

**FROM: Strategy Committee**

**REPORT NUMBER**

**TO: Council**

**DATE OF MEETING 23 February 2010**

**BUDGET 2010/11**

**1. PURPOSE OF REPORT**

1.1 To outline the key aspects of the final proposals for the 2010/11 Budget following consideration of Paper J151 by Council on the 28 January and Paper J182 by the Strategy Committee on the 11 February 2010.

**2. RECOMMENDATIONS**

2.1 That the General Fund Budget set out in this Policy & Budget Framework 2010/11 be approved, it being noted that this is based on the recommendations relating to the package of Budget proposals agreed by Council on the 28 January 2010 including a 3% increase in Council Tax (Paper J151 refers), and the further savings of £218,000 set out in paragraph 5.6 of this report.

2.2 That the Budget Risk Assessment attached at Appendix A be approved

2.3 That the Head of Community Development be authorised to amend individual community grant payments in 2010/11 within the total overall budget of £345,000 indicated in Appendix D.

2.4 That the Prudential Indicators for capital finance, borrowing and treasury management set out in Appendix E be approved.

2.5 That, where expenditure is included within the approved budget, the Director of Finance be authorised to:-

- Vary the timing of revenue and capital payments between financial years in accordance with Financial Regulations and Council resolutions.
- Vary the method of financing capital schemes, if he is satisfied that it is in the financial interest of the Council to do so.

### 3. **FINANCIAL IMPLICATIONS**

- 3.1 The Budget details set out in the Policy & Budget Framework 2010/11 determine the level of service provision, Council Tax, Council House rents and charges for the coming year. They are based on Papers J108, J142, J151 and J180 that have previously been considered by Members.

### 4. **RISK MANAGEMENT**

- 4.1 Papers J108, J142 and J151 have previously set out the key risks. The more detailed assumptions underpinning the budget and the risks associated with these are set out in the Budget Risk Assessment attached at Appendix A.

### 5. **KEY INFORMATION**

#### **General Fund Budget**

- 5.1 Council approved a package of Budget proposals on the 28 January (Paper J151). The cost pressures, savings, efficiencies and additional income that were approved for inclusion in the 2010/11 Budget are attached at Appendix B and C. The detailed Policy & Budget Framework 2010/11 fully reflects the decisions made including the reductions in community grants indicated in Appendix D. It also reflects a separation of staffing costs that are charged to services between those that are directly related to managing and providing the service and 'Back Office' costs.
- 5.2 The only key aspect that remained to be determined was how the remaining Budget shortfall can be found, which has increased further, to £218,000, following notification by the Government of a further reduction in Concessionary Fares Grant.
- 5.3 A review of staff terms and conditions has been carried out in negotiation with Unison. Paper J105 sets out a potential saving of £300,000 and, subject to approval by Council, this has been realised through collective agreement. In addition a cap on the 2010 pay award is being proposed and this will achieve a further saving of £28,000. Also, an exercise has been carried out to identify staff willing to take voluntary redundancy, reduce hours or buy additional leave. Subject to approval, this will produce an estimated saving of around £40,000 in 2010/11, with greater on-going savings in future years.
- 5.4 In addition, an increase of £25,000 in planning and building control income has been forecast due to a slight improvement in economic conditions.

- 5.5 It is also felt that the allowance in the Budget for other unspecified savings and/or underspends should be increased by £25,000, from £50,000 to £75,000.
- 5.6 The above is summarised in the table below and would account for £118,000 of the £218,000. An indication is also given of where the remaining £100,000 should be found.

<b>Area</b>	<b>Amount £000</b>
2010 pay award – Unison agreement to cap at 1%, saving 0.5% on previous Budget assumption	28
Voluntary Redundancies/reduced Hours etc. – estimated net saving after redundancy costs in 2010/11, with further savings in 2011/12 (subject to approval)	40
Planning and Building Control income – slight improvement in economic conditions	25
General allowance for other unspecified savings and/or underspends	25
<b>Total</b>	<b>118</b>
Reduction in refuse contract, subject to negotiations with the contractor	50
LGR/shared services – Reduce planned provision for up front costs from £50k to £25k	25
Pest Control service – terminate contract, with the public then using other service providers	10
Budget reductions/ additional income in other discretionary service	15
<b>Total</b>	<b>218</b>

- 5.7 The latest proposed schedule of community grants is set out in Appendix D. These could still be subject to variation, within the total amount indicated for 2010/11 of £345,000 and the Head of Community Development should be authorised to make any further adjustments within that overall total budget.

5.8 With regards to consultation, the position is as follows:-

<b>Consultation/Scrutiny</b>	<b>Outcome</b>
<ul style="list-style-type: none"> <li>General Fund Budget and level of Council Tax - the two Overview and Scrutiny Committees met on the 19<sup>th</sup> January and Business Ratepayers are considering the Budget proposals on the 8th February.</li> </ul>	<ul style="list-style-type: none"> <li>The Joint Overview and Scrutiny Committees overwhelmingly supported the Budget proposals</li> <li>Business Ratepayers expressed concern over the introduction of long-stay car parking charges. They understood the need for a Council Tax increase of 3%</li> </ul>

### Reserves

5.9 In terms of general reserves and their use, the following approach, is proposed. This is in line with the Council's previous strategy:

	<b>General £000</b>	<b>Earmarked £000</b>	<b>Comments</b>
Actual Balance – 1/4/09	2,359	1,229	General use of £710k is per approved Budget with £186k from Budget carry forwards from 2008/09. Phased reduction in use of general reserves to ensure minimum approved balance of £1.2m is retained. Future use and minimum balance to be reviewed annually.
Planned addition and use in 2009/10	-710 -186	+86 -51	
Est. Balance 31/3/10	1,463	1,264	Further details in respect of earmarked reserves are set out in the Policy & Budget Framework.
Planned use:			
2010/11	-100	-175	
2011/12	-80	-1,089	
2012/13	-50	-	
2013/14	-30	-	
Est. Balance 31/3/14	1,203	-	

