

**SOUTH HAMS DISTRICT
COUNCIL**

10 FEBRUARY 2011

**2011/2012
BUDGET PROPOSALS**

2011/2012 BUDGET PROPOSALS – FINAL RECOMMENDATIONS

Purpose of the Report

This report provides an update of our overall financial position and details the formal proposals of the Executive to achieve a balanced budget. The proposals before Members reflect the outcomes of consultation with the Policy Development Groups, Scrutiny, Town and Parish Councils, the public and business communities.

**Statutory Powers: Local Government Act 1972, Section 151
Local Government Finance Act 1992**

Introduction

This report contains details of the Executive's formal budget proposals for 2011/2012. The minutes of the Executive meeting are included elsewhere on this agenda and provide a more complete picture of the decisions taken. The report submitted to the Executive on 27th January 2011 is also included for consideration by full Council.

Recommendations

- 1 That council tax should not be increased and kept at the 2010/11 Band D amount of £134.52. This will enable a Council Tax Freeze grant of £129,000 to be claimed from Government for four years.**
- 2 Savings of £699,900 as identified by the Corporate Management Team that are already achieved or can be implemented by managers is approved.**
- 3 The amounts for bid items to be included within the Authority's budget are £15,000 to be funded from council tax and £17,000 to be funded from reserves.**
- 4 The amount for other savings be £23,000; the New Homes Grant £100,000; Planning Application Fee Income £100,000 and the level of contributions to reserves to be included within the Authority's budget £843,646. This has been amended in line with the Executive Recommendation 8 which authorised the Strategic Director (Resources) to make a corresponding amendment to the contributions to reserves following the Government announcement which increased our Formula Grant by £26,915.**
- 5 That the balance in the Single Status Reserve be transferred to the Strategic Issues Reserve and be used to meet the costs of restructuring the Council and other corporate requirements including capital and invest to save projects such as the accommodation review at Follaton House.**

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- 6 **That the minimum level of the General Reserve Balance be maintained to at least £1.5million.**
- 7 **That the level of reserves and the assessment of their adequacy and the robustness of budget estimates be noted. This is a requirement of Part 2 of the Local Government Act 2003.**
- 8 **That the Council should set its total net expenditure for 2011/12 as shown in Appendix A at £9,637,646. This figure has been amended by the Strategic Director (Resources) under recommendation 8 of the Executive following the Government announcement which increased our Formula Grant by £26,915.**

Part 1: The Executive's considerations in arriving at its final proposals for bids, savings and Council Tax (Executive meeting held on 27th January 2011).

- 1 Over the past few months, the Executive has given the budget very detailed consideration. The recommendations before Members take account of the extensive consultation exercises with the Policy Development Groups, Scrutiny, Town and Parish Councils, the public and business communities. This process has enabled and informed Members in their consideration of the appropriate level of service provision and council tax levels.
- 2 We propose to freeze the council tax at the 2010/11 level of £134.52 and therefore taking advantage of the £129,000 Government Grant which will be paid to councils who do not increase their tax.
- 3 We have also included within the budget income arising from some positive initiatives being introduced by the Government to help alleviate council budget pressures.
 - A New Homes grant is being consulted on which could be worth at least £100,000 in 2011/12; £200,000 in 2012/13 and increasing by £100,000 per annum for six years. The final details will not be known for some months and additional monies received will be available to help balance future financial years budgets and of course it is hoped that this grant will stimulate house building leading to even higher grants in future years.
 - The Government are also consulting on the possibility of giving councils freedom to recover the full cost of Planning Applications which could eventually mean up to £600,000 of extra income per annum. The new arrangement will be introduced from October 2011 and as a first step we have included an additional £100,000 in the 2011/12 budget.

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- 4 Despite the economic situation we are continuing our policy of recent years to reallocate resources to facilitate a continuous improvement in our key services to the public. In total we are recommending an additional £32,000 to continue the front line anti-social behaviour service and make grants to the Against Domestic Violence and Abuse Partnership and the CAB.
- 5 We have identified budget savings of £722,900 in total. In addition, further savings from shared services will be achieved during the year when the new management structure is implemented and all services are shared with West Devon.
- 6 Since the Executive met we have received notification of our final Formula Grant for 2011/12 and it has increased by £26,915. However, for the following year 2012/13 our grant has been reduced by £40,000. In accordance with Recommendation 8 of the Executive the Strategic Director (Resources) has amended the 2011/12 net expenditure and contributions to reserves by this amount.
- 7 We are reducing our contributions to reserves by £118,354 while at the same time boosting the Strategic Issues Reserve to enable investment in capital and invest to save projects and restructuring initiatives.
- 8 The General Fund revenue budget, our five year financial strategy and the recommendations for the 2011/12 bids and savings are summarised in Appendices A, B and C respectively. The financial strategy model has been rolled forward to enable Members to look ahead to future years in considering their spending plans and council tax levels.

Part 2: Conclusion

- 6 The above paragraphs summarise the overall position faced by the Council and the considerations of the Executive in arriving at its final proposals to achieve a balanced budget. This year, as last year, the consultation process was extended beyond the membership of the Council, to include the views of the public, businesses and representatives from Parish/Town Councils.
- 7 The proposed budget will leave the Council on a firm financial footing with robust reserves which will help us manage the impact of the expected cutbacks in central government funding over the coming four years.
- 8 As always, there have been bids for additional resources and I feel that those which have been supported by the Executive can be accommodated within prudent financial parameters. Through seeking to make substantial savings it has been possible to free up resources to assist in financing those pressures that accord with our key objectives and priorities.

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- 9 I commend the budget proposals to the Council, as I firmly believe they will not only accommodate essential and high priority service pressures, but will do so without the need for an increase in council tax.
- 10 Freezing the Council Tax will leave our band D council tax at £134.52 and if accepted we will still have the third lowest council tax in Devon. We will remain well below the 2010/11 average council tax in Devon of £152.

Councillor J Tucker
Leader of the Council