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## **Introduction**

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

- The Medium Term Financial Strategy
- Asset Management Plans
- The Corporate Plan
- Workforce Strategy
- Service Plans
- Treasury Management Strategy
- HRA business plan
- DRIVE corporate transformation programme
- Sustainable Service Delivery 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 2014-15, and covers:

- General Fund Revenue Account
- Housing Revenue Account
- Capital

Copies of reports are contained within the second part. All reports, including approval of the budget at full Council on 19th February 2014 are also available on the Council's website.

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						
2013-14		2014-15				
Original Budget £		Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £
<b>Departmental Services</b>						
12,688,400	Corporate Services	13,521,850	9,079,250	2,714,750	(12,247,150)	13,068,700
2,075,700	Community Services	(3,350)	2,613,150	294,000	(713,850)	2,189,950
4,911,900	Tourism and Leisure Services	2,854,800	3,434,000	1,010,350	(2,165,400)	5,133,750
<b>19,676,000</b>	<b>Total General Fund</b>	<b>16,373,300</b>	<b>15,126,400</b>	<b>4,019,100</b>	<b>(15,126,400)</b>	<b>20,392,400</b>
(3,409,450)	Reversal of capital charges					(4,019,100)
(308,870)	Contributions to/(from) General Fund Working Balances					53,450
1,431,820	Contributions to/(from) other General Fund Balances					500,000
<b>17,389,500</b>	<b>Total General Fund Net Expenditure</b>					<b>16,926,750</b>
<b>Financed By</b>						
4,613,350	Government Grants					3,736,000
1,297,550	Grant to support weekly collection of domestic waste					1,299,700
82,900	Council Tax Grant					80,750
3,503,150	Retained Business Rates					2,859,750
0	Section 31 Business Rates Support Grant					865,500
556,650	New Homes Bonus					896,700
22,200	Contribution to/from Council Tax Deficit/Surplus					(14,100)
7,280,950	Council Tax Collection Fund Precept					7,202,450
32,750	Localisation of Council Tax benefit support transition					0
<b>17,389,500</b>	<b>Total Financing</b>					<b>16,926,750</b>
<b>General Fund Working Balance</b>						
3,756,286	In hand at 1st April					3,692,534
(308,870)	Withdrawal/Addition From/To Working Balance					53,450
<b>3,447,416</b>	<b>In hand at 31st March</b>					<b>3,745,984</b>

# Analysis of Gross Expenditure and Income For 2014-2015

	Corporate Services	Community Services	Tourism & Leisure Services	General Fund Total	Housing Revenue Account	Eastbourne Total
	£	£	£	£	£	£
Employees	6,242,550	2,406,050	3,640,600	12,289,200	106,300	12,395,500
Premises	1,712,600	555,000	1,322,050	3,589,650	326,950	3,916,600
Transport	99,500	16,750	54,250	170,500	1,800	172,300
Supplies and Services	2,560,500	1,532,800	6,047,550	10,140,850	159,900	10,300,750
Third Party Payments	5,501,150	276,200	27,400	5,804,750	6,904,000	12,708,750
Transfer Payments	0	46,216,250	0	46,216,250	65,000	46,281,250
Support Service Costs	9,079,250	2,613,150	3,434,000	15,126,400	574,050	15,700,450
Depreciation and Impairment Charges	2,714,750	294,000	1,010,350	4,019,100	4,500,250	8,519,350
<b>Gross Expenditure</b>	<b>27,910,300</b>	<b>53,910,200</b>	<b>15,536,200</b>	<b>97,356,700</b>	<b>12,638,250</b>	<b>109,994,950</b>
Specific Government Grants	(48,650)	(45,956,950)	0	(46,005,600)	0	(46,005,600)
Other Grants and Contributions	(811,900)	(2,014,000)	(816,400)	(3,642,300)	(18,300)	(3,660,600)
Customer and Client Receipts	(2,909,500)	(2,734,150)	(7,420,650)	(13,064,300)	(982,750)	(14,047,050)
Other Income	0	0	0	0	0	0
HRA Rents	0	0	0	0	(14,439,200)	(14,439,200)
Interest Receipts	(48,000)	(900)	0	(48,900)	(2,450)	(51,350)
Recharges Support Services	(12,520,800)	(1,014,250)	(2,165,400)	(15,700,450)	0	(15,700,450)
<b>Total Income</b>	<b>(16,338,850)</b>	<b>(51,720,250)</b>	<b>(10,402,450)</b>	<b>(78,461,550)</b>	<b>(15,442,700)</b>	<b>(93,904,250)</b>
Capital Financing Costs				1,113,450	1,996,750	3,110,200
Use of Reserves				0	807,700	807,700
Capital Charged to Revenue				383,800	0	383,800
Reversal of Depreciation				(4,019,100)	0	(4,019,100)
<b>Total</b>				<b>16,373,300</b>	<b>0</b>	<b>16,373,300</b>

CORPORATE SERVICES							
2013-14				2014-15			
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £
<b>Senior Management</b>							
0	C1	Chief Executive	156,750	60,450	0	(217,200)	0
562,850	C2	Corporate Management	(65,650)	868,800	0	0	803,150
0	C3	Deputy Chief Executive	86,400	76,350	0	(162,750)	0
0	C4	Senior Head of Development and Environment Services	90,050	91,850	0	(181,900)	0
<b>562,850</b>		<b>Total Senior Management</b>	<b>267,550</b>	<b>1,097,450</b>	<b>0</b>	<b>(561,850)</b>	<b>803,150</b>
<b>Corporate Financial Services</b>							
0	C5	Chief Finance Officer	84,850	29,550	0	(114,400)	0
0	C6	Financial Services Manager	56,450	55,050	0	(111,500)	0
<b>0</b>		<b>Service Management</b>	<b>141,300</b>	<b>84,600</b>	<b>0</b>	<b>(225,900)</b>	<b>0</b>
<b>0</b>	<b>C7</b>	<b>Strategic Finance</b>	<b>47,050</b>	<b>15,700</b>	<b>0</b>	<b>(62,750)</b>	<b>0</b>
<b>35,450</b>	<b>C8</b>	<b>Civil Contingencies</b>	<b>26,250</b>	<b>8,750</b>	<b>0</b>	<b>0</b>	<b>35,000</b>
0	C9	Accountancy	177,050	196,750	0	(373,800)	0
0	C10	Insurance Administration	(5,550)	21,800	0	(16,250)	0
0	C11	Finance Systems Support	87,800	11,300	34,150	(133,250)	0
0	C12	Purchasing & Payments	56,200	185,750	0	(241,950)	0
0	C13	Debtors	43,400	100,250	0	(143,650)	0
<b>0</b>		<b>Finance Management and Operational Costs</b>	<b>358,900</b>	<b>515,850</b>	<b>34,150</b>	<b>(908,900)</b>	<b>0</b>
192,200	C14	Corporate Management Finance	175,100	5,400	0	0	180,500
193,900	C15	Corporate Contingencies	177,850	0	0	0	177,850
19,000	C16	Grants & Subscriptions	24,850	0	0	0	24,850
0	C17	Insurances	30,500	800	0	(31,300)	0
192,750	C18	Precepts & Levies	193,200	0	0	0	193,200
1,649,700	C19	Treasury Management	1,649,700	0	0	0	1,649,700
<b>2,247,550</b>		<b>Corporate Management Finance Costs</b>	<b>2,251,200</b>	<b>6,200</b>	<b>0</b>	<b>(31,300)</b>	<b>2,226,100</b>
<b>0</b>	<b>C20</b>	<b>Internal Audit</b>	<b>124,400</b>	<b>37,950</b>	<b>0</b>	<b>(162,350)</b>	<b>0</b>
0	C21	Payroll and information	85,200	29,800	0	(115,000)	0
0	C22	Pay Review	5,000	0	0	(5,000)	0
355,500	C23	Unfunded Pensions	607,850	0	0	0	607,850
<b>355,500</b>		<b>Payroll</b>	<b>698,050</b>	<b>29,800</b>	<b>0</b>	<b>(120,000)</b>	<b>607,850</b>
<b>2,638,500</b>		<b>Total Financial Services</b>	<b>3,647,150</b>	<b>698,850</b>	<b>34,150</b>	<b>(1,511,200)</b>	<b>2,868,950</b>

CORPORATE SERVICES							
2013-14				2014-15			
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £
<b>Corporate Development</b>							
0	C24	Head of Corporate Development	111,150	102,100	0	(213,250)	0
0	C25	Senior Local Democracy Officer	32,500	18,950	0	(51,450)	0
80,000	C26	Devolved Budgets	90,000	0	0	0	90,000
80,000		<b>Service Management</b>	<b>233,650</b>	<b>121,050</b>	<b>0</b>	<b>(264,700)</b>	<b>90,000</b>
0	C27	Personal Assistants	118,400	39,600	0	(158,000)	0
553,800	C28	Member and Civic Services	353,350	236,700	0	0	590,050
0	C29	Printing Services	(25,900)	59,600	0	(33,700)	0
553,800		<b>Civic Services including Printing</b>	<b>445,850</b>	<b>335,900</b>	<b>0</b>	<b>(191,700)</b>	<b>590,050</b>
4,100	C30	Municipal Elections	0	0	0	0	0
165,650	C31	Electoral Services	130,500	36,250	0	0	166,750
(6,500)	C32	Land Charges	(78,350)	70,050	0	0	(8,300)
163,250		<b>Elections and Local Land Charges</b>	<b>52,150</b>	<b>106,300</b>	<b>0</b>	<b>0</b>	<b>158,450</b>
0	C33	Strategic Development	79,750	36,100	0	(115,850)	0
0	C34	Corporate Improvements	11,650	1,250	0	(11,650)	1,250
0		<b>Strategic Development</b>	<b>91,400</b>	<b>37,350</b>	<b>0</b>	<b>(127,500)</b>	<b>1,250</b>
0	C35	<b>Legal Services</b>	<b>220,000</b>	<b>84,600</b>	<b>0</b>	<b>(304,600)</b>	<b>0</b>
0	C36	Human Resources Manager	73,300	43,350	0	(116,650)	0
0	C37	Human Resources Administration	35,750	20,650	0	(56,400)	0
0		<b>Human Resources Management and Admin</b>	<b>109,050</b>	<b>64,000</b>	<b>0</b>	<b>(173,050)</b>	<b>0</b>
0	C38	Employee Relations	44,300	51,700	0	(96,000)	0
0	C39	Occupational Health	19,500	2,800	0	(22,300)	0
0		<b>Employee Relations</b>	<b>63,800</b>	<b>54,500</b>	<b>0</b>	<b>(118,300)</b>	<b>0</b>
71,650	C40	<b>Member Development</b>	<b>52,200</b>	<b>14700</b>	<b>0</b>	<b>0</b>	<b>66,900</b>
0	C41	HR Resourcing and Development	54,900	56,050	0	(110,950)	0
0	C42	Corporate Training	87,550	800	0	(88,350)	0
0		<b>HR Resourcing and Development</b>	<b>142,450</b>	<b>56,850</b>	<b>0</b>	<b>(199,300)</b>	<b>0</b>
868,700		<b>Total Corporate Development</b>	<b>1,410,550</b>	<b>875,250</b>	<b>0</b>	<b>(1,379,150)</b>	<b>906,650</b>

CORPORATE SERVICES						
2013-14			2014-15			
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Original Budget £
<b>Infrastructure</b>						
<b>0</b>	<b>C43</b>	<b>Senior Head of Infrastructure</b>	<b>85,800</b>	<b>156,850</b>	<b>0</b>	<b>(242,650)</b>
	0 C44	IT Staff	(7,750)	37,050	0	(29,300)
	0 C45	IT Systems Administration and Support	724,000	121,600	2,600	(848,200)
	0 C46	IT Contracted Services	714,400	74,700	834,550	(1,623,650)
	0 C47	IT Projects	279,750	206,050	0	(485,800)
<b>0</b>		<b>IT &amp; E-Government</b>	<b>1,710,400</b>	<b>439,400</b>	<b>837,150</b>	<b>(2,986,950)</b>
<b>118,800</b>	<b>C48</b>	<b>Facilities Management</b>	<b>383,150</b>	<b>435,250</b>	<b>382,150</b>	<b>(1,120,400)</b>
	0 C49	Head of Customer First	72,600	101,500	0	(174,100)
	0 C50	Service Improvement and Development	86,000	30,100	0	(116,100)
	0 C51	Customer Contact Team	432,800	428,100	0	(860,900)
	0 C52	Telephony. Mobile Phones and Postage	42,500	16,350	0	(58,850)
	0	Neighbourhood First Team	451,200	173,150	0	(624,350)
388,450	C53	Public Conveniences	314,150	18,600	54,350	0
(306,050)	C54	Car Parking	(377,050)	157,450	2,750	0
71,150	C55	Miscellaneous Highways	22,950	4,600	32,700	0
178,200	C56	Community Enforcement	(850)	24,350	0	0
74,300	C57	Pest Control	(6,000)	58,700	0	0
	0 C58	Case Management Team	421,350	208,400	0	(629,750)
23,600	C59	Memorial Seats	3,000	4,350	0	0
42,750	C60	Abandoned Vehicles	4,000	30,200	0	0
74,150	C61	Building Control	76,100	2,200	0	0
	0 C62	Specialist Advisory Team	944,800	369,600	0	(1,314,400)
	0 C63	Cleansing Admin	50,250	25,000	0	(75,250)
2,710,850	C64	Refuse Collection	1,384,350	691,700	0	0
322,200	C65	Recycling	351,250	86,250	5,800	0
417,650	C66	Street Cleaning	1,209,700	134,150	0	0
1,393,250	C67	Parks and Gardens	1,025,450	257,900	145,450	0
144,050	C68	Open Downland	(7,100)	100,050	4,700	0
111,400	C69	Trees & Woodland	8,650	60,450	0	0

CORPORATE SERVICES							
2013-14			2014-15				
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £
0	C70	General Engineering	26,150	0	0	(26,150)	0
16,750	C71	CCTV	11,550	4,100	0	0	15,650
189,350	C72	Seafront/Parades & Decorative Lighting	(18,050)	37,550	19,800	0	39,300
1,101,400	C73	Coast Protection	90,950	61,550	942,900	0	1,095,400
	C74	Flood Defence and Land Drainage	0	27,900	0	0	27,900
254,450	C75	Development Control	(232,050)	555,100	0	0	323,050
552,300	C76	Planning Policy & Strategy	108,000	319,400	1,800	0	429,200
286,100	C77	Economic Development	14,750	210,350	15,600	0	240,700
48,400	C78	Environmental Partnership	48,100	52,150	0	0	100,250
101,150	C79	EH Licensing	(190,800)	226,150	0	0	35,350
111,450	C80	Health & Safety	0	70,900	0	(34,000)	36,900
237,850	C81	Environmental Protection	32,650	163,400	1,250	0	197,300
14,000	C82	Gypsy and Traveller Site Provision	14,000	0	0	0	14,000
222,850	C83	Food Safety	11,850	135,650	0	0	147,500
111,450	C84	Animal and Public Health	28,500	17,300	0	0	45,800
<b>8,893,450</b>		<b>Customer First</b>	<b>6,455,700</b>	<b>4,864,650</b>	<b>1,227,100</b>	<b>(3,913,850)</b>	<b>8,633,600</b>
(158,850)	C85	Farms and Downs Water Supply	(168,950)	61,750	3,550	0	(103,650)
0	C86	Estates and Asset Management	383,400	147,700	0	(531,100)	0
155,550	C87	Corporate Property	(259,300)	302,100	230,650	0	273,450
(390,600)	C88	Investment Property	(393,600)	0	0	0	(393,600)
<b>(393,900)</b>		<b>Estates / Asset Management</b>	<b>(438,450)</b>	<b>511,550</b>	<b>234,200</b>	<b>(531,100)</b>	<b>(223,800)</b>
<b>8,618,350</b>		<b>Total Infrastructure and Customer First</b>	<b>8,196,600</b>	<b>6,407,700</b>	<b>2,680,600</b>	<b>(8,794,950)</b>	<b>8,489,950</b>
<b>12,688,400</b>		<b>TOTAL CORPORATE SERVICES</b>	<b>13,521,850</b>	<b>9,079,250</b>	<b>2,714,750</b>	<b>(12,247,150)</b>	<b>13,068,700</b>



CORPORATE SERVICES BUDGET CHANGES		
Service Area	Description	£'000
<b>All</b>	<b>2013-2014 Base budget (including Customer First restructure)</b>	<b>12,688,400</b>
<b>Agreed Savings:</b>		
<b>Efficiency Savings</b>		
High Level Service	SSDS (Future Model Phase 1)	(300,000)
Financial Services	Pay Review - New scheme embedded. Historical budget	(15,000)
Financial Services	Cash Collection contract savings	(1,000)
Financial Services	Financial Services Restructure - Overachievement of 2013/14 restructure target	(20,000)
Strategic Development	Cease subscription to Local Futures data source	(5,000)
IT and E Government	IT Contract savings	(11,000)
Specialist Advisory Team	Waste contract savings - provisional sums not required	(170,000)
		<b>(522,000)</b>
<b>Income Generation</b>		
High Level Service	Wi-Fi Project	<b>(25,000)</b>
<b>Other Changes</b>		
Financial Services	Unfunded pensions - Reduction in cpi prediction for 13/14 and fall out of pensioners	<b>(23,450)</b>
<b>Cost Pressures:</b>		
<b>Inflation</b>		<b>448,050</b>
<b>Changes in Income targets</b>		
Neighbourhood First Team	Unachievable Hyde Gardens parking income target	25,000
Neighbourhood First Team	Unachievable fixed penalty notice income target	6,000
		<b>31,000</b>
<b>Other Growth</b>		
Financial Services	Licence and support costs moving to hosted solution for ICON system	9,000
Financial Services	Valuation costs to carry out annual desktop review of all non-current assets, including Heritage Assets	5,000
		1,000
Strategic Development	Subscription to ESD toolkit for national based data	
IT and E Government	Wi Fi Upgrade - Existing Devonshire Park wifi is no longer fit for purpose. This will support a robust, fit for purpose corporate public wifi solution with content filtering for legal compliance.	5,000
IT and E Government	Government Connect - To fund additional security devices and specialist security consultancy to meet ongoing Government Connect requirements.	10,000
Systems Administration and Support	Future Model Phase 2 systems annual support and maintenance - essential to maintain systems that underpin the model (part of original business case).	90,000
Specialist Advisory Team	Evidence and background studies provided by external consultants to inform production of our Local Plans in accordance with the Local Development Scheme	20,000
Specialist Advisory Team	Marketing budget for CEPE to engage on active, healthy and low carbon lifestyles	20,000
Service Improvement and Development	Mosaic Public Service - Improved tool to replace Local Futures (offered as saving under Corporate Services) and provide detailed demographic data to ensure service improvement work is evidence based and is as effective as possible.	5,000
		<b>165,000</b>
<b>Non Recurring Service Investments</b>		
Estates Management	Future years subject to re-structure to Corporate Landlord model	177,000
Specialist Advisory Team	Review EB Park Flood Storage Scheme	65,000

CORPORATE SERVICES BUDGET CHANGES		
Service Area	Description	£'000
Specialist Advisory Team	Green Flag Parks management plans	15,000
Specialist Advisory Team	Activating Eastbourne - To enable the Big week of Work and 50+ employment workshop to take place	5,000
Specialist Advisory Team	Risk assessment of Eastbourne's vulnerabilities to a changing climate - consultants report to understand impact of changing climate on the town	25,000
Specialist Advisory Team	Environmental enhancements for provision of shade and additional pollinating insect habitat	15,000
Neighbourhood First Team	Prevention activities to fund literature, branding, conference facilities to enable the Neighbourhood First Team to build stronger links with communities, engaging with specific groups on specific problems	7,000
		<b>309,000</b>
<b>Other Budget Movements</b>		
Various	Permanent budget virements	(227,700)
Various	Reversal of 2013/14 non recurring service investments	(214,250)
Various	Support services recharges	(172,600)
Various	Depreciation	612,250
		<b>(2,300)</b>
<b>Total Changes</b>		<b>380,300</b>
<b>2014-2015 Budget</b>		<b>13,068,700</b>

**COMMUNITY SERVICES**

<b>2013-14</b>			<b>Net</b>		<b>2014-15</b>		
<b>Original Budget £</b>	<b>Ref</b>	<b>Service</b>	<b>Operational Cost £</b>	<b>Support Costs £</b>	<b>Capital Charges £</b>	<b>Reallocations £</b>	<b>Original Budget £</b>
		<b>Senior Management</b>					
0	CS1	Senior Head of Community Services	(38,050)	226,400	0	(188,350)	0
<b>0</b>		<b>Total Senior Management</b>	<b>(38,050)</b>	<b>226,400</b>	<b>0</b>	<b>(188,350)</b>	<b>0</b>
		<b>Direct Assistance</b>					
<b>0</b>	<b>CS2</b>	<b>Housing Services Management</b>	<b>62,750</b>	<b>98,000</b>	<b>0</b>	<b>(160,750)</b>	<b>0</b>
0	CS3	Head of Revenues & Benefits	67,500	79,650	0	(147,150)	0
269,100	CS4	Fraud Investigation	161,150	133,750	0	0	294,900
390,100	CS5	Benefits Administration	(116,900)	656,100	0	0	539,200
(328,050)	CS6	Housing Benefits & Payments Subsidy	(397,400)	11,800	0	0	(385,600)
928,000	CS7	Revenues	451,800	443,800	1,150	0	896,750
(37,300)	CS8	Business Rates	(104,550)	45,750	0	0	(58,800)
29,850	CS9	Discretionary Rate Relief	0	0	0	0	0
<b>1,251,700</b>		<b>Revenues and Benefits</b>	<b>61,600</b>	<b>1,370,850</b>	<b>1,150</b>	<b>(147,150)</b>	<b>1,286,450</b>
20,450	CS10	Choice Based Lettings	5,600	12,550	0	0	18,150
5,800	CS11	Child Safety Equipment	5,000	3,150	0	0	8,150
205,400	CS12	Housing Needs	108,900	77,950	0	0	186,850
11,100	CS13	Supporting People	0	0	0	0	0
4,450	CS14	Enhanced Housing Options	0	0	0	0	0
31,750	CS15	Housing Needs Grants	36,500	10,450	0	0	46,950
9,900	CS16	Housing GF Properties	0	8,350	5,350	0	13,700
<b>288,850</b>		<b>Housing Needs</b>	<b>156,000</b>	<b>112,450</b>	<b>5,350</b>	<b>0</b>	<b>273,800</b>
19,000	CS17	Bed and Breakfast Accommodation	6,100	23,500	0	0	29,600
1,550	CS18	Housing Leasing Scheme	0	5,450	0	0	5,450
54,450	CS19	Homeless Prevention	97,900	66,750	0	0	164,650
5,950	CS20	Voluntary Sector	40,000	0	0	0	40,000
12,550	CS21	Repossession Prevention Fund	0	0	0	0	0
4,500	CS22	Deposit Loan Scheme	23,000	9,100	0	0	32,100
<b>98,000</b>		<b>Homelessness</b>	<b>167,000</b>	<b>104,800</b>	<b>0</b>	<b>0</b>	<b>271,800</b>
10,500	CS23	Difficult Properties	6,000	20,400	0	0	26,400
369,150	CS24	EH Private Sector Housing	191,450	141,000	0	0	332,450
<b>379,650</b>		<b>Private Sector Housing</b>	<b>197,450</b>	<b>161,400</b>	<b>0</b>	<b>0</b>	<b>358,850</b>
132,400	CS25	Ocklynge Cemetery	76,900	55,050	10,600	0	142,550
31,500	CS26	Langney Cemetery	(19,650)	55,050	7,900	0	43,300
(819,750)	CS27	Crematorium	(1,129,950)	143,700	126,300	0	(859,950)
0	CS28	Cems and Crem Management & Admin	119,200	98,400	0	(217,600)	0
<b>(655,850)</b>		<b>Bereavement Services</b>	<b>(953,500)</b>	<b>352,200</b>	<b>144,800</b>	<b>(217,600)</b>	<b>(674,100)</b>

COMMUNITY SERVICES							
2013-14				2014-15			
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £
1,362,350		Total Direct Assistance	(308,700)	2,199,700	151,300	(525,500)	1,516,800
		Community Activity					
180,350	CS29	Community Development	128,800	59,700	0	0	188,500
2,000	CS30	Community Centres	(19,200)	350	5,950	0	(12,900)
182,350		Community Development	109,600	60,050	5,950	0	175,600
350,550	CS31	Community Grants	374,500	2,000	0	0	376,500
119,200	CS32	Community Involvement	69,800	50,000	0	0	119,800
652,100		Total Community Activity	553,900	112,050	5,950	0	671,900
		Strategic Partnership					
141,700	CS33	Housing Strategy	67,900	61,600	0	0	129,500
12,950	CS34	Homelessness Economic Downturn	0	3,150	0	0	3,150
(150)	CS35	Riverbourne and Upwyke House Restaurants	(1,000)	1,300	0	0	300
154,500		Housing / Homelessness Strategy	66,900	66,050	0	0	132,950
(93,250)	CS36	Solarbourne	(277,400)	8,950	136,750	0	(131,700)
61,250		Total Strategic Partnership	(210,500)	75,000	136,750	0	1,250
2,075,700		TOTAL COMMUNITY SERVICES	(3,350)	2,613,150	294,000	(713,850)	2,189,950

COMMUNITY SERVICES BUDGET CHANGES		
Service Area	Description	£'000
<b>All</b>	<b>2013-2014 Base budget</b>	<b>2,075,700</b>
<b>Agreed Savings:</b>		
<b>Efficiency Savings</b>		
Bereavement Services	Reduced Gas consumption	(30,000)
Housing	Management changes - vacant post	(43,550)
Housing	Shared initiatives post no longer in operation	(10,000)
		<b>(83,550)</b>
<b>Income Generation</b>		
Bereavement Services	RPI Fee Increase base cremation	(39,250)
Bereavement Services	RPI Fee Increase other services	(3,150)
Bereavement Services	RPI Fee Increase memorial	(5,150)
Bereavement Services	RPI Fee Increase burial	(15,450)
Revenues & Benefits	Housing Benefit Overpayment Income - Increased recovery on outstanding debt - based on current performance	(60,000)
		<b>(123,000)</b>
<b>Other Changes</b>		
Housing	Brighton Housing Trust Grant	(5,000)
Community Development	Reduction in Rent Support Grant	(2,500)
		<b>(7,500)</b>
<b>Cost Pressures:</b>		
<b>Inflation</b>		<b>(9,350)</b>
<b>Changes in income target</b>		
Bereavement Services	Reduction in burial income due to Ocklynge and Langney cemeteries space restriction	<b>28,300</b>
<b>Other Growth</b>		
Bereavement Services	Increase in cost of boiler maintenance /servicing and replacement of main chapel loop system	5,000
Revenues & Benefits	DWP/LCT Admin Grant reduction	80,400
		<b>85,400</b>
<b>Non Recurring Service Investments</b>		
Housing	Contribution to Intensive Family Intervention Project	12,000
Revenues & Benefits	Bailiff contract - Specialist advice to draw up contract specification	5,000
Revenues & Benefits	Increase in Capita telephone contract costs - phase 2 implementation will reduce cost	30,000
Revenues & Benefits	New Homes Bonus - Invest to increase income - to fund review of empty properties to ensure maximum uptake of New Homes Bonus	35,000
Revenues & Benefits	Liberata overpayment software - Invest to increase income - to fund software to maximise overpayment recovery	7,000
Community Development	Funding to continue fixed term Community Post for full year pending implementation of Future Model phase 2	11,050
		<b>100,050</b>
<b>Other Budget Movements</b>		
Various	Permanent budget virements	188,250
Various	Reversal of 2013/14 non recurring service investments	(35,750)
Various	Support services recharges	(27,800)
Various	Depreciation	(800)
		<b>123,900</b>
<b>Total Changes</b>		<b>114,250</b>
<b>2014-2015 Budget</b>		<b>2,189,950</b>

**TOURISM AND LEISURE SERVICES**

<b>2013-14</b>						<b>2014-15</b>			
<b>Original Budget</b>	<b>Ref</b>	<b>Service</b>	<b>Net Operational Cost</b>	<b>Support Costs</b>	<b>Capital Charges</b>	<b>Reallocations</b>	<b>Original Budget</b>		
<b>£</b>			<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
0	T1	Senior Head of Tourism Services	97,750	194,650	0	(292,400)	0		
<b>0</b>		<b>Senior Management</b>	<b>97,750</b>	<b>194,650</b>	<b>0</b>	<b>(292,400)</b>	<b>0</b>		
32,150	T2	Sports Grounds	6,450	6,150	8,650	0	21,250		
0	T3	Sport, Youth and Leisure Manager	48,400	65,700	0	(114,100)	0		
454,550	T4	Sports & Community Centres	308,650	202,950	29,200	0	540,800		
368,850	T5	Leisure Contract	(48,950)	17,400	389,100	0	357,550		
<b>855,550</b>		<b>Sport &amp; Leisure</b>	<b>314,550</b>	<b>292,200</b>	<b>426,950</b>	<b>(114,100)</b>	<b>919,600</b>		
0	T6	Theatres Admin	487,600	259,900	0	(747,500)	0		
352,300	T7	Congress Theatre	(81,300)	274,400	173,450	0	366,550		
496,500	T8	Devonshire Park Theatre	145,300	272,300	83,150	0	500,750		
147,900	T9	Royal Hippodrome	24,100	239,150	3,950	0	267,200		
424,000	T10	Winter Garden Theatre	144,200	85,150	107,000	0	336,350		
<b>1,420,700</b>		<b>Theatres</b>	<b>719,900</b>	<b>1,130,900</b>	<b>367,550</b>	<b>(747,500)</b>	<b>1,470,850</b>		
(90,350)	T11	Holywell Chalets	(100,550)	12,950	8,950	0	(78,650)		
307,800	T12	Tourism Development	286,700	205,750	1,650	(152,050)	342,050		
6,700	T13	Communications Unit	6,600	250	0	0	6,850		
86,750	T14	Conference & Group Travel	49,700	38,750	0	0	88,450		
138,850	T15	Tourist Information	80,700	67,050	7,650	0	155,400		
139,150	T16	Seafront Attractions	36,350	221,000	22,900	(172,250)	108,000		
255,850	T17	Redoubt & Wish Tower Museums	165,750	95,250	4,550	0	265,550		
(19,200)	T18	Catering Outsourcing	25,350	543,850	8,200	(404,550)	172,850		
<b>825,550</b>		<b>Tourism</b>	<b>550,600</b>	<b>1,184,850</b>	<b>53,900</b>	<b>(728,850)</b>	<b>1,060,500</b>		
720,800	T19	Events	503,950	363,050	102,100	(282,550)	686,550		
91,200	T20	Tennis	(12,850)	59,650	0	0	46,800		
<b>812,000</b>		<b>Events &amp; Devonshire Park</b>	<b>491,100</b>	<b>422,700</b>	<b>102,100</b>	<b>(282,550)</b>	<b>733,350</b>		
<b>998,100</b>	<b>T21</b>	<b>Towner</b>	<b>680,900</b>	<b>208,700</b>	<b>59,850</b>	<b>0</b>	<b>949,450</b>		
<b>4,911,900</b>		<b>TOTAL TOURISM AND LEISURE SERVICES</b>	<b>2,854,800</b>	<b>3,434,000</b>	<b>1,010,350</b>	<b>(2,165,400)</b>	<b>5,133,750</b>		

TOURISM & LEISURE SERVICES BUDGET CHANGES		
Service Area	Description	£'000
<b>All</b>	<b>2013-2014 Base budget</b>	<b>4,911,900</b>
<b>Agreed Savings:</b>		
<b>Efficiency Savings</b>		
Events	Purchase of new racking system reducing hire costs for the Beer Festival	(2,000)
		<b>(2,000)</b>
<b>Income Generation</b>		
Events	Increase in participation in Beachy Head Marathon	(4,000)
Events	Increased income for Spring Event.	(12,000)
Events	Additional income/saving from Banners	(6,000)
		<b>(22,000)</b>
<b>Cost Pressures:</b>		
<b>Inflation</b>		<b>41,300</b>
<b>Other Growth</b>		
Events	Cost of the new Walking Festival which presents a risk as costs are not fully known and income is dependent on good weather.	7,000
Tourism	Finance officer - The Catering service was brought back in house without the transfer of finance staff, this will build this requirement back into the service.	25,000
Tourism	Tennis Catering Contract - The contract for providing catering to the AEGON International was not part of the transfer to in house provision	80,000
		<b>112,000</b>
<b>Non Recurring Service Investments</b>		
Events	Purchase plastic chairs, tables and patio heaters to replace broken stock and improve bar catering offer	1,000
Events	Samsonite folding seats to replace rusting/ broken stock for use during tennis tournaments and events	5,000
Events	Hand held radios	2,400
Events	Pedestrian Sprayer	5,000
Events	Lamppost banner advertising - Invest to save	5,700
Sport and Leisure	Tennis Development to support the coaching aspects of the Capital development bid to the Tennis Foundation - which will provide information, advice and guidance, booking software and court improvements.	6,000
Tourism	Beach House water connections to provide their own water supply enabling them to open in the winter. We receive an income from their lease.	4,000
Tourism	Engine for the Lifeguards boat - engine is now ten years old and showing signs of failure.	3,000
Tourism	Additional showers on the seafront to improve the visitor offer - we currently offer just two beachfront showers	5,000
		<b>37,100</b>
<b>Other Budget Movements</b>		
Various	Permanent budget virements	97,800
Various	Reversal of 2013/14 non recurring service investments	(240,950)
Various	Support services recharges	200,400
Various	Depreciation	(1,800)
		<b>55,450</b>
<b>Total Changes</b>		<b>221,850</b>
<b>2014-2015 Budget</b>		<b>5,133,750</b>

Housing Revenue Account				
Ref		2013-14 Original Budget £	2013-14 Revised Budget £	2014-15 Original Budget £
	<b>Income</b>			
H1	Gross Rents	14,051,000	14,051,000	14,439,200
H2	Charges for Services	891,850	921,850	917,550
	<b>Gross Income</b>	<b>14,942,850</b>	<b>14,972,850</b>	<b>15,356,750</b>
	<b>Expenditure</b>			
H4	Management Fee	6,804,000	6,814,000	6,714,000
H5	Supervision and Management	1,293,300	1,297,300	1,254,800
H6	Provision for Doubtful Debts	470,000	89,100	126,500
H7	Depreciation and Impairment of Fixed Assets	3,904,300	3,936,600	4,106,950
H8	Statutory Contribution to the General Fund - Rent Rebates	12,500	12,500	0
	<b>Gross Expenditure</b>	<b>12,484,100</b>	<b>12,149,500</b>	<b>12,202,250</b>
	<b>Net Cost of HRA Services</b>	<b>(2,458,750)</b>	<b>(2,823,350)</b>	<b>(3,154,500)</b>
H9	Loan Charges - Interest	2,114,600	2,048,900	1,955,950
H10	Interest Receivable	(20,800)	(8,600)	(2,450)
	<b>Net Operating Surplus</b>	<b>(364,950)</b>	<b>(783,050)</b>	<b>(1,201,000)</b>
	<b>Appropriations</b>			
H11	Capital Expenditure Charged to Revenue	468,100	468,100	393,300
	Transfers to Reserve	0	0	500,000
	<b>Housing Revenue Account (Surplus)/Deficit</b>	<b>103,150</b>	<b>(314,950)</b>	<b>(307,700)</b>
H12	In hand at 1st April	(2,017,215)	(2,178,750)	(2,493,700)
H13	Withdrawal/(Addition)	103,150	(314,950)	(307,700)
	<b>In hand at 31st March</b>	<b>(1,914,065)</b>	<b>(2,493,700)</b>	<b>(2,801,400)</b>



**HOUSING REVENUE ACCOUNT BUDGET CHANGES**

	<b>£'000</b>
<b>2013-2014 Base budget</b>	<b>103,150</b>
<b>Changes in income</b>	
Gross Rents	(388,200)
Charges for Services	(25,700)
<b>Expenditure Changes</b>	
Management Fee	(90,000)
Supervision and Management	(38,500)
Provision for Doubtful Debts	(343,500)
Statutory Contribution to the General Fund - Rent Rebates	(12,500)
Depreciation	202,650
<b>Changes in debt management costs</b>	
Loan Charges - Interest	(158,650)
Interest Receivable	18,350
<b>Changes in Appropriations</b>	425,200
<b>2014-15 Budget</b>	<b>(307,700)</b>

## SUMMARY OF GENERAL FUND CAPITAL PROGRAMME 2013 to 2017

	Total revised 2013/14 £	Total 2014/15 £	Total 2015/16 £	Total 2016/17 £
<b><u>Capital Programme</u></b>				
Community Services	1,138,550	6,367,650	7,841,000	6,000,000
Tourism & Leisure	36,700	481,100	0	0
Customer First	753,700	1,569,600	1,946,000	300,000
Corporate & Core Services	3,426,200	4,945,500	4,070,000	80,000
Asset Management	717,000	1,984,300	581,000	500,000
<b>Total Programme</b>	<b>6,072,150</b>	<b>15,348,150</b>	<b>14,438,000</b>	<b>6,880,000</b>
<b><u>Financed By:-</u></b>				
Capital Receipts GF	679,050	1,301,200	446,000	0
Grants and Contributions	995,050	6,714,850	9,341,000	6,300,000
Revenue Contribution to Capital	514,200	1,091,600	495,000	0
Section 106 Contributions	472,500	368,000	0	0
Borrowing	3,411,350	5,872,500	4,156,000	580,000
<b>Total Financing</b>	<b>6,072,150</b>	<b>15,348,150</b>	<b>14,438,000</b>	<b>6,880,000</b>

## CAPITAL PROGRAMME

<b>Community Services</b>	<b>Total revised 2013/14</b>	<b>Total 2014/15</b>	<b>Total 2015/16</b>	<b>Total 2016/17</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<i>Scheme</i>				
<b><u>Crematorium</u></b>				
Cremator Replacement	36,650	0	0	0
Memorial Safety Cems	0	34,000	0	0
Digitalise Burial Records	0	10,000	0	0
Ocklynge Cemetery Chapel	0	150,000	0	0
Barbican Memorial Scheme	0	5,000	0	0
Main Chapel Refurb - Phase 2	0	26,000	0	0
Crematorium - Main Chapel	0	21,000	0	0
	<b>36,650</b>	<b>246,000</b>	<b>0</b>	<b>0</b>
<b><u>Housing Grants</u></b>				
Disabled Facilities Grants	388,800	807,650	663,000	0
BEST Grant (housing initiatives)	106,100	213,000	178,000	0
	<b>494,900</b>	<b>1,020,650</b>	<b>841,000</b>	<b>0</b>
<b><u>Social Housing Enabling</u></b>				
3-17 Jevington Gardens - GF	435,000	0	0	0
Housing Regeneration - Block Allocation	0	5,081,000	7,000,000	6,000,000
Willingdon Trees Multi Gym	0	20,000	0	0
Solar Panels	172,000	0	0	0
	<b>607,000</b>	<b>5,101,000</b>	<b>7,000,000</b>	<b>6,000,000</b>
<b>Total - Community Services</b>	<b>1,138,550</b>	<b>6,367,650</b>	<b>7,841,000</b>	<b>6,000,000</b>

## CAPITAL PROGRAMME

<b>Tourism &amp; Leisure Services</b>	<b>Total revised 2013/14</b>	<b>Total 2014/15</b>	<b>Total 2015/16</b>	<b>Total 2016/17</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<i>Scheme</i>				
Redoubt Fortress Gates	5,400	0	0	0
Redoubt Fortress Gates (2013)	22,300	0	0	0
Volleyball Court	0	25,000	0	0
Signage	0	16,100	0	0
Sports Park Flood Lights	0	30,000	0	0
ILTC Seat replacement	5,000	0	0	0
Re-surface Tennis Courts	0	170,000	0	0
Wish Tower - Catering Outlet	4,000	0	0	0
Bandstand Seating	0	15,000	0	0
ILTC - Air Conditioning	0	60,000	0	0
ILTC - Public Address System	0	20,000	0	0
ILTC - Electrical System	0	10,000	0	0
ILTC - Fire Alarm	0	10,000	0	0
ILTC - Replacement Seating	0	100,000	0	0
ILTC - Replacement Showers	0	25,000	0	0
<b>Total - Tourism and Leisure Services</b>	<b>36,700</b>	<b>481,100</b>	<b>0</b>	<b>0</b>

# CAPITAL PROGRAMME

	Total revised 2013/14	Total 2014/15	Total 2015/16	Total 2016/17
	£	£	£	£
<b>Corporate and Core Services</b>				
<i>Scheme</i>				
<b>CUSTOMER FIRST</b>				
Contaminated Land	5,000	97,000	0	0
Coast Defences Beach Management Strategy	495,150	300,000	300,000	300,000
Cycling Strategy	0	40,600	0	0
Park and Ride	0	50,000	0	0
Princes Park (schemes to be decided)	0	183,000	0	0
Play Area Sovereign Harbour	0	27,000	0	0
Allotment Upgrade	14,100	0	0	0
Hampden Park Skate Park	0	150,000	0	0
Planning Software	7,950	0	0	0
Five Acre Field - Improvements	52,500	0	0	0
Upperton - Play Equipment	60,000	0	0	0
RoSPA Play Equipment	15,000	0	0	0
Churchdale Road Allotments	0	38,000	0	0
Play Equipment - Bodium Cres	80,000	0	0	0
Software - Grounds Maintenance	24,000	0	0	0
Sovereign Harbour - Legal Advice	0	20,000	0	0
Terminus Road Improvements	0	500,000	0	0
Christmas Light	0	25,000	0	0
CIL - Software	0	14,000	0	0
Five Acre Field - Railings	0	20,000	0	0
Beachy Head Visitor Centre WC	0	40,000	0	0
Sov Harbour Community Centre	0	0	1,600,000	0
Highfield Allotments	0	25,000	0	0
Hyde Gardens WC	0	40,000	0	0
Cross Levels Way BMX Track	0	0	46,000	0
	753,700	1,569,600	1,946,000	300,000
<b>CORPORATE SERVICES</b>				
Carbon Reduction Works	0	467,500	0	0
Agile phase 2	153,000	0	0	0
6 Saffrons Road Renovations	34,850	0	0	0
Town Hall Roof	356,450	0	0	0
Invest to Save	80,000	80,000	80,000	80,000
Redesign of CCC at 1 Grove Road	16,100	248,000	0	0
IT Replacement - Icon	9,200	0	0	0
Future Model Phase 1	358,600	0	0	0
Future Model Phase 2	1,000,000	1,000,000	990,000	0
Investment Capital	1,150,000	3,000,000	3,000,000	0
IT - Block Allocation	268,000	150,000	0	0
	3,426,200	4,945,500	4,070,000	80,000
<b>Asset Management</b>				
Devonshire Park Review	43,000	657,000	0	0
Congress Theatre redesign & restoration	15,000	835,000	0	0
Wish Tower Groundwork and site Preparation (from block allocation)	140,000	0	0	0
Wish Tower Catering Temporary Provision (Invest to Save)	160,000	0	0	0
Downland Water (Valve insertions)	25,000	0	0	0
Bandstand Restoration	245,000	0	0	0
8 Saffrons Rd - Boiler replacement	4,000	0	0	0
Town Hall Boilers	85,000	0	0	0
Asset Management - Block Allocation	0	492,300	581,000	500,000
	717,000	1,984,300	581,000	500,000
<b>Total - Corporate and Core Services</b>	<b>4,896,900</b>	<b>8,499,400</b>	<b>6,597,000</b>	<b>880,000</b>

## HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2013 TO 2017

	Total revised 2013/14	Total 2014/15	Total 2015/16	Total 2016/17
	£	£	£	£
<b>Managed By Eastbourne Homes</b>				
Decent Homes Works	567,900	0	0	0
Sheltered Remodelling	2,054,800	1,782,000	0	0
Major Works	3,699,600	3,183,000	3,766,000	3,703,000
Adaptations	0	412,000	412,000	412,000
Environmental Improvements	80,000	80,000	80,000	80,000
	6,402,300	5,457,000	4,258,000	4,195,000
Langney Villas	0	0	0	0
Ratton Road	0	0	0	0
Upper Avenue	0	0	0	0
LA New Build 2013-15	0	2,930,000	0	0
Supporting Housing & Economic Progress Initiative (SHEP)	1,170,000	1,109,000	0	0
46 Upperton Gardens	40,000	200,000	0	0
Homelessness Change Programme	200,000	75,000	0	0
<b>Total HRA Capital Programme</b>	<b>7,812,300</b>	<b>9,771,000</b>	<b>4,258,000</b>	<b>4,195,000</b>
Funded by:				
Borrowing	810,000	1,109,000	0	0
Government Grant	416,000	0	0	0
Capital Receipts inc. RTB	184,000	2,406,770	0	0
Major Repairs Reserve	5,934,200	3,633,320	4,106,970	4,195,000
S106 Contributions	0	798,230	0	0
Revenue contributions from HRA	468,100	393,280	0	0
Reserves	0	1,430,400	151,030	0
<b>Total Financing</b>	<b>7,812,300</b>	<b>9,771,000</b>	<b>4,258,000</b>	<b>4,195,000</b>

## PROJECTED USE OF RESERVES

	2013/14 Budget £	2013/14 Revised Budget £	2014/15 Budget £
<b>General Fund Reserve</b>			
In hand at 1st April	(3,756,286)	(3,919,242)	(3,692,534)
Transfer from General Fund	(282,230)	(297,530)	NIL
Financing of Non Recurring Expenditure	591,100	519,850	471,150
Withdrawal/(Addition)	NIL	(16,492)	(524,600)
Allocated For Future Use	NIL	20,880	NIL
<b>In hand at 31st March</b>	<b>(3,447,416)</b>	<b>(3,692,534)</b>	<b>(3,745,984)</b>

### Strategic Change Fund Balance

In hand at 1st April	NIL	(309,139)	(699,881)
Withdrawal/(Addition)	(1,000,000)	(846,250)	NIL
Allocated For Future Use	NIL	455,508	NIL
<b>In hand at 31st March</b>	<b>(1,000,000)</b>	<b>(699,881)</b>	<b>(699,881)</b>

### Capital Programme Reserve

In hand at 1st April	(226,577)	(643,721)	(85,196)
Withdrawal/(Addition)	NIL	15,168	NIL
Allocated For Future Use	NIL	543,357	NIL
<b>In hand at 31st March</b>	<b>(226,577)</b>	<b>(85,196)</b>	<b>(85,196)</b>

### Regeneration Reserve

In hand at 1st April	(235,424)	(393,178)	(589,165)
Transfer from General Earmarked Reserves	NIL	NIL	NIL
Withdrawal/(Addition)	(431,814)	(339,344)	(500,000)
Allocated For Future Use	80,000	143,357	601,000
<b>In hand at 31st March</b>	<b>(587,238)</b>	<b>(589,165)</b>	<b>(488,165)</b>

## Definitions of Budget Headings

<b>Employees</b>	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.
<b>Premises</b>	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.
<b>Transport</b>	Includes all costs associated with the provision, hire or use of transport, including car allowances, travel expenses, transport insurance, hire and operating leases.
<b>Supplies and Services</b>	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.
<b>Third Party Payments</b>	A third party payment is a payment to an external provider in return for the provision of a service.
<b>Transfer Payments</b>	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.
<b>Government Grants</b>	Specific and special grants from Government.
<b>Other Grants and Contributions</b>	Includes income received to finance a function/project which is undertaken with other bodies and contributions from other local authorities.
<b>Customer and Client</b>	Includes fees and charges for services, use of facilities, admissions and lettings.
<b>External Recharges</b>	Recharges made to outside bodies for expenditure incurred.
<b>Internal Recharges</b>	Recharges made to internal customers for services provided.
<b>Support Services</b>	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.
<b>Capital Charges</b>	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

<b>1 Medium Term Financial Strategy - Sustainable Delivery Strategy</b>	<b>10/07/2013</b>
<b>2 Council Tax Base 2014/15</b>	<b>11/12/2013</b>
<b>3 Council Tax Budget 2014/15 Draft Budget Proposals</b>	<b>11/12/2013</b>
<b>4 General Fund and Capital Programme</b>	<b>05/02/2014</b>
<b>5 Housing Revenue Account, Rent Setting and Capital Programme</b>	<b>05/02/2014</b>
<b>6 Council Budget and Setting of Council Tax - Draft Version*</b>	<b>19/02/2014</b>

\*Please note - A full copy of this report will be available to view on the Council's website following the full Council meeting on 19/02/14.

<b>BODY:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>10<sup>th</sup> July 2013</b>
<b>SUBJECT:</b>	<b>Medium Term Financial Strategy 2013-2017</b>
<b>REPORT OF:</b>	<b>Chief Finance Officer</b>
<b>Ward(s):</b>	All
<b>Purpose:</b>	To set out an overarching financial strategy to support the Council's strategic priorities and plans over a four year period.
<b>Contact:</b>	Alan Osborne, Chief Finance Officer, Tel 01323 415149 or internally on ext 5149
<b>Recommendations:</b>	Members are asked to: <ul style="list-style-type: none"> <li>i) Approve the updated medium term financial strategy 2013-17 as summarised in <b>Appendix 2</b>.</li> <li>ii) Agree the balance of assumptions made in the strategy and request that the strategy be brought back to Cabinet if there are material changes to the balance of assumptions prior to the 2014/15 budget setting.</li> <li>iii) Request that the emerging budget proposals for 2014/15 be brought to Cabinet in December prior to detailed consultation.</li> <li>iv) Agree the principal risks of the strategy in <b>Appendix1</b>.</li> </ul>

## **1. Executive Summary**

The strategy:

- takes into account further reductions in Government support of 12%
- assumes no real terms increase in Council Tax
- assumes a flat council tax base over the cycle
- assumes growth in retained business rates of 1% per annum
- targets recurring savings rising to £2.1m over the next three years
- models further benefits realisation from the DRIVE programme of £1.2m per annum
- assumes savings in procurement rising to £0.3m per annum
- follows a priority based budget system to preserve front line services
- targets further efficiency savings to be realised of £0.6m per annum from services and/or new income streams

- allows for £0.6m of annual growth in the Capital Programme
- preserves reserves above the minimum levels
- continues to zero base reward grants, to allow investment as and when received
- provides resources to honour nationally agreed pay awards
- makes allowances for increases in National Insurance contributions and increased costs due to pension auto-enrolment
- allows funding for unavoidable growth in service costs of £200k per annum
- maintains a strategic change fund (c£1m) to support DRIVE and invest to save
- maintains an economic development Reserve (c£0.5m) to recycle new homes bonus allocations into the local economy
- maintains a repairs and maintenance reserve to support asset management (c£1m)
- keeps a revenue contingency to meet unforeseen expenditure/loss of income at around 2% of the net budget (£300k)

## **2. Introduction**

The 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 DRIVE transformation programme
- The Council's sustainable service delivery strategy
- The Council's corporate plan
- The major service strategies and plans

- 2.1 The MTFS was last approved in July 2012 and set the challenge to the 2013/14 budget setting process as well as a updating the three year financial strategy.
- 2.2 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.
- 2.3 Over the life of the current parliament the Coalition Government has effectively reduced the general support to the Council by some 40% in cash terms which equates to 50% in real terms.
- 2.4 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 a cumulative 25%

efficiencies in its first three years of the Comprehensive Spending review period (£3.7m) This was in excess of the reduction in grant for 2011/14 (£3m) thereby creating some headroom to reinvest in services as well as preserving the overall reserves position.

- 2.5 The Council's DRIVE programme provides the programme to deliver efficiencies that support the Council's Corporate Plan. The MTFS and Capital Strategy identify and direct resources at a strategic level, which are then compounded via the service and financial planning and budget setting process.
- 2.6 In setting the last four yearly budgets the Council has achieved its "Golden Rule" of meeting its ongoing budget requirement from ongoing resources in each year. 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. By not using reserves in this manner it has meant that reserves over the minimum level are available for one off investments in services decided via the service and financial planning process.
- 2.7 The Council, as a registered social landlord is obliged to run a Housing Revenue Account (HRA) that is statutorily ring-fenced from its general fund. A 30 year revolving business plan has been adopted for the HRA and only the statutory interaction between the HRA and the general fund is acknowledged in the MTFS.

### **3. Sustainable finance**

- 3.1 The basic legal definition of a balanced budget is that planned expenditure can be met from income and reserves.
- 3.2 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.
- 3.3 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.
- 3.4 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 c£400k per annum that needs to be met from efficiencies (approx 3% of net spend) if services are to be protected. This is on top of the austerity programme reductions outlined in 1.3.
- 3.5 Given the current reduction in grant and the inability to raise council tax in real terms, 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.

#### **4. The National Financial Picture**

- 4.1 The coalition Government has set out a plan to significantly reduce the nation's structural budget deficit by the end of the parliament and beyond.
- 4.2 This involves various measures that will reduce the amount of resources to local government including:
- A 40% reduction in central government support 2011-2016
  - Combining various grants in a "single pot"
  - A 10% cut in funding for the local council tax support scheme which replaced housing benefit subsidy in 2013/14.

The Government is currently carrying out its next CSR that will come into force in 2015.

- 4.3 The current extended period of low interest rates reduces the income to the council as it generates investment income due to positive cash flow and reserve balances. Therefore the Council has adopted a stabilisation measure that takes interest received on balances, interest paid on debt, capital repayment of debt and revenue contributions to the capital programme as a single capital financing budget.
- 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 2.4% and has averaged over 3% in the last three years.
- 4.5 The actual effect of the national deficit reduction programme to this Council has been the amount made available via the Revenue Support Grant (RSG). The Council received £8.9m in RSG in 2010/11. This support has already eroded by a third and will further erode to represent a real terms reduction of around half by the end of this strategy.
- 4.6 Against this backdrop service demands on Councils are ever increasing with demographic and downturn causal effects.
- 4.7 In his 2013 budget statement, the chancellor suggested that a cap on public sector pay rises would be 1% for at least two years.
- 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 future funding pressures. The strategy assumes no increase in employer's contributions after the next triennial valuation is announced later in 2013. The Council will however have to find additional resources to fund "auto enrolment" due to start in November 2013.

## **5. The strategy commentary and main assumptions**

### **5.1 Issues arising from previous years**

The Foundation of any sound financial plan is a predictable budget to outturn position. The 2010/13 outturns, whilst containing normal variances in year, resulted in a positive overall variance due mainly to increased performance in housing benefit overpayment recovery. Some underlying issues in the discretionary areas have been recognised in setting the 2013/14 budget.

### **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 2.4%. The strategy assumes 2% inflation from 2014/15.

The Council, in common with most, does not add inflation each year to all its supplies and services budgets as this would add some £400,000 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 (CPI). An allowance of £50,000 per annum for other unavoidable inflation (such as energy and business rate increases) is contained in the strategy.

### **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 inflation targets:

<b>Year</b>	<b>Pay inflation</b>
2013/14*	1%
2014/15	1%
2015/16	2%
2015/16	2%

\* The 2013/14 situation is not currently resolved although there is an extant 1% offer from the employers.

### **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 currently taking place which will set rates effective from 2014/15. With the recent change from RPI to CPI as the annual index, and the potential changes arising from the Pensions Bill including a career average instead of final salary scheme, the strategy assumes no increase in employer contributions after the current revaluation.

The Council currently recoups its past service deficit a % of pay, however the fund actuary may require councils to amortise this deficit on a cash basis due to the risk of falling payroll numbers.

If a choice exists from 2014/15, then the decision as to whether to switch payment methods will be included in the budget setting process. In theory there is no material difference in the overall cost.

#### 5.5 Fees and charges

The Council currently receives income from fees and charges for its services of around £13m.

The Council has been reducing its exposure to income targets in areas affected by the economic downturn in successive budgets. In setting the 2013/14 budget a targeted increase of £300,000 was built into the budget. This was offset partially by reducing some unachievable income targets via the service and financial planning process.

It is assumed that for the year 2014/15 an overall gain of £200,000 (1.5%) per annum will be realised in fees and charges (mainly inflation) but and this will increase in subsequent years (to 2%) as the economy recovers.

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

#### 5.6 Interest Rates

The current bank "base rate" is 0.5% and has been since March 2009.

There are differing forecasts in the future profile of interest rates which are largely dependent on a 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 2013/16.

The Council's treasury management advisor (Sector Ltd) is forecasting a small increase in the rate to 0.75% in 2014/15 rising to 1.75% by the end of 2015/16.

The strategy assumes no increase in overall yield from interest rate rises over



the life of the MTFS. Any increases that do occur will have a short term effect of increasing the amount of resources available to the Council (around £100k per percentage point) however the strategy will recycle these into capital financing as longer term interest rates used for borrowing purposes will increase too.

## 5.7 Council Tax

In closing the 2012/13 accounts, The Council has declared a collection fund surplus of £24,000.

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 Council has taken advantage of the Government's tax freeze grant for the last three years. The grant for 2013/14 (£80,000) is not paid in future years despite the permanent loss of the revenue that would accrue from a rise.

The strategy assumes rises of 2% (based on CPI target) from 2014/15 i.e. no real terms increase in council tax across the life of the MTFS.

The strategy also assumes no increase in the overall council tax base, although some housing development is still in the pipeline. The Base will be reassessed annually.

## 5.8 Government Grants/Retained Business Rates

The Council currently receives £3.4m of revenue support grant.

In addition the Council now retains a proportion of business rates (£3.6m) collected based on 40% of the real increase in those collected using a base year of 2011/12. Increases in the retention from business rates are designed to promote local growth. The strategy assumes that business rate retention will rise by 1% per annum based on rate increases, although initiatives such as the Town Centre and Sovereign Harbour developments should contribute a further retention in future years.

In respect of 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. The economic regeneration reserve was created in 2011/12 in order to facilitate this.

The new Homes Bonus is a reward grant that currently gives c£1800 for each new property brought into use/constructed and is paid for six years. The council's policy is to treat this grant as "one off" and use it for economic regeneration initiatives. In 2013/14 there is a small element (£130k) of the grant (£550k) that is used to support the budget, however the MTFS assumes

that this will be eliminated by 2014/15.

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.

#### 5.9 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 due to funding changes and the effect of inflation.

The strategy assumes that an average minimum of £700k 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 and other agreed growth.

One of the Council's main priorities is to increase the amount of available capital for development. The strategy provides for reinvestment of savings to the tune of £630k in capital financing. This would support over £10m of future capital spending at current long term interest rates.

#### 5.10 Savings

Taking all known factors and assumptions as outlined above the Council needs make a minimum level of new savings of £700k per annum over the life of the MTFS.

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 now under the Sustainable Service Delivery Strategy (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. This does not alter the targets set for each programme, but merely reflects what can reasonably be counted at this stage. Service and financial planning will provide more certainty as each year approaches.

<b>Programme</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
SSDS	250	300	600	300
Service Based	170	200	200	200
Procurement	1100	100	100	100
<b>Total</b>	<b>1520</b>	<b>600</b>	<b>900</b>	<b>600</b>

This represents an average of £0.7m of new recurring savings each year.

#### 5.11 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.

From 2012/13 the HRA became more like the general fund in that it needs to assess the cost of its capital programme against the resources available in the HRA, now that the subsidy system has been disbanded. Responsibility for setting rent levels is now localised however controls over rent levels and borrowing limits remain.

A 30 year business plan was adopted by the Council February 2012, and the HRA now needs to be subject to an annual service and financial planning process in the same way as the general fund, this has begun and will feature in the 2013/14 budget setting process.

## 6. **Reserves**

### 6.1 The Council has the following main fund/reserves:

#### Revenue

- General fund reserve – As a contingency and support the corporate plan
- Strategic change fund – to support the DRIVE programme
- Repairs and maintenance fund – to support the asset management plan
- Economic regeneration fund – to support the local economy

## 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 2012/13 accounts show the balance available to the general fund to be £4.1m. This is the assumed starting point for the MTFS. There is a planned draw on reserves to meet non recurring expenditure in 2013/14 of up to £393,000. In subsequent years this is expected to average around £200k per annum during the MTFS.
- 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 during the budget setting process for 2014/15, once the localised council tax support scheme is introduced as this is likely to increase financial risk at least in the short term.
- 6.4 The strategic change fund was established in 2009 in order to help facilitate the release of ongoing savings. This reserve is a key enabler for change and it will need replenishing in time. The reserve currently has a balance of £1m.
- 6.5 The repairs and maintenance fund had a balance of £0.6m at 31.3.13 has been used to support the asset management plan, high priority and corporate asset non capital items are financed from this fund where they cannot be met from the service budgets. Contributions are made each year from revenue.
- 6.6 The system of carry forwards finished in 2010, 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. It is not intended to reintroduce carry forward of unspent budgets.
- 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 £3.2m
- 6.8 In 2011, the Council set aside £500,000 from general reserves in the economic regeneration reserve to pump prime initiatives aimed at promoting the local economy and creating new income streams for the Council to help offset the reductions in Government funding. This fund has already started to make a difference and the current policy is to use any unbudgeted new homes bonus to top it up over time.

## **7. The impact of the capital programme**

- 7.1 The Capital Programme 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.
- 7.2 The Council has recently repaid some £30m of borrowing in the Housing Revenue Account as it entered the "self financing" regime in 2012/13.
- 7.3 The General Fund policy is to use borrowing only on a business case basis (e.g. Solarbourne). Such borrowing is fully financed by way of interest charges and the Minimum Revenue Provision (MRP) which is the capital repayment. As new schemes that require borrowing are approved, the Council has to make provision for repayment via the capital financing budget. The capital repayment element of any borrowing is only required once the scheme is finished.
- 7.4 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 on historic debt and MRP based on the useful life of assets created since 2011, however the Council's Treasury Management Strategy does allow some flexibility to adjust this in future if necessary.
- 7.5 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.

## **8 Consultation**

- 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 income streams to the order of £0.7m 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 SSDS programme is a key enabler to meeting this challenge.

- 9.3 The MTFS both collects the financial effects of demand and supply changes and informs the corporate change agenda.

**Alan Osborne**  
**Chief Finance Officer**

**Background Papers:**

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

*Cabinet Reports: – Finance Matters (Standing Item)*

- *Budget and Council Tax Setting February 2013.*
- *MTFS – July 2012.*
- *Statement of Accounts – July 2013.*

*Audit Committee- Final Accounts- June 2012.*

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

Risk / Effect	Contained in Strategy and budget setting	Other Mitigation
Income Reductions due to demand changes	<ul style="list-style-type: none"> <li>• Statutory recession hit income budgets adjusted each year as part of service and financial planning</li> <li>• No real growth assumed in overall income targets in 2013/17</li> <li>• The economic regeneration fund set aside to aid regeneration and contribute new sources of income</li> <li>• Interest receivable budget set at current low interest rate</li> <li>• Unachievable income budgets reviewed during service and financial planning</li> <li>• Programme savings targets being set higher than the assumed delivery in the MTFS</li> <li>• Reserves above the minimum</li> </ul>	<ul style="list-style-type: none"> <li>• Service and financial plans to test possible income generation activities and price sensitivity</li> <li>• New sources of income explored in service plans.</li> <li>• Planning at 2 levels in service and financial planning process to challenge assumptions</li> <li>• Review of governance of discretionary services underway</li> </ul>
Government Support Being Reduced even further than forecast	<ul style="list-style-type: none"> <li>• Assumption follows the Governments announcements to date</li> <li>• Prudent estimates of future income flows</li> <li>• Zero basing of reward grants</li> <li>• Reserves above minimum level</li> </ul>	<ul style="list-style-type: none"> <li>• Possibility of service alterations to a modified level</li> <li>• Change assumptions during budget setting</li> <li>• Update MTFS early in the event of material change</li> <li>• Priority based budget system has flexibility to adapt</li> </ul>

Benefits Performance reducing due to scale of changes	<ul style="list-style-type: none"> <li>• No surplus built into base budget</li> <li>• Resources allocated in 2013/14 budget</li> </ul>	<ul style="list-style-type: none"> <li>• Service review of delivery arrangements</li> <li>• Mobilise resources from other areas if performance hit by staffing shortages</li> <li>• Relieve service with further one off resources to avoid performance drop</li> </ul>
Savings not being delivered	<ul style="list-style-type: none"> <li>• Matching growth choice with performance of savings delivery</li> <li>• Strategic Change Fund to support invest to save</li> <li>• Capital Invest to save available case by case</li> <li>• Reserves well above minimum level can be used to smooth out fluctuations</li> <li>• Level of Revenue contribution to capital can be varied in the short term</li> </ul>	<ul style="list-style-type: none"> <li>• Use compensating savings in short term</li> <li>• Reduce discretionary spend in year</li> <li>• Review minimum revenue provision to slow down capital repayment</li> </ul>



## Summary of MTFS 2013-2017

### General Fund

	2013/14	2014/15	2015/16	2016/17
<b>Total Budget b/f</b>	<b>16,334</b>	<b>15,658</b>	<b>15,634</b>	<b>15,432</b>
Less non recurring items	(628)			
<b>Adjusted Base Budget</b>	<b>15,706</b>	<b>15,658</b>	<b>15,634</b>	<b>15,432</b>
<b>Pay and Price Inflation</b>				
Pay Award and Increments	105	120	240	240
Pensions (auto enrolment)	30	50	0	0
Inflation on Contracts	235	250	250	250
Other inflation	0	50	50	50
Service Growth	1,104	200	200	200
Capital Financing	302	100	200	330
Increases in Income	(300)	(200)	(250)	(250)
<b>Total Budget Demand</b>	<b>17,182</b>	<b>16,228</b>	<b>16,324</b>	<b>16,252</b>
<b>RSG/Retained Business Rates</b>				
RSG 2012/13 = (7,012)	(3,401)	(3,288)	(3,000)	(3,000)
Retained Business Rates	(3,503)	(3,573)	(3,645)	(3,717)
Council Tax local scheme grant	(1,212)	(1,212)	(1,212)	(1,212)
Council Tax Grant	(83)	0	0	0
New Homes Bonus (in base)	(134)	(134)	0	0
<b>Total External Funding</b>	<b>(8,333)</b>	<b>(8,207)</b>	<b>(7,857)</b>	<b>(7,929)</b>
<b>Council Tax</b>				
Relevant Amount	33,310	33,310	33,310	33,310
Collection Rate	0.975	0.975	0.975	0.975
Tax Base	32,477	32,477	32,477	32,477
Band D Charge	224	229	233	238
% Increase in Council Tax	0%	2%	2%	2%
Collection Fund Surplus	(22)	0	0	0
<b>Total Council Tax</b>	<b>(7,303)</b>	<b>(7,427)</b>	<b>(7,575)</b>	<b>(7,727)</b>
<b>Total Sources of Base Funding</b>	<b>(15,658)</b>	<b>(15,634)</b>	<b>(15,432)</b>	<b>(15,656)</b>
<b>Gap in Funding</b>	<b>1,524</b>	<b>594</b>	<b>892</b>	<b>596</b>
Efficiency Savings General	(169)	(200)	(200)	(200)
SSDS	(250)	(300)	(600)	(300)
Procurement Savings	(1,105)	(100)	(100)	(100)
<b>Residual Gap / (Surplus)</b>	<b>(0)</b>	<b>(6)</b>	<b>(8)</b>	<b>(4)</b>
General Reserves B/F	(4,400)	(4,007)	(3,813)	(3,621)
Non recurring growth	393	200	200	200
Use of General Reserves	(0)	(6)	(8)	(4)
<b>Reserves C/F</b>	<b>(4,007)</b>	<b>(3,813)</b>	<b>(3,621)</b>	<b>(3,425)</b>

<b>Body:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>11<sup>th</sup> December 2013</b>
<b>Subject:</b>	<b>Council Tax Base and Business Rate Income 2014/15</b>
<b>Report of:</b>	<b>Chief Finance Officer</b>
<b>Ward(s)</b>	All
<b>Purpose</b>	To approve the Council Tax Base and net yield from Business Rate Income for 2014/15 in accordance with the Local Government Finance Act 1992, as amended.
<b>Decision Type:</b>	Key Decision
<b>Recommendations:</b>	Members are asked to <ul style="list-style-type: none"> <li>i) Agree the provisional Council Tax Base of <b>32,126.5</b> for 2014/15.</li> <li>ii) Agree the provisional Retained Business Rates Income of £35.225m for 2014/15</li> <li>iii) Agree that the Chief Finance Officer, in consultation with the Portfolio Holder for Finance, determine the final amounts for the Council Tax Base and Retained Business Rates income for 2014/15.</li> </ul>
<b>Contact:</b>	Pauline Adams, Financial Services Manager Tel 01323 415979 or internally on ext 5979

## **1.0 Introduction**

- 1.1 The Council is required to set its Council Tax Base and the expected Business Rate Income for the forthcoming year. These calculations are used as the basis for the amount of income the Council will precept from the Collection Fund.
- 1.2 The Local Authorities (Calculation of Council Tax Base) Regulations 1992 prescribe that the billing authority (this council) must supply the precepting authorities (the County, Police and Fire authorities) with the calculation of the Council Tax Base. This information must be supplied between 1 December and 31 January in the financial year proceeding the financial year for which the calculation is being made.
- 1.3 Non-Domestic Rating (Rates Retention) Regulations 2013 also sets out a timetable for informing the government and precepting authorities of the business rate income calculation. This information is completed via a government return (NNDR1) which must be submitted by 31 January in the financial year proceeding the financial year for which the calculation is being made.

- 1.4 In order to assist the precepting authorities with their financial planning it is helpful to provide the information during December rather than wait for the January deadline.

## **2.0 Council Tax Base**

- 2.1 The Council Tax Base is the estimated full year equivalent number of chargeable dwellings. This is expressed as the equivalent number of Band D dwellings with two or more liable adults.
- 2.2 In making this estimate, account must be taken of discounts, disablement relief and property exemptions. Movements on and off the Valuation List during the year must also be taken into account – e.g. where new properties have been built or old ones converted or demolished.
- 2.3 The primary legislation that determines how the Council Tax Base is to be calculated is the Local Government Finance Act 1992. A number of regulations have been laid under this Act that has prescribed how the detailed calculation is to be made. Those regulations are listed at the foot of this report.
- 2.4 The basic calculation as determined by the primary legislation is that the Council arrives at its Council Tax Base by multiplying its Relevant Amount by its estimated Collection Rate.

## **3.0 Relevant Amount**

- 3.1 The Relevant Amount for each Band is the estimated full year equivalent number of chargeable dwellings in the Band expressed as the equivalent number of Band D dwellings. For example, a Band A property is equivalent to 6/9 of a Band D property, a Band H property is equivalent to 2 times (18/9) a Band D property. The Relevant Amounts for each Band are then added together to arrive at the overall Band D equivalent.
- 3.2 The results for each Band when totalled up are converted to form the appropriate number of Band D equivalent dwellings. This is the Relevant Amount. For 2014/15 this totals 32,950.3.
- 3.3 The Relevant Amount has decreased by 359 (1.1%) Band D equivalent dwellings from 2013/14. This reflects the higher take up of the Council Tax reduction scheme than the 2013/14 original model predicted pending the introduction of the scheme from 1 April 2013. This has been offset by a reduction in the number of Single Person Discounts awarded. The effect of these changes has resulted in the reduction to the total number of chargeable dwellings by 382.

## **4.0 Collection Rate**

- 4.1 The Collection Rate is the Council's estimate of the proportion of the overall Council Tax collectable for 2014/2015 that will ultimately be collected. This is expressed as a percentage.
- 4.2 The key elements in making this calculation are losses on collection, appeals

against valuation, changes in circumstances (e.g. 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.

- 4.3 Given the current level of Council Tax collection and the forecast of a small deficit balance on the collection fund it is prudent to retain the current collection rate of 97.5%.

## 5.0 Council Tax Base

- 5.1 Taking the Relevant Amount of 32,950.3 and applying the Collection Rate of 97.50% produces a Council Tax Base for 2014/15 of **32,126.5**.

- 5.2 The Council Tax Base has decreased by 1.1% compared with 2013/14. This is equivalent to a reduction of 350 Band D dwellings. The detail number of properties is shown at Appendix 1.

- 5.3 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 32,600.

## 6.0 BUSINESS RATE INCOME

- 6.1 The Local Government Finance Act 2012 introduced a new system for the local retention of business rates. This means that the council is required to formally approve the expected business rate income for the forthcoming year. The estimate for the 2014/15 financial year must be approved by 31 January 2014.

- 6.2 The Business Rate income is all collated on the NNDR1 form which will show the net rate income yield for the forthcoming year and the central and local shares of the business rates. The actual NNDR1 form for 2014/15 has not yet been received but the provisional figures based on the 2013/14 form plus known changes has been calculated as follows:

Retained Business Rate	2014/15 Estimate £'000
Gross Rates Yield	39,443
Less Mandatory Reliefs	(3,184)
Less Discretionary Reliefs	(100)
<b>GROSS RATE YIELD AFTER RELIEFS</b>	36,159
Less Allowance for cost of Collection	(128)
Adjustments for Changes in RV due to growth or reduction in property numbers.	(71)
Less Estimated Losses on Collection	(300)
Less Allowance for Appeals	(440)
Transitional Relief (funded centrally)	5
<b>NET BUSINESS RATE YIELD</b>	<b>35,225</b>

The adjustment for the changes in RV is mainly due to the properties that are to be demolished as part of the Town Centre redevelopment. For estimating purposes it has been assumed that this will happen in the final quarter of 2014/15. The 2015/16 calculation will reflect the full year effect of this reduction, however once the redevelopment work has been completed there will be a corresponding growth in the business rate yield.

- 6.3 The net business rate yield is allocated centrally and locally based on the following ratios:

- 50% to Central Government
- 40% to the Local Billing Authority (this council)
- 10% to the other precepting authorities (9% to the county and 1% to the fire authority)

The local share (the Business Rate baseline) is then payable to the Council's general fund. All other adjustments to the overall level of business rate income retained locally are then accounted for within the general fund.

## **7.0 Retained Business Rates income in the General Fund**

- 7.1 As some local authorities collect more business rates than they currently receive in formula grant (which is based on relative need and resources), whilst others are lower, the government will rebalance to ensure that no local authority is worse off as a result of its business rates at the outset of the scheme through a system of tariffs and top ups. To calculate these tariffs and top ups a business rate baseline funding level has been set by government based on the 2012/13 formula grant funding levels. An authority will pay a tariff if their business rate baseline is more than their baseline funding level and receive a top up if their business rate baseline is less than their baseline funding level. Tariff and top ups will be self funding and fixed in real terms (i.e. only up rated by RPI) in future years, ensuring that changes in retained income are driven by business rate growth.

This authority has a business rate baseline higher than its baseline funding level and thus is due to make a tariff payment.

- 7.2 The intention of the Rates Retention scheme is to give an incentive to local authorities to grow their business rate base, and the scheme has been devised to allow local authorities to benefit from this growth. However due to the gearing effect, i.e. the differences in the relationship between an individual's authority's business rates base and its baseline funding level, some authorities with existing large tax bases in relation to their funding levels will experience increases in their income that is out of proportion to the growth in their business rate base. To moderate this gearing effect a system of levies and safety nets has been introduced.

The levy rate will allow authorities to retain their growth in an equivalent proportion to its baseline revenue. This translates into a real benefit and after the payment of the central share and the levy at least 20p in each extra pound will be retained locally.

Conversely a safety net will apply to any authority experiencing a decrease

in their business rates revenue. This safety net guarantees authorities 92.5% of their original baseline funding. For the purpose of the safety net the baseline funding level will be increased by RPI each year.

- 7.3 The final amount of retained business rates to be credited to the general fund is calculated as follows:

<b>2014/15 Estimate</b>	<b>£'000</b>
EBC Share of Business Rate Yield	14,094
Minus Tariff	(9,664)
Minus Levy	(612)
Minus Estimated Deficit on Collection Fund as at 31.3.14	(283)
<b>Local Retained Business Rate Income 2014/15</b>	<b>3,535</b>
2013/14 Amount	3,503

## **8.0 Setting the Business Rate Income**

- 8.1 The figures required to set the business rate income are not yet available as the final NNDR1 form and guidance notes have not yet been received from DCLG. Cabinet is therefore asked that delegated authority be given to the Chief Financial Officer, in consultation with the Portfolio Holder for Finance, to determine the final estimated net yield from Business Rate Income for 2014/15.
- 8.2 The revenue implication of the new Business Rates retention scheme has been modelled into the financial plan and will be fully reflected in the budget setting process.

## **9.0 Collection Fund Performance**

- 9.1 As at 31 March 2013 the Collection fund showed a surplus of £169,272. £158,910 is being distributed across all preceptors during 2013/14, leaving a balance of £10,362 to be distributed in 2014/15.
- 9.2 The Council has to estimate the overall surplus/deficit at 31 March 2014 and inform the precepting authorities in January 2014 of this estimate in order that the amount is included in the 2014/15 precept figures.
- 9.3 Current monitoring figures indicate a deficit by 31 March 2014 of £40,000 for Council Tax, this will be revised in January and the results reported to members as part of the budget report to the February Cabinet. Any surplus or deficit is allocated to preceptors in 2014/15 in proportion to the 2013/14 Band D Council Tax.
- 9.4 For the first time this year a calculation on the business rate income element of the Collection Fund has to be prepared in January. Current indications show a deficit balance of £708,000 due to the number of successful appeals having been settled in the year and the lower than anticipated growth in

rateable values. The calculation will be revised for January and the results reported to members as part of the budget report to the February Cabinet. Any surplus or deficit is allocated in 2014/15 in accordance with the proportions given at 6.3 above.

## **10.0 Consultation**

10.1 Not Applicable

## **11.0 Implications**

11.1 The Council Tax Base will be used to calculate the level of Council Tax requirement that will be recommended to the Council on 19 February 2014.

11.2 The net yield from Business Rates income will be used to calculate the amount of retained business rates to be credited to the General Fund.

11.3 Once the Council Tax Base and the estimated balance on the Council Tax element of the Collection Fund has been determined, East Sussex County Council, Sussex Police and Crime Commissioner and East Sussex Fire Authority will be notified.

11.4 Once the NNDR1 2014/15 has been completed and the estimated balance on the Business Rate element of the Collection Fund has been determined, this will be submitted to Central Government and both East Sussex County Council and East Sussex Fire Authority will be notified.

## **12.0 Summary**

12.1 The provisional Council Tax Base for 2014/15 has been calculated in accordance with relevant legislation. Summary calculations are set out within the attached appendix.

12.2 The figures required to set the business rate income are not yet available as the final NNDR1 form and guidance notes have not yet been received from DCLG. Provisional figures indicated business rates income for the General Fund of £3,535,000.

12.3 It is recommended that delegated authority be given to the Chief Finance Officer, in consultation with the Portfolio holder for Finance, to agree the final figures for both calculations.

**Alan Osborne,  
Chief Finance Officer**

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
- The Local Authorities (Calculation of Council Tax Base) (Amendment) Regulations 2003
- Non-Domestic Rating (Rates Retention) Regulations 2013

Tax Base Comparison between years		
	2013/14	2014/15
<b>NUMBER OF DWELLINGS</b>		
Valuation List as at November	46,629	47,150
Less discounts equated to property numbers	-4,859	-4,966
Total equivalent property numbers	41,770	42,184
Estimated changes in year	86	-19
Less Local Council Tax Reduction Scheme	-6,813	-7,504
<b>Total Number of Properties</b>	<b>35,043</b>	<b>34,661</b>
% decrease		-1.09%
<b>TAXBASE CALCULATION</b>		
Relevant Amount (Band D Equilavant)	33,309.3	32,950.3
Collection Rate	97.50%	97.50%
<b>Council Tax Base</b>	<b>32,476.6</b>	<b>32,126.5</b>
% decrease		-1.08%



**BODY:** **CABINET**

**DATE:** **11<sup>th</sup> December 2013**

**SUBJECT:** **Draft Budget Proposals 2014/15**

**REPORT OF:** **Chief Finance Officer**

**Ward(s):** All

**Purpose:** To summarise the main elements of the emerging 2014/15 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 approach to dealing with changes in the expected resources available for the 2014/15 budget as detailed in 5.3 including the closing of a currently forecast gap of £104,000 between the recurring resources and recurring proposed budget.
- iii) Agree that as details of the Government's proposed tax freeze grant for 2014/15 are not yet available, the maximum potential council tax rise will be less than 2%.
- iv) Agree the main risks to the draft budget in 5.4

## **1.0 Introduction**

- 1.1 Each year the Council consults with a range of stakeholders on its detailed draft budget proposals for the following financial year. This follows consultation on the corporate plan and Medium Term Financial Strategy, which is carried out over the summer and autumn. The results of the corporate plan consultation are reported elsewhere on this agenda.
- 1.2 The Cabinet will consider initial responses to the consultations at this meeting and finally on 5 February 2014 in order to recommend a final budget and additions to the existing capital programme for 2014/15 to the Council on 19th February 2014.
- 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. The corporate change programmes under DRIVE pick up the challenge of the MTFS.
- 1.4 The medium term financial strategy agreed in July 2013 modelled the overall

reduction in Government support by 40% in cash terms over the whole CSR period (2013/17) which equates to around 50% in real terms at past and projected levels of inflation.

- 1.5 At the time of writing this report the Chancellors autumn statement and the results of the Comprehensive Spending Review CSR 2013 are not known. However in June 2013, the Chancellor made announcements that indicated further reductions in Government support of between 10 and 20 percent (on top of the 28.4% covering the period 2011-2014)
- 1.6 In addition to changes in the amount of funding for local government, there were two significant changes that came into force in 2013/14 that give a greater volatility to local government finance over the medium term. These changes were the retention of a proportion business rates and the localisation of council tax support. The Council tax and Non Domestic rate tax bases are the subject of another report on this agenda.
- 1.7 As well as setting savings targets at a level that is in excess of current announcements, the MTFS includes the policy of not applying all of the New Homes Bonus (NHB) which is currently yielding over £540,000 and set to rise to c£800,000 to the budget over the next three years. This gives added protection against further funding reductions as well as the opportunity to invest the NHB in interventions designed to promote economic growth.

## **2.0 Integrated corporate planning process**

- 2.1 In July 2013, the Council adopted its latest MTFS that set the platform for the service and financial planning process during the summer and autumn. The strategy set out a further 3 year rolling programme with savings targets of £2.1m recurring by 2015/16 (in addition to the £3.5m achieved in setting the 2011-2014 budgets)
- 2.2 The overarching 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. The Council's move towards the "future operating model" is set to contribute a further £1.2m of savings over the next three years to the general fund. Together with savings from procurement and shared services this provides the main emphasis of the current corporate efficiency programme.
- 2.3 The Service and financial planning process is now a rolling three year period to reflect the MTFS and as well as providing £600,000 per annum of additional capital resource the savings programme is well developed to meet the overall target of £2.1m over the current cycle.
- 2.4 Consultation on these plans began at the same time which included Scrutiny, unions and staff as well as partner organisations and the public. A separate report is included on the agenda with an update.

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

### **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 Council's finances of the current economic downturn.
- 3.3 The current strategy set out a rolling three year plan to:
- Deal with the anticipated reduction in the Government support of around 50% from the 2010/11 level.
  - Integrate fully the service and financial planning process with the main change programmes under DRIVE
  - Work with clearly defined medium term efficiency targets to the corporate transformation programmes and allow services to put forward savings proposals in addition.
  - Deal with the continued economic downturn and unavoidable growth in service demands
  - Maintain front line services to the public
  - Make further recurring savings of £2.1m per annum by 2016/17
  - 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 at or below the level of inflation
  - Maintain a Strategic Change Fund to finance the DRIVE programme in order to increase efficiency
  - Maintain an Economic Regeneration Reserve to finance external interventions that promote economic activity
  - Finance capital expenditure from identified resources
  - Use borrowing only on a business case basis
  - 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

- Look for new income streams to supplement diminishing resources

3.4 Whilst at the time of writing the final settlement in respect of revenue support grant (RSG) and retained business rates for 2014/15 as well as numerous other grant announcements have not yet been made, the following are assumed in the draft budget.

<b>Year</b>	<b>2013/14</b>	<b>2014/15</b>
	£m actual	£m
RSG	(3.4)	(3.3)
Retained business rates	(3.5)	(3.5)
Council Tax freeze grant	(0.1)	(0.1)
New Homes Bonus	(0.5)	(0.6)
Council Tax Benefit grant	(1.2)	(1.2)
Council Tax	(7.3)	(7.2)

#### **4 The Emerging Budget Proposals 2014/15**

4.1 The service and financial planning process started in July and has culminated in the four service areas 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 £0.846m (5% of net spend) shown in **(appendix 1)**

These are categorised as:

	<u>£m</u>
Efficiency savings	(0.607)
Increases in income	(0.209)
Other changes	<u>(0.030)</u>
Total	<u>(0.846)</u>

4.3 A total of £0.851m of service growth is proposed categorised as follows **(appendix 2):**

	<u>£m</u>
Corporate inflation	0.430
Reduced income targets	0.059
Other Growth	<u>0.362</u>
Total	<u>0.851</u>

4.4 The draft budget assumes no rise in Council Tax for 2014/15 as the Council is may take advantage a special grant available for Councils not increasing council tax (assumed to be 1% or £70,000). However the scheme for 2014/15 has not yet been set out. The MTFs allowed for a tax rise at the target rate of inflation (2%) There therefore remains a choice depending on

the announcement of the tax freeze scheme. A referendum might apply if any proposed tax rise were 2% or greater.

4.5 The proposal also includes £447,000 of non-recurring service investment to be financed directly from reserves **(Appendix 2)**.

4.6 The Council has been successful in attracting over £2.6m of additional grant for the retention of weekly waste collection and enhanced recycling (for five years) payable over three years. The final instalment of £1.3m will be paid in 2014/15. It is intended that contributions to reserves of this amount will be made in order to replenish the strategic change fund and general reserves.

## 5.0 Summary of Revenue Proposals

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

5.2	<u>Proposal</u> <u>£m</u>
Base Budget 2013/14	15.658
Growth (outlined in 4.3)	0.851
Savings (outlined in 4.2)	(0.846)
Savings to be identified	<u>(0.104)</u>
Net budget	<u>15.559</u>
Funded By:	
Government Grants/Retained Rates	(8.357)
Council tax (band D £224.19)	<u>(7.202)</u>
Total Resources	<u>(15.559)</u>
Forecast General Reserve 31.03.14	£4m

5.3 Should the resources allocated by way of retained business rates and RSG differ from the assumptions, the suggested strategy would be to make the additional resources available to the capital programme. Should the resources be less than the assumptions then they should first reduce the addition to the capital programme resources, then reduce the contingency by up to £100,000 and beyond that, a further review of the service and financial plans will be required to identify additional savings/reduced growth. As a last resort the MTFS allows for reserves to be used in the short term until further corrections can be made.

5.4 Principal risks:

Risk / Issue	Comments/possible mitigation
Government announcements to further restrict local government settlement	Overall reduction now projected at 50% over 2010/11 levels. Contingency (£300k) and reserve levels above the minimum to be flexed to accommodate. Potential use of some New Homes Bonus and or new burdens funding.

Government – other grants	Housing Benefit (£0.8m) already announced Council budget not dependent on ad hoc reward grants.
Increase in inflation on pay and prices	Current inflation rate built in proposal for external contracts. Negotiations with main suppliers underway to reduce contractual entitlement.
Cumulative effects of the above being uncontainable	Priority based budgeting methodology would allow some further savings proposals to be brought forward. Growth could be reviewed and reserves used in the short term.

## **6.0 Capital Programme 2013/17**

- 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.
- 6.2 It is intended that any revenue headroom created by the 2014/15 revenue budget will be reinvested in the Capital programme.
- 6.3 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. An example of this is the "Solarbourne" project which is now contributing approximately £75,000 per annum to the net budget after repaying the cost of capital.
- 6.4 Additional individual schemes to be added to the capital programme linked to 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 The Government however this has restricted choice in respect of new services requiring recurring investment.
- 9.2 Due to the healthy 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 MTFS.

**Alan Osborne**  
**Chief Finance Officer**

### **Background Papers:**

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

*Budget 2013-14*

*Cabinet Reports: – Finance Matters Each Cabinet Meeting*  
*- Budget Setting February 2013.*  
*- MTFS July 2013.*

*Audit Committee- Final Accounts- September 2013.*

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

Dept	Proposed Savings	Service	Proposal	2014/15 £'000
<b>Efficiency Savings</b>				
CorpS	High Level Service		SSDS (Future Model Phase 1)	(300)
CorpS	Financial Services		Pay Review - New scheme embedded. Historical budget	(15)
CorpS	Financial Services		Cash Collection contract savings	(1)
CorpS	Financial Services		Financial Services Restructure - Overachievement of 2013/14 restructure target	(20)
CorpS	Strategic Development		Cease subscription to Local Futures data source	(5) *
CorpS	IT and E Government		IT Contract savings	(11)
CFirst	Specialist Advisory Team		Waste contract savings - provisional sums not required	(170)
ComS	Bereavement Services		Reduced Gas consumption	(30)
ComS	Housing		Management changes - vacant post	(43)
ComS	Housing		Shared initiatives post no longer in operation	(10)
TS	Events		Purchase of new racking system reducing hire costs for the Beer Festival	(2)
<b>Efficiency Savings Total</b>				<b>(607)</b>
<b>Income Generation</b>				
CorpS	High Level Service		Wi-Fi Project	(25)
ComS	Bereavement Services		RPI Fee Increase base cremation	(39)
ComS	Bereavement Services		RPI Fee Increase other services	(3)
ComS	Bereavement Services		RPI Fee Increase memorial	(5)
ComS	Bereavement Services		RPI Fee Increase burial	(15)
ComS	Revenues & Benefits		Housing Benefit Overpayment Income - Increased recovery on outstanding debt - based on current performance	(60)
ComS	Revenues & Benefits		Single Person Discount Review increasing collectable Council Tax. Other preceptors also receive benefits	(40)
TS	Events		Increase in participation in Beachy Head Marathon	(4)
TS	Events		Increased income for Spring Event.	(12) *
TS	Events		Additional income/saving from Banners	(6) *
<b>Income Generation Total</b>				<b>(209)</b>
<b>Other Changes</b>				
CorpS	Financial Services		Unfunded pensions - Reduction in cpi prediction for 13/14 and fall out of pensioners	(23)
ComS	Housing		Brighton Housing Trust Grant	(5)
ComS	Community Development		Reduction in Rent Support Grant	(2)
<b>Other Changes Total</b>				<b>(30)</b>
<b>TOTAL SAVINGS</b>				<b>(846)</b>
<b>Non Recurring Savings</b>				
ComS	Revenues & Benefits		New Homes Bonus paid for 6 years from initial claim. Other preceptors also receive benefit - Council currently treats as one off	<b>(150)</b>

\* Linked savings & growth items



Dept	Recurring Service	Growth Item	2014/15 £'000
<b>Corporate Inflation</b>			
	Corporate	Pay Award, contractual increments and pension auto enrolment	170
	Corporate	Inflation on external contracts and other inflation	260
	Corporate	Capital Financing (Target £100,000 to be confirmed)	TBC
<b>Corporate Inflation Total</b>			<b>430</b>
<b>Changes in Income targets</b>			
CFirst	Neighbourhood First Team	Unachievable Hyde Gardens parking income target	25
CFirst	Neighbourhood First Team	Unachievable fixed penalty notice income target	6
ComS	Bereavement Services	Reduction in burial income due to Ocklynge and Langney cemeteries space restriction	28
<b>Changes in Income Total</b>			<b>59</b>
<b>Other Growth</b>			
CorpS	Financial Services	Licence and support costs moving to hosted solution for ICON system	9
CorpS	Financial Services	Valuation costs to carry out annual desktop review of all non-current assets, including Heritage Assets	5
CorpS	Strategic Development	Subscription to ESD toolkit for national based data	1
CorpS	IT and E Government	Wi Fi Upgrade - Existing Devonshire Park wifi is no longer fit for purpose. This will support a robust, fit for purpose corporate public wifi solution with content filtering for legal compliance.	5
CorpS	IT and E Government	Government Connect - To fund additional security devices and specialist security consultancy to meet ongoing Government Connect requirements.	10
CorpS	Systems Administration and Support	Future Model Phase 2 systems annual support and maintenance - essential to maintain systems that underpin the model (part of original business case).	90
CFirst	Specialist Advisory Team	Evidence and background studies provided by external consultants to inform production of our Local Plans in accordance with the Local Development Scheme	20
CFirst	Specialist Advisory Team	Marketing budget for CEPE to engage on active, healthy and low carbon lifestyles	20
CFirst	Service Improvement and Development	Mosaic Public Service - Improved tool to replace Local Futures (offered as saving under Corporate Services) and provide detailed demographic data to ensure service improvement work is evidence based and as effective as possible.	5 *
ComS	Bereavement Services	Increase in cost of boiler maintenance /servicing and replacement of main chapel loop system	5
ComS	Revenues & Benefits	DWP/LCT Admin Grant reduction	80
TS	Events	Cost of the new Walking Festival which presents a risk as costs are not fully known and income is dependent on good weather.	7 *
TS	Tourism	Finance officer - The Catering service was brought back in house without the transfer of finance staff, this will build this requirement back into the service.	25
TS	Tourism	Tennis Catering Contract - The contract for providing catering to the AEGON International was not part of the transfer to in house provision	80
<b>Other Growth Total</b>			<b>362</b>
<b>TOTAL PROPOSED RECURRING GROWTH</b>			<b>851</b>

**Non Recurring Service Investments**

<b>Group</b>	<b>Service</b>	<b>Proposal</b>	
CorpS	Estates Management	Future years subject to re-structure to Corporate Landlord model	177
CFirst	Specialist Advisory Team	Review EB Park Flood Storage Scheme	65
CFirst	Specialist Advisory Team	Green Flag Parks management plans	15
CFirst	Specialist Advisory Team	Activating Eastbourne - To enable the Big week of Work and 50+ employment workshop to take place	5
CFirst	Specialist Advisory Team	Risk assessment of Eastbourne's vulnerabilities to a changing climate - consultants report to understand impact of changing climate on the town	25
CFirst	Specialist Advisory Team	Environmental enhancements for provision of shade and additional pollinating insect habitat	15
CFirst	Neighbourhood First Team	Prevention activities to fund literature, branding, conference facilities to enable the Neighbourhood First Team to build stronger links with communities, engaging with specific groups on specific problems	7
ComS	Housing	Contribution to Intensive Family Intervention Project	12
ComS	Revenues & Benefits	Bailiff contract - Specialist advice to draw up contract specification	5
ComS	Revenues & Benefits		30
ComS	Revenues & Benefits	Increase in Capita telephone contract costs - phase 2 implementation will reduce cost	
ComS	Revenues & Benefits	New Homes Bonus - Invest to increase income - to fund review of empty properties to ensure maximum uptake of New Homes Bonus	35
ComS	Revenues & Benefits	Liberata overpayment software - Invest to increase income - to fund software to maximise overpayment recovery	7
ComS	Community Development	Funding to continue fixed term Community Post for full year pending implementation of Future Model phase 2	12
TS	Events	Purchase plastic chairs, tables and patio heaters to replace broken stock and improve bar catering offer	1
TS	Events	Samsonite folding seats to replace rusting/ broken stock for use during tennis tournaments and events	5
TS	Events	Hand held radios	2
TS	Events	Pedestrian Sprayer	5
TS	Events	Lamppost banner advertising - Invest to save	6 *
TS	Sport and Leisure	Tennis Development to support the coaching aspects of the Capital development bid to the Tennis Foundation - which will provide information, advice and guidance, booking software and court improvements.	6
TS	Tourism	Beach House water connections to provide their own water supply enabling them to open in the winter. We receive an income from their lease.	4
TS	Tourism	Engine for the Lifeguards boat - engine is now ten years old and showing signs of failure.	3
TS	Tourism	Additional showers on the seafront to improve the visitor offer - we currently offer just two beachfront showers	5
<b>TOTAL NON RECURRING INVESTMENTS</b>			<b>447</b>

\* Linked savings &amp; growth items

<b>Body:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>5 February 2014</b>
<b>Subject:</b>	<b>General Fund Revenue Budget 2014/15 and Capital Programme 2013/17</b>
<b>Report Of:</b>	<b>Chief Finance Officer</b>
<b>Ward(s)</b>	All
<b>Purpose</b>	To agree the detailed General Fund budget proposals for 2014/2015 and Capital Programme 2013/2017.
<b>Decision Type:</b>	Key Decisions requiring approval of Full Council
<b>Recommendation:</b>	<p>Members are asked to recommend the following proposals to Full Council:</p> <ul style="list-style-type: none"> <li>(i) General Fund budget for 2013/14 (Revised) and 2014/15 (original) (<b>Appendix 1</b>) including growth and savings proposals for 2014/15 as set out in <b>Appendix 2</b>.</li> <li>(ii) No increase in the Council Tax for Eastbourne Borough Council resulting in an unaltered Band D charge of £224.19 for 2014/15.</li> <li>(iii) General Fund capital programme and financing 2013/17 as set out in <b>Appendix 3</b>.</li> <li>(iv) Note that the business rates base for 2014/15 will not be finalised until after this report is published, members will be updated verbally.</li> </ul>
<b>Contact:</b>	<p>Alan Osborne, Chief Finance Officer, Telephone 01323 415149 or internally on extension 5149. E-mail address: alan.osborne@eastbourne.gov.uk</p>

## **1.0 Introduction**

- 1.1 This report sets out the general fund revenue budget proposals for 2014/15 and a rolling three year capital programme 2013/17.
- 1.2 The Housing Revenue Account 2014/15 and associated capital programme, together with rent setting for 2014/15 is subject of a separate report elsewhere on this agenda.
- 1.3 The Council revised its medium term financial strategy (MTFS) in July 2013 and the Cabinet recommended a resulting draft 2014/15 budget proposal in December 2013 following the service and financial planning process in the autumn.

1.4 The MTFS and the draft budget have been subject to 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
- Treasury Management Strategy
- Service Plans
- HRA business plan
- DRIVE corporate transformation programme
- Sustainable Service Delivery Strategy

1.6 The Chief Finance Officer has a specific 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 2014 / 15
- Overall savings/new income totalling £0.808m (5% of the net budget)
- Efficiency savings of £0.608m (3.8% of the net budget)
- Inflation of £0.430m (2.6% of the net budget)
- Other recurring service growth of £0.421m
- Non recurring service investments £0.446m
- General Reserves averaging in excess of £3.8m (against a minimum recommended of £2m)
- Capital resources of £0.8m invested in new capital schemes

Available earmarked reserves in addition to the budget:

- Strategic change fund £0.7m
- Economic Regeneration reserve £0.5m

2.2 The budget represents continued management of financial risks by:

- Building on a balanced outturn position
- Balancing the base budget requirement without needing to use reserves for recurring expenditure
- Identifiable and deliverable savings with accountability and no general unidentified targets
- Reserves well above the minimum level
- Zero basing of minor reward grants

- Providing the funding required for the DRIVE change programme to deliver the future savings required by the MTFS via the strategic change fund.

### **3.0 2014/15 Resources**

#### **3.1 Government Funding**

3.2 The underlying methods of Local Government financing were changed significantly from 2013/14 and further revisions for 2014/15 include the wrapping up of grants in the base "Start Up Funding" notably:

- The Localisation of Council Tax grant (previously £1.2m)
- The Council Tax Freeze grant 2013/14
- New burdens grants

3.3 The Most notable change therefore is to apply the Localisation of Council Tax grant to the same method of distribution as the Formula Grant (previously it was a quid pro quo for the erosion of the tax base) this has meant a further loss of resources for Eastbourne in excess of £150,000.

3.4 For Eastbourne the Headline figures of the two year Government settlement are:

- A reduction in revenue grants of £0.9m (19%)
- A further cut in baseline funding of £1m (20%) for 2015/16
- Partially offset by New Homes Bonus (additional £0.350m in 2014/15 rising by a further £0.4m in 2015/16)

3.5 The NNDR business rate base has reduced slightly (£50,000) largely as a result of additional appeals, this is a provisional figure that will not be finalised until 31.1.14 as the Government had only just released the "NNDR 1" form that is used to calculate the base at the time of writing the report.

3.6 In addition to the formula grant the Government is financing the cost of a 1% increase in council tax (£81,000) which it has confirmed will be put in the base for 2015/16 and beyond.

3.7 The Government has announced that Eastbourne will receive £897,000 in total of new homes bonus due to the growth in housing in the area and the further reduction in empty properties. Of this £500,000 is to be transferred to the Regeneration Reserve to fund economic initiatives in line with the MTFS. The grant is paid in tranches for six years. The 2014/15 figure includes 4 tranches. The funding is not guaranteed beyond a 6 year horizon for each tranche. The projected award for 2015/15 is £1.3m. The Government is financing the additional NHB from reductions in RSG, therefore, whilst volatile, it is becoming the preferred method of distribution of resources.

#### **3.8 Council Tax**

- 3.9 The proposal for no increase in council tax for 2014/15 results in an unchanged Band D rate of £224.19 for the Council (14% of the total bill).
- 3.10 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% per annum for each of the next three years. This is the Government's target for inflation and also the current ceiling on rises that would otherwise require a referendum in order to exceed.
- 3.11 Within this context, for 2014/15, the Council will raise £7.2m from its share of the council tax. This is determined by multiplying the council tax base of Band D equivalent dwellings by the Band D tax rate of £224.19. This is unchanged from the December tax base setting report.
- 3.12 In addition, there is a negative distribution of £14,000 payable by EBC to the collection fund due to a minor collection fund deficit.

3.13 **Summary – 2014/15 Resources**

A summary of the resources available is shown below:

<b>Source:</b>	<b>£'m</b>
Government formula grant	(3.735)
Retained business rates	(3.464)
New Homes Bonus	(0.897)
Council tax freeze grant	(0.081)
Grant for weekly household collection	(1.300)
Council Tax	(7.202)
Collection Fund Deficit	14
<b>Total Resources Available (Rounded)</b>	<b><u>(16.665)</u></b>

- 3.14 In order to achieve a balanced budget without using reserves, the Council will need to set a net expenditure budget for 2014/15 of £16.665.

**4.0 Specific Grants**

- 4.1 In addition to the general grant distributed through the new 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.

<b>Grant</b>	<b>2014/ 15 £'m</b>
Housing Benefit Subsidy	(48)*
Housing Benefit Administration	(0.8)
Household collection grant	(1.3)

- \* Approximate
- 4.2 Housing 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. 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.

A new system of universal credits is due to be completed in October 2017 which will see the caseload moved to the Department for Work and Pensions. Responsibility for council tax benefit has now devolved to a local level.

#### 4.3 Housing Benefit Administration:

This is to fund the cost to Eastbourne of administering the national Housing Benefit and local Council Tax Support schemes. This represents a reduction of 10% from the 2013/14 funding.

#### 4.4 Homelessness:

This is intended to assist with prevention and to find alternative accommodation other than bed and breakfast. This grant has now been subsumed into the main grant system.

#### 4.5. New Homes Bonus:

This began in 2011/12 (£187,000) and is guaranteed for six years. A further £190,000 was been awarded for 2012/13 and £180,000 in 2013/14 making a total payable of £557,000 in 2013/14. Further increases will take this source of funding to approximately £1.3m per annum by 2015/16. The Council's policy as outlined in the MTFS is to utilise surplus grant for economic regeneration initiatives. A separate reserve has been set aside for that purpose.

### 5.0 **Budget movement 2013/14 to 2014/15**

5.1 The detailed budget proposals are set out in **(Appendix 1)** show in detail the movement from the 2013/14 budget to the 2014/15 proposed budget. The movements are summarised below:-

5.2	<b>Movement from 2013/14</b>	<b>£m</b>	<b>£m</b>
	<b>Base Budget</b>		
	<b>Change in resources:</b>		
	RSG and New Homes Bonus	0.6	
	Retained business rates	0.1	
	Council tax – decrease in tax base/collection	0.1	
	<b>Cost increases:</b>		
	Inflation	0.4	
	Other unavoidable costs increases and changes in income	<u>0.4</u>	1.6
	<b>Savings:</b>		
	Efficiency savings	(0.6)	
	Increased Income	(0.2)	
	Reduced contributions to reserves	<u>(0.8)</u>	<u>(1.6)</u>

- 5.3 If Cabinet approves the proposals set out in the report it will be able to recommend to Council on 19th February a balanced budget in line with available resources without the need to use reserves.
- 5.4 The Council now follows a rolling three year financial planning cycle and the service and financial plans have been set out in detail for 2014/15. 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. It should be noted that at a significant level the savings required for the next MTFS have already been identified, further reports to Cabinet will detail the business plans under the transformation programme (DRIVE)
- 5.5 The Government has set out a revised four year programme of reductions in funding and the Council's 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 are projected to deliver savings over and above the minimum in order to create headroom for investment in priority services.

## **6.0 Risks, Contingencies and Reserves**

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

### **6.2. Principal Risks**

The key areas of financial risk that the Council faces in the operation of its 2014/15 budget are:-

- Housing Benefit 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

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 and Scrutiny during the 2014/15 financial year.

### **6.3 Contingencies**

The 2014/15 budget includes a corporate contingency budget of £178,000 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 2014/15 therefore £120,000 has been included as a further contingency in service budgets for this purpose.



## 6.4 Reserves

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.

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:

6.5	<b>Risk</b>	<b>£m</b>
	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 and costs of welfare reform	0.5
	Exceptional fluctuations in income that have a major corporate impact e.g. loss of major sponsor close to an event (2% 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
	<b>TOTAL</b>	<b>2.0</b>

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.

Should the budget recommendations be followed, the level of general fund reserve is projected at £3.8m by March 2015 (**Appendix 1**). In addition to acting as a potential buffer against future risks, this should create further opportunities for one off investments in the future.

## 6.6 Earmarked Reserves:

The following revenue reserves have been set aside in addition to the general reserve in order to facilitate projects under the DRIVE programme. The available balances at 31.3.15 are projected to be **(Appendix 1)**:

<b>Reserve</b>	<b>Purpose</b>	<b>Amount £'m</b>
Strategic Change	To fund internal transformation projects under DRIVE	0.7
Economic Regeneration	To promote economic growth	0.5

#### 6.7 Other earmarked revenue reserves:

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

6.8 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 2013-2017**

7.1 The principles for formulating the capital programme were set out in the draft budget report submitted to Cabinet on 11th December 2013. The proposed new schemes to be financed are shown in **bold** in at **(Appendix 3)**.

7.2 The Council has a policy of only using 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 £0.8m of capital resources 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 it 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.

### 8.0 **Consultation**

8.1 The Council's medium term financial strategy and the resulting draft budget proposal for 2014/15 as reported to Cabinet in December have been subject to wide and varied consultation. The outcome of which was reported to the

Cabinet in December. The Scrutiny Committee held a finance event in October and has been invited to comment on the budget proposals.

## **9.0 Implications**

### **9.1 Financial**

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

### **9.2 Human Resources**

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

### **9.3 Environmental**

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

## **10.0 Conclusions**

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.

10.2 The new method of distributing Government funding for local government gives incentives for new development both domestic and business.

Alan Osborne  
Chief Finance Officer

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## **Background Papers:**

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

Cabinet reports:

December 2013

- Council Tax Base for 2014/15
- Draft Budget Proposals 2014/15
- Consultations on Council priorities

July 2013 – Medium Term Financial Strategy

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

	2013/14 Original Budget £'000	2013/14 Revised Budget £'000	2014/15 Budget £'000
<b>Corporate Services</b>			
Corporate Management	251	255	268
Corporate Services	1,891	2,136	1,828
Corporate Financial Services	1,583	1,665	1,819
Corporate Development	1,384	1,333	1,410
Corporate Infrastructure and Customer First	8,472	8,335	8,197
	<b>13,581</b>	<b>13,724</b>	<b>13,522</b>
<b>Community Services</b>			
Service Management	(38)	(38)	(38)
Direct Assistance	(423)	(216)	(309)
Community Activity	530	602	554
Strategic Performance	(215)	(197)	(210)
	<b>(146)</b>	<b>151</b>	<b>(3)</b>
<b>Tourism &amp; Leisure Services</b>			
Service Management	98	99	98
Sport & Leisure	298	306	314
Theatres	746	749	720
Tourism	462	488	551
Events & Devonshire Park	573	577	491
Towner	655	673	681
	<b>2,832</b>	<b>2,892</b>	<b>2,855</b>
<b>Net Service Expenditure</b>	<b>16,267</b>	<b>16,767</b>	<b>16,374</b>
Contributions to/(from) Unearmarked Reserves	(294)	68	(209)
Contributions to/(from) Earmarked Reserves	NIL	NIL	NIL
Contributions to/(from) Strategic Change Fund	1,000	846	NIL
Contributions to/(from) Capital Programme Reserve	NIL	(15)	NIL
Contributions to/(from) Regeneration Reserve	432	(92)	500
Contributions to/(from) Revenue Grants	NIL	(1)	NIL
<b>Eastbourne Borough Council Budget Requirement</b>	<b>17,405</b>	<b>17,573</b>	<b>16,665</b>
<b>Financed by</b>			
Government Formula Grant	(4,613)	(4,796)	(3,735)
Localisation of Council Tax benefit support transition	(33)	(33)	NIL
Grant to support weekly collection of domestic waste	(1,298)	(1,298)	(1,300)
New Homes Bonus	(557)	(557)	(897)
Retained Business Rates	(3,518)	(3,503)	(3,464)
Council Tax Grant	(83)	(83)	(81)
Contribution to Council Tax Deficit/(Surplus)	(22)	(22)	14
Council Tax Collection Fund Precept	(7,281)	(7,281)	(7,202)
<b>Total Financing</b>	<b>(17,405)</b>	<b>(17,573)</b>	<b>(16,665)</b>

	2013/14 Original Budget £'000	2013/14 Revised Budget £'000	2014/15 Budget £'000
<b>General Fund Reserve</b>			
In hand at 1st April	(3,756)	(3,919)	(3,967)
Transfer to Regeneration Reserve	NIL	NIL	NIL
Transfer General Fund Surplus	(297)	NIL	NIL
Financing of Non Recurring Expenditure	591	(52)	471
Withdrawal/(Addition)	NIL	(16)	(262)
Allocated for Future Use	NIL	20	NIL
In hand at 31st March	<b>(3,462)</b>	<b>(3,967)</b>	<b>(3,758)</b>
<b>Strategic Change Fund Balance</b>			
In hand at 1st April	NIL	(309)	(700)
Transfer from General Earmarked Reserves	NIL	NIL	NIL
Withdrawal/(Addition)	(1,000)	(846)	NIL
Allocated For Future Use	NIL	455	NIL
In hand at 31st March	<b>(1,000)</b>	<b>(700)</b>	<b>(700)</b>
<b>Capital Programme Reserve</b>			
In hand at 1st April	(227)	(643)	(85)
Transfer from General Fund	NIL	NIL	NIL
Withdrawal/(Addition)	NIL	15	NIL
Allocated For Future Use	NIL	543	NIL
In hand at 31st March	<b>(227)</b>	<b>(85)</b>	<b>(85)</b>
<b>Regeneration Reserve</b>			
In hand at 1st April	(235)	(393)	(158)
Transfer from General Fund Reserve	NIL	NIL	NIL
Withdrawal/(Addition)	(432)	92	(500)
Allocated For Future Use	80	143	170
In hand at 31st March	<b>(587)</b>	<b>(158)</b>	<b>(488)</b>

# Corporate Services Budget 2013/14

# Appendix 1

	2013/14 Original Budget £'000	2013/14 Revised Budget £'000	2014/15 Budget £'000
<b>Corporate Management</b>	<b>251</b>	<b>255</b>	<b>268</b>
Capital Financing	1,697	1,708	1,650
Contingencies	194	428	178
<b>Corporate Services</b>	<b>1,891</b>	<b>2,136</b>	<b>1,828</b>
Service Management	148	150	141
Performance and Risk Management	46	123	47
Civil Contingencies	26	26	26
Finance Management/Operational Costs	510	524	478
Corporate Finance Costs	393	379	429
Payroll and Information	104	106	90
Pensions	356	357	608
<b>Corporate Financial Services</b>	<b>1,583</b>	<b>1,665</b>	<b>1,819</b>
Service Management	223	237	234
Civic Services including Printing	439	443	446
Electoral and Local Land Charges	53	24	52
Strategic Performance	93	94	91
Legal Services	217	220	220
Human Resources Management and Admin	97	98	109
Employee Relations	64	64	64
Member Development	52	53	52
HR Resourcing and Development	146	100	142
<b>Corporate Development</b>	<b>1,384</b>	<b>1,333</b>	<b>1,410</b>
Service Management	73	85	86
IT & E-Government	1,527	1,631	1,710
Facilities Management	377	379	383
Customer First	7,100	6,829	6,456
Estates / Asset Management	(605)	(589)	(438)
<b>Corporate Infrastructure and Customer First</b>	<b>8,472</b>	<b>8,335</b>	<b>8,197</b>
<b>Total Corporate Services</b>	<b>13,581</b>	<b>13,724</b>	<b>13,522</b>

# Community Services Budget 2013/14

# Appendix 1

	2013/14 Original Budget £'000	2013/14 Revised Budget £'000	2014/15 Budget £'000
Service Management	91	91	91
Charges outside General Fund	(129)	(129)	(129)
<b>Service Management</b>	<b>(38)</b>	<b>(38)</b>	<b>(38)</b>
Housing Services Management	102	103	63
Revenues and Benefits	(3)	32	62
Housing Needs	151	159	156
Homelessness	NIL	167	167
Private Sector Housing	232	238	197
Bereavement	(905)	(915)	(954)
<b>Direct Assistance</b>	<b>(423)</b>	<b>(216)</b>	<b>(309)</b>
Community Development	110	123	110
Community Involvement	70	71	70
Community Grants	350	408	374
<b>Community Activity</b>	<b>530</b>	<b>602</b>	<b>554</b>
Housing / Homelessness Strategy	61	80	67
Solarbourne	(276)	(277)	(277)
<b>Strategic Partnership</b>	<b>(215)</b>	<b>(197)</b>	<b>(210)</b>
<b>Total Community Services</b>	<b>(146)</b>	<b>151</b>	<b>(3)</b>



**Tourism Leisure Services Budget 2013/14****Appendix 1**

<b>Tourism &amp; Leisure Services</b>	<b>2013/14 Original Budget £'000</b>	<b>2013/14 Revised Budget £'000</b>	<b>2014/15 Budget £'000</b>
Service Management	98	99	98
Sport & Leisure	298	306	314
Theatres	746	749	720
Tourism	462	488	551
Events & Devonshire Park	573	577	491
Towner	655	673	681
<b>Total Tourism &amp; Leisure Services</b>	<b>2,832</b>	<b>2,892</b>	<b>2,855</b>

Dept	Proposed Savings Service	Proposal	2014/15 Dec Cabinet £'000	2014/15 Feb Cabinet £'000	
<b>Efficiency Savings</b>					
CorpS	High Level Service	SSDS (Future Model Phase 1)	(300)	(300)	
CorpS	Financial Services	Pay Review - New scheme embedded. Historical budget	(15)	(15)	
CorpS	Financial Services	Cash Collection contract savings	(1)	(1)	
CorpS	Financial Services	Financial Services Restructure - Overachievement of 2013/14 restructure target	(20)	(20)	
CorpS	Strategic Development	Cease subscription to Local Futures data source	(5)	(5) *	
CorpS	IT and E Government	IT Contract savings	(11)	(11)	
CFirst	Specialist Advisory Team	Waste contract savings - provisional sums not required	(170)	(170)	
ComS	Bereavement Services	Reduced Gas consumption	(30)	(30)	
ComS	Housing	Management changes - vacant post	(43)	(44)	
ComS	Housing	Shared initiatives post no longer in operation	(10)	(10)	
TS	Events	Purchase of new racking system reducing hire costs for the Beer Festival	(2)	(2)	
<b>Efficiency Savings Total</b>			<b>(607)</b>	<b>(608)</b>	
<b>Income Generation</b>					
CorpS	High Level Service	Wi-Fi Project	(25)	(25)	
ComS	Bereavement Services	RPI Fee Increase base cremation	(39)	(39)	
ComS	Bereavement Services	RPI Fee Increase other services	(3)	(3)	
ComS	Bereavement Services	RPI Fee Increase memorial	(5)	(5)	
ComS	Bereavement Services	RPI Fee Increase burial	(15)	(16)	
ComS	Revenues & Benefits	Housing Benefit Overpayment Income - Increased recovery on outstanding debt - based on current performance	(60)	(60)	
ComS	Revenues & Benefits	Single Person Discount Review increasing collectable Council Tax. Other preceptors also receive benefits	(40)	0	This item is reflected in the CTAX base
TS	Events	Increase in participation in Beachy Head Marathon	(4)	(4)	
TS	Events	Increased income for Spring Event.	(12)	(12) *	
TS	Events	Additional income/saving from Banners	(6)	(6) *	
<b>Income Generation Total</b>			<b>(209)</b>	<b>(170)</b>	
<b>Other Changes</b>					
CorpS	Financial Services	Unfunded pensions - Reduction in cpi prediction for 13/14 and fall out of pensioners	(23)	(23)	
ComS	Housing	Brighton Housing Trust Grant	(5)	(5)	
ComS	Community Development	Reduction in Rent Support Grant	(2)	(2)	
<b>Other Changes Total</b>			<b>(30)</b>	<b>(30)</b>	
<b>TOTAL SAVINGS</b>			<b>(846)</b>	<b>(808)</b>	
<b>Non Recurring Savings</b>					
ComS	Revenues & Benefits	New Homes Bonus paid for 6 years from initial claim. Other preceptors also receive benefit - Council currently treats as one off	(150)	(150)	This item is reflected in New Homes Bonus

\* Linked savings & growth items

Dept	Recurring Growth Service	Item	2014/15 Dec Cabinet £'000	2014/15 Feb Cabinet £'000
<b>Corporate Inflation</b>				
	Corporate	Pay Award, contractual increments and pension auto enrolment	170	170
	Corporate	Inflation on external contracts and other inflation	260	260
<b>Corporate Inflation Total</b>			<b>430</b>	<b>430</b>
<b>Changes in Income targets</b>				
CFirst	Neighbourhood First Team	Unachievable Hyde Gardens parking income target	25	25
CFirst	Neighbourhood First Team	Unachievable fixed penalty notice income target	6	6
ComS	Bereavement Services	Reduction in burial income due to Ocklynge and Langney cemeteries space restriction	28	28
<b>Changes in Income Total</b>			<b>59</b>	<b>59</b>
<b>Other Growth</b>				
CorpS	Financial Services	Licence and support costs moving to hosted solution for ICON system	9	9
CorpS	Financial Services	Valuation costs to carry out annual desktop review of all non-current assets, including Heritage Assets	5	5
CorpS	Strategic Development	Subscription to ESD toolkit for national based data	1	1
CorpS	IT and E Government	Wi Fi Upgrade - Existing Devonshire Park wifi is no longer fit for purpose. This will support a robust, fit for purpose corporate public wifi solution with content filtering for legal compliance.	5	5
CorpS	IT and E Government	Government Connect - To fund additional security devices and specialist security consultancy to meet ongoing Government Connect requirements.	10	10
CorpS	Systems Administration and Support	Future Model Phase 2 systems annual support and maintenance - essential to maintain systems that underpin the model (part of original business case).	90	90
CFirst	Specialist Advisory Team	Evidence and background studies provided by external consultants to inform production of our Local Plans in accordance with the Local Development Scheme	20	20
CFirst	Specialist Advisory Team	Marketing budget for CEPE to engage on active, healthy and low carbon lifestyles	20	20
CFirst	Service Improvement and Development	Mosaic Public Service - Improved tool to replace Local Futures (offered as saving under Corporate Services) and provide detailed demographic data to ensure service improvement work is evidence based and as effective as possible.	5	5 *
ComS	Bereavement Services	Increase in cost of boiler maintenance /servicing and replacement of main chapel loop system	5	5
ComS	Revenues & Benefits	DWP/LCT Admin Grant reduction	80	80
TS	Events	Cost of the new Walking Festival which presents a risk as costs are not fully known and income is dependent on good weather.	7	7 *
TS	Tourism	Finance officer - The Catering service was brought back in house without the transfer of finance staff, this will build this requirement back into the service.	25	25
TS	Tourism	Tennis Catering Contract - The contract for providing catering to the AEGON International was not part of the transfer to in house provision	80	80
<b>Other Growth Total</b>			<b>362</b>	<b>362</b>
<b>TOTAL PROPOSED RECURRING GROWTH</b>			<b>851</b>	<b>851</b>

**Non Recurring Service Investments**

<b>Group</b>	<b>Service</b>	<b>Proposal</b>		
CorpS	Estates Management	Future years subject to re-structure to Corporate Landlord model	177	177
CFirst	Specialist Advisory Team	Review EB Park Flood Storage Scheme	65	65
CFirst	Specialist Advisory Team	Green Flag Parks management plans	15	15
CFirst	Specialist Advisory Team	Activating Eastbourne - To enable the Big week of Work and 50+ employment workshop to take place	5	5
CFirst	Specialist Advisory Team	Risk assessment of Eastbourne's vulnerabilities to a changing climate - consultants report to understand impact of changing climate on the town	25	25
CFirst	Specialist Advisory Team	Environmental enhancements for provision of shade and additional pollinating insect habitat	15	15
CFirst	Neighbourhood First Team	Prevention activities to fund literature, branding, conference facilities to enable the Neighbourhood First Team to build stronger links with communities, engaging with specific groups on specific problems	7	7
ComS	Housing	Contribution to Intensive Family Intervention Project	12	12
ComS	Revenues & Benefits	Bailiff contract - Specialist advice to draw up contract specification	5	5
ComS	Revenues & Benefits		30	30
ComS	Revenues & Benefits	Increase in Capita telephone contract costs - phase 2 implementation will reduce cost		
ComS	Revenues & Benefits	New Homes Bonus - Invest to increase income - to fund review of empty properties to ensure maximum uptake of New Homes Bonus	35	35
ComS	Revenues & Benefits	Liberata overpayment software - Invest to increase income - to fund software to maximise overpayment recovery	7	7
ComS	Community Development	Funding to continue fixed term Community Post for full year pending implementation of Future Model phase 2	12	11
TS	Events	Purchase plastic chairs, tables and patio heaters to replace broken stock and improve bar catering offer	1	1
TS	Events	Samsonite folding seats to replace rusting/ broken stock for use during tennis tournaments and events	5	5
TS	Events	Hand held radios	2	2
TS	Events	Pedestrian Sprayer	5	5
TS	Events	Lamppost banner advertising - Invest to save	6	6 *
TS	Sport and Leisure	Tennis Development to support the coaching aspects of the Capital development bid to the Tennis Foundation - which will provide information, advice and guidance, booking software and court improvements.	6	6
TS	Tourism	Beach House water connections to provide their own water supply enabling them to open in the winter. We receive an income from their lease.	4	4
TS	Tourism	Engine for the Lifeguards boat - engine is now ten years old and showing signs of failure.	3	3
TS	Tourism	Additional showers on the seafront to improve the visitor offer - we currently offer just two beachfront showers	5	5
<b>TOTAL NON RECURRING INVESTMENTS</b>			<b>447</b>	<b>446</b>

\* Linked savings &amp; growth items

**Summary of Capital Programme 2013 to 2017**

	<b>Projected Outturn 2013/14</b>	<b>Total 2014/15</b>	<b>Total 2015/16</b>	<b>Total 2016/17</b>
<b><u>Capital Programme</u></b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Community Services	1,138	6,368	7,841	6,000
Customer First	754	1,569	1,946	300
Tourism & Leisure	37	481	-	-
Corporate & Core Services	3,426	4,946	4,070	80
Asset Management	717	1,984	581	500
<b>Total Programme</b>	<b>6,072</b>	<b>15,348</b>	<b>14,438</b>	<b>6,880</b>
<b><u>Financed By:-</u></b>				
Capital Receipts GF	679	1,301	446	-
Grants and Contributions	995	6,715	9,341	6,300
Revenue Contribution to Capital	514	1,092	495	-
Section 106 Contributions	473	368	-	-
Borrowing	3,411	5,872	4,156	580
<b>Total Financing</b>	<b>6,072</b>	<b>15,348</b>	<b>14,438</b>	<b>6,880</b>

Scheme	Total Scheme Approved	Budget agreed Cabinet Sept	Revised Budget 2013-14	Revised 2014- 15	2015-16	2016-17
<b>COMMUNITY SERVICES</b>						
Cremator Replacement	1,935,100	36,650	36,650	0		
Memorial Safety Cems	40,000	34,000	0	34,000		
Digitalise Burial Records	10,000	10,000	0	10,000		
Crematorium - Main Chapel	21,000	21,000	0	21,000		
Disabled Facilities Grants	Ongoing	638,800	388,800	807,650	663,000	tbc
BEST Grant (housing initiatives)	Ongoing	141,100	106,100	213,000	178,000	
<b>Social Housing Enabling</b>						
3-17 Jevington Gardens - GF	435,000	575,000	435,000	0		
Housing Regeneration - Block Allocation	18,081,000	5,081,000	0	5,081,000	7,000,000	6,000,000
Willingdon Trees Multi Gym	20,000	20,000	0	20,000		
Solar Panels	3,400,000	172,000	172,000	0		
<b>Ocklynge Cemetery Chapel</b>	<b>150,000</b>		<b>0</b>	<b>150,000</b>		
<b>Barbican Memorial Scheme</b>	<b>5,000</b>		<b>0</b>	<b>5,000</b>		
<b>Main Chapel Refurb - Phase 2</b>	<b>26,000</b>		<b>0</b>	<b>26,000</b>		
<b>Total Community Services</b>		<b>6,729,550</b>	<b>1,138,550</b>	<b>6,367,650</b>	<b>7,841,000</b>	<b>6,000,000</b>
<b>CUSTOMER FIRST</b>						
Contaminated Land	185,000	102,000	5,000	97,000		
Coast Defences Beach Management Strategy	Ongoing	295,150	495,150	300,000	300,000	300,000
Cycling Strategy	45,000	40,600	0	40,600		
Park and Ride	50,000	50,000	0	50,000		
Princes Park (schemes to be decided)	210,000	183,000	0	183,000		
Play Area Sovereign Harbour	27,000	27,000	0	27,000		
Allotment Upgrade	114,000	14,100	14,100	0		
Hampden Park Skate Park	150,000	150,000	0	150,000		
Planning Software	50,000	7,950	7,950	0		
Five Acre Field - Improvements	55,000	52,500	52,500	0		
Upperton - Play Equipment	60,000	60,000	60,000	0		
RoSPA Play Equipment	15,000	15,000	15,000	0		
Churchdale Road Allotments	38,000	38,000	0	38,000		
Play Equipment - Bodium Cres	80,000	80,000	80,000	0		
Software - Grounds Maintenance	24,000	24,000	24,000	0		
Sovereign Harbour - Legal Advice	20,000	20,000	0	20,000		
Terminus Road Improvements	500,000	500,000	0	500,000		
<b>Christmas Light</b>	<b>25,000</b>		<b>0</b>	<b>25,000</b>		
<b>CIL - Software</b>	<b>14,000</b>		<b>0</b>	<b>14,000</b>		
<b>Five Acre Field - Railings</b>	<b>20,000</b>		<b>0</b>	<b>20,000</b>		
<b>Beachy Head Visitor Centre WC</b>	<b>40,000</b>		<b>0</b>	<b>40,000</b>		
<b>Sov Harbour Community Centre</b>	<b>1,600,000</b>		<b>0</b>		<b>1,600,000</b>	
<b>Highfield Allotments</b>	<b>25,000</b>		<b>0</b>	<b>25,000</b>		
<b>Hyde Gardens WC</b>	<b>40,000</b>		<b>0</b>	<b>40,000</b>		
<b>Cross Levels Way BMX Track</b>	<b>46,000</b>		<b>0</b>	<b>0</b>	<b>46,000</b>	
<b>Total Customer First</b>		<b>1,659,300</b>	<b>753,700</b>	<b>1,569,600</b>	<b>1,946,000</b>	<b>300,000</b>
<b>TOURISM &amp; LEISURE</b>						
Redoubt Fortress Gates	20,000	5,400	5,400	0		
Redoubt Fortress Gates (2013)	22,300	22,300	22,300	0		
Volleyball Court	25,000	25,000	0	25,000		

Scheme	Total Scheme Approved	Budget agreed Cabinet Sept	Revised Budget 2013-14	Revised 2014- 15	2015-16	2016-17
Signage	40,000	16,100	0	16,100		
Sports Park Flood Lights	30,000	30,000	0	30,000		
ILTC Seat replacement	5,000	5,000	5,000	0		
Re-surface Tennis Courts	170,000	170,000	0	170,000		
Wish Tower - Catering Outlet	40,000	4,000	4,000	0		
Bandstand Seating	15,000	15,000	0	15,000		
<b>ILTC - Air Conditioning</b>	<b>60,000</b>		<b>0</b>	<b>60,000</b>		
<b>ILTC - Public Address System</b>	<b>20,000</b>		<b>0</b>	<b>20,000</b>		
<b>ILTC - Electrical System</b>	<b>10,000</b>		<b>0</b>	<b>10,000</b>		
<b>ILTC - Fire Alarm</b>	<b>10,000</b>		<b>0</b>	<b>10,000</b>		
<b>ILTC - Replacement Seating</b>	<b>100,000</b>		<b>0</b>	<b>100,000</b>		
<b>ILTC - Replacement Showers</b>	<b>25,000</b>		<b>0</b>	<b>25,000</b>		
<b>Total Tourism &amp; Leisure</b>		<b>292,800</b>	<b>36,700</b>	<b>481,100</b>	<b>0</b>	<b>0</b>
<b>CORPORATE SERVICES</b>						
Carbon Reduction Works	467,500	467,500	0	467,500		
Agile phase 2	555,000	153,000	153,000	0		
6 Saffrons Road Renovations	117,000	34,850	34,850	0		
Town Hall Roof	511,000	356,450	356,450	0		
Invest to Save	80,000	80,000	80,000	80,000	80,000	80,000
Redesign of CCC at 1 Grove Road	300,000	264,100	16,100	248,000		
IT Replacement - Icon	42,500	9,200	9,200	0		
Future Model Phase 1	1,250,000	358,600	358,600	0		
Future Model Phase 2	2,990,000	1,000,000	1,000,000	1,000,000	990,000	
Investment Capital	7,150,000	1,150,000	1,150,000	3,000,000	3,000,000	
IT - Block Allocation	Ongoing	268,000	268,000	150,000		
<b>Total Corporate Services</b>		<b>4,141,700</b>	<b>3,426,200</b>	<b>4,945,500</b>	<b>4,070,000</b>	<b>80,000</b>
<b>Asset Management</b>						
Devonshire Park Review	700,000	700,000	43,000	657,000		
Congress Theatre redesign & restoration	850,000	850,000	15,000	835,000		
Wish Tower Groundworks and site Preparation (from block allocation)	140,000	140,000	140,000	0		
Wish Tower Catering Temporary Provision (Invest to Save)	160,000	160,000	160,000	0		
Downland Water (Valve insertions)	25,000	25,000	25,000	0		
Bandstand Restoration	245,000	245,000	245,000	0		
8 Saffrons Rd - Boiler replacement	4,000	4,000	4,000	0		
Town Hall Boilers	85,000	85,000	85,000	0		
Asset Management - Block Allocation	1,743,000	0	0	492,300	581,000	500,000
<b>Total Asset Management</b>		<b>2,209,000</b>	<b>717,000</b>	<b>1,984,300</b>	<b>581,000</b>	<b>500,000</b>
<b>GENERAL FUND TOTAL</b>		<b>15,032,350</b>	<b>6,072,150</b>	<b>15,348,150</b>	<b>14,438,000</b>	<b>6,880,000</b>

**BODY:** **CABINET**

**DATE:** **5 February 2014**

**SUBJECT:** **HRA Revenue Budget and Rent Setting 2014/15 and HRA Capital Programme 2013/16**

**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 2014/15, and the HRA Capital Programme 2013/17.

**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 2014/15 and revised 2013/14 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 4.68%.
- iii) That void HRA properties which are due for re-let are moved to target rent automatically,
- iv) That service charges for general needs properties are increased by 2.75%, slightly below the RPI index,
- v) That the service charges for the Older Persons Sheltered Accommodation currently available for let are increased by 4.83%.
- vi) That heating costs are set at a level designed to recover the estimated actual cost.
- vii) That water charges are set at a level designed to recover the estimated cost of metered consumption.
- viii) That garage rents are set to increase by 4.68% in line with the average increase in housing rent.
- ix) 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 Financial Services Manager to finalise Eastbourne Homes' Management Fee and Delivery Plan.
- x) The HRA Capital Programme as set out in **Appendix 2**.



## **1.0 Introduction**

- 1.1 As from the 1 April 2012 the way that council social housing is financed was changed and the HRA became self financing. This means that expenditure has 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 was approved by Cabinet on 8 February 2012.
- 1.2 The introduction of HRA self financing does not end the requirement to maintain a statutory ring fenced HRA and the council is still required to maintain a separate account for the income and expenditure on council housing.
- 1.3 This report reflects the recommendations made by Eastbourne Homes in relation to the increases in rent levels, service and other charges.

## **2.0 2014/15 HRA Revenue Budget**

- 2.1 The 2014/15 budget has been prepared following the principles adopted within the HRA 30 year Business Plan and is attached at **Appendix 1**.
- 2.2 The 2014/15 budget is showing a surplus of (£307,760) which is due to a number of one off favourable factors as listed below.
- 2.3 The major changes between the 2013/14 and the 2014/15 budgets are:
- Income increases and expenditure reductions:
- Effect of rent and service charge review -£640,630
  - Fall out of premia for early debt repayment in prior years -£148,750
  - Preliminary reduction in EHL Management Fee -£100,000
  - Change in requirement for Revenue Contribution to Capital -£74,820
  - Change in provision for bad debts, see (2.4) below -£343,500
- Increase in Expenditure and income reductions:
- Change from 53 week rent year to 52 weeks £263,250
  - Depreciation, in line with Business Plan to cover the future requirements of the Asset Management Plan £202,650
  - Contribution to Housing Regeneration Reserve £500,000
- 2.4 An increase to the Provision for Bad Debts was included in the 2013/14 budget to deal with the increased risk to rent collection from benefit changes. Based on the actual rent collection performance this risk has decreased, however a prudent increase over 2012/13 has still been included in the 2014/15 budget.
- 2.5 The Business Plan allows for a revenue contribution to support capital expenditure for the three years 2013/14 to 2015/16 based on the asset management spending requirement peaking over these years in excess of the balance on the Major Repairs Reserve (MRR), until decreasing again by year five of the business plan. After this time surpluses begin to accumulate in the MRR as the cash backed depreciation allowance of £4m per year will start to exceed the capital spending requirements.

- 2.6 The HRA debt outstanding at 31.3.13 was £36.2m rising to £38.7m by 31.3.16 the majority of which will be external debt and at fixed interest rates. The increase in borrowing of £2.5m is expected to be undertaken mainly to support the SHEP programme. The additional interest payable from this borrowing will be funded from the additional rental as the properties are let. The Council's treasury management advisors are predicting that the currently low levels of interest rates will continue into 2014/15 and the interest budget has been prepared on this basis.
- 2.7 Under the self financing settlement the government set a cap on total HRA borrowing of £42.96m. The 30year Business Plan assumes from 16/17 to 28/29 that an average debt repayment of £2.8m per annum is funded from the HRA Revenue Account. This will either be used to fund the repayment of debt or be used to reinvest in housing properties in lieu of new borrowing.
- 2.8 The HRA outturn for 2013/14 is expected to deliver a (£314,950) surplus, a positive variance of £450,400 over the original budget (3.4% of gross expenditure). This is mainly as a result of the decrease in the requirement of the provision of bad debts of £390,000 and a decrease in the amount of interest payable of £65,000 from the continuing lower interest rates anticipated last year.
- 2.9 The HRA Business Plan is based on a policy for a minimum level of HRA balance of £1m to maintain a prudent level of reserve to ensure that the HRA remains sustainable in the longer term and is able to deal with any risks posed by the current economic climate.

The Balances on the HRA and Reserves are as follows:

	HRA £'000	MRR £'000	Housing Regeneration & Investment Reserve £'000
Balance at 1.4.13	2,179	2,671	298
Surplus/(Deficit)	315		
Depreciation		3,392	530
Major Works expenditure		-5,934	
Estimated Balance 31.3.14	2,494	129	828
Surplus/(Deficit)	308		
Revenue Contribution			500
Depreciation		3,504	603
Major Works expenditure		-3,633	-1,094
Estimated Balance 31.3.15	2,802	0	837

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

### **3.0 Rent Levels for 2014/15**

- 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 has 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 2013 was 3.2% and this plus the 0.5% increase gives a formula rent increase of 3.7% for 2014/15.
- 3.4 For 2013/14 the average rent levied over 53 weeks a year was £74.51. After allowing for the damping mechanism referred to in 3.2, the average rent for 2014/15 for the properties to be retained within the HRA will be £77.89, an increase of 4.68 %.
- 3.5 Previously, setting rents above government convergence limits was discouraged by the 'rent rebate subsidy limitation' rule which made the HRA liable for the additional Housing Benefit payments generated by excess rents. Following the move to self financing, the 'limits' rule is no longer relevant to local authorities and could potentially move all their properties to target rent simultaneously.
- 3.6 As the majority of EBC owned properties (84%) have already reached their target rent, it is recommended that all void properties that are due to be re-let are moved to target rent automatically. This will maximise the number of tenants that have reached rent convergence by the assumed convergence date of 2015/16 and increase the income to the HRA before the existing rent calculation formula ceases.
- 3.7 Within the recent 2013 spending review, it was announced that social housing rents will increase by CPI (Consumer Price Index) +1% after 2014/15 until 2024/25. The revised formula, which is set to run for 10 years starting in 2015/16, will replace the existing formula.
- 3.8 Modelling this change into the Business Plan has identified that there will be little impact on the HRA, due to the Council having reached convergence by the new cut off date and the difference between the old and new rent formulae being minimal as it amounts to less than six pence in the pound over twenty years.

### **4.0 Service Charges**

- 4.1 For properties in shared blocks these charges cover common services such as communal heating, lighting, equipment maintenance contracts, cleaning and grounds maintenance. In Older Persons Sheltered Accommodation the charges additionally include On-Site Co-ordinators, Lifeline services, lift

maintenance contracts, communal furniture and carpets maintenance and internal re-decorations. These costs should be charged separately from the rent in those properties to which they apply.

- 4.2 The HRA Business Plan assumes that service costs are fully recovered through service charges and are not included in rents. This principle has been applied for 2014/15.
- 4.3 For general needs properties in blocks the average service charge increase is 2.75%. For Older Persons Sheltered Accommodation the average service charge increase is 4.83% for those properties available for let.

## **5.0 Heating costs - Older Persons Sheltered Accommodation**

- 5.1 These charges are set in line with known price increases experienced in 2013 and predicted future costs. For 2014/15, it is recommended that the average charge increase is 1.78%. This is an increase of 12p per week for those properties available to let.

## **6.0 Water Charges**

- 6.1 These charges are set in line with meters being fitted to all of the retirement courts. For 2014/15, it is recommended that the average charge increase is 3%. This is an increase of 10p per week for those properties available to let.

## **7.0 Garage Rents**

- 7.1 Following the increase in garage rent in line with housing rents last year, garage void rates are slowly decreasing. The progress of this extra income still remains slow as the majority of repairs needed to the garage stock are major works requiring longer periods of time to repair and let.
- 7.2 It is therefore recommended that Garage rents are increased in line with the average increase in housing rents of 4.68%.

## **8.0 HRA Capital Programme 2014/15 to 2016/17**

- 8.1 The Capital Programme as set out in **Appendix 2** has been prepared to meet the Council's strategies, as adjusted to reflect the availability of resources. Total budgeted expenditure for 2014/15 is £9,771,000.
- 8.2 The Decent Homes work is due to be completed by the end of 2013/14 and the remodelling of Older Persons Sheltered Accommodation by 2014/15.
- 8.3 The major works element of the programme is in line with the asset management plan and the self financing business plan model. Funding is mainly from the Major Repairs Reserve with a small contribution from revenue balances as set out in 2.5 above.
- 8.4 Cabinet on 4<sup>th</sup> September 2013, agreed a budget of £2.3m for the Support for Housing in Eastbourne Programme (SHEP), out of the total allowance of £20m HEDP programme. This has now been profiled to reflect the expected spending timetable and will be funded from borrowing and HCA grant.

## **9.0 Eastbourne Homes Management Fee**

- 9.1 Negotiations are in progress to reduce the management fee paid to EHL for the year 2014/15 by up to £100,000. Should these negotiations be successfully concluded, the management fee will be circa £6.7m.
- 9.2 The Management Fee covers both Operational and Administration costs as well as cyclical maintenance. There is currently pressure on the maintenance budget requirement for void properties and it therefore maybe necessary to introduce an element of flexibility to transfer some of the MRR capital funding to EHL to cover this cost. It is recommended that this decision be included in the delegation set out below.
- 9.3 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 Financial Services Manager.

## **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. Additional consultation was carried out through a meeting of the Eastbourne Homes' Residents Scrutiny Panel held in January 2014.
- 10.2 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 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 an overall surplus of (£307,760) for 2014/15. This is mainly due to a number of favourable factors including the rent and service charge review, the change in requirement for the provision of bad debts and the savings from Treasury Management activities on borrowing.
- 12.2 The rent levels have been prepared in accordance with the council's rent convergence policy and the self financing business plan assumptions. The average increase is 4.68%.
- 12.3 Following the change to self financing in the HRA, void rents are recommended to move to target routinely.
- 12.4 Service charges, heating and water charges are fixed weekly amounts set at a level to recover the expected actual cost to be incurred for the respective properties in the forthcoming year.
- 12.5 Garage rents are recommended to increase in line with the average increase in housing rents 4.68%.
- 12.6 Total budgeted expenditure on the HRA Capital Programme is planned at £9,771,000 for 2014/15, £4,258,000 for 2015/16 and £4,195,000 for 2016/17. The Decent Homes work is due to be completed during 2013/14 and the remodelling of the sheltered accommodation by 2014/15. The major works element of the programme is in line with the asset management plan and the HRA business plan model.

**Pauline Adams**  
**Financial Services Manager**

### **Background Papers:**

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

*HRA 2014/15 Budget working papers held by Eastbourne Council and Eastbourne Homes Ltd.*

*HRA Self Financing 30 year Business Plan.*

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

## HOUSING REVENUE ACCOUNT

2013-14 Original Budget £' 000	2013-14 Revised Budget £'000		2014-2015  BUDGET £' 000
		<b>INCOME</b>	
(14,051)	(14,051)	Gross Rents	(14,439)
(892)	(922)	Charges for Services	(918)
(14,943)	(14,973)	<b>GROSS INCOME</b>	<b>(15,357)</b>
		<b>EXPENDITURE</b>	
6,814	6,814	Management Fee	6,714
1,283	1,297	Supervision and Management	1,255
470	89	Provision for Doubtful Debts	126
3,904	3,937	Depreciation and Impairment of Fixed Assets	4,107
468	468	Revenue Contributions to Capital Outlay	393
13	13	Statutory Contribution to the General Fund Rent Rebates	0
12,952	12,618	<b>GROSS EXPENDITURE</b>	<b>12,595</b>
(1,991)	(2,355)	<b>NET COST OF SERVICES</b>	<b>(2,762)</b>
2,115	2,049	Loan Charges - Interest	1,956
(21)	(9)	Interest Receivable	(2)
103	(315)	<b>NET OPERATING SURPLUS</b>	<b>(808)</b>
NIL	NIL	Transfer to Reserves	500
103	(315)	<b>HOUSING REVENUE ACCOUNT (SURPLUS) / DEFICIT</b>	<b>(308)</b>
		<b>HOUSING REVENUE ACCOUNT WORKING BALANCE</b>	
(2,017)	(2,179)	In Hand at 1st April	(2,494)
103	(315)	Transfer (To)/ From Working Balance	(308)
(1,914)	(2,494)	In Hand at 31st March	(2,802)

<b>HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2013/14 - 2016/17</b>					
<b>Scheme</b>	<b>Approved Budget 2013/14</b>	<b>Revised Budget 2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
<b>Managed By Eastbourne Homes</b>					
Decent Homes Works	284,000	567,900	-	-	-
Sheltered Remodelling	2,400,000	2,054,800	1,782,000	0	0
Major Works	4,350,300	3,699,600	3,183,000	3,766,000	3,703,000
Adaptations	-	-	412,000	412,000	412,000
Environmental Improvements	80,800	80,000	80,000	80,000	80,000
	<b>7,115,100</b>	<b>6,402,300</b>	<b>5,457,000</b>	<b>4,258,000</b>	<b>4,195,000</b>
Langney Villas	10,000	-	-	-	-
Ratton Road	13,300	-	-	-	-
Upper Avenue	10,000	-	-	-	-
LA New Build 2013-15	2,930,000	-	2,930,000	-	-
Supporting Housing & Economic Progress Initiative (SHEP)	2,279,000	1,170,000	1,109,000	-	-
46 Upperton Gardens	240,000	40,000	200,000	-	-
Homelessness Change Programme	275,000	200,000	75,000	-	-
<b>Total HRA Capital Programme</b>	<b>12,872,400</b>	<b>7,812,300</b>	<b>9,771,000</b>	<b>4,258,000</b>	<b>4,195,000</b>
<b>Funded by:</b>					
Borrowing	1,919,000	810,000	1,109,000	-	-
Government Grant	416,000	416,000	-	-	-
Capital Receipts inc. RTB	2,656,800	184,000	2,406,770	-	-
Major Repairs Reserve	6,581,000	5,934,200	3,633,320	4,106,970	4,195,000
S106 Contributions	831,500	-	798,230	-	-
Revenue contributions from HRA	468,100	468,100	393,280	-	-
Reserves	-	-	1,430,400	151,030	-
<b>Total Financing</b>	<b>12,872,400</b>	<b>7,812,300</b>	<b>9,771,000</b>	<b>4,258,000</b>	<b>4,195,000</b>



**Meeting:** COUNCIL

**Date:** Wednesday 19 February 2014

**Subject:** COUNCIL BUDGET AND SETTING OF THE COUNCIL TAX FOR 2014/2015

**Report of:** Councillor Gill Mattock, lead Cabinet Member for Finance

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The Council is asked to consider the reports to Cabinet, as included in the draft budget book (please see note\* below) and also the Scrutiny Committee and Cabinet minutes and resolutions from the meetings held on 3 February and 5 February 2014 (Appendix 1).

\* Note: The draft budget book 2014/15 has been circulated to all Members of the Council. A copy has also been deposited at the Town Hall Reception for public inspection purposes and on the Council's website.

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 5 February 2014)

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

The resolutions in this report, must include the requirements of all Precepting Authorities, are based on the recommendations made to those Authorities and the budget approved by the Police and Crime Commissioner for Sussex. As the meetings of the East Sussex County Council and the East Sussex Fire Authority will not be held until 11<sup>th</sup> and 14<sup>th</sup> February 2014 respectively and the Police and Crime Commissioner for Sussex has not yet issued her precept, these figures are currently left blank and it will be necessary to issue replacement resolutions once this information has been received.

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

Authority	Precept/Demand		2014/15 Band D Council Tax	Change over 2013/14	
	£	%	£	£	%
Eastbourne Borough Council	7,202,450	100.00%	224.19	0.00	0.00%
East Sussex County Council					
Sussex Police Authority					
East Sussex Fire Authority					
Total					

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 5 February 2014:
  - (i) The General Fund net expenditure for 2014/15 of £16,926,750, 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 2013/14 and the budget for 2014/15, rents and service charges, arrangements for finalising Eastbourne Homes' management fee and annual plan.
  - (iv) General Fund capital programme as set out in the report of the Chief Finance Officer.
  - (v) The Treasury Management Strategy and Prudential Indicators.
2. That consequent upon a General Fund budget of £16,926,750 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	81,102
HRA	15,443
Business Rates payable to Government	10,285
	<u>106,830</u>
Less Income:	
Service Income	(78,778)
Government Formula Grant	(3,736)
Other Government Grants	(3,143)
Business Rates income	<u>(13,971)</u>
	(99,628)
COUNCIL TAX REQUIREMENT	<u><u>7,202</u></u>
Band 'D' Council Tax	<u>£224.19</u>

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 11 December 2013 the Cabinet (in exercise of powers delegated to them by the Council) delegated the final determination of the Council Tax Base to the Chief Finance Officer. This has been set at an amount of 32,126.5 Band 'D' equivalent properties for the year 2014/15 (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 2014/15 as £7,202,450.
5. That the following amounts be now calculated by the Council for the year 2014/15 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended:

(a)	£106,829,070	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£99,626,620	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£7,202,450	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 Police and Crime Commissioner for Sussex 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 2014/15 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	£	B	£	C	£	D	£
E	£	F	£	G	£	H	£

POLICE AND CRIME COMMISSIONER FOR SUSSEX							
A	£	B	£	C	£	D	£
E	£	F	£	G	£	H	£

EAST SUSSEX FIRE AND RESCUE AUTHORITY							
A	£	B	£	C	£	D	£
E	£	F	£	G	£	H	£

AGGREGATE OF COUNCIL TAX REQUIREMENTS							
A	£	B	£	C	£	D	£
E	£	F	£	G	£	H	£

7. Determine that the Council's basic amount of Council Tax for 2014/15 is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992, as amended.

As the billing authority, the Council has **not** been notified by a major precepting authority that its relevant basic amount of Council Tax for 2014/15 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Finance Act 1992, as amended.

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For a copy of the report please contact Local Democracy at 1 Grove Road, Eastbourne, BN21 4TW. Tel. (01323) 415021 or 415022.  
E-mail: [localdemocracy@eastbourne.gov.uk](mailto:localdemocracy@eastbourne.gov.uk)

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