

**SOUTH HAMS DISTRICT
COUNCIL**

5 FEBRUARY 2009

**2009/2010
BUDGET PROPOSALS**

2009/2010 BUDGET PROPOSALS – FINAL RECOMMENDATIONS

Introduction

This report contains details of the Executive's formal budget proposals for 2009/2010.

For ease of reference, the report is divided into two sections:

Coloured pages: These provide Members with:

- The formal proposals of the Executive following their considerations on 22 January 2009.
- Details of the authority's overall revenue budget for 2009/2010.
- A revised financial strategy. This shows the medium-term financial position if the recommendations are approved without amendment.

The minutes of the Executive meeting are included elsewhere on this agenda and provide a more complete picture of the decisions taken.

White pages:

The white pages reproduce the papers submitted to the Executive on 22 January for consideration by full Council.

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

Purpose of the Report

To provide an update of our overall financial position and the details of the formal proposals of the Executive to achieve a balanced budget for 2009/10.

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Recommendations

- 1 There be no increase in Council Tax for 2009/10.
- 2 That the following sums will be included in the overall budget.

Provision for inflation	£500,000
Existing bids approved in previous years	£15,000
External interest receivable	£930,000
Reversal of Capital and Pension (FRS17) Charges	£2,368,000
Net contributions to Reserves	£1,014,200
- 3 Savings of £493,550 be approved, as identified by the Corporate Management Team, that are already achieved or can be implemented by managers;
- 4 The achievement of an additional savings target by the Strategic Management Team from Shared Services and staff vacancy vetting of £50,000 (over and above the existing target) be approved;
- 5 The following bids be approved:

Provision for recurring bids financed from the General Fund:	
- Members Sustainable Community Locality Budget	£41,674
- Street Sweeping	£46,000
- Community Grant Fund	£10,000
Provision for E-Newspaper bid financed from the Economic Development Reserve:	£10,000
- 6 Council should set its total net expenditure for 2009/10 at £10,395,924, subject to final confirmation of Government Grant. If the Government changes the Grant, delegated authority be given to the Strategic Director (Resources), in consultation with the lead Executive Member for Financial Affairs, to make a corresponding amendment to the contributions to Reserves to bring the total net expenditure back to that agreed by the Executive;
- 7 That the level of reserves as set out within Appendix F of the Executive report and the assessment of their adequacy and the robustness of budget estimates, be noted (Section7). This is a requirement of Part 2 of the Local Government Act 2003;
- 8 That the minimum level of the General Reserve Balance be maintained to at least £1.5million.

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Part 1: The Executive's considerations in arriving at its final proposals for bids, savings and Council Tax (Executive meeting held on 22nd January 2009)

- 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 keep council tax and car parking charges at their 2008/09 levels.
- 2 In recommending a zero increase in the Council Tax and car parking charges for next year the Executive have considered the following matters in coming to their final recommendations:
 - 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 additional resources to our key services amounting to £107,674, namely - £46,000 to improve street sweeping in the district; a Sustainable Community Locality Budget of £41,674 which will provide funds for individual Members to use within their own areas; an increased contribution to the Community Grant Fund of £10,000 and the introduction of an E-Newspaper for businesses at a cost of £10,000.
 - These are exceptional economic times and we are very well aware of the difficulties our resident and businesses will face over the coming year. It is therefore appropriate for the Council to review the level of its reserve contributions but at the same time maintain adequate balances to ensure future service delivery.
 - We are achieving savings of £543,550 which can be achieved without a significant impact on service delivery. This includes Shared Service arrangements with West Devon Borough Council and Teignbridge District Council.
 - We have had regard to the medium-term financial forecast and the need to achieve a sustainable level of core expenditure over the forthcoming years.
 - This year has seen a derisory Revenue Support Grant settlement with South Hams only receiving a £28,000 (0.5%) increase. This represents a cut in real terms of 2.6% when compared to the December Consumer Price Inflation of 3.1%, which we have to make up with savings on our services. This must be viewed against the expectation of continuing service improvement by the public and unavoidable pressures faced by the Council such as the impact of the

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credit crunch reducing our investment income and increasing the demand for our services.

- 3 The General Fund Revenue Budget, our five year financial strategy and the recommendations for the 2009/10 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

- 4 Keeping council tax and car parking charges at their 2008/09 levels is a considerable achievement at a time when the Council is itself suffering a reduction in income and increased demand for its services during the economic crisis. 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. We have listened to the calls for improved street sweeping and for help to the rural and business communities by not increasing car parking charges; the introduction of the concessionary car parking scheme; increasing resources for the Community Grant Fund and starting a Sustainable Community Locality Budget for Members to use.
- 5 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 which do not significantly affect services received by customers, it has been possible to free up resources to assist in financing those pressures that accord with our key objective and priorities.
- 6 I commend the budget proposals to the Council, as I firmly believe they will accommodate essential and high priority service pressures, but will do so despite a derisory government grant increase of only 0.5%.
- 7 The recommendations will leave our band D Council Tax at £130.66 and if accepted we will have the third lowest council tax in Devon and Cornwall and be well below the 2008/09 average council tax for the two Counties of £152.

Councillor J Tucker
Leader of the Council