

GENERAL STATISTICS

Population served by Authority

(Source: Resident population in Government Grant calculations)

2005/06	92,901
2006/07	93,300
2007/08	94,728

Area Covered by Authority

72,180 acres

29,211 hectares

Density of Population

1.31 per acres

3.24 per hectare

Number of Electors on 2006/2007 register

73,654

INTRODUCTION

This is the Council's Budget Book for 2007/2008. The Budget Book presents the budgets which the Council has approved for the year along with the key financial strategies which the Council will follow. It includes:

- the General Fund and Housing Revenue Account service budgets
- the Capital Programme
- the Medium Term Financial Strategy for 2007/2008 to 2009/2010
- the Annual Treasury and Investment Strategy 2007/2008

It also contains a range of financial information such as council tax calculations (including comparisons with other councils in East Sussex), a list of approved fees and charges, and details of the budgets of the two charities for which the Council is sole trustee.

The Budget Book is circulated to Councillors and budget managers at Lewes District Council and is also made available to interested organisations and individuals outside the authority. It is published on the Council's website. If you have any suggestions as to how we can enhance the Budget Book in future years, please contact the Financial Services Manager by e-mail to steve.jump@lewes.gov.uk.

General Introduction to the 2007/2008 Budgets

Budgets have been prepared in accordance with guidance for local authority accounting issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA have made changes to the way that local authorities are expected to account for 'capital charges' in 2006/2007. This has meant that, in some cases, the total 2006/2007 revised budget shown for an individual service is not directly comparable with the 2006/2007 original budget.

In addition, we have taken the opportunity to improve the way in which we allocate the costs of our 'support service' functions (eg personnel, accountancy, IT support) to front-line services. Again this has had the effect of distorting some comparisons between years. It is important to note, however, that, neither of these technical accounting changes has had any impact on the total amount that the Council spends in any year.

General Fund

All expenditure and income relating to the provision of Council services is accounted for in the 'General Fund'. There is, however, one exception: we are required by law to keep a separate 'Housing Revenue Account' to record expenditure and income in respect of the management and maintenance of the Council's housing stock.

The Council's spending plans are linked to residents' priorities and to the Government's national priorities for all local authorities. The message from residents, which was confirmed in focus group meetings held as part of the budget consultation process, is that the Council should continue to focus on keeping the local area 'clean and green', tackling the nuisance of abandoned vehicles, fly-tipping, and the like.

The Council sets out its spending plans over a three year period, and these continue to be strongly influenced by guidance from the Government that Council Tax rises should be in low single figures and should not exceed 5%. As a result, the amount of external

support that is received from the Government is an essential element in our budget setting process. In 2007/2008, our general grants from the Government increase by almost £309,000 (5.3%) to £6,092,000.

In contrast, pay and price increases have added £569,000 to the General Fund budget, and there is a need to spend a further £92,000 on meeting the demand for free bus passes for the over 60's— a statutory requirement over which the Council has no control.

The Council has set a net General Fund budget of £6.6 million for 2007/2008. The Council tax for a Band D property is £174.09, which represents an increase of 4.3% over 2006/2007, equating to 14 pence per week for a Band D property. The overall movement in the General Fund budget is summarised below:

	Additional amount to be spent £'000
2006/2007 net budget	12,038
Pay and price increases	569
<i>Growth in demand for services & new items:</i>	
- Concessionary fares	92
- Contaminated Land management	36
- Investment in training and faster benefit processing	47
- Capital expenditure *	278
- Sub-total	453
Changes in use of reserves and balances	-377
Other changes	4
Net service spending programme for 2007/2008	12,687
Less: external support from Government	(6,092)
Net General Fund Budget to be funded from Council Tax	6,595
<p>* this represents major maintenance works to Council property which are to be funded from income that is generated from our investments. If our investment income does not meet its target (eg because interest rates fall), the maintenance works will be deferred.</p>	

The General Fund is expected to hold a working balance of £1.3 million at 31 March 2007, in addition to earmarked reserves with a total value of £3.4 million.

Housing Revenue Account

As noted above, the budgets in respect of the Council's housing stock are kept separate from other services. Spending is paid for either by tenants' rents and service charges or Government grant – there is no general contribution from the Council Tax.

For 2007/2008 the average projected rent for all Council dwellings is £65.57 per week. This is £3.82 lower than the formula rent target under the Government's 'rent restructuring' system which local authorities and registered social landlords are required to follow. As rent restructuring is phased in over the next five years, the gap between

actual average rents and the target will decrease. Tenants also pay a range of service charges, depending on the property in which they live. All tenants pay a General Service Charge which will be an average of £2.12 per property per week in 2007/2008.

A Business Plan has been prepared outlining the approach that will be taken to the repair and management of the housing stock over the next 30 years and explaining how the associated costs will be paid for. The Government Office for the South East has 'signed off' this Business Plan as acceptable, although it is being kept under review, particularly in the light of an update to the stock condition survey which was completed in 2006. The results of this survey, combined with the latest budget projections, will be subject to detailed analysis (with assistance from an independent housing finance specialist) in April/May 2007 – significant changes required to the Business Plan will then be reported to tenants representatives and the Cabinet later in the year.

Total HRA income in 2007/2008 is estimated to be £13.1 million, generating a £75,000 surplus in the year. This will be added to the HRA working balance, which is projected to total almost £2.8 million at 31 March 2007.

Capital Programme

Under the 'Prudential Framework' which the Government introduced on 1 April 2004, there is no absolute limit on the amount of borrowing which the Council can incur to pay for capital expenditure (which is spending to buy, improve or carry out major repairs to assets). The key is that the capital expenditure plans are required to be both affordable and sustainable in the longer term. The impact of financing the capital programme on the council tax in future years is a key element in assessing affordability – borrowing brings a long term cost in terms of both paying back the loan itself and the interest which is charged.

The overall Capital Programme for 2007/2008 is split into 3 distinct elements.

The total of the *General Fund Capital Programme* is £1.3 million. This includes £0.5 million to replace essential vehicles (for example refuse freighters) as they reach the end of their life, and £0.4 million for a programme of repairs and enhancements to the Council's indoor leisure centres. An independent charitable trust, Wave Leisure, has a long-term agreement to run the indoor leisure facilities on the Council's behalf and Wave Leisure will itself be making a significant financial contribution in order to maintain and build upon existing levels of income.

The total of the *HRA Housing Investment Capital Programme* in respect of major repairs and improvements to the Council's housing stock is £3.0 million, of which £2.3 million will be funded from the Major Repairs Allowance received from the Government, £0.4 million from revenue resources and £0.3 million from Government supported borrowing.

The *General Fund Housing Investment Programme* which consists of Private Sector Housing grants and support for Housing Associations will be funded largely from capital receipts and Government grant, and has a total value of £0.6 million.