

Minute extracts

Meeting: **Scrutiny**
Date: **8 February 2010**

17 General Fund Revenue Budget 2010/11 and Capital Programme 2009/13.

(N.B. paragraphs summarising budget report omitted)

Councillor Mattock, Cabinet member for Financial Services stated that she was pleased with this year's budget following concerns earlier in the year and savings had been identified which would not impact on frontline services. Councillor Mattock stated that the next 12 months would be a testing time for the Council.

The committee discussed the low increase in Council Tax, building maintenance, devolved budgets and bereavement services. The reduction of the Homelessness budget was highlighted; however, Members were advised that less people were seeking support as assistance was being provided at the earliest opportunity. The Committee expressed their thanks to all staff involved in compiling the budget for 2010/11.

Resolved: That Cabinet be advised that the Scrutiny Committee endorse the proposals contained within the report and support the recommendations for approval by full Council.

***108 General fund revenue budget 2010/11 and capital programme 2009/13** (Cabinet 16 December 2009, page 205, minute 92).

108.1 Cabinet considered the report of the Chief Finance Officer setting out the general fund budget proposals for 2010/11 and the 2009/13 capital programme. The Council had revised its medium term financial strategy (MTFS) in October and resulting draft 2010/11 budget proposals in December. The budget had been subject to consultation, an update of the results of the various strands of consultation having been reported at minute 107 above.

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

- The MTFS
- Asset management plans
- The corporate plan

- Workforce strategy
- Service plans
- Treasury management strategy

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

- 108.3 The budget proposals included:
- An increase in council tax of 2.44%.
 - Overall savings totalling £1.78m (9.6%).
 - Efficiency savings of £837,000 (4.5%).
 - Inflation of £249,000 (1.4%).
 - Unavoidable cost increases of £1.460m.
 - Service growth to priority areas £134,000.
 - All recurring expenditure met from ongoing resources.
 - General reserves over £4m (minimum £2m).
 - Strategic change fund over £1m.
 - Other earmarked reserves over £800,000 to be re-allocated between strategic change and repairs and maintenance funds.
 - The development of a 3 year capital programme.
 - Capital block allocations to support Council priorities.
- 108.4 The budget represented a significant reduction in financial risks by:
- Balancing the base budget requirement without needing to use reserves.
 - Identifiable and deliverable savings with no general targets.
 - Taking account of the recession in statutory service income levels
 - A corrected tax base.
 - Reserves well above the minimum level.
 - No speculative increase in interest rates factored into the budget.
 - Zero basing all reward grants.
 - All capital resources used to finance the proposed programme available and identified.
- 108.5 2010/11 represented the final year of the 3-year grant settlement from central government, with the final announcement in line with the provisional one in December. The settlement of £10.420m was an increase of £82,000 over 2009/10 (0.8%) compared to the government's inflation target of 2%. Whilst the existing MTFS assumed a frozen grant for the next 3 years, given the state of the national finances it was considered prudent to model scenarios to minus 20% in the next update of the MTFS.
- 108.6 The proposed an increase in council tax for 2010/11 of 2.44% would result in a Band D rate for 2010/11 of £224.19 compared with £218.85 in 2009/10. This was an increase of £5.34 over the year or 10p per band D household per week. The Council had to give an indication of likely future

council tax rises, it was still expected that council tax would rise by 2.5% per annum for each of the next 3 years.

108.7 A summary of the resources available was given as follows:-

Source:	£'m
Government formula grant	(10.420)
Council tax	(8.199)
Collection fund deficit	0.197
Total resources available	18.422

In order to achieve a balanced budget, the Council would need to set a net expenditure budget for 2010/11 of £18.422m in line with the available resources set out above.

108.8 In addition to the general grant distributed through the formula grant system, which was given towards financing the Council's net expenditure budget, Government also provided some specific grants. These specific grants would fund in part or in full, service costs which sat within the net expenditure budget. For 2010/11 Government has, to date, announced the following specific revenue grant allocations:-

Specific grant	2010/11 £m
Housing and council tax benefit subsidy – to be confirmed	44.014
Housing benefit administration	1.083
Homelessness	0.130
Concessionary fares – national scheme –to be confirmed	0.977

108.9 The detailed budget proposals were set out in appendix 1 to the report which showed, in detail, the movement from the 2009/10 budget of £18.437m to the 2010/11 proposed budget of £18.422m. The budget included a single corporate contingency of £427,000 to allow for contract inflation and potential pay increases. The proposed minimum level of reserves to meet risks was £2 million and represented an increase from recent years. It was the view of the Chief Finance Officer that this level of reserve remained adequate to meet the current commitments and proposals detailed within the budget report and any unforeseen expenditure and eventualities at reasonable levels. Should the budget recommendations be followed, the level of general fund reserve was projected at over £4m and in addition to acting as a further buffer against future grant settlements, this should create opportunities for one off investments in the future.

108.10 It was reported that the projected balance in the strategic change fund as at 1 April 2010 was £1.055m and this would be used to implement the

DRIVE programme. The Council had been following a process of consolidating its various reserves into the corporate reserve to facilitate corporate priority planning. The balance of the earmarked reserves had reduced in line with this policy and would not be increased by any general carry forward arrangements from 2009/10. The residual balances on the reserves (£816,000) were in two broad areas, namely repairs and maintenance and workforce planning. Once the 2009/10 accounts were closed it was proposed that the balance be split between the strategic change fund and a repairs and maintenance fund.

108.11 The Chief Finance Officer was required to report specifically on the robustness of the budget estimates. In 2009 the Council's integrated service and financial planning process had been improved. A key objective of the process was to enable service managers to identify cost pressures, risks and other potential budget problems for consideration by chief officers and elected members. The Chief Finance Officer was satisfied that this process provided a robust basis for identifying appropriate budget estimates.

108.12 The formulation of the general fund capital programme had seen 3 major improvements for 2010/11 onwards. Firstly, all capital bids were considered by the service and financial planning process. Secondly, Cabinet had proposed to make block allocations to support its priorities. Thirdly, the programme now looked across a 4-year horizon. The capital bids for internally financed schemes contained in the service and financial plans totalled some £3.6m.

108.13 The draft budget proposals set out an allocation of £1.8m to the following priorities:

Council Priority	Services	Amount (£'000)
Sustainable performance	Asset management	500
	I.T. infrastructure	400
Thriving communities	Community Services	400
	Tourism and Leisure	300
Quality environment	Environment and Planning	200
TOTAL:		1,800

108.14 A total of £709,000 against these allocations had been included in the proposed capital programme. Future allocations would be subject to separate reports. The 3-year programme totalling £5.36m including schemes to be carried forward from 2009/10 was shown at appendix 3 to the report.

108.15 The Chairman expressed his thanks to members of the Cabinet, the Chief Finance Officer and his team and all other members of staff who had assisted in the budget preparation process.

*108.1 **Resolved (budget and policy framework):** That full Council, at their meeting on 24 February 2010, be recommended to approve the following:

6

(a) a general fund budget for 2010/11 (as set out in appendix 1 to the report) including growth and savings proposals (as set out appendix 2);

(b) an increase of 2.44% in the council tax for Eastbourne Borough Council to a band D charge of £224.19;

(c) a general fund capital programme and financing 2009/13 as set out in appendix 3; and

(d) adoption of the current treasury management strategy and prudential indicators until the Cabinet considers a revision in March in the light of the Government's impending debt offer.

***109 Council house rent setting and housing revenue account budget 2010/11** (Cabinet 11 February 2009, page 253, minute 110).

109.1 Cabinet considered the report of the Senior Head of Community in respect of the rents and service charges to be set for all of the Council's housing tenants. The report also outlined the housing capital programme and revenue account budget for 2010/11 and arrangements for agreeing Eastbourne Homes Limited's management fee and annual plan. In addition, confirmation of the arrangements for responding to the Government's debt settlement offer, were sought.

109.2 It was proposed that rents be set in accordance with Government guidelines which were now intended to bring the rents of all social housing into line by 2014 subject to fluctuations in the level of the Retail Prices Index (RPI). The Government's draft subsidy determination had assumed a rent increase of 3.1%. A capital programme of £8.6m to meet the decent home standard and for re-modelling of sheltered schemes was shown at appendix 1 to the report. A consultation meeting of Eastbourne Homes' Residents' Forum would held shortly.

*109.3 **Resolved (budget and policy framework):** (1) That the capital programme and funding as outlined in appendix 1 to the report be approved.

(2) That the housing revenue account revised budget and the 2010/11 original budget outlined in appendix 2 be approved.

(3) That rents are set in line with the new rent convergence target of 2014 set by Government within the draft subsidy determination with an average increase of 1.53%.

(4) That service charges are increased by 1.5% in line with the expected increase in costs incurred in providing these services in the coming year.

(5) That heating costs remain unchanged from 2009/10.

(6) That garage rents are frozen due to high void rates.

(7) That the Senior Head of Community, in liaison with the lead Cabinet member for housing and Chief Finance Officer, be given delegated authority to the to finalise Eastbourne Homes' management fee and delivery plan negotiations and recommend a final fee level as part of the Council's budget setting process.

(8) That the Senior Head of Community, in liaison with the lead Cabinet members for housing and finance and the Chief Finance Officer, be given delegated authority to respond to the Government's debt settlement offer.

(9) That full Council, at their meeting on 24 February 2010, be asked to approve and endorse as necessary the foregoing resolutions as part of the budget setting process.

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