

**SOUTH HAMS DISTRICT  
COUNCIL**

**4 FEBRUARY 2010**

**2010/2011  
BUDGET PROPOSALS**

## **2010/2011 BUDGET PROPOSALS – FINAL RECOMMENDATIONS**

### **Purpose of the Report**

This section 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 2010/2011. 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 21st January is also included for consideration by full Council.

Since the Executive meeting of 21 January 2010, it has become apparent that detail relating to the recommendations from the Prosperity Policy Development Group meeting held on 21 October 2009 was omitted from the budget papers. It is important to note that the financial impact of these recommendations have been built into the Budget, however for clarity the recommendations (b), (c) and (e) of the PPDG report, specifically in relation to Car Parks and Pannier Markets, are repeated as recommendation **9** of this report.

### **RECOMMENDATIONS**

- 1 Savings of £664,500 as identified by the Corporate Management Team that are already achieved or can be implemented by managers be approved;**
- 2 The Executive determined that the amount for other savings be £160,000 and the level of contributions to reserves to be included within the Authority's budget £1,017,900;**
- 3 The Executive determine the amounts for bid items to be included within the Authority's budget was £20,000 to be funded from council tax and £17,000 to be funded from reserves;**

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4 That the following sums will be included in the overall budget.

	£
External interest receivable	375,000
Reversal of Capital and Pension (FRS17) Charges	1,928,000
Provision for inflation	120,000
Collection Fund Surplus	30,000

5 Car Parking:

- That the proposed increase in pay and display charges for 2010/11 should be as set out in Appendix J, with the exception of the half hour charge for Standard 1 and 2 car parks remaining at 30p, with Day charge (e.g. parking for over six hours) for all car parks being increased by a further 10p (making a 20p increase overall); and
- That the charges for the concessionary resident car parking permit should be set at £20 (including VAT) for 2010/11; and
- Authorise officers to give due notice of the variation of the relevant Off-Street Parking Places Orders to accommodate the new charges in accordance with statutory requirements.

6 That the minimum level of the General Reserve Balance be maintained to at least £1.5million;

7 That the level of reserves as set out within Appendix F of this report 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 The Council should set its total net expenditure for 2010/11 at £10,690,500, subject to final confirmation of Government Grant. If the Government changes the Grant, delegated authority be given to the Strategic Director (Resources) to make a corresponding amendment to the contributions to Reserves to bring the total net expenditure back to that agreed by the Executive.

9 The currently outstanding recommendations of the Prosperity Policy Development Group meeting of 21 October 2009 (Minute PPDG.12/09 refers), be determined as outlined below:

- a) That car parking permits be increased by 25% to be in line with other authorities in South Devon;
- b) That all other chargeable services within Car and Boat Parking

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together with Pannier Markets should be in line with the detail contained in Appendix C of the report as presented to the Prosperity Policy Development Group, with the exception of the Annual Reserved Permit being increased by a further £210 to £1,350 per annum; and

- c) That annual parking permits with no vehicle registration mark be charged at a rate 50% above a normal permit charge.

### **Part 1: The Executive's considerations in arriving at its final proposals for bids, efficiency savings and Council Tax (Executive meeting held on 21 January 2010).**

- 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 The Government has urged all local authorities to set increases in council tax below 3%. The recommended increase of 2.95% is within this limit. The increase will add £3.86 per annum or approximately 7p per week to our portion of the band D council tax.
- 3 Last year the Council managed to avoid an increase in both council tax and car parking charges. However, we started this year's budget process with a budget gap of nearly £1.3 million and it is not possible to repeat the achievement of last year. In considering the appropriate increase to Council Tax for next year, the Executive have had regard to the medium-term financial forecast and the need to achieve a sustainable level of core expenditure and reserves over the forthcoming years.
- 4 The Executive have considered the following matters in coming to their final recommendations:
  - The unprecedented national economic situation has made it very difficult to set a balanced budget this year. We have been hit by a loss of income due to the recession and historically low interest rates. Our income from services such as car parking, planning fees, property rents and land charges is £355,000 lower than last year. Similarly the income from our investments is £555,000 lower.
  - 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 £37,000 to improve our street sweeping and the front line anti-social behaviour services.

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- We are achieving savings of £824,500. This includes Shared Service arrangements with West Devon Borough Council District Council for which there are budgeted savings of £288,000 in addition to the £370,000 already achieved.
  - This year we suffered a cut of £210,000 in our Concessionary Bus Fare grant and the second lowest Revenue Support Grant increase of district councils within Devon (£69,000 or 1.3%). If we had received the Devon for grant per head of population we would have received an additional £1.2 million which would have solved our budget problem for us.
- 5 The General Fund revenue budget, our five year financial strategy and the recommendations for the 2010/11 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 to be imposed by central government over the coming five 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.
- 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 with a council tax increase that is below the Government capping limit despite a derisory revenue support grant increase of only 1.3%.
- 10 The recommended increase in Council Tax of £3.86 will bring our band D council tax up to £134.52 and if accepted we should still have the third lowest council tax in Devon. We will still be well below the 2009/10 average council tax in Devon of £148 and the national average for all district councils of £163.

Councillor J Tucker  
Leader of the Council

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