

Minute extracts

Meeting: **Cabinet**
Date: **11 February 2009**

***109 Budget monitoring 2008/09; budget 2009/10; and medium term financial strategy** (Cabinet, 10 December 2008, page 213, minute 100 and 6 February 2008, page 309, minute 102).

109.1 Cabinet considered the joint report of Councillor Gill Mattock, the Directors' Group and the Acting Chief Finance Officer giving the detailed budget proposals for 2009/10. Councillors Mattock spoke of the challenges faced from the economic downturn, falling interest rates, poor Government grant and increasing costs of concessionary fares. It was the administration's desire to minimise the impact on local taxpayers without adversely affecting services. Grants to local organisations would be maintained at the current level and spending on recycling increased. Major savings were planned through the achievement of efficiencies. Councillor Tutt indicated that the council would set the lowest level of tax increase in East Sussex, however, he acknowledged that there were significant risks involved. The Cabinet expressed their appreciation for the work of staff in the preparation of the budget and in particular gave thanks to Mr Peter Stabb, Acting Chief Finance Officer. They also noted that significant efforts would need to be made by staff to secure effective and timely implementation of the budget in view of the efficiency savings that needed to be achieved.

109.2 Highlights of the 2009/10 budget proposals were:

- 3.44% increase in Council Tax proposed – equivalent to less than 14p a week for a Band D household.
- 0.5% increase in Government grant.
- Free green garden waste collection service.
- Large increase in concessionary fare scheme costs.
- Ongoing support for the voluntary sector and devolved ward budgets.
- Investment in infrastructure and more efficient ways of working.
- Prudent level of reserves maintained.
- Significant on-going efficiency savings planned with no impact on services to the public.
- Medium term financial strategy balanced across plan period.
- Council house rents increased in line with central guidance.
- Continued capital investment in decent homes.

109.3 The report contained detailed recommendations in respect of the general fund revenue and housing revenue accounts, capital expenditure and

treasury management for 2008/09. The report set out:

- The probable outturn for 2008/2009.
- The resources available for 2009/2010 including council tax and government grants..
- Reference to consultation with local stakeholders including representatives of the local business community (notes of meeting held on 28 January 2009 at appendix 4).
- 2009/2010 budget proposals (appendix 1).
- Risks, contingencies and reserves.
- Outlook for 2010/2011 and beyond (the medium term financial strategy for 2009/2013 was given in appendix 1).
- Housing revenue account (appendix 2).
- Capital expenditure position, housing revenue account resources and contingencies and risks.
- Prudential capital finance system.
- Treasury management strategy.

109.4 The Acting Chief Finance Officer declared that the minimum level of reserves set at £1m working balance was adequate to meet current commitments and proposals detailed within the report and any unforeseen expenditure and eventualities at reasonable levels. He gave his opinion that the estimates were robust having regard to the working balance and the significant level of earmarked reserve which had been set aside to deal with under-achievement of efficiencies in the early years or to fund any one-off expenditure that may be required to achieve the overall budget aims.

109.5 Councillor Tutt highlighted the position in respect of the concessionary fares scheme where spending was set to reach £2.8m with the Government grant received to offset this cost being less than £½m. This was despite promises from the Government that the national scheme would be fully funded.

109.6 In response to comments by Councillor Marsden, Chairman of the Scrutiny Committee, made earlier in the meeting it was agreed that the Leader and the Chairman meet and report back on revision to the consultation process which would enable the Scrutiny Committee to play an effective role when the Council sets its budget and Council Tax.

*109.7 **Resolved** (budget and policy framework): That full Council, at their meeting on 25 February 2009, be recommended to approve the following:

- (i) General fund net expenditure, growth and savings proposals as set out in section 2 and within appendix 1;
- (ii) an increase of 3.44% in the council tax for Eastbourne Borough Council to a Band D charge of £218.85;
- (iii) housing revenue account income and expenditure proposals as set out at section 3 and within appendix 2;
- (iv) capital expenditure programme as set out in appendix 3;
- (v) that Council adopts the prudential indicators and limits for 2009/2010,

2010/11 and 2011/12 set out within appendix 3;
(vi) that Council adopts the treasury management strategy for 2009/2010 set out in section 6;
(vii) that Council adopts an investment strategy for 2009/2010 as contained in the treasury management strategy and the detailed criteria included within appendix 3; and
(viii) that Council re-affirms the methodology for calculating the minimum revenue provision as set out in paragraph 6.9.

Meeting: **Scrutiny**
Date: **9 February 2009**

18 Budget Monitoring 2008/09, Budget 2009/10 and the Medium Term Financial Strategy

The committee considered the report of the Cabinet Finance Spokesperson, Director's Group and Acting Chief Finance Officer advising Members of the detailed budget proposals for 2009/10 covering General Fund Revenue, Housing Revenue, Capital Expenditure and Treasury Management due for recommendation to Cabinet on 6 February 2008 and then full Council on 20 February 2008.

The report set out budget proposals for 2009/2010 covering the Council's General Fund Revenue Account and Housing Revenue Account. In relation to each the report set out:

- The budget position in relation to 2008/2009 and any implications for future years;
- The resources available for 2009/2010;
- Feedback from consultation with the public and other stakeholders;
- 2009/2010 budget proposals;
- Risks, contingencies and reserves;
- The outlook for 2010/2011 and beyond

In addition to the budget proposals, the report also dealt with the Council's requirements under the Prudential Capital Finance System, namely:

- Capital Expenditure and the Capital Financing Requirement
- Treasury Management Strategy
- Investment Strategy
- Treasury Management Prudential Indicators and Limits on Activity
- Treasury Management Performance Indicators

The Committee were invited to comment on the proposals detailed.

The Chairman raised concerns regarding the level of consultation on the initial proposals by the Scrutiny Committee and stated that the process needed improving for future years. The Chairman agreed to take this

forward following the meeting.

The Acting Chief Finance Officer advised that Appendix 1 had been compiled to help explain the budget for future years. The proposed Council Tax increase for 2009/10 was 3.44% and this was likely to be the lowest increase in East Sussex - the Fire Authority had been announced a 3.9% increase. Together with a £1m General Fund working balance and £1.4m VAT refund windfall and the usual budget contingency there was a total of over £2m held uncommitted in 2009/10 as a hedge against unforeseen circumstances.

Councillor Stanley highlighted the impact of the Concessionary Fares, over which the Council had little control, and queried the work undertaken with other agencies to control the situation. The Acting Chief Finance Officer advised that the Government grant scheme would be in place for three years and there is a possibility that the function would then transfer to the County Council. The Council had engaged (in concert with all the district councils in East Sussex) a professional organisation to administer the scheme. The most recent estimates were based on actual operating figures for the first six months of the new national scheme. The methodology used and the controls in the system to verify the accuracy of operator returns would be assessed for accountability and robustness. The County Council would also be holding discussions into the impact of concessionary fares cross county.

The Chairman highlighted expenditure that included money brought forward from 2007/08 amounting to £2.28m, stating that for efficiency the balance should be nearer zero. The Chairman suggested that bids on unspent budgets should be reviewed before the end of the year, closing the margin between spending and taxation. The Acting Chief Finance Officer agreed to ensure that any unspent budgets in 2008/09 requested to be carried forward into 2009/10 were thoroughly justified before Cabinet approval was sought.

Councillor Belsey queried the 'safety nets' in place if the proposed budget could not be met, the income levels set and use of reserves. The Acting Chief Finance Officer advised that it was imperative for Council to deliver what was promised. It was essential to show a balanced Medium Term Financial Strategy across the whole period and not just the forthcoming year. The Council had ensured that they a minimum General Fund Balance of £1m was maintained - the challenging savings targets set out in the budget might incur costs and the new Strategic Earmarked Reserve would be available to fund any up front costs required to achieve those savings as well as to provided a temporary cushion should not all the savings materialise in the early years of the financial plan.

The Chairman highlighted the unavoidable cost increases and pressures and the efficiency savings through the reduction of agency staff and the DRIVE initiative.

Finally the Chairman summarised the debate and proposed that Cabinet

be advised that Scrutiny wished to improve the relationship with regard to fulfilling its full obligation and contribute in a meaningful way. The Committee also expressed concern over the concessionary fares and pressures on the Council's budget, the low level of Government Grant and the reliance on staff efficiencies. The Committee expressed their thanks to all staff involved in compiling the budget for 2009/10.

RESOLVED: (1) That the comments and concerns of the Committee be presented to Cabinet at their meeting on 11 February 2009.

(2) That the Committee requests that their comments be considered when discussing the budget proposals for 2009/2010.

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