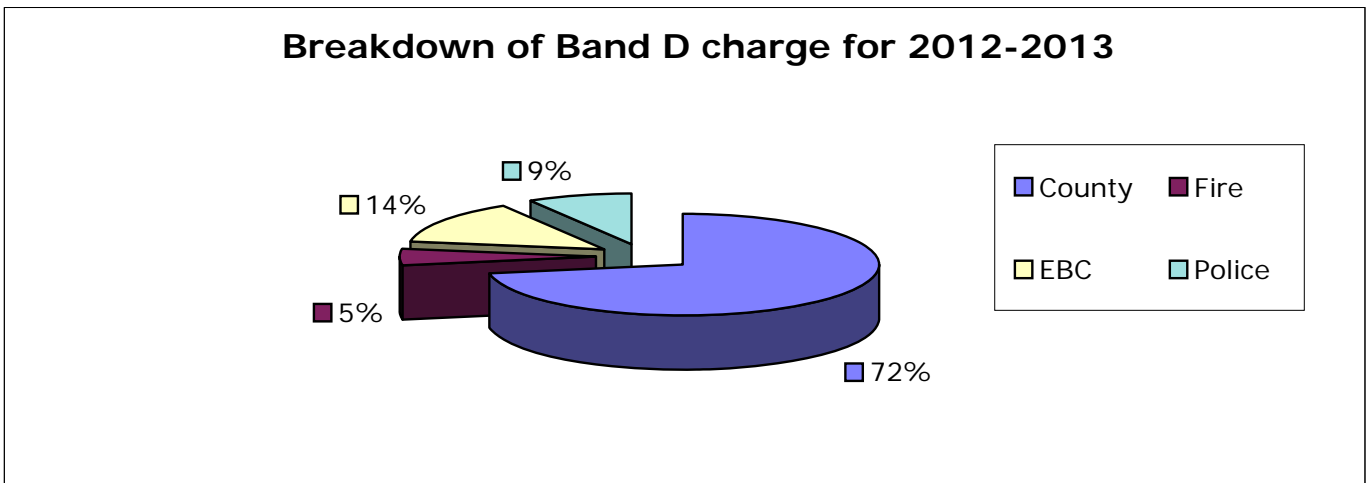
Tax Bands

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 (Provisional)	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:



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.
Capital Charges	This includes depreciation charges reflecting the decline in value (not cost) of assets as a result of their usage or ageing.

Definitions of Budget Headings

Reallocations Value of service costs recharged to internal users.

BUDGET REPORTS

1 Medium Term Financial Strategy - Sustainable Delivery Strategy	13/07/2011
2 Council Tax Base 2012/13	14/12/2011
3 Council Tax Budget 2012/13 Draft Budget Proposals	14/12/2011
4 General Fund and Capital Programme	08/02/2012
5 Housing Revenue Account, Rent Setting and Capital Programme	08/02/2012
6 Council Budget and Setting of Council Tax	22/02/2012

BODY:	CABINET
DATE:	13th July 2011
SUBJECT:	Medium Term Financial Strategy 2011-2015
REPORT OF:	Chief Finance Officer
Ward(s):	All
Purpose:	To set out an overarching financial strategy to support the Council's strategic priorities and plans over a four year period.
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) Approve the updated medium term financial strategy 2011-15 as summarised in Appendix 2.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 2012/13 budget setting.iii) Agree the broad allocation of minimum financial targets from the major change initiatives under DRIVE.iv) Agree the creation of a regeneration reserve to support initiatives for growth and that an initial £500,000 is transferred from general reserves to pump prime.v) Agree that general reward grants received from Government be allocated to the regeneration reserve in future.vi) Request that the emerging budget proposals for 2012/13 be brought to Cabinet in December prior to detailed consultation.vii) Agree the principal risks of the strategy in Appendix1.

1. Introduction

- 1.1 The Council's Medium Term Financial Strategy is a Rolling 4 year Strategy that takes into account:

- The external financial environment
- The overall financial demands of services
- The Council's existing and projected financial resources
- The Council's political priorities and stated aims
- The Council's sustainable service delivery strategy
- The major service strategies and plans

1.2 The MTFS was last approved in July 2010 and set the challenge to the 2011/12 budget setting process as well as a three year financial strategy and it 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 longer term approach to savings as more radical savings initiatives will inevitably take longer to plan and deliver.

1.4 In 2010 the Government confirmed that funding for local government would fall by just over 28% of the 2010/11 level over the rest of the parliamentary term. In December 2010 a two year Government grant settlement was announced that saw the majority of this reduction (around 75% of it) achieved by 2012/13.

1.5 Whilst the previous Government's 4% annual efficiency target has not been replaced with a specific target, in order to protect front line services this Council put in place a priority based budget system that yielded nearly 8% efficiencies in its first year (£1.4m) this was in excess of the reduction in grant for 2011/12 (£1.3m) thereby creating some headroom to reinvest in services.

1.6 The Council had already embarked on a radical change programme under DRIVE and new full year savings averaging £1.3m per annum have now been implemented for three successive years.

1.7 In setting the 2010/11 and 2011/12 budgets the Council has achieved its "Golden Rule" of meeting its ongoing budget requirement from ongoing resources. Although technically, the rule applies to the cycle of an MTFS, and it is reasonable to use reserves to smooth out the budget as savings accrue over the cycle.

2. 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 this MTFS ongoing expenditure must be financed from ongoing resources with only non recurring investments being met from any surplus reserves.
- 2.4 As with all Councils the effect of inflation is felt on gross expenditure, whilst any increase in council tax or grant is based on a net position. This “gearing effect” means that there is a natural gap of £400k-£500k per annum that needs to be met from efficiencies (approx 3%) if services are to be protected.
- 2.5 Given the current reduction in grant and the inability to raise council tax, the Council has to look to longer term measures to maintain sustainable finances. These include measures under the Sustainable Service Delivery Strategy (SSDS) and the growth of income streams.

3. The impact of the capital programme

- 3.1 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.
- 3.2 The Council has recently taken on additional borrowing in the Housing Revenue Account in order to meet the decent homes standard. This borrowing is currently 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 finalising plans to “buy 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. This change is set to change on 1.4.12.
- 3.3 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. As new schemes that require borrowing are approved, the Council has to make provision for repayment. Business plans are therefore developed prior to any decision to borrow.
- 3.4 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 4% MRP, although the Council’s Treasury Management Strategy does allow some flexibility to reduce this in future if necessary.
- 3.5 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.

4. The National Financial Picture

- 4.1 The new Government has set out a plan to significantly reduce the nation’s structural budget deficit within the lifetime of the current parliament.

- 4.2 This involves various measures that will reduce the amount of resources to local government including:
- A 28.4% overall reduction in local government support over 4 years
 - Reductions in and the ending of some specific grants e.g.
 - Planning and Housing Delivery Grant
 - Local Authority Business Growth Incentive Scheme
 - LAA Reward Grants
- 4.3 The current low interest rates reduce the income to councils who generate investment income due to positive cash flow and reserve balances.
- 4.4 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 4%.
- 4.5 The main effect of the national deficit reduction programme to this Council is the amount made available via the Revenue Support Grant (RSG). After adjusting for the transfer of responsibility for concessionary fares, the Council received £8.9m in RSG in 2010/11. This has been reduced to £7.6m in 2011/12, with a further reduction to £6.8m planned in 2012/13. The remainder of the reduction is currently profiled as implemented in 2014/15 however this strategy assumes an even reduction of £350k per annum for the last two years.
- 4.6 Against this backdrop service demands on Councils are ever increasing with demographic and downturn causal effects.
- 4.7 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 zero award 2010/11. Chief Officers have had no increase in pay since 2008/9. For workers earning under £21,000 a flat £250 per annum rise is proposed for two years from 2011/13.
- 4.8 The Government has already reduced the benefits paid to members of the local government pension scheme, by pegging future increases to the CPI instead of RPI. This has had the effect of increasing the overall funding of pensions schemes and therefore reduces the demand for future increases in employer contributions. Further changes are outlined in the current Pensions Bill which are likely to at least mitigate foreseeable funding pressures. The strategy assumes no increase in employer's contributions after the next triennial valuation in 2013.

5. The strategy commentary and main assumptions

5.1 Issues arising from 2010/11

The Foundation of any sound financial plan is a predictable budget to outturn position. The 2009/10 and 2010/11 outturns, whilst containing normal

variances in year, resulted in a positive overall variance due mainly to increased performance in housing benefits. This has had the effect of increasing reserves by over £1m.

5.2 Inflation on goods and services

The Government has a long term commitment to retain an inflation rate of 2% per annum (CPI) although the rate is currently double that amount. The strategy assumes 3% inflation for 2012/13 and 2% thereafter.

The Council, in common with most, does not add inflation each year to all 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 that cannot be negotiated downwards to be applied at a cost of some £250,000 per annum.

In the case of any pockets of high inflation (e.g. energy) 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 growth of £200,000 per annum is also included which unavoidable inflation has a first call on.

5.3 Pay inflation

One of the major costs in a District Council is the cost of its employees. This accounts for some £12m for this Council.

The current economic climate has some relief in this respect to the Council.

The strategy assumes the following increases based on the Government announcements and the decision of this Council to award £250 to those earning below £21,000 in 201/12:

Year	Under £21,000	Over £21,000	Chief Officers
2011/12	£250	0	0
2012/13	£250	0	0
2013/14	£250	0	0
2014/15	2%	2%	0

5.4 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 2014.

The next triennial revaluation of the fund is due to take place in 2013 which will set rates effective from April 2014. With the recent change to CPI and the potential changes arising from the Pensions Bill, the strategy assumes no increase in employer contributions after the next revaluation.

5.5 Fees and charges

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

The Council has been reducing its exposure to income targets in areas affected by the economic downturn in successive budgets. In setting the 2011/12 budget a modest targeted increase of £150,000 was built into the budget.

It is assumed that for the year 2012/13 an overall gain of £200,000 (<2%) per annum will be realised in fees and charges.

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

5.6 Interest Rates

In reaction to the marked 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 represented 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 increase modestly in the period 2011/13.

The Council's treasury management advisers (Sector Ltd) are forecasting a small increase in 2011/12, rising to 3.25% by the end of 2013/14.

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 5.9 below) This can be restated as each year's budget is set.

5.7 Council Tax

In closing the 2010/11 accounts, The Council has a declared a collection fund surplus of £78,000 having recovered a deficit of £1.4m as at 31 March 2010.

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 as well as changes in the tax base in year.

The Government announced a Council tax freeze for two years from 2011. A special grant to compensate was included in the financial settlement for 2011/12.

The strategy assumes the same for 2012/13 and an annual 2% rise in Council tax from 2013/14 consistent with the Government's CPI forecast i.e. no real terms increase across the life of the MTFS.

5.8 Government Grants

The Council currently receives £7.6m of revenue support grant.

The way in which local government is funded from 2013/14 is currently under review and is due to be announced in the autumn of 2011.

In respect of general 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. It is recommended that such grants should in future be directed at a new reserve used to promote growth in the area, with business proposals being approved by Cabinet.

The third type of grant is specific grants for the purposes of running individual services e.g. housing benefit administration and NNDR collection grants. The service and financial planning process deals with fluctuations in such grants with a view to matching the cost of the service against the grant received.

With the advent of the proposed universal credit and the delegation of the local council tax rebate, there will be policy decisions required by the Council to implement. Local control over council tax rebate will also come hand in hand with greater financial risk as policy will need to be continually tested against demand over time. This strategy assumes that the effect will be neutral overall.

5.9 Revenue cost of Capital

An adjustment of some £350,000 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%.

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
5%	500	6,250

The table assumes repayments over 25 years (4% MRP)

Invest to save schemes can be financed in addition to this where the saving is greater than the cost of the initial investment.

The Council currently makes a revenue contribution to capital in the region of £200,000 per annum to supplement other capital resources via grants, contributions and capital receipts. This budget also deals with financing items included in the capital programme that become ineligible for capital financing.

5.10 Revenue headroom for new or enhanced services

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 £900k per annum of savings is required to make good the loss of grant and the effects of inflation as well as provide £200k per annum for growth.

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

5.11 Savings

Taking all known factors and assumptions as outlined above the Council needs make a minimum level of new savings of £900k per annum over the life of the MTFS.

For 2011/12 the Council introduced a priority based budget system developed during 2010.

The Council prioritises its services in order to apply different savings targets across different service areas over three years.

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

This gives the service and financial planning process a risk approach to prioritisation and the ability to flex the targets if the need arises.

It became apparent in setting the three year financial plan 2011/14 that some services (notably back office services in band 4) were unlikely to be

able to achieve targets by continually reducing the resources as these services are disproportionately high in salary costs.

The Council has set out a number of corporate initiatives in order to help facilitate savings under the auspices of DRIVE.

The principal programmes are Agile and SSDS.

Whilst these programmes have stretch targets that have been agreed as part of each individual programme, this strategy assumes the following bankable savings accruing as set out below (rounded to the nearest £50k) This does not alter the targets set for each programme, but merely reflects what can reasonably be assumed at this stage. Service and financial planning will provide more certainty as each year approaches.

Program me	2011/12	2012/13	2013/14	2014/15	Cumulati ve
	£'000	£'000	£'000	£'000	£'000
Agile	300	150	150	150	750
SSDS	0	250	250	250	750
S & FP	1000	500	500	500	2500
Total	1300	900	900	900	4000

This represents an average of £1m of new recurring savings each year as set out in the last MTFs.

5.12 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 balances 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 the impending "debt settlement" will have an effect on the HRA due to the loss of subsidy which should be compensated for by the reduction in the cost of debt under the Governments self financing proposal.

From 2012/13 the HRA will become like the general fund in that it will need to assess the cost of its capital programme against the resources available in the HRA, as the subsidy system will be disbanded. Responsibility for setting rent levels will be localised however controls over rent levels and borrowing

limits are likely to remain.

There will also be some effects in the general fund however these should be overall neutral. Further reports will be made as the scheme progresses and any necessary alterations made via service and financial planning.

6. Reserves

6.1 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
- Repairs and Maintenance – to support the asset management plan
- Other Earmarked Reserves –For specific projects including carry forwards

Capital

- Usable Capital Receipts – earmarked for future capital schemes

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

- 6.2 The 2010/11 accounts show the balance available to the general fund to be £5.2m. This is the assumed starting point for the MTFS. There is a planned draw on reserves to meet non recurring expenditure in 2011/12 of £497,000.
- 6.3 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, although this will require review once the localised council tax rebate is introduced as this may increase financial risk materially.
- 6.4 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 £1m as at 31.3.11.
- 6.5 The repairs and maintenance fund with a balance of £0.8m has been left as earmarked and will be reviewed as the new asset management plan develops.
- 6.6 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.

- 6.7 The Council has had a conscious policy of keeping reserve levels above minimum levels in reaction to the recession and the continued squeeze on public sector spending. The MTFS summary (appendix) shows that the general reserve will be reduced over the life of the MTFS to an estimated £3.5m.
- 6.8 In order to pump prime initiatives that will bring growth to the area, it is proposed that in addition to reward grants received being used for economic growth (see 4.9) the Council sets aside £500,000 from its general fund in order to facilitate such schemes.

7. Risks

- 7.1 The main risks arising from this strategy and actions to manage are included at **appendix 1**.

8. Consultation

- 8.1 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 2012.
- 8.2 It is a requirement to consult with the business and voluntary sectors over the detailed budget proposals that will emerge from this strategy in the autumn.
- 8.3 The Joint Staff Committee is briefed regularly as the process emerges.
- 8.4 Staff are consulted via the Managers Forum and "Drop in Sessions" held periodically.

9. Conclusions

- 9.1 In order to maintain sustainable finances the Council will need to make new efficiency savings or increases income to the order of £1m per annum.
- 9.2 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 Agile and SSDS programmes are key enablers to meeting this challenge.
- 9.3 The MTFS is a key corporate planning tool and supports the Councils Corporate Plan.

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 2011.*
- *MTFS – July 2010.*
- *Statement of Accounts – June 2011*

Audit Committee- Final Accounts- 29 June 2011.

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

MTFS20112015-final.doc

Risk/Effect	Contained in Strategy	Appendix 1 Other Mitigation
Income Reductions	<ul style="list-style-type: none"> • Statutory recession hit income budgets adjusted each year as part of service and financial planning • No growth assumed in overall income targets in 2011/12 rising by less than 2% in 2012/15 • A fund set aside to aid regeneration and contribute new sources of income • Interest budget set at current low interest rate 	<ul style="list-style-type: none"> • Service and Financial Plans to test possible income generation activities and price sensitivity • New sources of income explored in Plans • Planning at 2 levels in service and financial planning process to challenge assumptions • Member challenge
Government Support Being Reduced even further	<ul style="list-style-type: none"> • Assumption follows the Governments announcements to date • Priority levels shown with "stretch" targets • Zero based reward grants 	<ul style="list-style-type: none"> • Possibility of service alterations to a modified level • Change assumptions in budget setting • Update MTFS if uncontrollable
Benefits Performance	<ul style="list-style-type: none"> • Short term funding from DWP to recognise caseload increase • No surplus built into subsidy budget despite reasonable certainty in 11/12 	<ul style="list-style-type: none"> • Service review of delivery arrangements • 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 growth choice with performance of savings delivery • Strategic Change Fund to support invest to save • Capital Invest to save available • Reserves well above minimum level can be used to smooth out fluctuations • Level of Revenue contribution to capital can be varied 	<ul style="list-style-type: none"> • Use compensating savings in short term • Increase and manage a higher vacancy factor • Reduce discretionary spend in year • Review minimum revenue provision

Based on 30% reduction in RSG over 4 years

Appendix 2

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>
Total Budget	18,689	15,829	15,133	14,793
Less Concessionary Fares	(1,689)			
Less non recurring items	(267)			
Adjusted Base Budget	16,733	15,829	15,133	14,793
Pay and Price Inflation				
Pay Award and Increments	100	100	250	250
Pensions	60	60	60	60
Inflation on Contracts	265	250	250	250
NNDR increases	100			
National Insurance increase	90			
Growth	235	200	200	200
Council Tax grant	(203)	(206)		
Increases in Income	(148)	(200)	(200)	(200)
Total Budget Demand	17,232	16,033	15,693	15,353
Government Grant				
Adjusted 2010/11	(8,900)			
	(7,580)	(6,780)	(6,430)	(6,080)
Council Tax				
Relevant Amount	37,701	37,701	37,701	37,701
Collection Rate	0.975	0.980	0.980	0.980
Base	36,758	36,947	36,947	36,947
Band D	224	224	229	233
% Increase in Council Tax	0%	0%	2%	2%
Collection Fund	(8)			
Total Council Tax	(8,249)	(8,283)	(8,449)	(8,618)
Total Sources of Funding	(15,829)	(15,063)	(14,879)	(14,698)
Gap in Funding	1,403	970	814	655
Efficiency Savings	(1,073)	(500)	(500)	(500)
SSDS		(250)	(250)	(250)
Agile	(330)	(150)	(150)	(150)
Residual Gap / (Surplus)	0	70	(86)	(245)
General Reserves B/F	(5,200)	(4,203)	(3,833)	(3,619)
Transfer to Regeneration reserve	500			
Non recurring growth	497	300	300	300
Use of General Reserves	0	70	(86)	(245)
Reserves C/F	(4,203)	(3,833)	(3,619)	(3,564)

BODY: CABINET

DATE: 14 December 2012

SUBJECT: Council Tax Base 2012/13

REPORT OF: Chief Finance Officer

Ward(s): All

Purpose: To approve the Council Tax Base 2012/13 in accordance with the Local Government Finance Act 1992.

Contact: Pauline Adams, Financial Services Manager
Tel 01323 415979 or internally on ext 5979

Recommendations: Members are asked to agree the Council Tax Base of 36,986.2 for 2012/13.

1.0 Introduction

- 1.1 The Council Tax Base represents a forecast of the number of chargeable dwellings that will be liable for Council Tax during 2012/13 and is expressed as the equivalent number of Band D dwellings with two or more liable adults.
- 1.2 The methodology for calculating the Council Tax Base is determined by the Local Government Finance Act 1992 and various regulations made under this Act. These are listed at the foot of this report.
- 1.3 The Council has already submitted a tax base return (CTB1) to Central Government, which will be used in the calculation of Formula Grant. This figure was 37,396.6 based on the number of properties on the valuation list as at 12 September 2011 but excluding provisions for new properties and non-collection.
- 1.3 The Council Tax Base calculation differs from this as it includes these additional items and local discretion on the discount rate for second homes. The Council Tax Base is arrived at by multiplying the relevant amount by the estimated Collection Rate. These factors are discussed further below.

2.0 Relevant Amount

- 2.1 The Relevant Amount for each Council Tax Band is the estimated full year equivalent number of chargeable dwellings after taking into account discounts and exemptions expressed as the equivalent number of Band D dwellings.

- 2.2 The Relevant amounts for each Band are then added together to arrive at the overall Band D equivalent. For 2012/13 this totals 37,837.5. The detail number of properties is shown at Appendix 1.
- 2.3 The Relevant Amount has increased by 137.3 properties (0.36%). The number of dwellings entitled to discounts is 20,393 compared to 20,094 in 2011/12; an increase of 1.49%. This has reduced the total number of chargeable dwellings by 75.
- 2.4 A review of the Single Persons Discounts (SPD) has recently commenced and it is expected that this will result in a decrease in the number of households qualifying for SPD, leading to a increase in the relevant amount and the council tax collectable. The results of this exercise have not been reflected in the Council Tax Base calculation at this time as it is too early to quantify the implications. The revision to SPD numbers will however be reflected in the balance on the Collection Fund as at 31.3.12 and the Council tax base from 2013/14.

3.0 Collection Rate

- 3.1 The Collection Rate is the Council's estimate of the proportion of the overall Council Tax collectable for 2012/13 that will ultimately be collected, expressed as percentage.
- 3.2 The key elements in making this calculation are losses on collection, appeals against valuation, changes in circumstances (e.g. future applications for discounts in respect of single person occupancy or disability) and other adjustments. These other adjustments to bills can arise for a variety of reasons including bankruptcy, death and exemption where premises are unoccupied for reasons allowed by the Exempt Dwellings Order. The Council must also make provision for uncollectable debts.
- 3.3 Given the improving level of Council Tax collection there is the opportunity to set the collection rate at 97.75% for 2012/13, an increase of 0.25% over 2011/12.

4.0 Council Tax Base

- 4.1 Taking the Relevant Amount of 37837.5 and applying the Collection Rate of 97.75% produces a Council Tax Base for 2012/13 of 36,986.2. A summary of the calculation is set out at appendix 1.
- 4.2 This is an increase of 253 (0.60%) properties compared with 2011/12. A comparison over the last five years is given at Appendix 2.
- 4.3 The Council's Medium Term Financial Plan is updated annually to take account of movements in the Council Tax Base. The assumed tax base for the current MTFS was 36,947.

5.0 Collection Fund Performance

- 5.1 As at 31 March 2011 the Collection fund showed a surplus of £77,987 the majority of which has been distributed across all preceptors during 2011/12, leaving a credit of £15,797 to be distributed in 2012/13.
- 5.2 Collection performance was set at 97.50% for 2011/12 and early monitoring shows that due to improving collection performance the final rate may be marginally higher with the collection fund expected to remain in surplus by the end of the financial year
- 5.3 The Council has to estimate the overall surplus/deficit at 31 March 2012 and inform the precepting authorities in January 2012 of this estimate in order that the amount is included in the 2012/13 precept figures.
- 5.4 The results of the estimate will be reported to members as part of the budget report to the February Cabinet.

5.0 Consultation

- 5.1 Not Applicable

6.0 Implications

- 6.1 The Council Tax Base recommended will be used to calculate the level of Council Tax requirement that will be recommended to the Council on 22 February 2012.
- 6.2 Once agreed by the Council the Council Tax Base will be notified to East Sussex County Council, Sussex Police and East Sussex Fire Authority.

7.0 Conclusion

- 7.1 The Council Tax Base calculation of 36,986.2 Band D equivalent properties for 2012/13 has been calculated in accordance with relevant legislation. This is a 0.62% increase on 2011/12 and will be used in the detailed budget and Council Tax setting calculations.

Background Papers:

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

The Local Government Finance Act 1992
The Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended by The Local Authorities (Calculation of Council Tax Base)(Amendment) Regulations 1999 and The Local Authorities (Calculation of Council Tax Base)(Amendment) Regulations 2003.

Tax Base Comparison between years					
	2008/09	2009/10	2010/11	2011/12	2012/13
NUMBER OF DWELLINGS					
Valuation List as at November	46,338	46,945	47,384	47,409	47,662
Less exempt dwellings	-1,586	-1,631	-1,760	-1,657	-1,630
Less demolished properties	-9	-40	0	0	0
Chargeable dwellings	44,743	45,274	45,624	45,752	46,032
Less discounts equated to property numbers	-4,523	-4,060	-4,844	-4,891	-4,966
Total equivalent property numbers	40,220	41,214	40,780	40,861	41,066
Estimated changes in year	228	162	-57	-59	-19
Estimated chargeable properties	40,448	41,376	40,723	40,802	41,047
Band D Equivalent (Relevant Amount)	37,226	38,154	37,606	37,700	37,837
% increase		2.49%	-1.44%	0.25%	0.36%
TAXBASE CALCULATION					
Relevant Amount	37,226	38,154	37,606	37,700	37,837
Collection Rate	98.50%	97.00%	97.25%	97.50%	97.75%
Council Tax Base	36,668	37,009	36,572	36,758	36,986
% increase		0.93%	-1.18%	0.51%	0.62%

BODY: CABINET

DATE: 14th December 2011

SUBJECT: Draft Budget Proposals 2012/13

REPORT OF: Chief Finance Officer

Ward(s): All

Purpose: To summarise the main elements of the emerging 2012/13 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:

- i) Agree the draft budget proposals for consultation.
- ii) Agree the principal risks as outlined in 5.3

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 initial responses to the consultations at this meeting and finally on 8 February 2012 in order to recommend a final budget and additions to the existing capital programme for 2012/13 to the Council on 22 February 2012.
- 1.3 The process of service and financial planning is an integral part of the corporate planning cycle that looks over a medium term horizon.
- 1.4 In 2010 the Government confirmed that RSG would be cut by just under 30% by 2014/15 from the 2010/11 levels.

2.0 Integrated corporate planning process

- 2.1 In July 2011, 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 rolling programme with net savings targets of £2.7m recurring by 2014/15 (in addition to the £1.3m net achieved in setting the 2011/12 budget)

- 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. A separate report is included on the agenda with an update.
- 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 integrated quarterly performance monitoring against key indicators informs the Council and its stakeholders of progress.
- 2.6 The DRIVE programme forms the basis of Councils efficiency agenda and the sustainable service delivery strategy (SSDS) is a major component of the programme which will deliver savings over the life of the MTFs, a report on the SSDS is included elsewhere on the agenda.

3.0 Background to the Budget Proposals

- 3.1 The MTFs set out the principles for the budget of the following three years and models the financial impact of the strategy.
- 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 economic downturn.
- 3.3 The current strategy set out a three year plan to:
 - Deal with the reduction in the Government grant of around 30%
 - Integrate fully the service and financial planning process with the main change programmes under DRIVE
 - Work with clearly defined targets to the Agile and SSDS work programmes
 - Deal with the continued economic downturn and unavoidable growth in service demands
 - Maintain front line services to the public
 - Make further recurring savings of £2.7m net per annum by 2014/15
 - Maintain at least a minimum level of reserves of £2m
 - Use surplus reserves in the medium term for:
 - Invest to save projects
 - Smooth the requirement for savings over the cycle of the MTFs
 - Invest in one off service developments in line with the corporate plan
 - Benchmark fees & charges against the service standard
 - Reinvest in value adding priority services when headroom is created
 - Set council tax rises below the level of inflation

- Maintain a Strategic Change Fund to finance the DRIVE programme in order to increase efficiency
- Create an economic regeneration reserve to finance external investments
- 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
- Continue the process of priority based budgeting to target investment and differential levels of savings targets at services according to priority
- Zero base volatile grant budgets
- Provide only the resources to make a pay award to low paid workers
- Look for new income streams to supplement diminishing resources
- Carry forward of budgets only in relation to external funding

3.4 The Government's Comprehensive Spending Review (CSR) was announced in October 2010 and confirmed a 28.4% reduction in support for local government over 4 years.

3.5 2012/13 is the second and last year of the current settlement under the RSG formula. From 2014/15 retention of business rates is envisaged with a system of "tariffs and top-ups" to make sure there is a smooth transition from the current system.

3.6 Whilst at the time of writing the final settlement in respect of revenue support grant (RSG) for 2012/13 as well as numerous other grant announcements have not yet been made, the following are assumed in the MTFS.

Year	2012/13	2013/14	2014/15
	£'000	£'000	£'000
Reduction in RSG/Equivalent	800	350	350
Council Tax grant	(410)	(207)	(211)
New Homes Bonus phase 1	(187)	(187)	(187)

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 £1.211m (7.5% of net spend) shown in **(appendix 1)**

These are categorised as:

	<u>£k</u>
Efficiency savings	(892)
Increases in income	(276)
Other changes	<u>(43)</u>
Total	<u>(1,211)</u>

- 4.3 A total of £869,000 of service growth is proposed categorised as follows **(appendix 2)**:

	<u>£k</u>
Corporate inflation	612
Reduced income targets	115
Other Growth	<u>142</u>
Total	<u>869</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 available for Councils not increasing council tax (2.5% or £210,000). Unlike last years scheme which is guaranteed at least until end of the parliament it is for one year only.
- 4.5 The proposal also includes £568,000 of non-recurring service investment to be financed directly from reserves **(Appendix 2)** including:

	<u>£k</u>
Procurement of joint waste contract	100
Strategic asset management review	121
Temporary resources to transition services	62
Telephony costs agile transition	50
Olympic torch relay	45
Events management	37
Towner –preparation for Trust	37
Conservation Officer	32
Other	<u>78</u>
Total	<u>568</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	15.829	15.829
Growth (outlined in 4.3)	0.869	0.714
Savings (outlined in 4.2)	(1.211)	(1.100)
Other adjustments	<u>(0.002)</u>	<u>0.000</u>
Net budget requirement	<u>15.485</u>	<u>15.443</u>
Funded By:		
Government Grants	(7.177)	(7.197)
Reserves	0	(.107)
Council tax (band D £224.19)	<u>(8.308)</u>	<u>(8.239)</u>
Total Resources	<u>(15.485)</u>	<u>(15.443)</u>
Forecast General Reserve 31.03.13	£3.8 to £4m	

5.3 Principal risks and opportunities and possible mitigation measures:

Risk / Issue	Comments
Government revenue grant settlement	Final settlement not likely to be materially different income from solarbourne project not built into budget yet
Government – other grants	Housing Benefit (£1m) already announced Council budget not dependent on ad hoc reward grants
Land Charges – outcome of current litigation	Possible funding from Government and/or use of surplus reserves
Increase in inflation on pay and prices	Current inflation rate built in proposal for external contracts. £75,000 Contingency left from 2011/12 could be used to offset and negotiations with main suppliers underway to reduce contractual entitlement.
Cumulative effects of above	If negative, priority based budgeting methodology would allow some further savings proposals to be brought forward. Any surplus headroom created would be put in contingency or priorities retested in new year.

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 £0.5m of internal identifiable capital resources available for the next three years subject to the outturn of existing schemes.

- 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 to support the corporate plan priorities was established in the 2010/11 budget.
- 6.4 Additional individual schemes linked to those 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 include schemes financed from external resources.

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 which is reported elsewhere on the agenda.

8.0 Implications

- 8.1 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 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 following consultation and further announcements, The Council will have continued to shift its basic financial position towards longer term sustainability as outlined in the MTF5.

Alan Osborne
Chief Finance Officer

Background Papers:

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

Budget 2011-12

Cabinet Reports: – Finance Matters Each Cabinet Meeting
- Budget Setting February 2011.
-MTFS July 2011.

Audit Committee- Final Accounts-June 2011 and September 2011.

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

Dept	Proposed Savings Service	Proposal	2012/13 £'000
Efficiency Savings			
ComS	Revenues & Benefits	Deletion of vacant Performance & Monitoring Post	(21)
ComS	Revenues & Benefits	Welfare Advice Service/Destiny Solution	(3)
ComS	Revenues & Benefits	Reduced resource in Local Taxation team	(21)
ComS	Revenues & Benefits	Reduced in annual billing booklet costs	(6)
ComS	Private Sector Housing	Reduction of Environmental Health Officer resource	(19)
ComS	Revenues & Benefits	Reduction in postage combining letters & bills	(12)
D&ES	Parks and Gardens	Contract savings	(165)
D&ES	Economic Development	Supply Chain Development	(5)
TS	Theatres	Box office contract renegotiation	(10)
TS	Theatres	Congress - Staff / stewards rationalisation	(20)
TS	Theatres	DPT Box Office - Redirect service to Congress	(8)
TS	Sports and Leisure	Tennis Coaching - Renegotiated contract terms	(15)
TS	Sports and Leisure	Shinewater Reception - Retirement	(3)
TS	Sports and Leisure	Willingdon Trees - Transfer to community management	(7)
CorpS	Communications & Participation	Remaining programmed saving as a result of reduced support staff cost	(3)
CorpS	Local Land Charges	Remaining sum as a result of reduced and transferred service in 2011/121	(17)
CorpS	Legal Services	Miscellaneous efficiencies	(2)
CorpS	Financial Services	Reduction in insurance administration	(16)
CorpS	Financial Services	Miscellaneous efficiencies	(5)
CorpS	Resourcing and Development	Reduction in training budgets through more e-learning	(8)
CorpS	Member Development	General efficiencies	(2)
CorpS	IT and e Government	Reduced software licences	(25)
CorpS	IT and e Government	Internet access saving	(6)
CorpS	IT and e Government	Reduced Govt connect costs	(5)
CorpS	Facilities Management	Sussex Police sharing 1 Grove Rd	(11)
CorpS	Customer and Support Services	Restructure of support team (AWP BPR)	(20)
CorpS	Human Resources and Strategy and Democracy	Restructure	(70)
CorpS	Corporate	DRIVE Benefits realisation from Agile/BPR (managed 3% vacancy factor)	(360)
CorpS	Corporate	Reduced external audit fees	(15)
CorpS	Corporate	Withdrawing from South East Employers	(4)
CorpS	IT and e Government	Move web hosting in house	(8)
Efficiency Savings Total			(892)

Dept	Proposed Savings Service	Proposal	2012/13 £'000
Income Generation			
ComS	Crematorium Admin & Cemeteries	Increase in burial fees at RPI	(7)
ComS	Crematorium	Increase in base cremation fee at RPI	(65)
ComS	Crematorium	Increase in Environmental Levy to pay for new cremators	(26)
D&ES	Cleansing	Adverts on bins (approved October 2011)	(24)
D&ES	Downland Trees and Woodland Management	Income from Downland Stewardship scheme	(5)
D&ES	Trees and Woodland	Extra income from trees	(18)
D&ES	Health & Environment Team	Increased income from pest control	(3)
TS	Events	Increase Marathon Income	(3)
TS	Tourism	Bar/Catering Income - Bandstand bar income	(20)
TS	Galleries and Museums	Heritage Programme - Orange Lily, lettings, retail and education income - Linked to growth bid	(9) *
TS	Theatres	LTA Box Office - Fee	(20)
CorpS	Printing	Remaining amount of increased external income proposals set out in 2011/12	(3)
CorpS	Financial Services	Income from concessionary fares processing	(4)
CorpS	Corporate Properties	Additional rental income - note assumes TI rent review	(19)
CorpS	Corporate Costs	Shared Services Income	(50)
Income Generation Total			(276)
Other Changes			
ComS	Private Sector Housing	Reduction in Private Housing study budget	(19)
ComS	Housing Services Management	Increase recharge to the HRA in respect of additional services	(2)
TS	Tourism	Sussex Tourism Partnership Subscription - Organisation now abolished	(8)
CorpS	Local Democracy - Elections	Future Borough elections are now funded from general fund as required.	(14)
Other Changes Total			(43)
TOTAL SAVINGS			(1,211)

* Linked savings & growth items

Dept	Recurring Service	Growth Item	2012/13 £'000
Corporate Inflation			
CorpS	Corporate	Pay Award and contractual increments	133
CorpS	Corporate	Pensions - increase in employers contribution	37
CorpS	Corporate	NNDR Increases on Council properties	32
CorpS	Corporate	Utilities Inflation	58
CorpS	Corporate	Inflation on external contracts	414
CorpS	Corporate	Negotiations for reduced Contractual Inflation	(62) Minimum
Corporate Inflation Total			612
Changes in Income targets			
ComS	Revenues & Benefits	Reduction in HB Admin Grant (announced)	58
TS	Theatres	Loss of income in relation to LTA	26
CorpS	Local Land Charges	Unachievable Income target	31
Changes in Income Total			115
Other Growth			
ComS	Revenues & Benefits	Combine HB/CT letters & software	6
ComS	Private Sector Housing	Salary adjustments following 2010/11 savings	7
ComS	Community Development	Salary adjustments following 2010/11 savings	7
ComS	Community Development	Premises budgets for Langney Community Centre	6
ComS	Crematorium	Crematorium maintenance contract & running costs	6
TS	Museums & Galleries	Increase in service staff (permanent contract)	30 *
TS	Museums & Galleries	Towner - Maintenance following capital scheme	20
CorpS	Member and Civic Services	Annual cost of data protection registrations for each councillor with the Information Commissioner's office	1
CorpS	Strategic Performance	Increase in duties and responsibilities of support post with job re-evaluation implemented	4
CorpS	Strategic Performance	Covalent full site licence	5
CorpS	IT and e-Government	Servers extended maintenance costs	3
CorpS	IT and e-Government	Systems Support costs - to cover the increased costs of managing centralised systems support	8
CorpS	Estates	Corporate Property Manager (previously temporary funding)	39
Other Growth Total			142
 TOTAL PROPOSED RECURRING GROWTH			869

Non Recurring Service Investments

Group	Service	Proposal	
D&ES	Cleansing	Procurement and communication strategy for joint Waste Contract	100
	Planning	Temporary contract to existing Conservation Officer post. Permanent post to be considered as part of future operating model.	32
D&ES	Parks and Gardens	Commission biodiversity report on Decoy Pond to measure improvements.	20
D&ES	Planning	Requirement of lottery grant.	
D&ES	Planning	Commissioning an update of the Housing Market Assessment. Required evidence for the Core Strategy	20
D&ES	Planning	Working in Partnership with East Sussex Authorities on the new Community Infrastructure Levy.	20
D&ES	Environmental Health	Temp extension to existing staff post while implementing restructure	30
D&ES	Environmental Health	Printing of Access Guide	2
TS	Theatres	Supporting Trust to undertake management through meeting existing fixed costs	19
TS	Museums & Galleries	Towner - Business development for transfer to Trust Status	37 *
TS	Events	Sustain new events that were introduced in 2011; Fiesta; cycling festival; outdoor screening and music concert.	15 **
TS	Events	Senior post for programme delivery, managing working hours and community support.	37 **
TS	Events	Town dressing for LTA	10 **
TS	Events	Olympic Torch Relay - Community Live Site	45 **
TS	Events	Jubilee events	10 **
CorpS	Corporate Property	Strategic Asset Management Review	121
CorpS	Telephony	Increased costs of mobiles, reduced income plus historical gaps	50

TOTAL NON RECURRING INVESTMENTS**568**

* Linked savings & growth items

** underwritten subject to search for sponsorship/fund raising

Body:	Cabinet
Date:	8 February 2012
Subject:	General Fund Revenue Budget 2012 / 13 and Capital Programme 2011 / 15
Report Of:	Chief Finance Officer
Ward(s)	All
Purpose	To agree the detailed general fund budget proposals for 2012 / 2013 and Capital Programme 2011 / 2015.
Decision Type:	Key Decisions requiring approval of Full Council
Recommendation:	Members are asked to recommend the following proposals to Full Council: (i) General Fund budget for 2011 / 12 (Revised) and 2012 / 13 (original) (Appendix 1) including growth and savings proposals for 2012 / 13 as set out in Appendix 2 . (ii) No increase in the Council Tax for Eastbourne Borough Council resulting in an unaltered Band D charge of £224.19 for 2012 / 13. (iii) General Fund capital programme and financing 2011 / 15 as set out in Appendix 3 .
Contact:	Alan Osborne, Chief Finance Officer, Telephone 01323 415149 or internally on extension 5149. E-mail address: alan.osborne@eastbourne.gov.uk

1.0 Introduction

- 1.1 This report sets out the general fund revenue budget proposals for 2012 / 13 and a three year capital programme 2011 / 15.
- 1.2 The Housing Revenue Account 2012 / 13 and associated capital programme, together with rent setting for 2012 / 13 is subject of a separate report elsewhere on this agenda.
- 1.3 The Council revised its medium term financial strategy (MTFS) in July 2011 and the Cabinet recommended a resulting draft 2012 / 13 budget proposal in December 2011.
- 1.4 The MTFS and resulting draft budget has been subject to extensive consultation as reported to Cabinet and Scrutiny in December.

1.5 The budget is the product of various plans and strategies as part of an integrated and 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 2012 / 13
- Overall savings totalling £1.222m (8% of the net budget)
- Efficiency savings of £0.899m (6%)
- Inflation of £0.606m (4%)
- Recurring service growth of £0.299m
- Non recurring service investments £0.568m
- All recurring expenditure met from recurring resources
- General Reserves averaging in excess of £4m (against a minimum recommended of £2m)
- Strategic change fund £0.4m
- Regeneration reserve of £0.7m
- Repairs and maintenance reserve of £0.8m
- Capital receipts of £0.5m invested in new capital schemes

2.2 The budget represents management of financial risks 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 unidentified 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 in July 2010 and 2011

3.0 2012 / 13 Resources

3.1 Government formula grant and council tax grant

3.2 The grant settlement of £6.806m represents a reduction of £0.772m which is a 10% cut in cash terms plus the effect of inflation. This is on top of the 12.8% reduction in 2011 / 12. In aggregate terms this represents around 75% of the planned reduction over the life of the current parliament.

3.3 In addition to the formula grant the Government is financing the cost of a 2.5% increase in council tax (£206,000) for the one year only. This is in addition to the current year's freeze grant (£203,000) which is guaranteed for the lifetime of the parliament.

3.4 The Government awarded the Council £187,000 of new homes bonus in 2011 / 12 which is guaranteed for six years. In addition a further £190,000 for 2012 /13 has been awarded which will be added to the economic regeneration reserve to be used for future schemes to promote growth.

3.5 Council Tax

3.6 The proposal for no increase in council tax for 2012 / 13 results in an unchanged Band D rate of £224.19 for the Council (14% of the total bill).

3.7 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.

3.8 Within this context, for 2012 / 13, the Council will raise £8.292m from its share of the council tax. This is determined by multiplying the council tax base of 36,986 Band D equivalent dwellings by the Band D tax rate of £224.19.

3.9 Summary – 2012 / 13 Resources

A summary of the resources available is shown below:

Source:	£'m
Government formula grant	(6.806)
New Homes Bonus (first tranche)	(0.187)
Council tax grant	(.412)
Council Tax	(8.292)
Collection Fund Surplus	(0.009)
Total Resources Available	<u>(15.706)</u>

3.10 In order to achieve a balanced budget without using reserves, the Council will need to set a net expenditure budget for 2012 /13 of £15.706m in line with the resources set out above.

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

Item	£'000
Reduced charge to the HRA	6
Increase in contingency	36
Increase in available funding/other	(33)
Reduced inflation	(6)
Saving on telephone allowances	(3)
Total	0

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.

Grant	2012 / 13 £'000
Housing & Council Tax Benefit Subsidy (yet to be confirmed)	53,651
Housing Benefit Administration	998
Homelessness	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. A new system of universal credits is due to start in 2013/14 however responsibility for council tax credit will be devolved to Councils at 9/10 of the current cost (i.e. c£9m of c£10m) The Council will need to design a scheme during 2012/13 that meets the financial constraint and protects pensioners. Cabinet will be updated during 2012/13.

4.3 Housing Benefit Administration:

This is to fund the cost to Eastbourne of administering the national Housing and Council Tax Benefits Scheme. This represents a reduction of 5% from the 2011/12 funding.

4.4 Homelessness:

This is intended to assist with prevention and to find alternative accommodation other than bed and breakfast.

4.5. New Homes Bonus:

This was started in 2011/12 (£187,000) and is guaranteed for six years. A further £190,000 has been awarded for 2012/13. The Council's policy as outlined in the MTFS is to use the additional grant for economic regeneration

initiatives. A separate reserve has been set aside for that purpose.

5.0 Budget movement 2011/12 to 2012/13

5.1 The detailed budget proposals are set out in **(Appendix 1)** show in detail the movement from the 2011/12 budget to the 2012/13 proposed budget. The movements are summarised below:-

5.2	Movement from 2010/11 Base Budget	£'000	£'000
	Change in resources:		
	Main government grant	772	
	Council tax – increase in tax base/collection	(51)	
	Council tax/New homes grants	<u>(396)</u>	325
	Cost pressures:		
	Inflation	606	
	Other unavoidable costs increases and changes in income	114	
	Service growth for priorities	<u>185</u>	905
	Savings:		
	Efficiency savings	(899)	
	Service alterations	(43)	
	Increased Income	<u>(280)</u>	
			(1222)
	Other		<u>(8)</u>
	Total		(0)

5.3. Since the draft budget proposals approved by Cabinet in December, movements since are shown in **(Appendix 2)**. There are no material changes to the draft budget.

5.4. If Cabinet approves the proposals set out in the report it will be able to recommend to Council on 22 February a balanced budget in line with available resources of £15.707m summarised in 3.7.

5.5 The Council now follows a three year financial planning cycle and the service and financial plans have been set out in detail for 2012/13 and indicatively for 2013/14. The next MTFS due in July will project forward a further three years and continue to provide the basis of service and financial planning for the medium term.

5.6 The Government set out a four year programme of reductions in funding and the Councils current 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 show in the service plans and further significant contributions to efficiency are projected over the medium term.

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

6.3 The key areas of financial risk that the Council faces in the operation of its 2012/13 budget are:-

- Housing and Council Tax Benefit Subsidy Performance
- 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)
- Legal challenges
- 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 2012/13 financial year.

6.4 Contingency

6.5 The 2012/13 budget includes a corporate contingency budget of £222k to allow for unbudgeted expenditure or reductions in income. This is in addition to the known inflation that has been built into the service budgets. The Government has announced a 1% cap on pay rises in 2012/13, should the employers recommend an award up to this amount it will be met from this contingency.

6.6 Reserves

6.7 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.

6.8 The Council will always seek to contain any unforeseen additional costs within allocated annual budgets, including the contingency budget. However, it is proposed that in addition the minimum level of general reserves be set at £2m based on the following:

6.9	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 (2.5% 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
	TOTAL	2.0

6.10 The overall proposed minimum level of £2 million is the same as the current 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 be met by external resources. It should be noted that the changes to the benefits system and local retention of business rates timetabled for 2013/14 and beyond will necessitate a review of the minimum level of reserves.

6.11 Should the budget recommendations be followed, the level of general fund reserve is projected at £3.7m in 2013 (**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.

6.12 Earmarked Reserves:

6.13 The following reserves have been set aside in addition to the general reserve in order to facilitate projects under the DRIVE programme. The available balances at 1.4.12 are projected to be:

Reserve	Purpose	Amount £'000
Strategic Change	To fund internal projects under DRIVE	441
Repairs and Maintenance	To support the Asset Management Plan	759
Economic Regeneration	To promote economic growth	672

6.14 Other earmarked revenue reserves:

6.15 The Council has been following a process of consolidating its reserves into the corporate reserves above. This better facilitates corporate priority planning. The only further reserves that the Council holds have other obligations attached (e.g. Section 106/partnership contributions).

6.16 The Chief Finance Officer is satisfied that the integrated budget and corporate planning process provides a robust basis for identifying appropriate budget estimates and appropriate level of reserves.

7.0 Capital Programme 2011-2015

7.1 The principles for formulating the capital programme were set out in the draft budget report submitted to Cabinet on 15 December 2011. The proposed new schemes to be financed from the Council's own resources are listed below. The updated programme is attached at **(Appendix 3)**.

7.2 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.

7.3 In addition to schemes that qualify for borrowing the Council had a further £500k of capital receipts to apply to the programme.

7.4 The Housing Revenue Account capital programme is set out in another report on the agenda and is financed entirely from HRA resources. Once approved will be amalgamated with the general fund programme.

7.5 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.

7.6 New schemes that have been added to the programme are show in **bold** in appendix 3.

8.0 Consultation

8.1 The Council's medium term financial strategy and the resulting draft budget proposal for 2012/13 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

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

9.3 **Human Resources**

9.4 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.

9.5 **Environmental**

9.6 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.

Alan Osborne
Chief Finance Officer

Background Papers:

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

Cabinet reports:

December 2011

- Council Tax Base for 2012/13
- Draft Budget Proposals 2012/13
- Consultation on Council priorities
- Sustainable Service Delivery Strategy

July 2011 – Medium Term Financial Strategy

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

	2011/12 Original Budget £'000	2011/12 Revised Budget £'000	2012/13 Budget £'000
Community Services			
Service Management	12	12	(38)
Direct Assistance	(67)	(67)	(475)
Community Activity	407	438	431
Strategic Performance	106	114	94
	458	497	12
Environmental Services			
Service Management	87	86	87
Development and Environment Services	7,355	7,177	6,999
	7,442	7,263	7,086
Tourism & Leisure Services			
Service Management	98	97	99
Sport & Leisure	598	718	696
Theatres	744	780	730
Tourism	488	368	317
Events & Devonshire Park	458	552	622
Galleries & Museums	699	713	778
	3,085	3,228	3,242
Corporate Services			
Corporate Management	335	448	(120)
Corporate Services	906	827	1,015
Corporate Financial Services	1,160	1,135	1,039
Corporate Human Resources, Democracy & Partnership	1,651	1,726	1,619
Corporate Support Services	1,492	2,477	2,441
	5,544	6,613	5,994
Net Service Expenditure	16,529	17,601	16,334
Contributions to/(from) Unearmarked Reserves	(497)	(466)	(628)
Contributions to/(from) Earmarked Reserves	NIL	(514)	NIL
Contributions to/(from) Strategic Change Fund	NIL	(457)	NIL
Contributions to/(from) Capital Programme Reserve	NIL	(3)	NIL
Contributions to/(from) Regeneration Reserve	NIL	60	NIL
Eastbourne Borough Council Budget Requirement	16,032	16,221	15,706
Financed by			
Government Grants	(7,579)	(7,766)	(6,993)
Council Tax Grant	(203)	(206)	(412)
Contribution to Council Tax Deficit/(Surplus)	(9)	(9)	(9)
Council Tax Collection Fund Precept	(8,241)	(8,241)	(8,292)
Total Financing	(16,032)	(16,221)	(15,706)

	2011/12 Original £'000	2011/12 Revised £'000	2012/13 Original £'000
General Fund Reserve			
In hand at 1st April	(4,221)	(5,267)	(4,301)
Transfer to Regeneration Reserve	NIL	500	NIL
Transfer General Fund Surplus	NIL	NIL	NIL
Financing of Non Recurring Expenditure	497	466	628
Allocated for Future Use	NIL	NIL	NIL
In hand at 31st March	(3,724)	(4,301)	(3,673)
Strategic Change Fund Balance			
In hand at 1st April	(793)	(999)	(441)
Transfer from General Earmarked Reserves	NIL	NIL	NIL
Withdrawal/(Addition)	NIL	457	NIL
Allocated For Future Use	NIL	101	NIL
In hand at 31st March	(793)	(441)	(441)
Capital Programme Reserve			
In hand at 1st April	NIL	(803)	(759)
Transfer from General Earmarked Reserves	NIL	NIL	NIL
Withdrawal/(Addition)	NIL	3	NIL
Allocated For Future Use	NIL	41	NIL
In hand at 31st March	NIL	(759)	(759)
Regeneration Reserve			
In hand at 1st April	NIL	NIL	(482)
Transfer from General Fund Reserve	NIL	(500)	NIL
Withdrawal/(Addition)	NIL	(60)	(190)
Allocated For Future Use	NIL	78	NIL
In hand at 31st March	NIL	(482)	(672)

Community Services Budget 2012/13

Appendix 1

	2011/12 Original Budget £'000	2011/12 Revised Budget £'000	2012/13 Budget £'000
Service Management	92	92	91
Charges outside General Fund	(80)	(80)	(129)
Service Management	12	12	(38)
Revenues and Benefits	132	(45)	(70)
Housing Services Management	96	98	98
Housing Needs	196	227	167
Homelessness	(11)	209	NIL
Private Sector Housing	312	227	185
Bereavement	(792)	(783)	(855)
Direct Assistance	(67)	(67)	(475)
Community Development	143	132	116
Community Grants	264	306	315
Youth Development	NIL	NIL	NIL
Community Activity	407	438	431
Housing / Homelessness Strategy	76	153	94
Crime Reduction Partnership	30	(39)	NIL
Strategic Partnership	106	114	94
Total Community Services	458	497	12

Environmental Services Budget 2012/13

Appendix 1

	2011/12 Original Budget £'000	2011/12 Revised Budget £'000	2012/13 Budget £'000
Service Management	87	86	87
EH and Amenities Manager	78	77	77
Cleansing Management & Recyc.	4,453	4,447	4,650
Amenities	(334)	(450)	(451)
Parks and Gardens	1,196	1,195	1,099
Downland Trees and Woodland	56	53	32
Highways	NIL	NIL	NIL
General Engineering	300	299	307
Planning Manager	65	45	64
Development Control	120	22	22
Building Control	72	89	72
Planning Policy & Strategy	402	494	334
Economic Development	229	233	150
Community Enforcement	126	123	112
EH Licensing	(11)	(44)	(43)
Health & Environment Team	590	556	544
Community Environment Partnership	13	38	30
Development and Environment Services	7,355	7,177	6,999
Total Environmental Services	7,442	7,263	7,086

Tourism Leisure Services Budget 2012/13**Appendix 1**

Tourism & Leisure Services	2011/12 Original Budget £'000	2011/12 Revised Budget £'000	2012/13 Budget £'000
Service Management	98	97	99
Sport & Leisure	598	718	696
Theatres	744	780	730
Tourism	488	368	317
Events & Devonshire Park	458	552	622
Galleries & Museums	699	713	778
Total Tourism & Leisure Services	3,085	3,228	3,242

Corporate Services Budget 2012/13

Appendix 1

	2011/12 Original Budget £'000	2011/12 Revised Budget £'000	2012/13 Budget £'000
Corporate Management	335	448	(120)
Capital Financing	754	740	793
Contingencies	152	87	222
Corporate Services	906	827	1,015
Service Management	173	175	146
Finance Management/Operational Costs	454	437	507
Corporate Management Finance Costs	533	391	386
Concessionary Fares	NIL	132	NIL
Corporate Financial Services	1,160	1,135	1,039
Service Management	272	311	231
Employee Relations	106	99	103
Member Development	22	40	20
HR Resourcing and Development	185	194	176
Payroll	55	74	83
Pensions	338	338	345
Local Democracy	535	516	505
Local Land Charges	(149)	(122)	(112)
Communication & Participation	158	148	128
Strategic Development	83	82	94
Performance & Risk Management	46	46	46
Corporate Human Resources, Democracy & Partnership	1,651	1,726	1,619
Service Management	69	69	73
IT & E-Government	1,038	1,018	909
Facilities Management	394	403	397
Legal Services	226	227	192
Printing Services	(23)	(24)	(27)
Customer Contact Centre	185	1,074	1,199
Estates / Asset Management	(397)	(290)	(302)
Corporate Support Services	1,492	2,477	2,441
Total Corporate Services	5,544	6,613	5,994

Dept	EBC Savings	Service	Proposal	2012/13 Dec Cabinet £'000	2012/13 Feb Cabinet £'000
Efficiency Savings					
ComS	Revenues & Benefits		Deletion of vacant Performance & Monitoring Post	(21)	(21)
ComS	Revenues & Benefits		Welfare Advice Service/Destiny Solution	(3)	(3)
ComS	Revenues & Benefits		Court Officer rationalisation	(21)	(25)
ComS	Revenues & Benefits		Reduced in annual billing booklet costs	(6)	(6)
ComS	Private Sector Housing		Reduction of Environmental Health Officer Post	(19)	(19)
ComS	Revenues & Benefits		Reduction in postage combining letters & bills	(12)	(12)
D&ES	Parks and Gardens		Contract savings	(165)	(165)
D&ES	Economic Development		Supply Chain Development	(5)	(5)
TS	Theatres		Box office contract renegotiation	(10)	(10)
TS	Theatres		Congress - Staff / stewards rationalisation	(20)	(20)
TS	Theatres		DPT Box Office - Redirect service to Congress	(8)	(8)
TS	Sports and Leisure		Tennis Coaching - Renegotiated contract terms	(15)	(15)
TS	Sports and Leisure		Shinewater Reception - Retirement	(3)	(4)
TS	Sports and Leisure		Willingdon Trees - Transfer to community management	(7)	(7)
CorpS	Communications & Participation		Remaining programmed saving as a result of reduced support staff cost	(3)	(2)
CorpS	Local Land Charges		Remaining sum as a result of reduced and transferred service in 2011/121	(17)	(17)
CorpS	Legal Services		Miscellaneous efficiencies	(2)	(2)
CorpS	Financial Services		Reduction in insurance administration	(16)	(16)
CorpS	Financial Services		Miscellaneous efficiencies	(5)	(5)
CorpS	Resourcing and Development		Reduction in training budgets through more e-learning	(8)	(8)
CorpS	Member Development		General efficiencies	(2)	(2)
CorpS	IT and e Government		Reduced software licences	(25)	(25)
CorpS	IT and e Government		Internet access saving	(6)	(6)
CorpS	IT and e Government		Reduced Govt connect costs	(5)	(5)
CorpS	Facilities Management		Sussex Police sharing 1 Grove Rd	(11)	(11)
CorpS	Customer and Support Services		Restructure of support team (AWP BPR)	(20)	(20)
CorpS	Human Resources and Strategy and Democracy		Restructure	(70)	(70)
CorpS	Corporate		DRIVE Benefits realisation from Agile/BPR (managed 3% vacancy factor)	(360)	(360)
CorpS	Corporate		Reduced external audit fees	(15)	(15)
CorpS	Corporate		Withdrawing from South East Employers	(4)	(4)
Various	Various		Telephone Allowances removed	0	(3)
CorpS	IT and e Government		Move web hosting in house	(8)	(8)
Efficiency Savings Total				(892)	(899)

Dept	EBC Savings	Service	Proposal	2012/13 Dec Cabinet £'000	2012/13 Feb Cabinet £'000
Income Generation					
ComS	Crematorium Admin & Cemeteries		Increase in burial fees at RPI	(7)	(11)
ComS	Crematorium		Increase in base cremation fee at RPI	(65)	(65)
ComS	Crematorium		Increase in Environmental Levy to pay for new cremators	(26)	(26)
D&ES	Cleansing		Adverts on bins (approved October 2011)	(24)	(24)
D&ES	Downland Trees and Woodland Management		Income from Downland Stewardship scheme	(5)	(5)
D&ES	Trees and Woodland		Extra income from trees	(18)	(18)
D&ES	Health & Environment Team		Increased income from pest control	(3)	(3)
TS	Events		Increase Marathon Income	(3)	(3)
TS	Tourism		Bar/Catering Income - Bandstand bar income	(20)	(20)
TS	Galleries and Museums		Heritage Programme - Orange Lily, lettings, retail and education income - Linked to growth bid	(9)	(9) *
TS	Theatres		LTA Box Office - Fee	(20)	(20)
CorpS	Printing		Remaining amount of increased external income proposals set out in 2011/12	(3)	(3)
CorpS	Financial Services		Income from concessionary fares processing	(4)	(4)
CorpS	Corporate Properties		Additional rental income - note assumes TI rent review	(19)	(19)
CorpS	Corporate Costs		Shared Services Income	(50)	(50)
Income Generation Total				(276)	(280)
Other Changes					
ComS	Private Sector Housing		Reduction in Private Housing study budget	(19)	(19)
ComS	Housing Services Management		Increase recharge to the HRA in respect of additional services	(2)	(2)
TS	Tourism		Sussex Tourism Partnership Subscription - Organisation now abolished	(8)	(8)
CorpS	Local Democracy - Elections		Future Borough elections are now funded from general fund as required.	(14)	(14)
Other Changes Total				(43)	(43)
TOTAL SAVINGS				(1,211)	(1,222)

* Linked savings & growth items

Dept	EBC Recurring Growth Service	Item	2012/13 Dec Cabinet £'000	2012/13 Feb Cabinet £'000
Corporate Inflation				
CorpS	Corporate	Pay Award and contractual increments	133	104
CorpS	Corporate	Pensions - increase in employers contribution	37	12
CorpS	Corporate	NNDR Increases on Council properties	32	45
CorpS	Corporate	Utilities Inflation	58	57
CorpS	Corporate	Inflation on external contracts	414	388
CorpS	Corporate	Negotiations for reduced Contractual Inflation	(62)	0
	Corporate Inflation Total		612	606
Changes in Income targets				
ComS	Revenues & Benefits	Reduction in HB Admin Grant (announced)	58	58
TS	Theatres	Loss of income in relation to LTA	26	25
CorpS	Local Land Charges	Unachievable Income target	31	31
	Changes in Income Total		115	114
Other Growth				
ComS	Revenues & Benefits	Combine HB/CT letters & software	6	6
ComS	Private Sector Housing	Salary adjustments following 2010/11 savings	7	7
ComS	Community Development	Salary adjustments following 2010/11 savings	7	8
ComS	Community Development	Premises budgets for Langney Community Centre	6	6
ComS	Crematorium	Crematorium maintenance contract & running costs	6	5
TS	Museums & Galleries	Increase in service staff (permanent contract)	30	30 *
TS	Museums & Galleries	Towner - Maintenance following capital scheme	20	20
CorpS		Annual cost of data protection registrations for each councillor with the		
	Member and Civic Services	Information Commissioner's office	1	1
CorpS		Increase in duties and responsibilities of support post with job re-		
	Strategic Performance	evaluation implemented	4	5
CorpS	Strategic Performance	Covalent full site licence	5	5
CorpS	IT and e-Government	Servers extended maintenance costs	3	3
CorpS	IT and e-Government	Systems Support costs - to cover the increased costs of managing	8	8
		centralised systems support		
CorpS	Estates	Corporate Property Manager (previously temporary funding)	39	39
CorpS	Corporate	Increase in contingency resulting from funding exceeding expenditure	0	36
Various	Various	Reduced recharge to the HRA	0	6
	Other Growth Total		142	185
TOTAL PROPOSED RECURRING GROWTH			869	905

EBC Non Recurring Service Investments				
Group	Service	Proposal		
D&ES	Cleansing	Procurement and communication strategy for joint Waste Contract	100	100
D&ES	Planning	Temporary contract to existing Conservation Officer post. Permanent post to be considered as part of future operating model.	32	32
D&ES	Parks and Gardens	Commission biodiversity report on Decoy Pond to measure improvements.	20	20
D&ES	Planning	Requirement of lottery grant.		
D&ES	Planning	Commissioning an update of the Housing Market Assessment. Required evidence for the Core Strategy	20	20
D&ES	Planning	Working in Partnership with East Sussex Authorities on the new Community Infrastructure Levy.	20	20
D&ES	Environmental Health	Temp extension to existing staff post while implementing restructure	30	30
D&ES	Environmental Health	Printing of Access Guide	2	2
TS	Theatres	Supporting Trust to undertake management through meeting existing fixed costs	19	19
TS	Museums & Galleries	Towner - Business development for transfer to Trust Status	37	37 *
TS	Events	Sustain new events that were introduced in 2011; Fiesta; cycling festival; outdoor screening and music concert.	15	15 **
TS	Events	Senior post for programme delivery, managing working hours and community support.	37	37 **
TS	Events	Town dressing for LTA	10	10 **
TS	Events	Olympic Torch Relay - Community Live Site	45	45 **
TS	Events	Jubilee events	10	10 **
CorpS	Corporate Property	Strategic Asset Management Review	121	121
CorpS	Telephony	Increased costs of mobiles, reduced income plus historical gaps	50	50
TOTAL NON RECURRING INVESTMENTS			568	568

* Linked savings & growth items

** underwritten subject to search for sponsorship/fund raising

Summary of Capital Programme 2011 to 2015

	Projected Outturn 2011/12	Total 2012/13	Total 2013/14	Total 2014/15
<u>Capital Programme</u>	£000	£000	£000	£000
Community Services	4,590	9,623	683	500
Environment & Planning	1,111	1,541	-	-
Tourism & Leisure	281	288	-	-
Corporate & Core Services	3,228	2,498	80	80
Total Programme	9,210	13,950	763	580
<u>Financed By:-</u>				
Capital Receipts	648	2,654	-	-
Grants and Contributions	2,096	1,853	683	500
Revenue Contribution to Capital	235	549	-	-
Section 106 Contributions	102	1,036	-	-
Borrowing	6,129	7,858	80	80
Total Financing	9,210	13,950	763	580

Scheme	Revised Budget 2011-12 Agreed Cabinet Dec 2011	Revised Budget 2011-12	2012-13	2013-14	2014-15
COMMUNITY SERVICES					
<u>Crematorium</u>					
Crematorium Miscellaneous Works	17,100	0	17,100		
Cremator Replacement	1,855,100	58,100	1,797,000		
Memorial Safety Cems	34,000	0	34,000		
Digitalise Burial Records	10,000	3,500	6,500		
Ocklynge Cemetery	0	0	46,000		
Children's Memorial	1,800	0	0		
	1,918,000	61,600	1,900,600	0	0
<u>Housing Grants</u>					
Disabled Facilities Grants (External Funding)	538,000	538,000	538,000	500,000	500,000
DFG EBC Funded 2011-12	144,150	44,150	100,000		
DFG EBC Funded 2012-13	0	0	100,000		
BEST Grant	294,100	244,100	232,500	182,500	
Climate EE - Hastings BC	274,150	274,150	0		
Climate EE - Rother DC	15,200	15,200	0		
	1,265,600	1,115,600	970,500	682,500	500,000
<u>Social Housing Enabling</u>					
3-17 Jevington Gardens - GF	575,000	0	575,000		
St Elizabeth's Church - GF	52,000	0	52,000		
Housing enabling - GF	1,105,000	0	1,105,000		
	1,732,000	0	1,732,000	0	0
Willingdon Trees Multi Gym	20,000	0	20,000		
Orchard IT Upgrade	50,000	50,000	0		
Solar Panels	13,500,000	3,362,500	5,000,000		
Block Allocations	60,000	0	0		
	13,630,000	3,412,500	5,020,000	0	0

Scheme	Revised Budget 2011-12	Revised Budget 2011-12	2012-13	2013-14	2014-15
Total Community Services	18,545,600	4,589,700	9,623,100	682,500	500,000
ENVIRONMENT & PLANNING					
Contaminated Land	166,150	47,250	118,900		
Coast Defences Beach Management Strategy	767,000	200,000	786,000		
Cycling Strategy	40,600	0	40,600		
Park and Ride	50,000	0	50,000		
Princes Park penstock	20,000	20,000	0		
Modify and landscape 3 vacant playground	2,700	2,700	0		
Princes Park (schemes to be decided)	193,000	10,000	183,000		
Upgrade Poor Playgrounds	7,600	7,600	0		
Playground Replacement (ROSPA Rec 2010-11)	4,250	4,250	0		
Hampden Park Lake	108,550	108,550	0		
Channel View Rd Playground	120,000	0	120,000		
Wartling Rd Playground	1,100	1,100	0		
Hampden Park Playground	400	400	0		
Play Area Sovereign Harbour	27,000	0	27,000		
Sevenoaks Rd Rec Ground	1,150	1,150	0		
Tennis in the Park Disabled Access	2,000	2,000	0		
Allotment Upgrade	114,000	89,000	25,000		
Hampden Park Road Reconstruction	46,000	46,000	0		
Playground Replacement (ROSPA)	21,000	21,000	10,000		
Motcombe Railings Replacement	36,000	18,000	0		
Helen Gardens - Install Railings	21,000	17,000	0		
	1,749,500	596,000	1,360,500	0	0
<u>New Schemes & Block Allocation</u>					
Willingdon Trees PlayPathfinder		276,600	0		
Kingsmere - Play Pathfinder		238,850	0		

Scheme	Revised Budget 2011-12	Revised Budget 2011-12	2012-13	2013-14	2014-15
Manor Gardens Paving			20,000		
Hampden Park Disabled Access			20,000		
Hampden Park - Paths & Roads			20,000		
Skate Park Cross Levels Way					
Funded by S106			120,000		
Block allocation	40,000		0		
	40,000	515,450	180,000	0	0
<u>Total Environment & Planning</u>	1,789,500	1,111,450	1,540,500	0	0
TOURISM & LEISURE					
Redoubt Fire Alarm	4,700	4,700	0		
Redoubt Fortress Gates	9,250	9,250	0		
Section 106 Monies for Parks & Open Spaces	28,700	0	28,700		
Volleyball Court	25,000	0	25,000		
Old Town Rec - team play facility	85,000	64,000	21,000		
Website Development & Micro sites move to Micro Net	19,000	19,000	0		
Signage	40,000	20,000	20,000		
Bandstand Resurface Walkways	24,300	24,300	0		
Lead work at Winter Garden	16,000	16,000	0		
Sports Park - Astro Pitch	180,000	119,600	0		
	431,950	276,850	94,700	0	0
<u>New Schemes & Block Allocation</u>					
Sports Park Flood Lights		0	30,000		
ILTC Seat replacement		0	5,000		
Airbourne Buoys		0	3,500		
Pedestrian Sprayer		0	4,500		
Re-surface Tennis Courts		0	150,000		
Toro Mower		3,900	0		
Block Allocation	75,000	0			

Scheme	Revised Budget	Revised Budget	2012-13	2013-14	2014-15
	2011-12	2011-12			
	75,000	3,900	193,000	0	0
Total Tourism & Leisure	506,950	280,750	287,700	0	0
CORPORATE SERVICES					
Agile External Building Works	477,050	27,050	450,000		
Agile phase 2	555,000	255,000	300,000		
Authority Web Civica Costs	23,500	23,500	0		
IEG Projects	6,400	6,400	0		
6 Saffrons Road Renovations	67,000	0	67,000		
Asbestos at Work Regs	4,350	4,350	0		
Blight Notices Purchases	131,250	121,250	10,000		
Town Hall Roof	511,000	5,000	506,000		
Invest to Save	80,000	0	80,000	80,000	80,000
IT Infrastructure	42,500	42,500	0		
CloudConnx	375,000	200,000	175,000		
	2,273,050	685,050	1,588,000	80,000	80,000
New Schemes & Block Allocation					
Migration to Microsoft 2010					
Platforms	0	0	190,000		
Redesign of CCC at 1 Grove Road	0	0	300,000		
Block Allocation	41,500	0	0		
	41,500	0	490,000	0	0
Capital Contingencies	113,200	2,490,500	0		
Wish Tower	0	53,000	0		
Asset Management Other	260,500	0	420,500		
Total Corporate Services	2,688,250	3,228,550	2,498,500	80,000	80,000

Scheme	Revised Budget	Revised Budget			
	2011-12	2011-12	2012-13	2013-14	2014-15
TOTAL GENERAL FUND	23,530,300	9,210,450	13,949,800	762,500	580,000

- BODY:** CABINET
- DATE:** 8 February 2012
- SUBJECT:** HRA Revenue Budget and Rent Setting 2012/13 and HRA Capital Programme 2011/15
- REPORT OF:** Senior Head of Community and Chief Finance Officer
- Ward(s):** All
- Purpose:** To agree the detailed HRA budget proposals, rent levels, service charges and heating costs for 2012/13, and the HRA Capital Programme 2011/15.
- Contact:** Pauline Adams, Financial Services Manager
Tel 01323 415979 or internally on ext 5979
- Recommendations:** Members are asked to recommend the following proposals to full Council:
- i) The HRA budget for 2012/13 and revised 2011/12 as set out in **Appendix 1**.
 - ii) That rents are set in line with the rent convergence target of 2016 set by Government resulting in an average increase of 3.5%.
 - iii) That service charges are increased by 5.6% in line with the RPI index, before applying the de-pooling arrangements under recommendation iv below.
 - iv) That as a result of the de-pooling of services charges from rents, tenants are not disadvantaged financially and face the same combined increases of rents and services charges that that would have applied if the de-pooling had not taken place.
 - v) That heating costs are set at a level designed to recover the estimated actual cost.
 - vi) That water charges are set at a level designed to recover the estimated cost of metered consumption.
 - vii) That garage rents remain at 2011/12 levels in order to stabilise void losses.
 - viii) To give delegated authority to the Senior Head of Community, in consultation with the Cabinet Portfolio holders for Community Services and Financial Services and the Chief Finance Officer to finalise Eastbourne Homes' Management Fee and Delivery Plan.
 - ix) The HRA Capital Programme as set out in **Appendix 3**.

1.0 Introduction

- 1.1 As from the 1 April 2012 the way that council social housing is financed is changing and the HRA will become self financing. This means that expenditure will have to be entirely supported from rental and other income. The main tool for the future financial management of the HRA is the 30 year Business Plan which is being considered elsewhere on this agenda.
- 1.2 In order to ensure that the HRA is financially sustainable under self financing for the future, the government is making a one off settlement payment of £30,170,000 by way of reducing long term borrowing from the PWLB. Thus the loss of subsidy is offset a reduction in the amount of interest payable.
- 1.3 The introduction of HRA self financing does not end the requirement to maintain a statutory ringfenced HRA and the council is still required to maintain a separate account for the income and expenditure on council housing.
- 1.4 This report reflects the recommendations made by Eastbourne Homes in relation to the increases in rent levels, service and other charges.

2.0 2012/13 HRA Revenue Budget

- 2.1 The 2012/13 budget has been prepared in accordance with the HRA 30 year business plan, as reported elsewhere on this agenda.
- 2.2 The 2012/13 budget is very tight and is showing a small deficit of £61,000, which will mean after taking into account the risks on inflation, rents etc as identified in the risk register, considered at the last Cabinet meeting, it is essential that the HRA adopts a long term efficiency plan over the next few years in order to protect services to tenants and ensure continued best value.
- 2.3 The major changes between the 2011/12 and the 2012/13 budgets are:
- Effect of Self financing:
- the removal of government housing subsidy - £925,000,
 - an increase in the allowance for depreciation - £1,115,000
 - a reduction in the interest payable - £-1,399,000
- Effect of rent review and de-pooling:
- an increase in rents and service charges - £-281,000
 - a reduction in the clawback for rent rebates - £-151,000.
- 2.4 The allowance for depreciation has increased based on the uplift included in the government's business plan model, which was used as the basis for the settlement calculation and is equivalent to the old major repairs allowance under the subsidy system. This represents a cash charge to the HRA which is required to be transferred to the Major Repairs Reserve to provide for the future investment needs identified in the asset management plan and/or the repayment of debt.

- 2.5 Under the new self financing regime treasury management activities become an important factor in the financial management of the HRA. Under the old subsidy regime any treasury management decisions had little financial impact on the HRA as all debt costs were covered by subsidy. The council's treasury management strategy has been revised to reflect the impact of self financing and is considered in further detail elsewhere on this agenda.
- 2.6 The HRA outturn for 2011/12 is expected to deliver a £260,000 surplus, a positive variance of £61,000 over the original budget.
- 2.7 The balances on the HRA and MRR are as follows:

	HRA £,000	MRR £,000
Balance at 1.4.11	1,750	1,564
Surplus/(Deficit)	260	
MRA		2,789
Major Works expenditure		(3,624)
Estimated Balance 31.3.12	2,010	729
Surplus/(Deficit)	(61)	
MRA		3,904
Major Works expenditure		(2,486)
Estimated Balance 31.3.13	1,949	2,147

These are within the HRA strategy and policy expectations of the Business Plan.

3.0 Rent Levels for 2012/13

- 3.1 On 5 December 2001, the Council agreed that housing rents would be set in accordance with the Governments proposals to achieve rent convergence for all social tenancies over a ten year period, using the government's specified rent convergence formula. The timetable for convergence was subsequently extended. Under the HRA self-financing settlement the government as assumed that rent convergence is achieved in 2015/16.
- 3.2 To avoid any large variation in the rent level from one year to the next, the Government proposals limited any changes to individual tenants' rents to a maximum of £2 per week, plus RPI plus 0.5% each year.
- 3.3 The RPI for September 2011 was 5.6% and this plus the 0.5% increase gives a formula rent increase of 6.1% for 2012/13.
- 3.4 For 2011/12 the average rent levied over 52 weeks a year was £69.13. After allowing for the changes regarding depooling of service charges, see section 4 below, and applying the damping mechanism referred to in 3.2 the average rent for 2012/13 will be £71.57 an increase of 3.5%.

3.5 The average rent before de-pooling would have been £71.89 per week an increase of 4% compared to 3.5% after de-pooling some service charges from rents. The movement is small because not all tenants are subject to service charges and of those that are, not all are subject to de-pooling.

4.0 Service Charges

4.1 These charges cover common services such as communal heating, lighting, equipment maintenance contracts, cleaning and grounds maintenance. These costs should be charged separately from the rent in those properties to which they apply.

4.2 The HRA self financing settlement assumes that service costs are fully recovered through service charges and are not included in rents. Eastbourne Homes was commissioned by the joint EBC and EHL Project Board and has undertaken a review of service charges. This concluded that some further de-pooling (that is separating service charge costs, previously recovered by rents) needed to take place.

4.3 The de-pooling exercise undertaken identified under-recovered service costs but has limited the impact on tenants by reducing from the proposed rent to be charged an equal amount of this service cost.

4.4 Where those resulting additional costs are added to the service charges and the total impact for 2012/13 is in excess of the 5.6% inflation, the excess has been offset (de-pooled) against the proposed calculated rent for 2012/13 as it would have been under the rent convergence formula. In this way tenants will not suffer an overall increase in rent and service charge, when taken together, greater than that that would have been applied had de-pooling not taken place.

4.5 An example of the effect of de-pooling of service charge from rents for an individual property is detailed at **Appendix 2**. In this example a tenants overall rent and service charge has been restricted to an increase of 5.3% in total rather than an unadjusted increase of 8.2% had de-pooling not taken place. The effect of de-pooling has been to neutralise the impact of the large increase in service charges next year by off-setting a proportion against the rental element. As a result rent convergence will take place slightly later than would have been the case prior to de-pooling

5.0 Heating costs

5.1 These charges are set in line with known price increases experienced in 2011 and predicted future costs and based on the known contractual price increase in gas of 26%. It is recommended that the average charge increases from £8.17 to £10 .18 per week.

5.2 The current energy contracts are expiring this summer and the new contract will be negotiated so as to mitigate large variations in prices and to provide more certainty.

6.0 Water Charges

- 6.1 Many of the retirement courts are subject to a communal water supply and the Council recover these costs by way of a weekly service charge. The service charge has historically been based on the rateable value of the properties. However, water is currently being supplied to the Courts by a combination of metered and unmetered supply, with remodelled courts being converted to meters during the programmed capital works. Experience has shown that water charges for metered supply is significantly lower than charges based on the rateable value, and therefore where practical and financially beneficial meters are to be fitted to those Courts by 1st April 2012.
- 6.2 The proposed charges for water supply and sewerage reflect the lower costs expected through supply being metered. After applying the 3.63% increase anticipated through Ofwat the revised charging method will result in an average reduction in the weekly charge for water from £8.12 to £4.37 per week.

7.0 Garage Rents

- 7.1 Garage Rents rent have remained unchanged for the last two years 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% at the time of writing. It is therefore recommended that, garage rents remain unchanged for a third consecutive year, and remain at their current level for 2012/13

8.0 HRA Capital Programme 2011/15

- 8.1 The Capital programme as set out in **Appendix 3** has been prepared to meet the council's strategies, as adjusted to reflect the availability of resources, relating to Decent Homes, remodelling of sheltered housing and major works. Total budgeted expenditure for 2012/13 is £7,591,100.
- 8.2 The major works element of the programme is in line with the asset management plan and the self financing business plan model.
- 8.3 The Council's bid for Decent Homes backlog funding was successful with a sum of £3.9m awarded split over 2011/12 and 2012/13 which together with the expectation of £1.6m from capital receipts will provide sufficient resources to achieve the Decent Homes and Sheltered Accommodation remodelling.

9.0 Eastbourne Homes Management Fee

- 9.1 Negotiations are in progress to freeze the management fee paid to Eastbourne Homes at the 2010/11 level. The figure included in the draft HRA budget has been based on this assumption
- 9.2 In order to formally agree the management fee members are asked to delegate this responsibility to the Senior Head of Community, in consultation with the Cabinet Portfolio Holders for Community Services and Financial Services and the Chief Finance Officer.

10.0 Consultation

- 10.1 Rent increases are subject to national policy on rent convergence. In December 2001 the Council adopted a policy of achieving convergence, based on consultation with its tenants at the time.
- 10.2 Changes to the HRA funding arrangements for 2012 were referred to in the winter 2011 issue of Open House, sent to all residents. Additional consultation will be carried out through a meeting Eastbourne Homes' Residents Forum to be held during February 2012.
- 10.3 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.

11.0 Implications

11.1 Financial and Human Resources

The council has taken a pro-active approach to the implementation of the rent convergence policy. There are no staffing implications arising out of this report.

11.2 Environmental

Eastbourne Homes is committed to delivering energy efficiency improvements in its maintenance and modernisation programme to help reduce heating costs in all homes.

11.3 Economic

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.

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.

12.0 Conclusions

- 12.1 The HRA revenue Budget has been produced based on the policies set out in the HRA 30 year Business Plan and is showing a overall deficit for 2012/13 of £61,000. This will have to be closely monitored and managed throughout the year to ensure the HRA remains sustainable.
- 12.2 The rent levels have been prepared in accordance with the council's rent convergence policy and the average increase, after service charge depooling, is 3.5%.

- 12.3 Service charges, heating and water charges are set at a level to recover actual costs. Eastbourne Homes have carried out a review of service charges and concluded that some further depooling was necessary (that is spilt out charges charge costs from rents). The total impact on affected tenants has been limited to that that would have applied had de-pooling not taken place.
- 12.4 No increase in garage rents is being recommended.
- 12.5 The HRA Capital programme includes expenditure of £4,700,000 in 2012/13 and £1,600,000 in 2013/14 to complete the decent homes and sheltered remodelling work. This will be funded from a combination of government grant, capital receipts and contribution from the Major Repairs Reserve. The major works element of the programme is in line with the asset management plan and the self financing business plan model.

Pauline Adams
Financial Services Manager

Background Papers:

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

CLG HRA Self financing determination consultations Dec 11, CLG Self financing model, CLG Settlement report, CLG HRA Baseline Model.

HRA 2012/13 Budget working papers held by Eastbourne Council and Eastbourne Homes Ltd.

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

HOUSING REVENUE ACCOUNT

2011-2012 Original Budget £' 000	2011-2012 Revised Budget £'000	Item No.	STATUTORY ITEMS	2012-2013 BUDGET £' 000	2012-2013 BUDGET £' 000
			INCOME		
(13,029)	(13,029)	1	Gross Rents	(13,210)	
(863)	(863)	2	Charges for Services	(963)	
(909)	(925)	3	Government Grant - Housing Subsidy	NIL	
(14,801)	(14,817)	4	GROSS INCOME		(14,173)
			EXPENDITURE		
6,801	6,801	5	Management Fee	6,864	
1,012	975	6	Supervision and Management	1,037	
130	130	7	Provision for Doubtful Debts	131	
2,789	2,789	8	Depreciation and Impairment of Fixed Assets	3,904	
179	179	9	Statutory Contribution to the General Fund Rent Rebates	28	
10,911	10,874	10	GROSS EXPENDITURE		11,964
(3,890)	(3,943)	11	NET COST OF SERVICES		(2,209)
3,703	3,695	12	Loan Charges - Interest		2,296
(12)	(12)	13	Interest Receivable		(26)
(199)	(260)	14	NET OPERATING SURPLUS		61
NIL	NIL	15	Appropriations		NIL
(199)	(260)	16	HOUSING REVENUE ACCOUNT (SURPLUS) / DEFICIT		61
			HOUSING REVENUE ACCOUNT WORKING BALANCE		
(1,536)	(1,750)	17	In Hand at 1st April		(2,010)
(199)	(260)	18	Transfer (To)/ From Working Balance		61
(1,735)	(2,010)	19	In Hand at 31st March		(1,949)

APPENDIX 2

Example of the De-pooling effect on an Individual Property

	2011/12	2012/13		
	Actual	Proposed	Increase £	Increase %
Step 1				
Rent and Service Charges before de-pooling				
Rent	61.02	64.18	3.16	5.2%
Service Charge	21.13	24.70	3.57	16.9%
Total Rent and HB eligible Service Charge	82.15	88.88	6.73	8.2%

In the above example service charges are set to increase above the limit increase of 5.6% and therefore are subject to de-pooling from rents as in Step 2 below.

Step 2

Calculation of De-pooled Amount

In the example above the service charge has increased by 16.9%, and therefore the amount above 5.6% is subject to de-pooling, as follows:

New Service Charge 2012/13		24.70	
Service Charge 2011/12	21.13		
Increase limited to 5.60%	<u>1.18</u>		
Service Charge used to calculate amount to be de-pooled		-22.31	
De-pooled Amount above 5.6%		<u>2.39</u>	

Step 3

Rent and Service Charges Post de-pooling

Rent as per convergence formula	61.02	64.18		
Less De-pooled Amount ©		<u>-2.39</u>		
Adjusted Rent	61.02	61.79	0.77	1.3%
Add Service Charge	21.13	24.70	3.57	16.9%
Total Rent and HB eligible Service Charge	82.15	86.49	4.34	5.3%

Under Step 3 the overall rent and service charge increase has been limited to 5.3% rather than 8.2% shown at Step 1.

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2011/12 - 2014/15

Scheme	Approved Budget 2011/12	Revised Budget 2011/12	2012/13	2013/14	2014/15
Appendix 3					
Managed By Eastbourne Homes					
Decent Homes Work	1,959,000	1,500,000	1,600,000	-	-
Sheltered Remodelling;					
Roxborough	1,521,000	1,200,000	300,000	-	-
Sutherland			1,000,000	200,000	-
Tyrone			600,000	600,000	-
Archery			300,000		
Winchester			900,000	800,000	
Other Major Works	2,124,000	2,371,500	2,333,500	4,350,300	4,397,800
Environmental Improvements	80,000	103,400	80,000	80,800	82,800
	5,684,000	5,174,900	7,113,500	6,031,100	4,480,600
Other Schemes					
Decant & Demolition Costs (Avon, Kilkenny & Longford)	200,000	2,000	423,000	-	-
New Build Retentions:					
Langney Villas	10,000	10,000	-		
Ratton Road	182,000	137,400	44,600		
Upper Avenue	10,000	-	10,000		
Total HRA Capital Programme	6,086,000	5,324,300	7,591,100	6,031,100	4,480,600
Funded by:					
Borrowing	1,430,960	1,375,910	-	-	-
Government Grant	-	-	2,667,000	-	-
Capital Receipts	-	-	1,660,000	-	-
Major Repairs Reserve	4,133,000	3,624,350	2,486,500	5,805,670	4,051,790
External Contributions	200,000	2,000	423,000	-	-
S106 Contributions	22,040	22,040	54,600	-	-
Revenue Contributions	300,000	300,000	300,000	225,430	428,810
Total Financing	6,086,000	5,324,300	7,591,100	6,031,100	4,480,600

Meeting: COUNCIL

Date: Wednesday 22 February 2012

Subject: COUNCIL BUDGET AND SETTING OF THE COUNCIL TAX FOR 2012/2013

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 6 February and 8 February 2012 (appendix 1).

* Note: The draft budget book 2012/13 is being 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 <http://www.eastbourne.gov.uk/council/meetings/council/> (Go to the listing for the Council meeting to be held on 22 February 2012)

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 8 February 2012)

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 Localism Act 2011 has made significant changes to the Local Government Finance Act 1992, and the Council Tax resolutions set out below reflect these changes.

The resolutions in this report, which must include the requirements of all Precepting authorities, are based on the recommendations made to those authorities. Meetings of the East Sussex County Council and East Sussex Fire and Rescue Service were held on 7 February 2012 and 2 February 2012 respectively, The meeting of the Sussex Police Authority will be held on 16 February 2012 and it will be necessary to issue replacement resolutions if there is any change to the recommendation being made to that authority.

A summary of the demand on the Collection Fund is as follows:

Authority	Precept/Demand		2012/13 Band D Council Tax	Changer over 2011/12	
	£	%		£	%
Eastbourne Borough Council	8,291,950	13.99%	224.19	0.00	0.00%
East Sussex County Council	42,841,115	72.27%	1,158.30	0.00	0.00%
Sussex Police Authority	5,119,630	8.64%	138.42	0.00	0.00%
East Sussex Fire Authority	3,027,690	5.11%	81.86	0.00	0.00%
Total	59,280,385	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 8th February 2012: -
 - (i) The General Fund net expenditure for 2012/13 of £15,706,300, and 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 2011/12 and the budget for 2012/13, rents and service charges, arrangements for finalising Eastbourne Homes' management fee and annual plan.
 - (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 £15,706,300 and other matters, the basic amount (Band D) of council tax for the borough council's functions will be £224.19 calculated as follows:

		£'000
Gross Expenditure – General Fund		85,835
Gross Expenditure - HRA		14,255
		<hr/> 100,090
Less Income:	£'000	
Gross Income	(84,570)	
Government formula grant (RSG, NNDR)	(7,012)	
Council Tax Grant	(207)	
Council tax collection fund surplus	(9)	
		(91,798)
		<hr/> 8,292
Council tax requirement:		<hr/>
		£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 14 December 2011 the Cabinet (in exercise of powers delegated to them by the Council) calculated the amount of 36,986.2 as the Council's tax base for the year 2012/2013 (Item T in the formula in section 31B of the Local Government Finance Act 1992, as amended).

- 4 Calculate that the Council Tax requirement for the Council's own purposes for 2012/13 is £8,291,950.
5. That the following amounts be now calculated by the Council for the year 2012/2013 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended:

(a)	£100,089,950	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£91,798,000	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£8,291,950	being the amount by which the aggregate at 5(a) above exceeds the aggregate at 5(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
(d)	£224.19	being the amount at 5(c) above (Item R), all divided by Item T (4 above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year. .

6. To note that East Sussex County Council, East Sussex Fire and Rescue Authority and Sussex Police Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992, as amended for each category of dwellings in the Council's area as indicated in the table below.
7. That the council, in accordance with Sections 30 to 36 of the Local Government Finance Act 1992, as amended, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2012/13 for each of the categories of dwellings. :

Valuation Bands							
EASTBOURNE BOROUGH COUNCIL							
A	£149.46	B	£174.37	C	£199.28	D	£224.19
E	£274.01	F	£323.83	G	£373.65	H	£448.38
EAST SUSSEX COUNTY COUNCIL							
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
SUSSEX POLICE AUTHORITY							
A	£92.28	B	£107.66	C	£123.04	D	£138.42
E	£169.18	F	£199.94	G	£230.70	H	£276.84

EAST SUSSEX FIRE AND RESCUE AUTHORITY							
A	£54.57	B	£63.67	C	£72.76	D	£81.86
E	£100.05	F	£118.24	G	£136.43	H	£163.72

AGGREGATE OF COUNCIL TAX REQUIREMENTS							
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

7. Determine that the Council's basic amount of Council Tax for 2012/13 is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992, as amended.

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

Minute extracts

Meeting: **Scrutiny**
Date: **8 February 2012**

20 General fund revenue budget 2012/2013 and capital programme 2011/2015.

(N.B. paragraphs summarising budget report omitted)

Members supported the proposal for no increase in council tax for 2012 / 13 resulting in an unchanged Band D rate of £224.19 for the Council (14% of the total bill).

Members discussed the budget implications for staff and Councillor Ungar asked that information on any potential job losses be reported to Members following the meeting. The reduction of the training budget, and funds allocated for the demolition of the Wish Tower were also discussed.

NOTED.

Meeting: **Cabinet**
Date: **8 February 2012**

***93 General fund revenue budget 2012/13 and capital programme 2011/15 (Cabinet 14 December 2011, page 210, minute 70).**

- 93.1 Councillor Tom Liddiard addressed the Cabinet and raised a number of queries and comments.
- 93.2 Cabinet considered the report of the Chief Finance Officer setting out the general fund revenue budget proposals for 2012/13 and a 3-year capital programme 2011/15. The medium term financial strategy (MTFS) had been revised in July 2011 and the Cabinet had agreed a draft 2012/13 budget proposal last December. The MTFS and resulting draft budget had been subject to extensive consultation as reported to Cabinet and the Scrutiny Committee last December.
- 93.3 The budget was the product of various plans and strategies as part of an integrated and corporate planning process and was linked principally to:

- The medium term financial strategy
- Asset management plans
- The corporate plan
- Workforce strategy
- Service plans
- Treasury management strategy
- Sustainable service delivery strategy
- Agile working programme
- DRIVE corporate change programme

The Chief Finance Officer had a legal responsibility to give positive assurances on the robustness of the estimates used in the budget and the level of reserves. He commented that if the recommendations in his report were agreed then these assurances would prevail.

93.4 The budget proposals included:

- No increase in the council tax in 2012/13.
- Overall savings totalling £1.222m (8% of the net budget).
- Efficiency savings of £0.899m (6%).
- Inflation of £0.606m (4%).
- Recurring service growth of £0.299m.
- Non recurring service investments £0.568m.
- All recurring expenditure met from recurring resources.
- General reserves averaging in excess of £4m (against a minimum recommended of £2m).
- Strategic change fund £0.4m.
- Regeneration reserve of £0.7m.
- Repairs and maintenance reserve of £0.8m.
- Capital receipts of £0.5m invested in new capital schemes.

93.5 The budget represented 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 in July 2010 and 2011.

93.6 The Government's grant settlement of £6.806m represented a reduction of £0.772m; a 10% cut in cash terms plus the effect of inflation. This was on top of the 12.8% reduction in 2011/12. In aggregate terms this represented about three-quarters of the planned reduction over the life of the current parliament. In addition to the formula grant, the Government was financing the cost of a 2.5% increase in council tax (£206,000) for

the one year only. This was in addition to the current year's freeze grant (£203,000) which was guaranteed for the lifetime of the parliament. The Government had awarded the Council £187,000 of new homes bonus in 2011/12 which was guaranteed for 6 years. In addition, a further £190,000 for 2012/13 had been awarded which would be added to the economic regeneration reserve to be used for future schemes to promote growth. No increase in council tax for 2012/13 was proposed and this would result in an unchanged band D rate of £224.19 (14% of the total council tax bill). A summary of the resources available was given, as shown below:

Source:	£'m
Government formula grant	(6.806)
New homes bonus (1 st tranche)	(0.187)
Council tax grant	(.412)
Council tax	(8.292)
Collection fund surplus	<u>(0.009)</u>
Total resources available:	<u>(15.706)</u>

In order to achieve a balanced budget without using reserves, the Council would need to set a net expenditure budget for 2012/13 of £15.706m in line with the resources set out above. Minor changes since the budget proposals were published in December were noted. These had a nil net overall effect.

93.7 In addition to the general grant distributed through the formula grant system, the Government also provided some specific grants as follows:

Specific grant:	2012/13 £'m
Housing and council tax benefit subsidy (to be confirmed)	53,651
Housing benefit administration	998
Homelessness	187

93.8 As part of a national scheme delivered locally, housing and council tax benefit subsidy grant was intended to reimburse the Council for the awards of benefit made to eligible tenants in both the private and public rented sector, and to eligible council tax payers. Not only was this by far the largest single specific grant that the Council received, but it was performance related. The Council had improved its performance in recent years and had therefore achieved a significant saving to the council taxpayer. A new system of universal credits was due to start in 2013/14 however responsibility for council tax credit would be devolved to councils at 90% of the current cost (i.e. circa £9m of circa £10m allocated to Eastbourne Borough Council). The Council would need to design a scheme during 2012/13 that met the financial constraint and protected pensioners. Cabinet would be updated during 2012/13.

93.9 The detailed budget proposals were set out in appendix 1 to the report

and showed in detail the movement from the 2011/12 budget to the 2012/13 proposed budget. The movements were as summarised below: -

Movement from 2010/11 base budget	£'000	£'000
Change in resources:		
Main government grant	772	
Council tax – increase in tax base/collection	(51)	
Council tax/new homes grants	(396)	325
Cost pressures:		
Inflation	606	
Other unavoidable costs increases and changes in income	114	
Service growth for priorities	185	905
Savings:		
Efficiency savings	(899)	
Service alterations	(43)	
Increased income	(280)	
		(1222)
Other		(8)
Total		(0)

- 93.10 Details of proposed growth and savings were given in full in appendix 2 to the report. The proposals set out in the report would allow full Council on 22 February to approve a balanced budget in line with available resources.
- 93.11 The Government had set out a 4 year programme of reductions in funding and the Councils current MTFS already took account of this. The change programmes in place such as the agile working programme and the sustainable service delivery strategy (SSDS) and the rest of the DRIVE ('Delivering Real Innovation and Value for Eastbourne') programme would deliver savings over and above the minimum in order to create headroom for investment in priority services. Substantial benefits realisation had already been shown in the service plans and further significant contributions to efficiency were projected over the medium term.
- 93.12 The report also detailed the principal financial risks the Council was likely to face. A single corporate contingency of £222,000 for unbudgeted expenditure or reductions in income had been allowed. This was in addition to the known inflation that had been built into service budgets. The Government had announced a 1% cap on pay rises in 2012/13 and should the local government employers recommend an award up to this amount it would be met from this contingency. Further, the Council's general fund reserves were anticipated to amount to £3.7m in 2013 as compared with the Chief Finance Officer's minimum recommended level of

£2m.

- 93.13 The following reserves had been set aside in addition to the general reserve in order to facilitate projects under the DRIVE programme. The available balances at 1 April 2012 were projected to be:

Reserve	Purpose	Amount £'000
Strategic change	To fund internal projects under DRIVE	441
Repairs and maintenance	To support the asset management plan	759
Economic regeneration	To promote economic growth	672

- 93.14 The Council had followed a process of consolidating its reserves into the corporate reserves above. This better facilitated corporate priority planning. The only other reserves that the Council held had specific obligations attached (e.g. Section 106/partnership contributions).

- 93.15 The principles for formulating the capital programme were set out in the budget report to Cabinet last December and the updated programme was given in appendix 3 to the report and showed a revised budget of £9.210m in 2011/12; £13.950m in 2012/12; £0.763m in 2013/14; and £0.580m in 2014/15, aligned with known available resources.

- 93.16 The Chairman made a closing comment that the proposed budget involved no cuts to front line services and provided for some areas of growth against a background of significant reductions in resources and a nil council tax increase. He thanked the Chief Finance Officer and the staff of the authority for their work in preparing the budget.

- *93.17 **Resolved (budget and policy framework):** That full Council, at their meeting on 22 February 2012, be recommended to approve the following:

(a) A general fund budget for 2011/12 (revised) and 2012/13 (original) as set out in appendix 1 to the report, including growth and savings proposals as set out in appendix 2 to the report.

(b) No increase in the council tax for Eastbourne Borough Council resulting in an unaltered 'Band D' charge of £224.19 for 2012/13.

(c) A general fund capital programme and financing 2011/15 as set out in appendix 3 to the report.

Meeting: **Cabinet**
Date: **8 February 2011**

***96 Housing revenue account (HRA) revenue budget and rent setting 2012/13 and HRA capital programme 2011/15** (see also minute 95 above and Cabinet 9 February 2010, page 279, minute 116, 2010/11 minutes).

- 96.1 Cabinet considered the report of the Senior Head of Community and Chief Finance Officer in respect of the rents, service and other charges to be set for all of the council's housing tenants. The report outlined the revenue account budget proposals for 2012/13 and housing capital programme 2011/15 and arrangements for agreeing Eastbourne Homes Limited's management fee and delivery plan.
- 96.2 From 1 April 2012 council social housing would be become self financing and all expenditure would have to be entirely supported from rental and other income. The main tool for the future financial management of the HRA was the 30 year business plan approved at minute 95 above.
- 96.3 The HRA revenue budget was based on the policies set out in the HRA 30 year business plan and showed an overall deficit for 2012/13 of £61,000. This would have to be closely monitored and managed throughout the year to ensure the HRA remained sustainable. The proposed average rent increase, after service charge de-pooling, was 3.5%. Service charges, heating and water charges were set at a level to recover actual costs. Eastbourne Homes had carried out a review of service charges and concluded that some further de-pooling was necessary (i.e. spilt out service charge costs from rents). The total impact on affected tenants had been limited and would not exceed that which would have applied had de-pooling not taken place. No increase in garage rents was being recommended in view of the current high level of voids.
- 96.4 Rent increases were subject to national policy on rent convergence. In December 2001 the Council had adopted a policy of achieving convergence, based on consultation with its tenants at the time. Changes to the HRA funding arrangements for 2012 had been referred to in the winter 2011 issue of Open House, sent to all residents. Additional consultation would be carried out through a meeting Eastbourne Homes' Residents Forum to be held during February 2012. The Council was obliged to ensure that all tenants were given 28 days notice of any changes to their tenancy including changes to the rent they paid.
- 96.5 Eastbourne Homes Ltd. would make every effort to identify tenants who might face additional financial hardship as a result of rent or service charge increases in order to offer appropriate support and advice. Anti-poverty activity by Eastbourne Homes was undertaken routinely throughout the year to maximise household income. This included

advice on benefits and arrears management. This targeted use of resources helped ensure housing remained affordable.

96.6 The HRA capital programme was set out in appendix 3 to the report. Total budgeted expenditure for 2012/13 was £7,591,100 and included expenditure of £4.7m in 2012/13 and £1.6m in 2013/14 to complete the decent homes and sheltered remodelling work. This would be funded from a combination of government grant, capital receipts and contribution from the major repairs reserve. The major works element of the programme was in line with the asset management plan and the self financing business plan model.

*96.7 **Resolved (budget and policy framework):** That full Council, at their meeting on 22 February 2012, be recommended to approve the following:

(a) Approve the HRA budget 2012/13 and revised 2011/12, as set out in appendix 2 to the report;

(b) that rents are set in line with the new rent convergence target of 2016 set by Government resulting in an average increase in rents of 3.5%;

(c) that service charges are increased by 5.6% in line with the RPI index, before applying the de-pooling arrangements under recommendation (d) below;

(d) that as a result of the de-pooling of services charges from rents, tenants are not disadvantaged financially and face the same combined increases of rents and services charges that that would have applied if the de-pooling had not taken place;

(e) that heating costs are set at a level designed to recover the estimated actual cost;

(f) that water charges are set at a level designed to recover the estimated cost of metered consumption;

(g) that garage rents remain at 2011/12 levels in order to stabilise void losses;

(h) that delegated authority be granted to the Senior Head of Community, in consultation with the lead Cabinet members for community services and finance and the Chief Finance Officer to finalise Eastbourne Homes' management fee and delivery plan; and

(i) approve the HRA capital programme as set out in appendix 3 to the report.

Note: Councillor Tutt declared a personal (non-prejudicial) interest in the above minute as he was an Eastbourne Borough Council appointed non-executive director of Eastbourne Homes. He remained and participated in the proceedings.

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