

SOUTH HAMS DISTRICT COUNCIL

DRAFT BUDGET PROPOSALS

2010/2011

EXECUTIVE - 21 JANUARY 2010

1 Statutory Powers and Purpose of the Report

1.1 Statutory Powers:

Local Government Act 1972, Section 151
Local Government Act 1992
Local Government Act 2003

1.2 Purpose of the Report

To set out the Council's financial position over the medium term and to act as a framework for developing final budget proposals. These will include the appropriate level of council tax and service provision. The Executive's recommendations will be considered by full Council on 4th February 2010, when Government grants should be known with certainty.

1.3 Background

This report is one of the final stages of a process that started last summer with the identification of service and other financial pressures together with possible options for reducing expenditure. In December 2009, the Executive considered the draft budget report and made proposals for possible budget reductions to balance the budget which were then submitted to Policy Development Groups and Scrutiny for consultation.

1.4 To aid this year's budget process Heads of Service have given reports and presentations to PDG's and Scrutiny throughout the year giving Members the opportunity to review service budgets in detail. The reports have included staffing analysis, budget spend and income, details of past year savings including efficiency savings, bids for additional resources and performance output data.

2 Recommendations to Council on the 2010/2011 budget

a. Savings of £664,500 as identified by the Corporate Management Team that are already achieved or can be implemented by managers be approved.

b. That the Executive determine the amounts for other savings and levels of contributions to reserves to be included within the Authority's budget.

c. That the Executive determine the amounts for bid items to be included within the Authority's budget.

d. That the following sums should be included in the overall budget:

• Provision for inflation	£120,000
• External Interest receivable	£375,000
• Reversal of capital charges and Pension charges (FRS17)	£1,928,000
• Collection Fund surplus	£30,000

e Car Parking:

1. 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
2. That the charges for the concessionary resident car parking permit should be set at £22 (including VAT) for 2010/11;and
3. 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.

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

g 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. (Section 6) This is a requirement of Part 2 of the Local Government Act 2003.

h That the Council should set its total net expenditure for 2010/11 at £TBA, 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.

3 Introduction

3.1 Budgeting is the means by which the Council brings together its plans to implement strategies, achieve key objectives, improve performance and to react to changes in service demands and available funds. Under the Local Government Act 1992, the Council is required to adopt a balanced budget and to set the council tax by 11 March of each year.

3.2 It is a particularly difficult year for preparing budgets; the recession; government finances; local government review; impending general election; shared services and banking crisis all conspire to make

planning for next year's budget very challenging. The general economic slowdown and national political situation make forecasting very difficult. In particular, the Chancellor in his pre budget speech on 9th December 2009 gave little indication of how the national budget deficit will be reduced in the coming years and how this would impact on local authorities.

- 3.3 The Chancellor's commitment to protect some public services such as the police, education and health increases the likelihood of large cutbacks for district councils. The national budget has to be balanced and the act of protecting some areas of service provision means that the remaining lower priority services will have to find more than would otherwise be the case.
- 3.4 One area of considerable risk to the Council for 2010/11 concerns the measures that a new government might impose after the general election. No major party is giving a firm commitment on what action they may take in their first year of power to address the national budget deficit. South Hams can take some comfort from the fact that we have robust reserves and that assumptions included within this budget report err on the side of caution.
- 3.5 One area in which the Local Government Association (LGA) believes could provide considerable savings is to reduce the burden of reporting and external inspection. The LGA estimate that £4.5 billion could be saved if Government scaled back unnecessary central intervention and costs.
- 3.6 This could be our last budget as a District Council because once again we have the uncertainty of Local Government Review hanging over the Council. By the time this report is considered we may know what the Government proposes for the structure of local government in Devon following the Boundary Committee preference for a Unitary Devon.
- 3.7 The Medium Term Financial Strategy for the five years to 2014/2015 (Appendix A) has been developed to assist us in adopting a budget within a longer term prudent financial framework. The forecast summarises the financial impact of our goals and objectives and determines the sustainability of these plans. The annual budget is framed within the Medium Term Financial Strategy taking into account those activities included within service plans that contribute towards strategic objectives.
- 3.8 In addition to the savings required for 2010/11 it is imperative that we plan for savings that are achievable over the coming two to five years. Budget shortfalls are forecast over the medium term and making efficiencies will be key to achieving a balanced budget. In the coming months further work will be undertaken to develop a strategy for meeting future years budget demands.

- 3.9 We have now reached the stage where we must ask the fundamental question of whether we continue to provide all of our current services in the existing way, or indeed if we provide them at all. Members will be aware that we have made significant progress in finding innovative ways of reducing service delivery costs, most notably, through shared services. One method is to possibly look at commissioning options to test whether we are providing services in the most efficient way. It is important that planning starts as early as possible for changes to our service provision because there will often be a long lead in time involving consultations with users, partners and staff before a change can be implemented.
- 3.10 We also need to revisit our approach to staffing our activities. There are considerable advantages to moving to generic support staff that can work across different areas of activity rather than be constrained by departmentalism. SMT are committed to leading this transformation by reference to their own PA/administrative support. They also feel that standards in corporate initiatives should be appropriate given the current financial pressures that the Council faces. We need to ensure the wider corporate agenda, much of which is directed at Government targets and inspection regime, does not impose excessive costs on the rest of the organisation.
- 3.11 The Shared Service and Integrated Devon agendas will increase in importance and additional effort and resources applied to deliver even more cost benefits and efficiencies. This will provide one of the few opportunities for district councils to save money without affecting the quality of front line services. We have already put in place a number of partnership arrangements with Teignbridge District and West Devon Borough Councils and are currently exploring further opportunities for joint provision of services. The December meeting of the Executive approved a shared Revenue and Benefits Service with West Devon which is a major step forward and in future year's results in substantial efficiencies, in the region of £160,000 per annum for SHDC alone.
- 3.12 The Medium Term Financial Strategy shows budget gaps of between £600,000 and £800,000 in the following four years. Even this level of budget shortfall may be optimistic depending on the outcome of the next General Election and how the new government approaches the problem of addressing the national budget deficit. Whatever the final level of budget gap some difficult decisions will have to be made about the future of the services that we provide. It is extremely unlikely that shared services will generate enough savings to balance future budgets so we will have to look at other solutions to help solve the problem, including the level of services that we provide.
- 3.13 An important aspect of the budget process is budgetary control during the financial year. It is vital that budgetary control operates effectively at all times if maximum effectiveness is to be achieved. Monitoring of

both income and expenditure will take place throughout the financial year with reports made to the Strategic Management Team and to The Executive.

4 The Core Budget and main issues for the Council

- 4.1 The General Fund Summary for 2010/11 together with the service budgets are presented within Appendix B. This shows the core budget pressure of £1,287,290 before taking into account new bids, savings identified by the Corporate Management Team, the Executive or reduced contributions to reserves. The appendix includes reserve contributions which are based on the 2009/10 accounting policies and changes to these assumptions will be discussed later in this report. Appendix C summarises the main reasons for the funding gap.
- 4.2 The service estimates have been prepared in accordance with the Best Value Accounting Code of Practice published by the Chartered Institute of Public Finance and Accountancy and approved by the Secretary of State as the appropriate accounting and budgeting framework for local authorities.
- 4.3 **Formula Grant (formerly Revenue Support Grant)** - The amount included in the budget for 2010/11 is the provisional announcement received in December and amounts to a £69,000 (1.3%) increase over 2009/10. We have received the second lowest increase in Devon (see Appendix G) and the final details will be confirmed by Government in late January. This is a derisory increase and takes no account of the pressures that we are under because of the recession and falling income levels. This means that we must find savings so that the increase in council tax can be kept to a reasonable level.
- 4.4 We receive the second lowest amount of grant per head of population in Devon, if this were increased the Devon average of £81 we would receive an additional £1.2million per annum. This situation largely arises because of our high property values which the grant formulae take to mean we are a wealthy area but in fact we have lower than average wages.
- 4.5 **Concessionary Bus Fare Grant** – It is likely that the level of grant will be reduced next year by £210,000. Some 30 councils have been lobbying Government for an increase in grant to cover their high deficits on the scheme. Until recently Government have insisted that the three year settlement was fixed until 2011/12 but they have now circulated a consultation document which proposes to cut a large number of councils grant in order to pay more to the councils who are in deficit. We have written to the Government stating that this is grossly unfair, particularly so late in the budget cycle and suggested that they make new money available to deal with the problem.
- 4.6 The consultation period did not end until 30 December and at the time

of writing this report we do not know the final decision. However, the Government have promised the affected councils that their financial problems will be addressed so it is extremely likely that this proposal will be approved by Ministers and we should plan our budget accordingly.

- 4.7 **Investment Income** – Interest rates are currently at a record low level with bank base rate at 0.5%. The August Bank of England report indicates that the Bank will keep interest rates where they are for some considerable time because of the recession. It must be remembered that there is considerable risk associated with interest rate forecasts and the impact on us will be material if interest rates are over estimated. Therefore a prudent view has been taken about future interest rates with variable rates averaging 0.5% being used for 2010/11.
- 4.8 The low level of interest rates and the risk averse nature of our investment strategy mean that our investment income budget will be £555,000 lower than the current year at £375,000.
- 4.9 **Economic Situation** – The 2009/10 budget monitoring indicates that we are struggling to meet our income targets for car parking, planning application fees, building control fees, land charges and employment estates rental income. This is a critical area of the council's activity because in total we receive over £5million of income from these services which is more than we receive from the council tax.
- 4.10 The economic slowdown is obviously having a big impact on our services and the budget includes a total reduction of £355,000 in income. This is made up from planning application fees £100,000; land charges £35,000; employment estates rental income £50,000; and car parking £170,000. Of this amount £70,000 relates to the reinstatement of the temporary 2.5% VAT reduction on 1st January 2010 which the Government introduced earlier this year. We will need to assess whether these reductions in income are more than short term and as a consequence whether staffing levels /technical and professional support should be reviewed in order to reduce costs
- 4.11 **Shared Service working** – A fundamental driver for the development of shared services is the containment and reduction of costs. The achievement of this objective will enable the Council to at least protect services and where possible redirect resources towards its corporate priorities and improve access to the organisation's services.
- 4.12 In the last three years we have saved over £370,000 from shared services and we have just entered into our largest shared service to date with West Devon Borough Council for Revenues and Benefits which will save us up to £160,000 per annum.
- 4.13 Further savings arising from new initiatives will be built into the budget

as they are identified and will help us to achieve both our government efficiency target and balance the budget. However, it must be stressed that these savings on their own will not be sufficient to meet efficiency targets or balance the budget.

5 Consultation, Bids for Additional Resources and Options to Close the Budget Gap

5.1 Section 4 outlined the core budget pressures which face the Council and the funding gap between the resources required and those available. The purpose of this section is to receive feedback on consultation and to summarise the bids for additional resources together with the options to close the budget gap that have been identified by the Executive and the Corporate Management Team.

5.2 Using this report as an aid, Members now have to decide:

- the level of bids to include in next year's budget
- an increase in council tax
- an increase in car parking fees and annual permits
- savings and efficiencies
- contributions to reserves

A summary of the overall position and options to balance the budget as detailed in this report is shown in the Appendix I.

5.3 **Consultation** - The budget proposals were previously considered by the Executive on 3rd December 2009 which resolved to subject them to consultation by the Policy Development Groups (PDG's) and Scrutiny. The minutes of their meetings will be circulated before the Executive summarising their views.

5.4 Consultations had already been held with the Business Forum and Town and Parish Councils and a summary of the latter's views are included in Appendix D. When considering the results of the consultation it must be remembered that these are the views expressed by those who turned up on the evenings and are not those of all Towns, Parishes and businesses within the district.

5.5 The feedback from the Town and Parish Council evening showed that the most important services to them were waste collection and providing affordable housing for local people, although votes were also cast for four other services. The voting was more evenly spread for services which are least important with the most votes given to reducing our spending on tourism.

5.6 The Business Forum was attended by delegates who represented over 670 businesses in the County through the Federation of Small Businesses and Totnes Chamber of Commerce. The meeting

welcomed the concessionary car parking initiative and asked for this to be continued. It was also requested that the Council do all it could to continue to help small businesses in the area particularly those who will receive large increases in their business rates following the rating revaluation.

- 5.7 **Residents survey** - A budget survey to identify the public's priority and non-priority services was conducted through our magazine and website. Respondents were asked to vote for five of each of their most and least important services. The top five most important services were: collect household waste; provide recycling facilities; work with the police and others to make the South Hams safer; provide and maintain public toilets and provide affordable housing for local people.
- 5.8 The top five least important services were: provide financial help to local businesses in temporary difficulty; promote tourism; improve access to local services; provide leisure and sports facilities and inspect licensed businesses e.g. restaurants.
- 5.9 **Bids for additional resources (Appendix H)** - Redirecting resources towards our key priorities will continue the policy from previous years of allocating resources to facilitate a continuous improvement in our services to the public. It is important that we continue to redirect resources to improve key service priorities otherwise we are in danger of standing still as a council.
- 5.10 The £17,000 bid for joint funding for the Anti-Social Behaviour Officer is for one year and can be funded from reserves so there will be no impact on council tax. The £20,000 street sweeping bid is recurring and will fall on the council tax. The two bids were supported by the PDG's with the exception of Prosperity who didn't support the Anti-Social Behaviour Officer and Scrutiny met after this report was printed.
- 5.11 A bid was proposed by Councillor Lawrence to amend the concessionary car parking scheme and this was considered by each PDG and Scrutiny. The three PDG,s failed to support the bid for inclusion in this year's budget and Scrutiny met after this report was printed. Full details can be found in the minutes of each meeting which will be available before the Executive.
- 5.12 **Efficiencies and Budget Savings** - Due to the severe financial pressures this Council has faced for many years combined with the corporate objective of ensuring stakeholders receive core services in a cost effective way, we have already made over £2m of savings in the last five years. This makes our task of delivering further such savings much harder than in other authorities who to date have not pursued the efficiency agenda with the same vigour.
- 5.13 **An increase in council tax** – Appendix I provides some sensitivity analysis concerning a range of council tax increases. Members are

asked to consider the appropriate level of council tax and are reminded that a 1% increase will only generate approximately £50,000. Government have not yet set a formal target but they have written to councils saying they expect council tax rises below 3% and have said that they are prepared to use their capping powers to keep council tax increases low.

- 5.14 Earlier this year Heads of Service were requested to identify efficiencies and other budget savings. As usual they have risen to the task and Appendix E shows £664,500 of savings and additional income. We have been making significant savings now for five years and it is becoming apparent that we are now experiencing an impact on our capacity to deliver all the services that were previously expected.
- 5.15 Included within the savings are proposals totalling over £170,000 for staff costs from not filling vacant posts and restructuring sections. Also included are new savings totalling £213,000 in relation to shared services for Revenues and Benefits, ICT, Environmental Health, Finance, and the Improvement Unit. This represents very significant achievements for an authority of our size and demonstrates what can be achieved with the commitment and goodwill of Members, management, staff and partners.
- 5.16 The transfer of the Leisure facilities provide us with a significant financial benefit enabling us to reduce our budget deficit and make resources available to spend on our other corporate priorities. The 2007/08, 2008/09 and 2009/10 budgets included savings of £289,000 and this will increase by £91,400 to £380,400 for 2010/11. However, Members and officers still spend a considerable amount of time on the monitoring and performance of the service. The next challenge is the need to streamline these processes to release valuable time to maximise efficiency. To assist us to achieve this we need to establish best practice in contract and partnership management.
- 5.17 **Increase in car parking charges** - On 18 November 2009, the Prosperity Policy Development Group considered the Car Park Charges for 2010/11. The full report is attached as Appendix J.

The recommendation to Executive was

4. That the proposed increase in pay and display charges for 2010/11 should be as set out in the presented report, 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
5. That the charges for the concessionary resident car parking permit should be set at £22 (including VAT) for 2010/11.

The recommendations mean that car parking charges will generate an additional £139,000 and car parking annual permits £55,000.

5.18 The Executive considered the recommendation's on 19 November but deferred making a decision. The Monitoring Officer advises that charges imposed under an Order under s35C of the Road Traffic Regulation Act 1984 may be varied by notice given under that section and the Local Authorities' Traffic Orders (Procedures) Regulations 1996. The notice has to be published in local newspapers and on site but there is no requirement for consultation. Accordingly it is recommended that notice of the variations set out in Appendix J to this report be given with a view to its being implemented on 25th March.

5.19 **Savings targets proposed by Executive** - at it's meeting on 3rd December 2009 the following savings were proposed to help balance the budget.

	Target
Shared services – additional savings	£75,000
Crime and Disorder Activity	£30,000
Tourism	£10,000
Development Control and land Charges	£30,000
Economic Development Activity	£45,000
Community Grants	£30,000
Review contributions to Reserves	tba
Total	<u>£220,000</u>

5.20 Each PDG and Scrutiny discussed these proposals as part of the budget consultation process. Full details can be found in the minutes to these meetings but all three PDG's supported each saving. Scrutiny met after this report was printed. The level of reserve contributions is discussed in more detail in later paragraphs.

5.21 The detail of these savings have been considered by SMT and some of them will not be able to be achieved by the beginning of the financial year due to restructuring and staffing implications necessary as a result of these proposals. SMT fully expect that the target can be met in full in future years. It is therefore suggested that if these savings are approved the cumulative target for 2010/11 be set at £160,000.

5.22 **Balances and Reserves** - The decision on the level of balances and reserves is one of several to be taken during the formulation of next year's budget and the medium term financial strategy.

5.23 The budget and medium term financial strategy are based on forecasts of inflation, pay awards, Government funding, interest rates and the level of services to be provided. The existence of balances provides for the unexpected, including changes to these forecasts. Reserves are built up to meet anticipated future requirements. The

provision of an appropriate level of balances is a fundamental part of prudent financial management. The existence of specific reserves allows the Council to meet known future financial commitments such as the replacement of refuse vehicles or items of plant.

- 5.24 These are exceptional times and we are very well aware of the difficulties our residents and businesses face over the coming year so it is appropriate for the Council to review the level of its reserve contributions. The estimated reserve balances as at 31st March 2010 are listed with explanatory details in Appendix F. The Executive recommended that Members be consulted on the appropriate level of reserve contributions taking into account their existing balance and known commitments.
- 5.25 A discussion at one of the PDG's highlighted that the contributions to the Community Wellbeing and Vehicle & Plant Reserves could be examined. SMT have also considered the contribution to the Single Status Reserve.
- 5.26 The annual contribution to the Community Wellbeing Reserve is £24,000 with one regular commitment being a payment to CAB for debt advice. It is considered that this contribution could be reduced to £12,000 per annum.
- 5.27 The Vehicle & Plant Reserve contribution is based on the future replacement programme of our fleet. Although the contribution of £505,000 may appear high to some, it is required if we are to be able to replace our fleet without having to use the more expensive funding arrangements of borrowing or leasing. However, the fund has to operate over a rolling seven year period which will contain balances that will not be required in the early years so some degree of flexibility can be introduced. It is considered that a contribution of up to £50,000 could be deferred until next year given the pressures on this years budget. If a larger sum is deferred it will be difficult to reinstate this amount because we are already forecasting difficult years ahead.
- 5.28 The Single Status Reserve was established to meet the costs of job evaluation for Council and Tone Leisure employees. The budgeted contribution for 2010/11 was previously set at £400,000. However the Executive at its July 2009 meeting approved a sum of £300,000 be used to settle the outstanding job evaluation liabilities of Tone Leisure. This sum is to be met from the existing reserve balance and Tone employees represent approximately 25% of the total employees to be assessed under the scheme. Therefore, of the full £400,000 budget only approximately £300,000 is now required in 2010/11. The reserve contribution can be reduced by £100,000.
- 5.29 **General Fund Reserve** – The uncommitted balance at 31 March 2010 is estimated to be at just over £1.7m. Last year we undertook a review of the adequacy of the balance with a form of 'worse case'

scenario risk assessment and it showed that a minimum balance of £1.5 million should be maintained. It is considered that this remain unaltered for 2010/11.

5.30 Our financial strategy recognises the need to maintain a General Fund Balance to provide stability for both medium and longer term planning and to provide a contingency against unforeseen events. In setting this amount at £1.5 million the following have been taken into account:

- The size of the authority
- The volatility of some income and expenditure budgets due to its dependency on the weather, tourism and state of the local and national economy
- The risks faced by the Council with regard to funding unforeseen events
- The level of investment income used to support council tax arising from our reserves
- Single Status
- The financial investment required for, and risks inherent in partnerships

5.31 The Council can take comfort that our General Fund Reserve stands above the minimum balance. It acts as a safeguard should any of our specific reserves prove too low and provides investment interest and opportunities to help cushion and smooth council tax increases over the medium term.

5.32 **Adequacy of Balances and Reserves** – At 1 April 2010 the level of General Reserve is estimated to be £1.7m, and the level of earmarked reserves estimated to be £5.1m. Cashflow requirements, liabilities, future commitments and contribution levels indicate this generally represents an adequate level on the basis of current knowledge.

5.33 Taking these matters into account, the Strategic Director (Resources) regards the level of reserves as an appropriate and prudent level for the Council both for the forthcoming year and in the context of the Medium Term Financial Strategy. The Comprehensive Performance Assessment (CPA) guidelines require authorities to have a written policy with regard the level of the General Reserve balance. The guidelines recommend that the balance should be between 5% and 100% of an authority's net revenue budget, for us this is between £0.5m and £10m. As stated above our current balance is £1.7m and it is recommended that our policy is that it should not fall below £1.5 million which is approximately 14% of our net revenue spend.

6 The Strategic Director (Resources) Report on the Robustness of the Estimates

6.1 Under Section 25 of the Local Government Act 2003, I am required to report to Council on the following matters:

- the robustness of the estimates made for the purpose of budget calculations, and
- the adequacy of the proposed financial reserves

6.2 The Council's budget is based on a number of assumptions including the level of inflation, income from government grants and prevailing economic conditions. The Council faces the risk that events may differ from expectations. These risks are managed by:

- Reviewing the sustainability of plans over the medium term including an assessment of the impact of interest rate movements on affordability, a review of the potential for increases in service demand or new services and by assessing the revenue impact of capital investment
- Member involvement in developing budget proposals including consultation with relevant groups
- Preparing estimates on a prudent basis, making use of professional data sources where possible
- Discussing forecasts with budget holders to ensure that budget pressures are identified at the earliest opportunity
- The adoption of robust financial management arrangements, including option appraisal, adoption of financial standards, risk assessment and financial monitoring
- Continual performance monitoring and review of the key assumptions with updates to members as appropriate
- Established processes for capital investment planning and option appraisal

6.3 If Members decide to balance the 2010/11 budget over a longer timeframe by drawing on more Reserves, there is a further risk that budget pressures will be increased by unforeseen events or new service or statutory demands leading to a widening gap. Consequently, any short-term use of reserves must be approached prudently.

6.4 Taking account of the risk management arrangements outlined above and the level of reserves, I believe that the estimates made for the purposes of budget calculations are robust and that financial reserves are adequate.

7.0 Risk Assessment

The following are the significant risks and opportunities identified:

Opportunity	Issues/Obstacles	Benefits/Mitigation
The Council sets a lawful budget.	Failure of Council to set a lawful budget.	The Budget is compiled in accordance with best practice guidelines issued

<p>The Council sets adequate budgets to provide services that meet Council priorities.</p> <p>The Council provides value for money services within budgets.</p> <p>The Council maintains adequate reserves and balances to meet known future commitments and emergencies.</p> <p>Help the local economy by not increasing council tax or car parking charges and introducing a concessionary car parking scheme for local residents.</p>	<p>Failing to target budgets to service priorities.</p> <p>Failure to maintain a comprehensive budgetary control review system. Including monitoring of material items of income and expenditure.</p> <p>The effect of the recession on our income streams including; car parking, employment units, planning and land charges.</p> <p>Interest rates – we have allowed for reductions in rates but over the next few years this will bite harder as our fixed rate deposits mature – particularly a problem if the recession continues for some time.</p> <p>Single Status is not yet finalised, there could be a cost pressure not yet identified.</p> <p>No major party is giving a firm commitment on what action they may take to address the national budget deficit in their first year of power after the general election in spring 2010.</p>	<p>by CIPFA and the Government. The final budget report includes an assessment from the Section 151 Officer on the adequacy of the Council's reserves and the robustness of the estimates made for the purpose the budget calculations. The budget process is laid down in the Council's Constitution. Executive and Council meetings are timetabled to meet the Statutory deadlines for setting the Council Tax.</p> <p>The Council prepares a Medium Term Financial Strategy covering a five year period. The strategy provides a framework within which decisions can be made regarding future service provision and council tax levels. All budget bids and reductions include a section on their impact on council priorities and a risk assessment. The budget is subjected to extensive consultation with all Members, the public, business community and Parish and Town Councils.</p> <p>Adequate levels of appropriately trained staff. Thorough planning and monthly monitoring of performance to management and to every Executive.</p> <p>Adopting a Treasury Management Strategy,</p>
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		<p>setting Prudential Code Indicators and using independent financial advisors.</p> <p>Adopting a prudent approach to financial forecasting which involves obtaining information from external professional sources. Continuous monitoring and review of the key factors which involves regular reports to Members on any major issues.</p>
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8 Conclusion

- 8.1 The contents of this report summarise the overall position faced by the Council and the matters that the Executive needs to consider in arriving at its final proposals to achieve a balanced budget, including the outcomes of consultation.
- 8.2 Each year the preparation of annual budgets becomes more challenging than before; this year is particularly difficult due to the economic slowdown, uncertainty about recovery, the impending general election, uncertainty in financial markets and low interest rates. Uncertainty also exists over the future funding and structure of local government. Central Government are awarding the Council low increases in revenue support grant and insisting on low single figure increases in council tax levels.
- 8.3 The Executive's final recommendations are now sought as to how it wishes to reconcile the competing demands of additional expenditure, improved service provision and sound financial management.

John Foxworthy
Head of Financial Services

Executive
21 January 2010

Mark Seymour
Strategic Director (Resources)

Background Documents

Financial Forecast 2010/11 to 2014/15 – Executive September 2009
Draft Budget Proposals 2010/11 – Executive December 2009