

## CONTENTS

### **1 Introduction**

### **2 Council Budget Summary**

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

### **3 Subjective Analysis**

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

### **4 Service Revenue Budgets**

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

- Corporate Services
- Community Services
- Regeneration, Planning Policy and Assets
- Tourism and Enterprise Services
- Housing Revenue Account

### **5 Capital Programme**

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

### **6 Use of Reserves**

Shows estimated use of reserves over the coming year.

### **7 Definitions of Budget Headings**

Provides definitions of the income and expenditure headings that make up each service areas budgets.

### **8 Budget Reports**

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

## Introduction

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

- The Medium Term Financial Strategy
- Asset Management Plans
- The Corporate Plan
- Workforce Strategy
- Service Plans
- Treasury Management Strategy
- 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 2016-17, 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 17th February 2016 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**

2015-16		2016-17				
Original Budget £		Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £
<b>Departmental Services</b>						
4,241,800	Corporate Services	7,086,350	3,021,650	783,550	(6,744,950)	4,146,600
9,765,200	Community Services	6,071,900	8,726,850	1,509,300	(6,408,850)	9,899,200
605,550	Regeneration, Planning Policy and Assets	111,400	1,255,750	312,450	(1,441,850)	237,750
5,316,400	Tourism and Enterprise Services	3,217,450	4,167,600	1,189,100	(2,576,200)	5,997,950
<b>19,928,950</b>	<b>Total General Fund</b>	<b>16,487,100</b>	<b>17,171,850</b>	<b>3,794,400</b>	<b>(17,171,850)</b>	<b>20,281,500</b>
(3,793,750)	Reversal of Capital Charges					(3,794,400)
(487,000)	Contributions to/(from) General Fund Working Balances					(1,321,250)
(403,000)	Contributions to/(from) other General Fund Balances					0
<b>15,245,200</b>	<b>Total General Fund Net Expenditure</b>					<b>15,165,850</b>
<b>Financed By</b>						
2,818,100	Government Grants					2,017,550
85,450	Council Tax Grant					85,450
1,064,150	New Homes Bonus					1,164,950
3,200,650	Retained Business Rates					3,174,400
752,750	Section 31 Business Rates Support Grant					647,950
0	Contribution from East Sussex Business Rate Pool					212,350
24,700	Contribution to/from Council Tax Deficit/Surplus					183,900
7,299,400	Council Tax Collection Fund Precept					7,679,300
<b>15,245,200</b>	<b>Total Financing</b>					<b>15,165,850</b>
<b>General Fund Working Balance</b>						
4,537,440	In hand at 1st April					3,588,827
(487,000)	(Withdrawal from)/Addition to Working Balance					(1,321,250)
0	Transfer from other reserves					500,000
<b>4,050,440</b>	<b>In hand at 31st March</b>					<b>2,767,577</b>

**Analysis of Gross Expenditure and Income For 2016-17**

	<b>Corporate Services</b>	<b>Community Services</b>	<b>Regeneration, Planning Policy &amp; Assets</b>	<b>Tourism &amp; Enterprise Services</b>	<b>General Fund Total</b>	<b>Housing Revenue Account</b>	<b>Eastbourne Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Employees	3,517,600	5,054,650	663,700	3,751,500	12,987,450	26,950	13,014,400
Premises	221,350	1,498,300	453,800	1,220,950	3,394,400	270,300	3,664,700
Transport	23,400	103,400	7,650	52,800	187,250	0	187,250
Supplies and Services	1,853,000	1,731,350	319,750	5,818,850	9,722,950	170,800	9,893,750
Third Party Payments	1,103,500	4,698,550	84,450	31,450	5,917,950	7,319,500	13,237,450
Transfer Payments	0	50,613,900	0	0	50,613,900	65,000	50,678,900
Support Service Costs	3,021,650	8,726,850	1,255,750	4,167,600	17,171,850	639,500	17,811,350
Depreciation and Impairment Charges	783,550	1,509,300	312,450	1,189,100	3,794,400	4,112,650	7,907,050
<b>Gross Expenditure</b>	<b>10,524,050</b>	<b>73,936,300</b>	<b>3,097,550</b>	<b>16,232,250</b>	<b>103,790,150</b>	<b>12,604,700</b>	<b>116,394,850</b>
Specific Government Grants	0	(49,280,800)	0	0	(49,280,800)	0	(49,280,800)
Other Grants and Contributions	(920,550)	(3,570,400)	(121,150)	(820,200)	(5,432,300)	(10,650)	(5,442,950)
Customer and Client Receipts	(17,100)	(4,380,150)	(1,296,800)	(6,837,900)	(12,531,950)	(1,006,050)	(13,538,000)
Other Income	0	0	0	0	0	(76,550)	(76,550)
HRA Rents	0	0	0	0	0	(14,580,500)	(14,580,500)
Interest Receipts	(48,000)	(900)	0	0	(48,900)	(22,450)	(71,350)
Recharges Support Services	(6,988,450)	(6,804,850)	(1,441,850)	(2,576,200)	(17,811,350)	0	(17,811,350)
<b>Total Income</b>	<b>(7,974,100)</b>	<b>(64,037,100)</b>	<b>(2,859,800)</b>	<b>(10,234,300)</b>	<b>(85,105,300)</b>	<b>(15,696,200)</b>	<b>(100,801,500)</b>
Capital Financing Costs					1,025,950	1,874,350	2,900,300
Use of Reserves					(1,321,250)	924,200	(397,050)
Capital Charged to Revenue					570,700	0	570,700
Reversal of Depreciation					(3,794,400)	0	(3,794,400)
<b>Total</b>					<b>15,165,850</b>	<b>(292,950)</b>	<b>14,872,900</b>

CORPORATE SERVICES							
2015-16			2016-17				
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £
		<b>Corporate Management</b>					
	0 C1	Chief Executive	170,400	48,750	0	0	219,150
	0 C2	Deputy Chief Executive	36,550	35,150	0	(71,700)	0
	0 C3	Chief Finance Officer	0	0	0	0	0
	0 C4	Senior Head of Corporate Development and Governance	123,750	49,650	0	(173,400)	0
	0 C5	Senior Head of Projects, Performance and Technology	96,350	30,600	0	(126,950)	0
824,150	C6	Corporate Management	(68,150)	613,500	0	0	545,350
<b>824,150</b>		<b>Total Corporate Management</b>	<b>358,900</b>	<b>777,650</b>	<b>0</b>	<b>(372,050)</b>	<b>764,500</b>
		<b>Corporate Services</b>					
<b>1,834,100</b>	<b>C7</b>	<b>Capital Financing</b>	<b>1,834,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,834,100</b>
<b>(600,000)</b>	<b>C8</b>	<b>Future Model Savings</b>	<b>(620,400)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(620,400)</b>
<b>152,450</b>	<b>C9</b>	<b>Corporate Contingencies</b>	<b>151,350</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>151,350</b>
<b>1,386,550</b>		<b>Total Corporate Services</b>	<b>1,365,050</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,365,050</b>
		<b>Strategic Finance</b>					
	0 C10	Financial Services Manager	64,300	40,800	0	(105,100)	0
	0 C11	Payroll and information	92,450	32,250	0	(124,700)	0
	0 C12	Pay Review	5,000	0	0	(5,000)	0
638,850	C13	Unfunded Pensions	675,400	0	0	0	675,400
	0 C14	Accountancy	274,500	277,200	0	(551,700)	0
	0 C15	Insurances	32,650	2,700	0	(35,350)	0
	0 C16	Insurance Administration	10,150	19,500	0	(29,650)	0
	0 C17	Finance Systems Support	98,300	152,750	34,150	(285,200)	0
	0 C18	Purchasing & Payments	59,200	168,100	0	(227,300)	0
	0 C19	Debtors	50,350	145,450	0	(195,800)	0
	0 C20	EHL Debtors and Creditors	1,800	13,700	0	0	15,500
<b>638,850</b>		<b>Financial Services</b>	<b>1,364,100</b>	<b>852,450</b>	<b>34,150</b>	<b>(1,559,800)</b>	<b>690,900</b>
39,450	C21	Treasury Management	(22,700)	58,500	0	0	35,800
25,150	C22	Grants & Subscriptions	25,150	0	0	0	25,150
195,650	C23	Precepts & Levies	215,300	0	0	0	215,300
105,050	C24	Corporate Management Finance	95,350	5,100	0	0	100,450
<b>365,300</b>		<b>Corporate Finance</b>	<b>313,100</b>	<b>63,600</b>	<b>0</b>	<b>0</b>	<b>376,700</b>
	0 C25	Internal Audit	119,950	42,450	0	(162,400)	0
	0 C26	Corporate Fraud	116,100	35,950	0	(152,050)	0
<b>0</b>		<b>Internal Audit and Corporate Fraud</b>	<b>236,050</b>	<b>78,400</b>	<b>0</b>	<b>(314,450)</b>	<b>0</b>
<b>1,004,150</b>		<b>Total Strategic Finance</b>	<b>1,913,250</b>	<b>994,450</b>	<b>34,150</b>	<b>(1,874,250)</b>	<b>1,067,600</b>

CORPORATE SERVICES								
2015-16			2016-17					
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £	
0	C27	Human Resources Administration	261,700	109,400	0	(371,100)	0	
11,400	C28	Member Development	10,850	4,750	0	0	15,600	
0	C29	Occupational Health	19,500	4,550	0	(24,050)	0	
0	C30	Corporate Training	87,600	3,600	0	(91,200)	0	
<b>11,400</b>		<b>Human Resources</b>	<b>379,650</b>	<b>122,300</b>	<b>0</b>	<b>(486,350)</b>	<b>15,600</b>	
<b>0</b>	<b>C31</b>	<b>Legal Services</b>	<b>230,550</b>	<b>22,500</b>	<b>0</b>	<b>(253,050)</b>	<b>0</b>	
0	C32	IT Staff	(45,550)	38,400	0	7,150	0	
0	C33	IT Systems Administration and Support	680,750	112,750	0	(793,500)	0	
0	C34	IT Contracted Services	732,900	33,050	747,800	(1,513,750)	0	
0	C35	IT Projects	257,650	5,600	0	(263,250)	0	
0	C36	Telephony. Mobile Phones and Postage	17,000	15,800	0	(32,800)	0	
<b>0</b>		<b>IT &amp; Systems Support</b>	<b>1,642,750</b>	<b>205,600</b>	<b>747,800</b>	<b>(2,596,150)</b>	<b>0</b>	
0	C37	Projects and Performance	310,450	386,650	0	(697,100)	0	
32,500	C38	Civil Contingencies	29,400	12,950	0	0	42,350	
<b>32,500</b>		<b>Projects and Performance</b>	<b>339,850</b>	<b>399,600</b>	<b>0</b>	<b>(697,100)</b>	<b>42,350</b>	
<b>32,500</b>		<b>Projects, Performance and Technology Total</b>	<b>1,982,600</b>	<b>605,200</b>	<b>747,800</b>	<b>(3,293,250)</b>	<b>42,350</b>	
		<b>Corporate Development</b>						
0	C39	Corporate Development	144,200	66,500	0	(210,700)	0	
118,350	C40	Community Involvement	8,450	1,400	0	0	9,850	
<b>118,350</b>		<b>Corporate Development</b>	<b>152,650</b>	<b>67,900</b>	<b>0</b>	<b>(210,700)</b>	<b>9,850</b>	
0	C41	Personal Assistants	124,400	33,500	0	(157,900)	0	
577,850	C42	Member and Civic Services	355,400	217,600	0	(57,300)	515,700	
90,000	C43	Devolved Budgets	90,000	0	0	0	90,000	
0	C44	Printing Services	(27,900)	68,000	0	(40,100)	0	
196,850	C45	Electoral Services	161,800	112,550	1,600	0	275,950	
<b>864,700</b>		<b>Local Democracy</b>	<b>703,700</b>	<b>431,650</b>	<b>1,600</b>	<b>(255,300)</b>	<b>881,650</b>	
<b>983,050</b>		<b>Total Corporate Development and Governance</b>	<b>856,350</b>	<b>499,550</b>	<b>1,600</b>	<b>(466,000)</b>	<b>891,500</b>	
<b>4,241,800</b>		<b>TOTAL CORPORATE SERVICES</b>	<b>7,086,350</b>	<b>3,021,650</b>	<b>783,550</b>	<b>(6,744,950)</b>	<b>4,146,600</b>	

<b>CORPORATE SERVICES BUDGET CHANGES</b>		
<b>Service Area</b>	<b>Description</b>	<b>£'000</b>
<b>All</b>	<b>2015-16 Base budget</b>	<b>4,241,800</b>
<b>Agreed Savings:</b>		
<b>Efficiency Savings</b>		
All	Future Model Phase 2 full effect	(150,000)
All	Shared Services future phases	(250,000)
IT	Remove 1 FTE staff	(40,000)
IT	Reduce MS software licensing costs by 10% p.a.	(6,000)
IT	Reduce other license costs	(12,000)
IT	Lower Wi-Fi costs across EBC estate	(5,000)
		<b>(463,000)</b>
<b>Income Generation</b>		
Internal Audit and Fraud	Income from Lewes District Council to cover the Internal Audit Manager working one day a week at Lewes	(10,000)
Internal Audit and Fraud	Income for carrying out audit for EHL - offset by extra costs incurred in providing resources for cover	(4,000)
		<b>(14,000)</b>
<b>Cost Pressures:</b>		
<b>Inflation</b>		
		<b>164,450</b>
<b>Other Growth</b>		
IT	Add Mobile 1 managed service to IT contract	17,000
		<b>17,000</b>
<b>Non Recurring Service Investments</b>		
IT	Onboarding new Mobile 1 service	21,000
Projects and Performance	Funding for channel shift initiatives	15,000
Neighbourhood First	Supply one dog bag dispenser in each ward targeted at dog fouling hotspots	
		<b>36,000</b>
<b>Other Budget Movements</b>		
Various	Permanent Budget Virements	5,600
Various	Future Model Phase 2 budget realignment	528,000
Various	Reversal of 2015/16 non recurring service investments	(31,000)
Various	Support services recharges	(263,800)
Various	Depreciation	(74,450)
		<b>164,350</b>
<b>Total Changes</b>		<b>(95,200)</b>
<b>2016-17 Budget</b>		<b>4,146,600</b>

**COMMUNITY SERVICES**

2015-16				2016-17			
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £
		<b>Senior Management</b>					
0	CS1	Senior Head of Community Services	(62,700)	91,350	0	(28,650)	0
<b>0</b>		<b>Total Senior Management</b>	<b>(62,700)</b>	<b>91,350</b>	<b>0</b>	<b>(28,650)</b>	<b>0</b>
		<b>Strategy and Commissioning</b>					
0	CS2	Strategy and Commissioning Team	306,850	60,900	0	(367,750)	0
95,600	CS3	S&C Housing	13,000	53,800	0	0	66,800
564,650	CS4	S&C Community and Partnership	474,350	142,150	9,500	0	626,000
(376,900)	CS5	S&C Revenues and Benefits	(391,400)	8,350	0	0	(383,050)
57,750	CS6	S&C Environment and Waste	23,000	9,200	0	0	32,200
(112,300)	CS7	S&C Energy	(227,050)	64,950	154,200	0	(7,900)
<b>228,800</b>		<b>Total Strategy and Commissioning - Community</b>	<b>198,750</b>	<b>339,350</b>	<b>163,700</b>	<b>(367,750)</b>	<b>334,050</b>
		<b>Customer First</b>					
<b>0</b>	<b>CS8</b>	<b>Head of Customer First</b>	<b>81,750</b>	<b>58,350</b>	<b>0</b>	<b>(140,100)</b>	<b>0</b>
0	CS9	Specialist Advisory Team	1,346,100	373,850	0	(1,719,950)	0
14,900	CS10	Difficult Properties	6,000	18,150	0	0	24,150
100,300	CS11	Building Control	77,050	64,800	0	0	141,850
41,000	CS12	Housing Needs Grants	0	20,450	0	0	20,450
212,400	CS13	Housing Needs	35,800	60,650	0	0	96,450
33,100	CS14	Bed and Breakfast Accommodation	6,100	50,350	0	0	56,450
2,250	CS15	Housing Leasing Scheme	0	0	0	0	0
197,050	CS16	Homeless Prevention	0	170,000	0	0	170,000
30,300	CS17	Voluntary Sector	0	100	0	0	100
30,950	CS18	Choice Based Lettings	4,450	10,450	0	0	14,900
1,300	CS19	Riverbourne and Upwyke House Restaurants	(1,000)	100	0	0	(900)
9,750	CS20	Housing GF Properties	0	3,400	5,250	0	8,650
6,200	CS21	Child Safety Equipment	2,000	0	0	0	2,000
4,400	CS22	Homelessness Economic Downturn	0	0	0	0	0
48,350	CS23	Deposit Loan Scheme	25,000	13,500	0	0	38,500
22,550	CS24	Temporary Accommodation Services	10,900	6,450	0	0	17,350
313,400	CS25	EH Private Sector Housing	(53,950)	230,000	0	0	176,050
0	CS26	General Engineering	10,550	0	0	(10,550)	0



**COMMUNITY SERVICES**

2015-16			Net		2016-17		Original
Original Budget	Ref	Service	Operational Cost	Support Costs	Capital Charges	Reallocations	Budget
£			£	£	£	£	£
0	CS27	Cleansing Admin	52,650	17,100	0	(69,750)	0
1,906,800	CS28	Refuse Collection	1,354,600	578,600	129,450	0	2,062,650
1,347,400	CS29	Street Cleaning	1,208,200	143,350	0	0	1,351,550
458,000	CS30	Recycling	370,800	125,450	0	0	496,250
914,100	CS31	Coast Protection	97,150	23,150	805,000	0	925,300
37,450	CS32	Seafront/Parades & Decorative Lighting	(18,750)	71,750	21,200	0	74,200
11,300	CS33	CCTV	11,150	150	0	0	11,300
31,100	CS34	Flood Defence and Land Drainage	0	39,000	0	0	39,000
46,350	CS35	Open Downland	60,650	54,050	8,600	0	123,300
55,050	CS36	Trees & Woodland	9,150	47,450	0	0	56,600
1,535,850	CS37	Parks and Gardens	1,025,400	264,450	140,900	0	1,430,750
414,150	CS38	Development Control	(218,200)	533,100	0	0	314,900
730,100	CS39	Benefits Administration	(397,800)	1,375,150	0	0	977,350
801,650	CS40	Revenues	(135,650)	782,000	0	0	646,350
35,250	CS41	Business Rates	(129,100)	225,150	0	0	96,050
0	CS42	Housing Rents and Leaseholders	(154,400)	224,900	0	0	70,500
36,800	CS43	EH Licensing	(193,700)	213,700	0	0	20,000
20,000	CS44	Health & Safety	0	70,050	0	(37,300)	32,750
131,850	CS45	Environmental Protection	31,500	99,950	0	0	131,450
16,800	CS46	Gypsy and Traveller Site Provision	14,000	1,550	0	0	15,550
160,400	CS47	Food Safety	11,850	158,400	0	0	170,250
42,150	CS48	Animal and Public Health	29,700	19,200	0	0	48,900
70,300	CS49	Eastbourne Business Crime Group	(42,500)	52,450	7,450	0	17,400
<b>9,871,050</b>		<b>Specialist Advisory</b>	<b>4,455,700</b>	<b>6,142,350</b>	<b>1,117,850</b>	<b>(1,837,550)</b>	<b>9,878,350</b>
<b>0</b>	<b>CS50</b>	<b>Customer Contact Team</b>	<b>856,350</b>	<b>505,800</b>	<b>0</b>	<b>(1,362,150)</b>	<b>0</b>
0	CS51	Case Management Team	607,700	324,600	0	(932,300)	0
11,650	CS52	Memorial Seats	3,000	5,100	0	0	8,100
38,550	CS53	Abandoned Vehicles	4,000	35,450	0	0	39,450
<b>50,200</b>		<b>Case Management</b>	<b>614,700</b>	<b>365,150</b>	<b>0</b>	<b>(932,300)</b>	<b>47,550</b>

**COMMUNITY SERVICES**

2015-16			Net		2016-17		
Original Budget	Ref	Service	Operational Cost	Support Costs	Capital Charges	Reallocations	Original Budget
£			£	£	£	£	£
0	CS54	Account Management Team	585,400	179,950	0	(765,350)	0
(2,200)	CS55	Land Charges	(129,750)	137,450	0	0	7,700
<b>(2,200)</b>		<b>Account Management</b>	<b>455,650</b>	<b>317,400</b>	<b>0</b>	<b>(765,350)</b>	<b>7,700</b>
0	CS56	Neighbourhood First Team	596,400	162,750	0	(759,150)	0
0	CS57	EHL Caretaking Team	(56,800)	57,700	0	0	900
451,400	CS58	Public Conveniences	319,900	86,800	58,700	0	465,400
(210,350)	CS59	Car Parking	(344,450)	149,800	2,750	0	(191,900)
75,950	CS60	Miscellaneous Highways	22,950	19,900	31,450	0	74,300
16,850	CS61	Community Enforcement	(1,500)	11,400	0	0	9,900
38,250	CS62	Pest Control	1,850	51,950	0	0	53,800
<b>372,100</b>		<b>Neighbourhood First</b>	<b>538,350</b>	<b>540,300</b>	<b>92,900</b>	<b>(759,150)</b>	<b>412,400</b>
<b>10,291,150</b>		<b>Total Customer First</b>	<b>7,002,500</b>	<b>7,929,350</b>	<b>1,210,750</b>	<b>(5,796,600)</b>	<b>10,346,000</b>
137,550	CS63	Ocklynge Cemetery	80,600	58,350	15,850	0	154,800
34,000	CS64	Langney Cemetery	(24,600)	57,650	8,550	0	41,600
(926,300)	CS65	Crematorium	(1,257,650)	169,950	110,450	0	(977,250)
0	CS66	Cems and Crem Management & Admin	135,000	80,850	0	(215,850)	0
<b>(754,750)</b>		<b>Bereavement Services</b>	<b>(1,066,650)</b>	<b>366,800</b>	<b>134,850</b>	<b>(215,850)</b>	<b>(780,850)</b>
<b>9,765,200</b>		<b>TOTAL COMMUNITY SERVICES</b>	<b>6,071,900</b>	<b>8,726,850</b>	<b>1,509,300</b>	<b>(6,408,850)</b>	<b>9,899,200</b>

<b>COMMUNITY SERVICES BUDGET CHANGES</b>		
<b>Service Area</b>	<b>Description</b>	<b>£'000</b>
<b>All</b>	<b>2015-16 Base budget</b>	<b>9,765,200</b>
<b>Agreed Savings:</b>		
<b>Efficiency Savings</b>		
Bereavement	Possible further Savings to be made from further review of operational practices to optimise cremation capacity.	(5,000)
		<b>(5,000)</b>
<b>Income Generation</b>		
Bereavement	Inflationary Increase in Fees and Charges	(73,000)
Specialist Advisory Team	New legislation allows Council Tax Penalties against taxpayers who fail to notify a change in circumstances within 21 days (CT liability or CTR scheme)	(1,000)
		<b>(74,000)</b>
<b>Cost Pressures:</b>		
<b>Inflation</b>		
		<b>251,800</b>
<b>Changes in income target</b>		
Neighbourhood First	Pest control income target	7,000
	Reduced income in Hyde Gardens Car Park due to configuration changes as a result of	
Neighbourhood First	Town Centre Development Scheme	25,000
Specialist Advisory Team	Reduction in Council Tax Summons Cost Income due to new legislation	40,000
		<b>72,000</b>
<b>Other Growth</b>		
Specialist Advisory Team	DWP Administration Grant (Housing Benefit)	62,900
Strategy and Commissioning	Grants to Voluntary Organisations to be made recurring	23,000
Account Management	Civica Mobile number Data Appending Service - Data Cleansing (HLR) Option	1,000
Specialist Advisory Team	Increased tree stock in Seaside Recreation Ground	5,000

<b>COMMUNITY SERVICES BUDGET CHANGES</b>		
<b>Service Area</b>	<b>Description</b>	<b>£'000</b>
		<b>91,900</b>
<b>Non Recurring Service Investments</b>		
Strategy and Commissioning	Community Development Partnership- Invest to save. Kick start programme of support and business planning to enable community centres to increase their income and secure funding from external sources and reduce their reliance on EBC support and grants	30,000
Strategy and Commissioning	Community Energy - Invest to save - costs of procurement exercise to create a Special Purpose Vehicle to deliver community energy generation and supply, to generate income and energy resilience.	50,000
Strategy and Commissioning	Community Safety Partnership Officer (Prevent/Protect)	28,000
Account Management	Council Tax Direct Debit Incentive Promotion	2,000
Account Management	Civica Mobile number Data Appending Service - Data Appending Gold Option	22,000
Neighbourhood First	Recalibration of Downland car park machines for new one pound coins	5,000
Neighbourhood First	Promotions and Preventative actions	5,000
Specialist Advisory Team	Empty Properties Review	20,000
Specialist Advisory Team	Single Person Discount Review	15,000
Specialist Advisory Team	Exceptional Hardship Scheme/Local Council Tax Reduction Scheme	11,550
Specialist Advisory Team	Empty Business Properties	10,000
Specialist Advisory Team	Decoy Pond Biodiversity Action Plan	5,000
Specialist Advisory Team	CIL Software Annual Maintenance charge	6,000
		<b>209,550</b>
<b>Other Budget Movements</b>		
Various	Permanent budget virements	1,300
Various	Future Model phase 2 budget realignment	(530,400)
Various	Reversal of 2015/16 non recurring service investments	(194,000)
Various	Support services recharges	268,750
Various	Depreciation	42,100
		<b>(412,250)</b>
<b>Total Changes</b>		<b>134,000</b>
<b>2016-17 Budget</b>		<b>9,899,200</b>

REGENERATION, PLANNING POLICY AND ASSETS								
2015-16			2016-17					
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £	
0	R1	Senior Head of Development and Environment Services	58,650	21,350	0	(80,000)	0	
<b>0</b>		<b>Senior Management</b>	<b>58,650</b>	<b>21,350</b>	<b>0</b>	<b>(80,000)</b>	<b>0</b>	
<b>680,250</b>	<b>R2</b>	<b>Regeneration and Planning Policy</b>	<b>418,600</b>	<b>529,250</b>	<b>5,650</b>	<b>(297,100)</b>	<b>656,400</b>	
(7,950)	R3	Farms and Downs Water Supply	(151,950)	85,600	3,550	0	(62,800)	
0	R4	Estates and Asset Management	306,100	173,850	0	(479,950)	0	
389,800	R5	Corporate Property	(270,000)	146,350	224,350	0	100,700	
(456,550)	R6	Investment Property	(456,550)	0	0	0	(456,550)	
<b>(74,700)</b>		<b>Corporate Landlord</b>	<b>(572,400)</b>	<b>405,800</b>	<b>227,900</b>	<b>(479,950)</b>	<b>(418,650)</b>	
<b>0</b>	<b>R7</b>	<b>Facilities Management</b>	<b>206,550</b>	<b>299,350</b>	<b>78,900</b>	<b>(584,800)</b>	<b>0</b>	
<b>(74,700)</b>		<b>Estates and Property</b>	<b>(365,850)</b>	<b>705,150</b>	<b>306,800</b>	<b>(1,064,750)</b>	<b>(418,650)</b>	
<b>605,550</b>		<b>TOTAL REGENERATION, PLANNING POLICY AND ASSETS</b>	<b>111,400</b>	<b>1,255,750</b>	<b>312,450</b>	<b>(1,441,850)</b>	<b>237,750</b>	

<b>REGENERATION, PLANNING POLICY AND ASSETS BUDGET CHANGES</b>		
<b>Service Area</b>	<b>Description</b>	<b>£'000</b>
	<b>2015-16 Base budget</b>	<b>605,550</b>
<b>Cost Pressures:</b>		
<b>Inflation</b>		<b>30,150</b>
<b>Non Recurring Service Investments</b>		
Regeneration and Planning Policy Team	Commission consultants to provide evidence and advice on the review of the Core Strategy Local Plan Policy D4 - Tourism and Culture (in relation to Tourist Accommodation) and meet the costs of the Examination.	15,000
Regeneration and Planning Policy Team	Commission consultants to provide a 'critical friend' service to help in preparation of Sustainability Appraisal for Local Plan Review	5,000
Regeneration and Planning Policy Team	Commission consultants to provide evidence based studies to inform the Local Plan Review (Development Site Viability, Employment Land Review (joint with Wealden DC), Transport Study (joint with Wealden DC)	45,000
Regeneration and Planning Policy Team	Commission consultants to undertake a study to confirm priority and critical sub-sectors and employers for Eastbourne's economy, focusing on growth and retention and use evidence to secure funding at County and SE LEP level	15,000
Regeneration and Planning Policy Team	EBC contribution towards funding for Locate East Sussex to continue to provide support and advice for businesses looking to start up, relocate or grow in East Sussex	35,000
Regeneration and Planning Policy Team	Delivery of Eastbourne Park SPD actions and initiatives Progress - nature reserve and access to land	18,000
		<b>133,000</b>
<b>Other Budget Movements</b>		
Various	Permanent budget virements	(850)
Various	Future Model Phase 2 budget realignment	136,150
Various	Reversal of 2015/16 non recurring service investments	(145,000)
Various	Support services recharges	(274,050)
Various	Depreciation	(247,200)
		<b>(530,950)</b>
<b>Total Changes</b>		<b>(367,800)</b>
<b>2016-17 Budget</b>		<b>237,750</b>

**TOURISM AND ENTERPRISE SERVICES**

2015-16		2016-17					
Original Budget £	Ref	Service	Net Operational Cost £	Support Costs £	Capital Charges £	Reallocations £	Original Budget £
0	T1	Senior Head of Tourism and Enterprise	99,450	62,500	0	(161,950)	0
<b>0</b>		<b>Senior Management</b>	<b>99,450</b>	<b>62,500</b>	<b>0</b>	<b>(161,950)</b>	<b>0</b>
<b>69,850</b>	<b>T2</b>	<b>Devonshire Complex</b>	<b>200</b>	<b>106,150</b>	<b>0</b>	<b>0</b>	<b>106,350</b>
<b>822,100</b>	<b>T3</b>	<b>Towner</b>	<b>679,600</b>	<b>107,100</b>	<b>200,850</b>	<b>0</b>	<b>987,550</b>
430,050	T4	Tourism and Enterprise	404,350	183,350	2,750	(137,650)	452,800
153,450	T5	Tourist Information	89,750	63,550	7,900	0	161,200
311,250	T6	Heritage	186,350	138,400	4,650	0	329,400
206,800	T7	Catering	58,400	621,700	12,800	(423,100)	269,800
<b>1,101,550</b>		<b>Tourism and Enterprise</b>	<b>738,850</b>	<b>1,007,000</b>	<b>28,100</b>	<b>(560,750)</b>	<b>1,213,200</b>
0	T8	Sports Delivery Team	412,200	164,800	0	(577,000)	0
33,000	T9	Sports Grounds	4,350	14,600	14,700	0	33,650
562,650	T10	Sports & Community Centres	(139,850)	648,900	36,100	0	545,150
312,550	T11	Leisure Contract	(6,950)	2,100	383,550	0	378,700
<b>908,200</b>		<b>Sports Delivery</b>	<b>269,750</b>	<b>830,400</b>	<b>434,350</b>	<b>(577,000)</b>	<b>957,500</b>
(63,600)	T12	Holywell Chalets	(100,600)	26,100	8,950	0	(65,550)
156,550	T13	Seafront	94,800	262,650	17,000	(185,100)	189,350
<b>92,950</b>		<b>Seafront</b>	<b>(5,800)</b>	<b>288,750</b>	<b>25,950</b>	<b>(185,100)</b>	<b>123,800</b>
771,050	T14	Events	576,000	453,300	107,850	(315,650)	821,500
99,100	T15	Tennis	35,600	87,800	0	0	123,400
<b>870,150</b>		<b>Events &amp; Devonshire Park</b>	<b>611,600</b>	<b>541,100</b>	<b>107,850</b>	<b>(315,650)</b>	<b>944,900</b>
0	T16	Theatres Admin	555,200	220,550	0	(775,750)	0
412,200	T17	Congress Theatre	(18,500)	368,350	166,400	0	516,250
528,800	T18	Devonshire Park Theatre	123,650	357,100	122,900	0	603,650
188,500	T19	Royal Hippodrome	25,350	160,150	4,600	0	190,100
322,100	T20	Winter Garden Theatre	138,100	118,450	98,100	0	354,650
<b>1,451,600</b>		<b>Theatres</b>	<b>823,800</b>	<b>1,224,600</b>	<b>392,000</b>	<b>(775,750)</b>	<b>1,664,650</b>
<b>5,316,400</b>		<b>TOTAL TOURISM AND ENTERPRISE SERVICES</b>	<b>3,217,450</b>	<b>4,167,600</b>	<b>1,189,100</b>	<b>(2,576,200)</b>	<b>5,997,950</b>

<b>TOURISM &amp; ENTERPRISE SERVICES BUDGET CHANGES</b>		
<b>Service Area</b>	<b>Description</b>	<b>£'000</b>
<b>All</b>	<b>2015-16 Base budget</b>	<b>5,316,400</b>
<b>Agreed Savings:</b>		
<b>Efficiency Savings</b>		
Events	Airbourne display budget reduction	(5,000)
Events	Eastbourne extreme core funding reduction	(4,000)
Events	Run cycle festival on zero cost basis	(4,000)
Events	Run Beer and Cider by the sea on a zero cost basis	(2,050)
Events	Run Magnificent Motors on a zero cost basis	(2,100)
		<b>(17,150)</b>
<b>Income Generation</b>		
Events	Airbourne Lottery target increase	(5,000)
Seafront	Net income from Beach Huts	(10,000)
		<b>(15,000)</b>
<b>Cost Pressures:</b>		
<b>Inflation</b>		
		<b>163,200</b>
<b>Non Recurring Service Investments</b>		
Seafront Services	Replacement programme for deckchairs	10,000
Seafront Services	Defibrillator for the Lifeguard Station	2,000
Seafront Services	Tyro Lifeguard Equipment, lifejackets	3,000
Events	Aegon International Tennis to address funding shortfall on budget when the licence term/extension was agreed	33,000
Events	Aegon International Tennis to fund town advertising /dressing of on street banners flagpoles	10,000
Events	Music Live Events	25,000
Events	Big Screen Presentations	20,000
Events	Devonshire Park Core Harvester nb attaches to existing utility vehicles	5,000
Events	Devonshire Park Agronomy Tools - Clegg Hammer £1813, Penetrometer £225, Soil Moisture Monitor £806	3,000
Events	Cable protection ramps £1300 electric cable £500	2,000
Events	Motorola GP 340 radios + chargers	4,000
Events	Boefenag VHF radios X 30	2,000
Events	Laptop Projector	1,000
Events	Road Tracking	8,000
Theatres	Devonshire Park Review - Transitional Works Cost on Service	30,000
Catering	Big Screen Hire	10,000
Sports and Leisure	Preparation for new Contract	40,000



<b>TOURISM &amp; ENTERPRISE SERVICES BUDGET CHANGES</b>		
<b>Service Area</b>	<b>Description</b>	<b>£'000</b>
		<b>208,000</b>
<b>Other Budget Movements</b>		
Various	Permanent budget virements	(6,050)
Various	Future Model Full year realignment	(83,750)
Various	Reversal of 2015/16 non recurring service investments	(117,000)
Various	Support services recharges	269,100
Various	Depreciation	280,200
		<b>342,500</b>
<b>Total Changes</b>		<b>681,550</b>
<b>2016-17 Budget</b>		<b>5,997,950</b>

## Housing Revenue Account

Ref		2015-16 Original Budget £	2015-16 Revised Budget £	2016-17 Original Budget £
	<b>Income</b>			
H1	Gross Rents	(14,710,200)	(14,777,100)	(14,580,500)
H2	Charges for Services	(1,036,800)	(981,900)	(1,006,050)
	<b>Gross Income</b>	<b>(15,747,000)</b>	<b>(15,759,000)</b>	<b>(15,586,550)</b>
	<b>Expenditure</b>			
H3	Management Fee	7,375,000	7,375,000	7,319,500
H4	Supervision and Management	1,060,450	1,014,200	1,001,900
H5	Provision for Doubtful Debts	126,500	80,950	126,500
H6	Depreciation and Impairment of Fixed Assets	4,211,750	4,211,750	4,112,650
	<b>Gross Expenditure</b>	<b>12,773,700</b>	<b>12,681,900</b>	<b>12,560,550</b>
	<b>Net Cost of HRA Services</b>	<b>(2,973,300)</b>	<b>(3,077,100)</b>	<b>(3,026,000)</b>
H7	Loan Charges - Interest	1,895,600	1,895,600	1,831,300
H8	Interest Receivable	(2,250)	(2,250)	(22,450)
	<b>Net Operating Surplus</b>	<b>(1,079,950)</b>	<b>(1,183,750)</b>	<b>(1,217,150)</b>
	<b>Appropriations</b>			
H9	Transfers to Reserve	784,000	784,000	924,200
	<b>Housing Revenue Account (Surplus)/Deficit</b>	<b>(295,950)</b>	<b>(399,750)</b>	<b>(292,950)</b>
H10	In hand at 1st April	(3,116,025)	(3,149,710)	(3,549,460)
H11	Withdrawal/(Addition)	(295,950)	(399,750)	(292,950)
	<b>In hand at 31st March</b>	<b>(3,411,975)</b>	<b>(3,549,460)</b>	<b>(3,842,410)</b>

**HOUSING REVENUE ACCOUNT BUDGET CHANGES**

	<b>£'000</b>
<b>2015-16 Base budget</b>	<b>(295,950)</b>
<b>Changes in income</b>	
Gross Rents	129,700
Charges for Services	30,750
<b>Expenditure Changes</b>	
Management Fee	(55,500)
Supervision and Management	(58,550)
Depreciation	(99,100)
<b>Changes in debt management costs</b>	
Loan Charges - Interest	(64,300)
Interest Receivable	(20,200)
<b>Changes in Appropriations</b>	<b>140,200</b>
<b>2016-17 Budget</b>	<b>(292,950)</b>

**SUMMARY OF GENERAL FUND CAPITAL PROGRAMME 2015 to 2021**

	<b>Estimate Total 2015-16</b>	<b>Total 2016-17</b>	<b>Total 2017-18</b>	<b>Total 2018-19</b>	<b>Total 2019-20</b>	<b>Total 2020-21</b>
	£	£	£	£	£	£
<b><u>Capital Programme</u></b>						
Community Services	7,048,800	6,547,000	409,000	300,000	300,000	300,000
Tourism & Enterprise	1,109,300	55,000	20,000	0	0	0
Corporate and Core Services	7,463,600	3,070,000	255,000	255,000	255,000	255,000
Asset Management	3,730,950	3,149,870	15,200,000	19,300,000	6,100,000	800,000
Pier Grant & Coastal Communities Grant	2,562,180	0	0	0	0	0
<b>Total Programme</b>	<b>21,914,830</b>	<b>12,821,870</b>	<b>15,884,000</b>	<b>19,855,000</b>	<b>6,655,000</b>	<b>1,355,000</b>
<b><u>Financed By:-</u></b>						
Capital Receipts	2,377,600	2,610,000	9,015,000	11,455,000	3,535,000	355,000
Grants and Contributions	9,560,630	8,385,000	409,000	300,000	300,000	300,000
Revenue Contribution to Capital	918,975	275,000	0	0	0	0
Reserves	244,700	0	0	0	0	0
Section 106 Contributions	945,500	0	0	0	0	0
Borrowing	7,867,425	1,551,870	6,460,000	8,100,000	2,820,000	700,000
<b>Total Financing</b>	<b>21,914,830</b>	<b>12,821,870</b>	<b>15,884,000</b>	<b>19,855,000</b>	<b>6,655,000</b>	<b>1,355,000</b>

**CAPITAL PROGRAMME**

<b>Community Services</b>	<b>Estimate Total 2015-16</b>	<b>Total 2016-17</b>	<b>Total 2017-18</b>	<b>Total 2018-19</b>	<b>Total 2019-20</b>	<b>Total 2020-21</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<i>Scheme</i>						
Memorial Safety Cems	34,000	0	0	0	0	0
Digitalise Burial Records	10,000	0	0	0	0	0
Ocklynge Cemetery Chapel	144,250	0	0	0	0	0
Main Chapel Refurb - Phase 2	21,150	0	0	0	0	0
Disabled Facilities Grants (external funding)	769,450	660,000	0	0	0	0
BEST Grant (housing initiatives)	60,450	109,000	109,000	0	0	0
Acquisition of Land & Property	3,150,000	5,000,000	0	0	0	0
Willingdon Trees Multi Gym	20,000	0	0	0	0	0
Contaminated Land	102,000	0	0	0	0	0
Coast Defences Beach Management Strategy	181,150	300,000	300,000	300,000	300,000	300,000
Cycling Strategy	40,600	0	0	0	0	0
Princes Park	178,600	0	0	0	0	0
Play Area Sovereign Harbour	27,000	0	0	0	0	0
Allotment Upgrade	1,100	0	0	0	0	0
Hampden Park Skate Park	1,150	0	0	0	0	0
Terminus Road Improvements	500,000	0	0	0	0	0
CIL - Software	14,000	0	0	0	0	0
Sov Harbour Community Centre	1,539,900	0	0	0	0	0
Highfield Allotments	2,150	0	0	0	0	0
BMX Track Hampden Park	44,850	0	0	0	0	0
Hampden Park Path	25,000	0	0	0	0	0
Bodiam Cres Play Area Path	20,000	0	0	0	0	0
Gildredge Park - Toddler Equipment	22,000	0	0	0	0	0
Shinewater Skate Park	0	50,000	0	0	0	0
Seaside rec - Play Equipment	0	60,000	0	0	0	0
Princes Park - Bowls Roof	40,000	0	0	0	0	0
Hampden Park - Multi Play Unit	50,000	0	0	0	0	0
Motcombe Pond	50,000	0	0	0	0	0
Hampden Park - Improvements (Green Flag)	0	50,000	0	0	0	0
Old Town Rec. - Improvements (Green Flag)	0	25,000	0	0	0	0
Allotments - Improvements	0	16,000	0	0	0	0
Seaside Rec - all weather path	0	50,000	0	0	0	0
Signage Re-branding (Parks & Open Spaces)	0	30,000	0	0	0	0
Tugwell Park - all weather path	0	25,000	0	0	0	0
Car Parking Machines	0	72,000	0	0	0	0
Public Conveniences Beachy Head	0	40,000	0	0	0	0
Public Conveniences Green St	0	40,000	0	0	0	0
Shinewater Park - Scoping	0	20,000	0	0	0	0
<b>Total - Community Services</b>	<b>7,048,800</b>	<b>6,547,000</b>	<b>409,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>

**CAPITAL PROGRAMME**

<b>Tourism &amp; Enterprise Services</b>	<b>Estimate Total 2015-16</b>	<b>Total 2016-17</b>	<b>Total 2017-18</b>	<b>Total 2018-19</b>	<b>Total 2019-20</b>	<b>Total 2020-21</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<i>Scheme</i>						
Volleyball Court	23,000	0	0	0	0	0
Signage	16,100	0	0	0	0	0
Sports Park Flood Lights	30,000	0	0	0	0	0
Re-surface Tennis Courts	56,050	0	0	0	0	0
Wish Tower - Catering Outlet	4,000	0	0	0	0	0
Serco Contract	31,650	0	0	0	0	0
ILTC - Air Conditioning	60,000	0	0	0	0	0
ILTC - Public Address System	25,000	0	0	0	0	0
ILTC - Fire Alarm	10,000	0	0	0	0	0
Sports Park Railings	11,000	0	0	0	0	0
Redoubt - Stair Climber	20,000	0	0	0	0	0
Colonnade Removal	500,000	0	0	0	0	0
Redoubt - Asphalt Gun Platform	50,000	0	0	0	0	0
HPSC - Changing Rooms	0	0	20,000	0	0	0
Devonshire Park - Roller	14,000	0	0	0	0	0
Devonshire Park - Verti Drain Aerator	14,000	0	0	0	0	0
Devonshire Park - Hollow Corer	1,750	0	0	0	0	0
Devonshire Park - Grounds Van	7,500	0	0	0	0	0
New Beach Huts	235,250	0	0	0	0	0
ILTC Showers	0	25,000	0	0	0	0
Equipment at Devonshire Park	0	20,000	0	0	0	0
Old Ticket Pavillion refurbishment	0	10,000	0	0	0	0
<b>Total - Tourism and Enterprise Services</b>	<b>1,109,300</b>	<b>55,000</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

**CAPITAL PROGRAMME**

<b>Corporate and Core Services</b>	<b>Estimate Total 2015-16</b>	<b>Total 2016-17</b>	<b>Total 2017-18</b>	<b>Total 2018-19</b>	<b>Total 2019-20</b>	<b>Total 2020-21</b>
	£	£	£	£	£	£
<i>Scheme</i>						
<b>CORPORATE SERVICES</b>						
Carbon Reduction Works	467,500	0	0	0	0	0
Invest to Save	72,500	80,000	80,000	80,000	80,000	80,000
Future Model Phase 2	651,150	550,000	0	0	0	0
Investment Capital	2,300,000	2,300,000	0	0	0	0
Sovereign Harbour Innovation Mall	1,400,000	0	0	0	0	0
Solar Panels (2nd Programme)	196,200	0	0	0	0	0
IT - Block Allocation	526,250	140,000	175,000	175,000	175,000	175,000
EHIC - Loan (Seaside)	1,850,000	0	0	0	0	0
<b>Total - Corporate Services</b>	<b>7,463,600</b>	<b>3,070,000</b>	<b>255,000</b>	<b>255,000</b>	<b>255,000</b>	<b>255,000</b>

**CAPITAL PROGRAMME**

<b>Asset Management</b>	<b>Estimate Total 2015-16</b>	<b>Total 2016-17</b>	<b>Total 2017-18</b>	<b>Total 2018-19</b>	<b>Total 2019-20</b>	<b>Total 2020-21</b>
	£	£	£	£	£	£
<i>Scheme</i>						
Devonshire Park Project	2,300,000	2,300,000	14,700,000	18,800,000	5,600,000	300,000
Congress Theatre redesign & restoration	840,700	0	0	0	0	0
Thatched Shelters - re-roofing	25,000	0	0	0	0	0
Brick Shelters	0	50,000	0	0	0	0
Royal Hippodrome Theatre (Phase 2)	0	127,000	0	0	0	0
Devonshire Park Theatre - rendering	411,750	583,000	0	0	0	0
Motcombe Dovecot	18,500	0	0	0	0	0
Town Hall Community Hub	20,000	0	0	0	0	0
Downland Pipe replacement	70,000	0	0	0	0	0
Shinewater Boiler replacement	45,000	0	0	0	0	0
Asset Management - Block Allocation	0	89,870	500,000	500,000	500,000	500,000
<b>Total - Asset Management</b>	<b>3,730,950</b>	<b>3,149,870</b>	<b>15,200,000</b>	<b>19,300,000</b>	<b>6,100,000</b>	<b>800,000</b>



**CAPITAL PROGRAMME**

<b>Pier and Coastal Communities</b>	<b>Estimate Total 2015-16</b>	<b>Total 2016-17</b>	<b>Total 2017-18</b>	<b>Total 2018-19</b>	<b>Total 2019-20</b>	<b>Total 2020-21</b>
	£	£	£	£	£	£
<i>Scheme</i>						
Wish Tower Restaurant	1,200,000	0	0	0	0	0
Replace staircase to Camera Obscura	65,000	0	0	0	0	0
Statue Sculpture Installation	22,000	0	0	0	0	0
Princes Park - Café Refurbishment	394,556	0	0	0	0	0
Princes Park - Public Realm Work	430,487	0	0	0	0	0
Sea Houses Sq - Plaza Improvements	148,823	0	0	0	0	0
Sea Houses Sq 1-5 Seaside Refurb	65,543	0	0	0	0	0
Seaside Rd - Elms Bdg Façade	167,083	0	0	0	0	0
Seaside Rd - 67-69 Seaside refurb	68,687	0	0	0	0	0
<b>Total - Pier and Coastal Communities</b>	<b>2,562,180</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2015 TO 2019**

	<b>Revised Budget 2015-16</b>	<b>Total 2016-17</b>	<b>Total 2017-18</b>	<b>Total 2018-19</b>
	£	£	£	£
<b>Managed By Eastbourne Homes</b>				
Major Works	4,999,750	4,072,650	4,123,900	4,165,500
Environmental Improvements	80,000	40,000	40,000	40,000
	<u>5,079,750</u>	<u>4,112,650</u>	<u>4,163,900</u>	<u>4,205,500</u>
House Rescue Emergency Fund	200,000	0	0	0
1-4 Arch Mews	10,900	0	0	0
67 Langney Road	2,900	0	0	0
3 St Aubyns Road	9,600	0	0	0
F2, 20 Bourne Street	15,700	0	0	0
Coventry Court	975,900	0	0	0
Belmore & Longstone Road	1,003,294	0	0	0
Sumach Close	400,000	1,315,425	0	0
Glynde	538,549	0	0	0
Rodmill	100,000	817,610	0	0
Fort Lane	378,887	0	0	0
Empty Homes Programme Ph2				
Unallocated Balance	0	1,466,600	0	0
1-5 Seaside	382,054	0	0	0
67-69 Seaside Road	154,740	0	0	0
62a Tideswell Road	316,727	0	0	0
<b>Total HRA Capital Programme</b>	<b>9,569,001</b>	<b>7,712,285</b>	<b>4,163,900</b>	<b>4,205,500</b>
Funded by:				
Borrowing	1,150,508	1,646,710	0	0
Government Grant	546,112	545,000	0	0
Capital Receipts	2,792,631	1,407,925	0	0
Major Repairs Reserve	4,211,750	4,112,650	4,163,900	4,205,500
Reserves	868,000	0	0	0
<b>Total Financing</b>	<b>9,569,001</b>	<b>7,712,285</b>	<b>4,163,900</b>	<b>4,205,500</b>

**PROJECTED USE OF RESERVES**

	2015-16 Budget	2015-16 Revised Budget	2016-17 Budget
	£	£	£
<b>General Fund Reserve</b>			
In hand at 1st April	(4,537,440)	(4,899,494)	(3,588,827)
Financing of Non Recurring Expenditure	487,000	504,000	586,000
Transfer to Devonshire Park Reserve	0	1,000,000	0
Withdrawal/(Addition)	0	(193,333)	235,000
Allocated For Future Use	0	0	0
<b>In hand at 31st March</b>	<b>(4,050,440)</b>	<b>(3,588,827)</b>	<b>(2,767,827)</b>
<b>Strategic Change Fund Balance</b>			
In hand at 1st April	(638,989)	(1,019,239)	(200,851)
Withdrawal/(Addition)	0	95,865	0
Allocated For Future Use	500,000	722,523	0
<b>In hand at 31st March</b>	<b>(138,989)</b>	<b>(200,851)</b>	<b>(200,851)</b>
<b>Capital Programme Reserve</b>			
In hand at 1st April	(744,231)	(1,582,558)	(1,582,558)
Withdrawal/(Addition)	0	0	0
Allocated For Future Use	500,000	0	0
<b>In hand at 31st March</b>	<b>(244,231)</b>	<b>(1,582,558)</b>	<b>(1,582,558)</b>
<b>Regeneration Reserve</b>			
In hand at 1st April	(1,012,742)	(1,130,052)	(1,012,600)
Transfer from General Earmarked Reserves	0	0	0
Withdrawal/(Addition)	0	66,355	500,000
Allocated For Future Use	500,000	51,097	0
<b>In hand at 31st March</b>	<b>(512,742)</b>	<b>(1,012,600)</b>	<b>(512,600)</b>
<b>Devonshire Park Reserve</b>			
In hand at 1st April	0	0	(1,000,000)
Transfer from General Earmarked Reserves	0	0	0
Withdrawal/(Addition)	0	(1,000,000)	0
Allocated For Future Use	0	0	0
<b>In hand at 31st March</b>	<b>0</b>	<b>(1,000,000)</b>	<b>(1,000,000)</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 Receipts</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, HR, 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.
<b>Reallocations</b>	Value of service costs recharged to internal users.

## BUDGET REPORTS

<b>1 Medium Term Financial Strategy 2016 - 2020</b>	<b>08/07/2015</b>
<b>2 Council Tax Base 2016/17</b>	<b>09/12/2015</b>
<b>3 Council Tax Budget 2016/17 Draft Budget Proposals</b>	<b>09/12/2015</b>
<b>4 General Fund Revenue Budget and Capital Programme</b>	<b>03/02/2016</b>
<b>5 Housing Revenue Account, Rent Setting and Capital Programme</b>	<b>03/02/2016</b>
<b>6 Council Budget and Setting of Council Tax - Draft*</b>	<b>17/02/2016</b>

\*Please note - A final copy of this report will be available to view on the Council's website following the full Council meeting on 17/02/16

<b>BODY:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>8<sup>th</sup> July 2015</b>
<b>SUBJECT:</b>	<b>Medium Term Financial Strategy 2016-2020</b>
<b>REPORT OF:</b>	<b>Deputy Chief Executive (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 and associated plan 2016-20 as summarised in <b>Appendix 2</b>.</li> <li>ii) Agree the balance of assumptions made in the strategy</li> <li>iii) Request that the emerging budget proposals for 2016/17 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>

## **1.0 Introduction**

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

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

- 1.1 The MTFs was last approved in July 2014 and set the backdrop for the 2015/16 budget setting process as well as a informing a three year rolling service and financial planning cycle.
- 1.2 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.

- 1.3 Over the life of the last parliament the Coalition Government has effectively reduced the general support to the Council by some 40% in cash terms which equates to over 50% in real terms. Government funding is expected to fall a further 30% over the next parliamentary cycle to 2020. Members will note that the date of Cabinet is the date set for an extraordinary national budget which will set the scene for the next comprehensive spending review in the Autumn. The next CSR is expected to cover the period to 2019/20.
- 1.4 In order to protect front line services the Council put in place a priority based budget system that has kept pace with the scale of cuts to funding and made provision for reinvestment in services. The Council has set out its stall to become less dependent on day to day revenues to run services, instead opting to use any spare financial capacity to enhance the capital programme.
- 1.5 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.
- 1.6 In setting the last six annual 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 the 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.
- 1.7 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 rolling business plan has been adopted for the HRA. The Council is working in partnership with Eastbourne Homes Ltd a wholly owned subsidiary to deliver efficiency savings in partnership using shared services. All savings accruing to the HRA are reinvested in housing services. During the last two years over £500,000 of ongoing efficiencies has been realised and built into the EHL budget.

## **2.0 Sustainable finance**

- 2.1 The basic legal definition of a balanced budget is that planned expenditure can be met from income and reserves.
- 2.2 Whilst that definition is the legal minimum, it does not provide for sustainability if reserves are used in the long term to resource any differences between ongoing expenditure commitments and ongoing incoming resources.
- 2.3 Therefore it is a given that over the cycle of this MTFs ongoing expenditure must be financed from ongoing resources with only non recurring investments being met from reserves over and above the minimum.

- 2.4 As with all Councils, the effect of inflation is felt on gross expenditure, whilst any increase in council tax or grant is based on a net position. This "gearing effect" means that there is a natural gap of c£400k per annum that needs to be met from efficiencies (approximately 2.5% of net spend) if services are to be protected. This is on top of the Government reductions outlined in 1.3.
- 2.5 Given the current reduction in grant and the inability to raise council tax in real terms, due to capping criteria, the Council has to look to longer term measures to maintain sustainable finances. These include measures under the Sustainable Service Delivery Strategy (SSDS) including the Council's "Future Model" as well as shared services and the growth of income streams.

### **3.0 The impact of the capital programme**

- 3.1 The Capital Programme also has an effect on the Councils revenue finances as any investments that cannot be met from grants, contributions, capital receipts or straight revenue funding need to be met from borrowing. This has to be repaid with interest from revenue or capital receipts over time.
- 3.2 The General Fund policy is to use borrowing only on a business case basis. Any 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. In order to keep this sustainable a stability mechanism that pools the following budgets is maintained.
- Interest earned
  - Interest payable on debt
  - Minimum Revenue Provision
  - Revenue contributions to the capital programme (to balance)
- 3.3 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.
- 3.4 Capital investment can be used as "invest to save" therefore borrowing is an important tool in the overall financial strategy where savings on schemes exceed the cost of capital.

### **4.0 The National Financial Picture**

- 4.1 The Government has set an objective to eliminate the nations's budget deficit by the end of the parliament.
- 4.2 This will involve various measures that will reduce the amount of resources to local government including:
- A further reduction in general central government support 2016-2020
  - Reducing the amount of resource available to DCLG as it is not a "protected" Department which will impact on specific grants



- Increasing in the funding for New Homes Bonus (NHB) paid for by further reducing the revenue support grant (RSG)
- A further year on year reduction in Housing benefit administration grant (on top of the £200,000 reduction in the last 4 years)

Other measures may well be announced on the 8<sup>th</sup> July and Cabinet will be briefed accordingly.

- 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. Any debt is at fixed rates and it is important to manage all capital financing as one budget as described in section 3.
- 4.4 The Government continues to target an inflationary rate of 2% using its preferred method of Consumer Price Index (CPI) and is currently below target, although the Bank of England that is responsible for achieving the target has indicated that the below target rate is due to short term effects principally oil prices.
- 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. Whilst a scheme to retain an element of business rates was introduced in 2013, the Council is now receiving £2.8m of RSG in 2015/16.
- 4.6 Against this backdrop service demands on Councils are ever increasing with demographic and increased expectation causal effects.
- 4.7 In his last budget statement, the chancellor suggested that a cap on public sector pay rises would be maintained and they should not increase above inflation or 2% as a maximum.
- 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. A new career average revalued scheme (CARE) came into being on 1.4.14 with employee contributions lifted and benefits reduced. The Council will however have to find additional resources to fund "auto enrolment" due to start in November 2017.

## **5.0 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 2014/15 outturn, whilst containing normal variances in year, resulted in a positive overall variance due mainly to increased performance in housing benefit overpayment recovery. Some minor residual issues in the discretionary areas have been recognised in setting the 2015/16 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) Therefore the strategy assumes 2% core inflation from 2016/17.

The Council, in common with most, does not add inflation each year to all its supplies and services budgets as this would add some £300,000 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 £200,000 per annum (CPI).

## 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 recent economic climate and caps on public sector pay has led to 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>
2016/17	2%
2017/18	2%
2018/19	2%
2019/20	2%

## 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 2017.

The next triennial revaluation of the fund is due to take place in 2016 will set rates effective from 2017/18. With the recent change from RPI to CPI as the annual index, and the changes arising from the Pensions Bill including Career Averaged Revalued Earnings (CARE) instead of the previous final salary scheme, the strategy assumes no increase in employer contributions after the current revaluation.

The Council previously recouped its past service deficit as a % of pay, however the fund actuary has required councils to amortise this deficit on a cash basis since 2014/15 due to the risk of falling payroll numbers. Whilst this budget will increase in the short term it is not a material increase and will be paid for using the inflation allowances.

## 5.5 Fees and charges

The Council currently receives income from fees and charges for its services of around £14m.

The Council has been reducing its exposure to income targets in areas affected by the economic downturn in successive budgets. In setting the 2015/16 budget a targeted increase of c£200,000 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 2016/17 an overall gain of £200,000 (1.5%) per annum will be realised in fees and charges (mainly inflationary increases)

Individual service and financial plans will still strive to achieve some real terms increases where it is felt appropriate and achievable as well as new income streams to reduce the long term dependency on government grants.

## 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 2015/16.

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 need to recycle these into capital financing as longer term interest rates used for borrowing purposes will increase too. The stabiliser mechanism as outlined in 3.3 will be used to smooth the effects of changes in interest rates over the life of the MTFs.

## 5.7 Council Tax

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. However in recent years these have been well managed. A The collection rate for budget purposes of 98% is assumed from 2016/17 which is consistent with current performance.

The Council has taken advantage of the Government's tax freeze grant for the last five years. No announcements have been made about council tax increases beyond March 2016. Therefore the strategy assumes that no freeze grant scheme will be available from 2016/17.

The strategy assumes rises of 2% (based on CPI target) from 2016/17 (i.e. no real terms increase in council tax across the life of the MTFS)

The strategy also assumes increases (1%) each year in the overall council tax base. The Base will be reassessed annually as party of each budget setting process. Each 1% increase in the tax base yields approximately £80,000 per annum of additional tax.

## 5.8 Government Grants/Retained Business Rates

The Council currently receives £2.8m of revenue support grant. This is set to reduce by a third over the life of the next parliament.

In addition the Council now retains a proportion of business rates (£4m) collected based on 40% of the real increase in those collected using a base year of 2011/12. The Council has joined an East Sussex wide pool (administered by Wealden DC) that is designed lead to a further retention of approximately £200k per annum from 2015/16, this additional resource has been added to the amount available for capital.

From time to time the Government will make adjustments to business rates scheme, for which it compensates Councils for the loss of retained rates by way of a "section 31 grant".

There are still backdated appeals on rates that relate to the old national scheme (pre 2013) the Council has had to make immediate provision for these appeals in order to fall in line with the other councils in the East Sussex Pool. This will unwind during the life of the MTFS.

The strategy assumes that business rate retention will rise by 2% per annum based on CPI rate increases, although initiatives such as the Town Centre and Sovereign Harbour developments should contribute to further retention in future years.

The new Homes Bonus is a reward grant that currently gives c£10,000 for each new property brought into use/constructed and is paid over six years. The funding stream is set to increase to £1.4m per annum by 2016/17. No announcements have been made about the future beyond the current six year horizon, however it is assumed that the scheme will be withdrawn and it will wind down gradually (approximately £180k per annum in the first three years from 2017/18)

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.

The overall amount of the main general grants from Government is therefore as follows:

	<b>2016/17 £'000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>
RSG	2600	2400	2200	2000
Rate Retention	3745	4204	4288	4374
New Homes Bonus	1400	1220	1040	960
<b>TOTAL</b>	<b>7745</b>	<b>7824</b>	<b>7528</b>	<b>7234</b>

### 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 effects 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 unavoidable growth as well as up to £100k per annum increases in the capital financing budget.

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 service growth.

### 5.10 Savings

Taking all known factors and assumptions as outlined above the Council needs make an average level of new additional savings of £600k 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>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Future Model	300	0	100	100
Shared Services	250	150	250	250
Procurement	50	50	50	50
<i>*Service Based</i>	<i>200</i>	<i>200</i>	<i>200</i>	<i>200</i>
<b>Total</b>	<b>800</b>	<b>400</b>	<b>600</b>	<b>600</b>

\*To match unavoidable growth

### 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 is subject to an annual refresh and five year overhaul from 2017.

## 6.0 Reserves

6.1 The Council has four main revenue 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

In addition there is one principal capital reserve

- 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 2014/15 accounts show the balance available to the general fund to be £4m. This is the assumed starting point for the MTFS. There is a planned draw on reserves to meet non- recurring expenditure in subsequent years at around £250k per annum. No assumption on underspends is made in the strategy despite the fact that over £1.6m has been returned to general reserves over the last 4 years.
- 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 2015/16.
- 6.4 The strategic change fund was established 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 reserve had a balance of £0.8m at 31.3.15 and 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.
- 6.6 The system of carry forwards was abolished 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 during the life of the strategy.
- 6.7 The Council has had a conscious policy of keeping reserve levels above minimum levels in reaction to the challenging economic climate and the continued squeeze on public sector spending. The MTFS summary (appendix 2) shows that the general reserve will be reduced over the life of the MTFS to an estimated £3m excluding any windfalls or underspends.
- 6.8 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..

## **7.0 Risks**

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

## **8.0 Consultation**

- 8.1 The MTFS starts the period of consultation and a separate paper on the agenda on the Councils improvement journey makes recommendations on the consultation processes from now until the budget setting in February 2016.
- 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 The Council's staff are consulted routinely via the Managers Forum as well as participating in the service and financial planning process annually.

## **9.0 Conclusions**

- 9.1 In order to maintain sustainable finances and fund its ambitions, the Council will need to make new efficiency savings or income streams averaging £0.6m per annum for the next four years.
- 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**  
**Deputy Chief Executive and Chief Finance Officer**

### **Background Papers:**

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

#### *Cabinet Reports:*

- *Budget and Council Tax Setting February 2015.*
- *MTFS – July 2014.*
- *Statement of Accounts – June 2015.*
- *Performance Monitoring Reports - Quarterly*

*Audit and Governance Committee - Final Accounts - June 2014.*

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



<b>Risk/Effect</b>	<b>Contained in MTFS</b>	<b>Appendix 1 Other Mitigating Measures</b>
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 2016/20</li> <li>• The economic regeneration reserve set aside to aid regeneration and contribute new sources of income</li> <li>• Interest 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 level</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 and financial Plans annually across three year horizon</li> <li>• Planning at 2 levels in service and financial planning process to challenge assumptions</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 overall surplus built into subsidy 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 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 repayments</li> </ul>

**Summary of MTFS 2016-2020**  
**General Fund**

**Appendix 2**

	2016/17	2017/18	2018/19	2019/20
<b>Total Budget b/f</b>	<b>16,135</b>	<b>15,284</b>	<b>15,591</b>	<b>15,529</b>
Less non recurring items	(487)			
<b>Adjusted Base Budget</b>	<b>15,648</b>	<b>15,284</b>	<b>15,591</b>	<b>15,529</b>
<b>Pay and Price Inflation</b>				
Pay Award and Increments	240	240	240	240
Inflation on Contracts	200	200	200	200
*Unavoidable Growth	200	200	200	200
Capital Financing	0	250	100	100
Increases in Income	(200)	(200)	(200)	(200)
<b>Total Budget Demand</b>	<b>16,088</b>	<b>15,974</b>	<b>16,131</b>	<b>16,069</b>
<b>RSG/Retained Business Rates</b>				
RSG	(2,600)	(2,400)	(2,200)	(2,000)
Retained Business Rates	(3,745)	(4,204)	(4,288)	(4,374)
New Homes Bonus	(1,400)	(1,220)	(1,040)	(860)
<b>Total External Funding</b>	<b>(7,745)</b>	<b>(7,824)</b>	<b>(7,528)</b>	<b>(7,234)</b>
<b>Council Tax</b>				
Relevant Amount	33,641	33,978	34,318	34,661
Collection Rate (%)	0.98	0.98	0.98	0.98
Tax Base	32,969	33,298	33,631	33,968
Band D Charge	229	233	238	243
% Increase in Council Tax	2%	2%	2%	2%
<b>Total Council Tax</b>	<b>(7,539)</b>	<b>(7,767)</b>	<b>(8,001)</b>	<b>(8,243)</b>
<b>Total Sources of Funding</b>	<b>(15,284)</b>	<b>(15,591)</b>	<b>(15,529)</b>	<b>(15,477)</b>
<b>Gap in Funding</b>	<b>804</b>	<b>383</b>	<b>601</b>	<b>593</b>
*Efficiency Savings General	(200)	(200)	(200)	(200)
SSDS - Future Model	(300)	0	(100)	(100)
SSDS - Procurement	(50)	(50)	(50)	(50)
SSDS - Shared services	(250)	(150)	(250)	(250)
<b>Residual Gap / (Surplus)</b>	<b>4</b>	<b>(17)</b>	<b>1</b>	<b>(7)</b>
General Reserves B/F	(4,000)	(3,746)	(3,513)	(3,261)
Non recurring investments	250	250	250	250
Budget balance from (to) reserves	4	(17)	1	(7)
<b>Reserves C/F</b>	<b>(3,746)</b>	<b>(3,513)</b>	<b>(3,261)</b>	<b>(3,019)</b>

\* linked

**Body:** Cabinet

**Date:** 9<sup>th</sup> December 2015

**Subject:** Council Tax Base and Business Rate Income 2016/17

**Report Of:** Chief Finance Officer

**Ward(s)** All

**Purpose** To approve the Council Tax Base and net yield from Business Rate Income for 2016/17 in accordance with the Local Government Finance Act 1992, as amended.

**Decision Type:** Key Decision

**Recommendations:** Members are asked to

- i) Agree the provisional Council Tax Base of **33,606.10** for 2016/17.
- ii) Agree the provisional Retained Business Rates Income of £3.947m for 2016/17.
- 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 2016/17.

**Contact:** 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 2016/17 this totals 34,556.4 equivalent properties

3.3 The Relevant Amount has increased by 1,248 properties (3.75%) Band D equivalent dwellings from 2015/16. This reflects expected growth in the number of taxable properties of 102 plus the effect of the changes to the Local Council Tax Reduction Scheme (LCTRS) agreed by the Council on 18 November 2015. The effect of these changes has resulted in an increase to the total number of chargeable dwellings of 1,615.

## **4.0 Collection Rate**

4.1 The Collection Rate is the Council's estimate of the proportion of the overall Council Tax collectable for 2016/17 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.

The approved change to the LCTRS limiting the total amount of discount to 80% of the claimant's council tax liability is likely to have an impact on the Council tax collection rate, as all claimants will have to pay part of their Council Tax. Two scenarios were modelled based on 0.25% and 0.75% resulting in a loss on collection of £134,560 and £403,680 respectively.

- 4.3 The current level of council tax collection is forecast to show a surplus balance at the end of 2015/16, and this would indicate that the current collection rate of 97.75% would be adequate going forward, however after taking into account the impact of the LCTRS it is considered that the collection rate should be decreased to 97.25% for 2016/17, a decrease of 0.5% over 2015/16.

## 5.0 Council Tax Base

- 5.1 Taking the Relevant Amount of 34,556.4 and applying the Collection Rate of 97.25% produces a Council Tax Base for 2016/17 of **33,606.1**.

- 5.2 The Council Tax Base has increased by 3.22% compared with 2015/16. This is equivalent to an increase of 1,047 Band D dwellings. The detailed 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 32,969.

## 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 2016/17 financial year must be approved by 31 January 2016.

- 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 2016/17 has not yet been received but the provisional figures based on the 2015/16 form plus known changes have been calculated as follows:

Retained Business Rate	2016/17 Estimate £'000
Gross Rates Yield	39,911
Less Mandatory and Discretionary Reliefs	(4,624)
<b>GROSS RATE YIELD AFTER RELIEFS</b>	<b>35,287</b>
Less Allowance for cost of Collection	(126)
Adjustments for Changes in RV due to growth or reduction in property numbers.	(145)
Less Estimated Losses on Collection	(150)
Less Allowance for Appeals	(177)
<b>NET BUSINESS RATE YIELD</b>	<b>34,690</b>

The adjustment for the changes in RV includes the properties that are to be demolished as part of the Town Centre redevelopment, 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 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 estimated amount of retained business rates to be credited to the general fund is calculated as follows:

<b>2016/17 Estimate</b>	<b>£'000</b>
EBC share of Business Rate Yield	14,457
Minus Tariff	(10,119)
Minus Levy	(499)
Minus Estimated Deficit on Collection fund As at 31.3.16	(685)
Add Section 31 Grants	792
<b>Local Retained Business Rate Income 2016/17</b>	<b>3,947</b>
2015/16 Amount	4,024

These figures will be confirmed once the final NNDR1 has been completed in January and the government grant settlement figures received later this month.

## **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 2016/17.
- 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 Business Rates Pooling**

- 9.1 The council is working within a business rate pool with the other East Sussex Borough and District Councils, East Sussex County Council and East Sussex

Fire Authority.

- 9.2 Under pooling, the levy as set out in para 7.2 will be payable to the pool rather than to DCLG, and redistributed to participating authorities in accordance with the agreed memorandum of understanding. This is to be used to fund economic development.
- 9.3 The first half year monitoring of the pool is showing that overall the forecast levy payments across all authorities is £1.321m (down £938,000 from the original NNDR1 figures supplied in January). This reduction is due to all billing authorities except Wealden forecasting lower net rates payable than predicted, the significant impact on forecast appeals provisions arising from appeals by GP Surgeries affected by the valuation tribunal decision and the large number of appeals lodged at the end of March 2015. Eastbourne's share of the pool is expected to be £49,000 (£236,000 forecast in January).
- 9.4 DCLG have been informed of the intention to continue with the pool in 2016/17, subject to any matters arising from the provisional local government finance settlement.

## **10.0 Collection Fund Performance**

- 10.1 As at 31 March 2015 the Collection fund showed a deficit of £1,342,171 (£447,357 Council Tax surplus and £1,789,529 Business Rates). £1,115,817 is being recovered across Council Tax and Business Rates preceptors during 2015/16, leaving a balance of £226,354 to be distributed in 2016/17.
- 10.2 The Council has to estimate the overall surplus/deficit at 31 March 2016 and inform the precepting authorities in January 2016 of this estimate in order that the amount is included in the 2016/17 precept figures.
- 10.3 Current monitoring figures indicate a surplus by 31 March 2016 of £662,553 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 2016/17 in proportion to the 2015/16 Band D Council Tax.
- 10.4 The calculation on the business rate income element of the Collection Fund currently indicates a deficit balance of £1,711,700 as a result of a bigger than anticipated provision required for outstanding appeals, due to the extra number of appeals received as a result of the Government's deadline for backdating appeals to those received by 31.3.15. Over 100 appeals were receive by the Valuation Office during the last few days of March 2015 with a total rateable value of £10m. 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 2016/17 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 17 February 2016.
- 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 2016/17 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 2016/17 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 £3,947m.
- 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.

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

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

<b>Tax Base Comparison between years</b>				
	2013/14	2014/15	2015/16	2016/17
<b>NUBER OF DWELLINGS</b>				
Valuation List as at November	46,629	47,150	47,285	47,489
Less discounts equated to property numbers	(4,859)	(4,966)	(4,753)	(4,775)
Total equivalent property numbers	41,770	42,184	42,532	42,714
Estimated changes in year	86	(19)	55	102
Less Local Council Tax Reduction Scheme	(6,813)	(7,504)	(7,465)	(6,079)
<b>Total Number of Properties</b>	<b>35,043</b>	<b>34,661</b>	<b>35,122</b>	<b>36,737</b>
% increase (-decrease)		-1.09%	1.33%	4.60%
<b>TAXBASE CALCULATION</b>				
Relevant Amount (Band D Equivalent)	33,309.3	32,950.3	33,308.3	34,556.4
Collection Rate	97.50%	97.50%	97.75%	97.25%
<b>Council Tax Base</b>	<b>32,476.6</b>	<b>32,126.5</b>	<b>32,558.9</b>	<b>33,606.1</b>
% increase (-decrease)		-1.08%	1.35%	3.22%

**BODY:** CABINET

**DATE:** 9<sup>th</sup> December 2015

**SUBJECT:** Draft Budget Proposals 2016/17

**REPORT OF:** Chief Finance Officer

**Ward(s):** All

**Purpose:** To summarise the main elements of the emerging 2016/17 revenue budget that has 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 2016/17 budget as detailed in 5.3.
- iii) Agree that subject to there being no material change in the government settlement that Cabinet is minded to propose a council tax rise of 1.9% for 2016/17 to make a Band D charge £228.45 for Council services.

## **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 (MTFS), 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 3 February 2016 in order to recommend a final budget for 2015/16 and amended capital programme to the Council on 17th February 2016.
- 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 the DRIVE transformation programme pick up the challenge set by the MTFS.
- 1.4 The MTFS agreed in July 2015 modelled the overall reduction in Government support by 30 to 40% over the life of the current parliament (2015/20) The incoming Government's "stability budget" in July appeared to confirm this

subject to the Comprehensive Spending Review taking place this autumn covering the period to 2020.

1.5 At the time of writing this report neither the Chancellors autumn statement nor the resulting local government settlement is available, However there has been a ministerial announcement that an overall 30% reduction in Government funding for the Department of Communities and Local Government (DCLG) has been agreed.

1.6 DCLG will have to convert its overall spending control total into a settlement for local government to cover:

- Revenue Support Grant (general grant)
- Business Rates Retention (general reward based retention)
- New Homes Bonus (general reward allocation based on new homes)
- Specific grants (e.g. Housing Benefit Administration Grant)

In addition there is support specific to upper tier authorities such as the dedicated schools grant (DSG) and recognition of services devolved as part of the Government's devolution programme.

1.7 The Council is with other East Sussex authorities part of a single business rates "pool" which allows the Council to increase its business rates retention over and above the national scheme (worth approximately £100k in 2015/16 and projected at £200k per annum thereafter) The additional retention supports growth initiatives in the Council's capital programme.

## **2.0 Integrated corporate planning process**

2.1 In July 2015, 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 4 year rolling programme with savings targets of £2.7m recurring by 2019/20 (in addition to over £5m of recurring savings achieved in setting the 2011-2016 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 current MTFs. The Council's move towards shared services and integration with Lewes District Council is set to contribute a further £1m of savings over the next four years. Together with savings from procurement and channel shift provide the main emphasis of the current SSDS. Performance against targets is reported frequently via Cabinet.

2.3 The Service and financial planning process is a rolling three year period to reflect the MTFs, which as well as providing £500,000 per annum to reflect growth in the capital programme is well developed to meet the overall target of £2.7m over the current cycle.

2.4 Consultation on the financial plans is underway and includes Scrutiny, unions and staff as well as partner organisations and the public. A separate report is included on the agenda on the corporate plan consultation and place survey.

2.5 Once the budget proposals have been adopted in February, service plans will be updated and resource allocations reviewed in the light of any changes required by corporate plan priorities or the budget. The performance management systems will be used to monitor progress with quarterly reports to Cabinet.

### **3.0 Background to the Budget Proposals**

3.1 The MTFS set out the principles for the budget of the following four years and models the financial impact of the strategy.

3.2 The main backdrop to the MTFS is the requirement to set a balanced budget and dealing with the effects on the Councils finances of the current economic downturn.

3.3 The current strategy set out a rolling three year plan to:

- Deal with the anticipated reduction in the Government support of a further 30% from the 2015/16 level.
- Integrate 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 via the SSDS and allow services to put forward savings proposals in addition.
- Deal with unavoidable growth in service demands
- Maintain front line services to the public
- Make further recurring savings of £2.7m per annum by 2019/20
- 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 and increase where possible
- Reinvest in the capital programme when headroom is created
- Set council tax rises at the level of target inflation (CPI target 2%)
- 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
- Use borrowing to support the capital programme 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
- Identify new income streams to supplement diminishing resources

3.4 Whilst at the time of writing the settlement in respect of revenue support grant (RSG) and retained business rates for 2016/17 as well as numerous other grant announcements have not yet been made, the following are assumed in the draft budget.

<b>Year</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£'m</b>	<b>£'m</b>
RSG	(2.8)	(2.4)
Retained Rates/section 31 grants	(4.0)	(4.0)
Council Tax freeze grant	(0.1)	0
New Homes Bonus	(1.1)	(1.3)
Council Tax	(7.3)	(7.6)
<b>TOTAL</b>	<b>(15.3)</b>	<b>(15.3)</b>

#### **4.0 The Emerging Budget Proposals 2016/17**

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 to the challenge set out in the MTFs, the service and financial planning process has identified proposed savings of £0.553m (4% of net spend) shown in **(appendix 1)**

These are categorised as:

	<u>£m</u>
Efficiency savings	(0.485)
Increases in income	(0.068)
Total	(0.553)

4.3 A total of £0.653m of service growth is proposed categorised as follows **(appendix 2)**:

	<u>£m</u>
Corporate inflation	0.440
Reduced income	0.072
Other Growth	0.141
Total	0.653

4.4 The draft budget assumes a rise in Council Tax for 2016/17 of 1.9% consistent with the MTFs. The requirement to hold a referendum may apply if any proposed tax rise were 2% or greater (The Government may announce cap on Council Tax rises as part of settlement)

4.5 The proposal also includes £546,000 of non-recurring service investment to be financed directly from reserves **(Appendix 2)**.

## 5.0 Summary of Revenue Proposals

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

5.2

	Proposal
	<u>£m</u>
Base Budget 2013/14	15.2
Growth (outlined in 4.3)	0.7
Savings (outlined in 4.2)	(0.6)
Net budget requirement	<u>15.3</u>
Funded By:	
Government Grants/Retained Rates	(7.7)
Council tax	(7.6)
Total Resources	<u>(15.3)</u>

Forecast General Reserve 31.03.16                      £4m

5.3 Should the resources assumed by way of retained business rates and RSG differ, the recommended strategy would be to make any additional resources available to the capital programme.

Should the resources available be less than the assumptions then they should first 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.

## 6.0 Capital Programme 2016/20

6.1 The Council currently finances its capital programme from capital receipts and grants and contributions. There is currently c£0.5m of internal identifiable capital resources available for the next four years.

6.2 It is intended that any revenue headroom created by the 2016/17 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.

6.4 Additional individual schemes to be added to the capital programme linked to priorities will be developed in December/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 Conclusions**

- 8.1 The Council is well placed to deal with the lasting effects of the current economic climate and subsequent reduction in support by The Government. Clearly however this has restricted choice in respect of any new services requiring recurring investment.
- 8.2 Should the budget proposals remain materially intact following consultation and further announcements, The Council will have continued to move its 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 2014-15*

*Cabinet Reports: – Finance Matters Each Cabinet Meeting*

*- Budget Setting February 2015.*

*- MTFS July 2015.*

*Audit Committee- Final Accounts- September 2015.*

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



**Proposed Savings**

<b>Dept</b>	<b>Service</b>	<b>Proposal</b>	<b>2016/17 £'000</b>
<b>Efficiency Savings</b>			
Corporate	All	Future Model Phase 2 full effect	(150)
Corporate	All	Shared Services future phases	(250)
Corporate	IT	Remove 1 FTE staff	(40) *
Corporate	IT	Reduce MS software licensing costs by 10% p.a.	(6)
Corporate	IT	Reduce other license costs	(12)
Corporate	IT	Lower wifi costs across EBC estate	(5)
Community	Bereavement	Possible further Savings to be made from further review of operational practices to optimise cremation capacity.	(5)
Tourism & Enterprise	Events	Airbourne display budget reduction	(5)
Tourism & Enterprise	Events	Eastbourne extreme core funding reduction	(4)
Tourism & Enterprise	Events	Run cycle festival on zero cost basis	(4)
Tourism & Enterprise	Events	Run Beer and Cider by the sea on a zero cost basis	(2)
Tourism & Enterprise	Events	Run Magnificent Motores on a zero cost basis	(2)
<b>Efficiency Savings Total</b>			<b>(485)</b>
<b>Income Generation</b>			
Corporate	Internal Audit and Fraud	Income from Lewes District Council to cover the Internal Audit Manager working one day a week at Lewes	(10)
Corporate	Internal Audit and Fraud	Income for carrying out audit for EHL - offset by extra costs incurred in providing resources for cover	(4)
Community	Bereavement	Inflationary Increase in Fees and Charges	(48)
Community	Specialist Advisory Team	New legislation allows Council Tax Penalties against taxpayers who fail to notify a change in circumstances within 21 days (CT liability or CTR scheme)	(1)
Tourism & Enterprise	Events	Airbourne Lottery target increase	(5)
<b>Income Generation Total</b>			<b>(68)</b>
<b>TOTAL SAVINGS</b>			<b>(553)</b>

\* Linked savings &amp; growth items

**Recurring Growth**

<b>Dept</b>	<b>Service</b>	<b>Item</b>	<b>2016/17 £'000</b>
<b>Corporate Inflation</b>			
	Corporate	Pay Award 1% plus increments	150
	Corporate	Inflation on Contracts	100
	Corporate	Living Wage £7.20 per hour from April 2016	40
	Corporate	National Insurance changes-removal of contracted out reduction	120
	Corporate	Pensions backfunding based on actuarial calculation	30
	<b>Corporate Inflation Total</b>		<b>440</b>
<b>Changes in Income targets</b>			
Community	Neighbourhood First	Pest control income target	7
Community	Neighbourhood First	Reduced income in Hyde Gardens Car Park due to configuration changes as a result of Town Centre Development Scheme	25
Community	Specialist Advisory Team	Reduction in Council Tax Summons Cost Income due to new legislation	40
	<b>Changes in Income Total</b>		<b>72</b>
<b>Other Growth</b>			
Corporate	Finance	Insurance increase in Insurance Premium Tax from 6% to 9.5%	14
Corporate	IT	Add Mobile 1 managed service to IT contract	17 *
Community	Specialist Advisory Team	DWP Administration Grant (Housing Benefit)	56
Community	Strategy and Commissioning	Grants to Voluntary Organisations to be made recurring	23
Community	Account Management	Civica Mobile number Data Appending Service - Data Cleansing (HLR) Option	1
Community	Neighbourhood First	Annual maintenance budget for new bus shelters to be provided in Cornfield Road as part of the Town Centre Improvement Scheme.	25
Community	Specialist Advisory Team	Increased tree stock in Seaside Recreation Ground	5
	<b>Other Changes Total</b>		<b>141</b>
<b>TOTAL PROPOSED RECURRING GROWTH</b>			<b>653</b>

**Non Recurring Service Investments**

<b>Group</b>	<b>Service</b>	<b>Proposal</b>	
Corporate	IT	Onboarding new Mobile 1 service	21
Corporate	Projects and Performance	Funding for channel shift initiatives	15
Community	Strategy and Commissioning	Community Development Partnership- Invest to save. Kick start programme of support and business planning to enable community centres to increase their income and secure funding from external sources and reduce their reliance on EBC support and grants	30
Community	Strategy and Commissioning	Community Energy - Invest to save - costs of procurement exercise to create a Special Purpose Vehicle to deliver community energy generation and supply, to generate income and energy resilience.	50
Community	Strategy and Commissioning	Fund raising officer - Invest to save. Possible to share with Lewes. Potential to attract much greater investment and grants from external sources to deliver range of regeneration and other schemes	19
Community	Strategy and Commissioning	Renewables Officer - Invest to save - proposal for shared post with Lewes, to manage existing Solar PV schemes , and maximise income through the development of business cases for new energy initiatives for both authorities.	19
Community	Strategy and Commissioning	Community Safety Partnership Officer (Prevent/Protect)	28
Community	Account Management	Council Tax Direct Debit Incentive Promotion	2
Community	Account Management	Civica Mobile number Data Appending Service - Data Appending Gold Option	22
Community	Neighbourhood First	Recalibration of Downland car park machines for new one pound coins	5
Community	Neighbourhood First	Promotions and Preventative actions	5
Community	Specialist Advisory Team	Empty Properties Review	20
Community	Specialist Advisory Team	Single Person Discount Review	15
Community	Specialist Advisory Team	Exceptional Hardship Scheme/Local Council Tax Reduction Scheme	11
Community	Specialist Advisory Team	Empty Business Properties	10
Community	Specialist Advisory Team	Decoy Pond Biodiversity Action Plan	5
Community	Specialist Advisory Team	CIL Software Annual Maintenance charge	6
Regeneration	Regeneration and Planning Policy Team	Commission consultants to provide evidence and advice on the review of the Core Strategy Local Plan Policy D4 - Tourism and Culture (in relation to Tourist Accommodation) and meet the costs of the Examination.	15
Regeneration	Regeneration and Planning Policy Team	Commission consultants to provide a 'critical friend' service to help in preparation of Sustainability Appraisal for Local Plan Review	5
Regeneration	Regeneration and Planning Policy Team	Commission consultants to provide evidence based studies to inform the Local Plan Review (Development Site Viability, Employment Land Review (joint with Wealden DC), Transport Study (joint with Wealden DC)	45
Regeneration	Regeneration and Planning Policy Team	Commission consultants to undertake a study to confirm priority and critical sub-sectors and employers for Eastbourne's economy, focusing on growth and retention and use evidence to secure funding at County and SE LEP level	15
Regeneration	Regeneration and Planning Policy Team	EBC contribution towards funding for Locate East Sussex to continue to provide support and advice for businesses looking to start up, relocate or grow in East Sussex	35
Regeneration	Regeneration and Planning Policy Team	Delivery of Eastbourne Park SPD actions and initiatives Progress - nature reserve and access to land	18
Tourism and Enterprise	Seafront Services	Replacement programme for deckchairs	10
Tourism and Enterprise	Seafront Services	Defibrillator for the Lifeguard Station	2
Tourism and Enterprise	Seafront Services	Tyro Lifeguard Equipment, lifejackets	3
Tourism and Enterprise	Events	Aegon International Tennis to address funding shortfall on budget when the licence term/extension was agreed	33
Tourism and Enterprise	Events	Aegon International Tennis to fund town advertising /dressing of on street banners flagpoles	10
Tourism and Enterprise	Events	Music Live Events	25
Tourism and Enterprise	Events	Big Screen Presentations	20
Tourism and Enterprise	Events	Devonshire Park Core Harvester nb attaches to existing utility vehicles	5

Tourism and Enterprise	Events	Devonshire Park Agronomy Tools - Clegg Hammer £1813, Penetrometer £225	3
Tourism and Enterprise	Events	Soil Moisture Monitor £806	2
Tourism and Enterprise	Events	Cable protection ramps £1300 electric cable £500	4
Tourism and Enterprise	Events	Motorola GP 340 radios + chargers	2
Tourism and Enterprise	Events	Boefenag VHF radios X 30	1
Tourism and Enterprise	Events	Laptop Projector	8
Tourism and Enterprise	Theatres	Road Tracking	30
Tourism and Enterprise	Catering	Devonshire Park Review - Transitional Works Cost on Service	10

**TOTAL NON RECURRING INVESTMENTS**

<b>584</b>
------------

\* Linked savings & growth items

<b>Body:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>3 February 2016</b>
<b>Subject:</b>	<b>General Fund Revenue Budget 2016/17 and Capital Programme 2015/19</b>
<b>Report Of:</b>	<b>Deputy Chief Executive (Chief Finance Officer)</b>
<b>Ward(s)</b>	All
<b>Purpose</b>	To agree the detailed General Fund budget proposals for 2016/2017 and Capital Programme 2015/2019.
<b>Decision Type:</b>	Key Decisions requiring approval of Full Council
<b>Recommendation:</b>	Members are asked to recommend the following proposals to Full Council: <ul style="list-style-type: none"> <li>(i) General Fund budget for 2015/16 (Revised) and 2016/17 (original) <b>Appendix 1</b> including growth and savings proposals for 2016/17 as set out in <b>Appendix 2</b>.</li> <li>(ii) An increase in the Council Tax for Eastbourne Borough Council of 1.9% resulting in a Band D charge of £228.51 for 2016/17.</li> <li>(iii) General Fund capital programme 2015/19 as set out in <b>Appendix 3</b>.</li> <li>(iv) That the Council accepts the Government offer of a 4 year settlement as outlined in 3.8.</li> </ul>
<b>Contact:</b>	Alan Osborne, Deputy Chief Executive and Chief Finance Officer, Telephone 01323 415149 or internally on extension 5149. E-mail address: alan.osborne@eastbourne.gov.uk

## **1.0 Introduction**

- 1.1 This report sets out the general fund revenue budget proposals for 2016/17 and a rolling three year capital programme 2015/19.
- 1.2 The Housing Revenue Account 2016/17 and associated capital programme, together with rent setting for 2016/17 is subject of a separate report elsewhere on this agenda.
- 1.3 The Council revised its medium term financial strategy (MTFS) in July 2015 and the Cabinet recommended a resulting draft 2016/17 budget proposal in

December 2015 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 since 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:
- An increase in the Council Tax in 2016/ 17 of 1.9%, the first increase for five years.
  - Overall savings/new income totalling £0.6m (4% of the net budget)
  - Efficiency savings of £0.5m (3% of the net budget)
  - Inflation and unavoidable costs of £0.8m (5% of the net budget)
  - Other recurring service growth of £0.1m
  - Non recurring service investments £0.6m
  - General Reserves averaging in excess of £4m (against a minimum recommended of £2m)
  - Capital resources of £0.4m invested in new capital schemes
- 2.2 The budget represents continued management of financial risks by:
- Building on a favourable 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 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 2016/17 Resources**

#### **3.1 Government Funding**

3.2 The underlying methods of Local Government financing have changed significantly in recent years including the wrapping up of grants in the base "Standard Funding Assessment" notably:

- The council tax freeze grants (2011-15)
- Some new burdens grants
- Homelessness grant

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

- A further reduction in revenue support grant of £0.9m (30%) to £1.8m (reduced from £10.4m in 2010)
- Partially offset by new homes bonus and section 31 grants (additional £0.2m in 2016/17)
- Eastbourne will receive the second largest reduction in "spending power" of all local authorities in the 4 year period to 2020
- The Government headline figure is a reduction of 16.4% , however this takes into account the ability to raise council tax, predicted growth in the tax base as well as increases in the new homes bonus.

3.5 The NNDR business rate base has remained static largely as a result of the continued provision for appeals and resulting collection fund deficit, despite an inflationary increase which is linked to the September 2015 RPI at 0.78%.

3.6 In addition to the formula grant the Government is currently proposing to add the council tax freeze grant for the current year 2015/16 (£85,400) by way of a section 31 grant.

3.7 The Government has announced that Eastbourne will receive £1.2m in total of new homes bonus due to the growth in housing in the area. The grant is paid in tranches for six years. The 2016/17 figure includes all 6 tranches. The funding is not guaranteed beyond the 6 year horizon for each tranche. The Government is financing the additional NHB from reductions in RSG, therefore, whilst volatile, it is currently the preferred method of distribution of resources. A further proposal to limit future awards to 4 years is currently under consideration. At the time of writing retention of an element NHB/RSG has been made that could equate to £100k for EBC.

3.8 The Government is requesting individual authorities to indicate whether they wish to have a four year settlement from 2016/17. There is a requirement to publish a four year efficiency statement that can only be varied by the Full Council. Current advice is that the efficiency target element of the MTFS will suffice in this respect. Cabinet is recommended to accept the proposal.

## Council Tax

- 3.9 The proposal is for an increase in council tax of 1.9% for 2016/17 which results in a Band D rate of £228.51 for Council services. This is the first increase for 5 years.
- 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 Governments 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 2016/17, the Council will raise £7.7m 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 £228.51. This is unchanged from the December tax base setting report.
- 3.12 In addition, there is a distribution of £180,000 payable to EBC to the collection fund due to a collection fund surplus.

### 3.13 **Summary – 2016/17 Resources**

A summary of the resources available is shown below:

<b>Source:</b>	<b><u>£'m</u></b>
Government formula grant	(1.8)
Retained business rates-normal	(3.9)
Retained business rates (East Sussex Pool)	(0.2)
New Homes Bonus	(1.2)
Section 31 grants	(0.2)
Collection Fund Surplus	(0.2)
Council tax	(7.7)
<b>Total Resources Available (Rounded)</b>	<b><u>(15.2)</u></b>

- 3.14 In order to achieve a balanced budget without using reserves for recurring expenditure, the Council needs to set a net budget for 2016/17 of £15.2m.

## **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>2016/ 17 £'m</b>
Housing Benefit Subsidy	(40.0)*
H B Administration (5% reduction from 2015/16)	(0.6)
* 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.

The system of universal credit is due to be completed by 2019 which will see the caseload moved to the Department for Work and Pensions. Currently only new applicants are put on universal credit.

The admin grant has been reduced by 5% per annum for the last 5 years.

#### 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 currently guaranteed for six years. Further increases will take this source of funding to £1.2m per annum in 2016/17.

### **5.0 Budget movements 2015/16 to 2016/17**

5.1 The detailed budget proposals are set out in **(Appendix 1)** show in detail the movement from the 2015/16 budget to the 2016/17 proposed budget. The movements are summarised below:-

5.2	<b>Movement from 2015/16 Base Budget:</b>	<b>£m Total</b>
	<b>Change in resources:</b>	
	Government grants	0.5
	Council tax surplus	(0.2)
	Council tax	(0.4)
		(0.1)
	<b>Cost increases:</b>	
	Inflation and unavoidable costs	0.7
	Other growth and changes in income	0.1
		0.8

**Savings:**

Efficiency savings	(0.5)	
Increased Income/other changes	<u>(0.2)</u>	<u>(0.7)</u>

0

- 5.3 If Cabinet approves the proposals set out in the report it will be able to recommend to Council on 17th February a balanced budget in line with available resources without the need to use reserves for recurring expenditure.
- 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 2016/17. 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) and sustainable service delivery strategy (SSDS)
- 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 overall however the MTFS will be refreshed in July following the year end closedown.

**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 2016/17 budget are:-

- Housing Benefit Performance
- Inflation on goods and services
- Income from services linked to customer choice (theatres, tourism; sports centres, car parking)
- Legal challenges
- Savings being delayed
- Excessive demand for services
- Failure to realise capital receipts to finance the capital programme

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 2016/17.

**6.3 Contingencies**

The 2016/17 budget includes a corporate contingency budget of £0.14m 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 It represents nearly 1% of the overall net budget requirement.

#### 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	<u>0.2</u>
	<b>TOTAL</b>	<b><u>2.0</u></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 reserves is projected at over £4m by March 2017 (**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 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).

6.7 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.

**Capital Programme 2015-2019**

6.8 The principles for formulating the capital programme were set out in the draft budget report submitted to Cabinet on 9th December 2015. The proposed new schemes to be financed are shown in **bold** in at (**Appendix 3**).

**7.0** 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.

7.1 In addition to schemes that qualify for borrowing the Council had a further £0.4m of capital resources to apply to the programme.

7.2 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.

7.3 No future capital receipts have been factored into the available resource where there is not a significant chance of them materialising. There will be opportunities to supplement the programme as the three year period progresses.

**7.4 Consultation**

7.5 The Council's medium term financial strategy and the resulting draft budget proposal for 2016/17 as reported to Cabinet in December have been subject to wide and varied consultation. The Scrutiny Committee held a finance event in October and has been invited to comment on the budget proposals at its meeting in February.

**8.0 Implications**

**Financial**

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

**8.2 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.

### 8.3 **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.

### 9.0 **Conclusion**

The Council is reasonably well placed financially to meet the demands on its services as well as the reductions in Government support. However the challenge over the medium term is profound and more change is necessary to move to a sustainable position.

Alan Osborne  
Deputy Chief Executive and Chief Finance Officer

---

#### **Background Papers:**

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

Cabinet reports:  
December 2015

- Council Tax Base for 2016/17
- Draft Budget Proposals 2016/17
- Consultations on Council priorities

July 2015 – Medium Term Financial Strategy

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

General Fund Revenue Budget 2016/17

Appendix 1

	2015/16 Original Budget £'000	2015/16 Revised Budget £'000	2016/17 Budget £'000
<b>Corporate Services</b>			
Corporate Management	409	373	359
Corporate Services	1,386	1,574	1,365
Strategic Finance	1,816	1,846	1,913
Human Resources	375	375	380
Legal Services	233	231	230
Projects, Performance and Technology	1,727	1,977	1,983
Corporate Development and Governance	897	849	857
	<b>6,843</b>	<b>7,225</b>	<b>7,087</b>
<b>Community Services</b>			
Service Management	(75)	(71)	(63)
Strategy and Commissioning	54	52	189
Customer First	7,243	6,979	7,012
Bereavement Services	(973)	(973)	(1,067)
	<b>6,249</b>	<b>5,987</b>	<b>6,071</b>
<b>Regeneration, Planning Policy and Assets</b>			
Service Management	100	69	59
Regeneration and Planning Policy	193	353	419
Estates and Property	(335)	(336)	(366)
	<b>(42)</b>	<b>86</b>	<b>112</b>
<b>Tourism and Enterprise Services</b>			
Service Management	104	99	99
Towner	685	679	680
Tourism and Enterprise	659	669	739
Sports Delivery	322	250	270
Seafront	(11)	(11)	(6)
Events	586	601	611
Theatres	740	748	824
	<b>3,085</b>	<b>3,035</b>	<b>3,217</b>
<b>Net Service Expenditure</b>	<b>16,135</b>	<b>16,333</b>	<b>16,487</b>
Contributions to/(from) Unearmarked Reserves	(890)	(914)	(1,321)
Contributions to/(from) Earmarked Reserves	NIL	(9)	NIL
Contributions to/(from) Strategic Change Fund	NIL	(96)	NIL
Contributions to/(from) Capital Programme Reserve	NIL	NIL	NIL
Contributions to/(from) Regeneration Reserve	NIL	(67)	NIL
Contributions to/(from) Revenue Grants	NIL	(2)	NIL
<b>Eastbourne Borough Council Budget Requirement</b>	<b>15,245</b>	<b>15,245</b>	<b>15,166</b>
<b>Financed by</b>			
Government Formula Grant	(2,677)	(2,677)	(1,752)
New Homes Bonus	(1,064)	(1,064)	(1,165)
Other Specific Government Grants	(227)	(227)	(352)
Retained Business Rates	(3,953)	(3,953)	(3,822)
Contribution from East Sussex Business Rate Pool	NIL	NIL	(212)
Contribution from Council Tax Surplus	(25)	(25)	(184)
Council Tax Collection Fund Precept	(7,299)	(7,299)	(7,679)
<b>Total Financing</b>	<b>(15,245)</b>	<b>(15,245)</b>	<b>(15,166)</b>

General Fund Revenue Budget 2016/17

Appendix 1

	2015/16 Original Budget £'000	2015/16 Revised Budget £'000	2016/17 Budget £'000
<b>General Fund Reserve</b>			
In hand at 1st April	(4,537)	(4,899)	(3,588)
Financing of Non Recurring Expenditure	487	504	586
Transfer to Devonshire Park Reserve	NIL	1,000	NIL
Transfer from Regeneration Reserve	NIL	NIL	(500)
Withdrawal/(Addition)	NIL	(193)	735
Allocated for Future Use	NIL	NIL	NIL
In hand at 31st March	<b>(4,050)</b>	<b>(3,588)</b>	<b>(2,767)</b>
<b>Strategic Change Fund Balance</b>			
In hand at 1st April	(639)	(1,019)	(201)
Withdrawal/(Addition)	NIL	96	NIL
Allocated For Future Use	500	722	NIL
In hand at 31st March	<b>(139)</b>	<b>(201)</b>	<b>(201)</b>
<b>Capital Programme Reserve</b>			
In hand at 1st April	(745)	(1,583)	(1,583)
Withdrawal/(Addition)	NIL	NIL	NIL
Allocated For Future Use	500	NIL	NIL
In hand at 31st March	<b>(245)</b>	<b>(1,583)</b>	<b>(1,583)</b>
<b>Regeneration Reserve</b>			
In hand at 1st April	(1,013)	(1,130)	(1,012)
Withdrawal/(Addition)	NIL	67	NIL
Transfer to General Fund Reserve	NIL	NIL	500
Allocated For Future Use	500	51	NIL
In hand at 31st March	<b>(513)</b>	<b>(1,012)</b>	<b>(512)</b>
<b>Devonshire Park Reserve</b>			
In hand at 1st April	NIL	NIL	(1,000)
Withdrawal/(Addition)	NIL	NIL	NIL
Transfer from General Fund Reserve	NIL	(1,000)	NIL
Allocated For Future Use	NIL	NIL	NIL
In hand at 31st March	<b>NIL</b>	<b>(1,000)</b>	<b>(1,000)</b>

## Corporate Services Budget 2016/17

## Appendix 1

	2015/16 Original Budget £'000	2015/16 Revised Budget £'000	2016/17 Budget £'000
<b>Corporate Management</b>	<b>409</b>	<b>373</b>	<b>359</b>
Capital Financing	1,834	1,892	1,834
Corporate Savings - Future Model and Shared Servi	(600)	(452)	(620)
Contingencies	152	134	151
<b>Corporate Services</b>	<b>1,386</b>	<b>1,574</b>	<b>1,365</b>
Financial Services	1,286	1,297	1,364
Corporate Finance	294	314	313
Internal Audit and Corporate Fraud	236	235	236
<b>Strategic Finance</b>	<b>1,816</b>	<b>1,846</b>	<b>1,913</b>
<b>Human Resources</b>	<b>375</b>	<b>375</b>	<b>380</b>
<b>Legal Services</b>	<b>233</b>	<b>231</b>	<b>230</b>
IT and Systems Support	1,650	1,650	1,643
Projects and Performance	77	327	340
<b>Projects, Performance and Technology</b>	<b>1,727</b>	<b>1,977</b>	<b>1,983</b>
Corporate Development	181	169	153
Local Democracy	716	680	704
<b>Corporate Development and Governance</b>	<b>897</b>	<b>849</b>	<b>857</b>
<b>Total Corporate Services</b>	<b>6,843</b>	<b>7,225</b>	<b>7,087</b>



## Community Services Budget 2016/17

## Appendix 1

	2015/16 Original Budget £'000	2015/16 Revised Budget £'000	2016/17 Budget £'000
<b>Service Management</b>	<b>(75)</b>	<b>(71)</b>	<b>(63)</b>
<b>Strategy and Commissioning - Community</b>	<b>54</b>	<b>52</b>	<b>189</b>
Head of Customer First	75	76	82
Service Improvement and Development	90	22	NIL
Customer Contact Centre	465	734	856
Specialist Advisory Team	5,863	4,855	4,465
Neighbourhood First Team	434	469	538
Case Management	408	542	615
Account Management	(92)	281	456
<b>Customer First</b>	<b>7,243</b>	<b>6,979</b>	<b>7,012</b>
<b>Bereavement Services</b>	<b>(973)</b>	<b>(973)</b>	<b>(1,067)</b>
<b>Total Community Services</b>	<b>6,249</b>	<b>5,987</b>	<b>6,071</b>

**Regeneration, Planning Policy and Asset Management      Appendix 1**  
**Budget 2016/17**

	<b>2015/16 Original Budget £'000</b>	<b>2015/16 Revised Budget £'000</b>	<b>2016/17 Budget £'000</b>
<b>Service Management</b>	<b>100</b>	<b>69</b>	<b>59</b>
<b>Regeneration and Planning Policy</b>	<b>193</b>	<b>353</b>	<b>419</b>
Corporate Landlord	(536)	(536)	(572)
Facilities Management	201	200	206
<b>Estates and Property</b>	<b>(335)</b>	<b>(336)</b>	<b>(366)</b>
<b>Total Regeneration, Planning Policy and Assets</b>	<b>(42)</b>	<b>86</b>	<b>112</b>

**Tourism Enterprise Services Budget 2016/17      Appendix 1**

<b>Tourism &amp; Enterprise Services</b>	<b>2015/16 Original Budget £'000</b>	<b>2015/16 Revised Budget £'000</b>	<b>2016/17 Budget £'000</b>
Service Management	104	99	99
Towner	685	679	680
Tourism and Enterprise	659	669	739
Sports Delivery	322	250	270
Seafront	(11)	(11)	(6)
Events	586	601	611
Theatres	740	748	824
<b>Total Tourism &amp; Enterprise Services</b>	<b>3,085</b>	<b>3,035</b>	<b>3,217</b>

**Proposed Savings**

<b>Dept</b>	<b>Service</b>	<b>Proposal</b>	<b>2016/17 Dec Cabinet £'000</b>	<b>2016/17 Feb Cabinet £'000</b>
<b>Efficiency Savings</b>				
Corporate	All	Future Model Phase 2 full effect	(150)	(150)
Corporate	All	Shared Services future phases	(250)	(250)
Corporate	IT	Remove 1 FTE staff	(40)	(40) *
Corporate	IT	Reduce MS software licensing costs by 10% p.a.	(6)	(6)
Corporate	IT	Reduce other license costs	(12)	(12)
Corporate	IT	Lower wifi costs across EBC estate	(5)	(5)
Community	Bereavement	Possible further Savings to be made from further review of operational practices to optimise cremation capacity.	(5)	(5)
Tourism & Enterprise	Events	Airbourne display budget reduction	(5)	(5)
Tourism & Enterprise	Events	Eastbourne extreme core funding reduction	(4)	(4)
Tourism & Enterprise	Events	Run cycle festival on zero cost basis	(4)	(4)
Tourism & Enterprise	Events	Run Beer and Cider by the sea on a zero cost basis	(2)	(2)
Tourism & Enterprise	Events	Run Magnificent Motores on a zero cost basis	(2)	(2)
<b>Efficiency Savings Total</b>			<b>(485)</b>	<b>(485)</b>
<b>Income Generation</b>				
Corporate	Internal Audit and Fraud	Income from Lewes District Council to cover the Internal Audit Manager working one day a week at Lewes	(10)	(10)
Corporate	Internal Audit and Fraud	Income for carrying out audit for EHL - offset by extra costs incurred in providing resources for cover	(4)	(4)
Community	Bereavement	Inflationary Increase in Fees and Charges	(48)	(48)
Community	Bereavement	Volume increase in income received	0	(25)
Community	Specialist Advisory Team	New legislation allows Council Tax Penalties against taxpayers who fail to notify a change in circumstances within 21 days (CT liability or CTR scheme)	(1)	(1)
Tourism & Enterprise	Events	Airbourne Lottery target increase	(5)	(5)
Tourism & Enterprise	Seafront	Beach Huts additional income	0	(10)
<b>Income Generation Total</b>			<b>(68)</b>	<b>(103)</b>
<b>TOTAL SAVINGS</b>			<b>(553)</b>	<b>(588)</b>

\* Linked savings &amp; growth items

## Recurring Growth

Dept	Service	Item	2016/17 Dec Cabinet £'000	2016/17 Feb Cabinet £'000
<b>Corporate Inflation and unavoidable costs</b>				
	Corporate	Pay Award	150	150
	Corporate	Increments (Offset by savings overall in Future Model)	n/a	126
	Corporate	Inflation on Contracts	100	64
	Corporate	Living Wage £7.20 per hour from April 2016	40	42
	Corporate	National Insurance-removal of contracted out reduction (Gross of Recharges)	120	184
	Corporate	Pensions backfunding based on actuarial calculation	30	30
	<b>Corporate Inflation and unavoidable costs Total</b>		<b>440</b>	<b>596</b>
<b>Changes in Income targets</b>				
Community	Neighbourhood First	Pest control income target	7	7
Community	Neighbourhood First	Reduced income in Hyde Gardens Car Park due to configuration changes as a result of Town Centre Development Scheme	25	25
Community	Specialist Advisory Team	Reduction in Council Tax Summons Cost Income due to new legislation	40	40
	<b>Changes in Income Total</b>		<b>72</b>	<b>72</b>
<b>Other Growth</b>				
Corporate	Finance	Insurance increase in Insurance Premium Tax from 6% to 9.5%	14	14
Corporate	IT	Add Mobile 1 managed service to IT contract	17	17 *
Community	Specialist Advisory Team	DWP Administration Grant (Housing Benefit)	56	63
Community	Strategy and Commissioning	Grants to Voluntary Organisations to be made recurring	23	23
Community	Account Management	Civica Mobile number Data Appending Service - Data Cleansing (HLR) Option	1	1
Community	Neighbourhood First	Annual maintenance budget for new bus shelters to be provided in Cornfield Road as part of the Town Centre Improvement Scheme.	25	0
Community	Specialist Advisory Team	Increased tree stock in Seaside Recreation Ground	5	5
	<b>Other Changes Total</b>		<b>141</b>	<b>123</b>
<b>TOTAL PROPOSED RECURRING GROWTH</b>			<b>653</b>	<b>791</b>

Dept	Service	Item	2016/17 Dec Cabinet	2016/17 Feb Cabinet
<b>Non Recurring Service Investments</b>				
Corporate	IT	Onboarding new Mobile 1 service	21	21
Corporate	Projects and Performance	Funding for channel shift initiatives	15	15
Community	Strategy and Commissioning	Community Development Partnership- Invest to save. Kick start programme of support and business planning to enable community centres to increase their income and secure funding from external sources and reduce their reliance on EBC support and grants	30	30
Community	Strategy and Commissioning	Community Energy - Invest to save - costs of procurement exercise to create a Special Purpose Vehicle to deliver community energy generation and supply, to generate income and energy resilience.	50	50
Community	Strategy and Commissioning	Fund raising officer - Invest to save. Possible to share with Lewes. Potential to attract much greater investment and grants from external sources to deliver range of regeneration and other schemes	19	0
Community	Strategy and Commissioning	Renewables Officer - Invest to save - proposal for shared post with Lewes, to manage existing Solar PV schemes , and maximise income through the development of business cases for new energy initiatives for both authorities.	19	0
Community	Strategy and Commissioning	Community Safety Partnership Officer (Prevent/Protect)	28	28
Community	Account Management	Council Tax Direct Debit Incentive Promotion	2	2
Community	Account Management	Civica Mobile number Data Appending Service - Data Appending Gold Option	22	22
Community	Neighbourhood First	Recalibration of Downland car park machines for new one pound coins	5	5
Community	Neighbourhood First	Promotions and Preventative actions	5	5
Community	Specialist Advisory Team	Empty Properties Review	20	20
Community	Specialist Advisory Team	Single Person Discount Review	15	15
Community	Specialist Advisory Team	Exceptional Hardship Scheme/Local Council Tax Reduction Scheme	11	11
Community	Specialist Advisory Team	Empty Business Properties	10	10
Community	Specialist Advisory Team	Decoy Pond Biodiversity Action Plan	5	5
Community	Specialist Advisory Team	CIL Software Annual Maintenance charge	6	6
Regeneration	Regeneration and Planning Policy Team	Commission consultants to provide evidence and advice on the review of the Core Strategy Local Plan Policy D4 - Tourism and Culture (in relation to Tourist Accommodation) and meet the costs of the Examination.	15	15
Regeneration	Regeneration and Planning Policy Team	Commission consultants to provide a 'critical friend' service to help in preparation of Sustainability Appraisal for Local Plan Review	5	5
Regeneration	Regeneration and Planning Policy Team	Commission consultants to provide evidence based studies to inform the Local Plan Review (Development Site Viability, Employment Land Review (joint with Wealden DC), Transport Study (joint with Wealden DC)	45	45
Regeneration	Regeneration and Planning Policy Team	Commission consultants to undertake a study to confirm priority and critical sub-sectors and employers for Eastbourne's economy, focusing on growth and retention and use evidence to secure funding at County and SE LEP level	15	15
Regeneration	Regeneration and Planning Policy Team	EBC contribution towards funding for Locate East Sussex to continue to provide support and advice for businesses looking to start up, relocate or grow in East Sussex	35	35
Regeneration	Regeneration and Planning Policy Team	Delivery of Eastbourne Park SPD actions and initiatives Progress - nature reserve and access to land	18	18
Tourism and Enterprise	Seafront Services	Replacement programme for deckchairs	10	10
Tourism and Enterprise	Seafront Services	Defibrillator for the Lifeguard Station	2	2
Tourism and Enterprise	Seafront Services	Tyro Lifeguard Equipment, lifejackets	3	3
Tourism and Enterprise	Events	Aegon International Tennis to address funding shortfall on budget when the licence term/extension was agreed	33	33
Tourism and Enterprise	Events	Aegon International Tennis to fund town advertising /dressing of on street banners	10	10
Tourism and Enterprise	Events	flagpoles	10	10
Tourism and Enterprise	Events	Music Live Events	25	25

Dept	Service	Item	2016/17	2016/17
			Dec Cabinet	Feb Cabinet
Tourism and Enterprise	Events	Big Screen Presentations	20	20
Tourism and Enterprise	Events	Devonshire Park Core Harvester nb attaches to existing utility vehicles	5	5
Tourism and Enterprise	Events	Devonshire Park Agronomy Tools - Clegg Hammer £1813, Penetrometer £225		
Tourism and Enterprise	Events	Soil Moisture Monitor £806	3	3
Tourism and Enterprise	Events	Cable protection ramps £1300 electric cable £500	2	2
Tourism and Enterprise	Events	Motorola GP 340 radios + chargers	4	4
Tourism and Enterprise	Events	Boefenag VHF radios X 30	2	2
Tourism and Enterprise	Events	Laptop Projector	1	1
Tourism and Enterprise	Events	Road Tracking	8	8
Tourism and Enterprise	Theatres	Devonshire Park Review - Transitional Works Cost on Service	30	30
Tourism and Enterprise	Catering	Big Screen Hire	10	10
Tourism and Enterprise	Sports and Leisure	Preparation for new Contract	n/a	40
<b>TOTAL NON RECURRING INVESTMENTS</b>			<b>584</b>	<b>586</b>

\* Linked savings & growth items

**Summary of Capital Programme 2015 to 2021**

	<b>Estimate Total 2015/16</b>	<b>Total 2016/17</b>	<b>Total 2017/18</b>	<b>Total 2018/19</b>	<b>Total 2019/20</b>	<b>Total 2020/21</b>
<b><u>Capital Programme</u></b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Community Services	7,049	6,547	409	300	300	300
Tourism & Leisure	1,109	55	20	-	-	-
Corporate & Core Services	7,464	3,070	255	255	255	255
Asset Management	3,731	3,150	15,200	19,300	6,100	800
Pier Grant & Coastal Communities	2,562	-	-	-	-	-
<b>Total Programme</b>	<b>21,915</b>	<b>12,822</b>	<b>15,884</b>	<b>19,855</b>	<b>6,655</b>	<b>1,355</b>
<b><u>Financed By:-</u></b>						
Capital Receipts	2,378	2,610	9,015	11,455	3,535	355
Grants and Contributions	9,561	8,385	409	300	300	300
Revenue Contribution to Capital	919	275	-	-	-	-
Reserves	245	-	-	-	-	-
Section 106 Contributions	945	-	-	-	-	-
Borrowing	7,867	1,552	6,460	8,100	2,820	700
<b>Total Financing</b>	<b>21,915</b>	<b>12,822</b>	<b>15,884</b>	<b>19,855</b>	<b>6,655</b>	<b>1,355</b>



Scheme	Total Scheme Approved	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>COMMUNITY SERVICES</b>							
Memorial Safety Cems	40,000	34,000					
Digitalise Burial Records	10,000	10,000					
Ocklynge Cemetery Chapel	150,000	144,250					
Main Chapel Refurb - Phase 2	26,000	21,150					
Disabled Facilities Grants (external funding)	Ongoing	769,450	660,000				
BEST Grant (housing initiatives)	Ongoing	60,450	109,000	109,000			
<b>Social Housing Enabling</b>							
Acquisition of Land & Property	8,150,000	3,150,000	5,000,000				
Willingdon Trees Multi Gym	20,000	20,000					
Contaminated Land	185,000	102,000					
Coast Defences Beach Management Strategy	Ongoing	181,150	300,000	300,000	300,000	300,000	300,000
Cycling Strategy	45,000	40,600					
Princes Park	210,000	178,600					
Play Area Sovereign Harbour	27,000	27,000					
Allotment Upgrade	114,000	1,100					
Hampden Park Skate Park	170,000	1,150					
Terminus Road Improvements	500,000	500,000					
CIL - Software	14,000	14,000					
Sov Harbour Community Centre	1,600,000	1,539,900					
Highfield Allotments	25,000	2,150					
BMX Track Hampden Park	46,000	44,850					
Hampden Park Path	25,000	25,000					
Bodiam Cres Play Area Path	20,000	20,000					
Gildredge Park - Toddler Equipment	22,000	22,000					
Shinewater Skate Park	50,000		50,000				
Seaside rec - Play Equipment	60,000		60,000				
Princes Park - Bowls Roof	40,000	40,000					
Hampden Park - Multi Play Unit	50,000	50,000					
Motcombe Pond	50,000	50,000					
<b>Hampden Park - Improvements (Green Flag)</b>	<b>50,000</b>		<b>50,000</b>				
<b>Old Town Rec. - Improvements (Green Flag)</b>	<b>25,000</b>		<b>25,000</b>				
<b>Allotments - Improvements</b>	<b>16,000</b>		<b>16,000</b>				
<b>Seaside Rec - all weather path</b>	<b>50,000</b>		<b>50,000</b>				
<b>Signage Re-branding (Parks &amp; Open Spaces)</b>	<b>30,000</b>		<b>30,000</b>				
<b>Tugwell Park - all weather path</b>	<b>25,000</b>		<b>25,000</b>				
<b>Car Paking Machines</b>	<b>72,000</b>		<b>72,000</b>				
<b>Public Conveniences Beachy Head</b>	<b>40,000</b>		<b>40,000</b>				
<b>Public Conveniences Green St</b>	<b>40,000</b>		<b>40,000</b>				
<b>Shinewater Park - Scoping</b>	<b>20,000</b>		<b>20,000</b>				
<b>Total Community Services</b>		<b>7,048,800</b>	<b>6,547,000</b>	<b>409,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>

Scheme	Total Scheme Approved	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>TOURISM &amp; LEISURE</b>							
Volleyball Court	25,000	23,000					
Signage	40,000	16,100					
Sports Park Flood Lights	30,000	30,000					
Re-surface Tennis Courts	265,000	56,050					
Wish Tower - Catering Outlet	40,000	4,000					
Serco Contract	Ongoing	31,650					
ILTC - Air Conditioning	60,000	60,000					
ILTC - Public Address System	40,000	25,000					
ILTC - Fire Alarm	10,000	10,000					
Sports Park Railings	11,000	11,000					
Redoubt - Stair Climber	20,000	20,000					
Colonnade Removal	500,000	500,000					
Redoubt - Asphalt Gun Platform	50,000	50,000					
HPSC - Changing Rooms	20,000			20,000			
Devonshire Park - Roller	14,000	14,000					
Devonshire Park - Verti Drain Aerator	14,000	14,000					
Devonshire Park - Hollow Corer	15,000	1,750					
Devonshire Park - Grounds Van	7,500	7,500					
New Beach Huts	235,240	235,250					
<b>ILTC Showers</b>	<b>25,000</b>		<b>25,000</b>				
<b>Equipment at Devonshire Park</b>	<b>20,000</b>		<b>20,000</b>				
<b>Old Ticket Pavillion refurbishment</b>	<b>10,000</b>		<b>10,000</b>				
<b>Total Tourism &amp; Leisure</b>		<b>1,109,300</b>	<b>55,000</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CORPORATE &amp; CORE SERVICES</b>							
Carbon Reduction Works	467,500	467,500					
Invest to Save	80,000	72,500	80,000	80,000	80,000	80,000	80,000
Future Model Phase 2	2,990,000	651,150	550,000				
Investment Capital	5,750,000	2,300,000	2,300,000				
Sovereign Harbour Innovation Mall	1,400,000	1,400,000					
Solar Panels (2nd Programme)	500,000	196,200					
IT - Block Allocation	Ongoing	526,250	140,000	175,000	175,000	175,000	175,000
EHIC - Loan (Seaside)	1,850,000	1,850,000					
EHIC - Loan (13 The Avenue)							
<b>Total Corporate &amp; Core Services</b>		<b>7,463,600</b>	<b>3,070,000</b>	<b>255,000</b>	<b>255,000</b>	<b>255,000</b>	<b>255,000</b>
<b>Asset Management</b>							
<b>Devonshire Park Project</b>	<b>44,000,000</b>	<b>2,300,000</b>	<b>2,300,000</b>	<b>14,700,000</b>	<b>18,800,000</b>	<b>5,600,000</b>	<b>300,000</b>
Congress Theatre redesign & restoration	1,950,000	840,700					

Scheme	Total Scheme Approved	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Thatched Shelters - re-roofing	23,600	25,000					
Brick Shelters	65,000		50,000				
Royal Hippodrome Theatre (Phase 2)	127,000		127,000				
Devonshire Park Theatre - rendering	995,000	411,750	583,000				
Motcombe Dovecot	17,000	18,500					
Town Hall Community Hub	20,000	20,000					
Downland Pipe replacement	70,000	70,000					
Shinewater Boiler replacement	45,000	45,000					
Asset Management - Block Allocation	Ongoing		89,870	500,000	500,000	500,000	500,000
<b>Total Asset Management</b>		<b>3,730,950</b>	<b>3,149,870</b>	<b>15,200,000</b>	<b>19,300,000</b>	<b>6,100,000</b>	<b>800,000</b>
<b>Pier Grant &amp; Coastal Communities Grant</b>							
Wish Tower Restaurant	<b>1,200,000</b>	1,200,000					
Replace staircase to Camera Obscura	<b>65,000</b>	65,000					
Statue Sculpture Installation	<b>22,000</b>	22,000					
Princes Park - Café Refurbishment	<b>394,556</b>	394,556					
Princes Park - Public Realm Work	<b>512,359</b>	430,487					
Sea Houses Sq - Plaza Improvements	<b>169,500</b>	148,823					
Sea Houses Sq 1-5 Seaside Refurb	<b>65,543</b>	65,543					
Seaside Rd - Elms Bdg Façade	<b>172,826</b>	167,083					
Seaside Rd - 67-69 Seaside refurb	<b>68,687</b>	68,687					
		<b>2,562,180</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GENERAL FUND TOTAL</b>		<b>21,914,830</b>	<b>12,821,870</b>	<b>15,884,000</b>	<b>19,855,000</b>	<b>6,655,000</b>	<b>1,355,000</b>

**BODY:** CABINET

**DATE:** 3 February 2016

**SUBJECT:** HRA Revenue Budget and Rent Setting 2016/17 and HRA Capital Programme 2015/19

**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 2016/17, and the HRA Capital Programme 2015/19.

**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 2016/17 and revised 2015/16 as set out in **Appendix 1**.
- ii) That social and affordable rents are decreased by 1% in line with a change in government policy;
- iii) That service charges for general needs properties are increased by 1.06%;
- iv) That service charges for the Older Persons Sheltered Accommodation are decreased by 7.14% to reflect a reduction in actual costs as well as notification of a reduction in heating and water costs;
- v) That heating costs are set at a level designed to recover the estimated actual cost;
- vi) That water charges are set at a level designed to recover the estimated cost of metered consumption;
- vii) Garage rents are increased in line with RPI (as at September 2015) plus 1% at an average increase of 1.8%;
- viii) A scheme to move new garage tenancies to market rent values for the 2017/18 financial year is examined;
- ix) To give delegated authority to the Chief Executive, 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.

- 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 A report was submitted to the December Cabinet meeting outlining the implications of the changes being introduced in the Housing and Planning and the Welfare Reform and Work Bills. Work is ongoing on updating the HRA 30 year Business Plan so that a long term sustainable plan can be set. The proposals included in this report are based on this ongoing work.
- 1.4 This report reflects the recommendations made by Eastbourne Homes Limited in relation to the increases in rent levels, service and other charges.

## **2.0 2016/17 HRA Revenue Budget**

- 2.1 The 2016/17 budget has been prepared following the principles adopted within the HRA 30 year Business Plan and is attached at **Appendix 1**.
- 2.2 The 2016/17 budget is showing a surplus of (£293k) which is due to a number of favourable factors as listed below.
- 2.3 The major changes between the 2015/16 and the 2016/17 budgets are:

Income increases and expenditure reductions:

- Interest paid due to replacement loans at lower rates (£84k)
- Reduction in management fee (see paragraph 9 below) (£56k)
- Depreciation charge (based on cost per property) (£99k)
- Efficiency savings from FM2 (£36k)
- Full year effect of new insurance contract (£25k)

Increase in Expenditure and income reductions:

- 1% rent reduction £108k
- Contribution to Housing Regeneration and Investment Reserve £140k.

- 2.4 The HRA budget is performing better than expected in the 30 year business plan due to various initiatives to control expenditure, including a reduction in the management fee payable to EHL, lower than anticipated interest rates, and efficiencies achieved from FM2. The reduction on income earnings from rents and service charges are in line with the updated business plan.
- 2.5 The 30 year business plan forecast a contribution into the Housing Regeneration and Investment Reserve of £784,000 for 2015/16 and £924,200 for 2016/17 to meet future major works demands and other strategic housing related outcomes.
- 2.6 The original Business Plan allowed 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 should start to exceed the capital spending requirements.

- 2.7 The HRA debt outstanding at 31.3.15 was £40.3m rising to £43.0m by 31.3.18 the majority of which will be external debt and at fixed interest rates. The increase in borrowing of £2.7m is expected to be undertaken to support the HEDP 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 2016/17 and the interest budget has been prepared on this basis.
- 2.8 Under the self-financing settlement the government set a cap on total HRA borrowing of £42.96m, additional borrowing permission was given for £322,400 during 14/15 and 15/16 increasing the cap to £43.3m. The original 30 year 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 is no longer viable due the rent decrease and other government housing initiatives however if possible when opportunities arise consideration will be given to using any surplus funds for the repayment of debt or to be used to reinvest in housing properties in lieu of new borrowing.
- 2.9 The HRA outturn for 2015/16 is expected to deliver a (£399) surplus, a positive variance of (£104k) over the original budget (0.71% of gross expenditure). This is mainly as a result of the decrease in the take up of the under occupation scheme (£46k) and a reduction in the provision required for bad debts (46K).
- 2.10 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 1.4.15	3,150	0	868
Surplus	399		
Revenue Contribution			784
Depreciation		4,211	
Major Works expenditure		(4,211)	(868)
Estimated Balance 31.3.16	3,549	0	784
Surplus/(Deficit)	293		
Revenue Contribution			924
Depreciation		4,112	
Major Works expenditure		(4,112)	
Estimated Balance 31.3.17	3,842	0	1,708

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

### **3.0 Rent Levels for 2016/17**

- 3.1 The Council has been following the Government's guidance for rents for social housing since December 2001. In May 2014, the Government issued new guidance setting out its policy on rents for social housing from April 2015 (increase rents by September CPI + 1.0%).
- 3.2 The Government's Summer budget review included the announcement that rents on social housing properties will be reduced by 1% a year for each of the four years from 2016-17. Although not formally incorporated in legislation to date, the policy is included within the Welfare Reform and Work Bill that is currently being debated by Parliament. The final bill is due to enter the House of Lords towards the end of January 2016.
- 3.3 Clause 19 of the new legislation requires local authorities and other registered providers to reduce social housing rents by 1% per year for four years from April 2016. Once the new policy is in legislation, local authorities and other registered providers will have a statutory obligation to implement the policy.
- 3.4 The base line rent for calculation of the rent reduction in the financial year commencing 4th April 2016 is the rent applicable on the 8th July 2015.
- 3.5 The Social Rent Guidance which was introduced in April 2002, created a 'formula rent' for each property based upon the value of the property, local income levels and the size of the property. The Council and other social landlords were expected to move the actual rent of a property (which may be lower or higher than the formula rent) to the formula rent over time. It is not clear whether the 1% reduction applies to the Formula Rent calculation but given the aim of the policy is to reduce the burden on the welfare budget we expect that it will. This will impact on the re-lets at formula rent of properties that become void.
- 3.6 At the 2010 Spending Review, the Government also introduced "affordable rent". The Government's policy is that landlords can let property at affordable rent (up to 80% of local market rent, including service charges) where they have in place an agreement with the Homes and Communities Agency. The government guidance for affordable rents states that affordable rents will also be reduced by 1% in line with the new legislation.
- 3.7 Rents for Shared Ownership properties are excluded from the Welfare Reform and Work bill guidance. However, the terms of the lease for these properties determine that we should reduce their rents in line with the socially rented properties.

### **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, 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 For general needs properties in blocks the average service charge increase is 1.06% to ensure that costs relating to communal areas are fully recovered.

4.3 Service charges for Older Persons Sheltered Accommodation will be subject to a further review dependent on the outcome of the East Sussex County Council decision in February regarding the proposal to withdraw Supporting People funding from sheltered housing in East Sussex. If funding is withdrawn, this is likely to come into effect from May 2016. Eastbourne Homes Ltd is consulting with residents on the impact of withdrawal of funding and meetings are being held at all schemes during February 2016. Any recommendations for any further change to the service charge as a result of the consultation will come to Cabinet in March 2016 for approval. Until further recommendations are made, the average decrease is 7.14% to ensure that charges reflect expenditure.

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

5.1 These charges are set in line with known price decreases predicted by the Department of Energy and Climate Control. For 2016/17, it is recommended that the average charge decrease is 0.85%. This is an average decrease of 6p per week for tenants that pay these charges.

## **6.0 Water Charges**

6.1 These charges are also set in line with the known price decrease predicted by the Department of Energy and Climate Control. For 2016/17, it is recommended that the average charge decrease is 0.81%. This is an average decrease of 37p per week for tenants that pay these charges.

## **7.0 Garage Rents**

7.1 Following the previous year's rent increases, garage void debt is slowly increasing again and the number of garage voids has started to increase.

7.2 Major repairs on garages are still outstanding from the start of the year and in order for these to be completed it is recommended that an increase in garage rent is levied.

7.3 When benchmarking garage rent costs with other authorities, it was found that Lewes set their new garage tenancies at market rent values. This has allowed Lewes to renovate their garage sites and provide newly refurbished stock to encourage increases in garage rental.

7.4 In order to ensure that garage rents are fully self-sufficient, an increase by CPI plus 1% would result in covering the costs of day to day repairs but the major works would still not be covered. It is therefore recommended that Garage rents are increased in line with RPI (as at September 2015) plus 1% at an average increase of 1.8% and a scheme to move new garage tenancies to market rent values for the 2017/18 financial year is examined.



## **8.0 HRA Capital Programme 2016/17 to 2018/19**

- 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 2016/17 is £7,712,285.
- 8.2 The major works element of the programme is in line with the asset management plan and the self-financing business plan model. Funding is from the Major Repairs Reserve and Housing Regeneration and Investment Reserve.
- 8.3 Cabinet has agreed a total budget of £14.4m for the Housing and Economic Development Programme out of the original allowance of £20m. This has now been profiled to reflect the expected spending timetable and will be funded from borrowing, capital receipts and HCA grant.

## **9.0 Eastbourne Homes Management Fee**

- 9.1 The Management Fee covers both Operational and Administration costs as well as cyclical maintenance.
- 9.2 The fee for 2015/16 was set at £7,375,000. Eastbourne Homes Limited has proposed a reduction of £55,500 to reflect the efficiency savings achieved following the implementation of the Future Model structure and processes less an allowance for the changes expected from the supporting people funding. The proposed fee for 2016/17 is therefore £7,319,500.
- 9.3 To formally agree the management fee Members are asked to delegate this responsibility to the Chief Executive, in consultation with the Cabinet Portfolio Holders for Community Services and Financial Services and the Financial Services Manager.

## **10.0 Consultation**

- 10.1 The rent decrease reflects the new government guidance being proposed in the Welfare Reform and Work Bill. The information from this report will be sent to the Area Panels for their information following the Cabinet meeting.
- 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 propels within clause 19 of the Welfare Reform and work Bill which is expected to be implemented from April 2016. There are no staffing implications arising out of this report.

- 11.2 Environmental

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

### 11.3 Economic

Eastbourne Homes Ltd will make every effort to identify tenants who may face additional financial hardship as a result of rent or service charge increases in order to offer appropriate support and advice.

Anti-poverty activity by Eastbourne Homes Ltd 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 £293k for 2016/17. This is mainly due to a number of favourable factors, including savings from Treasury Management activities on borrowing, efficiency savings from FM2, and a reduction in the management fee. These have however been offset against loss of income from the proposed rent decrease.
- 12.2 The rent levels have been prepared in accordance with the governments requirement to reduce rents by 1% a year for each of the four years from 2016-17 based on the rent charge as at 8 July 2015.
- 12.3 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.
- 12.4 Garage rents are recommended to increase in line with RPI plus 1% at an average increase of 1.8% and a scheme is examined to move new garage tenancies to market rent in the future.
- 12.5 Total budgeted expenditure on the HRA Capital Programme is planned at £7.7m for 2016/17, £4.1m for 2017/18 and £4.2m for 2018/19. 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 2016/17 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

2015-16 Original Budget £' 000	2015-16 Revised Budget £'000		2016-17  BUDGET £' 000
		<b>INCOME</b>	
(14,710)	(14,777)	Gross Rents	(14,580)
(1,037)	(982)	Charges for Services	(1,006)
(15,747)	(15,759)	<b>GROSS INCOME</b>	<b>(15,586)</b>
		<b>EXPENDITURE</b>	
7,375	7,375	Management Fee	7,319
1,060	1,014	Supervision and Management	1,002
126	81	Provision for Doubtful Debts	126
4,212	4,212	Depreciation and Impairment of Fixed Assets	4,113
12,773	12,682	<b>GROSS EXPENDITURE</b>	<b>12,560</b>
(2,974)	(3,077)	<b>NET COST OF SERVICES</b>	<b>(3,026)</b>
1,896	1,896	Loan Charges - Interest	1,831
(2)	(2)	Interest Receivable	(22)
(1,080)	(1,183)	<b>NET OPERATING SURPLUS</b>	<b>(1,217)</b>
784	784	Transfer to Reserves	924
(296)	(399)	<b>HOUSING REVENUE ACCOUNT (SURPLUS) / DEFICIT</b>	<b>(293)</b>
		<b>HOUSING REVENUE ACCOUNT WORKING BALANCE</b>	
(3,116)	(3,150)	In Hand at 1st April	(3,549)
(296)	(399)	Transfer (To)/ From Working Balance	(293)
(3,412)	(3,549)	In Hand at 31st March	(3,842)

<b>HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2015/16 - 2018/19</b>					
<b>Scheme</b>	<b>Approved Budget 2015/16</b>	<b>Revised Budget 2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b>Managed By Eastbourne Homes</b>					
Major Works	3,766,000	4,999,750	4,072,650	4,123,900	4,165,500
Adaptations	412,000				
Environmental Improvements	80,000	80,000	40,000	40,000	40,000
	<b>4,258,000</b>	<b>5,079,750</b>	<b>4,112,650</b>	<b>4,163,900</b>	<b>4,205,500</b>
House Rescue Emergency Fund	200,000	200,000	-	-	-
<b>Empty Homes Programme Ph1</b>					
1-4 Arch Mews	-	10,900	-	-	-
67 Langney Road	-	2,900	-	-	-
3 St Aubyns Road	-	9,600	-	-	-
F2, 20 Bourne Street	-	15,700	-	-	-
<b>New Build Phase 1</b>					
Coventry Court	873,704	975,900	-	-	-
Belmore & Longstone Road	692,683	1,003,294	-	-	-
Tenterden Close	346,342	-	-	-	-
<b>New Build Phase 2</b>					
Sumach Close	400,000	400,000	1,315,425	-	-
Glynde	472,000	538,549	-	-	-
Glynde Ave Bungalow	98,988	-	-	-	-
Rodmill	100,000	100,000	817,610	-	-
Fort Lane	362,095	378,887	-	-	-
Swan Laundry	320,000	-	-	-	-
<b>Empty Homes Programme Ph2</b>					
<b>Unallocated Balance</b>	1,544,700	-	1,466,600	-	-
1-5 Seaside	-	382,054	-	-	-
67-69 Seaside Road	-	154,740	-	-	-
62a Tideswell Road	-	316,727	-	-	-
<b>Total HRA Capital Programme</b>	<b>9,668,512</b>	<b>9,569,001</b>	<b>7,712,285</b>	<b>4,163,900</b>	<b>4,205,500</b>
<b>Funded by:</b>					
Borrowing	2,403,359	1,150,508	1,646,710		
Government Grant	600,600	546,112	545,000		
Capital Receipts inc. RTB	2,406,553	2,792,631	1,407,925		
Major Repairs Reserve	4,106,970	4,211,750	4,112,650	4,163,900	4,205,500
S106 Contributions	-	-	-		
Revenue contributions from HRA	-	-	-		
Reserves	151,030	868,000			
<b>Total Financing</b>	<b>9,668,512</b>	<b>9,569,001</b>	<b>7,712,285</b>	<b>4,163,900</b>	<b>4,205,500</b>

**Meeting:** COUNCIL

**Date:** Wednesday 17 February 2016

**Subject:** COUNCIL BUDGET AND SETTING OF THE COUNCIL TAX FOR 2016/2017

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

---

The Council is asked to consider the reports to Cabinet, as included in the draft budget book (please see note\* below) and also the Cabinet minutes and resolutions from the meeting held on 3 February 2016 (Appendix 1).

\* Note: The draft budget book 2016/17 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://democracy.eastbourne.gov.uk/ieListMeetings.aspx?CId=125&Year=0>

(Go to the listing for the Cabinet meeting held on 3 February 2016)

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

The resolutions in this report, which must include the requirements of all precepting authorities, are based on the recommendations made to those Authorities 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 9<sup>th</sup> and 11<sup>th</sup> February 2016 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		2016/17 Band D Council Tax £	Change over 2015/16	
	£	%		£	%
Eastbourne Borough Council	7,679,330		<b>228.51</b>	4.32	1.93%
East Sussex County Council					
Sussex Police Authority					
East Sussex Fire Authority					
<b>Total</b>					

---

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 3 February 2016:
  - (i) The General Fund net expenditure for 2016/17 of £15,165,850 and the growth and savings proposals.
  - (ii) The charge for council tax for Eastbourne Borough Council Band D change to £228.51; an increase of 1.93%.
  - (iii) Housing Revenue Account (HRA) income and expenditure proposals, including revised HRA budget for 2015/16 and the budget for 2016/17, 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 £15,165,850 and other matters, the basic amount (Band D) of Council Tax for the Borough Council's functions will be £228.51 calculated as follows:

	£'000	£'000
Gross Expenditure:		
General Fund		83,784
HRA		15,696
Business Rates payable to Government		10,120
		109,600
Less Income:		
Service Income	(83,630)	
Government Formula Grant	(1,752)	
Other Government Grants	(2,164)	
Business Rates income	(14,191)	
Collection Fund Surplus (Council Tax)	(184)	
		(101,921)
<b>COUNCIL TAX REQUIREMENT</b>		<b>7,679</b>
Band 'D' Council Tax		<b>£228.51</b>

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 9 December 2015 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 33,606.1 Band 'D' equivalent properties for the year 2016/17 (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 2016/17 as £7,679,330.
5. That the following amounts be now calculated by the Council for the year 2016/17 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended:

(a)	£109,600,170	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£101,920,846	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£7,679,330	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)	£228.51	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 2016/17 for each of the categories of dwellings. :

<b>Valuation Bands</b>							
<b>EASTBOURNE BOROUGH COUNCIL</b>							
A	£152.34	B	£177.73	C	£203.12	D	£228.51
E	£279.29	F	£330.07	G	£380.85	H	£457.02
<b>EAST SUSSEX COUNTY COUNCIL</b>							
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 2016/17 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 2016/17 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.

---

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, Deputy Chief Executive Tel. (01323) 415149